Stock Code: 2910

Tonlin Department Store Co., Ltd.

2022

The Annual Report

Printed on April 10, 2023

Inquiry Website http://mops.twse.com.tw MOPS

http://www.sfi.org.tw Securities and Futures Institute

http://www.tonlin.com.tw Tonlin Department Store Co., Ltd.

I. Company Spokesperson

Name: Stephen Chen

Title: Vice President

Tel: (02) 2752-2222 ext 501

E-mail: stephen@tp.tonlin.com.tw

II. Deputy Spokesperson

Name: Tina Huang

Title: Manager, Finance Department

Tel: (02) 2752-2222 ext 301

E-mail: tina@tp.tonlin.com.tw

III. Address and Telephone Number of the Company

Headquarter in Taipei

Address: 10F-6, No. 197, Zhongxiao E. Rd., Section 4, Taipei City

Tel: (02) 2752-2222

Taoyuan Branch

Address: No. 61, Zhongzheng Rd., Taoyuan City

Tel: (03) 336-2626

IV. Stock Transfer Agency:

Name: Stock Affair Agency Department, Grand Fortune Securities Co.,Ltd

Address: 6F, No. 6, Zhongxiao W. Rd., Section 1, Taipei City

Tel: (02) 2371-1658

Website: http://www.gfortune.com.tw

V. CPAs Certified the Financial Statements of the Recent Year

Name: Chiu, Cheng-Chun; Huang, Hsiu-Chun

Name of Accounting Firm: Deloitte Taiwan

Address: 20F, No. 100, Songren Rd., Xinyi District, Taipei City

Tel: (02) 2725-9988

Website: http://www.deloitte.com.tw

VI. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: none

VII. The Company’s Website

Website: http://www.tonlin.com.tw

Table of Contents

One. Report to the shareholders

I. Foreword

In 2022, the effect of COVID-19 pandemic remained, along with the impacts from the Russia-Ukraine War, interest rate hikes in the U.S., and inflations, various domestic economic momentum were still poor. Economic growth rate for 2022 was concluded at 2.43%, down from the 6.53% in 2021. Taoyuan Branch suspended operation in February 2017 to undergo renovation as part of its transformation effort, and later re-opened in September 2018. Taipei Branch has been able to maintain revenues at a consistent level, but had its rent rate increased according to original lease terms when the lease agreement was due for re-negotiation.

The government's tightened controls over real estate (such as Combined Housing and Land Tax, credit tightening on luxury homes, adjustment to housing tax rate…) combined with falling population growth and increased rate of home ownership, resulted in moderately declined property prices. Buyers tended to wait and see, and the transaction volume decreased. The Company will take more pro-active efforts at selling its Yangmingshan project (five units remained as of December 31, 2022). The Jiaoxi project, on the other hand, has commenced sale since the 4th quarter, 2017 and eight units remained unsold at the end of 2022.

II. Business Report

Below is an analysis of operating results, budget execution, financial ratios, and profitability for 2022:

(I) Business results

Unit:NTD thousand

Item	2022 consolidated	2021 consolidated	Growth rate (%)
Operating revenues	711,970	528,595	34.69
Operating costs	360,518	206,239	74.81
Gross profit	351,452	322,356	9.03
Operating expenses	187,042	191,302	(2.23)
Operating profit	164,410	131,054	25.45
Non-operating income (expenses), net	(49,484)	10,788	(558.69)
Profit before tax	114,926	141,842	(18.98)
Income tax expense	18,531	1,147	1,515.61
Current net income	96,395	140,695	(31.49)
Other comprehensive income	(17,726)	(19,053)	(6.96)
Comprehensive income for the current year	78,669	121,642	(35.33)

1. Operating revenues in 2022 were approximately NT$183,375 thousand mare than 2021; the comparison is provided below (unit:NTD thousands)

	2022	2021	Difference
Incomes from department stores	118,589	115,954	2,635
Lease incomes	269,477	242,743	26,734
Construction incomes	286,871	133,329	153,542
Other operating revenues	37,033	36,569	464
	711,970	528,595	183,375

2. As a whole, the 2022 operating revenue increased approximately NT$183,375 thousand from 2021, mainly due to the increased revenue from constructions and leases. Relatively, costs increased by NT$154,279 thousand; therefore, the gross operating profit increased by approximately NT$29,096 thousand.

In terms of operating expenses, due to the impact of the pandemic, the Group reduced expenditures by reducing the payment of directors and employees' remunerations, cutting salaries and streamlining the organization. The operating expenses decreased by approximately NT$4,260 thousand.

Net non-operating expenses increased by approximately NT$60.27 million, mainly due to the losses of disposal of property, plant and equipment increased by approximately NT$9.43 million, increased interest expenses loss by approximately NT$6.89 million, increased loss of financial assets FVTPL mandatory by approximately NT$45.42 million, and decreased government subsidy income by NT$9.81 million. In addition, interest income increased by approximately NT$880,000, net gains from foreign currency exchange increased by approximately NT$2.97 million, parking lot revenue increased by approximately NT$2.33 million, and net other income increased by approximately NT$4.98 million.

The income tax in 2021 was mainly due to the capital decrease of NT$150 million by the subsidiary, De Hong Development, which can be listed as a deduction of taxable income, so the income tax was only NT$1,147 thousand. In 2022, the income tax was NT$18,531 thousand because the realized losses that can be listed as a deduction to taxable income was fewer.

In nutshell, the comprehensive income, NT$78,669 thousand for 2022, was NT$42,973 thousand lower from NT$121,642 thousand reported in 2021.

(II) Budget execution:

The operating revenue grew in 2022 as more remaining house sold. The economic growth rate in 2022 was 2.43%, and it was 6.53% in 2021. This is mainly due to the decrease in demand for technology during the post-pandemic period and the adjustment of inventories resulting in the decline in export sales. Regarding the domestic economy, the consumer confidence needs to be improved. Overall, despite the growth of revenue, the income tax, interest cost sand net non-operating expenses increased, and the net profit of the current period decreased by NT$ 44,300 thousand from 2021.

De Hong Development had completed its project - Yu Yangming located in Yangmingshan, Taipei City, in 2014, and more than 60% of the units have been sold by the end of 2022. The Jiaoxi project commenced the sales since Q4, 2017, and about 80% was sold as of the end of 2022. The Company will continue selling the above projects in 2023.

(III) Analysis of financial ratios and profitability:

Item	2022	2021	Increase/decrease (%)
Debt to assets ratio	58.11%	60.19%	(3.46)
Long-term capital to property, plants and equipment	205.44%	213.40%	(3.73)
Current ratio	93.50%	114.09%	(18.05)
Quick ratio	54.92%	52.66%	4.29
Return on assets	2.14%	2.68%	(20.15)
Return on equity	4.03%	5.91%	(31.81)
Net profit margin	13.54%	26.62%	(49.14)
EPS (NT$)	0.55	0.80	(31.25)

(IV) Research and development:

Retail and property leasing are two of Tonlin Department Store's primary business activities. In terms of retail, the Company is less competitive compared to department store chains in sourcing commercial tenants, which is reflected in its declining revenues. The Taoyuan Branch has already transitioned into a lifestyle mall offering cinema, medium and large dining brands, recreational space, designer clothing, eslite bookstore, and a pleasant shopping environment. With respect to leasing, the Company pays constant attention to changes in market rate, and either makes appropriate adjustments upon contract expiry or looks for suitable retail locations to accommodate high rent-paying tenants. Meanwhile, the construction segment operates by monitoring and making timely adjustments in response to regulatory and market changes.

III.Operational focus and prospect for 2023

Regarding the global economic outlook, factors including the China-US trade war, regional economic protectionist policies, border reopened by various countries with lockdown lifted domestically to coexist with the COVID-19 virus, Russia-Ukraine War started in February 2022, resulted in rising prices of oil and natural resources. In addition, central banks of various countries have shrunk their balance sheets and raising interest rates. There are still many unfavorable economic variables in 2023, and it is expected that 2023 will slow down from 2022, and Taiwan, relying mainly on international trading, is also affected by the above factors. For 2023, Directorate General of Budget, Accounting and Statistics expected the domestic economic growth rate would be 2.75%, higher than 2.43% in 2022. The rising price and interest rates will result in lower consumption of the general public.

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

(I) Department store and retail (Taoyuan Branch)

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

(II) Real estate leasing (Taipei Branch)

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

(III) Investee

1. De Hong Development Co., Ltd. will continue selling its Yangminshan project and the residential project located in Jiaoxi, Yilan, throughout 2023.
2. Other subsidiaries of the Company, including the venture capital business, have not made any major investment in recent years, and will direct attention towards managing existing investments and seeking opportunities to recover capital in the form of capital reduction or dividend payment.

(IV) Conclusion

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

We wish all our shareholders

a prosperous future ahead

Chairman:Su Chien-I

Two. Company profile

I. Date of establishment

Headquarter in Taipei:August 18, 1982
Taoyuan Branch:September 19, 1995

II. Company history

August 1982	Established by Kao, Cheng-Hsi and others. The approved capital at the establishment was NT$70,000,000, and the paid-in capital was NT$22,400,000. The Chairman was Mr. Kao, Cheng-Hsi.
September 1983	To raise the fund to buy a mall, the capital was increased by NT$59,600,000; the capital became NT$82,000,000 after the capital increase.
August 1984	Increased the capital by NT$38,000,000, and the capital increased to NT$120,000,000.
November 1984	The preparation of the department store bought by the Company at No. 201, Zhongxiao E. Sec. 4, Taipei City was completed, and officially opened on November 17, 1984 for trading various goods, and leasing the supermarket and stalls
August 1987	A piece of commercial land of 7272.76 m2 at Zhongzheng Rd., Taoyuan City was bought, to build a department store and commercial building, for expanding to a new location. Mr. Weng, Chun-Chih was elected as the Chairman and President by the resolution of the Board of directors
March 1992	Through the resolution of extraordinary shareholders' meeting in November 1991, NT$78,000,000 from the capital reserves was transferred for capital increase; the capital became NT$198,000,000 after the capital increase.
June 1992	Through the resolution of the shareholders' meeting, NT$22,572,000 from the capital reserves and NT$7,128,000 from surplus reserve, totaled NT$29,700,000 was transferred for capital increase. And the share public offering was completed later as required by laws. Separately. As the Chairman Mr. Weng, Chun-Chih resigned, Mr. Su, Chien-Chu was elected as the Chairman and President.
September 1992	The shares were permitted for the public offering by the Securities Management Commission, MOF.
November 1992	The properties at No. 209 and 213 Zhongxiao E. Sec. 4, Taipei City were bought to expand the operating floor space of the Taipei Headquarter.
December 1992	Through the resolution of extraordinary shareholders' meeting in August 1992, the capital increase approved by the resolution of AGM on June 25, 1992 was amended, to transfer NT$19,602,000 from the capital reserves and NT$10,098,000 from surplus reserve, totaled NT$29,700,000, for capital increase; the capital became NT$227,700,000 after the capital increase.
December 1992	Purchased a piece of lands at the Wuling Sub-section, Taoyuan Section, Taoyuan City from Zhongxiao Entertainment Co., Ltd., for as the operation land for the Taoyuan Branch.
April 1993	The construction of Taoyuan Branch commenced. A half of the land at the Zhongzheng Rd., Taoyuan City was used to build a modern commercial department store of four levels underground and 12 levels above the ground. The construction was completed in 1995.
June 1993	Sold the lands at Land No. 114-37 and 114-38 at the Wuling Sub-section, Taoyuan Section, Taoyuan City to De Yin Co., Ltd for raising funds for the construction of Taoyuan Branch
June 1993	The Chairman resigned the post of President, and the Board of directors resolved to appoint Mr. Su, Chien-I as the President
June 1993	To fund the construction of Taoyuan Branch, the Board of directors resolved to sell the building and lands at the first floor at 1F, No. 209 and 213 Zhongxiao E. Sec. 4, Taipei City.
December 1993	Through the resolution of extraordinary shareholders' meeting in September 1993, NT$22,600,000 from the capital reserves and NT$49,700,000 from surplus reserve, totaled NT$72,300,000, was transferred for capital increase; the capital became NT$300 million after the capital increase.
October 1994	Through the resolution of shareholders' meeting in April 1994, it was intended to transfer NT$265,000,000 from the capital reserves for capital increase; also to fund the construction of Taoyuan Branch, it was intended to issue 3,500,000 new shares for capital increase in cash. The face value was NT$10 per share, and 15% was reserved for employees' subscription as required by laws. The issuance was at the premium at NT$26 per share, and the capital became NT$600 million after the capital increase.

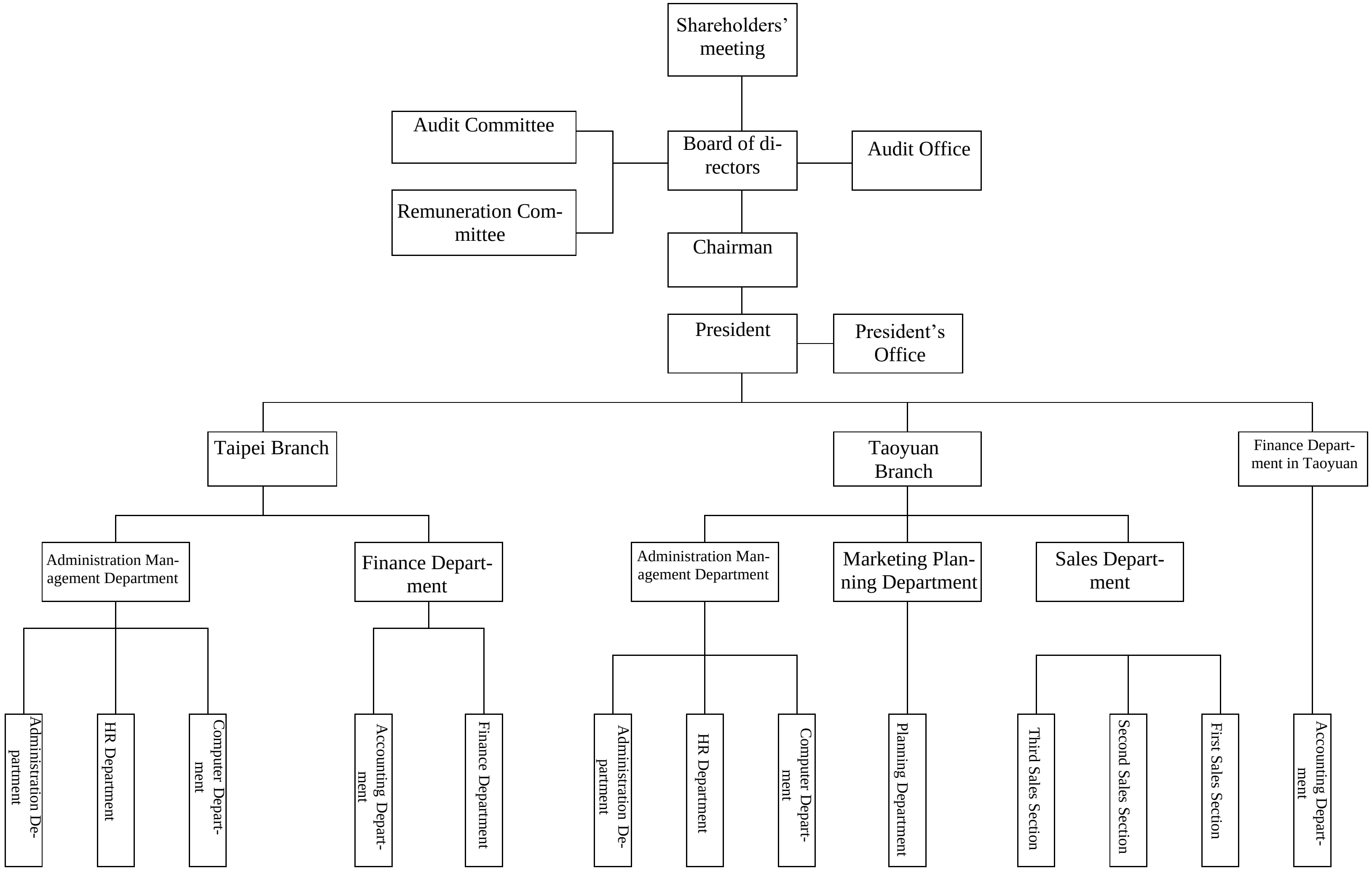
July 1995	Through the resolution of shareholders’ meeting in May 1995, NT$120,000,000from the capital reserves was transferred for capital increase; the capital became NT$720,000,000 after the capital increase.
November 1995	The Taoyuan Branch started operation
June 1996	Through the resolution of shareholders’ meeting in May 1996, NT$122,400,000 from the capital reserves and NT$57,600,000 from surplus reserve, totaled NT$180,000,000, was transferred for capital increase; the capital became NT$900 million after the capital increase.
December 1996	Shares became public listed.
September 1997	Through the resolution of shareholders’ meeting in May 1997, NT$162,000,000 from the surplus reserved and NT$153,000,000 from the capital reserves were transferred for capital increase; also to repay the bank loans and fund the refurbishment of operating floors, it was intended to issue new shares of NT$165,000,000 for capital increase in cash. 10.9% was reserved for employees’ subscription as required by laws. The issuance was at the premium at NT$39 per share, and the capital became NT$1,380,000,000 after the capital increase.
August 1998	Through the resolution of shareholders’ meeting in June 1998, NT$162,495,000 from the capital reserves and NT$182,505,000 from surplus reserve, totaled NT$345,000,000, was transferred for capital increase; the capital became NT$1,725,000,000 after the capital increase.
August 1998	Mr. Su, Chien-I resigned from the post of President, to serve as a director only; the Board of directors resolved to appoint Mr. Li, You-Yu as the President, and inaugurated from July 21, 1998.
August, 1999	Through the resolution of shareholders’ meeting in May 1999, NT$112,125,000 from the capital reserves and NT$60,375,000 from surplus reserve, totaled NT$172,500,000, was transferred for capital increase; the capital became NT$1,897,500,000 after the capital increase.
September 1999	Ceased the operation of Taipei Store and leased to the Tonlin Plaza Entertainment Co., Ltd.
August 2000	Through the resolution of shareholders’ meeting in June 2020, NT$151,800,000 from the capital reserves and NT$37,950,000 from surplus reserve, totaled NT$189,750,000, was transferred for capital increase; the capital became NT$2,087,250,000 after the capital increase.
July 2000	Mr. Li, You-Yu resigned the post of President, and the Board of directors resolved to appoint the Director, Mr. Su, Chien-Chun as the President concurrently.
March 2001	Invested to establish four 100% owned subsidiaries:GUAN CHAN Investment, Jia Fong Investment, SONG YUAN Investment, and Shun Tai Investment. The four subsidiaries successively bought back and held the Company’s shares since April 2001; as of the end of 2022, the four subsidiaries hold 15.96% of the Company’s shares
December 2003	Su, Chien-Chun resigned the posts of Chairman and President, and the Board of directors resolved to appoint the Director, Mr. Su, Chien-I as the Chairman and President concurrently.
August 2004	Tonlin Plaza changed the operation strategies and ceased to lease the Taipei Store; the Company recovered the space and leased to the current tenants.
April 2009	On March 30, 2009, the Company received the public acquisition notice from the public acquirers, including Weng, Chun-Chih, Weng, Ju-I; Weng Hua-Tieng, Weng, Hua-Li, Hsu-Weng, Fang-Mei; Hsu, Ming-Wei, Hsu, Ming-Jian, Shuen Shyang, and Jin Duo Lih Enterprise Pty. Ltd.; In May 2009, the acquisition was completed for 68,288 thousand shares.
October 2009	Invested to established the 100% owned subsidiary, De Hong Development. The capital at the establishment was NT$200,000 thousand.
November 2009	The Company invested De Hong Development for NT$180,000 thousand, and the capital became NT$380,000 thousand after the capital increase.
December 2010	Su, Mr. Su, Chien-I resigned the post of President, and on December 21, 2010, the Board of directors resolved to appoint the Director, Mr. Weng, Hua-Li as the President from January 1, 2011.

April 2012	The Company invested De Hong Development for NT$50,000 thousand, and the capital became NT$430,000 thousand after the capital increase.
September 2012	The Company invested De Hong Development for NT$50,000 thousand, and the capital became NT$480,000 thousand after the capital increase.
September 2012	Invested to established the 70% owned subsidiary, Ding Yuan International Co., Ltd. The capital at the establishment was NT$10,000 thousand.
December 2012	The subsidiary, Ding Yuan International Co., Ltd. invested to established 100% owned subsidiary, Li Yu International Co., Ltd. The capital at the establishment was NT$5,000 thousand.
April 2013	The Company invested Li Yu International Co., Ltd. for NT$50,000 thousand, and after the capital increase, the Company directly and indirectly held 97.5% of that company.
June 2013	The Company invested De Hong Development for NT$50,000 thousand, and the capital became NT$530,000 thousand after the capital increase.
July 2013	The subsidiaries, Ding Yuan and Li Yu merged; the survival company was Li Yu, and it became the 100% owned subsidiary of the Company. The capital was NT$62,000 thousand after merge.
December 2013	The Company invested De Hong Development for NT$70,000 thousand, and the capital became NT$600,000 thousand after the capital increase.
January 2014	The Company invested Li Yu International Co., Ltd for NT$38,000 thousand, and the capital became NT$100,000 thousand after the capital increase.
July 2015	The Company’s investee, Li Yu International Co. decreased capital for NT$58,000 thousand to offset deficits; meanwhile, the capital increase by NT$30,000 thousand was conducted; the capital became NT$72,000 thousand after the capital increase.
November 2015	The Company invested Li Yu International Co., Ltd for NT$20,000 thousand, and the capital became NT$92,000 thousand after the capital increase.
December 2015	The Company’s investee, Li Yu International Co. decreased capital for NT$32,000 thousand again to offset deficits; the capital became NT$60,000 thousand after the capital decrease.
February 2016	The Company invested Li Yu International Co., Ltd for NT$30,000 thousand, and the capital became NT$90,000 thousand after the capital increase.
October 2016	The Board of directors resolved to suspend the operation of the Taoyuan Branch for refurbishment for the large-scale operation. The expected refurbishment period was February 2017 to January 2018, and the preliminary investment amount was NT$750 million.
May 2017	The Company invested Li Yu International Co., Ltd for NT$4,000 thousand, and the capital became NT$94,000 thousand after the capital increase.
June 2017	By the resolution of the Board of directors on June 15, 2017, the subsidiary, Li Yu International Co., Ltd was dissolved and cease operation immediately, and the liquidation started on June 16, 2017. The liquidation was approved by the court on February 14, 2018 for reference.
September 2018	Taoyuan Branch, after the refurbishment, commenced trial operation on September 15, 2018 and officially opened for business on October 3, 2018.
August 2021	The Company’s key subsidiary, De Hong Development Co., Ltd., decreased capital for NT$150,000 thousand to offset deficits; the capital became NT$450,000 thousand after the capital decrease.
March 2022	Mr. Su, Chien-Hsing resign from the Chairman of the Company’s key subsidiary, De Hong Development Co., Ltd. Mr. Su, Chien-Yi was elected as the successor.

Three. Corporate governance report

I. Organization and system

(I) Organizational structure



(II)Business of each major segment

Major Segment	Functions
Audit Committee	Based on the authorization of the Board of directors, the main function of the Audit Committee is to supervise the following matters: 1. Fair presentation of the financial reports of the Company 2. The hiring (and dismissal), independence, and performance of certificated public accountants 3. The effective implementation of the internal control system of the Company 4. Compliance with relevant laws and regulations by the Company 5. Management of the existing or potential risks of the Company
Remuneration Committee	Faithfully perform the following duties and submit the suggestions to the Board of directors for discussion: 1. Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the compensation of the directors and managerial officers of the Company 2. Periodically assessing the degree to which performance goals for the directors and managerial officers of the Company have been achieved, setting the types and amounts of their individual compensation accordingly.
President	Responsible for the formulation and promotion of strategic objectives pursuant to the operating guidelines, operating objectives and operating policies approved by the Board of directors.
Audit Office	Responsible for checking and evaluating the reliability, efficiency and effectiveness of the Company's operating records and internal control, and providing timely assistance to various management levels to for the efficient and effective execution of tasks.
President’s Office	Assist the President in the promotion of investment business, real estate development and legal affairs. Responsible for the formulation of various managerial regulations, and formulate annual management promotion plans, organizational development and management based on business goals and long-term plans.
Taipei Branch	1. According to the Company's business strategy and objectives, implement the annual business plan and management of the Taipei Branch. 2. Responsible for the general affairs, procurement, construction and other related businesses of the Taipei Branch. 3. Responsible for computer and personnel related business of Taipei Branch.
Finance Department	Establish the accounting system, the accounting treatment of various accounts and taxation, the general preparation of financial management and budget, and other related businesses.
Branch Director of Taoyuan	1. According to the Company's business strategy and objectives, implement the annual business plan, management, and marketing of the Taoyuan Branch. 2. Responsible for the general affairs, procurement, construction and other related businesses of the Taoyuan Branch. 3. Responsible for computer and personnel related business of Taoyuan Branch.

II. Information of Directors, President, Vice Presidents, and Management Team

(I) Directors

1. Information of directors

April 21 2023

Title	Nationality or place of registration	Name	Gender and age	Date of elected	Term of office/year	Date of first elected	Shareholding when elected		Current shareholding		Current shares held by spouse and child of minor age		Shares held under others' names		Educational and professional experience	Concurrent position(s) in the Company or other companies	Spouse or relative within the second degree of kinship serving as managerial officers, directors and supervisors			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Position	Name	Relation	
Chairman	Republic of China	Su, Chien-I (Note 1)	Male 72	August 31, 2021	3	1982.07.05	5,581,075	2.67%	5,481,075	2.63%	0	-	0	-	Department of Accounting & Statistics, Takming University of Science and Technology Te Li Construction - Finance Manager Wen Pu Construction - Vice President	Chung Hsiao Enterprise - Chairman SONG YUAN INVESTMENT - Chairman (corporate representative) De Hong Development - Chairman (institution representative)	None			(Note 6)
Director	Republic of China	UN INVESTMENT CO., LTD. (Note 2)		August 31, 2021	3	1995.06.25	6,836,060	3.28%	6,253,060	3.00%	0	-	0	-						(Note 6)
	Republic of China	Representative:Su, Yong-Chun	Female 51				0	-	1,537,241	0.74%	-	-	0	-	University of Melbourne Master of Education	UN INVESTMENT - Supervisor SHUN TAI INVESTMENT - Director (institution representative)	None			(Note 6)
Director	Republic of China	Jih-I Investment Co., Ltd. (Note 3)		August 31, 2021	3	2004.06.12	5,002,000	2.40%	5,002,000	2.40%	0	-	-	-						(Note 6)
	Republic of China	Representative:Huang Chung-Sheng	Male 64				0	-	6,369,544	3.05%	21,780	0.01%	0	-	Masters Degree, Experimental Statistics Division, Department of Agronomy, National Taiwan University	Jih-I Investment, Wholesome Life Science, Mushroom Enterprise, and Universal Innovation - Chairman JIA FONG INVESTMENT - Chairman (institution representative) FlySun Development - Director GUAN CHAN and SHUN TAI INVESTMENT - Director (institution representative)	None			(Note 6)
Director	Republic of China	JIN DUO LIH ENTERPRISES PTY. LTD. (Note 4)		August 31, 2021	3	2001.06.12	22,936,442	10.99%	22,936,442	10.99%	0	-	0	-						(Note 5)
	Republic of China	Representative:Weng Chun-Chih	Male 79				0	-	21,337,920	10.22%	2,532,991	1.21%	0	-	Taipei Kai-Nan High School	JIN DUO LIH ENTERPRISES, Weng Huang Chin Social Welfare Foundation - Chairman GUAN CHAN, SHUEN SHYANG - Chairman (institution representative) JIA FONG INVESTMENT, SONG YUAN INVESTMENT, and De Hong Development - Director (institution representative) Chung Hsiao Enterprise - Director Weng Yu Mei Enterprise - Person-in-charge	Director (institution representative) Director (institution representative) Director (institution representative)	Weng, Ju-I Weng, Hua-Tieng Weng, Hua-Li	Father and daughter Father and son Father and son	(Note 5)
	Republic of China	Representative:Weng Ju-I	Female 51				0	-	5,400,309	2.59%	0	-	718,000	0.34%	Masters Degree, Faculty of Arts, Monash University	Tonlin Department Store - CFO, U-Chen Information Co., Ltd. - Chairman JIN DUO LIH ENTERPRISES - Director, SHUEN SHYANG - Director (institution representative) SHUN TAI INVESTMENT - Chairman (institution representative) JIA FONG INVESTMENT, SONG YUAN INVESTMENT, and De Hong Development - Supervisor (institution representative)	Director (institution representative) Director (institution representative) Director (institution representative)	WENG CHUN-CHIH Weng, Hua-Tieng Weng, Hua-Li	Father and daughter Sister and brother Sister and brother	(Note 5)
	Republic of China	Representative:Weng Hua-Tieng	Male 50				0	-	3,715,682	1.78%	488,000	0.23%	140,000	0.07%	Master of Public Policy and Management, University of Southern California Shenzhen Gourmet Ltd. - President Food Junction Holding Ltd. - Manager Dezhou Construction Co., Ltd.- Chairman's Special Assistant	SHUEN SHYANG - Director (institution representative) JIN DUO LIH ENTERPRISES and Weng Huang Chin Foundation - Director, Jiayu Co., Ltd. - Chairman SHUN TAI INVESTMENT - Supervisor (institution representative) De Hong Development - Vice Chairman (institution representative) Kainan University - Director Jinduoli Food (Dongguan) - Chairman's Special Assistant	Director (institution representative) Director (institution representative) Director (institution representative)	WENG CHUN-CHIH Weng, Ju-I Weng, Hua-Li	Father and son Sister and brother Brothers	(Note 5)
	Republic of China	Representative:Weng Hua-Li	Male 48				0	-	5,765,999	2.76%	1,937,000	0.93%	1,657,000	0.79%	School of Political Science and Economics, Meiji University Te Chou Construction - Special Assistant	Tonlin Department Store - President, Sheng Wei Company - Chairman SONG YUAN INVESTMENT, De Hong Development, and SHUEN SHYANG - Director (institution representative) JIN DUO LIH ENTERPRISES and Weng Huang Chin Foundation - Director, GUAN CHAN - Supervisor (institution representative)	Director (institution representative) Director (institution representative) Director (institution representative)	WENG CHUN-CHIH Weng, Ju-I Weng, Hua-Tieng	Father and son Sister and brother Brothers	(Note 5)
Independent Director	Republic of China	Lu, Yu-Ting	Male 65	August 31, 2021	3	2015.06.03	0	-	0	-	458,331	0.22%	0	-	Department of Business Administration, National Taipei University of Business L'Occitane Taiwan Limited - President Wei Li Yang Company - Chairman and President	Melvita Taiwan Ltd. - Chairman Albert Investment Co., Ltd. - Chairman Bensheng Co., Ltd. - Supervisor	None			(Note 6)
Independent Director	Republic of China	Chan, Shen-Hua	Male 75	August 31, 2021	3	2015.06.03	0	-	0	-	0	-	0	-	Department of Civil Engineering, Feng Chia University Kentai Construction Co., Ltd. - Chairman Ken Tai Construction Co., Ltd. and Kuang Chen Co., Ltd. - Director Yu Fu Co., Ltd. - Supervisor	Ken Tai Construction Co., Ltd. - Chairman Chen Chuan Co., Ltd. - Chairman Kentai Construction Co., Ltd. - Supervisor Hong Wan Co., Ltd. - Supervisor	None			(Note 6)
Independent Director	Republic of China	Yang, Wen-Ching	Male 61	August 31, 2021	3	2018.06.07	0	-	0	-	0	-	0	-	Ph.D. in Economic Law, Peking University Law School Securities and Futures Bureau, Ministry of Finance - Chief of Legal Affairs Financial Examination Bureau, Financial Supervisory Commission - Deputy Director General Nanoplus Limited (Cayman) Taiwan Branch - Director	Cheng Shin Law Firm - Director Ever Rich Asset Management Co., Ltd. - Chairman Chih Chin Financial Consultancy, and Chengsin Consulting Company - Director Oriental Excellency Investment Co., Ltd. - Director International Bills Finance Corporation - Director (institution representative) SHENMAO Technology Inc. - Independent Director	None			(Note 6)

Note 1:from July 5, 1982 to NoV.19, 1991 and from June 25, 1995 to June 11, 2004 was a natural-person director; from June 4, 2004 to June 2, 2015 was the representative of an institutional director, Un Investment; elected as a natural-person director again on June 3, 2015

Note 2:From June 25, 1995 to May 21, 2011, elected as an institutional director, represented by Su, Chien-Chung; from June 4, 2004 to June 2, 2015, re-elected an institutional director, represented by Su, Chien-I and Su, Chi-Wei; on March 26, 2014, Su, Chi-Wei was discharged and replaced by Su, Chuan-Hui; on June 3, 2015, re-elected an institutional director, represented by Su, Chuan-Hui; on NoV.1, 2015, Su, Chuan-Hui was discharged and replaced by Su, Chi-Wei; on March 17, 2020, Representative Su, Chi-Wei was discharged and replaced by Su, Yong-Chun.

Note 3:On June 12, 2004, elected as an institutional director at the first time, and the original representative was Huang, Chung-Ren; on July 1, 2005, the representative was replaced by Huang, Chung-Sheng.

Note 4:From June 12, 2001 to July 23, 2009, elected as an institutional director and the representatives were Weng, Chun-Chih and Weng, Ju-I; re-elected on July 23, 2009 again, represented by Weng, Chun-Chih, Weng, Ju-I, Weng, Hua-Tieng, Weng, Hua-Li, and Su, Chien-Hsing. On August 18, 2011, the representative Weng, Ju-I was discharged, and replaced by Tsai, Ching-Wen;

on June 5, 2012 re-elected, and the representative Tsai, Ching-Wen was discharged and replaced by Weng, Ju-I and Chen, Ming-Chou; on June 3, 2015, re-elected as an institutional director, represented by Chun-Chih, Weng, Ju-I, Weng, Hua-Tieng, and Weng, Hua-Li.

Note 5:The representatives of the institutional director, JIN DUO LIH ENTERPRISES PTY. LTD., Weng, Ju-I, Weng, Hua-Tieng, and Weng, Hua-Li, are all children of Weng, Chun-Chih, as the relatives of first-degree kinship; there are ten directors of the Company (three independent directors included), such relatives of first-degree kinship do not exceed the majority of the all directors, and more than a half of directors do not serve as the employees or managerial officers of the Company.

Note 6:The chairman, president or person of an equivalent post (the highest level manager) of the Company are not the same person, spouses, or relatives within the first degree of kinship.

2. Major shareholders of institutional shareholders (top ten shareholders in terms of shareholding)

April 10, 2023

Name of institutional shareholders	Major shareholders of institutional shareholders
UN INVESTMENT CO., LTD.	Su-Chang, Chuan Mei 13.62%; Su, Chuan-Hui 23.77%; New Leaders Asia 42.69%; Su, Yong-Chun 19.85%
Jih-I Investment Co., Ltd.	Mushroom Enterprise 34.47%; Wholesome Life Science 19.93%; FlySun Development 19.93%; Genesis Investment 15.66%
JIN DUO LIH ENTERPRISES PTY. LTD.	SHUEN SHYANG 39.52%; Sheng Wei 20.16%; U-Chen Information 20.16%; Chia Yu 20.16%

3. Major shareholders of institutional shareholders who are also institutional shareholders, their major shareholders (top ten shareholders in terms of shareholding)

April 10, 2023

Name of institutional shareholders	Major shareholders of institutional shareholders
Mushroom Enterprise Co., Ltd.	MARCO POLO INTERNATIONAL HOLDING (BVI)LTD. 68.75%; FlySun Development 19.71%; Genesis Investment 9.28%
Wholesome Life Science Co., Ltd.	MARCO POLO INTERNATIONAL HOLDING (BVI)LTD. 37.78%; FlySun Development 16.67%; Mushroom Enterprise 13.89%; Jih-I Investment 13.89%; Genesis Investment 13.89%
FlySun Development Co., Ltd.	Mushroom Enterprise 38.23%; Jih-I Investment 39.23%; Genesis Investment 20.63%
Genesis Investment Co., Ltd.	MARCO POLO INTERNATIONAL HOLDING LTD.100%
SHUEN SHYANG CO., LTD.	Yuanda Holding (BVI)Co., Ltd. YUAN DAR HOLDING CO., LTD. 99.02%
Sheng Wei Co., Ltd.	Weng, Hua-Li 56.73%; Weng, Chun-Chih 22.53%; Weng-Kuo, Jin-Ying 9.89%
Yu Chen Co., Ltd.	Weng, Ju-I 65.01%, Weng-Kuo, Jin-Ying 34.99%
Chia Yu Co., Ltd.	Weng Hua-Tieng 68.84%; Weng-Kuo, Jin-Ying 24.95%
New Leaders Asia Enterprise	Su, Chi-Wei 100%

4. Information disclosure regarding professional qualifications of directors and the independence of independent directors:

(1) Diversity of the board of directors:to enhance the corporate governance, and promote the health development of the board's composition and structure, it is confirmed that the board's diversity is helpful to improve the Company's overall performance. The board members particularly emphasize the abilities of judgments about operations, business management, leadership and decision-making, as well as crisis management. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:1. Ability to make operational judgments; 2. Ability to perform accounting and financial analysis.; 3. Ability to conduct management administration; 4. Ability to conduct crisis management; 5. Knowledge of the industry; 6. An international market perspective; 7. Ability to lead; 8. Ability to make policy decisions

The diversity of the current board members are implemented as following: April 10, 2023

Diversity / Name of director	Basic composition					Industrial experience					Professional abilities			Number of other public companies in which the individual is concurrently serving as an independent director
	Nationality	Gender	Serving as an employee	Age	Tenure and term of office as an independent director	Retail	Development of lands; real estate leasing	Food and beverage	Finance	Information and technology	Law	Accounting	Management	
Su Chien-I	Republic of China	Male	No	72	None	V	V	V	V			V	V	None
Su, Yong-Chun	Republic of China	Female	No	51	None	V				V			V	None
WENG CHUN-CHIH	Republic of China	Male	No	79	None	V	V						V	None
Weng, Ju-I	Republic of China	Female	Yes	51	None	V			V			V	V	None
Weng, Hua-Tieng	Republic of China	Male	No	50	None	V	V	V					V	None
Weng, Hua-Li	Republic of China	Male	Yes	48	None	V	V	V					V	None
HUANG CHUNG-SHENG	Republic of China	Male	No	64	None		V						V	None
Chan, Shen-Hua Independent director	Republic of China	Male	No	75	8		V	V				V	V	None
Lu, Yu-Ting Independent director	Republic of China	Male	No	65	8	V		V				V	V	None
Yang, Wen-Ching Independent director	Republic of China	Male	No	61	5				V		V			1

(2) Independence of the board:Among ten directors of the Company, three of them are independent directors, accounting for 30%. Among the directors, no more than half having the relationship as spouse or relatives within the second degree of kinship; the majority of the directors do not concurrently serve as the Company's employee or managerial officers.

None of the Company's independent directors, their spouses and relatives within the second degree of kinship serve as the director, supervisor, or employee of the company or any of its affiliates, or the companies having special relationship with the Company.

For the independent director' shareholdings and the weight thereof president, please refer to the (1) Information of Directors in the section of information of directors, presidents, vice president, associate vice president, and head of branches.

In the recent two years, no director has provided commercial, legal, financial, accounting or related services to the company or any affiliate of the company, and received related compensations.

(II) Information on President, Vice Presidents, and Management Team

April 21, 2023

Title	Nationality	Name	Gender	Date of taking office	Shareholding		Shares held by spouse and child of minor age		Shares held under others' names		Educational and professional experience	Concurrent position(s) in other companies	Spouse or relative within the second degree of kinship serving as a managerial officer			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	Republic of China	Weng, Hua-Li	Male	2011.01.01	5,765,999	2.76	1,937,000	0.93	1,657,000	0.79	School of Political Science and Economics, Meiji University Te Chou Construction - Special Assistant	Sheng Wei Co., Ltd. - Chairman SONG YUAN INVESTMENT, De Hong Development, and SHUEN SHYANG - Director (institution representative) JIN DUO LIH ENTERPRISES and Weng Huang Chin Foundation - Director, GUAN CHAN - Supervisor (institution representative)	Chief Finance Officer	Weng, Ju-I	Sister and brother	(Note 2)
Chief Finance Officer (Note 1)	Republic of China	Weng, Ju-I	Female	2012.7.5	5,400,309	2.59	0	-	718,000	0.34	Masters Degree, Faculty of Arts, Monash University	U-Chen Information Co., Ltd. - Chairman JIN DUO LIH ENTERPRISES PTY. LTD.-Director SHUEN SHYANG - Director (institution representative) SHUN TAI INVESTMENT - Chairman (institution representative) JIA FONG INVESTMENT, SONG YUAN INVESTMENT, and De Hong Development - Supervisor (institution representative)	President	Weng, Hua-Li	Sister and brother	(Note 2)
Vice President	Republic of China	Stephen Chen	Male	2001.01.01	0	-	0	-	0	-	Law and Business School, National Chung Hsing University VP, Underwriting Department, Tai Yu Securities Co., Ltd. before 1994	None	None	-	-	(Note 2)
Finance Department Manger	Republic of China	Tina Huang	Female	1996.02.01	0	-	0	-	0	-	Department of Accounting & Statistics, Takming University of Science and Technology Manager, Auditing Department, Deloitte Touche before 1993	None	None	-	-	(Note 2)
Branch Director of Taoyuan Branch	Republic of China	Kuo, Mei-Chun	Female	2021.04.01	0	-	0	-	0	-	Department of Comprehensive Commerce, Shih Hsin High School of Engineering and Business Branch Director, Breeze Group	None	None	-	-	(Note 2)

Note 1: appointed as the special assistant to the chairman on Jan. 1, 2011; appointed as the CFO (VP level) on July 5, 2012.
Note 2: Not the same person as the chairman, nor the spouse, or relative with first degree of kinship.

(III) The Chairman and the president or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: The president or person of an equivalent post (the highest level manager) of the Company is not the chairman, his spouses, or relatives within the first degree of kinship

III. Remuneration paid to directors, president and vice presidents for the recent years

(I) General and independent directors' remunerations

Unit:NT$ thousands

Title	Name	Directors' remunerations								Sum of A, B, C and D as a percentage of after-tax profit % (Note 5)		Compensation to directors serving as employees								Sum of A, B, C, D, E, F and G as a percentage of after-tax profit % (Note 5)		Compensation from reinvested business other than subsidiaries or parent company
		Remuneration (A) (Note 1)		Severance pay and pension (B)		Director's remuneration (C) (Note 2)		Fee for services rendered (Note 3)				Salary, bonuses, and special allowances, etc (E) (Note 4)		Severance pay and pension (F)		Employee's remuneration (G)						
																The Company		All companies in the financial statements				
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	Cash amount	Share amount	Cash amount	Share amount	The Company	All companies in the financial statements	
Chairman	Su Chien-I	2,295	2,295	0	0	0	0	600	600	2,895 3.00	2,895 3.00	0	0	0	0	0	0	0	0	2,895 3.00	2,895 3.00	450
Corporate entity	UN INVESTMENT CO., LTD.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
Director	Su, Yong-Chun	0	0	0	0	0	0	600	600	600 0.62	600 0.62	0	0	0	0	0	0	0	0	600 0.62	600 0.62	None
Corporate entity	JIN DUO LIH ENTERPRISES PTY. LTD.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
Director	WENG CHUN-CHIH	0	0	0	0	0	0	600	600	600 0.62	600 0.62	0	0	0	0	0	0	0	0	600 0.62	600 0.62	None
Director	Weng, Ju-I	0	0	0	0	0	0	600	600	600 0.62	600 0.62	1,530	1,530	0	0	0	0	0	0	2,130 2.21	2,130 2.21	None
Director	Weng, Hua-Li	0	0	0	0	0	0	600	600	600 0.62	600 0.62	1,530	1,530	0	0	0	0	0	0	2,130 2.21	2,130 2.21	None
Director	Weng, Hua-Tieng	0	52	0	0	0	0	600	602	600 0.62	654 0.68	0	0	0	0	0	0	0	0	600 0.62	654 0.68	None
Corporate entity	Jih-I Investment Co., Ltd.;	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
Director	HUANG CHUNG-SHENG	0	0	0	0	0	0	600	600	600 0.62	600 0.62	0	0	0	0	0	0	0	0	600 0.62	600 0.62	None
Independent Director	Lu, Yu-Ting	0	0	0	0	0	0	600	600	600 0.62	600 0.62	0	0	0	0	0	0	0	0	600 0.62	600 0.62	None
Independent Director	Yang, Wen-Ching	0	0	0	0	0	0	600	600	600 0.62	600 0.62	0	0	0	0	0	0	0	0	600 0.62	600 0.62	None
Independent Director	Chan, Shen-Hua	0	0	0	0	0	0	600	600	600 0.62	600 0.62	0	0	0	0	0	0	0	0	600 0.62	600 0.62	None

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

On January 6, 2023, the Remuneration Committee convened the 4th meeting of the 5th term, and the review of the performance of directors and managerial officers, and the policies, standards, and structure of the remuneration is described as below:

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

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

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

Remuneration range

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

Note 1:These are the salary and bonus received by the chairman of the Company and the vice chairman of the subsidiary in 2022.
Note 2:It is the directors' remuneration in 2022. The board of directors resolved on March 6, 2023 not to distribute the directors' remuneration.
Note 3:These are the transportation fees of the directors and the meal subsidies for the vice chairman of the subsidiary in 2022.
Note 4:These are and bonus received by the directors concurrently serving as employees in 2022.
Note 5:Net income after tax is the net income after tax of the 2022 parent-company only financial statements

(II)Supervisor's remuneration:he Company has all the independent directors to form the Audit Committee as the replacement of supervisors.

(III)President's and Vice Presidents' remunerations

Unit:NTD thousand

Title	Name	Salary (A) (Note 1)		Severance pay and pension (B)		Bonuses, and special allowances, etc (C) (Note 2)		Remuneration to employees (D) (Note 3)				Sum of A, B, C and D as a percentage of after-tax profit % (Note 4)		Compensation from reinvested business other than subsidiaries or parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Share amount	Cash amount	Share amount			
President	Weng, Hua-Li	1,310	1,310	0	0	220	220	0	0	0	0	1,530 1.59	1,530 1.59	None
Chief Finance Officer	Weng, Ju-I	1,310	1,310	0	0	220	220	0	0	0	0	1,530 1.59	1,530 1.59	None
Vice President	Stephen Chen	1,839	1,936	169	169	346	371	4	0	4	0	2,358 2.45	2,480 2.57	None

Remuneration range

Remuneration range paid to each president and vice president	Name of president and vice presidents	
	The Company	All companies in the financial statements
Less than NT$1,000,000	-	-
NTD$1,000,000 (inclusive) to NTD$2,000,000 (exclusive)	Weng, Hua-Li; Weng, Ju-I	Weng, Hua-Li; Weng, Ju-I
NTD$2,000,000 (inclusive) to NTD$3,500,000 (exclusive)	Stephen Chen	Stephen Chen
NTD$3,500,000 (inclusive) to NTD$5,000,000 (exclusive)		
NTD$5,000,000 (inclusive) to NTD$10,000,000 (exclusive)	-	-
NTD$10,000,000 (inclusive) to NTD$15,000,000 (exclusive)	-	-
NTD$15,000,000 (inclusive) to NTD$30,000,000 (exclusive)	-	-
NTD$30,000,000 (inclusive) to NTD$50,000,000 (exclusive)	-	-
NTD$50,000,000 (inclusive) to NTD$100,000,000 (exclusive)	-	-
More than NTD$100,000,000	-	-
Total	3	3

Note 1:These are the salaries and position allowance for 2022.
Note 2:These are the year-end bonuses, meal subsidies and bonuses of three festivals in 2022.
Note 3:It is the employees' remuneration in 2022. The distributed amount was resolved by the Board of directors on March 6, 2023, but has to be reported in the shareholders' meeting; as the remuneration has not been actually distributed, the estimated amount is calculated based on the actual distribution proportion in 2021.
Note 4: Net income after tax is the net income after tax of the 2022 parent-company only financial statements

(IV)Remunerations of top five managerial officers in terms of remunerations

Unit:NTD thousand

Title	Name	Salary (A) (Note 1)		Severance pay and pension (B)		Bonuses, and special allowances, etc (C) (Note 2)		Remuneration to employees (D) (Note 3)				Sum of A, B, C and D as a percentage of after-tax profit % (Note 4)		Compensation from reinvested business other than subsidiaries or parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Share amount	Cash amount	Share amount			
President	Weng, Hua-Li	1,310	1,310	0	0	220	220	0	0	0	0	1,530 1.59	1,530 1.59	None
Chief Finance Officer	Weng, Ju-I	1,310	1,310	0	0	220	220	0	0	0	0	1,530 1.59	1,530 1.59	None
Vice President	Stephen Chen	1,839	1,936	169	169	346	371	4	0	4	0	2,358 2.45	2,480 2.57	None
Finance Department Manager	Tina Huang	1,152	1,152	112	112	274	274	4	0	4	0	1,542 1.60	1,542 1.60	None
Taoyuan Branch Director	Kuo, Mei-Chun	1,701	1,701	0	0	369	369	4	0	4	0	2,074 2.15	2,074 2.15	None

Note 1:These are the salaries and position allowance for 2022.
Note 2:These are the year-end bonuses, meal subsidies and bonuses of three festivals in 2022.
Note 3:It is the employees' remuneration in 2022. The distributed amount was resolved by the Board of directors on March 6, 2023, but has to be reported in the shareholders' meeting; as the remuneration has not been actually distributed, the estimated amount is calculated based on the actual distribution proportion in 2021.
Note 4:Net income after tax is the net income after tax of the 2022 parent-company only financial statements

(V)Managerial officers to whom the employees' remuneration distributed to and the status

December 31, 2022; unit:NT$ thousand

	Title	Name	Share amount	Cash amount	Total	Total as a percentage of net income after tax
Managers	President	Weng, Hua-Li	0	0	0	0
	Chief Finance Officer	Weng, Ju-I	0	0	0	0
	Vice President	Stephen Chen	0	4	4	0
	Manager of Finance Department	Tina Huang	0	4	4	0
	Director, Taoyuan Branch	Kuo, Mei-Chun	0	4	4	0

Note:It is the employees' remuneration in 2022. The distributed amount was resolved by the Board of directors on March 6, 2023, but has to be reported in the shareholders' meeting; as the remuneration has not been actually distributed, the estimated amount is calculated based on the actual distribution proportion in 2021.

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

1. Total remuneration, as a percentage of net income stated in the parent company only financial statements

Name	The Company			All companies in the financial statements		
	2022	2021	Increase (decrease)	2022	2021	Increase (decrease)
Director	11.76%	7.77%	51.35%	11.82%	8.32%	42.07%
President and vice presidents	5.63%	3.71%	51.75%	5.75%	3.71%	54.99%

Since January 1, 2011, the directors or shareholders of the Company and all entities in the financial statements, will be paid as general employees with salaries if they concurrently serve as the employees, pursuant to Article 24 of the Articles of Incorporation. Upon the measurement of the Company’s current operation and the disbursement of salaries in the past years, no significant change is found. For the remuneration of the Company and its subsidiaries for 2021 and 2022, the board of directors decided not to distribute remuneration to directors in response to the COVID-19 pandemic; in addition, the net income after tax in 2022 parent-only financial report decreased by about NT$44,300 thousand from 2021; therefore, the ratio of remunerations paid to directors, president, and vice president to the net income after tax in 2022 parent-only financial report increased from 2021.

2. Pursuant to the Articles of Incorporation of the Company, the directors or shareholders of the Company or any company in the financial statements, who concurrently serve as the employees, are deemed as ordinary employees and paid with salaries; also, pursuant to the amended Company Act in May 2015, and the amended Articles of Incorporation resolved by the AGM in June 2018, the Company provides for employee remuneration at 0.1%-4%, and director remuneration at no more than 4%, of current year's pre-tax profit before employee and director remuneration. However, profits must first be reserved to offset against cumulative losses (including adjustments to unappropriated earnings) if any. On March 6, 2023, the board of directors resolved to distribute NT$15.4 thousand for the employees’ remuneration and NT$0 for directors’ remuneration. The intended distribution resolved by the board is expected to be reported in the AGM convened on June 19, 2023. The remunerations of the president and vice presidents are handled pursuant to the Company's remuneration policy. The bonus is issued by referring to the Company's overall operating performance achievement rate. The reviews for the above-mentioned remuneration procedures and the Company's overall operating performance are subject to the deliberation of the Remuneration Committee before submitted to the Board of directors for approval.

IV. Operation of corporate governance

(I) Operation of Board of Directors

During the most recent year, eight (A) meetings were held by the Board of Directors. The attendance of directors and supervisors was as follows:

（2022/1/1 - 2023/4/10）

Title	Name	Attendance in person B	Times of attendance by proxy	Actual attendance rate (%) (B/A) (Note 1)	Remarks
Chairman	Su Chien-I	8	0	100%	Re-elected on August 31, 2021
Director	UN INVESTMENT CO., LTD.				
	Representative:Su Yong-Chun	8	0	100%	
Director	JIN DUO LIH ENTERPRISES PTY. LTD.				August 31, 2021 Re-elected
	Representative:Weng Chun-Chih	8	0	100%	
	Weng, Ju-I	8	0	100%	
	Weng, Hua-Tieng	8	0	100%	
	Weng, Hua-Li	8	0	100%	
Director	Jih-I Investment Co., Ltd.				Re-elected on August 31, 2021
	Representative:Huang Chung-Sheng	7	1	88%	
Independent Director	Lu, Yu-Ting	8	0	100%	August 31, 2021 Re-elected
Independent Director	Chan, Shen-Hua	8	0	100%	August 31, 2021 Re-elected
Independent Director	Yang, Wen-Ching	7	1	88%	August 31, 2021 Re-elected

Other matters that require reporting

I. For Board of Directors meetings that meet any of the following descriptions, state the date, session, the discussed topics, Independent Directors' opinions and how the company has responded to such opinions:

(I)Conditions described in Article 14-3 of the Securities and Exchange Act:(please refer to the attached table 1)

(II) Other resolutions, except for the above-mentioned ones, in the board of directors meeting about which any independent director expresses dissent or reservation and a record or written statement is made:As of April 10, 2023, there has been no such thing in the Company.

II.Implementation status of recusal due to conflict of interests

2022.11.04:in the 8th meeting of the 16th board of directors, the proposal to purchase shares of Chung Hsiao Enterprise Co., Ltd. was discussed.

The Company has purchased the shares of Chung Hsiao Enterprise Co., Ltd. from New Leaders Asia Enterprise; New Leaders Asia Enterprise is a sole proprietorship of Mr. Su, Chi-Wei, who is a relative of second degree of kinship to Su, Yong-Chun, a director of the Company.

Explanation of Director, Su, Yong-Chun:I have personal interest in this proposal, so I will recuse myself from the following discussion and resolution.

The chairperson inquired all attending directors, and the proposal was passed as presented without dissent

III.Implementation of self- (or peer) appraisal of the Board of Directors (please refer to the attached table 2)

IV.Goal for enhancement of board functions in the respective year and the most recent year and assessment of implementation conditions:

1. On March 16, 2018, the Board of directors approved the “Regulations Governing Procedure for Board of Directors Meetings,” to improve the information transparency and the managerial functions.
2. The Company has set up three independent directors, also performing the duties of the Audit Committee and the Remuneration Committee, to strengthen the functions of the Board of directors, so that the Board of directors may make objective and independent judgments on the Company's finance and business, and improve the Company's system of directors and managerial officers' remuneration.

Note 1:Actual attendance (%) is calculated based on the meetings of the Board of Directors during the term of the office, and the times of in-person attendance.

Table 1

<table>
<tr><th>Meeting</th><th>Date</th><th>Proposal</th><th>Opinions of all independent directors and the Company’s treatment to the independent directors’ opinions</th></tr>
<tr><td>16th Term/ 4th Meeting</td><td>2022.03.14</td><td>Proposal of amendments to the Company’s “Operational Procedures of the Acquisition and Disposal of Assets”
Assessment of the independence and suitability of the appointed CPAs.
Proposal of contracting the renovation project of Taoyuan Branch</td><td rowspan="5">All independent directors approved the proposal as it was without dissent.</td></tr>
<tr><td>The 16th board of directors / the 5th meeting</td><td>2022.05.05</td><td>2022 professional service fees to Deloitte Touche</td></tr>
<tr><td>The 16th board of directors / the 7th meeting</td><td>2022.08.04</td><td>Proposal of contracting the renovation project of Taoyuan Branch</td></tr>
<tr><td>The 16th board of directors / the 8th meeting</td><td>2022.11.04</td><td>Proposal of attesting CPA replacement by Deloitte Touche
Proposal to purchase shares of Chung Hsiao Enterprise Co., Ltd.</td></tr>
<tr><td>The 16th board of directors / the 10th meeting</td><td>2023.03.06</td><td>Assessment of the independence and suitability of the appointed CPAs.
Establish the Company’s Operational Procedures for General Principles of Pre-Approved Non-Assurance Service Policy.
2023 professional service fees to Deloitte Touche</td></tr>
</table>

Table 2

Implementation of the Board of Directors’ appraisal

<table>
<tr><th>Evaluation cycle</th><th>Evaluation period</th><th>Evaluation scope</th><th>Evaluation method</th><th>Evaluation content</th></tr>
<tr><td rowspan="5">Once per year</td><td rowspan="5">January 1, 2022
to
December 31, 2022</td><td rowspan="5">Board of directors</td><td rowspan="5">Internal self-evaluation by the board</td><td>Participation in the operation of the company;</td></tr>
<tr><td>Improvement of the quality of the board of directors' decision making;</td></tr>
<tr><td>Composition and structure of the board of directors;</td></tr>
<tr><td>Election and continuing education of the directors; and</td></tr>
<tr><td>Internal control.</td></tr>
<tr><td rowspan="6">Once per year</td><td rowspan="6">January 1, 2022
to
December 31, 2022</td><td rowspan="6">Individual board member</td><td rowspan="6">Self-evaluation of individual board member</td><td>Alignment of the goals and mission of the company;</td></tr>
<tr><td>Awareness of the duties of a director;</td></tr>
<tr><td>Participation in the operation of the company;</td></tr>
<tr><td>Management of internal relationship and communication;</td></tr>
<tr><td>Director's professionalism and continuing education; and</td></tr>
<tr><td>Internal control.</td></tr>
</table>

(II) Operation of Audit Committee

1. The main function of the Audit Committee is to supervise the following matters:

(1) Fair presentation of the financial reports of the Company

(2) The hiring (and dismissal), independence, and performance of certificated public accountants

(3) The effective implementation of the internal control system of the Company

(4) Compliance with relevant laws and regulations by the Company

(5) Management of the existing or potential risks of the Company

2. During the most recent year, six (A) meetings were held by the Audit Committee. The attendance of independent directors was as follows:

（2022/1/1 - 2023/4/10）

Title	Name	Attendance in person (B)	Times of attendance by proxy	Actual attendance rate (%) (B/A) (Note 1 and 2)	Remarks
Independent Director	Chan, Shen-Hua	6	0	100%	August 31, 2021 Re-elected
Independent Director	Yang, Wen-Ching	5	1	83%	August 31, 2021 Re-elected
Independent Director	Lu, Yu-Ting	6	0	100%	August 31, 2021 Re-elected

Other matters that require reporting

I. For operation of the Audit Committee that meet any of the following descriptions, state the Audit Committee meeting's date, session, independent directors' dissent, qualified opinion, or material recommendations, the discussed topics, resolution adopted by the Audit Committee, and how the company has responded to such opinions:

(I)Conditions described in Article 14-5 of the Securities and Exchange Act:(please refer to the attached table 1)

(II) Other resolution that has not been passed by the Audit Committee but passed by two-thirds or more of all Directors:As of April 10, 2023, there has been no such thing in the Company.

II. If any independent director recused due to conflict of interest, the recused independent director's name, proposal, reason of recusal, and participation of voting:

As of April 10, 2023, there has been no proposal involved conflict of interest to be recused by any independent director.

III. Communication among the independent directors, internal audit officers and the CPAs (including the material matters, method, and outcomes related to the Company's finance and business):

1. The audit officer of the Company regularly report and submits audit work reports and audit reports to independent directors for inspection, and makes internal audit reports at the quarterly Audit Committee meetings. If there are major abnormalities, the audit officer will notify them in writing, but also convene a meeting to discuss and respond. However, there was no such abnormal situation in 2022. The independent directors of the Company and the internal audit officer have diversified and good communication channels with each other.

2. The Company's CPAs report the results of the quarterly audit or review of the financial statements and other communications required by relevant laws and regulations in the quarterly Audit Committee meetings. If there are special circumstances, they will also immediately report to the Audit Committee members. There is no such special situation in 2022. The Audit Committee communicates with the CPAs well.

The communicated matters between the independent directors and internal audit officers, or the CPAs:(please refer to attached table 2)

Note 1:Before the end of the year, none of the independent directors resigned.

Note 2:Actual attendance (%) is calculated based on the meetings of the Audit Committee during the term of the office, and the times of in-person attendance.

Table 1

Session	Date	Proposal	Objections, qualified opinions, or key recommendations of independent directors	All Audit Committee's opinions and the Company's treatment to such opinions
2nd Term/ 2nd Meeting	2022.03.14	2021 assessment for effectiveness of the internal control system, and the Statement of Internal Control System. 2021 parent company-only and consolidated financial statements Assessment of the independence and suitability of the appointed CPAs. Proposal of the Company's "Operational Procedures of the Acquisition and Disposal of Assets"	No dissent	The Audit Committee approved the proposal as it was without dissent.
The 2nd Audit Committee / the 3rd meeting	2022.05.05	2022 Q1 financial report. 2022 professional service fees to Deloitte Touche	No dissent	
The 2nd Audit Committee / the 4th meeting	2022.08.04	2022 Q2 financial report.	No dissent	
The 2nd Audit Committee / the 5th meeting	2022.11.04	2022 Q3 financial report. Proposal of attesting CPA replacement by Deloitte Touche Proposal to purchase shares of Chung Hsiao Enterprise Co., Ltd.	No dissent	
The 2nd Audit Committee / the 6th meeting	2023.01.06	Proposal to established the "Operational Procedures for Sustainability Reports and Verification," and appoint the Chief Member of the Sustainability Committee.	No dissent	
The 2nd Audit Committee / the 7th meeting	2023.03.06	2022 assessment for effectiveness of the internal control system, and the Statement of Internal Control System. 2022 parent company-only and consolidated financial reports Assessment of the independence and suitability of the appointed CPAs. 2023 professional service fees to Deloitte Touche Establish the Company's Operational Procedures for General Principles of Pre-Approved Non-Assurance Service Policy.	No dissent	

Table 2

Summary of communications between the independent directors and internal audit officers in the recent two years are as following:

Date	Content	Independent Directors' opinions
2021.03.22 Audit Committee 2021.03.22 Board of directors	Internal audit report 2020 assessment for effectiveness of the internal control system, and the Statement of Internal Control System.	Without dissenting opinion
2021.05.06 Audit Committee 2021.05.06 Board of directors	Internal audit report	Without dissenting opinion
2021.08.06 Audit Committee 2021.08.06 Board of directors	Internal audit report	Without dissenting opinion
2021.11.04 Audit Committee 2021.11.04 Board of directors	Internal audit report 2022 audit plan	Without dissenting opinion
2022.03.14 Audit Committee 2022.03.14 Board of directors	Internal audit report 2021 assessment for effectiveness of the internal control system, and the Statement of Internal Control System.	Without dissenting opinion
2022.05.05 Audit Committee 2022.05.05 Board of directors	Internal audit report	Without dissenting opinion
2022.08.04 Audit Committee 2022.08.04 Board of directors	Internal audit report	Without dissenting opinion
2022.11.04 Audit Committee 2022.11.04 Board of directors	Internal audit report 2023 audit plan	Without dissenting opinion
2023.01.06 Audit Committee 2023.01.06 Board of directors	Internal audit report	Without dissenting opinion
2023.03.06 Audit Committee 2023.03.06 Board of directors	Internal audit report 2022 assessment for effectiveness of the internal control system, and the Statement of Internal Control System.	Without dissenting opinion

Summary of communications between the independent directors and the CPAs in the recent two years are as following:

Date	Content	Independent Directors' opinions
2021.03.22 Audit Committee	Discussion regarding the audit of 2020 financial statements, including any audit problem, expected key audit matters of the annual report, and the reply from the management (closed-door meeting) Assessment of the independence and suitability of the appointed CPAs. Material amendments to laws and regulations, and the impact thereof.	Without dissenting opinion
2021.05.06 Audit Committee	Discussion regarding the review of 2021 Q1 financial statements, including any audit problem, and the reply from the management (closed-door meeting) Material amendments to laws and regulations, and the impact thereof.	Without dissenting opinion
2021.08.06 Audit Committee	Discussion regarding the review of 2021 Q2 financial statements, including any audit problem, and the reply from the management (closed-door meeting) Material amendments to laws and regulations, and the impact thereof.	Without dissenting opinion
2021.11.04 Audit Committee	Discussion regarding the review of 2021 Q3 financial statements, including any audit problem, and the reply from the management (closed-door meeting) Material amendments to laws and regulations, and the impact thereof.	Without dissenting opinion
2022/03/14 Audit Committee	Discussion regarding the audit of 2021 financial statements, including any audit problem, expected key audit matters of the annual report, and the reply from the management (closed-door meeting) Assessment of the independence and suitability of the appointed CPAs. Material amendments to laws and regulations, and the impact thereof.	Without dissenting opinion
2022.05.05 Audit Committee	Discussion regarding the review of 2022 Q1 financial statements, including any audit problem, and the reply from the management (closed-door meeting) Material amendments to laws and regulations, and the impact thereof.	Without dissenting opinion
2022.08.04 Audit Committee	Discussion regarding the review of 2022 Q2 financial statements, including any audit problem, and the reply from the management (closed-door meeting) Material amendments to laws and regulations, and the impact thereof.	Without dissenting opinion
2022.11.04 Audit Committee	Discussion regarding the review of 2022 Q3 financial statements, including any audit problem, and the reply from the management (closed-door meeting) The accounting firm replaced the Company's attesting CPA. Material amendments to laws and regulations, and the impact thereof.	Without dissenting opinion
2023.03.06 Audit Committee	Discussion regarding the audit of 2022 financial statements, including any audit problem, expected key audit matters of the annual report, and the reply from the management (closed-door meeting) Assessment of the independence and suitability of the appointed CPAs. Material amendments to laws and regulations, and the impact thereof.	Without dissenting opinion

(III) Corporate Governance Implementation and Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"

Assessment criteria	Implementation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Has the company established and disclosed its corporate governance principles based on the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?"	Yes		The Company has established the "Corporate Governance Best-Practice Principles," December 28, 2020. On May 6, 2021, the board approved to establish the first corporate governance officer. Each operation has complied with the competent authority's regulations; the information of the corporate governance officer and his annual continuing education are disclosed on the Company's website for inquiry.	No material deviation.
II.Shareholding structure and shareholders' interests				
(I) Has the Company implemented a set of internal procedures to handle Shareholders' recommendations, queries, disputes, and litigations?	Yes		The Company has established the "Corporate Governance Best-Practice Principles," approved by the Board of directors on December 28, 2020; on November 4, 2022, the "and the "Procedures of Handling Internal Material Information" were amended; and the "Standard Operational Procedures to Handle Directors' Requests," approved by the Board of directors on May 6, 2019. The spokesperson system is established. To ensure the interests of shareholders, the spokesperson and the deputy spokesperson are responsible to handle the suggestions, questions, and disputes of directors.	No material deviation.
(II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller?	Yes		Through the shareholder registry furnished by the professional stock affair agency, the Company is constantly informed of the shareholdings of its directors, managerial officers, and major shareholders with 10% or more stake, and report the major shareholders' shareholding on time.	No material deviation.

Assessment criteria	Implementation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with?	Yes		The Company established the "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" on November 12, 2014, and approved by the Board of directors for enactment. On December 19, 2014, the President approved to establish the "Procedures of Supervisory and Managerial Operation to Subsidiaries," for establishing the risk control and firewalls among the affiliates.	No material deviation.
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	Yes		The Company has established the "Procedures of Handling Internal Material Information," the "Code of Ethical Conducts," and "Enforcement Rules of Ethical Corporate Management," to regulate the insiders of the Company shall not use undisclosed information in the market to trade securities, and s informed all directors, managerial officers and employees; the operating procedures and principles are uploaded to the Company's website for all employees to follow.	No material deviation.
III. Composition and responsibilities of the Board of Directors				
(I) Has the board of directors prescribed the diversity policy, the specific management targets thereof, and implement such?		No	Although the Company has not formulated a policy for diversification of board members, each director has an average of more than 20 years of experience in his/her professional field, and with the assistance of accountants and lawyers appointed by the Company, it has actually reached the stage of diversification.	Based on the regulator's requirements and actual needs of the Company, the establishment may be made.
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?		No	Currently the Remuneration Committee and Audit Committee have been set up as required by laws.	Based on the regulator's requirements and actual needs of the Company, other functional committees will be set up timely.

Assessment criteria	Implementation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(III) Has the Company established a set of policies and assessment methodology to evaluate the performance of the Board? Is regular performance evaluation conducted, at least once a year, and the evaluation result is submitted to the Board to serve as a reference in determining the remuneration of individual Directors and a nomination for re-election?	Yes		The “Evaluation Procedures for the Board of Directors Performance” was approved by the Board of directors on November 9, 2020, and the self-evaluation for 2022 and 2021 in the Board of directors and of individual board member has been completed, and the results were reported to the board meetings in January, 2023 and 2022. Currently the Remuneration Committee regularly reviews the policies and standards of the annual and long-term performance of directors, as well as evaluates the achievement of the directors’ performance objectives pursuant to its charter and authorities.	No material deviation.
(IV) Does the Company assess the independence of external auditors regularly?	Yes		The Company regularly (at least once a year) to assess the CPAs’ independence and competence by referring to the Audit Quality Indicators (AQIs). The board has discussed and approved the above on March 14, 2022 and March 6, 2023 (please refer to the table for details), and obtained the statement of independence from the accounting firm.	No material deviation.

Assessment criteria	Implementation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
IV. Does the TWSE/TPEx listed company dedicate competent managers or a sufficient number of managers to take charge of corporate governance, and designate supervisors thereof to oversee the corporate governance affairs (including but not limited to providing information required for director/supervisor's operations, assisting the Board and Supervisors in legal compliance, convening Board/Shareholders' meetings in accordance with the law, applying for/changing company registry, and producing meeting minutes of Board/Shareholders' meetings)?	Yes		The Company's current corporate governance-related business is performed by the staff of the President's Office (including the Vice President and the secretary of the Board of directors) dedicatedly and the Financial Department concurrently. The Vice President, Chen, Wen-Lung is designated as the corporate governance officer. 2022 implementation of the corporate governance officers' business. 1. Took professional course related to corporate governance for 12 hours. 2. Handle the registration of the date prior to the shareholder meeting pursuant to laws; produce meeting notices, agenda handbook, and the minutes within the statutory time limit, and handle the change registrations if the Articles of Incorporation are amended, or the directors are re-elected. 3. Prepare the agenda of board meetings and notify the directors seven days in advance, convene meetings and provide meeting materials, and complete the minutes of the board meeting within 20 days after the meeting. 4. Responsible for the release of material information regarding important resolutions of board meetings and shareholders' meetings; ensure the legality and correctness of the content of the material information, to ensure the equivalence of investors' transaction information. 5. Provide information on continuing education courses for independent directors and ordinary directors. 6. Independent directors communicate regularly with attesting CPAs to understand the Company's finance and business. 7. Evaluate and purchase appropriate liability insurance for directors and managerial officers.	No material deviation.

Assessment criteria	Implementation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
V. Has the Company established a means of communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, et cetera) or created a stakeholder section on the Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	Yes		Pursuant to regulations, the Company has set up the complaint channel for the stakeholders as a dedicate section on the Company's website http://www.tonlin.com.tw, and has dedicated staff (such as a spokesperson or deputy spokesperson) to serve and respond various concerns and issues of various stakeholders.	No material deviation.
VI. Does the Company appoint the professional stock transfer agent to handle the affairs of the shareholders' meeting?	Yes		The Company has appointed Stock Affair Agency Department, Grand Fortune Securities Co.,Ltd to handle affairs of shareholders' meetings on behalf of the Company, and has the "Regulations Governing the Administration of Shareholder Services" in place to regulate related affairs.	No material deviation.
VII. Information Disclosure				
(I) Has the company established a website that discloses financial, business, and corporate governance-related information?	Yes		Pursuant to regulations, the Company has set up the shareholder section on the website http://www.tonlin.com.tw, to disclose various information about finance, business and corporate governance.	No material deviation.
(II) Does the Company adopt other avenues for information disclosure (e.g. setting up an English website, designating specific personnel to collect and provide disclosure on the Company, implementing spokesperson system, disclosing the process of institutional investor conferences on the Company website and et cetera)?	Yes		The Company has a spokesperson and deputy spokesperson, and designated staff are in charge of the collection and disclosure of company information. The Company was invited to Grand Fortune Securities' investor conference on November 21, 2022. The presentation materials in both Chinese and English have been disclosed on the MOPS and the Company's website after the investor conferences.	No material deviation.
(III)Does the Company publicly announce and file the annual financial reports within two		No	The Company announces and files the 2022 financial report, the financial reports for the first, second, and third	No material deviation.

Assessment criteria	Implementation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
months after the accounting year-end, and publicly announce and file the first, second and third quarterly financial reports and monthly operating status reports before the stipulated deadlines?			quarter,s and the operations of each month earlier than the deadline (May 9, 2022; August 4, 2022, and November 11, 2022).	
VIII. Does the Company have other important information for better understanding the Company's corporate governance system (including but not limited to interests and rights of Employees, care for Employees, investor relations, relations with suppliers, relations with stakeholders, continuing education of directors and supervisors, execution of risk management policies and risk measuring standards, execution of customer policies, liability insurance for the Company's directors and supervisors)?	Yes		1. Employees' interests The Company protects the employees' interests pursuant to the Labor Standard Act and other related laws and regulations. 2. Employees' welfare The Company has established the Employee Welfare Committee, implemented the retirement system, set up the employee mailbox, handled various employee training courses and employee group insurance, and arranged employee health checks; it values harmonious labor relations. 3. Investor and stakeholder relation: The Company's website, http://www.tonlin.com.tw: has shareholders' section and complaint-filing section for stakeholders in place 4. Supplier section: The Company maintains smooth communication channels with vendors and customers, and maintains a good relationship of mutual assistance and cooperation. 5. Stakeholder's rights: Stakeholders may communicate with and make suggestions to the Company to protect their legitimate rights; they may inquire about the Company's financial, business and corporate governance information on the Company's website. 6. Implementation of customer policy The Company has a customer service team to insist good service quality by upholding the operating philosophy as customers first. 7. Purchase of liability insurance for directors:the	The related information will be added if required by laws and investors

Assessment criteria	Implementation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			Company’s Articles of Incorporation has the related requirement and the insurance has been bought.	
IX. Please state the improvements made to the items in the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. of the latest year, and indicate the enhancement and improvement measures for the items not yet improved.	Yes		Improved matters, such as 1. Since 2022, the Company will simultaneously release material information in both Chinese and English. 2. The scope of authority and continuing education of the corporate governance officer has been disclosed on the Company's website for inquiries. Matter to be improve as the first priority in the future: 1. Does the Company disclose the individual communication among independent directors, internal audit officer, and accountants (such as the methods, matters and results of the communication regarding the Company's financial statements and finance and business status) on the Company's website? 2. Does the Company disclose the specific promotional plans of corporate social responsibility, and the effect of its implementation on the Company’s website or in the annual report?	The Company prepared the 2022 Sustainability Report pursuant to laws, and will report such to the board of directors in 2023 upon the completion.

Attached Table

Tonlin Department Store Co., Ltd.
Assessment of the CPA's Independence
2022

Assessment criteria	Assessment outcome	If the independence is achieved
1. Whether the members of the audit team, their spouses and dependent relatives have no direct or indirect significant financial interests with the Company.	Yes	Yes
2. Whether the members of the audit team, their spouses and dependent relatives have no commercial relationship with the Company, directors and managerial officers affecting their independence.	Yes	Yes
3. Whether the members of the audit team, their spouses and dependent relatives have not served as the Company's directors, managerial officers or positions that have a direct and significant influence on the audit work.	Yes	Yes
4. Whether the members of the audit team do not have a spouse, direct blood relative, immediate in-laws, or relatives within 2nd degree of kinship with the directors or managerial officers of the Company.	Yes	Yes
5. Whether the members of the audit team have not received gifts or presents of great value (the value of which does not exceed the standard of general social etiquette) from the Company or directors, managerial officers or major shareholders.	Yes	Yes
6. Whether the members of the audit team have implemented the necessary independence/conflict of interest procedures and have not found any violation of independence or unresolved conflicts of interest.	Yes	Yes

(IV) If the Remuneration Committee is established, the composition and operation shall be disclosed.

1. Information of Remuneration Committee members

April 10, 2023

Qualification / Name of director (Note)	Basic composition					Industrial experience					Professional abilities			No. of other listed companies serving as remuneration committee member concurrently
	Nationality	Gender	Serving as an employee	Age	Tenure and term of office as an independent director	Retail	Development of lands; real estate leasing	Food and beverage	Finance	Information and technology	Law	Accounting	Management	
Chan, Shen-Hua Independent director (convener)	Republic of China	Male	No	75	8		V	V				V	V	None
Lu, Yu-Ting Independent director	Republic of China	Male	No	65	8	V		V				V	V	None
Yang, Wen-Ching Independent director	Republic of China	Male	No	61	5				V		V			1

Note: The Remuneration Committee members' conformity to the independence criteria as below:

None of the member of the Remuneration Committee, their spouses and relatives within the second degree of kinship serve as the director, supervisor, or employee of the company or any of its affiliates, or the companies having special relationship with the Company.

For the members of the Remuneration Committee, their spouse, or relative within the second degree of kinship's (or held by the person under any other's name) shareholdings and the weight thereof, please refer to the (1) Information of Directors in the section of information of directors, presidents, vice president, associate vice president, and head of branches.

In the recent two years, no member of the Remuneration Committee has provided commercial, legal, financial, accounting or related services to the company or any affiliate of the company, and received related compensations.

2. Operation of the Remuneration Committee

(1) There are total three members of the Remuneration Committee

(2) Term of office for the 5th Term members:from August 31, 2021 to August 30, 2024. During the most recent year, five (A) meetings were held by the Remuneration Committee. The attendance and qualification of members was as follows:

（2022/1/1 - 2023/4/10）

Title	Name	Attendance in person (B)	Times of attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convenor	Chan, Shen-Hua	5	0	100%	August 31, 2021 Re-elected
Member	Lu, Yu-Ting	5	0	100%	August 31, 2021 Re-elected
Member	Yang, Wen-Ching	4	1	80%	August 31, 2021 Re-elected
Other matters that require reporting I. If the board of directors does not accept or modify the suggestions from the Remuneration Committee, the date and the number of times of the meeting, contents of the proposal, the board of directors' resolution, and the response of the Company to the suggestions shall be stated. (If the remuneration approved by the board of directors is higher than the Remuneration Committee suggests, the difference and the reason shall be stated.) : March 14, 2023 The 2nd meeting of the Remuneration Committee of the 5th Term approved the distribution of employees' and directors' remuneration for NT$1 million each; provided, in the 4th board meeting of the 16th Term on March 14, 2022, it was revised and approved, after the discussion of all attending directors, to distribute NT$150,000 as the employees' remuneration, and NT$0 as the directors' remuneration. The difference between the actual distributed amount and the estimated amount in the book is NT$1.85 million, and will be adjusted as the profit/loss for 2022. Such will be report to the shareholders' meeting. II. If there is a discussed matter in the Remuneration Committee opposed by the members, or a matter the members hold qualified opinions on, which had record or statement in writing, the date and the number of times of the meeting, contents of the proposal, opinions of all members and the response to the opinions shall be stated: please refer to the attached table.					

Note 1:Actual attendance (%) is calculated based on the meetings of the Remuneration Committee during the term of the office, and the times of in-person attendance.

Table

Meeting	Date	Proposal	All Remuneration Committee members' opinions and the Company's treatment to such opinions
5th Term/ 1st Meeting	2022.01.20	Discussed the 2022 working plan of the Remuneration Committee Review the scope of applicable managerial officers that the Company should submit to the Remuneration Committee for remuneration pre-review. Review the various salary and remuneration projects that the Company plans to implement in 2022. Review the policies, systems, standards and structure of directors and managerial officers' performance evaluation and remuneration. 2021 year-end bonus for managerial officers. Proposal to adjust salaries.	The Remuneration Committee approved the proposal as it was without dissent.
5th Term/ 2nd Meeting	2022.03.14	Proposal of 2021 allocation of employee remuneration and director remuneration.	
The 5th Remuneration Committee / the 3rd meeting	2022.05.05	Proposal of 2021 allocation of employee remunerations to managerial officers, and directors and supervisors' remunerations.	
The 5th Remuneration Committee / the 4th meeting	2023.01.06	Discussed the 2023 working plan of the Remuneration Committee Review the scope of applicable managerial officers that the Company should submit to the Remuneration Committee for remuneration pre-review. Review the various salary and remuneration projects that the Company plans to implement in 2023. Review the policies, systems, standards and structure of directors and managerial officers' performance evaluation and remuneration. 2022 year-end bonus for managerial officers.	
The 5th Remuneration Committee / the 5th meeting	2023.03.06	Proposal of 2022 allocation of employee remuneration and director remuneration.	

(V) Implementation of Promoting Sustainable Development and Variance from "the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies"

Promotion item	Implementation			Variance from "the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
I. Has the company established the governance framework for promoting sustainable development a designated unit in charge of promoting sustainable development, and the senior management is authorized by the board of directors for handling, as well as the status of board of directors' oversight?	V		1. The board of directors of Tonlin Department Store passed the Corporate Social Responsibility Best Practice Principles on December 28, 2020. The board of directors authorized the vice president to establish the Sustainability Promotion Committee, and the vice president was appointed to chair the committee. 2. The Sustainability Promotion Committee formulates the sustainable development policies, and takes charge of the promotion and implementation for the policies within the Company, to gradually integrate the concept of sustainable management into the corporate culture of Tonlin Department Store 3. Set up the section specific to stakeholders on the Company's website, and appropriately respond to the important sustainable issues concerned by stakeholders. In the future, Tonlin Department Store also plans to report the results of ESG implementation to the board of directors every year, to strengthen the participation of the board of directors in the Company's implementation results of ESG.	1. It is intended to announce the Sustainability Report upon the approval of the board of directors by September 30, 2023. 2. No material deviation.
II. Does the company assess the risk of the environment, society, and issue of management of the company and set up a policy or strategy of risk management, according to principle of importance?	V		1. The risk assessment boundaries includes internal boundaries and external boundaries (including shareholders/investors, customers, contractors, employees, lessees (including counters). 2. Tonlin Department Store's Sustainable Development Committee has formulated 15 sustainable issues as follows: (1) Environmental aspects:economic performance, corporate governance, legal compliance, customer appealing mechanism, and anti-corruption. (2) Social aspects:supplier management, energy,	1. It is intended to announce the Sustainability Report upon the approval of the board of directors by September 30, 2023. 2. No material deviation.

Promotion item	Implementation			Variance from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
			carbon emissions, and waste. (3) Economic aspect:labor-management relations, talent cultivation, shopping mall safety, food safety, personal data protection, participation in public welfare activities. 3. By distributing online questionnaires to ask key stakeholders to complete (covering shareholders/investors, employees, customers, contractors, and lessees), the scores on the degree of concern by key stakeholders to various sustainable issues are obtained. 4. Meanwhile, the online questionnaires were provided to the Company’s executives to score the impact of each sustainable issue on Tonlin Company. The two sets of scores were compiled to obtain a matrix of material topics, and the Sustainable Development Committee discussed, and picked the top five sustainability issues from the three aspects, namely environmental, social and economic, as the material topics of the year. 5. It is confirmed that Tonlin Department Store shall prioritize the disclosure of the five major topics from the environmental, social and economic this year, namely legal compliance, labor-management relations, shopping mall safety, food safety, personal data protection, and voluntarily disclose the subject energy. Tonlin Department Store will explain the management guidelines of each material topic and related disclosures in the sustainability report. Meanwhile, to balance the information in the sustainability report, the results of Tonlin Department Store's contributions to public welfare will be supplemented. 6. The risk management structure of the Tonlin Company is centered at various accountable departments, to conduct relevant risk assessments, assess the probability of risk occurrence and the	

<table>
<tr><th rowspan="2">Promotion item</th><th colspan="3">Implementation</th><th rowspan="2">Variance from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>degree of impact on Tonlin Company. Furthermore, the specific high-risk items are responded to, to ensure that the Company achieves the purpose of sustainability operation.</td><td></td></tr>
<tr><td>III.Environmental Issue
(I) Does the company set up an appropriate environmental management system, according to the feature of the industry?</td><td>V</td><td></td><td>The Company handles daily affairs by complying with the environmental protection related regulations (such as indoor air quality, waste disposal, air-conditioning temperature, use of disposable utensils).</td><td>1. The future annual energy saving target is not yet established.
2. It is intended to announce the Sustainability Report upon the approval of the board of directors by September 30, 2023.</td></tr>
<tr><td>(II) Is the Company committed to improving energy utilization efficiency and to the use of renewable materials with low environmental impact?</td><td>V</td><td></td><td>When planning the Company’s energy, the energy efficiency (e.g. energy-saving products such as ice water mainframe, power-saving lamps, and photocopying with recycled paper) is taken into account.</td><td>1. The future annual energy saving target is not yet established.
2. It is intended to announce the Sustainability Report upon the approval of the board of directors by September 30, 2023.</td></tr>
<tr><td>(III) Does the Company evaluate current and future climate change potential risks and opportunities and take measures to respond the climate related issues?</td><td></td><td>V</td><td>1. Climate risk
Tonlin Department Store monitors the trend of global climate change and the direction of international response, and by referring to the "Climate-Related Financial Disclosure Proposal" published by the Task Force on Climate-Related Financial Disclosures (TCFD), disclose in the climate change information and the inherent risks and opportunities in important corporate reports. The climate risks also directly or indirectly affect business operations and consumers’ consumption behaviors. Tonlin Department Store understands that if energy-related management is not actively implemented, it may face negative effects including increased expenditures and costs, and impact on the environment. In line with international trends, Tonlin Department Store also planned the greenhouse gas emissions inventory in 2022, and the inventory is expected to be completed in December 2026 (subsidiaries will complete the</td><td>1. It is intended to announce the Sustainability Report upon the approval of the board of directors by September 30, 2023.</td></tr>
</table>

Promotion item	Implementation			Variance from "the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			inventory in December 2027), to conduct energy-saving and carbon-reduction-related management in order to reduce cost risks, provide customers with environmental protection and energy-saving services, for improving the competitiveness and resilience of Tonlin Department Store on sustainable issues. 2. Structure of climate risk: (1) Governance:To implement the corporate social responsibility, the Company's Sustainability Committee is responsible for coordinating issues related to climate change, and holds climate risk meetings every year. Furthermore, the chair reports to the senior management on the implementation performance of the management system, as well as the recommendations for improvement needed. And in the fourth quarter of each year, the board of directors reports the implementation results of the year and the work plan for next year, while listening to the board of directors' opinions for amendments. Incorporate issues related to climate change risks and their management objectives. (2) Strategy:Definition of short-term and long-term ranges for climate-related risks and opportunities is that "1-3 years" are set as short-term and "4-10 years" are set as long-term, and the climate risks and opportunities are assessed accordingly. Types of climate risks include transformation risk and physical risk, which are further divided into policy and regulation, technologies, market transformation risk, and immediate and long-term physical risks. Opportunities are divided into five categories: resource efficiency, energy sources, products and services, markets, and organizational	

Promotion item	Implementation			Variance from "the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			resilience. (3) Risk management:Tonlin Department Store identifies that the climate change factors may result in the operational transformation and physical risks of the Company, and potential opportunities. The discussions are based on the three risk factors provided by each unit, then the high risks and opportunities are selected to link short-term and long-term key climate risk indicators; through quantitative or qualitative methods,the financial impact assessment is conducted, and then the relevant responding strategies and set key climate goals are formulated. 3. Risk identification (1) Transformation risk: ①Policies and regulations:The imposition of carbon taxes and new regulations and regulatory penalties lead to increased operating costs. After understanding the regulations, experts are engaged to help the improvement. Provide information on changes in laws and regulations every quarter, for all employees to grasp changes in laws and regulations. ②Market:Changes in consumer behaviors and consumer preferences lead to a decline in revenue. After grasping market trends and customer needs, the Company will recruit merchants according to market trends. (2) Physical risk: ③Immediate:The probability of typhoons and floods has increased and normal business cannot be performed. Various standard operating procedures have been established for the emergency responses. Strengthen flood control (gates), and typhoon-proof	

Promotion item	Implementation			Variance from "the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			equipment, and mitigate losses through insurance. ④Long-term:Increased probability of water shortages, power shortages, and failure to operate normally. The disaster-prevention mechanism and notification mechanism have been established, and a crisis team has been established. Continue to invest in disaster prevention equipment and system maintenance. Or the average temperature rises and the operating cost increases, requiring to enhancing the functions of air conditioners and set the air-conditioning temperature higher. (3) Opportunities:Improve resource efficiency, save energy, reduce carbon, and lower operating costs. The energy-saving lights and equipment (such as chillers, or set the air-conditioning temperature high) or reduce water consumption and lower operating costs, and use circular water-saving valves.	
(IV) Does the company calculate the emission of green house gas, water consumption, and the amount of waste, and set up a managerial policy of reducing green house gas, reducing using water, or other waste?		V	1. Statistical data of the parent company in the last two years: (1) Greenhouse gas:According to the requirements of the competent authority, the parent company's greenhouse gas emission inventory is expected to be completed by the end of 2026, and the subsidiaries will complete the same by the end of 2027. (2) The Taipei Store is leased or handled by the building management committee. The following are the statistics of Taoyuan Store Water consumption (unit:ton): 2021:118133 2022:128275 (3) Waste (unit:ton): 2021: Garbage:153.02; food residual:36.01;	1. It is intended to announce the Sustainability Report upon the approval of the board of directors by September 30, 2023.

Promotion item	Implementation			Variance from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
			waste water:37 2022: Garbage:130.32; food residual:52; waste water:120 2. (1)Management policy to reduce water consumption:adjust the water output at the faucets, reduce the water supply pressure, and inspect the equipment regularly. (2) Waste management policy:Garbage removal, resource reclaim, food residual recycling, and waste water removal are all handled by qualified service providers and reported regularly.	
IV.Social Issues (I) Does the Company formulate relevant management policies and procedures in accordance with applicable laws and the International Bill of Human Rights?	V		1. The Company handles pursuant to laws and regulations, such as the Labor Standards Act and the Act of Gender Equality in Employment.	1. The Company has not established policies and procedures in compliance with regulations and internationally recognized human rights principles In the future, relevant regulations will be formulated and disclosed in the sustainability report (according to Labor Standards Act, Act of Gender Equality in Employment and other laws and regulations. 2. It is intended to announce the Sustainability Report upon the approval of the board of directors by September 30, 2023.
(II) Has the Company formulated and implemented reasonable employee benefit measures (including remuneration, leave, and other benefits) and reflected business performance or achievements in employee remuneration appropriately?	V		The employee compensations are determined based on the Company's annual appraisals and profitability. Employees are provided with the salary level exceeding local regulations. To ensure that the employees’ performance is properly presented in their personal compensations, all employees receive regular performance appraisals, and the promotions are also based on the appraisal results to offer ample opportunities for career development. The compensation evaluation is mainly based on the individual's working experience, education,	1. It is intended to announce the Sustainability Report upon the approval of the board of directors by September 30, 2023. 2. No material deviation.

Promotion item	Implementation			Variance from "the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			experience and professional abilities, without taking gender or age as the basis to differentiate compensations. Hence, the employees do not need to worry about their personal economic lives when making contributions to the Company, while have the loyalty and sense of belonging to the Company. In addition, to improve the work efficiency of employees, the employees are provided with various benefit measures and a comfortable office environment. Through various employee benefit activities held from time to time, not only the workload of employees are mitigated, the positive interaction among employees are enhanced. Employee benefits 1. Group accident insurance 2. Subsidies for wedding/birth/funeral 3. Bonuses for three major festivals 4. Year-start monetary gift 5. Performance bonus 6. Year-end bonus 7. Employee warrants/ profit-sharing scheme 8. Regular health examination 9. Birthday gift money 10. Children's education scholarship and grants 11. Breastfeeding room 12. Subsidies for continuing education and fitness 13. Employee travel/year-end parties 14. Major emergency relief funds 15. Condolence money for hospitalization 16. Discounts for employees in contracted merchants 17. The pension system is divided into a. Defined benefit plan (old pension system) The Company's retirement system fully complies with the Labor Standards Act. Those who have served for 15 years or longer and aged 55 years old or older, have served for 25 years or longer, or have served for 10 years or longer and aged	

Promotion item	Implementation			Variance from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
			60 years old or older, are eligible for voluntary retirement. Two bases are given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. Tonlin Department Store has established the supervisory committee and dedicated deposit account for contribution. As of the end of 2022, the balance of the dedicated account is NT$26 million, which has been contributed in full. b. Defined contribution plan (new pension system) Since July 1, 2005, in accordance with the Labor Pension Act, the Company contributes pensions at a rate of no less than 6% of the monthly salary and deposit the contribution to the dedicated labor pension accounts.	
(III) Does the Company provide employees with a safe and healthy work environment and offer safety and health education to employees regularly?	V		Occupational health and safety policies 1. Pursuant to the Occupational Safety and Health Act and the Company's business features, the Company has prescribed the code of working suitable for employees to implement, as the basis for employees to conduct operations. 2. Pursuant to the Occupational Safety and Health Act, the Company's contracted vendors, contractors, and construction provider for renovation are informed with the hazards when working on site, and other matters to be pay attentions to regarding health and safety when working. Working environment for workers monitoring: Pursuant to the Regulations Governing the Monitoring to Work Environment for Worker, the Company shall monitor the carbon dioxide concentration at least once every six months in the indoor workplaces of buildings with central air-conditioning regulators, to provide employees with	1. It is intended to announce the Sustainability Report upon the approval of the board of directors by September 30, 2023.

Promotion item	Implementation			Variance from "the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			a healthy and comfortable working environment. Management and improvement 1. Annual review:improvements are made to the deficiencies found during the implementation; improvement methods and countermeasures are proposed and formulated to establish the Company's decision-making for occupational accident risk management. 2. In the daily course, problems may also be found through walking management or on-site inspections, or rom the chats with employee, to take preemptive measures before incident occurs to prevent occupational disasters. 3. Safety and health education and promotion to employees are conducted from time to time, and employees are encourage to raise improvement suggestion, among other matters.	
(IV) Has the Company established an effective career development training program for employees?	V		The company has planned complete functional trainings for employees, including orientations, professional training, to help employees to continue learning and growing through diversified learning methods, while introducing courses related to corporate ethics and belief development, to cultivate the key capabilities of employees. In 2022, a total of 197 attendees completed professional on-the-job education and trainings with a total of 3,349 hours. Re-training of occupational labor safety and health training was 100% completed.	1. It is intended to announce the Sustainability Report upon the approval of the board of directors by September 30, 2023.
(V) Has the Company complied with the relevant regulations and international standards and formulated policies for consumer or customer protection and grievance procedures with respect to consumer health and safety, customer privacy, marketing and labeling of products and services?	V		1. The Company holds and controls the value key of merchandise, and continues to track merchandise safety information, and improve the internal reporting mechanism; the Company has established the "Procedures for Ethical Management and Guidelines for Conduct" as the implementation of merchandise safety promise. 2. The Company has established the personal	1. It is intended to announce the Sustainability Report upon the approval of the board of directors by September 30, 2023.

Promotion item	Implementation			Variance from "the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			information protection management system and policy, to manage and protect the privacy of customers; through internal audit of personal information and crisis prevention, the customer information is safeguarded. 3. The Company strictly observes relevant government regulations, and established relevant operating procedures for marketing and advertisements internally, while entering agreements with external vendors, some marketing materials must be reviewed by the Company before marketing. 4. The Company has established the procedures for handling customer complaints, which are handled by dedicate personnel and reviewed by senior executives.	
(VI) Has the Company established supplier management policies which require suppliers to comply with regulations on environmental protection, occupational safety and health or labor rights, and reported the implementation?	V		Currently, suppliers are required to sign "Ethical Management Principles" and "Ethical Commitment Statement."	The Company have no requirement for supplier to comply with regulations related to environment, occupational health and safety, or labor's human rights; It is expected to established the related regulation at the latter half of 2023.
V. Has the Company referred to international reporting standards or guidelines in its preparation of sustainability reports and other reports which disclose the Company's non-financial information? Have the abovementioned reports obtained the verification or assurance opinions from third-party certification organizations?	V		1. The Company's sustainability report is prepared pursuant to the GRI Standards 2021 edition. The international preparation standards or guidelines, as well as the non-financial information prepared and disclosed are specified. 2. The Company's report has not been verified by any assurance or guarantee verification agency.	It is intended to announce the 2022 Sustainability Report upon the approval of the board of directors by September 30, 2023.
VI. If the company has its own Sustainable Development Best Practice Principles in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe the difference between its operation and the established Principles: The Company has established the "Operational Procedures for Sustainability Reports and Verification," which are not materially deviated from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies."				
VII.Other important information to help understand the operation of sustainable development implementation: The Company will release the "sustainability report" in 2023, as required.				

(VI)Implementation of Ethical Corporate Management and Differences with Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons

Assessment criteria	Implementation			Deviations with Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I.Setting ethical management policies and programs				
(I) Does the company establish ethical management policies approved by the board and have bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures and the commitment regarding the implementation of such policy from the board and the executive management team?	Yes		The Company specifies the ethical management policy in the internal regulations and external documents, and the Board of directors and management actively implement accordingly. For example, the “Procedures for Ethical Management and Guidelines for Conduct” and the “Code of Ethical Conduct” are established and approved by the Board of directors, and implemented thoroughly in the internal management and external commercial activities, such as indicated in the contracts, or the suppliers are required to furnish the Ethical Commitment Declarations.	No material deviation.
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly which at least cover the prevention measures against the conducts listed in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	Yes		Pursuant to the “Procedures for Ethical Management and Guidelines for Conduct”, the “Enforcement Rules of Ethical Corporate Management,” the “Code of Ethical Conducts,” and the “Procedures of Whistle-Blowing and Punishment,” to regulate the relevant operating procedures, such as the handling of unethical conducts by the Company’s personnel and the handling of unethical conducts by others to the Company, for establishing the evaluation of ethical management before the establishment of a business relationship and appropriate review procedures, and implemented accordingly.	No material deviation.
(III)Has the Company defined operating procedures, conduct guidelines, disciplinary penalties and grievance process in the program preventing unethical conduct and put them in practice, and regularly reviewed and amended the program?	Yes		Pursuant to the “Procedures for Ethical Management and Guidelines for Conduct”, the “Enforcement Rules of Ethical Corporate Management,” the “Code of Ethical Conducts,” and the “Procedures of Whistle-Blowing and Punishment,” to prevent business activities with a higher risk of unethics within the business scope	No material deviation.

Assessment criteria	Implementation			Deviations with Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			and implement accordingly.	
II.Implementation of ethical management				
(I) Does the Company evaluate the ethic records of the transaction object and conclude the terms regarding the ethic conducts in the agreement signed with them?	Yes		When the Company signs a contract with others, it should fully understand the other party's ethical management status, and incorporate compliance with ethical management into the contract terms, and sign an ethical commitment declaration.	No material deviation.
(II) Has the Company established a specialized unit under the board responsible for the promotion of corporate ethics management, which regularly (at least once a year) reports policies on ethical operations, programs on prevention of unethical conduct and the status of supervision to the board?	Yes		The Company has assigned the President’s Office as the dedicated unit to promote the ethical management, and it reports to the Board of directors from time to time. For instance, the unit in charge of promotion reported the corporate ethical management implementation of 2022 in the board meeting on March 6, 2023 (refer to the attachment).	No material deviation.
(III) Does the Company prepare the policies against interest conflict and provide and implement the proper statement channel?	Yes		Pursuant to the “Procedures for Ethical Management and Guidelines for Conduct”, the “Enforcement Rules of Ethical Corporate Management,” the “Code of Ethical Conducts,” and the “Procedures of Whistle-Blowing and Punishment”, the policy preventing conflicts of interest is establish and implemented accordingly.	No material deviation.
(IV) Has the Company established an effective accounting and internal control system to put ethical operations management into practice and arranged for the internal audit unit to formulate audit plans based on the risk assessment of unethical conduct and audit the compliance to prevent unethical conduct, or commissioned independent auditors to conduct the audit?	Yes		Pursuant to the “Procedures for Ethical Management and Guidelines for Conduct”, the “Enforcement Rules of Ethical Corporate Management,” the “Code of Ethical Conducts,” and the “Procedures of Whistle-Blowing and Punishment,” are established, to establish the internal control system effectively preventing unethical conducts, and the internal auditors render necessary audits.	No material deviation.

Assessment criteria	Implementation			Deviations with Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(V) Does the Company hold regular internal and external education trainings on ethical management regularly?	Yes		Other than promoting in meetings, it will be included in the training courses from time to time.	No material deviation.
III.Operation of the Company's whistle-blowing system				
(I) Does the Company prepare the specific whistle-blowing and award & punishment system, establish the convenient whistle-blowing channel and designate a person to deal with the accused?	Yes		The Company has the "Code of Ethical Conducts" and the "Procedures of Whistle-Blowing and Punishment." The Company's website has a complaint-filing channel for stakeholders and a toll-free line, and the President's Office is responsible for handling related affairs pursuant to the procedures and regulations.	No material deviation.
(II) Does the Company establish standard operating procedures for investigating the complaints received, follow-up measures to be adopted and the related confidentiality measures after investigation?	Yes		The Company has the "Code of Ethical Conducts" and the "Procedures of Whistle-Blowing and Punishment." The Company has established relevant investigation and handling measures in the regulations and operating procedures, and the confidentiality mechanism for accepting reports.	No material deviation.
(III)Does the Company take measures for protecting the whistle-blower from being punished improperly?	Yes		The Company has the "Code of Ethical Conducts" and the "Procedures of Whistle-Blowing and Punishment." The Company specifies in the operational procedures that the Company will make the best efforts to protect the safety of the informant and protect them from retaliation and improper handling due to the whistle-blowing.	No material deviation.
IV.Strengthening of information disclosure				
(I) Does the company disclose the contents of its Ethical Corporate Management Best Practice Principles and the effectiveness on its website and MOPS?	Yes		The Company has disclosed the content and information related to the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethical Conducts" on the Company's	No material deviation.

Assessment criteria	Implementation			Deviations with Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			website and MOPS.	
V. If the company has its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe the difference between them: The Company implements pursuant to laws and regulations; no material deviation.				
VI.Other important information that helps to understand the company's ethical management operation:(e.g. the review and amendment to the established Ethical Corporate Management Best Practice Principles) 1. The Company amends the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethical Conducts" timely based on the requirements of competent authorities and actual needs of the Company, while disclosing on the Company's website and MOPS for compliance and operation. 2. In the Company's "Regulations Governing Procedure for Board of Directors Meetings," the system of recusal due to conflict of interest for directors is specified. A director who has a personal (or the institution he/she represents) interest in the matter under discussion at a meeting, which may impair the interest of the company, shall not discuss and vote nor exercise the voting right on behalf of another director.				

(VII) Disclosure of Inquiry Ways in Case of any Formulation of Corporate Governance Rules and Relevant Regulations by the Company:

The "Corporate Governance Best-Practice Principles," the "Code of Ethical Conducts," the "Procedures of Whistle-Blowing and Punishment," and the "Procedures of Handling Internal Material Information" have be established; please refer to the Company's website at http://www.tonlin.com.tw.

(VIII)Other important information that is sufficient to enhance the understanding of the operation of corporate governance

Please refer to the Company's website at http://www.tonlin.com.tw.

Attachment:

Implementation of the Company's ethical corporate management principles

The implementation of the Company's ethical corporate management principles during January to December 2022 was described below:

Item No.	Implementation	Description	Times
1	The confidentiality and ethical terms are included in the Company's contracts.	During the period, the Company's contracts with merchandisers and other important contracts all have stipulated non-disclosure agreements and confidentiality clauses.	108
2	Education and training sessions	Promoted to the new employee on the onboard day.	11 people One hour per time
3	Promotion of the ethical management principles, regulations, and cases	I.Promoted in the relevant internal meetings. II.Posted on the company's website, please refer to colleagues.	3times 1/4、10/11、12/6
4	Whistleblowing and reporting.	No whistleblowing occurred during the period.	0

Note:In order to improve the management of ethical management, the President's Office is in charge of prescribing the ethical management policies, and prevention programs, and supervising the implementation, to report to the board of directors periodically.

(IX) Internal control systems implementation shall disclose the following:

1. Statement of Internal Control System

Tonlin Department Store Co., Ltd.

Statement of Internal Control System

Representing that both design and implementation are effective

(The statement is applicable when all laws and regulations are complied with)

Date:March 6, 2023

The Company declares the following concerning its internal control system during the fiscal year 2022, based on the findings of a self-assessment:

I. The Company acknowledges that the establishment, implementation, and maintenance of the internal control system are the responsibilities of the Board of Directors and Managers of the Company. As such, the Company has established the aforementioned system. Its objectives are to provide reasonable assurance for the effectiveness and efficiency of its operations (including profitability, performance, and the guarantee of assets safety, etc.), reliable, timely and transparent reporting, and conformity to applicable rules, regulations, and laws.

II. The internal control system has its inherent limitations. Regardless of how exhaustive the design is, an effective internal control system can only provide reasonable assurance for the achievement of the aforementioned three objectives. Further, due to changes in the environment or circumstances, the effectiveness of the internal control system may vary accordingly. Nevertheless, the Company's internal control system has set up a self-supervision mechanism. Once a deficiency has been identified, the Company will take the remedial actions immediately.

III. In accordance with the determining criteria for the effectiveness of the internal control system prescribed in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereafter the "Regulations"), the Company evaluated the effectiveness of the design and execution for its internal control system. The determining criteria of the internal control system prescribed in the "Regulations" are based on the process of management control, dividing the internal control system into five composite factors:1. control of the environment, 2. risk evaluation, 3. control of operations, 4. information and communication, and 5. supervision. The composition of each element also includes several items. Please refer to the "Regulations" for the aforesaid items.

IV. The Company has adopted the aforementioned determining criteria of the internal control system to evaluate the effectiveness of design and execution for its own internal control system.

V. Based on the evaluation result of the preceding paragraph, the Company believes that its internal control system (including the supervision and management of its subsidiaries) as of December 31, 2022, including understanding the achievement for the objectives of effectiveness and efficiency of its operations, reliability, timeliness and transparency of its reporting and compliance with the applicable law and regulations, was effective in design and execution, and can be reasonably assured of the achievement of the aforementioned objectives.

VI. This statement will serve as the main content of the Company's annual report and prospectus and will be made available to the public. If the aforesaid public content has any illegal events including falseness or concealment, it shall be liable to the legal liabilities stipulated in Article 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement has been passed by the Board of Directors Meeting of the Company held on March 6, 2023, where none of the ten attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Tonlin Department Store Co., Ltd.

Chairman:Su Chien-I   Signatur/Seal

President:Weng Hua-Li   Signatur/Seal

2. If any CPA is entrusted to perform a special audit on the internal control audit report, such CPA's audit report shall be disclosed:none, not applicable.

(X) For the most recent year until the publication date of the annual report, penalties imposed against the Company and its staff, or penalties imposed by the company against its staff for violations of internal control or regulations. State any corrective actions are taken in the most recent years up to the date of the annual report:None.

(XI) For the most recent year until the publication date of the annual report, major resolutions made in Shareholders' and Board meetings:

Shareholders' meeting

Date	Matter	Proposal	Resolution	Implementation
2022.06.14	Report	Report on the summary of 2021 business.	Approved	
	Report	2021 Audit Committee's Review Report	Approved	
	Report	Report on allocation of employee remuneration and director remuneration.	Approved	Disbursed on May 9, 2022
	Report	Report on distribution of cash dividends from earnings.	Approved	Disbursed on May 9, 2022
	Ratified	2021 year-end accounts.	Approved	Implemented as the resolution
	Ratified	2021 earnings distribution proposal.	Approved	Implemented as the resolution
	Discussed	Proposal of amendments to the Company's "Articles of Incorporation."	Approved	Completed the change registration on August 2, 2022.
	Discussed	Proposal of amendments to the Company's "Operational Procedures of the Acquisition and Disposal of Assets"	Approved	Implemented as the resolution
	Discussed	Proposal of re-establishing the Company's "Rules of Procedure for Shareholder Meetings."	Approved	Implemented as the resolution

Board of Directors

Date	Matter	Proposal	Resolution	Implementation
2022.1.20 16th Term/ 3rd meeting	Discussed	year-end bonus	The second proposal was adopted.	Disbursed on January 27, 2022
	Discussed	Proposal of 2022 business plan	Approved	Implemented as the resolution
	Discussed	Proposal to amend the approval authority of the Finance Department.	Approved	Implemented as the resolution
	Discussed	Proposal to adjust salaries.	Agreed the salaries to be adjusted for 3% in average.	Adjusted in February, 2022.
2022.3.14 16th Term/ 4th meeting	Report	the Company's capability to prepare the financial statements	Approved for reference.	
	Report	the implementation of the Company's ethical corporate management principles.	Approved for reference.	
	Report	Reports on the results of the Board of Directors and members' performance evaluation for 2021.	Approved for reference.	
	Discussed	2021 assessment for effectiveness of the internal control system, and the Statement of Internal Control System.	Approved	Reported on March 17, 2022.
	Discussed	2021 parent company-only and consolidated financial statements	Approved by the Audit Committee and submitted for Board of Directors' discussion	Announced and reported on March 25, 2022

Date	Matter	Proposal	Resolution	Implementation
	Discussed	2021 business report	Approved by the Audit Committee and submitted for Board of Directors' discussion	Submitted to report to the shareholders' meeting on June 14, 2022.
	Discussed	2021 distribution of employees' and directors' remunerations suggested by the Remuneration Committee	Approved to distribute NT$15,000 thousand for the employees' remuneration and NT$0 as directors' remunerations	Submitted to report to the shareholders' meeting on June 14, 2022.
	Discussed	Proposal of 2021 earnings distribution	Approved by the Audit Committee and submitted for Board of Directors' discussion, it was intended to distribute cash dividends as NT$0.5 per share.	Submitted to the shareholders' meeting for discussion on June 14, 2022.
	Discussed	Proposal of amendments to the Company's "Articles of Incorporation."	Approved	Submitted to the shareholders' meeting for discussion on June 14, 2022.
	Discussed	Proposal of amendments to the Company's "Operational Procedures of the Acquisition and Disposal of Assets"	Approved	Submitted to the shareholders' meeting for discussion on June 14, 2022.
	Discussed	Proposal of re-establishing the Company's "Rules of Procedure for Shareholder Meetings."	Approved	Submitted to the shareholders' meeting for discussion on June 14, 2022.
	Discussed	To determine the ex-dividend base date and related affairs	Approved the ex-dividend trade date as April 14, 2022; ex-dividend base date as April 20, 2022; and distribution date as May 9, 2022.	Executed as resolved; dividends were scheduled to be distributed on May 9, 2022.
	Discussed	the proposal of 2022 budget	Approved	Implemented as the resolution
	Discussed	Proposal of affairs related to the convention of 2022 AGM.	Approved to convent the 2022 AGM at B2, No.61, Zhongzheng Rd., Taoyuan District, Taoyuan City at 9:00 am, June 14, 2022.	Implemented as the resolution Proposal acceptance period:April 8, 2022 to April 18, 2022.
	Discussed	Assessment of the independence and suitability of the appointed CPAs.	Approved by the Audit Committee and submitted to Board of Directors; and approved by Board of Directors	
	Discussed	Proposal of contracting the renovation project of Taoyuan Branch	Passed, and the chairman was authorized to handle such as resolved.	Implemented as the resolution
111.5.5 16th Term/ 5th meeting	Report	The report on the evaluation results of the 8th Corporate Governance Evaluation (2021).	Approved for reference.	

Date	Matter	Proposal	Resolution	Implementation
	Discussed	2022 Q1 financial statements	Approved	Announced on May 10, 2022
	Discussed	2022 professional service fees to Deloitte Touche	Approved	Implemented as the resolution
	Discussed	Proposal of 2021 allocation of employee remunerations to managerial officers, and directors' remunerations.	Approved	Disbursed on May 20, 2022
	Discussed	Report on the GHG inventory and the scheduling	Approved	Implemented as the resolution
2022.6.14 16th Term/ 6th meeting	Discussed	Proposal to appoint Vice President of the Company, Chen, Wen-Lung, to concurrently serve as the vice president of the subsidiary, De Hong Development.	The concurrent position was appointed on June 15, 2022.	Took the office on June 15, 2022.
	Discussed	Termination of the restrictions on the non-competing clauses for the managerial officers of the Company.	Approved	Implemented as the resolution
2022.8.4 16th Term/ 7th meeting	Report	the liability insurance bought for the directors and key staffs.	Approved for reference.	Implemented as the resolution
	Report	the Company's capability to prepare the financial statements	Approved for reference.	
	Report	Proposal of contracting the renovation project of Taoyuan Branch	Approved for reference.	
	Report	Report on the GHG inventory and the scheduling	Approved for reference.	Implemented as the resolution
	Discussed	2022 Q2 financial statements	Approved	Announced and reported on August 4, 2022.
2022.11.4 16th Term/ 8th meeting	Report	Report on the GHG inventory and the scheduling	Approved for reference.	Implemented as the resolution
	Discussed	2022 Q3 financial statements	Approved	Announced and reported on November 4, 2022.
	Discussed	Proposal of 2023 audit plan	Approved	Reported on November 8, 2022.
	Discussed	Proposal of attesting CPA replacement by Deloitte Touche	Approved	Since Q3, 2022, the attesting CPAs were replaced by Chiu, Cheng-Chun and Huang, Hsiu-Chun
	Discussed	Proposal of amending the "Procedures of Handling Internal Material Information."	Approved	Executed as the approved operating procedures.

Date	Matter	Proposal	Resolution	Implementation
	Discussed	Proposal to purchase shares of Chung Hsiao Enterprise Co., Ltd.	The Company has purchased the shares of Chung Hsiao Enterprise Co., Ltd. from New Leaders Asia Enterprise; New Leaders Asia Enterprise is a sole proprietorship of Mr. Su, Chi-Wei, who is a relative of second degree of kinship to Su, Yong-Chun, a director of the Company. Explanation of Director, Su, Yong-Chun:I have personal interest in this proposal, so I will recuse myself from the following discussion and resolution. Approved as proposed.	Implemented as the resolution
2023.1.6 16th Term/ 9th meeting	Report	Report on the GHG inventory and the scheduling	Approved for reference.	Implemented as the resolution
	Discussed	Incident of hackers' intrusion of data for ransom	Approved the improvement program.	Implemented as the resolution
	Discussed	Proposal of 2023 business plan	Approved	Implemented as the resolution
	Discussed	Proposal to established the "Operational Procedures for Sustainability Reports and Verification," and appoint the Chief Member of the Sustainability Committee.	Approved and appointed the vice president as the chair of the committee.	Implemented as the resolution
	Discussed	year-end bonus	Approved and the chairman was authorized to handle.	Disbursed on January 16, 2023.
2023.3.6 16th Term/ 10th meeting	Report	the Company's capability to prepare the financial statements	Approved for reference.	
	Report	the implementation of the Company's ethical corporate management principles.	Approved for reference.	
	Report	Reports on the results of the Board of Directors and members' performance evaluation for 2022.	Approved for reference.	
	Report	The report on the qualification checklist of the current independent directors (during the term of office) of the Company.	Approved for reference.	
	Report	Report on the Company and the subsidiaries' GHG inventory and the scheduling	Approved for reference.	Implemented as the resolution
	Discussed	2022 assessment for effectiveness of the internal control system, and the Statement of Internal Control System.	Approved	
	Discussed	2022 parent company-only and consolidated financial statements	Approved by the Audit Committee and submitted for Board of Directors' discussion	Announced and reported on March 13, 2023.
	Discussed	2022 business report	Approved by the Audit Committee and	Submitted to the shareholders'

Date	Matter	Proposal	Resolution	Implementation
			submitted for Board of Directors' discussion	meeting for discussion on June 19, 2023.
	Discussed	2022 distribution of employees' and directors' remunerations suggested by the Remuneration Committee	Approved to distribute NT$154 thousand for the employees' remuneration and NT$0 as directors' remunerations	Submitted to report to the shareholders' meeting on June 19, 2023.
	Discussed	Proposal of 2022 earnings distribution	Approved by the Audit Committee and submitted for Board of Directors' discussion	Submitted to the shareholders' meeting for discussion on June 19, 2023.
	Discussed	Proposal of 2023 budget	Approved	Implemented as the resolution
	Discussed	Proposal of affairs related to the convention of 2023 AGM.	Approved to convent the 2023 AGM at B2, No.61, Zhongzheng Rd., Taoyuan District, Taoyuan City at 9:00 am, June 19, 2023.	Implemented as the resolution Proposal acceptance period:April 14, 2023 to April 24, 2023.
	Discussed	Assessment of the independence and suitability of the appointed CPAs.	Approved by the Audit Committee and submitted to Board of Directors; and approved by Board of Directors	Assessment is made regularly by referring to the Audit Quality Indicators (AQls).
	Discussed	Establish the Company's Operational Procedures for General Principles of Pre-Approved Non-Assurance Service Policy.	Approved by the Audit Committee and submitted to Board of Directors; and approved by Board of Directors	Implemented as the resolution
	Discussed	2023 professional service fees to CPAs	Approved	Implemented as the resolution

(XII) Any director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof:

During the recent year and up to the publication date of annual reports, for all the resolutions adopted in the meetings convened by the Board of Directors, have not been objected by the independent directors, nor any reserved opinions of them.

(XIII) In most recent year and as of the end of this annual report is printed out, the resignation summary of the company's chairman, president, accounting, financial, internal audit, management officers and R&D executives:none.

V.Professional service fee of CPAs

Unit:NT$ thousand

Name of the accounting firm	Name of CPAs	Duration of Audit	Audit fee	Non-audit fee (Note)	Total	Remarks
Deloitte Touche	Huang, Hsiu-Chun	Q1 to Q2, 2022	2235	442	2,677	To accommodated the accounting firm’s internal adjustment.
	Jeff Chen					
	Chiu, Cheng-Chung	Q3 to Q4, 2022				
	Huang, Hsiu-Chun					

Note:Non-audit fees include NT$280 thousand tax certification, NT$50 thousand for reviewing investment property appraisal reports, NT$30 thousand for the non-management payroll declaration, NT$10 thousand for various change registrations, and advances and estimated amount for NT$72 thousand.

(1) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed:not applicable.

(2) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed:not applicable.

VI.Information on replacement of certified public accountant:none of such situation so not applicable

(I) Regarding the former CPAs

<table>
<tr><td>Date of Replacement</td><td colspan="5">2022.11.4</td></tr>
<tr><td>Reason for replacement</td><td colspan="5">Internal rotation of the accounting firm</td></tr>
<tr><td rowspan="3">Specifying whether it was the CPA that voluntarily ended the engagement or declined further engagement, or the company that terminated or discontinued the engagement.</td><td colspan="2">Appointee
Situation</td><td colspan="2">CPA</td><td>The Company</td></tr>
<tr><td colspan="2">Voluntarily ended the engagement</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Discontinue the engagement</td><td colspan="2">-</td><td>-</td></tr>
<tr><td>Have the CPA issued an audit report expressing other than an unqualified opinion during the 2 most recent years, furnish the opinion and reason</td><td colspan="5">None</td></tr>
<tr><td rowspan="6">Any different opinion from the issuer</td><td rowspan="4">Yes</td><td>-</td><td colspan="3">Accounting principle or practice</td></tr>
<tr><td>-</td><td colspan="3">Disclosure of financial statements</td></tr>
<tr><td>-</td><td colspan="3">Audit scope or steps</td></tr>
<tr><td>-</td><td colspan="3">Others</td></tr>
<tr><td>None</td><td colspan="4">None</td></tr>
<tr><td colspan="5">Explanation</td></tr>
<tr><td>Other disclosure
(Circumstances to be disclosed as specified in Article 10, paragraph 6, subparagraph 1-4 to 1-7 of the Regulations)</td><td colspan="5">None</td></tr>
</table>

(II) Regarding the successor CPAs

Name of the accounting firm	Deloitte Touche
Name of CPAs	Chiu, Cheng-Chun; Huang, Hsiu-Chun
Date of appointment	2022.11.4
Prior to the formal engagement, the Company consulted the newly engaged CPAs regarding the accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the company's financial report	None
Written views from the successor CPAs regarding the matters on which the company did not agree with the former CPAs	None

(III) The reply from the former CPAs, making pursuant to Article 10, paragraph 6, subparagraph 1, and 2-3 of the Regulations:not applicable

VII. the company's Chairman, President, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed:no such thing in the Company

VIII. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report:

(I) Stake changes of director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent:

Title	Name	2022		Current year up to April 21	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Su Chien-I	(100,000)	0	0	0
Director	UN INVESTMENT CO., LTD. Representative:Su, Yong-Chun	(383,000)	(780,000)	(130,000)	20,000
Director	Jih-I Investment Co., Ltd. Representative:Huang Chung-Sheng	0	0	0	0
Director	JIN DUO LIH ENTERPRISES PTY. LTD. Representative:Weng Chun-Chih Weng, Ju-I Weng, Hua-Tieng Weng, Hua-Li	0	(1,800,000)	0	0
Independent Director	Lu, Yu-Ting	0	0	0	0
Independent Director	Chan, Shen-Hua	0	0	0	0
Independent Director	Yang, Wen-Ching	0	0	0	0
President	Weng, Hua-Li	500,000	0	0	0
Chief Finance Officer	Weng, Ju-I	1,356,000	900,000	0	0
Vice President	Stephen Chen	0	0	0	0
Managerial Officer	Li, Yi-Hua	0	0	0	0
Managerial Officer	Tina Huang	0	0	0	0
Major shareholder	SHUEN SHYANG CO., LTD.	0	(800,000)	0	0
Major shareholder	Weng Chun-Chih	(892,000)	0	0	0

(II) Stake changes of director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent, and the counterparty is a related party:

Name	Reason of transfer	Date of Transaction	Counterparty of transaction	Relationship of the counterparty with the Company, director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent	Shares	Transaction price (NTD)
Su Chien-I	Gift	2022.03.28	Su, Andy	Father and son	100,000	30.00
Weng, Hua-Li	Gifted	2022.03.28	WENG CHUN-CHIH	Father and son	100,000	30.00
Weng, Hua-Li	Gifted	2022.09.05	Weng-Kuo, Jin-Ying	Mother and son	200,000	31.45
Weng, Hua-Li	Gifted	2022.11.21	Weng-Kuo, Jin-Ying	Mother and son	200,000	30.00
Weng, Ju-I	Gifted	2022.03.28	Weng-Kuo, Jin-Ying	Mother and daughter	250,000	30.00

Name	Reason of transfer	Date of Transaction	Counterparty of transaction	Relationship of the counterparty with the Company, director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent	Shares	Transaction price (NTD)
Weng, Ju-I	Gifted	2022.07.25	WENG CHUN-CHIH	Father and daughter	206,000	31.45
Weng, Ju-I	Gifted	2022.09.05	Weng-Kuo, Jin-Ying	Mother and daughter	600,000	31.45
Weng, Ju-I	Gifted	2022.11.21	Weng-Kuo, Jin-Ying	Mother and daughter	300,000	30.00
WENG CHUN-CHIH	Gift	2022.03.28	Weng, Hua-Li	Father and son	100,000	30.00
WENG CHUN-CHIH	Gift	2022.03.28	Weng, Yi-Sheng	Grandparent and grandchild	300,000	30.00
WENG CHUN-CHIH	Gift	2022.03.28	Weng, Kai-Ning	Grandparent and grandchild	40,000	30.00
WENG CHUN-CHIH	Gift	2022.03.28	Weng, Jing-Ning	Grandparent and grandchild	40,000	30.00
WENG CHUN-CHIH	Gift	2022.07.25	Weng, Ju-I	Father and daughter	206,000	31.45
WENG CHUN-CHIH	Gift	2022.07.25	Weng, Yi-Sheng	Grandparent and grandchild	206,000	31.45

(III) Stake pledge of director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent, and the counterparty is a related party:
No counterparty is a related party

IX. Information on top ten shareholders and their mutual relationship as spouse or blood relative within the second degree:

Name	Shares held by one's own		Shares held by spouse and child of minor age		Total shares held under others' names		Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another		Remarks Note
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Name	Relationship	
SHUEN SHYANG CO., LTD.	35,913,664	17.21%	0	-	0	-	JIN DUO LIH ENTERPRISES PTY. LTD.; GUAN CHAN INVESTMENT	Share the same chairman	-
Representative: Weng Chun-Chih	21,337,920	10.22%	2,532,991	1.21%	0	-	Weng, Ju-I	Father and daughter	-
JIN DUO LIH ENTERPRISES PTY. LTD.	22,936,442	10.99%	0	-	0	-	SHUEN SHYANG GUAN CHAN INVESTMENT	Share the same chairman	-
Representative: Weng Chun-Chih	21,337,920	10.22%	2,532,991	1.21%	0	-	Weng, Ju-I	Father and daughter	-
Weng Chun-Chih	21,337,920	10.22%	2,532,991	1.21%	0	-	Weng, Ju-I	Father and daughter	-
FlySun Development Co., Ltd.	12,579,333	6.03%	0	-	0	-	-	-	-
Representative: Huang-Jiang Shu	426	0.00%	0	-	0	-	HUANG CHUNG-SHENG	Mother and son	-
JIA FONG INVESTMENT CO., LTD.	8,767,000	4.20%	0	-	0	-	-	-	-

Representative: Huang Chung-Sheng	6,369,544	3.05%	21,780	0.01%	0	-	Huang-Jiang Shu	Mother and son	-
GUAN CHAN INVESTMENT	8,750,000	4.19%	0	-	0	-	SHUEN SHYANG JIN DUO LIH ENTERPRISES PTY. LTD.;	Share the same chairman	-
Representative: Weng Chun-Chih	21,337,920	10.22%	2,532,991	1.21%	0	-	Weng, Ju-I	Father and daughter	-
SHUN TAI INVESTMENT CO., LTD.	8,439,000	4.04%	0	-	0	-	-	-	-
Representative: Weng, Ju-I	5,400,309	2.59%	0	-	718,000	0.34%	WENG CHUN-CHIH	Father and daughter	-
SONG YUAN INVESTMENT CO., LTD.	7,366,000	3.53%	0	-	0	-	-	-	-
Representative: Su Chien-I	5,481,075	2.63%	0	-	0	-	-	-	-
UN INVESTMENT CO., LTD.	6,253,060	3.00%	0	-	0	-	-	-	-
Representative: Su Yong-Chun	1,537,241	0.74%	0	-	0	-	-	-	-
Huang Chung-Sheng	6,369,544	3.05%	21,780	0.01%	0	-	Huang-Jiang Shu	Mother and son	-

X. Number of shares and consolidate percentage of the company, directors, supervisor, managers and the businesses that are controlled by the company directly or indirectly on the invested company

December 31, 2022

Reinvested business (Note)	Invested by the Company		Held by Directors, Supervisors, managerial officers, and directly/indirectly controlled entities		Aggregated investment	
	Shares	Aggregated investment%	Shares	Aggregated investment %	Shares	Aggregated investment%
De Hong Development Co., Ltd.	45,000,000	100	-	-	45,000,000	100
GUAN CHAN INVESTMENT CO., LTD.	35,000,000	100	-	-	35,000,000	100
JIA FONG INVESTMENT CO., LTD.	35,000,000	100	-	-	35,000,000	100
SONG YUAN INVESTMENT CO., LTD.	35,000,000	100	-	-	35,000,000	100
SHUN TAI INVESTMENT CO., LTD.	35,000,000	100	-	-	35,000,000	100
Chung Hsiao Enterprise Co., Ltd.	5,076,000	26.89	6,054,800	32.07	11,130,800	58.96

Note:Investments by the equity method.

Four. Information on capital raising activities

I. Capital and shares

(I) Source of share capital

1. Type of shares

April 10, 2023; Unit:shares

Type of shares	Approved share capital			Remarks
	Outstanding shares (listed)	Unissued shares	Total (shares)	
Ordinary share	208,725,000	-	208,725,000	Listed shares

2. Formation of share capital

April 10, 2023

Month/Year	Issue price (NTD)	Approved share capital		Paid-up share capital		Remarks		
		Shares (thousand shares)	Amount (NT$ thousand)	Shares (thousand shares)	Amount (NT$ thousand)	Source of share capital (NT$ thousand)	Property other than cash provided as capital contributions	Approved date and reference No. for capital increase
Aug. 1982	10	7,000	70,000	2,240	22,400	Share capital when established-cash	None	
Sep. 1983	10	8,200	82,000	8,200	82,000	Capital increase in cash 59,600	〃	
Aug. 1984	10	12,000	120,000	12,000	120,000	Capital increase in cash 38,000	〃	
Mar. 1992	10	19,800	198,000	19,800	198,000	Capital reserve transferred to capital increase 78,000	〃	
Dec. 1992	10	22,770	227,700	22,770	227,700	Capital reserve transferred to capital increase 19,602 Surplus transferred to capital increase 10,098	〃	Approved with (81) Tai-Cai-Zheng (I)Sep. 14, 1992 No.02345, for reference
Dec. 1993	10	30,000	300,000	30,000	300,000	Capital reserve transferred to capital increase 22,600 Surplus transferred to capital increase 49,700	〃	Approved with (82) Tai-Cai-Zheng (I) No.40584, dated Oct. 22, 1993, for reference
Oct. 1994	10 26	60,000	600,000	60,000	600,000	Capital reserve transferred to capital increase 265,000 Capital increase in cash 35,000	〃	Approved with (83) Tai-Cai-Zheng (I) No.32680, dated Aug. 1, 1994, for reference
Jul. 1995	10	72,000	720,000	72,000	720,000	Capital reserve transferred to capital increase 120,000	〃	Approved with (84) Tai-Cai-Zheng (I) No.32816, dated June 5, 1995, for reference
Jun. 1996	10	90,000	900,000	90,000	900,000	Capital reserve transferred to capital increase 122,400 Surplus transferred to capital increase 57,600	〃	Approved with (85) Tai-Cai-Zheng (I) No.33464, dated May 25, 1996, for reference
Sep. 1997	10 39	160,000	1,600,000	138,000	1,380,000	Capital reserve transferred to capital increase 153,000 Surplus transferred to capital increase 162,000 Capital increase in cash 165,000	〃	Approved with (86) Tai-Cai-Zheng (I) No.45548, dated June 21, 1997, for reference
Aug. 1998	10	195,000	1,950,000	172,500	1,725,000	Capital reserve transferred to capital increase 162,495 Surplus transferred to capital increase 182,505	〃	Approved with (87) Tai-Cai-Zheng (I) No.55409, dated June 25, 1998, for reference
Aug. 1999	10	195,000	1,950,000	189,750	1,897,500	Capital reserve transferred to capital increase 112,125 Surplus transferred to capital increase 60,375	〃	Approved with (88) Tai-Cai-Zheng (I) No.57198, dated June 22, 1999, for reference
Aug. 2000	10	208,725	2,087,250	208,725	2,087,250	Capital reserve transferred to capital increase 151,800 Surplus transferred to capital increase 37,950	〃	Approved with (89) Tai-Cai-Zheng (I) No.55264, dated June 27, 2000, for reference

(II) Shareholder structure

April 21, 2023

Shareholder structure Number	Government agencies	Financial institution	Other institution	Individuals	Foreign institutions and foreigners	Total
Number of shareholders	0	0	23	1,425	10	1,458
No. of shares held	0	0	128,067,579	80,419,266	238,155	208,725,000
Shares Ratio	0.00%	0.00%	61.36%	38.53%	0.11%	100.00%

(III) Share ownership distribution

Face value NT$ 10 pre share April 21, 2023

Classification of shareholding	Number of shareholders	No. of shares held	Shareholding percentage (%)
1------999	1,047	85,167	0.04
1,000------5,000	291	567,050	0.27
5,001------10,000	30	229,054	0.11
10,001------15,000	15	181,807	0.09
15,001------20,000	4	73,000	0.04
20,001------30,000	8	197,972	0.10
30,001------40,000	6	222,917	0.11
40,001------50,000	1	42,000	0.02
50,001------100,000	6	478,000	0.23
100,001------200,000	5	660,416	0.32
200,001------400,000	6	1,604,000	0.77
400,001------600,000	3	1,453,494	0.69
600,001------800,000	3	2,061,943	0.98
800,001------1,000,000	5	4,580,000	2.19
More than 1,000,001	28	196,288,180	94.04
Total	1,458	208,725,000	100.00

Note:The Company issued no preference share

(IV) List of major shareholders April 21, 2023

Shares / Name of major shareholders	Shares held (shares)	Shareholding percentage (%)
SHUEN SHYANG CO., LTD.	35,913,664	17.21
JIN DUO LIH ENTERPRISES PTY. LTD.	22,936,442	10.99
Weng Chun-Chih	21,337,920	10.22
FlySun Development Co., Ltd.	12,579,333	6.03
JIA FONG INVESTMENT CO., LTD.	8,767,000	4.20
GUAN CHAN INVESTMENT CO., LTD.	8,750,000	4.19
SHUN TAI INVESTMENT CO., LTD.	8,439,000	4.04
SONG YUAN INVESTMENT CO., LTD.	7,366,000	3.53
UN INVESTMENT CO., LTD.	6,253,060	3.00
Huang Chung-Sheng	6,369,544	3.05

Note: List all shareholders with a stake of 5 percent or greater, or top 10 shareholders in shareholding percentage

(V) Market share price, net worth, earnings, dividend and relevant information for the most recent two years

Unit: NTD $

Item		Year	2022	2021	Current year up to April 10, 2023 (Note 6)
Market price per share (Note 1)	Highest		39.95	51.90	30.90
	Lowest		29.50	29.90	28.95
	Average		31.78	34.50	29.93
Net value per share	Before distribution		13.61	13.67	-
	After distribution (Note 2)		13.61	13.07	-
Earnings per share (EPS)	Weighted average outstanding shares (thousand shares) (Note 7)		175,403	175,403	175,403
	Earnings per share (EPS)		0.55	0.80	-
Dividend per share	Cash dividends		0	0.50	-
	Bonus Share dividend	Shares dividend from surplus	0	0	-
		Share dividend from capital reserve	0	0	-
	Cumulative unpaid dividends		0	0	-
Return on investment analysis	Price to earnings ratios (Note 3)		57.78	43.13	-
	Price to dividend ratio (Note 4)		0	69.00	-
	Dividend Yield (Note 5)		0	1.45	-

Note 1: The highest and lowest market prices of common stocks in each year, and the average market price of each year based on the transaction value and volume of each year.

Note 2: Based on the number of issued shares at the end of the year, and calculated based on the distribution resolved in the board meeting.

Note 3: Price/Earnings Ratio = Average Closing Price for the Year / Earnings per Share

Note 4: Price to dividend ratio = Average closing price for the period / Cash dividend per share.

Note 5: Dividend Yield = Cash dividend per share / Average closing price for the period.

Note 6: As of the publication date of the annual report, the latest financial information has not been reviewed by the CPAs

Note 7: Pursuant to the "Standards to Handle Treasury Shares," the parent company's shares held by subsidiaries are treated as treasury shares.

If these shares are not deemed as treasury shares but the investment, the pro forma information is as the following:

	2022	2021
Weighted average outstanding shares	208,725 thousand shares	208,725 thousand shares
Total shareholders' equity	NT$3,202,223 thousand	NT$3,227,917 thousand
Net value per share	NT$15.34	NT$15.46
Earnings per share (EPS)	NT$0.46	NT$0.67
Price to earnings ratios	69.09 times	51.49 times

(VI) The Company's Dividend Policy and Implementation Status:

1. Dividend policy

Annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for statutory reserves and provision or reversal of special reserves as the laws may require. Any surpluses remaining will be added to unappropriated earnings accumulated from previous years, for which the board of directors will propose an earnings appropriation plan and seek resolution in a shareholder meeting before distribution.

Any cash distribution of dividend, profit, statutory reserve, or capital reserve, whether in whole or in part, must be resolved in a board meeting with more than two-thirds of the board present, voted in favor by more than half of attending directors, and reported in the upcoming shareholder meeting.

As a conventional department store, the Company experiences no major change in sales volume but foresees moderate growth. After taken into consideration its long-term development plans and goals of maximizing shareholders' interest, the Company has adopted a dividend policy that makes consistent payouts primarily in cash. The shareholders' dividends are not lower than 10% of the distributable earnings of the year; of which, cash dividends shall not account for less than 50% of the sum of cash dividends plus stock dividends. However, the Company may forgo dividend payment if distributable earnings amount to NT$0.2 or less in a given year.

2. The proposed distribution of dividends in this AGM

2022 Statement of Earnings Distribution

Unit:NTD $

Beginning unappropriated earnings	$ 105,962,387
Disposal of equity instruments at fair value through other comprehensive income, with cumulative gains/losses transferred directly to retained earnings	(76,059,174)
Actuarial gain/loss on defined benefit plan	2,960,309
Unappropriated earnings after adjustment	32,863,522
Plus:Current net income	96,394,797
Less:provision for statutory reserves (10%)	(2,329,593)
Less:reversal of special reserves previously provided according to Article 41 of the Securities and Exchange Act	(126,928,726)
Closing unappropriated earnings	$ 0

Note:The 2022 earning distribution, as shown above, has been resolved during the board of directors meeting held on March 6, 2023.

(3) When material change to the dividend policy is expected:The Company expects no material change to the dividend policy

(VII)The impact on the operating performance of the Company and earnings per share by the proposal of the Shareholders' Meeting to issue bonus shares.

<table>
<tr><td colspan="3">Item</td><td>2022 (Estimate)</td></tr>
<tr><td colspan="3">Beginning paid-up capital (NT$ thousand)</td><td>2,087,250</td></tr>
<tr><td rowspan="3">Distribution of shares and dividend for 2022 (Note 1)</td><td colspan="2">Cash dividends per share (NT$)</td><td>0</td></tr>
<tr><td colspan="2">Share dividend per share for the surplus transferred to capital increase</td><td>0</td></tr>
<tr><td colspan="2">Share dividend per share for the capital reserve transferred to capital increase</td><td>0</td></tr>
<tr><td rowspan="7">Change of operating performance</td><td colspan="2">Operating profit</td><td rowspan="7">Not applicable (Note 2)</td></tr>
<tr><td colspan="2">Increase (decrease) percentage of operating profit from the previous year</td></tr>
<tr><td colspan="2">Net income after tax</td></tr>
<tr><td colspan="2">Increase (decrease) percentage of net income after tax from the previous year</td></tr>
<tr><td colspan="2">Earnings per Share</td></tr>
<tr><td colspan="2">Increase (decrease) percentage of EPS from the previous year</td></tr>
<tr><td colspan="2">Average annual ROI (reciprocal of average annual P/E ratio)</td></tr>
<tr><td rowspan="6">Pro forma EPS and P/E ratio</td><td rowspan="2">If all surplus transferred to capital increase distributed as cash dividends in full amount</td><td>Pro forma EPS (NT$)</td><td rowspan="6">Not applicable (Note 3)</td></tr>
<tr><td>Pro forma average annual ROI</td></tr>
<tr><td rowspan="2">If the capital reserve transferred to capital increase is not conducted</td><td>Pro forma EPS (NT$)</td></tr>
<tr><td>Pro forma average annual ROI</td></tr>
<tr><td rowspan="2">If the capital reserve and surplus transferred to capital increase is not conducted, and distributed as cash dividends</td><td>Pro forma EPS (NT$)</td></tr>
<tr><td>Pro forma average annual ROI</td></tr>
</table>

Note 1: Approved by the board of directors on March 6, 2023, and reported to the shareholders' meeting.

Note 2. Pursuant to the "Regulations Governing the Publication of Financial Forecasts of Public Companies," the Company is not required to disclose the financial forecast of 2023; therefore not applicable

Note 3: No bonus share will be distributed this year, so not applicable.

(VIII)Employees' and directors' remunerations

1. Employees' and directors' remunerations policies as stated in the Articles of Incorporation:
   The Articles of Incorporation specify that profits concluded from a financial year are subject to employee remuneration of 0.1%-4% and director remuneration of no more than 4%. However, profits must first be reserved to offset against cumulative losses (including adjustments to unappropriated earnings) if any. Employee remuneration, as mentioned in the preceding Paragraph, can be paid in cash or in shares. Payments may also be made to employees of subordinate companies that satisfy the eligibility criteria. The above director remuneration can only be paid in cash.
2. The estimation basis of the remuneration for employees, and Directors for the current period, the computation basis for employees' remuneration distributed in shares, and accounting treatments for any discrepancies between the amounts estimated and the amounts disbursed:
   The Company provides for employee remuneration at 0.1%-4%, and director remuneration at no more than 4%, of current year's pre-tax profit (before employee and director remuneration). The estimated employees' and directors' remunerations for 2022 were based on the Articles of Incorporation and the possible distributed amount in the past. If before the release date of the annual parent company-only financial statements, there is a significant change in the distribution amount approved by the Board of directors, the change will adjust the originally listed annual expenses. If the amount still changes after the release date of the annual parent company-only financial statements, such changes will be treated as the change in accounting estimates, and accounted the adjustment in the following year. If the Board of directors resolves to pay employee remuneration in shares, the number of shares is calculated by dividing the resolved amount by the closing price on the day before the Board of directors' resolution.

3. Remuneration distribution approved by the Board of Directors
   a. Employees' and directors' remunerations paid in cash or shares. If any discrepancy from the recognized annual estimated amount, the difference, reasons, and treatment shall be disclosed
      The accounts record the estimated employees' remuneration of NT$15.4 thousand and directors' remuneration of NT$0 for the 2022, and the amounts are approved by the board of directors on March 6, 2023.
   b. The amount of employees' remuneration distributed by shares and its proportion to the sum of parent company-only or individual financial statement net profit after-tax and total employee remuneration for the current period:
      The employees' remuneration to be distributed for 2022 has been resolved to paid in cash fully; no distribution in shares.
4. Actual disbursement of employee bonus and remuneration to Directors for the preceding year (including employee stocks, cash disbursement and share prices). In circumstances where any differences between the actual distributed and recognized amount, the difference, reasons and handling of such matter shall be stated as follows:
   The estimated employees' remuneration and directors' remuneration on the book are both NT$1,000 thousand for 2021. However, by the resolution adopted in the board meeting on March 14, 2022, the actual distributed amount is NT$150 thousand for employees' remuneration and NT$0 for directors' remuneration. The resolved actual distribution is different form the amount recognized in the annual parent-only financial statements; the difference will be adjusted in the income/loss of 2022.

(IX) Share repurchase by the Company:none

II. Corporate bonds:none

III. Preference share:none

IV. Global depository receipts:none

V. Employee stock warrants:none

VI. New restricted employee shares:none

VII. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies:none

VIII.Status of implementation of capital allocation plans:

As of the publication date of the annual report, the Company has no incomplete capital allocation plan, or completed capital allocation plan without effect shown.

Five. Overview of operations

I. Description of the business

(I) Scope of business:

1. Major lines of business:
   (1) Trader, exporter and importer of various goods.
   (2) Operating restaurant business and production and sales of Chinese and Western dishes.
   (3) Exporter, importer, agency, distributor, bidder of the products mentioned in the preceding paragraph.
   (4) Leasing of related stalls
   (5) The operation of supermarkets and parking lots.
   (6) Commissioning construction companies to build citizen residence and commercial buildings for leasing and sales.
   (7) General investment.
2. Weight of major business

Item	Amount (NT$ thousand)	Percentage (%)
Department store segment - Taoyuan Branch	195,028	27.39
- Taipei Branch	223,679	31.42
Construction Segment	286,871	40.29
Investment Segment	6,392	0.90
Total	711,970	100.00

3. Current services
   (1) Retailing as a department store.
   (2) Food and beverages.
   (3) Building leasing.
   (4) Construction and sales of real estates.
   (5) General investment.
4. New products development (service)
   (1) Due to the declining operating performance of the traditional department store counters, the Board of directors approved the proposal of refurbishing Taoyuan Branch on October 24, 2016. The Taoyuan Branch has started the trial operation on September 15, 2018, and officially opened on October 3, 2018. In addition to retaining some of the existing vendors with outperformance, the Company also introduced cinema, mid- and large-scale restaurants, sports and leisure, amusement park and Eslite Life for joint operation, to provide a nice shopping environment to customers.
   (2) Actively promote the construction and sales of real estates of the subsidiary, De Hong Development Co., Ltd.

(II) Industry overview

1. Department store segment

(1) Current and future industry prospects

Department stores have gradually grown from small stores to large-scale shopping malls. In recent years, the large shopping malls integrating catering, movie theaters, entertainment and fitness joined the competition. In response to the trend, leisure, travelling, apparel, and catering and entertainment facilities and movie theaters have been added to the branches to cope with the trend and increase business performance.

(2) Links between the upstream, midstream, and downstream segments of the industry supply chain

Upstream	Midstream	Downstream
The counter operators and self-operated product suppliers, such as:cosmetics, lingerie, apparel and other suppliers.	Department store services, such as:large department stores, large shopping malls, hypermarkets and retailing stores.	Consumers, such as:companies and individuals.

(3)Development trends and competition for the company's products

Due to the increasing large-scale shopping malls, the convenience of one-stop shopping is more attractive to customers for revisiting. The smaller business stores as in the past have been no longer favored by consumers, and multi-functional complex stores have gradually become the mainstream. It is obvious as the performances of the larger departments stores have grown steadily. Currently, large-scale lands suitable for development into a department store have become fewer and fewer, and the costs are high; the development difficulty is relatively high. To respond the changes of modern trends, and more and more competitors of emerging channels, such as hypermarket and specialty stores, the Board of directors approved the proposal of refurbishing Taoyuan Branch on October 24, 2016. The Taoyuan Branch has started the trial operation on September 15, 2018, and officially opened on October 3, 2018. In addition to retaining some of the existing vendors with outperformance, the

Company also introduced cinema, mid- and large-scale restaurants, sports and leisure, amusement park and Eslite Life for joint operation.

2. Construction Segment

(1) Current and future industry prospects

Taiwan's construction industry has been rising in the past decade. Housing prices and land prices have reached new highs continuously. However, the government has been tightening the control over the real estates, coupled with the slowdown in the economic growth, the decline in population growth, and the increase in the rate of self-owned housing, in the short-term, the housing prices tend to fall as the future development of real estate.

(2) Links between the upstream, midstream, and downstream segments of the industry supply chain

Upstream	Midstream	Downstream
Construction companies and building materials suppliers, such as construction engineering companies and building materials companies.	Small and medium construction companies.	Companies and individuals.

(3)Development trends and competition for the company's products

Due to elevated land prices and scarcity of lands in urban prime areas, with the difficulty of integration in terms of urban renewal, land acquisition costs will increase in the future. As the clients make informed choice of products when information is getting more transparent, the prices of the builder's products will be more consistent to the current market conditions. Due to the decline in the size of families, the increasing housing prices, and the higher concentration of wealth comparing to the past, the products will tend to the development of luxury residences with large space, and core family residences or suites with smaller space. The builders will differentiate products based on market and products to maximize the profits.

(III) Overview of the company's technologies and its research and development

1. The keys of success for operating general retail industry are the location and the size of the store area. These factors have been determined at the time of establishment, so the operation mainly depends on the adjustment of the product structure and promotion activities to improve performance.
 Due to the above characteristics, the department store industry does not have as much investment as in technology and R&D like traditional industries, high-tech industries, or new-type service industries. The Company enhance the sales mainly by adjusting the product structure, strengthening customer service, making full use of the main customer's consumption information, with promotional activities along with festivals and seasons.
2. The laws and regulations of construction industry require relatively high earthquake-proof requirements, the increasing innovations in construction methods shorten the construction period, and building materials tend to be green and environmentally friendly. The Company will closely cooperate with architects based on market trends and product planning.

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

Long-term business development plans:a. The refurbished Taoyuan branch started trial operation on September 15, 2018, and officially opened on October 3, 2018, transforming into a shopping mall combining the cinema, medium and large restaurants, sports and leisure, and Eslite Bookstore to provide customers with a good shopping environment .

b. With respect to leasing, the Company pays constant attention to changes in market rate, and either makes appropriate adjustments upon contract expiry or looks for suitable retail locations to accommodate high rent-paying tenants.

c. Recover funds from reinvested businesses like the venture capital companies, to reduce debt and strengthen financial structure.

d. Continue to buy lands for the joint-construction with De Hong Development.

Short-term business development plans:a. The refurbished Taoyuan branch started trial operation on September 15, 2018, and officially opened on October 3, 2018.

b. With respect to leasing, the Company will strive to increase rental income by adjusting rent rates or tenants as lease agreements expire.

c. Actively sell the Yangmingshan construction project and Jiaoxi construction project to increase revenue.

II. Overview of market and sales

(I) Market analysis

1. Department store segment

(1) Geographic areas where the main products (services) of the company are provided

Unit:NT$ thousand; %

Geographic areas of sales	2022		2021	
	Amount	Ratio	Amount	Ratio
Taoyuan Branch-revenue of department store	155,621	37.17	152,523	39.12
General leasing	39,407	9.41	38,463	9.87
Taipei Branch-leasing	223,679	53.42	198,849	51.01
Total	418,707	100.00	389,835	100.00

The Company's department store business currently has only one store in Taoyuan, and its sales area is mainly in Taoyuan City and its suburbs; the original store in eastern Taipei is mainly for real estate leasing. The turnover in 2022 was NT$418,707 thousand, an increase of about NT$28,872 thousand from the 2021 turnover of NT$389,835 thousand. The main reason is that while being affected by COVID-19 in 2022, various countries gradually reopened successively, and the lockdown in Taiwan was lifted to coexisted with COVID-19; therefore, the 2022 revenue of Taoyuan Department Store increased slightly by about NT$3,098 thousand from 2021. On the other hand, the rental income of Taipei store and Taoyuan store were normal, without the need to reduce rent to subsidize tenants, resulting in an increase of about NT$25,774 thousand for the leasing revenue.

(2) Market share, demand and supply conditions for the market in the future:

In the past few years, Taipei Xinyi District has Shin Kong Department Store’s 3rd and 4th buildings, the large-scale 101 Mall, Eslite Flagship Store, and Uni-President TaipeI.Now Breeze Center and the Fareast have joined the competition. However, Taipei Branch has been leased, so the impact is relatively small. In Taoyuan, Tonlin, Fareast and Shin Kong are in the CBD in front of Taoyuan Station, and Taimall and MetroWalk are at the off-skirt. The market is roughly in supply-demand balance.

(3) Market's growth potential, the company's competitive niche

Due to the decline in the population growth rate, it is difficult to expand the market for department stores in Taoyuan. To respond the changes of modern trends, and more and more competitors of emerging channels, such as hypermarket and specialty stores, the Board of directors approved the proposal of refurbishing Taoyuan Branch on October 24, 2016. The Taoyuan Branch has started the trial operation on September 15, 2018, and officially opened on October 3, 2018. In addition to retaining some of the existing vendors with outperformance, the Company also introduced cinema, mid- and large-scale restaurants, sports and leisure, amusement park and Eslite Life for joint operation, to improve the performance.

(4) Positive and negative factors for future development, and the company's response to such factors.

A. Positive factors

①The location of the store is in the elite area, with crowds and good consumption potential.

②Department stores are all self-owned, may be operated sustainably, with the potential for asset appreciation.

③After the Zhongxiao Store is leased out, stable profits is helpful to the fund utilization.

B. Negative factors

①The peers have been expanding branches, and large shopping malls have been developed, to share the retail market. The competition will become more fierce in the future.

②Stores have been developing towards large-scale, but the investment and development costs of the urban elite areas are too high, with very long period of payback; the branch expansion is becoming more and more difficult.

C. Response:

①Taoyuan Branch was refurbished and officially operated. It has been transformed into a shopping mall with a combination of movie theaters, medium and large restaurants, sports and leisure, and Eslite Bookstore to provide customers with a good shopping environment.

②The Taipei Branch maintains a full lease. When the contract expires, the rent or tenants will be adjusted according to market supply and demand. Before the expiration, the rent will be increased according to the percentage set forth in the contract.

2. Construction Segment

(1) Geographic areas where the main products of the company are provided

A. Yuyangming construction project at Yangming Mountain in Taipei been completed, and the sales have reached 65% so far.

B. The Jiaoxi construction project was completed in the third quarter of 2017, and sales began in the fourth quarter of the same year. So far it has sold 81%

(2) Market share, demand and supply conditions for the market in the future:

The subsidiary, De Hong Development only has the sales amount less than NT$2 billion from construction project, with the limited market share. For the Yuyangming construction project at Yangming Mountain, as only very few construction projects in Yangming Mountain, without specific supply, it mainly provides second housing or potential customer who can live in a natural environment. The Jiaoxi construction project focuses on providing small-scale leisure and vacation residences.

(3) Market's growth potential, the company's competitive niche

Due to the difficulty of obtaining land, except that the Yangming Mountain project has been completed and begun to sale, Jiaoxi has also increased revenue by joint construction and unit sharing. Meanwhile, the Company actively discusses joint construction with landlords in the Greater Taipei area to expand its business. The shareholders of the Company have been engaged in the construction industry for more than 30 years, and their competitiveness has been able to gain a foothold in the market by being cautious and conservative together with the supports of Tonlin’s funds.

(4) Positive and negative factors for future development, and the company's response to such factors.

A. Positive factors

①The directors have more than 30 years of experience in the construction industry.

②The parent company, Tonlin, makes stable profits and provides the funds needed for development.

B. Negative factors

①Land prices have been rising and it is not easy to obtain them.

②The government's control measures on real estate have caused home buyers to wait and see.

C. Response:

①The Company will focus on prudently evaluating the differences in joint construction and product planning, in order to continue development and reduce future sales risks.

②Strengthen product planning and control construction costs.

(II)Usage of major products

1. Department store segment

The Company's department stores operate is a shopping mall that combines movie theaters, medium and large restaurants, sports and leisure, and Eslite Bookstore, to meet the daily needs and the pursuit of high-quality life of consumers, while providing additional social functions such as leading popular and leisure culture.

2. Construction Segment

The Company's current products are mainly in the residential market, providing consumers with residential products.

(III)Supply situation for the company's major raw materials

1. Department store segment:

Operation of the Company:Such as lingerie and sleepwear.

Counters:Counters are set up by medium and large catering, domestic manufacturers and wholesalers or importation agencies. The operation is on a commission basis.

2. Construction Segment:

Mainly contract to well-known domestic and foreign construction companies in the manner of including labor and materials.

(IV)List of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in the 2 most recent fiscal years

1. Clients accounting for 10 percent or more of the company's total sales:

①For the department store segment, Taoyuan Branch’s sales are targeted at general consumers. Because the amount is small and customers are many, customers with more than 10% of the total sales are not listed.

②For the leasing business under the department store segment, customers accounted for more than 10% and their amounts:

Unit:NT$ thousand

2022				2021				2023, up to the previous quarter (Note 1)			
Name of client	Amount	Percentage (%)	Relationship with the issuer	Name of client	Amount	Percentage (%)	Relationship with the issuer	Name of client	Amount	Percentage (%)	Relationship with the issuer
A	137,029	52.09	None	A	123,780	52.16	None				
B	41,315	15.70	None	B	37,310	15.72	None		Not applicable		
C	20,935	7.96	None	C	19,050	8.03	None				
Others	63,807	24.25	None	Others	57,172	24.09	None				
Total	263,086	100.00		Total	237,312	100.00					

Note 1:the financial information has not been reviewed by the CPAs.

③Construction segment: Yuyangming construction project at Yangming Mountain has been on sale since 2014, six units were sold before 2021, and there was three unit sold sales in 2022. The Jiaoxi Xien-Xien construction project has been on sale since the fourth quarter of 2017. 26 units were sold in 2021, and eight units were sold in 2022.

Unit:NT$ thousand

2022				2021				2023, up to the previous quarter (Note 1)			
Name of client	Amount	Percentage (%)	Relationship with the issuer	Name of client	Amount	Percentage (%)	Relationship with the issuer	Name of client	Amount	Percentage (%)	Relationship with the issuer
A	72,131	25.14	None	A	71,107	53.33	None				
B	69,928	24.38	None	B	10,790	8.09	None		Not applicable		
C	67,190	23.42	None	C	10,575	7.93	None				
D	12,949	4.51	None	D	8,829	6.62	None				
Others	64,673	22.55	None	Others	32,028	24.03	None				
Total	286,871	100.00		Total	133,329	100.00					

Note 1:the financial information has not been reviewed by the CPAs.

Note 2:The total amount in 2022 increased from 2021 by NT$153,542 thousand, mainly because more units of Yuyangming with high unit price were sold.

2. Suppliers accounting for 10 percent or more of the company's total procurement:

①Department store segment:

Unit:NT$ thousand

2022				2021				2023, up to the Q1 (Note 1)			
Name	Amount	Percentage to the net purchase of goods (%)	Relationship with the issuer	Name	Amount	Percentage to the net purchase of goods (%)	Relationship with the issuer	Name	Amount	Percentage to the net purchase of goods (%)	Relationship with the issuer
A	72,242	8.10	None	A	68,498	9.49	None				
B	63,108	7.07	None	B	52,818	7.32	None		Not applicable		
C	58,979	6.61	None	C	48,327	6.70	None				
D	48,206	5.40	None	D	33,138	4.59	None				
E	44,037	4.93	None	E	31,798	4.41	None				
F	36,363	4.08	None	F	28,353	3.93	None				
Others	569,476	63.81	None	Others	458,514	63.56	None				
Net purchase of goods	892,411	100.00		Net purchase of goods	721,446	100.00					

Note: 1. the financial information has not been reviewed by the CPAs.

2. Due to the increase in the turnover of counters in 2022, the related operating costs increased as well.

②Construction Segment:

Yuyangming construction project at Yangming Mountain:It was self-built on the self-owned land, started construction in November 2011, and was completed in April 2013.

Jiaoxi Xien-Xien construction project:It is a joint-construction with unit-sharing project with the landlord. The construction started in March 2015 and completed in 2017.

(V)Production volume and value in the recent two years

Unit:NT$ thousand

Year / Main products	2022 Production value	2021 Production value
Cost of sales	3,975	13,406
Cost of leasing	38,290	37,717
Cost of construction and engineering service sales (Note)	294,664	139,507
Other operating costs	23,589	15,276
Total	360,518	205,906

Note:The 2022 figures include the sales and construction cost of Yuyangming for NT$211,755 thousand, and Jiaoxi Xien-Xien for NT$82,909 thousand; the 2021 figures include the sales and construction cost of Yuyangming for NT$77,640 thousand, sales and construction cost of Jiaoxi Xien-Xien project for NT$61,867 thousand.

(VI)Sales value in the recent two years (all domestic sales)

Unit:NTD thousand

Year / Main products	2021 Sales value	2021 Sales value
Net sales revenues	118,589	115,954
Lease incomes	269,477	242,743
Construction incomes (Note)	286,871	133,329
Other operating revenues	37,033	36,569
Total	711,970	528,595

Note:The 2022 figures include the sales revenue of Yuyangming for NT$209,249 thousand, and sales revenue of Jiaoxi Xien-Xien project for NT$77,622 thousand. The 2021 figures include the sales revenue of Yuyangming for NT$71,107 thousand, and sales revenue of Jiaoxi Xien-Xien project for NT$62,222 thousand.

III.Employees

Year		2022	2021	Current year up to April 10, 2023
Number of employees		75.67	84.08	72.50
Average age (year)		45.14	44.51	46.17
Average years of service (year)		13.12	13.02	13.47
Education Distribution Ratio(%)	PhD	0.00	0.00	0.00
	Master	4.19	4.76	7.32
	College	69.05	68.19	63.82
	Senior high school	26.76	27.05	28.86
	Lower than senior high school	0.00	0.00	0.00
	Total	100.00	100.00	100.00

IV. Disbursements for environmental protection

(I) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents:none.

(II) Response and possible expenditure:
Up to now, the Company and subsidiaries have not sustained any compensation or losses due to environmental pollution incidents.

V. Labor relations

(I) Employee benefit plans

1. The department store business segment of the Company's establishment of the Employee Welfare Committee was approved with the Letter (81 Bei-Shi-Fu-Lao (3)Zhi No.17962 on September 23, 1992. Therefore, all relevant employee welfare measures have been coordinated and handled the Welfare Committee.
2. The Company values the health of employees, so it cooperates with relevant medical institutions and health examination centers to organize health check for in-service employees pursuant to laws and regulations.
3. The subsidiaries do not have any employee welfare committee, but their employees are entitled to three festival bonuses, weddings and funerals subsidies, and year-end parties.

(II)Employees' education and trainings

1. Employees can may participate continuing education courses like English, Japanese, computer in their spare time. The subsidies are available with the tuition receipts.
2. The Company regularly organizes training every month for the new employees. Employees are educated about the Company's business philosophy, how to fulfill their duties in daily work, implementation and expression of Tonlin's spirit, and establish a good relationship of mutual assistance. For professional functions, each department may apply for external training based on actual needs.

(III)Retirement system and implementation

For the department store segment, the Labor Standards Act has been applied since March 1, 1998. Other than the enactment of the Labor Standards Act, the Company also revised all related regulations to comply with the Labor Standards Act and related requirements. Starting from July 2005, the pension is handled based on the employees' choice of contribution under the new or old pension scheme. The subsidiary belongs to the construction industry; the retirement is handled pursuant to the Labor Standards Act, and pensions are contributed based on the new system.

(IV)Other important agreements

The Company has a employee suggestion box; the regular management meetings are also held. The communication channels between labor and management are smooth, and the relationship is harmonious. So far, there have been no major labor disputes.

(V) Any losses suffered by the company in the most recent 2 fiscal years and up to the annual report publication date due to labor disputes, and response and possible expenditure in the future:

During the current year up to the publication date of the annual report, the Company has not sustained any loss due to labor disputes

VI.Cyber security management

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

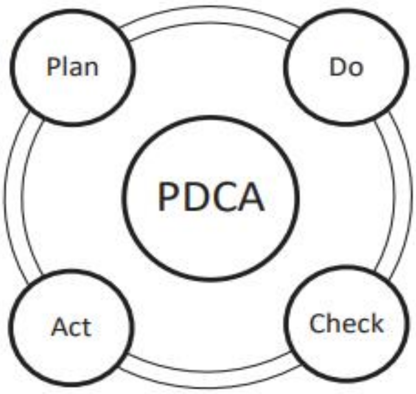
1. Cyber security risk management framework:

(1) The Company's unit accountable for the information security is the Computer Department with one information officer and two to three information engineers established; the unit is responsible for formulating security policies, planning and implementing security operations, and promoting and implementing information security policies.

(2) For the main mode of operation, the Company adopts the PDCA (Plan-Do-Check-Act) cycle management to ensure the achievement of reliability goals with continuous improvement.

Information security management
• Formulate the Company's information policy and safety operation procedure

Enforcement
•Information security advocacy and personnel training
•Introduction of information security measures



Risk mitigation
•Improvement of internal procedures
•Introduction of external resources

Risk assessment
•Information asset risk assessment

2. Cyber security policies:

The Company's information security management mechanism includes the following three aspects:

A. System and regulations:formulating the Company’s information security management system, to regulate the operational behaviors of personnel.
B. Hardware construction:building an information security management system and implementing information security management measures.
C. Personnel training:conducting information security education and training regularly to enhance ‘all employees’ awareness of information security

3. Concrete management programs
   (1) System and regulations:The Company internally formulates relevant information security regulations and systems to regulate the information security behavior of the Company's personnel, and regularly examinates whether the relevant systems are aligned with laws and regulations and changes in the operating environment every year, and adjusts them in a timely manner based on needs.
   (2) Hardware construction:To prevent various external information security threats, the Company not only adopts a multi-layer network structure design, but also builds various information security protection systems, to enhance the security of the overall information environment.
   (3) Personnel training:The Company regularly organizes information security education and training courses every year. All employees shall take the aforementioned courses at least once a year to enhance internal personnel’s information security knowledge. Any employee fails to complete the information security course of the year through the aforementioned entity, the Computer Department and the Management Department will track and this failure, and list it as an item to be check for the annual performance appraisal.

Item	Concrete management programs
Firewall protection	Connection rules are configured in the firewalls Exceptional application is required for special connection needs Monitor and analyze the data report of firewalls
Anti-virus endpoint protection	Endpoint protection software is installed in the server and employees' terminal computer equipment. The virus code is automatically updated to ensure that the latest virus will be blocked; meanwhile, the installation of potentially threatening system execution files will be detected and prevented.
Safeguard of e-mails	Threat protection with automatic email scanning prevents unsafe attached files, phishing emails, and spam before users, receive emails, and expands the scope of protection against malicious links. Antivirus software and endpoint protection systems also scan emails on PCs for unsafe content.
Safeguard of network transmission	The website transmission is added with the security protocol, and the communication process is encrypted with SSL/TLS
Update of operating systems	The operating system is automatically updated, and those who fail to update for some reason will be assisted by the Computer Department for updating
Important files are uploaded to servers	The important files of each department in the Company are stored in the file server, and the backup is managed by the Computer Department.
Mechanism to backup data	Important information systems and databases are configured to be fully backed up every day. The server and each information system environment, and database backup files are stored in the cloud backup platform (off-site) synchronously
Information inspection record	The temperature and humidity records of the data center, uninterruptible power system voltage monitoring, are to be recorded and inspected online Review the anti-virus software, endpoint defense, firewall warning record

4. Investments in resources for cyber security management
   In 2022, to cope with the replacement of the next-generation firewall and endpoint control system, more than NT$4,000 thousand of the 2023 information budget will be invested.

(II) Any losses incurred due to major cyber security incidents, potential impacts, and countermeasures in the most recent year and up to the publication date of this annual report:partial information system of the Company was attacked by hackers on November 14, 2022. Since the cyber attacks to some information systems by cyber hackers was detected, the Information Department fully activated the relevant defense mechanism and recovery operations, while cooperating with the technical experts from an external information security company. The government law enforcement department and information security unit were notified, too. The attack had no material impact on the Company's operations. The Company will continue to enhance the security control over the network and information infrastructure to ensure data security.

VII. Important contracts

Nature of contract	Counterparty	Commencement dates and expiration dates	Key content	Restrictive terms
Lease contract	Uni-Wonder Corporation	2013.01.01～2027.02.28	1F	None
Lease contract	Ming-Ting Bar	2023.01.11 - 2032.11.10	7F	None
Lease contract	World Fitness Asia Limited (H.K.) Taiwan Branch	2017.07.22～2023.07.21 2023.07.22 - 2033.07.21	3F、4F	None
Lease contract	ITX Taiwan B.V.Taiwan Branch (THE NETHERLANDS)	2011.08.10～2034.11.23	B1、1F、2F	None
Lease contract	The Loop Production	2021.01.01～2026.12.31	10F-7	None
Lease contract	Chou, Chia-Chin	2022.11.11 - 2032.11.10	8F-9	None
Lease contract	Shang Yu Property Management Consultancy Co., Ltd.	2017.12.16～2023.12.31	13F-1	None
Lease contract	ITX Taiwan B.V.Taiwan Branch (THE NETHERLANDS)	2014.07.29～2026.08.21	9F-11	None
Lease contract	Luxy Corp.	2021.04.01 - 2026.12.31	10F-7 and corridor on 1F	None
Lease contract	Xiang Yen Co., Ltd.	2021.04.01 - 2026.12.31	10F-7	None
Lease contract	Magic Closet Biotech Co., Ltd.	2020.03.01～2026.12.31	10F-11	None
Lease contract	Magic Limited	2022.03.21 - 2028.02.29	1F-F10	None
Lease contract	Viewshow Cinema	2018.09.21～2030.09.20	9-12F, Taoyuan Branch	None
Lease contract	Singapore Hai Di Lao Catering Pte. Ltd. Taiwan Fourth Branch	2018.09.15～2026.09.14	8F, Taoyuan Branch	None
Mid-term borrowing Contract	Bank SinoPac	2022.11.10~2024.11.30	Limit of borrowing NT$1.4 billion	None
Mid-term borrowing Contract	Bank of Taiwan	2023.07.19~2025.07.19	Limit of borrowing NT$700 million	None
Mid-term borrowing Contract	Hua Nan Commercial Bank	2022.09.23~2025.09.23	Limit of borrowing NT$493 million	Within the effective contract period and limit of borrowing, the maximum duration of each borrowing is three years
Mid-term borrowing Contract	First Commercial Bank	2022.10.03~2024.10.03	Limit of borrowing NT$350 million	None
Mid-term borrowing Contract	Taishin Commercial Bank	2021.09.29~2024.09.30	Limit of borrowing NT$278 million	None

SiX.Overview of the company's financial status

I. Condensed balance sheet and comprehensive income statement of most recent five years

(I)Consolidated condensed balance sheet and comprehensive income statement

1. Consolidated condensed balance sheet

Unit:NT$ thousand

Item		Year: Financial information for the past five fiscal years (Note 1 and 2) 2022	2021	2020	2019	2018	Financial information for the current year
Current assets		1,111,873	1,392,796	1,502,547	1,485,145	1,756,795	
Property, Plant and Equipment		2,196,232	2,249,481	2,309,908	2,360,568	2,407,956	
Net amount of investment property		2,148,353	2,158,918	2,165,053	2,159,642	2,154,199	
Other assets		244,566	220,101	282,167	288,340	276,348	
Total Assets		5,701,024	6,021,296	6,259,675	6,293,695	6,595,298	
Current liabilities	Before distribution	1,189,157	1,220,833	1,492,180	1,618,200	2,221,228	
	After distribution	1,189,157	1,325,196	1,596,543	1,764,308	2,221,228	
Non-current liabilities		2,123,927	2,403,490	2,404,462	2,301,932	2,123,470	
Total liabilities	Before distribution	3,313,084	3,624,323	3,896,642	3,920,132	4,344,698	
	After distribution	3,313,084	3,728,686	4,001,005	4,066,240	4,344,698	
Equity attributable to owners of the parent company		2,387,940	2,396,973	2,363,033	2,373,563	2,250,600	Not applicable
Share capital		2,087,250	2,087,250	2,087,250	2,087,250	2,087,250	
Capital reserve		540,286	523,625	506,964	483,638	483,638	
Retained earnings	Before distribution	1,078,501	1,159,568	1,136,456	1,242,216	1,131,498	
	After distribution	1,078,501	1,055,205	1,032,093	1,096,108	1,131,498	
Other interests		-34,556	-89,929	-84,096	-156,000	-168,245	
Treasury shares		-1,283,541	-1,283,541	-1,283,541	-1,283,541	-1,283,541	
Non-controlling interests			-	-	-	-	-
Total Equity	Before distribution	2,387,940	2,396,973	2,363,033	2,373,563	2,250,600	
	After distribution	2,387,940	2,292,610	2,258,670	2,227,455	2,250,600	

Note 1:The aforesaid information, other than 2023 Q1 financial information has not been reviewed by the CPAs, others all have been audited by the CPAs

Note 2:Pursuant to the “Standards to Handle Treasury Shares,” the parent company’s shares held by subsidiaries are treated as treasury shares.

Note 3:The distributed figures are based on the distribution resolved in the board of directors.

Note 4:None of the aforesaid information has been notified by the competent authorities to correct or restate.

2. Consolidated condensed comprehensive income statement

Unit:NTD thousand

Item \ Year	Financial information for the past five fiscal years (Note 1 and 2)					Financial information for the current year up to March 31, 2023 (Note 1)
	2022	2021	2020	2019	2018	
Operating revenues	711,970	528,595	554,440	650,176	462,058	Not applicable
Operating cost	360,518	206,239	190,011	323,950	150,247	
Gross profit	351,452	322,356	364,429	326,226	311,811	
Operating expenses	187,042	191,302	202,611	218,954	168,574	
Operating profit	164,410	131,054	161,818	107,272	143,237	
Non-operating income and (expense)	-49,484	10,788	-5,575	26,094	-35,982	
Income tax expense	18,531	1,147	42,084	21,581	17,151	
Current period net profit	96,395	140,695	114,159	111,785	90,104	
Current total comprehensive income (net of tax)	-17,726	-19,053	-2,340	11,178	-36,783	
Total comprehensive income in the current period	78,669	121,642	111,819	122,963	53,321	
Equity attributable to owners of the parent company	78,669	121,642	114,159	111,785	90,104	
Net profit attributable to non-controlling interest	-	-	-	-	-	
Total comprehensive income attributable to owners of the parent	78,669	121,642	111,819	122,963	53,321	
Total comprehensive income attributable to the non-controlling interest	-	-	-	-	-	
EPS (Note 3)	0.55	0.80	0.65	0.64	0.51	

Note 1:The aforesaid information, other than 2023 Q1 financial information has not been reviewed by the CPAs, others all have been audited by the CPAs

Note 2:Pursuant to the "Standards to Handle Treasury Shares," the parent company's shares held by subsidiaries are treated as treasury shares.

Note 3:Calculation based on the weighted average shares.

Note 4:None of the aforesaid information has been notified by the competent authorities to correct or restate.

3. Name of the CPAs and Audit Opinions in the Recent Five Years

Year	CPAs	Audit opinions
2018	Huang Hsiu-Chun and Jeff Cheng	Unqualified opinion
2019	Huang Hsiu-Chun and Jeff Cheng	Unqualified opinion
2020	Huang Hsiu-Chun and Jeff Cheng	Unqualified opinion
2021	Huang Hsiu-Chun and Jeff Cheng	Unqualified opinion
2022	Chiu, Cheng-Chun and Huang Hsiu-Chun	Unqualified opinion

(II)Parent company-only condensed balance sheet and comprehensive income statement

1. Parent company-only condensed balance sheet

Unit:NTD thousand

Item \ Year		Financial information for the past five fiscal years (Note 1 and 2)				
		2022	2021	2020	2019	2018
Current asset		528,771	582,976	547,866	559,426	621,487
Property, Plant and Equipment		2,196,199	2,249,393	2,309,777	2,360,386	2,407,719
Net amount of investment property		1,978,998	1,988,201	1,992,976	1,986,205	1,979,402
Other assets		810,856	820,698	913,643	920,563	976,556
Total assets		5,514,824	5,641,268	5,764,262	5,826,580	5,985,164
Current liabilities	Before distribution	1,004,654	842,199	998,161	1,152,478	1,612,638
	After distribution	1,004,654	946,562	1,102,524	1,298,586	1,612,638
non-current liabilities		2,122,230	2,402,096	2,403,068	2,300,539	2,121,926
Total liabilities	Before distribution	3,126,884	3,244,295	3,401,229	3,453,017	3,734,564
	After distribution	3,126,884	3,348,658	3,505,592	3,599,125	3,734,564
Share capital		2,087,250	2,087,250	2,087,250	2,087,250	2,087,250
Additional paid-in capital		540,286	523,625	506,964	483,638	483,638
Retained earnings	Before distribution	1,078,501	1,159,568	1,136,456	1,242,216	1,131,498
	After distribution	1,078,501	1,055,205	1,032,093	1,096,108	1,131,498
Other equities		-34,556	-89,929	-84,096	-156,000	-168,245
Treasury stock		-1,283,541	-1,283,541	-1,283,541	-1,283,541	-1,283,541
Total Equity	Before distribution	2,387,940	2,396,973	2,363,033	2,373,563	2,250,600
	After distribution	2,387,940	2,292,610	2,258,670	2,227,455	2,250,600

Note 1:The aforesaid information, all has been audited by the CPAs

Note 2:Pursuant to the “Standards to Handle Treasury Shares,” the parent company’s shares held by subsidiaries are treated as treasury shares.

Note 3:The distributed figures are based on the distribution resolved in the board of directors.

Note 4:None of the aforesaid information has been notified by the competent authorities to correct or restate.

2. Parent company-only condensed comprehensive income statement

Unit:NTD thousand

Item \ Year	Financial information for the past five fiscal years (Note 1 and 2)				
	2022	2021	2020	2019	2018
Operating revenues	453,765	423,003	519,690	464,291	356,724
Operating cost	94,502	100,667	161,874	108,114	84,764
Gross profit	359,263	322,336	357,816	356,177	271,960
Operating expenses	166,685	171,719	180,589	191,479	137,712
Operating profit	192,578	150,617	177,227	164,698	134,248
Non-operating income and (expense)	-78,604	-9,169	-21,703	-32,325	-27,304
Income tax expense	17,579	753	41,365	20,588	16,840
Current period net profit	96,395	140,695	114,159	111,785	90,104
Current total comprehensive income (net of tax)	-17,726	-19,053	-2,340	11,178	-36,783
Total comprehensive income in the current period	78,669	121,642	111,819	122,963	53,321
EPS (Note 3)	0.55	0.80	0.65	0.64	0.51

Note 1:The aforesaid information, all has been audited by the CPAs
Note 2:Pursuant to the “Standards to Handle Treasury Shares,” the parent company’s shares held by subsidiaries are treated as treasury shares.
Note 3:Calculation based on the weighted average shares.
Note 4:None of the aforesaid information has been notified by the competent authorities to correct or restate.

3. Name of the CPAs and Audit Opinions in the Recent Five Years

Year	CPAs	Audit opinions
2018	Huang Hsiu-Chun and Jeff Cheng	Unqualified opinion
2019	Huang Hsiu-Chun and Jeff Cheng	Unqualified opinion
2020	Huang Hsiu-Chun and Jeff Cheng	Unqualified opinion
2021	Huang Hsiu-Chun and Jeff Cheng	Unqualified opinion
2022	Chiu, Cheng-Chun, Huang, Hsiu-Chun	Unqualified opinion

II.Financial analysis of most recent five years

1. Consolidated financial analysis

Analysis Item / Year		Financial information for the past five fiscal years (Note 1)					Q1 2023
		2022	2021	2020	2019	2018	(Note 2)
Financial structure (%)	Debt to assets ratio	58.11	60.19	62.25	62.29	65.88	Not applicable
	Long-term capital to property, plants and equipment	205.44	213.40	206.39	198.07	181.65	
Solvency (%)	Current ratio	93.50	114.09	100.69	91.78	79.09	
	Quick ratio	54.92	52.66	41.39	33.59	26.42	
	Interest protection multiples	414.24	577.82	545.01	462.89	392.24	
Operating abilities	Average Collection Turnover (times)	23.66	18.82	23.55	21.52	15.35	
	Average collection days	15.43	19.39	15.50	16.96	23.78	
	Inventory turnover (times)	0.50	0.19	0.15	0.25	0.09	
	Accounts payable turnover (times)	2.39	1.36	1.32	1.96	1.03	
	Average inventory turnover days	730.00	1921.05	2433.33	1460.00	4055.56	
	Property, plant and equipment turnover (times)	0.32	0.23	0.24	0.27	0.23	
	Total assets turnover (times)	0.12	0.09	0.09	0.10	0.07	
Profitability	Return on total assets (%)	2.14	2.68	2.27	2.19	1.86	
	ROE (%)	4.03	5.91	4.82	4.83	4.05	
	Pre-tax profit to paid-in capital (%)	5.51	6.80	7.49	6.39	5.14	
	Net profit margin (%)	13.54	26.62	20.59	17.19	19.50	
	Earnings per share (NT$) (Note 3)	0.55	0.80	0.65	0.64	0.51	
Cash flows	Cash flow ratio (%)	46.68	21.53	11.27	24.66	13.45	
	Cash flow adequacy (%)	129.45	62.68	50.41	36.62	31.72	
	Cash reinvestment ratio (%)	9.18	3.29	0.87	7.84	6.35	
Leverage	Operating leverage	2.19	2.57	2.35	3.08	2.10	
	Financial leverage	1.29	1.29	1.28	1.52	1.27	

Note 1:The aforesaid information, all has been audited by the CPAs

Note 2:The latest financial information has not been audited by the CPAs

Note 3:Calculation based on the weighted average shares.

2. Reasons for all financial ratio fluctuations within the most recent two years.

Name of ratio	2022	2021	Difference (%)	Description
Interest protection multiples	414.24	577.82	-28.31	It is mainly due to the impact of the post-COVID-19 pandemic, and the interest rates increased rapidly in various countries to curb inflation, resulting in a significant increase in interest expenses in 2022
Average Collection Turnover (times)	23.66	18.82	25.72	It is mainly due to the higher construction revenue in 2022.
Average collection days	15.43	19.39	-20.42	It was mainly because the accounts receivable turnover increased in 2022 comparing to 2021.
Inventory turnover (times)	0.50	0.19	163.16	This was mainly due to the fact that more units were sold in 2022 than in 2021, resulting in higher construction costs.
Accounts payable turnover (times)	2.39	1.36	75.74	Mainly due to the higher construction cost in 2022.
Average inventory turnover days	730.00	1,921.05	-62.00	It was mainly because the inventory turnover increased in 2022 comparing to 2021.
Property, plant and equipment turnover (times)	0.32	0.23	39.13	It is mainly due to the higher construction cost in 2022.
Total assets turnover (times)	0.12	0.09	33.33	It is mainly due to the higher net operating revenue in 2022.
ROA (%)	2.14	2.68	-20.15	This is mainly because the net income after deducting interest expenses in 2022 was lower than that in 2021.
ROE (%)	4.03	5.91	-31.81	This is mainly because the net income in 2022 was lower than that in 2021.
Net profit margin (%)	13.54	26.62	-49.14	The difference is mainly due to the decrease and increase in the profit or loss after tax and net sales in 2022 compared to 2021, respectively.
EPS (NT$)	0.55	0.80	-31.25	It is mainly due to the decrease in profit or loss after tax in 2022 compared to 2021.
Cash flow ratio (%)	46.68	21.53	116.81	It was mainly because the sales of construction projects in 2022 more than in 2021, resulting in the larger inflow of cash from operating activities
Cash flow adequacy (%)	129.45	62.68	106.53	It is mainly because the net cash inflow from operating activities in the past five years in 2022 and the capital expenditure in the past five years in the past five years have increased significantly and decreased compared to 2021.
Cash flow reinvestment ratio (%)	9.18	3.29	179.03	It was mainly because the net cash inflow from operating activities in 2022 years after deducting distributed cash dividends was significantly increased than that in 2021.

3. Parent company-only financial analysis

Analysis Item	Year	Financial information for the past five fiscal years (Note 1				
		2022	2021	2020	2019	2018
Financial structure (%)	Debt to assets ratio	56.70	57.51	59.01	59.26	62.40
	Long term funds to property, plant and equipment	205.36	213.35	206.34	198.02	181.60
Solvency (%)	Current ratio	52.63	69.22	54.89	48.54	38.54
	Quick ratio	51.26	64.06	46.77	38.75	30.51
	Interest protection multiples	455.85	652.57	623.05	554.92	474.49
Operating abilities	Average Collection Turnover (times)	15.10	15.15	22.20	15.37	12.46
	Average collection days	24.17	24.09	16.44	23.75	29.29
	Inventory turnover (times)	1.31	0.81	1.14	0.38	0.36
	Accounts payable turnover (times)	0.28	0.44	1.07	0.35	0.54
	Average inventory turnover days	278.63	450.62	320.18	960.53	1013.89
	Property, plant and equipment turnover (times)	0.20	0.19	0.22	0.19	0.18
	Total assets turnover (times)	0.08	0.07	0.09	0.08	0.06
Profitability	ROA (%)	2.19	2.83	2.38	2.29	1.96
	ROE (%)	4.03	5.91	4.82	4.83	4.05
	Pre-tax profit to paid-in capital (%)	5.46	6.78	7.45	6.34	5.12
	Net profit margin (%)	21.24	33.26	21.97	24.08	25.26
	Earnings per share (NT$) (Note 2)	0.55	0.80	0.65	0.64	0.51
Cash Flow	Cash flow ratio (%)	33.18	24.16	14.93	24.15	16.24
	Cash flow adequacy (%)	90.32	56.50	60.22	48.55	39.25
	Cash flow reinvestment ratio (%)	4.50	1.86	0.06	5.47	5.57
Leverage	Operating leverage	1.98	2.29	2.15	2.26	2.06
	Financial leverage	1.20	1.20	1.20	1.21	1.21

Note 1:The aforesaid information,　all has been audited by the CPAs
Note 2:Calculation based on the weighted average shares.

3. Reasons for each parent company-only financial ratio fluctuations within the most recent two years.

Name of ratio	2022	2021	Difference (%)	Description
Current ratio (%)	52.63	69.22	-23.97	It is mainly due to the increase in the amount of bank short-term borrowings in 2022 compared to 2021.
Interest protection multiples	455.85	652.57	-30.15	This is mainly due to the overall increase in the interest rate of bank borrowings in 2022, resulting in a significant increase in interest expenses compared to 2021.
Inventory turnover (times)	1.31	0.81	61.73	It is mainly due to the significant decrease in the average amount of inventory for sale at the beginning of 2022 compared to 2021.
Accounts payable turnover (times)	0.28	0.44	-36.36	This is mainly due to the decrease in the cost of goods sold and construction cost of department stores in 2012 compared to 2021.
Average inventory turnover days	278.63	450.62	-38.17	Mainly due to the increase in inventory turnover in 2022 comparing to 2021.
ROA (%)	2.19	2.83	-22.61	This is mainly because the net income after deducting interest expenses in 2022 was lower than that in 2021.
ROE (%)	4.03	5.91	-31.81	It is mainly because the amount of net income after tax in 2022 decreased from that in 2021.
Net profit margin (%)	21.24	33.26	-36.14	It is mainly because the amount of net income after tax in 2022 decreased from that in 2021.
EPS (NT$)	0.55	0.80	-31.25	It is mainly because the amount of net income after tax in 2022 decreased from that in 2021.
Cash flow ratio (%)	33.18	24.16	37.33	It was mainly because the net cash inflow from operating activities in 2022 years was significantly increased than that in 2021.
Cash flow adequacy (%)	90.32	56.50	59.86	It is mainly because the net cash inflow from operating activities in the past five years in 2022 and the capital expenditure in the past five years in the past five years have increased significantly and decreased compared to 2021.
Cash flow reinvestment ratio (%)	4.50	1.86	141.94	It was mainly because the net cash inflow from operating activities in 2022 years after deducting distributed cash dividends was significantly increased than that in 2021.

1. Financial structure
   (1) Liabilities to Assets Ratio = Total Liabilities / Total Assets.
   (2) Long-term Capital to Fixed Assets Ratio = (Shareholders' Equity + Long-term Liabilities) / Net Fixed Assets.
2. Solvency
   (1) Current Ratio = Current Assets / Current Liabilities.
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities.
   (3) Interest Protection Multiples = Earnings before Interest and Taxes / Interest Expenses.
3. Operating abilities
   (1) Average Collection Turnover (including accounts receivable and notes receivable resulted from business operation) = Net Sales / Average Trade Receivables (including accounts receivable and notes receivable resulted from business operation).
   (2) Days Sales Outstanding = 365 / Average Collection Turnover.
   (3) Average Inventory Turnover = Cost of Sales / Average Inventory.
   (4) Average Payment Turnover (including accounts payables and notes payables resulted from business operation) = Cost of Sales / Average Trade Payables (including accounts payables and notes payables resulted from business operation).
   (5) Average Sales Days = 365 / Average Inventory Turnover.
   (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment.
   (7) Total Assets Turnover = Net Sales / Average Total Assets.
4. Profitability
   (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets.
   (2) Return on Equity = Net Income / Average Total Equity.
   (3) Net Margin = Net Income / Net Sales.
   (4) Earnings Per Share = (Net Income - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding. (Note 1)
5. Cash Flow (Note 2)
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities.
   (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend.
   (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Property, Plant and Equipment + Long-term Investments + Other Assets + Working Capital).
6. Leverage:
   (1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations
   (2) Financial Leverage = Operating Profit / (Operating Profit - Interest Expenses)

(Note 1):1. Based on the weighted average outstanding shares.
(Note 2):1. The net cash flow from operating activities refers to the cash inflow or outflows from operating activities indicated in the cash flow statement.
2. Capital expenditure refers to the cash outflow from capital investment every year.
3. Increase of inventories is only calculate when the ending balance is larger than the beginning balance; if the inventories decreased at the end of year, it is calculated as zero.
4. Gross property, plant and equipment refers to the total property, plant and equipment before deducting accumulated depreciation.

III. Audit report of the financial statements of the recent year from the Audit Committee

Audit Committee's Review Report

We have reviewed the Company's 2022 business report, financial statements, and earnings appropriation proposal prepared by the board of directors. The financial statements have been audited by Chiu, Cheng-Chun, CPA and Huang Hsiu-Chun, CPA of Deloitte Touche, to which the firm issued an independent auditor's report.

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

This report is hereby presented

To

The 2023 Regular Shareholders' Meeting, Tonlin Department Store Co., Ltd.

Audit Committee

Convener:Chan Shen-Hua

March 7, 2023

IV. Financial statements of the recent year

Declaration Concerning Consolidated Financial Statements of Affiliated Enterprises

Affiliated enterprises subject to the preparation of consolidated financial statements of affiliated enterprises under "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" were identical to the affiliated companies subject to the preparation of consolidated financial statements under International Financial Reporting Standards No. 10 (IFRS 10) for financial year 2022 (from January 1 to December 31, 2022). All mandatory disclosures of the consolidated financial statements of affiliated enterprises have been disclosed in the consolidated financial statements, therefore no separate consolidated financial statement of affiliated enterprises was prepared.

This declaration is solemnly made by

Company name: Tonlin Department Store Co., Ltd.

Chairman: Su Chien-I

March 7, 2023

Independent Auditor's Report

To stakeholders of Tonlin Department Store Co., Ltd.

Audit opinions

We have audited the accompanying consolidated balance sheet of Tonlin Department Store Co., Ltd. and subsidiaries (collectively referred to as Tonlin Group) as at December 31, 2022 and 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity, consolidated cash flow statement, and notes to consolidated financial statements (including summary of significant accounting policies) for the periods from January 1 to December 31, 2022 and 2021.

In our opinion, all material disclosures of the consolidated financial statements mentioned above were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the version of International Financial Reporting Standards, International Accounting Standards and interpretations thereof approved by the Financial Supervisory Commission, and presented a fair view of the consolidated financial position of Tonlin Group as at December 31, 2022 and 2021, and consolidated business performance and cash flow for the periods of January 1 to December 31, 2022 and 2021.

Basis of audit opinion

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

Key audit issues

Key audit issues are matters that we considered to be the most important, based on professional judgment, when auditing the 2022 consolidated financial statements of Tonlin Group. These issues have already been addressed when we audited and formed our opinions on the consolidated financial statements. Therefore we do not provide opinions separately for individual issues.

Key audit issues concerning the 2022 consolidated financial statements of Tonlin Group are as follows:

<u>Impairment assessment of investment properties</u>

As at December 31, 2022, Tonlin Group had investment properties located at Xinzhuang District that were valued at NT$1,059,951 thousand, representing 19% of total consolidated assets and constituted a significant part of consolidated financial statements. The management follows IAS 36 - "Impairment of Assets" and assesses investment properties for signs of impairment at the end of each reporting period. Assets that exhibit any sign of impairment will have recoverable amount estimated in order to determine the amount of impairment. However, considering that real estate prices are affected by several factors including government policy, economic cycle, and market supply/demand, and that impairment assessment requires subjective judgments, major estimates, and assumptions from the management, we have identified impairment assessment of investment properties as a key audit issue. Accounting policy on impairment assessment of investment properties, uncertainties associated with accounting estimates and assumptions, and related disclosures can be found in Notes 4, 5, and 15 of consolidated financial statements.

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

1. Understanding and testing the design and implementation of key internal control system that is relevant to impairment assessment of investment properties.

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

Correctness of retail commission income

Tonlin Group reported retail commission income of NT$113,700 thousand in 2022, representing 16% of operating revenues and was considered significant to the presentation of consolidated financial statements. The department store operates by having merchants set up individual retail departments, and Tonlin Group earns a certain percentage or amount from each transaction made by merchants. Under this arrangement, the Company first collects payment from customers then deducts merchant's share of the proceeds and recognizes the remainder as sales revenue. Due to the vast number of merchants and the different commission rates involved, calculation of retail commission income depends heavily on the use of computer system, which we consider to be a key audit issue. Disclosures relating to retail commission income and accounting policy can be found in Notes 4 and 21 of consolidated financial statements.

The following audit procedures were taken in relation to the key audit issues identified above:
1. Understanding and randomly testing the effectiveness of internal control design and execution for retail commission income.
2. Making sample checks on current year's Merchant Settlement Master Report to determine whether the commission rates configured on the computer system are consistent with contract terms; and making separate calculations using the commission rate to verify the correctness of retail commission income.

Other Matters

Tonlin Department Store Co., Ltd. has prepared standalone financial statements for 2022 and 2021, which we have audited and issued independent auditor's reports with unqualified opinions.

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

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

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

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

Responsibilities of the auditor when auditing consolidated financial statements

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

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

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

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

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

We have identified the key audit issues after communicating with the governing body regarding the 2022 consolidated financial statements of Tonlin Group. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decided not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

Deloitte & Touche

CPA Chiu, Cheng-Chun

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

CPA Huang Hsiu-Chun

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

March 7, 2023

Tonlin Department Store Co., Ltd. and Subsidiaries
Consolidated balance sheet
As at December 31, 2022 and 2021

Unit: NTD thousand

Code	Asset	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 160,339	3	$ 104,422	2
1110	Financial assets at FVTPL (Notes 4 and 7)	417,085	8	448,112	8
1136	Financial assets carried at cost after amortization - current (Notes 4 and 9)	16,300	-	22,604	-
1172	Accounts receivable (Notes 4 and 10)	7,973	-	6,604	-
1175	Lease receivable (Notes 4 and 10)	3,984	-	7,135	-
1200	Other receivables (Notes 4, 10 and 23)	9,064	-	5,714	-
130X	Inventory (Notes 4, 5, 11 and 28)	454,798	8	746,728	12
1470	Prepayments and other current assets	42,330	1	51,477	1
11XX	Total current assets	1,111,873	20	1,392,796	23
	non-current assets				
1517	Financial assets at FVTOCI - non-current (Notes 4 and 8)	17,193	-	22,201	-
1550	Equity-accounted investments (Notes 4 and 13)	183,935	3	146,467	3
1600	Property, plant, and equipment (Notes 4, 5, 14 and 28)	2,196,232	39	2,249,481	37
1760	Investment property, net (Notes 4, 5, 15 and 28)	2,148,353	38	2,158,918	36
1780	Intangible assets (Notes 4 and 5)	9,357	-	8,673	-
1840	Deferred income tax assets (Notes 4, 5 and 23)	14,252	-	22,218	1
1935	Long-term lease receivable (Notes 4 and 10)	16,898	-	17,586	-
1920	Refundable deposits	2,931	-	2,956	-
15XX	Total non-current assets	4,589,151	80	4,628,500	77
1XXX	Total assets	$ 5,701,024	100	$ 6,021,296	100

Code	LIABILITIES AND EQUITY	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 4, 11, 14, 15, 16 and 28)	$ 794,000	14	$ 762,450	13
2110	Short-term bills payable (Notes 4, 11, 14, 15, 16 and 28)	49,520	1	142,487	2
2150	Note payable	43,321	1	31,729	1
2170	Accounts payable (Note 17)	94,691	2	79,671	1
2209	Accrued expenses (Note 18)	35,423	1	35,961	1
2213	Equipment purchase payable (Note 14)	-	-	6,700	-
2219	Other payables	5,214	-	2,235	-
2230	Current income tax liabilities (Notes 4, 5 and 23)	18,936	-	1,189	-
2320	Long-term borrowings expiring within a year (Notes 4, 14, 15, 16 and 28)	140,000	2	150,000	2
2399	Other current liabilities (Note 21)	8,052	-	8,411	-
21XX	Total current liabilities	1,189,157	21	1,220,833	20
	non-current liabilities				
2540	Long-term borrowings (Notes 4, 14, 15, 16 and 28)	1,844,000	32	2,120,000	35
2572	Deferred income tax liabilities (Notes 4, 5 and 23)	216,910	4	216,801	4
2640	Net defined benefit liabilities - non-current (Notes 4 and 19)	11,224	-	14,930	-
2645	Guarantee deposits received (Note 21)	51,793	1	51,759	1
25XX	Total non-current liabilities	2,123,927	37	2,403,490	40
2XXX	Total liabilities	3,313,084	58	3,624,323	60
	Equity (Notes 4, 8, 19 and 20)				
3110	Common share capital	2,087,250	37	2,087,250	35
3200	Capital reserve	540,286	9	523,625	9
	Retained earnings				
3310	Statutory reserves	487,129	9	474,382	8
3320	Special reserves	462,114	8	456,282	7
3350	Unappropriated earnings	129,258	2	228,904	4
3300	Total retained earnings	1,078,501	19	1,159,568	19
3400	Other equities	(34,556)	(1)	(89,929)	(2)
3500	Treasury stock	(1,283,541)	(22)	(1,283,541)	(21)
3XXX	Total equity	2,387,940	42	2,396,973	40
	Total liabilities and equity	$ 5,701,024	100	$ 6,021,296	100

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

Chairman: Su Chien-I President: Weng Hua-Li Vice President: Chen Wen-Lung Head of Accounting: Huang Shu-Tzu

Tonlin Department Store Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
From January 1 to December 31, 2022 and 2021
Unit: NTD thousands, except EPS which is in 1 NTD

Code		2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenues (Notes 4 and 21)	$ 711,970	100	$ 528,595	100
5000	Operating costs (Notes 4, 11 and 22)	360,518	51	206,239	39
5900	Gross profit	351,452	49	322,356	61
6000	Operating expenses (Notes 4, 19, 22 and 27)	187,042	26	191,302	36
6900	Operating profit	164,410	23	131,054	25
	Non-operating income and expense				
7100	Interest income (Notes 4 and 22)	1,089	-	212	-
7010	Other income (Notes 4 and 22)	24,689	3	28,819	5
7020	Other gains and losses (Notes 4, 7, 14, 15 and 22)	(42,802)	(6)	7,934	2
7050	Financial costs (Note 22)	(36,573)	(5)	(29,685)	(6)
7060	Share of gain/loss from associated companies accounted using the equity method (Notes 4 and 13)	4,113	1	3,508	1
7000	Total non-operating income and expenses	(49,484)	(7)	10,788	2
7900	Profit before tax	114,926	16	141,842	27
7950	Income tax expenses (Notes 4, 5 and 23)	18,531	2	1,147	-
8200	Current net income	96,395	14	140,695	27

(Continued on next page)

(Continued)

Code		2022 Amount	2022 %	2021 Amount	2021 %
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plan (Notes 4 and 19)	$ 3,700	-	$ 1,290	-
8316	Unrealized profit and loss on valuation of equity instruments at FVTOCI (Notes 4, 8, 13 and 20)	(13,666)	(2)	(17,645)	(3)
8349	Income tax on items not reclassified into profit and loss (Notes 4 and 23)	(7,760)	(1)	(2,698)	(1)
8300	Other comprehensive income - current	(17,726)	(3)	(19,053)	(4)
8500	Total comprehensive income - current	$ 78,669	11	$ 121,642	23
	Earnings per share (Note 24)				
9710	Basic	$ 0.55		$ 0.80	
9810	Diluted	$ 0.55		$ 0.80	

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

Chairman: Su Chien-I President: Weng Hua-Li Vice President: Chen Wen-Lung Head of Accounting: Huang Shu-Tzu

Tonlin Department Store Co., Ltd. and Subsidiaries
Consolidated Statements of Changes Equity
From January 1 to December 31, 2022 and 2021

Unit: NTD thousand

Code		Common share capital (Notes 4 and 20)	Additional paid-in capital (Note 20)	Retained earnings (Notes 4, 19 and 20)				Other equity item (Notes 4, 8, 13 and 20)	Treasury stock (Note 20)	Total equity
				Statutory reserves	Special reserves	Unappropriated earnings	Total	Unrealized gains/losses on financial assets at FVTOCI		
A1	Balance as of January 1, 2021	$ 2,087,250	$ 506,964	$ 470,347	$ 495,507	$ 170,602	$ 1,136,456	($ 84,096)	($ 1,283,541)	$ 2,363,033
	Appropriation and distribution of 2020 earnings									
B1	Provision for statutory reserves	-	-	4,035	-	(4,035)	-	-	-	-
B3	Reversal of special reserves	-	-	-	(39,225)	39,225	-	-	-	-
B5	Cash dividends on common shares	-	-	-	-	(104,363)	(104,363)	-	-	(104,363)
	Total appropriation and distribution of 2020 earnings	-	-	4,035	(39,225)	(69,173)	(104,363)	-	-	(104,363)
M1	Adjustment to additional paid-in capital for dividends paid to subsidiaries	-	16,661	-	-	-	-	-	-	16,661
D1	2021 net income	-	-	-	-	140,695	140,695	-	-	140,695
D3	2021 other comprehensive income - after tax	-	-	-	-	1,032	1,032	(20,085)	-	(19,053)
D5	2021 total comprehensive income	-	-	-	-	141,727	141,727	(20,085)	-	121,642
Q1	Disposal of equity instruments at FVTOCI	-	-	-	-	(14,252)	(14,252)	14,252	-	-
Z1	Balance as of December 31, 2021	2,087,250	523,625	474,382	456,282	228,904	1,159,568	(89,929)	(1,283,541)	2,396,973
	Appropriation and distribution of 2021 earnings									
B1	Provision for statutory reserves	-	-	12,747	-	(12,747)	-	-	-	-
B3	Provision for special reserves	-	-	-	5,832	(5,832)	-	-	-	-
B5	Cash dividends on common shares	-	-	-	-	(104,363)	(104,363)	-	-	(104,363)
	Total appropriation and distribution of 2021 earnings	-	-	12,747	5,832	(122,942)	(104,363)	-	-	(104,363)
M1	Adjustment to additional paid-in capital for dividends paid to subsidiaries	-	16,661	-	-	-	-	-	-	16,661
D1	2022 net profit	-	-	-	-	96,395	96,395	-	-	96,395
D3	2022 other comprehensive income - after tax	-	-	-	-	2,960	2,960	(20,686)	-	(17,726)
D5	2022 total comprehensive income	-	-	-	-	99,355	99,355	(20,686)	-	78,669
Q1	Disposal of equity instruments at FVTOCI	-	-	-	-	(76,059)	(76,059)	76,059	-	-
Z1	Balance as of December 31, 2022	$ 2,087,250	$ 540,286	$ 487,129	$ 462,114	$ 129,258	$ 1,078,501	($ 34,556)	($ 1,283,541)	$ 2,387,940

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

Chairman: Su Chien-I President: Weng Hua-Li Vice President: Chen Wen-Lung Head of Accounting: Huang Shu-Tzu

Tonlin Department Store Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
From January 1 to December 31, 2022 and 2021

Unit: NTD thousand

Code		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Pre-tax profit for the current period	$ 114,926	$ 141,842
A20010	Adjustments for:		
A20100	depreciation expense	74,154	73,233
A20200	Amortization	1,187	602
A20400	Net loss (gain) on financial assets and liabilities at FVTPL	36,705	(9,489)
A20900	Financial costs	36,573	29,685
A21200	Interest income	(1,089)	(212)
A21300	Dividend income	(6,603)	(6,940)
A22300	Share of gain from associated companies accounted using the equity method	(4,113)	(3,508)
A22500	Loss (gain) on disposal and disposition of property, plant and equipment	9,502	68
A22600	Expenses reclassified from property, plant, and equipment	-	269
A22700	Loss on disposal of investment properties	-	318
A23700	Provision of impairment on non-financial assets	8,000	-
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatory to be carried at FVTPL	(5,678)	(21,376)
A31130	Note receivable	-	385
A31150	Trade receivable	(1,369)	(3,965)
A31240	Lease receivable	3,839	(2,885)
A31180	Other receivables	(3,212)	4,311
A31200	Inventories	283,930	134,425
A31230	Prepayments and other current assets	9,147	15,245
A32130	Note payable	11,592	14,468
A32150	Accounts payable	15,020	(16,988)
A32220	Accrued expenses	(3,099)	(1,907)
A32180	Other payables	2,979	(1,383)
A32230	Other current liabilities	(359)	(34,851)
A32240	Net defined benefit liabilities	(6)	(3,249)
A33000	Cash inflow from operating activities	582,026	308,098

(Continued on next page)

(Continued)

Code		2022	2021
A33100	Interest received	$ 951	$ 316
A33300	Interest paid	(33,979)	(29,549)
A33200	Dividends received	6,603	6,940
A33500	Income tax paid	(469)	(22,951)
AAAA	Net cash inflow from operating activities	555,132	262,854
	Cash flows from investing activities		
B00020	Sales of Financial assets at FVTOCI	4,231	321
B00030	Acquisition of proceeds from actuarial settlement or capital reduction of financial assets at FVTOCI	-	41,882
B00040	Disposal (acquisition) of financial assets carried at cost after amortization	6,304	(1,873)
B01800	Acquisition of equity-accounted investments	(49,400)	-
B02700	Acquisition of property, plant and equipment	(20,614)	(8,973)
B03800	Decrease (increase) in refundable deposits	25	(1,768)
B04500	Acquisition and purchase of intangible assets	(551)	(260)
B05400	Acquisition of investment property	(548)	-
B07100	Decrease in equipment purchase payable	(6,700)	(74,093)
B07600	Dividends received from associated companies	3,156	3,776
BBBB	Net cash outflow from investing activities	(64,097)	(40,988)
	Cash flows from financing activities		
C00200	Increase (decrease) in short-term borrowings	31,550	(259,973)
C00600	Short-term bills payable decreased	(93,000)	(23,200)
C01600	Proceeds from long-term borrowings	5,648,000	3,886,000
C01700	Repayments of long-term borrowings	(5,934,000)	(3,732,000)
C03100	Increase in guarantee deposits received	34	644
C04500	Payment of cash dividends	(87,702)	(87,702)
CCCC	Net cash outflow from financing activities	(435,118)	(216,231)
EEEE	Increase in cash and cash equivalents	55,917	5,635
E00100	Opening balance of cash and cash equivalents	104,422	98,787
E00200	Closing balance of cash and cash equivalents	$ 160,339	$ 104,422

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

Chairman: Su Chien-I President: Weng Hua-Li Vice President: Chen Wen-Lung Head of Accounting: Huang Shu-Tzu

Tonlin Department Store Co., Ltd. and Subsidiaries
Notes to consolidated financial statements
From January 1 to December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. Organization and operations

Tonlin Department Store Co., Ltd. (the "Company") was founded in August 1982 and commenced business operations in November 1984. Taoyuan Branch was later established in September 1995 and commenced operation in November 1995. The Company primarily operates as a retail departmental store. The Company's shares have been listed for trading on Taiwan Stock Exchange Corporation since December 1996. The Company closed down its Taipei Branch on September 20, 1999 out of concern for profit yield, and leased out buildings previously occupied by Taipei Branch for income on October 1. The Company currently has lease contracts established with multiple counterparties including World Fitness Asia Limited (H.K.) Taiwan Branch. Please refer to Note 21 for details. Furthermore, to facilitate the Company's transformation into an integrated entertainment complex, the board of directors passed a resolution to remodel Taoyuan Branch on October 24, 2016, and officially opened for business on October 3, 2018. In addition to retaining top revenue-generating merchants, Taoyuan Branch also brought in restaurant (beverages), sports, leisure, entertainment, and cinema brands to support its new transformation.

The consolidated financial statements are presented using the Company's functional currency (NTD).

II. The Date and Procedures to Approve Financial Statements

This consolidated financial statements were was passed during the board of directors meeting dated March 6, 2023.

III. Application of New and Revised International Financial Reporting Standards

(I) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Adopting the amended version of FSC-approved IFRSs will not result in any material change to the Group's accounting policies.

(2) FSC-approved IFRSs applicable in 2023

New, Revised or Amended Standards and Interpretations	Effective date of IASB announcement
Amendments to IAS 1 regarding "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 regarding "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendment to IAS 12 “deferred tax related to assets and liabilities arising from a single transaction”	January 1, 2023 (Note 3)

Note 1: These amendments will be applied to reporting periods of years starting from January 1, 2023.

Note 2: These amendments will be applied to changes in accounting estimates and accounting policies that take place in reporting periods after January 1, 2023.

Note 3: Other than being applicable to the deferred tax for all temporary differences related to leases and decommissioning obligations on January 1, 2022, the amendment is applicable to the transactions occurring after January 1, 2022

The Group continues to evaluate that the amendments to the above standards and interpretations do not materially affect its consolidated financial position and business performance as of the publication date of this financial report.

(III) The IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Undetermined
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments of IFRS 17	January 1, 2023
Amendment to IFRS 17: "Initial Application of IFRS 17 and IFRS 9 — Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The seller as lessee shall retrospectively apply the amendments to IFRS 16 to the lease after sale transactions occur after the date of the initial application of IFRS 16.

The Group continues to evaluate how revisions of the above standards and interpretations affect its consolidated financial position and business performance as of the publication date of this financial report. Outcomes of these assessments will be disclosed upon completion.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

This consolidated financial report has been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and FSC-approved IFRSs.

(II) Basis of preparation

This consolidated financial statement has been prepared based on historical cost, except for financial instruments carried at fair value and net defined benefit liabilities calculated by deducting fair value of plan assets from present value of defined benefit obligation.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 inputs are unobservable inputs for the asset or liability.

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets that are held mainly for the purpose of trading;
2. Assets that are expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (except for those that are intended to be swapped or settled against debt more than 12 months after the balance sheet date, and those with restricted uses).

Current liabilities include:

1. Liabilities that are held mainly for the purpose of trading;

2. Liabilities that are expected to be settled within 12 months after the balance sheet date; and
3. Liabilities where the repayment terms can not be extended unconditionally beyond 12 months after the balance sheet date.

Assets and liabilities that do not satisfy the above criteria are classified into non-current assets or non-current liabilities.

The Group's construction activities operate at business cycles that are longer than one year. For this reason, assets and liabilities that arise in relation to construction activities are distinguished between current and non-current portions based on normal business cycle.

(IV) Basis of consolidation

This consolidated financial statement includes the Company and entities that the Company has control over (i.e. subsidiaries). Subsidiaries have had financial statements adjusted to ensure alignment of accounting policies with those of the Group. All transactions, account balances, income, expenses, and losses between entities of the consolidated financial statement have been eliminated during consolidation.

Refer to Note 12 and Appendix 2 for details, shareholding percentages, and business activities of subsidiaries.

(V) Foreign currency

During preparation of financial statement, transactions denominated in currencies other than the functional currency (i.e. foreign currency transactions) are converted and recorded in the functional currency using exchange rate as at the transaction date.

Monetary foreign currency accounts are converted using closing exchange rates as at every balance sheet date. Exchange differences arising from settlement or translation of monetary accounts are recognized in profit and loss in the year occurred.

Foreign currency-denominated non-monetary items carried at fair value are converted using exchange rates as at the date of fair value assessment, with exchange differences recognized in current profit and loss. However, items that have fair value changes recognized in other comprehensive income shall also have exchange differences recognized in other comprehensive income.

Foreign currency-denominated non-monetary items carried at historical cost are converted using exchange rate as at the date of initial transaction. No further re-calculation shall be made.

(VI) Inventories

Proprietary inventory is valued at the lower of cost or net realizable value; the lower of cost or net realizable value is compared by retail departments, except for groups of items within the same category. Net realizable value refers to the balance of estimated selling price less any costs required to sell inventory under normal circumstances; cost is calculated using the retail inventory method.

Construction-in-progress is stated at the lower of cost or net realizable value. Down payments are paid for the purchase of construction land or properties pending sale, and borrowing interests accrued during the construction period are capitalized and recognized as cost of inventory.

Construction land is reclassified into construction-in-progress when construction activities begin. Upon completion, the amount of construction-in-progress is reclassified into operating cost and properties pending sale based on percentages of sold and unsold areas.

In joint construction arrangements where the Company contributes land in exchange for units of properties pending sale, no gain/loss is recognized at the time of exchange, and income is recognized only when properties are sold to buyers.

(VII) Investments in Associates

An associated company is an organization in which the Group has significant influence, but does not meet the criteria of a subsidiary.

The Group accounts for associated companies using the equity method.

Under the equity method, associated companies are recognized at cost at initiation; after the acquisition date, book value may be increased or decreased by the Group's share of profits/losses and other comprehensive income in associated companies. Furthermore, changes in the equity of associated companies are recognized based on the Group's shareholding percentage.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets and liabilities is the premium of real estate properties; such premium is included in the book value of the concerned investment and not to be amortized.

When assessing impairments, the Group treats the entire account as a single asset and tests for impairment by comparing book value with recoverable amount. Any impairment losses recognized are presented as part of the book value of the investment without amortization. Reversal of impairment loss can be recognized up to the sum of subsequent increases in the recoverable amount of the investment.

(VIII) Property, Plant and Equipment

Property, plant, and equipment are initially recognized at cost, and subsequently presented at cost after accumulated depreciation and impairment.

Property, plant, and equipment in progress are carried at cost less cumulative impairments. Cost includes services expenses and borrowing costs that satisfy the capitalization criteria. These assets are classified into appropriate categories of property, plant, and equipment upon completion and reaching the expected usable state, at which time depreciation will also begin.

No depreciation is provided on land, whereas property, plant, and equipment are depreciated using the straight line method over their useful lives. Depreciation is provided separately for each major component. The Group reviews estimated useful life, residual value, and depreciation method at least once at the end of each year. Impacts of changes in accounting estimates are applied prospectively.

Gains or losses arising from decommissioned property, plant, and equipment are calculated as the difference between disposal proceeds and the asset's book value, and are recognized through profit and loss in the year occurred.

(IX) Investment Property

Investment properties are real estate properties held for rental income or capital gain, or both. Investment properties include land held on hand that the Company has yet to determine their future uses.

Investment properties are initially recognized at cost (including transaction cost) and subsequently presented at cost after accumulated depreciation and impairment.

Investment properties are depreciated on a straight-line basis.

Difference between the disposal proceed and book value of decommissioned investment property is recognized in profit and loss.

(X) Intangible asset

1. Acquisition by separate purchase

   Intangible assets that are acquired through separate purchase with limited useful life are recognized at cost at initiation, and subsequently presented at cost less accumulated amortization and impairment. Intangible assets are amortized on a straight-line basis over their useful lives. The estimated useful life, residual value, and amortization method are reviewed at least once at the end of each year. Impacts of changes in accounting estimates are applied prospectively.

2. Decommissioning

   Difference between the net disposal proceed and book value of intangible assets removed is recognized in current profit and loss.

(XI) Impairment of property, plant, equipment, investment properties, and intangible assets

The Group evaluates all property, plant, equipment, investment properties, and intangible assets for signs of impairment every balance sheet date. Assets that exhibit any sign of impairment will have recoverable amount estimated. If the recoverable amount can not be estimated on an individual basis, the Group will instead estimate recoverable amount for the entire cash-generating unit.

Recoverable amount is the higher between "fair value less selling costs" and the "utilization value." If recoverable amount of an asset or cash-generating unit falls below its book value, the book value of that particular asset/cash-generating unit shall be reduced to the recoverable amount with impairment losses recognized through profit and loss.

When impairment losses are reversed on a later date, the book value of corresponding assets/cash-generating units shall be adjusted upwards to the recoverable amount. However, the increased book value shall not exceed the book value (less amortization or depreciation) of the asset/cash-generating unit before impairment losses were recognized in the first place. Reversal of impairment loss is recognized through profit and loss.

(XII) Financial instruments

Financial assets and financial liabilities are recognized on consolidated balance sheet when the Group becomes a party of the contract.

When recognizing financial assets and liabilities at initiation, those that are not designated to be carried at fair value through profit and loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of financial assets/liabilities. Transaction costs that are directly attributable to the acquisition or issuance of financial assets/liabilities carried at fair value through profit and loss are recognized immediately through profit and loss.

1. Financial asset

Routine transactions of financial asset are recognized on or removed from balance sheet based on principles of trade date accounting.

(1) Measurement category

Financial assets held by the Group are distinguished into the following categories: financial assets at FVTPL, financial assets carried at cost after amortization, and equity instruments at FVTOCI.

A. Financial assets at FVTPL

Financial assets at FVTPL mainly comprise financial assets that are mandatory to be measured at fair value with fair value changes recognized through profit and loss. Financial assets that are mandatory to be measured at fair value with fair value changes recognized through profit and loss include: equity instruments that are not specified to be carried at FVTOCI, and debt instruments that do not satisfy the criteria to be carried at cost after amortization or at FVTOCI.

Financial assets at FVTPL are measured at fair value, with dividends and interests recognized as other income. Gains and losses from remeasurement are recognized as other gains and losses. See Note 26 for details regarding the fair value method.

B. Financial assets carried at cost after amortization

Financial asset investments that satisfy both the following conditions are carried at cost after amortization:

a. The financial asset is held for a specific business model, and the purpose of which is to hold the financial asset and collect contractual cash flow; and

b. The contractual terms give rise to cash flows on specific dates, and the cash flows are intended solely to pay principals and interests accruing on outstanding principals.

For financial assets carried at cost after amortization (including cash and cash equivalents, accounts receivable and other receivables carried at cost after amortization etc), the effective interest method is used to determine the book value at initiation. They are subsequently presented net of impairments and amortization. Any gain/loss from currency exchange incurred on these financial assets is recognized through profit and loss.

Except for the two circumstances explained below, interest income is calculated by multiplying the book value of financial asset with effective interest rate:

a. Acquisition or creation of credit-impaired financial assets; in which case interest income is calculated by multiplying the cost of financial assets after amortization with credit-adjusted effective interest rate.
b. Financial assets that were not credit-impaired at the time of acquisition or origination, but become credit-impaired on a later date; in which case interest income is calculated by multiplying the cost of financial assets after amortization with the effective interest rate starting from the reporting period after credit impairment.

Financial assets are considered credit-impaired if the issuer or debtor exhibits major financial distress, default, likely bankruptcy, financial restructuring, or any financial difficulty that may render the financial asset no longer available on the active market.

Cash equivalents include time deposits with less than 3 months until maturity that are highly liquid, readily convertible into defined amounts of cash, and less prone to the risk of fair value changes. Cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Equity instruments at FVTOCI

For equity instruments that are neither held for trading nor recognized/received as a consideration for business acquisition, the Group is entitled to an irrevocable option to account them at FVTOCI at initial recognition.

Equity instruments at FVTOCI are measured at fair value; subsequent fair value changes are recognized through other comprehensive income and accumulated under other equity. At the time of disposal, cumulative gains/losses are transferred directly into retained earnings and not reclassified into profit and loss.

Dividends from equity instruments at FVTOCI are recognized in profit and loss when the entitlement to receive is confirmed, unless the dividends clearly represent a partial recovery of the investment cost.

(2) Impairment of financial assets

On each balance sheet date, the Group assesses impairment losses on financial assets carried at cost after amortization (including accounts receivable) and operating lease receivable based on expected credit losses.

Accounts receivable and operating lease receivable have loss provisions recognized based on expected credit losses over their duration. For other financial assets, the Company first evaluates whether there is significant increase in credit risk since initial recognition. If there is no significant increase in credit risk, loss provisions are recognized based on 12-month expected credit loss; if there is significant increase in credit risk, loss provisions are recognized based on expected credit loss over the remaining duration.

Expected credit losses are determined as average credit loss weighed against the risk of default. 12-month expected credit losses represent the amount of credit losses that the financial instrument is likely to incur due to default event in the next 12 months, whereas expected credit losses for the remaining duration represent the amount of credit losses that the financial instrument is likely to incur due to all possible default events for the remaining duration.

All impairment losses on financial assets are recognized using allowance accounts, which reduce book value of the corresponding financial asset.

(3) Removal of financial assets

Financial assets can be removed from balance sheet only if all contractual cash flow entitlements have ended, or if the asset has been transferred with virtually all risks and returns assumed by another party.

Difference between the book value of financial asset carried at cost after amortization and the amount of consideration received for the asset's removal is recognized through profit and loss. When an equity instruments at FVTOCI is removed from balance sheet, the amount of cumulative gain/loss is transferred directly into retained earnings and is not reclassified to profit and loss.

2. Equity instrument

Debt and equity instruments issued by the Group are classified into financial liabilities or equity depending on the terms of the underlying contract and the definitions of financial liability and equity used.

Equity instruments issued by the Group are recognized at the amount of proceeds received net of direct issuing costs.

Buyback of the Company's own equity instruments is recognized and deducted under equity. Acquisition, sale, issuance, or retirement of the Company's own equity instruments is not recognized through profit and loss.

3. Financial liability

(1) Subsequent measurement

All financial liabilities are carried at cost after amortization using the effective interest method.

(2) Removal of financial liabilities

When a financial liability is removed, the difference between book value and the consideration paid (including any non-cash assets transferred or any additional liabilities borne) is recognized through profit and loss.

(XIII) Revenue recognition

The Group first identifies performance obligations in a contract it signs with customer, then divides and allocates the transaction sum to various obligations, and recognizes revenue when each obligation is fulfilled.

<u>Revenue from sale of merchandise</u>

Revenue from sale of merchandise is generated from retail sale of goods in the departmental store, and is recognized as income at the time of customer's purchase. Proceeds collected in advance from the issuance of departmental store vouchers are recognized as contractual liabilities until the vouchers are redeemed by customers.

Customer loyalty program represents reward points granted to customers for merchandises sold that customers can spend to purchase merchandise in the future, and are a form of customers' entitlement. At the time of transaction, a percentage of the sales proceeds received or receivable is treated as reward point and recognized as contractual liability; this liability is reclassified into income when reward points are redeemed or voided on a later date.

Sales proceeds of real estate properties sold under normal terms of business are collected in instalments. Contractual liabilities are recognized at the time the proceeds are collected, which are later recognized as income upon completion and delivery of each property to the respective buyer.

(XIV) Leases

The Group evaluates whether a contract meets the criteria of (or includes arrangements characterized as) lease on the day of contract establishment.

<u>Where the Group is the lessor</u>

The Group does not have any lease arrangement that involves a transfer of virtually all risks and returns associated with ownership of the underlying asset to the lessee. All leases are classified as operating lease.

In an operating lease arrangement, the amount of proceeds received net of incentives are recognized as income on a straight-line basis over the lease tenor. Lease negotiation with a lessee is accounted as a new lease from the effective date of lease amendment.

When a lease includes both land and building elements, the Group assesses the classification of each element as the finance or operation lease based on whether substantially all of the risks and rewards incidental to ownership of each element have been transferred to the lessee. The leasing payment is shared between the land and building, based on the relative proportions between the fair values of the land and building's leasing rights on the date the contract executed. If the leasing payment may be reliably shared between the two elements, each element is treated with the applicable lease classification. If the lease payment cannot be reliably distributed to the two elements, the lease as a whole is the classified as the financing lease; provided that if both elements are obviously qualified for the operation lease criteria, the overall lease is classified as an operation lease.

(XV) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of qualified assets are treated as part of an asset's cost until virtually all activities needed to bring the asset to its designated usable or salable state have been completed.

For specific-purpose loans undertaken for qualified capital spending, any investment income earned on short-term investment of the proceeds before incurring the capital spending is deducted from capitalized borrowing costs.

Except for the above, all other borrowing costs are recognized through profit and loss in the year occurred.

(XVI) Governmental subsidies

Governmental subsidies are only recognized when it is reasonably assured that the Group will comply with the conditions attached to the governmental subsidies and receive such subsidies.

The governmental subsidies related to incomes are recognized under other incomes on the systematic basis during the period when the related costs to which the subsidies intend to compensate are recognized as expenses.

If the governmental subsidies are used to compensate the incurred expenses or losses, or the purpose is providing an immediate financial support to the Group without future related cost, such subsidies are recognized under profit/loss during the period to receive such.

(XVII) Employee benefits

1. Short-term employee benefits

   Liabilities associated with short-term employee benefits are measured at non-discounted amount of cash that the Company expects to pay in exchange for employees' service.

2. Post-employment benefits

   For defined contribution plans, the amount of contributions that has to be made to pension funds over the duration of employees' service is recognized as expense.

   For defined benefit plans, the cost of benefit (including service cost, net interest, and effect of remeasurement) is estimated using the Projected Unit Credit Method. Service costs (including current and previous service costs) and net interests on net defined benefit liabilities (assets) are recognized as employee welfare expense at the time incurred or whenever the plan is amended or curtailed. Effects of remeasurement (including actuarial gains/losses, change in plan asset limits, and return on plan assets net of interest) are recognized under other comprehensive income and added to retained earnings at the time of occurrence. This amount is not reclassified into profit and loss in subsequent periods.

   Net defined benefit liabilities (plan assets) represent the shortfall (surplus) of contributions made to the defined benefit plan. Net defined benefit plan assets may not exceed the amount of contributions refundable or the present value of reducible contributions in the future.

(XVIII) Income tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

1. Tax currently payable

The Group reports current period income (loss) and calculates income tax payable (refundable) according to tax laws stipulated by the local tax jurisdiction.

Pursuant to the Income Tax Act of the Republic of China, undistributed earnings are subject to additional income tax, which is recognized in the year shareholders resolve to retain the earning.

Adjustments to income taxes reported in previous years are recognized as income tax expenses in the period the adjustment is made.

2. Deferred tax

Deferred income taxes are tax effects of temporary differences, given rise by the different book value of assets and liabilities presented in the financial statement and those reported for tax filing.

Tax impacts arising from taxable temporary differences are recognized as deferred income tax liabilities; deferred income tax assets are recognized under the condition that the Company is very likely to generate taxable income in the future to offset deductible temporary differences or losses carried forward.

Temporary differences that were not initially recognized as deferred income tax assets are also subject to re-assessment on every balance sheet date. These differences may be recognized to increase the book value of deferred income tax asset if the Company considers it highly likely to generate taxable income for full or partial recovery of such asset in the future. Temporary differences that were not initially recognized as deferred income tax assets are also subject to re-assessment on every balance sheet date. These differences may be recognized to increase the book value of deferred income tax asset if the Company considers it highly likely to generate taxable income for full or partial recovery of such asset in the future.

Deferred income tax assets and liabilities are estimated using expected tax rate applicable at the time the liability/asset is expected to be settled/realized. This expected tax rate is determined based on the tax rate and tax laws prevailing as at the balance sheet date. Deferred income tax liabilities and assets represent tax impacts of the method by which the Group expects to recover/settle the book value of its assets and liabilities as at the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized through profit and loss, except for source accounts that are recognized under other comprehensive income or directly as other equity item, where current and deferred income taxes are also recognized under other comprehensive income or directly as equity.

V. <u>Sources of uncertainty to significant accounting judgments, estimates, and assumptions</u>

When applying accounting policies, the management is required to make judgments, estimates, and assumptions based on historical experience or other relevant factors in situations where information cannot be easily obtained from available sources. The actual outcome may differ from initial estimates.

The Group incorporates the development of COVID-19 pandemic in Taiwan, and its potential impact on the economic environment, as the considerations for the related material accounting estimates, including estimation of cash flow, growth rate, discount rate, and profitability. The management will continue to review the estimates and basic assumptions. If a revision of accounting estimate affects only the current period, the effect shall be recognized only for the current period. If a revision of accounting estimate affects current and future periods, the effect shall also be recognized for current and future periods.

<u>Sources of uncertainty to estimates and assumptions</u>

(I) Income tax

As at December 31, 2022 and 2021, the book value of deferred income tax assets was NT$14,252 thousand and NT$22,218 thousand, respectively. Due to unpredictability of future profitability, the Group had NT$235,583 thousand and NT$175,038 thousand of tax losses as at December 31, 2022 and 2021, respectively, that were not recognized as deferred income tax asset. Realization of deferred income tax asset depends largely on whether the Company is able to generate sufficient profits or taxable temporary differences in the future. If actual profits are more than previously expected, there may be significant deferred income tax assets recognized additionally during the period of occurrence.

(II) Impairment of inventory

Net realizable value of inventory is the estimated selling price less all estimated costs needed to completion and sale under normal circumstances. These estimates are made based on current market condition and previous experiences selling goods of similar nature. A change of market condition may significantly affect the outcome of such estimate.

(III) Impairment of property, plant, equipment, investment properties, and intangible assets

When assessing asset impairment, the Group relies on the use of subjective judgment and determines the level of independent cash flow, useful life, and future income/expenses/losses for specific asset groups after taking into consideration the method in which assets are used and industry characteristics. Any change of economic circumstances and any change in estimate caused by the Company's strategies may result in significant impairment in the future.

VI. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Petty cash and cash on hand	$ 254	$ 294
Check and demand (current) deposit	108,443	95,824
Cash equivalents		
Time deposits with an original tenor of 3 months or less.	51,642	8,304
	$ 160,339	$ 104,422

Range of market interest rates applicable to bank deposits as at the balance sheet date is shown below:

	December 31, 2022	December 31, 2021
Demand deposits	0.20%~1.70%	0.01%~0.80%

VII. Financial assets at FVTPL - Current

	December 31, 2022	December 31, 2021
Financial assets designated as at FVTPL		
Non-derivative financial assets		
- TWSE, TPEX, and Emerging Stock Market shares	$ 154,215	$ 129,384
- Fund beneficiary certificates	201,812	275,834
- Foreign shares	4,374	6,942
- Corporate bonds	52,160	30,819
- Bonds	4,524	5,133
	$ 417,085	$ 448,112

Please refer to Note 22 for gains/losses on financial assets at FVTPL.

VIII. Financial assets at FVTOCI

	December 31, 2022	December 31, 2021
Non-current		
Domestic investments		
Emerging Stock Market shares	$ 4,563	$ 4,563
Unlisted shares	-	5,008
Foreign investments		
Unlisted shares	12,630	12,630
Total	$ 17,193	$ 22,201

The Group invests in the above instruments by adopting a medium-long term strategy, and expects to profit over the long term. Management of the Group is of the opinion that recognizing short-term fair value changes through profit and loss on such investments does not conform with the long-term investment plans described above, and therefore has chosen to account such investments at FVTOCI.

The investees, WK 7 Innovation Co., Ltd., WK 8 Innovation Co., Ltd., WK Innovation Co., Ltd., and WK 5 Innovation Co., Ltd, all conducted capital decreases in cash in March 2021, and refund the share payments. The Group recovered total NT$41,882 thousand per shareholdings. In addition, in May 2022, total of NT$4,231 thousand was settled and refunded as the settled share payment. The related other equity - unrealized valuation loss from financial assets at FVOCI of NT$79,378 thousand was transferred to the retained earnings.

In June 2021, the Group adjusted the investment positions to diversify risks. Thus the all the common shares of Fortune Technology Fund II Ltd. were sold as the fair value for NT$321 thousand. The related other equity - unrealized valuation loss of the financial assets at fair value through other comprehensive income, NT$14,252 thousand, was transferred to the retained earnings.

The Group recognized NT$2,000 thousand of unrealized loss on valuation of equity instruments at FVTOCI in 2021. (2022: none)

IX. Financial assets carried at cost after amortization - current

	December 31, 2022	December 31, 2021
Domestic investments		
Time deposit with initial maturity of more than 3 months	$ 16,300	$ 22,604

As at December 31, 2022 and 2021, time deposits with initial tenors of 3 months or longer accrued interests at 1.440% and 0.815%~3.200% per annum, respectively.

X. Accounts receivable and other receivables

	December 31, 2022	December 31, 2021
Arising from business activities		
Trade receivable	$ 7,973	$ 6,604
Operating lease receivable		
- Current	3,984	7,135
- Non-current	16,898	17,586
Subtotal	20,882	24,721
Other receivables		
Amount receivable from sale of securities	1,557	-
Utility and management fees receivable	1,096	1,168
Rent receivable	126	126
Tax refund receivable (Note 23)	170	170
Others	6,115	4,250
Subtotal	9,064	5,714
Total	$ 37,919	$ 37,039

(I) Trade receivable

Accounts receivable primarily represent retail sales collectible from consumers on transactions paid with credit cards and third-party payment tools. The majority of accounts receivable are credit card balances to be collected from financial institutions. Credit term on sale of merchandise is generally 30 days, and most proceeds are collected within this duration.

The Group recognizes loss provisions on accounts receivable based on expected credit losses over the duration of the receivable account. Expected credit loss over the remaining duration takes into account customers' past payment records. Since previous credit loss records showed no significant difference in loss pattern across customer groups, the Group simply set the expected credit loss rate based on number of days overdue.

If there is evidence to suggest that the counterparty is undergoing severe financial crisis and the recoverable amount can not be reasonably estimated, the Group will directly offset loss provisions against accounts receivable. In which case, the Group will continue collection efforts on the receivables, and any amounts recovered will be recognized through profit and loss.

Age of account receivables is analyzed as below:

	December 31, 2022	December 31, 2021
Not overdue	$ 7,973	$ 6,604

The Group found no sign of impairment in accounts and notes receivable as at December 31, 2022 and 2021.

(II) Operating lease receivable

Operating lease receivable represents lease incentives granted on operating leases. The total cost of incentives is amortized on a straight-line basis and allocated over the remaining lease tenor as deductions to rental income. Lease negotiations had taken place with some lessees in the current year due to COVID-19. The negotiations were accounted as new leases from the effective date of lease amendment.

For concentration of credit risks in lease receivables, please refer to Note 26.

XI. Inventories

	December 31, 2022	December 31, 2021
Proprietary inventory		
Cosmetics and women's undergarments	$ 2,329	$ 3,169
Properties pending sale		
Huagang Section, Shilin District, Taipei City	383,523	603,278
Jiaoxi Gongyuan Section, Yilan	68,946	140,281
	$ 454,798	$ 746,728

Amount of cost of goods sold recognized from inventory totaled NT$298,639 thousand in 2022 and NT$152,913 thousand in 2021.

The Group's property pending sale at Jiaoxi Gongyuan Section, Yilan County, forms part of the joint construction agreement entered into by subsidiary - De Hong Development and a non-related party in January 2014. Under this agreement, the landlord contributed land located in Jiaoxi while De Hong Development contributed capital and technology to complete and share units of the construction project. A construction service contract was later signed with related and non-related parties in March 2015. This contract involved a joint development and joint construction of project in Jiaoxi, for which a 5% construction management fee was charged on the construction cost. The joint construction project was completed in October 2017 and all ownership transfer has been completed to date.

The Group's property pending sale at Huagang Section, Shilin District, Taipei City, had net realizable value determined by an independent valuer using the comparative method and income method (direct capitalization method) as at the balance sheet date. Average income capitalization rate was one of the significant unobservable inputs used during valuation, and the rate was determined at 1.03% for 2022 and 1.11% for 2021.

The Group's property pending sale at Jiaoxi Gongyuan Section, Yilan County, did not have net realizable value determined by an independent valuer; instead, valuation was performed by the management using valuation model that was commonly accepted among market participants. This valuation had proceeded using market evidence similar to real estate transaction prices.

For disclosure on the amount of inventory pledged as loan collaterals, please refer to Note 28.

XII. Subsidiaries

Subsidiaries included in the consolidated financial statements

This consolidated financial statement encompasses the following:

Investor	Investee	Main Business	% of Ownership December 31, 2022	% of Ownership December 31, 2021	Explanation
The Company	GUAN CHAN INVESTMENT CO., LTD.	Investment	100.0%	100.0%	As at December 31, 2022, the entity held 8,750,000 shares of the Company, representing 4.19% of outstanding common shares.
The Company	JIA FONG INVESTMENT CO., LTD.	Investment	100.0%	100.0%	As at December 31, 2022, the entity held 8,767,000 shares of the Company, representing 4.20% of outstanding common shares.
The Company	SONG YUAN INVESTMENT CO., LTD.	Investment	100.0%	100.0%	As at December 31, 2022, the entity held 7,366,000 shares of the Company, representing 3.53% of outstanding common shares.
The Company	SHUN TAI INVESTMENT CO., LTD.	Investment	100.0%	100.0%	As at December 31, 2022, the entity held 8,439,000 shares of the Company, representing 4.04% of outstanding common shares.
The Company	De Hong Development Co., Ltd.	Housing and Building Development and Rental	100.0%	100.0%	-

The Company’s subsidiary, De Hong Development Co., Ltd., resolved by its board of directors on August 25, 2021, conducted a capital decrease to offset the deficit, with 15,000,000 issued shares cancelled. After the capital decrease, the paid-in capital is NT$450,000 thousand, divided into 45,000,000 shares.

XIII. Equity-accounted investments

Investments in Associates

	December 31, 2022	December 31, 2021
Associated companies with significant influence		
Chung Hsiao Enterprise Co., Ltd.	$ 183,935	$ 146,467

	Percentage of share ownership/voting rights December 31, 2022	Percentage of share ownership/voting rights December 31, 2021
Chung Hsiao Enterprise Co., Ltd.	26.89%	20%

On November 4, 2022, the Company purchased 1,300,000 shares of Chung Hsiao Industrial Co. Ltd. with NT$49,400 thousand from New Leader Asia Enterprise Ltd. upon the Board’ resolution, and 6.89% of stake was acquired. The delivery was completed on November 7, 2022.

Nature of business activities, main places of business, and countries of registration for the above associated companies are disclosed in Appendix 2 - "Information of Investees."

Summary financial information of associated companies under the Group is presented below:

	December 31, 2022	December 31, 2021
Current asset	$ 202,928	$ 262,235
non-current assets	222,008	222,414
Current liabilities	(20,794)	(26,622)
non-current liabilities	(60,234)	(60,234)
Equity	$ 343,908	$ 397,793
Shareholding percentage of the Group	26.89%	20%
Group's share of equity	$ 92,477	$ 79,558
Adjustment to fair value of non-current assets due to acquisition of shares	91,458	66,909
Book value of investment	$ 183,935	$ 146,467

	2022	2021
Current operating revenues	$ 25,630	$ 21,737
Current net income	$ 20,822	$ 17,542
Other comprehensive income - current	($ 58,924)	($ 77,961)
Share of current net income	$ 4,113	$ 3,508
Share of other comprehensive income - current	($ 12,889)	($ 15,592)
Dividends received from Chung Hsiao Enterprise Co., Ltd.	$ 3,156	$ 3,776

Share of profit/loss and other comprehensive income from equity-accounted associated companies in 2022 and 2021 were recognized based on audited financial statements of the respective associated companies for the corresponding periods.

XIV. Property, Plant and Equipment

	December 31, 2022	December 31, 2021
Book value for each category		
Land	$ 859,925	$ 858,029
Buildings, net	1,322,276	1,373,230
Computer and communication equipment, net	9,379	10,734
Transport equipment, net	817	955
Other equipment, net	3,835	5,213
Construction in progress	-	1,320
	$ 2,196,232	$ 2,249,481

	2022				
	Opening balance	Increase in current year	Disposal in current year	Other adjustments	Closing balance
Cost					
Land	$ 858,029	$ 175	$ -	$ 1,721	$ 859,925
Buildings	1,904,695	4,072	(28,147)	16,921	1,897,541
Computer and communication equipment	17,844	22	(438)	-	17,428
Transport Equipment	4,906	-	-	-	4,906
Other Equipment	11,223	-	(261)	-	10,962
Construction in progress	1,320	16,345	-	(17,665)	-
	2,798,017	$ 20,614	($ 28,846)	$ 977	2,790,762
accumulated depreciation					
Buildings	531,465	$ 62,204	($ 18,765)	$ 361	575,265
Computer and communication equipment	7,110	1,319	(367)	(13)	8,049
Transport Equipment	3,951	138	-	-	4,089
Other Equipment	6,010	1,316	(212)	13	7,127
	548,536	$ 64,977	($ 19,344)	$ 361	594,530
Total	$ 2,249,481				$ 2,196,232

	2021				
	Opening balance	Increase in current year	Disposal in current year	Other adjustments	Closing balance
Cost					
Land	$ 853,457	$ -	$ -	$ 4,572	$ 858,029
Buildings	1,911,058	-	(7,894)	1,531	1,904,695
Computer and communication equipment	17,715	378	(249)	-	17,844
Transport Equipment	4,906	-	-	-	4,906
Other Equipment	11,242	140	(159)	-	11,223
Construction in progress	3,236	8,455	-	(10,371)	1,320
	2,801,614	$ 8,973	($ 8,302)	($ 4,268)	2,798,017
accumulated depreciation					
Buildings	477,820	$ 61,043	($ 7,894)	$ 496	531,465
Computer and communication equipment	5,992	1,325	(207)	-	7,110
Transport Equipment	3,537	414	-	-	3,951
Other Equipment	4,357	1,786	(133)	-	6,010
	491,706	$ 64,568	($ 8,234)	$ 496	548,536
Total	$ 2,309,908				$ 2,249,481

As per assessment, the Group's property, plant, and equipment showed no sign of impairment as at December 31, 2022 and 2021.

Property, plant, and equipment of the Group were depreciated on a straight-line basis over the number of useful years shown below:

Buildings	4 to 55 years
Computer and communication equipment	5 to 19 years
Transport Equipment	5 years
Other Equipment	5 to 19 years

For disclosure on the amount of property, plant and equipment pledged as collaterals, please refer to Note 28.

XV. Investment Property

	December 31, 2022	December 31, 2021
Investment Property		
Xinzhuang District, New Taipei City	$ 1,059,951	$ 1,059,951
Da'an District, Taipei City	1,088,402	1,098,967
	$ 2,148,353	$ 2,158,918

	2022				
	Opening balance	Increase in current year	Decrease in current year	Other adjustments	Closing balance
Cost					
Land	$ 2,011,617	$ -	$ -	($ 1,720)	$ 2,009,897
Buildings	329,254	548	-	(577)	329,225
	2,340,871	$ 548	$ -	($ 2,297)	2,339,122
accumulated depreciation					
Buildings	181,953	$ 9,177	$ -	($ 361)	190,769
Total	$ 2,158,918				$ 2,148,353

	2021				
	Opening balance	Increase in current year	Decrease in current year	Other adjustments	Closing balance
Cost					
Land	$ 2,016,189	$ -	$ -	($ 4,572)	$ 2,011,617
Buildings	325,275	-	(2,945)	6,924	329,254
	2,341,464	$ -	($ 2,945)	$ 2,352	2,340,871
accumulated depreciation					
Buildings	176,411	$ 8,665	($ 2,627)	($ 496)	181,953
Total	$ 2,165,053				$ 2,158,918

Investment properties - buildings are depreciated on a straight-line basis over the number of useful years shown below:

Buildings	10 to 55 years

The Group owned several investment properties located at Qiongtai Section, Fuying Section, and Jianguo Section, Xinzhuang District, New Taipei City. The fair values were determined by independent valuers using the comparative approach and the land development analysis approach as at the respective balance sheet dates. Discount rate was one of the significant unobservable inputs used during valuation, and the rate was determined at 2.45% and 1.17% as at December 31, 2022 and 2021, respectively.

The Group also owned several investment properties located at Renai Section, Da'an District, Taipei City, with fair values determined at NT$7,504,079 thousand and NT$6,982,916 thousand as at December 31, 2022 and 2021, respectively. These fair values were not established by an independent valuer; instead, valuation was performed by the management using valuation model that was commonly accepted among market participants. This valuation had proceeded using market evidence similar to real estate transaction prices.

All of the Group's investment properties are proprietary owned. For disclosure on the amount of investment property pledged as collaterals, please refer to Note 28.

XVI. Borrowings

(I) Short-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings		
Bank borrowings	$ 794,000	$ 762,450

Working capital bank borrowings bore interest rates of 1.395%~2.838% and 0.88%~2.55% as at December 31, 2022 and 2021, respectively.

(II) Short-term bills payable

	December 31, 2022	December 31, 2021
Commercial paper	$ 49,600	$ 142,600
Less: Unamortized discounts on bills payable	80	113
	$ 49,520	$ 142,487

Commercial papers bore interest rates of 1.00%~1.67% and 0.31%~0.80% as at December 31, 2022 and 2021, respectively.

For disclosure on the amount of inventory, property, plant, equipment, and investment property pledged as collaterals for short-term borrowings and short-term bills payable, please refer to Note 28.

(III) Long-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings		
Bank SinoPac		
Credit line: NT$1,400,000 thousand. Contract tenor: November 24, 2021 to November 30, 2023. A new contract starting from November 10, 2022 and ending on November 30, 2024 was signed on November 24, 2022.	$ 1,000,000	$ 1,050,000

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	December 31, 2022	December 31, 2021
Bank of Taiwan		
Credit line: NT$600,000 thousand. Contract tenor: June 24, 2020 to June 24, 2023. A new contract starting from July 19, 2022 and ending on July 19, 2025 was signed on July 19, 2022.	$ 444,000	$ 600,000
Secured borrowings		
Hua Nan Bank		
The credit limit was NT$293,000 thousand, and the contract term was from December 31, 2019 to January 12, 2022; additionally, a new contract was entered on September 3, 2021 with the credit limit of NT$493,000 thousand, which might be shared with the short-term secured borrowing; the contract term was from September 3, 2021 to September 3, 2022. Extended to September 23, 2023 on September 23, 2022. Within the borrowing limit, term of each drawdown is three years.	190,000	290,000
Taishin Bank		
Credit line: NT$278,000 thousand. Contract tenor: September 30, 2021 to September 30, 2024.	-	50,000
First Commercial Bank		
Credit line: NT$350,000 thousand. Contract tenor: October 5, 2021 to October 5, 2023. A new contract starting from October 3, 2022 and ending on October 3, 2024 was signed on October 3, 2022.	350,000	280,000
	1,984,000	2,270,000
Less: parts that listed as due within in a year	140,000	150,000
Long-term borrowings	$ 1,844,000	$ 2,120,000

Effective interest rate range for long-term borrowings:

	December 31, 2022	December 31, 2021
Effective interest rate:		
Floating interest rate borrowing	1.580%~1.630%	0.800%~1.050%
Fixed interest rate borrowing	1.400%~1.750%	0.875%~0.890%

For disclosure on the amount of property, plant, equipment, and investment property placed as collateral for long-term borrowings, please refer to Note 28.

XVII. Accounts payable

	December 31, 2022	December 31, 2021
Accounts payable		
Arising from business activities	$ 94,691	$ 79,671

The average credit term for trade purchases is 30 days.

XVIII. Accrued expenses

	December 31, 2022	December 31, 2020
Salary and bonus payable	$ 11,742	$ 15,099
Tax payable	8,924	8,962
Utility expenses payable	4,526	4,668
Others	10,231	7,232
	$ 35,423	$ 35,961

XIX. Post-employment benefit plans

(I) Defined contribution plans

The pension scheme introduced under the "Labor Pension Act" that the Company and certain subsidiaries of the Group are subjected to is a government-managed defined contribution plan, for which each participating entity is required to contribute an amount equal to 6% of employees' monthly salary into their individual pension accounts held with the Bureau of Labor Insurance.

(II) defined benefit plan

The Company is also subject to the pension scheme introduced under the "Labor Standards Act," which is a government-managed defined benefit plan. Under this plan, employees' pension benefits are calculated based on their years of service and gross salary for the month of retirement (excluding allowances and festive bonuses). The Company makes monthly pension contributions equivalent to 2% of employees' monthly salaries into an account held under Bank of Taiwan in the Labor Pension Supervisory Committee's name. In the event that the account is estimated to be short of balance to pay workers who are expected to meet their retirement criteria in the following year, the Company will reimburse the shortfall in one contribution by no later than the end of March next year. The account is managed by Bureau of Labor Funds, Ministry of Labor. The Company has no influence whatsoever over the investment strategy.

The following amounts relating to the defined benefit plan have been recognized on the consolidated balance sheet:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 37,822	$ 40,883
Fair value of plan assets	(26,598)	(25,953)
Net defined benefit liabilities	$ 11,224	$ 14,930

Changes in net defined benefit liability:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
January 1, 2022	$ 40,883	($ 25,953)	$ 14,930
servicing costs			
Service costs for the current period	394	-	394
Interest expense (income)	255	(163)	92
Recognized in profit or loss	649	(163)	486
Remeasurement			
Return on plan assets (excluding amounts already included in net interest)	-	(2,068)	(2,068)
Actuarial (gains) loss			
- Change in financial assumption	(1,622)	-	(1,622)
- Experience adjustment	(10)	-	(10)
Recognized in other comprehensive income	(1,632)	(2,068)	(3,700)
Employer's contribution	-	(492)	(492)
Plan asset payments	(2,078)	2,078	-
December 31, 2022	$ 37,822	($ 26,598)	$ 11,224
January 1, 2021	$ 43,545	($ 24,076)	$ 19,469
servicing costs			
Service costs for the current period	393	-	393
Interest expense (income)	163	(91)	72
Recognized in profit or loss	556	(91)	465
Remeasurement			
Return on plan assets (excluding amounts already included in net interest)	$ -	($ 328)	($ 328)
Actuarial (gains) loss			
- Change in demographic assumption	654	-	654
- Change in financial assumption	(747)	-	(747)
- Experience adjustment	(869)	-	(869)
Recognized in other comprehensive income	(962)	(328)	(1,290)
Employer's contribution	-	(3,714)	(3,714)
Plan asset payments	(2,256)	2,256	-
December 31, 2021	$ 40,883	($ 25,953)	$ 14,930

Amounts of defined benefit plan recognized through profit and loss, by function:

	2022	2021
Administrative expenses	$ 486	$ 465

The Group is exposed to the following risks due to adoption of pension scheme introduced under the "Labor Standards Act":

1. Investment risks: The Bureau of Labor Funds, Ministry of Labor, manages the labor pension fund either on its own or through mandate. The labor pension fund is being allocated into equity securities, debt securities, and bank deposits local and abroad; however, the consolidated entity estimates return on plan assets at a rate no less than the 2-year time deposit rate offered by local banks.
2. Interest rate risk: A decrease in government bond yield would increase the present value of defined benefit obligations while at the same time increase return of plan assets invested in debt instruments. The overall effect on net defined benefit obligation is partially offset.
3. Salary risk: The present value of defined benefit obligations is calculated by taking into consideration the participants' future salary levels. An increase in salary level would raise the present value of defined benefit obligations.

The present value of defined benefit obligations is determined based on actuarial estimates made by certified actuaries. Below are the main assumptions used on the date of measurement:

	December 31, 2022	December 31, 2021
Discount rate	1.250%	0.625%
Expected salary increase	2.000%	2.000%

A reasonable change in the main actuarial assumption would increase (decrease) the present value of defined benefit obligations by the following amounts, provided that all other assumptions remain unchanged:

	December 31, 2022	December 31, 2021
Discount rate		
0.25% increase	($ 620)	($ 733)
0.25% decrease	$ 636	$ 755
Expected salary increase		
0.25% increase	$ 621	$ 732
0.25% decrease	($ 608)	($ 714)

Actuarial assumptions tend to be intercorrelated. It is unlikely to see only one assumption changing at one time, therefore the above sensitivity analysis may not truly reflect changes in the present value of defined benefit obligation.

	December 31, 2022	December 31, 2021
Expected contributions in the next year	$ 309	$ 360
Average maturity of defined benefit obligations	6.6 years	7.2 years

XX. Equity

(I) Common share capital

	December 31, 2022	December 31, 2021
Authorized and issued shares (thousand shares)	208,725	208,725
Authorized and paid-in capital	$ 2,087,250	$ 2,087,250

All issued common shares have a face value of NT$10 per share. Each share is entitled to one voting right and the right to receive dividends.

(II) Capital reserve

	December 31, 2022	December 31, 2021
Shares premium from issuance	$ 71,028	$ 71,028
Treasury stock transaction	469,258	452,597
	$ 540,286	$ 523,625

This additional paid-in capital can be offset against losses, or distributed in cash or capitalized into share capital when the Company has no cumulative losses outstanding. However, capitalization of this additional paid-in capital is capped at a certain percentage of the Company's paid-in share capital each year.

(III) Retained earnings and dividends policy

According to the earnings appropriation policy stipulated in the Articles of Incorporation, annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for statutory reserves and provision or reversal of special reserves as the laws may require. Any surpluses remaining will be added to unappropriated earnings accumulated from previous years, for which the board of directors will propose an earnings appropriation plan and seek resolution in a shareholder meeting before distribution. Refer to Note 22-(8) - Employee and director remuneration for the Company's employee and director remuneration policy outlined in the Articles of Incorporation.

The Company passed a resolution during the shareholder meeting dated June 28, 2019 to amend its Articles of Incorporation. In addition to the terms described in the preceding paragraph, any cash distribution of dividend, profit, statutory reserve, or additional paid-in capital, whether in whole or in part, must be resolved in a board meeting with more than two-thirds of the board present, voted in favor by more than half of attending directors, and reported in the upcoming shareholder meeting.

The Company’s shareholders’ meeting resolved to amend the Articles of Incorporation on August 31, 2021. As a conventional department store, the Company experiences no major change in sales volume but foresees moderate growth. After taken into consideration its long-term development plans and goals of maximizing shareholders' interest, the Company has adopted a dividend policy that makes consistent payouts primarily in cash. The shareholders’ dividends are not lower than 10% of the distributable earnings of the year; of which, cash dividends shall not account for less than 50% of the sum of cash dividends plus stock dividends. However, the Company may forgo dividend payment if distributable earnings amount to NT$0.2 or less in a given year.

Other than aforesaid, the shareholders’ meeting also specified that as required by laws, the Company shall make provision for special earnings reserve from unappropriated earnings carried from previous years for any net contra-equity balances accumulated under other contra-equity items in previous years before distributing earnings. If the Company is unable to make adequate provision from unappropriated earnings carried from previous years, the Company shall treat current net income and non-net income items as unappropriated earnings and make provisions accordingly.

Appropriation of earnings to legal reserve shall be made until the reserve equals the Company’s paid-in capital. Legal reserves may be used to offset the deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company’s paid-in capital, the excess may be transferred to capital or distributed in cash.

The following are details of the 2021 and 2020 earnings appropriation resolved during annual general meetings held on June 14, 2022 and August 31, 2021:

	2021	2020
Provision for statutory reserves	$ 12,747	$ 4,035
Reversal (provision) of special reserves	$ 5,832	($ 39,225)
Cash dividends	$ 104,363	$ 104,363
Cash dividends per share (NT$)	$ 0.5	$ 0.5

The aforesaid cash dividends have been resolved for the distribution in the board meetings on March 14, 2022 and March 22, 2021, respectively. To respond to the "Measures Related to Postponing Shareholders' Meeting of Public Companies to Cope with the Pandemic," announced by FSC, the Company cancelled the originally scheduled shareholders' meeting, and convened the meeting on August 31, 2021.

Details of the 2022 earnings appropriation plan proposed by the board of directors in meeting dated March 6, 2023 are as follows:

	Appropriation of Earnings
Provision for statutory reserves	$ 2,330
Provision for special reserves	$ 126,929

Distribution of 2022 earnings is still pending for shareholders' resolution in the annual general meeting scheduled on June 19, 2023.

(IV) Special reserves

The Company reclassified NT$372,185 thousand of unrealized gain on revaluation into retained earnings when adopting IFRSs for the first time, and made provisions for special reserves of the same amount in accordance with the authority's instruction No. Jin-Guan-Zheng-Fa-1010012865 in 2013. This special reserve may be reversed when the underlying property is disposed or reclassified on a later date.

When appropriating 2021 and 2020 earnings, the Company made reversal and provision for special reserves totaling NT$5,832 thousand and NT$39,225 thousand, respectively, for differences in the market price and book value of parent company shares held by subsidiaries, after taking into consideration the prevailing shareholding percentage.

(V) Other items of equity

Unrealized gain/(loss) on financial assets at FVTOCI

	2022		2021
Opening balance	($ 89,929)		($ 84,096)
Incurred in the current year			
Unrealized loss - equity instrument	(7,797)	1 5,341)	(4,493)
Share of equity-accounted associated companies	(12,889)		(15,592)
Transfer of cumulative gains/losses to retained earnings following disposal of equity instrument	76,059		14,252
Closing balance	($ 34,556)		($ 89,929)

(VI) Treasury stock

Unit: Thousand Shares

Reason for buyback	Shareholding at the beginning of year	Increase in current year	Decrease in current year	Shareholding at the end of year
2022				
Subsidiaries' holding of the Company's shares reclassified from investment into treasury stock	33,322	-	-	33,322
2021				
Subsidiaries' holding of the Company's shares reclassified from investment into treasury stock	33,322	-	-	33,322

Information relating to subsidiaries' holding of the Company's shares as at balance sheet date:

Investee	No. of shares held (thousand shares)	Acquisition cost	Market price and book value
December 31, 2022			
GUAN CHAN INVESTMENT CO., LTD.	8,750	$ 337,066	$ 264,688
JIA FONG INVESTMENT CO., LTD.	8,767	337,787	265,202
SONG YUAN INVESTMENT CO., LTD.	7,366	283,545	222,821
SHUN TAI INVESTMENT CO., LTD.	8,439	325,143	255,280
		$ 1,283,541	$ 1,007,991
December 31, 2021			
GUAN CHAN INVESTMENT CO., LTD.	8,750	$ 337,066	$ 350,000
JIA FONG INVESTMENT CO., LTD.	8,767	337,787	350,680
SONG YUAN INVESTMENT CO., LTD.	7,366	283,545	294,640
SHUN TAI INVESTMENT CO., LTD.	8,439	325,143	337,560
		$ 1,283,541	$ 1,332,880

Subsidiaries' holding of the Company's shares are treated as treasury stocks; subsidiaries are not entitled to participate in cash issue or vote, but are otherwise entitled to the same rights as ordinary shareholders.

XXI. Revenues

(I) Breakdown of operating revenues

	2022	2021
Net sales revenues	$ 118,589	$ 115,954
Lease incomes	269,477	242,743
Construction incomes	286,871	133,329
Other operating revenues	37,033	36,569
	$ 711,970	$ 528,595

(II) Explanation and breakdown of income from customers' contracts

	2022	2021
Net sales revenues		
Revenues from sale of merchandise	$ 4,889	$ 16,003
Retail commission income	113,700	99,951
	$ 118,589	$ 115,954
Construction incomes		
Income from sale of property	$ 286,871	$ 133,329
Other operating revenues		
Incomes from merchants' subsidy for department renovation	$ 2,941	$ 1,326
Management fee income	29,511	28,590
Others	4,581	6,653
	$ 37,033	$ 36,569

Analysis of retail commission income:

	2022	2021
Total department sales	$ 1,008,254	$ 829,926
Retail commission income	$ 113,700	$ 99,951

(III) Contract balance

	December 31, 2022	December 31, 2021
contract liability	$ 6,243	$ 6,391

The change in contractual liabilities was mainly attributed to the discrepancy between the time obligation was fulfilled and the time payment was made to customers.

(IV) Lease incomes

	2022	2021
Lease incomes		
Investment Property	$ 230,070	$ 204,280
Share of mall rental income	39,407	38,463
	$ 269,477	$ 242,743

Operating lease arrangements involve leasing of investment properties and retail malls (presented as property, plant, and equipment) owned by the Group, for tenors of 1-15 years and 1-12 years, respectively. The lessees are not entitled to any privileges to purchase the leased properties at the end of the lease tenor.

As at December 31, 2022 and 2021, the Group had collected deposits totaling NT$51,793 thousand and NT$51,609 thousand, respectively, in relation to the operating lease agreements.

Some of the Group's real estate leasing agreements contain contingent rent clauses that require the lessee to pay contingent rent at a certain percentage of monthly sales revenues.

XXII. Profit before tax

Pre-tax profit includes the following items:

(I) Breakdown of operating costs

	2022	2021
Cost of sales	$ 3,975	$ 13,406
Cost of leasing	38,290	37,717
Construction cost	294,664	139,507
Other operating costs	23,589	15,609
	$ 360,518	$ 206,239

(II) Interest income

	2022	2021
Cash in banks	$ 1,089	$ 212

(III) Other income

	2022	2021
Carpark income	$ 9,962	$ 7,630
Dividend income	6,603	6,940
Incomes from governmental subsidies	-	9,813
Others	8,124	4,436
	$ 24,689	$ 28,819

The governmental subsidies are the subsidies to the business having difficulties due to impacts of COVID-19 in service sectors, provided by MOEA, and the compensation of the re-zoning urban land announced by New Taipei City Government. In 2021, the total amount received was NT$9,813 thousand.

(IV) Other gains or losses

	2022	2021
Loss from disposal of property, plant and equipment	($ 9,502)	($ 68)
Loss on disposal of investment properties	- 100)	(318)
Net gain (loss) on currency exchange	2,850	(119)
Gain (loss) on financial assets mandatory to be carried at FVTPL	(35,102)	10,444
Sundry expenses	(1,048)	(2,005)
	($ 42,802)	$ 7,934

Net gain/loss on financial assets mandatory to be carried at FVTPL includes: (A) Gain on fair value changes totaling -NT$36,705 thousand in 2022 and NT$9,489 thousand in 2021; and (B) Gain on disposal totaling NT$1,603 thousand in 2022 and NT$955 thousand in 2021.

(V) Financial costs

	2022	2021
Interest on bank loans	$ 36,573	$ 29,685

There was no capitalization of interest in 2022 and 2021.

(VI) Depreciation and amortization

	2022	2021
Property, Plant and Equipment	$ 64,977	$ 64,568
Investment Property	9,177	8,665
Intangible asset	1,187	602
Total	$ 75,341	$ 73,835
An analysis of depreciation by function		
Operating costs	$ 18,749	$ 17,500
Operating expenses	55,405	55,733
	$ 74,154	$ 73,233
An analysis of amortization by function		
Operating costs	$ 149	$ 148
Operating expenses	1,038	454
	$ 1,187	$ 602

(VII) Employee benefits expense

	2022	2021
Retirement benefits (Note 19)		
Defined contribution plans	$ 1,831	$ 2,059
defined benefit plan	486	465
Subtotal	2,317	2,524
Other employee benefits	60,320	69,192
Total	$ 62,637	$ 71,716
An analysis by function		
Operating expenses	$ 62,637	$ 71,716

(VIII) Employee and director remuneration

The Company provides for employee remuneration at 0.1%-4%, and director remuneration at no more than 4%, of current year's pre-tax profit (before employee and director remuneration). 2022 and 2021 employee/director remuneration were resolved in board of directors meetings dated March 6, 2023 and March 14, 2022, respectively. Details are as follows:

Ratio

	2022	2021
Remuneration to employees	0.13%	0.10%
Remuneration to directors	-	-

Amount

	2022		2021	
	Cash	Stocks	Cash	Stocks
Remuneration to employees	$ 154	$ -	$ 150	$ -
Remuneration to directors	-	-	-	-

The amount actually paid of the employee' and directors' remunerations resolved by the board of directors on March 14, 2022 are different form the recognized amount in the annual consolidated financial statements. The difference is adjusted as the profit/loss in 2022.

	2021	
	Remuneration to employees	Remuneration to directors
The distribution amount resolved by the board of directors	$ 150	$ -
The amount recognized in the annual consolidated financial statements	1,000	1,000

The actual amounts of 2020 employee remuneration and director remuneration paid were indifferent from the amounts recognized in the 2020 financial statements.

Please visit "Market Observation Post System" for more information regarding employee/director remuneration resolved during the Company's board of director meetings.

(IX) Gains (losses) on foreign currency exchange

	2022	2021
Foreign exchange gains	$ 14,416	$ 13,913
Total loss on currency exchange	(11,566)	(14,032)
Net gain (loss)	$ 2,850	($ 119)

XXIII. Income tax

(I) Income tax recognized in profit or loss

Major components of tax expense were as follows:

	2022	2021
Tax currently payable		
Incurred in the current year	$ 18,937	$ 1,399
Levied on unappropriated earnings	270	-
Prior years adjustment	(991)	967
	18,216	2,366
Deferred tax		
Incurred in the current year	315	(1,219)
Income tax expense recognized in profit or loss	$ 18,531	$ 1,147

Reconciliation of accounting income and income tax expense:

	2022	2021
Profit before tax	$ 114,926	$ 141,842
Income tax derived by applying the statutory tax rate to pre-tax net profit	$ 19,405	$ 26,756
Loss (gain) on valuation of financial assets	7,341	(1,900)
Levied on unappropriated earnings	270	-
Tax-exempt income	(13,854)	(4,161)
Unrecognized losses carried forward	11,245	8,244
Unrecognized temporary difference	(4,885)	243
Difference to paid for the basic tax amount	-	998
Recognized deficit offset with the capital decrease of the subsidiary	-	(30,000)
Previous income taxes adjusted in the current year	(991)	967
Income tax expense recognized in profit or loss	$ 18,531	$ 1,147

(II) Income tax recognized in other comprehensive income

	2022	2021
Deferred tax		
Incurred in the current year		
- Remeasurement of defined benefit plan	($ 740)	($ 258)
- Equity instruments at FVTOCI	(7,020)	(2,440)
	($ 7,760)	($ 2,698)

(III) Current income tax assets and liabilities

	December 31, 2022	December 31, 2021
Current income tax asset		
Tax refunds receivable (presented as other receivables)	$ 170	$ 170
Current tax liabilities		
Income tax payable	$ 18,936	$ 1,189

(IV) Deferred income tax assets and liabilities

Below are changes in deferred income tax assets and liabilities:

2022

Deferred tax assets	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Temporary difference				
Impairment loss of financial assets at FVTOCI	$ 13,034	$ -	($ 7,020)	$ 6,014
Defined benefit plan	9,003	-	(740)	8,263
Others	181	(206)	-	(25)
	$ 22,218	($ 206)	($ 7,760)	$ 14,252

Deferred tax liabilities	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Temporary difference				
Provision for land increment value tax	$ 213,961	$ -	$ -	$ 213,961
Adjustment for rent-free period	2,840	109	-	2,949
	$ 216,801	$ 109	$ -	$ 216,910

2021

Deferred tax assets	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Temporary difference				
Impairment loss of financial assets at FVTOCI	$ 15,474	$ -	($ 2,440)	$ 13,034
Defined benefit plan	9,261	-	(258)	9,003
Others	39	142	-	181
	$ 24,774	$ 142	($ 2,698)	$ 22,218

Deferred tax liabilities	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Temporary difference				
Provision for land increment value tax	$ 213,961	$ -	$ -	$ 213,961
Adjustment for rent-free period	3,917	(1,077)	-	2,840
	$ 217,878	($ 1,077)	$ -	$ 216,801

(V) Unused losses carried forward not recognized as deferred income tax asset in the consolidated balance sheet

	December 31, 2022	December 31, 2021
Loss carried forward		
Expiring 2023	$ 13,979	$ 13,979
Expiring 2024	11,678	11,678
Expiring 2025	16,425	16,425
Expiring 2026	13,382	13,382
Expiring 2027	11,965	11,965
Expiring 2029	57,509	57,509
Expiring 2030	19,285	19,285
Expiring in 2031	30,815	30,815
Mature in 2032	60,545	-
	$ 235,583	$ 175,038

(VI) Income tax assessments

The profit-seeking enterprise income taxes as of 2021 filed by the subsidiary, Guan Chan Investment have been approved by the tax collection authority; the profit-seeking enterprise income taxes as of 2020 filed by the Company and the subsidiaries, Chia Feng Investment, Song Yuan Investment, Shun Tai Investment and De Hong Development have been approved by the tax collection authority.

XXIV. EPS

Unit: share/NT$

	2022	2021
Basic earnings per share	$ 0.55	$ 0.80
Diluted earnings per share	$ 0.55	$ 0.80

The net income and weighted average number of ordinary shares outstanding in calculating earnings per share were as follows:

Current net income

	2022	2021
Current net income	$ 96,395	$ 140,695

Number of shares

Unit: Thousand Shares

	2022	2021
Weighted average number of ordinary shares in computation of basic earnings per share	175,403	175,403
Effect of potentially dilutive ordinary shares:		
Remuneration to employees	6	32
Weighted average number of ordinary shares used in the computation of diluted earnings per share	175,409	175,435

If the Group has the option to distribute employee remuneration either in cash or in shares, then the calculation of diluted earnings per share shall be made by assuming full share-based payment. In which case, the number of potential common shares is added to the calculation of weighted-average outstanding shares as soon as they become dilutive, and this is the basis used for calculating diluted earnings per share. Such a dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

XXV. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group has maintained its overall strategies unchanged in past years.

The Group's capital structure comprises net debt (i.e. borrowings less cash and cash equivalents) and equity (i.e. sum of share capital, additional paid-in capital, retained earnings, and other equity items).

The Group is not subject to any externally imposed capital requirements.

The management reviews the Group's capital structure on a regular basis to address the costs and risks associated with various types of capital. Depending on the recommendations of its management, the Group may balance its capital structure by paying dividends, raising new debts, or by repaying existing debts.

XXVI. Financial instruments

(I) Fair value information - financial instruments that are not measured at fair value

In the management's opinion, all financial assets and liabilities that are not measured at fair value have been presented on the consolidated balance sheet at book values that resemble their fair values.

(II) Fair value information - financial instruments with fair value measured on a recurring basis

1. Degree of fair value measurements

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares				
- Equity investments	$ 154,215	$ -	$ -	$ 154,215
Foreign public-listed (OTC-traded) securities				
- Equity investments	4,374	-	-	$ 4,374
- Bond investments	56,684	-	-	56,684
Fund beneficiary certificates	201,812	-	-	201,812
Total	$ 417,085	$ -	$ -	$ 417,085
Financial assets at FVTOCI				
Investment in equity instruments				
- Emerging Stock Market shares	$ -	$ -	$ 4,563	$ 4,563
- Foreign unlisted shares	-	-	12,630	12,630
Total	$ -	$ -	$ 17,193	$ 17,193

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares				
- Equity investments	$ 129,384	$ -	$ -	$ 129,384
Foreign public-listed (OTC-traded) securities				
- Equity investments	6,942	-	-	6,942
- Bond investments	35,952	-	-	35,952
Fund beneficiary certificates	275,834	-	-	275,834
Total	$ 448,112	$ -	$ -	$ 448,112
Financial assets at FVTOCI				
Investment in equity instruments				
- Emerging Stock Market shares	$ -	$ -	$ 4,563	$ 4,563
- Domestic unlisted shares	-	-	5,008	5,008
- Foreign unlisted shares	-	-	12,630	12,630
Total	$ -	$ -	$ 22,201	$ 22,201

There was no change of fair value input between level 1 and level 2 in 2022 and 2021.

2. Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets that involve the use of level 3 fair value inputs were equity instruments at FVTOCI. Reconciliation of 2022 and 2021 balances is explained below:

	2022	2021
Opening balance	$ 22,201	$ 66,457
Recognized as other comprehensive income (unrealized loss on valuation of financial assets at FVTOCI)	(777)	(2,000)
Refund from capital reduction	-	(41,882)
Disposal	(4,231)	(374)
Closing balance	$ 17,193	$ 22,201

3. Level 3 fair value measurement technique and assumption

Fair value of domestic and foreign unlisted shares is determined based on investees' latest net worth after taking liquidity into consideration. Liquidity discount is used as a significant unobservable input; a lower liquidity discount would increase fair value of such investment.

(III) Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial asset		
At FVTPL		
Financial assets designated as at FVTPL	$ 417,085	$ 448,112
Financial assets at amortized cost (Note 1)	196,437	142,130
Financial assets at FVTOCI - Investment in equity instruments	17,193	22,201
Financial liability		
Financial liabilities carried at amortized cost (Note 2)	3,037,296	3,358,931

Note 1: The balance includes cash, cash equivalents, accounts receivable, other receivables (excluding tax refunds receivable), time deposits with initial maturity of more than 3 months, and refundable deposits, and other financial assets carried at cost after amortization.

Note 2: The balance includes short-term borrowing, short-term bills payable, notes payable, accounts payable, accrued expenses (excluding tax payable and salary & bonus payable), equipment purchase payable, other payables, long-term liabilities due within one year, refundable deposits, long-term borrowings, and other financial liabilities carried at cost after amortization.

(IV) Financial risk management objective and policies

Main financial instruments used by the Group include equity and debt instrument investments, fund beneficiary certificates, accounts receivable, accounts payable, and loans. The Group's Financial Management Department is responsible for supporting business units, making coordinated use of capital, and performing treasury transactions in local and international financial markets. It monitors and manages financial risks within the Group by preparing internal reports, which analyze the scope and severity of risk exposures. These risks include market risk (including currency risk, interest rate risk, and other price risks), credit risk, and liquidity risk.

1. Market risk

(1) Exchange rate risk

See Note 29 for information on financial assets denominated in non-functional currencies as at the balance sheet date. No sensitivity analysis was provided as the effect of exchange rate variation was insignificant.

(2) Interest rate risk

The Group is exposed to interest rate risks due to capital borrowed at both fixed and floating rates by various entities within the group.

The book value of financial assets and financial liabilities susceptible to interest rate risks as at the balance sheet date is presented below:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
-Financial assets	$ 51,642	$ 8,608
-Financial liabilities	2,287,520	1,654,487
Cash flow interest rate risk		
-Financial assets	124,111	117,882
-Financial liabilities	540,000	1,520,450

Bank deposits and loans that the Group has placed/borrowed at fixed rate are susceptible to interest rate risk in the form of fair value change. However, the management considers the impact of interest rate variation to be insignificant given the short borrowing tenor and low borrowing rate.

Time deposits, demand deposits, and loans that the Group has placed/borrowed at floating rate are susceptible to interest rate risk in the form of cash flow changes.

Sensitivity analysis

The following sensitivity analysis has been prepared to explain interest rate risk exposure of floating-rate financial assets and bank loans as at the balance sheet date. Calculations were made on financial assets and liabilities that were susceptible to interest rate risk in the form of cash flow changes as at the balance sheet date. Interest rate sensitivity analyses are reported to the management by applying a variance of 0.25% above and below. This variance conforms with the management's expectation about the possible and reasonable range of interest rate variation.

A 0.25% increase/decrease in interest rate would have reduced/increased the Group's 2022 and 2021 pre-tax profit by NT$1,040 thousand and NT$3,506 thousand, respectively, if all other variables remained unchanged. This variation is largely attributed to exposure of bank loans undertaken at floating rate.

There was no significant change in the Group's interest rate sensitivity from the previous year.

(3) Other price risk

The Group is exposed to the risk of equity price variation due to investment in domestic and foreign listed equity securities. The Group does not engage in active trading of such investment. Equity price risk of the Group is mainly concentrated in equity instruments issued within the Greater China Region.

Sensitivity analysis

The following sensitivity analysis was conducted based on equity price risks as at the balance sheet date.

If equity prices increased/decreased by 10%, pre-tax profit for 2022 and 2021 would have increased/decreased by NT$15,859 thousand and NT$13,633 thousand, respectively, due to a rise/fall in the fair value of financial assets at FVTPL. Meanwhile, pre-tax other comprehensive income for 2022 and 2021 would have increased/decreased by NT$1,719 thousand and NT$2,220 thousand, respectively, due to a rise/fall in the fair value of financial assets at FVTOCI.

There was no significant change in the Group's equity price sensitivity from the previous year.

2. Credit risk

Credit risk refers to the risk of financial loss due to counterparties' failure in fulfilling contractual obligations. As at the balance sheet date, the Group's maximum exposure to the risk of loss due to counterparties' default on contractual obligations is represented by the book value of financial assets shown on the consolidated balance sheet.

Lease proceeds receivable by the Group were concentrated in three main customers, which accounted for 93% and 95% of the balance as at December 31, 2022 and 2021, respectively. However, the Group expects no significant credit risk as it has collected appropriate amounts of deposit.

Furthermore, due to the fact that the consolidated entity places liquid capital with banks of high credit rating issued by reputable international rating agencies, there should be limited level of credit risk exposure.

3. Liquidity risk

The Group maintains adequate position of cash and cash equivalents as well as bank credit lines to support corporate operations and to mitigate effects of cash flow variation. The management constantly monitors use of bank limits and makes sure that borrowing terms are duly complied.

Maturity analysis for contracted non-derivative financial liabilities was prepared based on the earliest possible repayment dates, using undiscounted cash flows (including principal and estimated interest). Cash flows include interest and principal payments.

The following table shows the earliest times that the Group may be demanded to make immediate repayment of bank loans, without considering the likelihood of such demands. Maturity analysis of other non-derivative financial liabilities is prepared based on the agreed repayment date.

Undiscounted amounts of floating interest cash flow are estimated using yield curve as at the balance sheet date.

December 31, 2022

	Repayable upon demand or within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 178,648	$ -	$ -	$ -
Floating rate instruments	-	-	140,000	400,000
Fixed rate instruments	293,995	549,525	-	1,444,000
	$ 472,643	$ 549,525	$ 140,000	$ 1,844,000

December 31, 2021

	Repayable upon demand or within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 156,296	$ -	$ -	$ -
Floating rate instruments	159,100	-	171,350	1,190,000
Fixed rate instruments	136,000	588,487	-	930,000
	$ 451,396	$ 588,487	$ 171,350	$ 2,120,000

Bank borrowing constitutes a main source of liquidity for the Group. As at December 31, 2022 and 2021, the Group had undrawn bank limits of NT$1,728,500 thousand and NT$1,529,900 thousand, respectively.

XXVII. Related party transaction

All income, expenses, and losses of the Company and subsidiaries (being the Company's related parties) have been eliminated during consolidation, and therefore were not disclosed in the footnote.

The Group had paid the following compensations to its directors and the executive management:

	2022	2021
Short-term employee benefits	$ 13,812	$ 15,207
Post-employment benefits	169	164
	$ 13,981	$ 15,371

Compensation to directors and members of the executive management is determined by the Remuneration Committee based on individual performance and market trends.

XXVIII. Pledged Assets

The Group has placed part of its inventory, property, plant, equipment, and investment property as collaterals to secure bank borrowings. Below is a summary of assets pledged as collaterals:

	December 31, 2022	December 31, 2021
Inventories		
- Properties pending sale	$ 443,946	$ 705,672
Property, Plant and Equipment		
- Land	841,989	840,092
- Buildings	739,801	768,365
Investment Property	1,021,923	1,029,946
	$ 3,047,659	$ 3,344,075

XXIX. Foreign currency-denominated financial assets of material impact

The following information was aggregated by the foreign currencies other than functional currencies of the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. Foreign currency assets of material effect:

December 31, 2022

Financial asset	Foreign currency	Exchange rate	Carrying amount
Monetary items			
USD	$ 1,911	30.710	$ 58,681
RMB	258	4.408	1,136
ZAR	124	1.811	224
			$ 60,041

(Continued on next page)

(Continued)

	Foreign currency	Exchange rate	Carrying amount
Non-monetary items			
USD	$ 2,902	30.710	$ 89,135
RMB	718	4.408	3,166
ZAR	1,321	1.811	2,392
			$ 94,693

December 31, 2021

	Foreign currency	Exchange rate	Carrying amount
Financial asset			
Monetary items			
USD	$ 830	27.680	$ 22,988
RMB	488	4.344	2,121
ZAR	1,076	1.733	1,865
			$ 26,974
Non-monetary items			
USD	3,028	27.680	$ 83,811
RMB	616	4.344	2,674
ZAR	544	1.733	942
			$ 87,427

The Group reported net gain/loss (realized and unrealized) on exchange totaling net gain of NT$2,850 thousand in 2022 and net loss of NT$119 thousand in 2021. Due to the broad diversity of foreign currencies used for transactions, the Group was unable to disclose exchange gains/losses separately for each significant foreign currency.

XXX. Additional Disclosures

(I) Information related to significant transactions:

1. Loans to external parties. (None)
2. Endorsements/guarantees to external parties. (None)
3. Marketable securities held at year-end. (Appendix 1)
4. Cumulative purchase or sale of a single security totaling more than NT$ 300 million or 20% of paid-in capital. (None)
5. Acquisition of real estate properties amounting to more than NT$ 300 million or 20% of paid-in capital. (None)

6. Disposal of real estate properties amounting to more than NT$ 300 million or 20% of paid-in capital. (None)
7. Sales and purchases to/from related parties amounting to more than NT$ 100 million or 20% of paid-in capital. (None)
8. Related party receivables amounting to more than NT$ 100 million or 20% of paid-in capital. (None)
9. Trading of derivatives. (None)
10. Others: Major business dealings between the parent company and subsidiaries, and transactions between subsidiaries. (None)

(II) Information on business investments. (Appendix 2)

(III) Information relating to investments in the Mainland. (None)

(IV) Major shareholders: Names of shareholders with more than 5% ownership interest, and the number and percentage of shares held. (Appendix 3)

XXXI. Segments Information

Information provided to the decision maker for resource allocation and performance evaluation; provide explanation by the types of product or service delivered. Reporting segments for the Group are as follows:

Department store segment -Taoyuan Branch
- Taipei Branch

Investment Segment
Construction Segment

Income and business performance of the Company and subsidiaries, reported by segments, are as follows:

Segment revenues and results

The following was an analysis of the Group's revenue and results by the reporting department.

	Segment Revenue		segment profit or loss	
	2022	2021	2022	2021
Department store segment - Taoyuan Branch	$ 195,028	$ 190,986	$ 28,234	$ 19,512
- Taipei Branch	223,679	198,849	159,294	133,232
Investment Segment	6,392	5,431	3,734	2,844
Construction Segment	286,871	133,329	(26,852)	(24,534)
Total from continuing operations	$ 711,970	$ 528,595	164,410	131,054
Other income and interest income			$ 25,778	$ 29,031
Other gains and losses			(42,802)	7,934
Financial costs			(36,573)	(29,685)
Share of profit/loss from equity-accounted associated companies			4,113	3,508
Profit before tax			$ 114,926	$ 141,842

The investment, construction, and food & beverage segments each paid the department store segment a rent of NT$406 thousand and NT$600 thousand in 2022 and 2021, respectively; these amounts have been eliminated upon consolidation. All income of the above reporting segments were generated from transactions with external customers.

Segment gain refers to profits made by each segment. It excludes other income and interest income, other gains and losses, financial cost, share of profit/loss from equity-accounted associated companies, and income tax expense. These amounts are reported to the decision maker for allocating segment resources and evaluating segment performance.

Tonlin Department Store Co., Ltd. and Subsidiaries
Marketable securities held
December 31, 2022

Table 1

Unit: NTD thousand

Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
Tonlin Department Store Co., Ltd.	Common share							
	Harbinger Venture Capital Corp.	-	Equity instrument at FVTOCI - Non-current	3,367	$ -	1.70	$ -	
	Wholesome Biopharm Pty Ltd.	-	Equity instrument at FVTOCI - Non-current	10,000,000	12,630	12.16	12,630	
	KDH Design CO., Ltd.	-	Equity instrument at FVTOCI - Non-current	40,000	-	2.03	-	
	Budworth Investment Limited	-	Equity instrument at FVTOCI - Non-current	15,186	-	1.67	-	
	Julien's International Entertainment Group Co., Ltd.	-	Equity instrument at FVTOCI - Non-current	373,501	4,563	1.30	4,563	
	Preferred share							
	Phyto Ceutica Inc.	-	Equity instrument at FVTOCI - Non-current	20,000	-	-	-	
	Beneficiary certificate							
	CTBC Asia Pacific Real Income Fund	-	Financial assets at FVTPL - Current	200,000.00	2,066	-	2,066	
	Taishin 1699 Money Market	-	Financial assets at FVTPL - Current	3,656,249.56	50,329	-	50,329	
	Allianz Taiwan Money Market Fund	-	Financial assets at FVTPL - Current	2,363,882.27	30,105	-	30,105	
	Neuberger Berman Taiwan 5G Equity Fund	-	Financial assets at FVTPL - Current	143,575.02	1,836	-	1,836	
	Union Money Market Fund	-	Financial assets at FVTPL - Current	745,695.47	10,004	-	10,004	
	Hua Nan Phoenix Money Market Fund	-	Financial assets at FVTPL - Current	908,109.40	15,002	-	15,002	
	SinoPac Yuanta De-Li Money Market Fund	-	Financial assets at FVTPL - Current	2,418,440.60	40,072	-	40,072	
	Fuh Hwa South Africa Short-Term Income ZAR Fund B	-	Financial assets at FVTPL - Current	60,260.90	980	-	980	

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Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
	Pictet-Russian Equities R	-	Financial assets at FVTPL - Current	176.27	$ 288	-	$ 288	
	BlackRock Global Funds - World Technology Fund A2	-	Financial assets at FVTPL - Current	94.08	139	-	139	
	LionGlobal Vietnam Fund	-	Financial assets at FVTPL - Current	43,422.48	795	-	795	
	BlackRock World Mining Fund	-	Financial assets at FVTPL - Current	346.63	676	-	676	
	BNP Paribas Funds Energy Transition	-	Financial assets at FVTPL - Current	400.00	1,187	-	1,187	
	JPMorgan Funds - US Technology Fund A	-	Financial assets at FVTPL - Current	273.84	461	-	461	
	AB - American Income Portfolio AT Inc	-	Financial assets at FVTPL - Current	1,771.84	1,533	-	1,533	
	Allianz Income and Growth (BM)	-	Financial assets at FVTPL - Current	18,315.02	4,668	-	4,668	
	Jih Sun Vietnam Opportunity Fund	-	Financial assets at FVTPL - Current	3,000.00	593	-	593	
	Allianz Income and Growth (AM)	-	Financial assets at FVTPL - Current	2,550.33	595	-	595	
	JPMorgan Funds - Global Natural Resources Fund	-	Financial assets at FVTPL - Current	2,989.07	1,265	-	1,265	
	JPMorgan Funds - Emerging Middle East Equity Fund	-	Financial assets at FVTPL - Current	430.95	411	-	411	
	Allianz Income and Growth (AM) - Rand	-	Financial assets at FVTPL - Current	7,962.74	1,412	-	1,412	
	Franklin Templeton SinoAm New World Fund - CNY	-	Financial assets at FVTPL - Current	9,434.00	701	-	701	
	Nomura Global Infrastructure Megatrend Fund - CNY	-	Financial assets at FVTPL - Current	60,000.00	2,465	-	2,465	
	- Bonds							
	Brazilian Government Bonds (VII)	-	Financial assets at FVTPL - Current	2,000	4,524	-	4,524	
	- Corporate bonds							
	Petroleos Mexicanos corporate bonds (VII)	-	Financial assets at FVTPL - Current	2,500	4,713	-	4,713	
	Apple Inc. Corporate Bonds (VII)	-	Financial assets at FVTPL - Current	1,700	4,233	-	4,233	

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Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
	Altria USD bonds	-	Financial assets at FVTPL - Current	200	$ 5,589	-	$ 5,589	
	Pertamina corporate bonds (III)	-	Financial assets at FVTPL - Current	2,000	5,208	-	5,208	
	Verizon Communications corporate bonds	-	Financial assets at FVTPL - Current	62	1,757	-	1,757	
	4.25% of UnitedHealth Group's corporate bonds	-	Financial assets at FVTPL - Current	127	3,517	-	3,517	
	Corporate bonds of CenturyLink Inc.	-	Financial assets at FVTPL - Current	2,350	4,834	-	4,834	
	Corporate bonds of TSMC Arizona Corporation	-	Financial assets at FVTPL - Current	2,040	5,963	-	5,963	
	Corporate bonds of BMW US Capital LLC	-	Financial assets at FVTPL - Current	1,600	4,545	-	4,545	
	Corporate bonds of AT&T	-	Financial assets at FVTPL - Current	215	6,323	-	6,323	
	Common shares of domestic companies							
	Hon Hai Precision Industry Co., Ltd.	-	Financial assets at FVTPL - Current	35,000	3,496	-	3,496	
	Asia Optical Co. Inc.	-	Financial assets at FVTPL - Current	78,000	4,719	-	4,719	
	FuSheng Precision Co., Ltd.	-	Financial assets at FVTPL - Current	143,000	30,101	-	30,101	
	Crystalvue Medical Corporation	-	Financial assets at FVTPL - Current	93,000	4,836	-	4,836	
	Yageo Corporation	-	Financial assets at FVTPL - Current	2,387	1,076	-	1,076	
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at FVTPL - Current	8,000	3,588	-	3,588	
	Yeong Guan Energy Technology Group Co., Ltd.	-	Financial assets at FVTPL - Current	84,962	4,834	-	4,834	
	Zhen Ding Technology Holding Limited	-	Financial assets at FVTPL - Current	18,400	1,932	-	1,932	
	Delta Electronics, Inc.	-	Financial assets at FVTPL - Current	20,000	5,730	-	5,730	
	YFY Inc.	-	Financial assets at FVTPL - Current	44,000	1,076	-	1,076	

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Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
	Winbond Electronics Corp.	-	Financial assets at FVTPL - Current	73,000	$ 1,431	-	$ 1,431	
	Ardentec Corporation	-	Financial assets at FVTPL - Current	50,000	2,480	-	2,480	
	ShunSin Technology Holdings Limited	-	Financial assets at FVTPL - Current	28,000	2,282	-	2,282	
	Raydium Semiconductor Corporation	-	Financial assets at FVTPL - Current	31,000	9,440	-	9,440	
	United Microelectronics Corporation	-	Financial assets at FVTPL - Current	94,000	3,826	-	3,826	
	China Airlines Ltd.	-	Financial assets at FVTPL - Current	135,000	2,565	-	2,565	
	Dyaco International Inc.	-	Financial assets at FVTPL - Current	62,000	2,523	-	2,523	
	CTBC Financial Holding Co., Ltd.	-	Financial assets at FVTPL - Current	440,000	9,724	-	9,724	
	Unimicron Technology Corp.	-	Financial assets at FVTPL - Current	42,000	5,040	-	5,040	
	SERCOMM CORP.	-	Financial assets at FVTPL - Current	65,000	4,960	-	4,960	
	E-LEAD ELECTRONIC CO.,LTD.	-	Financial assets at FVTPL - Current	64,000	4,493	-	4,493	
	Polaris Group	-	Financial assets at FVTPL - Current	23,000	2,040	-	2,040	
	Orient Europharma Co., Ltd.	-	Financial assets at FVTPL - Current	131,000	4,742	-	4,742	
	Century Iron And Steel Industrial Co.,Lt	-	Financial assets at FVTPL - Current	118,000	10,455	-	10,455	
	E INK HOLDINGS INC.	-	Financial assets at FVTPL - Current	30,000	4,830	-	4,830	
	PHIHONG TECHNOLOGY CO., LTD.	-	Financial assets at FVTPL - Current	60,000	2,367	-	2,367	
	JENTECH PRECISION INDUSTRIAL CO., LTD	-	Financial assets at FVTPL - Current	5,000	1,883	-	1,883	
	NICHIDENBO CORPORATION	-	Financial assets at FVTPL - Current	19,000	999	-	999	
	Fubon FTSE Vietnam ETF	-	Financial assets at FVTPL - Current	90,000	1,002	-	1,002	

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Companies held	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
	Formosa Plastics Corporation	-	Financial assets at FVTPL - Current	26,000	$ 2,257	-	$ 2,257	
	SUNNY FRIEND ENVIRONMENTAL TECHNOLOGY CO., LTD	-	Financial assets at FVTPL - Current	9,000	1,557	-	1,557	
	Taiwan High Speed Rail Corporation	-	Financial assets at FVTPL - Current	415,000	11,931	-	11,931	
GUAN CHAN INVESTMENT CO., LTD.	Common share							
	Tonlin Department Store Co., Ltd.	Parent company	Equity instrument at FVTOCI - Non-current	8,750,000	264,688	4.19	264,688	(Note 1 and 2)
	Beneficiary certificate							
	Jih Sun Money Market Fund	-	Financial assets at FVTPL - Current	103,455.50	1,559	-	1,559	
	Taishin 1699 Money Market	-	Financial assets at FVTPL - Current	228,508.64	3,145	-	3,145	
	FSITC Taiwan Money Market	-	Financial assets at FVTPL - Current	26,926.80	419	-	419	
JIA FONG INVESTMENT CO., LTD.	Common share							
	Tonlin Department Store Co., Ltd.	Parent company	Equity instrument at FVTOCI - Non-current	8,767,000	265,202	4.20	265,202	(Note 1 and 2)
	Beneficiary certificate							
	Mega Diamond Money Market	-	Financial assets at FVTPL - Current	182,511.63	2,326	-	2,326	
	FSITC Taiwan Money Market	-	Financial assets at FVTPL - Current	327,162.10	5,088	-	5,088	
SONG YUAN INVESTMENT CO., LTD.	Common share							
	Tonlin Department Store Co., Ltd.	Parent company	Equity instrument at FVTOCI - Non-current	7,366,000	222,821	3.53	222,821	(Note 1 and 2)
	Beneficiary certificate							
	FSITC Taiwan Money Market	-	Financial assets at FVTPL - Current	77,693.80	1,208	-	1,208	
	Taishin 1699 Money Market	-	Financial assets at FVTPL - Current	72,862.93	1,003	-	1,003	
	ASIAN TIGER BOND A2 USD	-	Financial assets at FVTPL - Current	2,308.94	2,573	-	2,573	
	US SENIOR LOAN FUND	-	Financial assets at FVTPL - Current	523.64	2,993	-	2,993	
	GLOBAL REAL ASSET SECURITIES	-	Financial assets at FVTPL - Current	696.28	2,310	-	2,310	

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Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
SHUN TAI INVESTMENT CO., LTD.	AHL TREND ALTERNATIVE	-	Financial assets at FVTPL - Current	1,247.76	$ 6,207	-	$ 6,207	
	NEUBERGER BERMAN UNCORRELATED STRATEGIES	-	Financial assets at FVTPL - Current	4,081.32	1,383	-	1,383	
	Foreign bonds							
	4.305% STANDARD CHARTERED PLC SR UNSECURED	-	Financial assets at FVTPL - Current	200,000	5,478	-	5,478	
	- Foreign shares							
	PAYPAL HOLDINGS INC	-	Financial assets at FVTPL - Current	2,000	4,374	-	4,374	
	Common share							
	Tonlin Department Store Co., Ltd.	Parent company	Equity instrument at FVTOCI - Non-current	8,439,000	255,280	4.04	255,280	(Note 1 and 2)
	Beneficiary certificate							
	FSITC Taiwan Money Market	-	Financial assets at FVTPL - Current	193,695.80	3,012	-	3,012	
	Taishin 1699 Money Market	-	Financial assets at FVTPL - Current	72,866.12	1,003	-	1,003	

Note 1: Subsidiaries' holding of the Company's shares were reclassified as treasury stock, and accounted using the book value at which the Company was recognized as investment by the subsidiary in the beginning of 2002.
Note 2: Fully eliminated when preparing consolidated financial statements.
Note 3: See Appendix 2 for information relating to investments in subsidiaries and associated companies.

Tonlin Department Store Co., Ltd. and Subsidiaries
Information of Investees
2022

Table 2

Unit: NTD thousand

Investor	Investor Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2022			Current period profit (loss) of the investee (Note 2)	Investment gains (losses) recognized in the current period (Note 2)	Remarks
				December 31, 2022	December 31, 2021	Shares	Percentage (%)	Carrying amount			
Tonlin Department Store Co., Ltd.	De Hong Development Co., Ltd.	Taipei City	General construction	$ 600,000	$ 600,000	45,000,000	100.00	$ 382,899	($ 36,346)	($ 36,346)	Subsidiary (Notes 2)
	Chung Hsiao Enterprise Co., Ltd.	Taipei City	General leasing	151,352	101,952	5,076,000	26.89	183,935	20,822	4,113	Equity-accounted investee (Note 4)
	SONG YUAN INVESTMENT CO., LTD.	Taipei City	Investment	350,000	350,000	35,000,000	100.00	81,024	3,613	(70)	Subsidiary (Notes 1, 2, and 3)
	SHUN TAI INVESTMENT CO., LTD.	Taipei City	Investment	350,000	350,000	35,000,000	100.00	44,008	5,766	1,546	Subsidiary (Notes 1, 2, and 3)
	GUAN CHAN INVESTMENT CO., LTD.	Taipei City	Investment	350,000	350,000	35,000,000	100.00	29,393	4,425	50	Subsidiary (Notes 1, 2, and 3)
	JIA FONG INVESTMENT CO., LTD.	Taipei City	Investment	350,000	350,000	35,000,000	100.00	28,973	4,643	260	Subsidiary (Notes 1, 2, and 3)

Note 1: Subsidiaries' holding of the Company's shares were reclassified as treasury stock, and accounted using the book value at which the Company was recognized as investment by the subsidiary in the beginning of 2002.
Note 2: Calculated based on the entity's audited financial statements as at December 31, 2022.
Note 3: Differences between investment gains/losses the Company had recognized on SONG YUAN INVESTMENT CO., LTD., SHUN TAI INVESTMENT CO., LTD., GUAN CHAN INVESTMENT CO., LTD., and JIA FONG INVESTMENT CO., LTD. and the amount of profit/loss reported by the respective investees were due to distribution of dividends.
Note 4: On November 4, 2022, the Company purchased 1,300,000 shares of Chung Hsiao Industrial Co. Ltd. with NT$49,400 thousand from New Leader Asia Enterprise Ltd. upon the Board' resolution, and 6.89% of stake was acquired. The delivery was completed on November 7, 2022.

Tonlin Department Store Co., Ltd. and Subsidiaries
Information on main investors
December 31, 2022

Table 3

Name of major shareholder	Shares	
	No. of shares held	Shareholding percentage (%)
SHUEN SHYANG CO., LTD.	35,913,664	17.20
JIN DUO LIH ENTERPRISES PTY. LTD.	22,936,442	10.98
Weng Chun-Chih	21,337,920	10.22
FlySun Development Co., Ltd.	12,579,333	6.02

Note 1: Information on major shareholders, as presented in this chart, was taken from records of Taiwan Depository & Clearing Corporation as at the final business day of the reported quarter, and included parties holding book-entry common and preferred shares (including treasury stock) for an aggregate ownership of 5% and above. Share capital reported in the Company's consolidated financial statements may differ from the number of shares delivered via book entry due to different basis of preparation/calculation.

Note 2: The aforementioned information will be disclosed by the trustors' personal accounts settled by the trustees If the shareholders put the shares into a trust. As for the insider declaration of the ownership percentage over 10%, including the shares on hand and those being put in the trust and may be able to decide the usage of the trust assets, please refer to the declaration information on Market Observation Post System (MOPS).

V. Parent-company only financial statements of the recent year. audited by the CPAs

Independent Auditor's Report

To stakeholders of Tonlin Department Store Co., Ltd.

Audit opinions

We have audited the accompanying parent-only balance sheet of Tonlin Department Store Co., Ltd.as at December 31, 2022 and 2021, and the parent-only statement of comprehensive income, parent-only statement of changes in shareholders' equity, parent-only cash flow statement, and notes to parent-only financial statements (including summary of significant accounting policies) for the periods from January 1 to December 31, 2022 and 2021.

In our opinion, all material disclosures of the parent-only financial statements mentioned above were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and presented a fair view of the parent-only financial position of Tonlin Department Store Co., Ltd. as at December 31, 2022 and 2021, and parent-only business performance and cash flow for the periods January 1 to December 31, 2022 and 2021.

Basis of audit opinion

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

Key audit issues

Key audit issues are matters that we considered to be the most important, based on professional judgment, when auditing the 2022 parent-only financial statements of Tonlin Department Store Co., Ltd. These issues have already been addressed when we audited and formed our opinions on the parent-only financial statements. Therefore we do not provide opinions separately for individual issues.

Key audit issues concerning the 2022 standalone financial statements of Tonlin Department Store Co., Ltd. are as follows:

Impairment assessment of investment properties

As at December 31, 2022, Tonlin Department Store Co., Ltd. had investment properties located at Xinzhuang District that were valued at NT$1,059,951 thousand, representing 19% of total assets and constituted a significant part of standalone financial statements. The management follows IAS 36 - “Impairment of Assets” and assesses investment properties for signs of impairment at the end of each reporting period. Assets that exhibit any sign of impairment will have recoverable amount estimated in order to determine the amount of impairment. However, considering that real estate prices are affected by several factors including government policy, economic cycle, and market supply/demand, and that impairment assessment requires subjective judgments, major estimates, and assumptions from the management, we have identified impairment assessment of investment properties as a key audit issue. Accounting policy on impairment assessment of investment properties, uncertainties associated with accounting estimates and assumptions, and related disclosures can be found in Notes 4, 5, and 14 of standalone financial statements.

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

1. Understanding and testing the design and implementation of key internal control system that is relevant to impairment assessment of investment properties.

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

<u>Correctness of retail commission income</u>

Tonlin Department Store Co., Ltd. reported retail commission income of NT$113,700 thousand in 2022, representing 25% of operating revenues and was considered significant to the presentation of standalone financial statements. The department store operates by having merchants set up individual retail departments, and the Company earns a certain percentage or amount from each transaction made by merchants. Under this arrangement, the Company first collects payment from customers then deducts merchant's share of the proceeds and recognizes the remainder as sales revenue. Due to the vast number of merchants and the different commission rates involved, calculation of retail commission income depends heavily on the use of computer system, which we consider to be a key audit issue. Disclosures relating to retail commission income can be found in Note 20 of standalone financial statements.

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

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

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

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

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

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

Responsibilities of the auditor when auditing parent-only financial statements

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

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

1. Identifying and assessing risks of material misstatement within the standalone financial statements, whether due to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.

2. Developing the required level of understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but without providing opinion on the effectiveness of internal control system of Tonlin Department Store Co., Ltd.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of Tonlin Department Store Co., Ltd. to operate as a going concern, based on the audit evidence obtained. We are bound to remind users of parent-only financial statements and make related disclosures if uncertainties exist in regards to the abovemenetioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or change of circumstances may still render Tonlin Department Store Co., Ltd. no longer capable of operating as a going concern.
5. Assessing the overall presentation, structure, and contents of the standalone financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the standalone financial statements.
6. Obtaining sufficient and appropriate audit evidence on financial information of equity-accounted investments held by Tonlin Department Store Co., Ltd., and expressing opinions on parent-only financial statements. Our responsibilities as auditor are to instruct, supervise, and execute audits and form audit opinions on Tonlin Department Store Co., Ltd.

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

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

We have identified the key audit matters after communicating with the governing body regarding the 2022 standalone financial statements of Tonlin Department Store Co., Ltd. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decided not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

Deloitte Taiwan
CPA Chiu, Cheng-Chun

CPA Huang Hsiu-Chun

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

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

March 7, 2023

Notice to Readers

For the convenience of readers and for information purposes only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English and the Chinese version or any differences in interpretation between the two versions, the original Chinese version shall prevail.
The auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version, and the English version is not audited by certified public accountant.

Tonlin Department Store Co., Ltd.
Standalone Balance Sheet
As at December 31, 2022 and 2021

Unit: NTD thousand

Code	Asset	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 105,096	2	$ 82,086	1
1110	Financial assets at FVTPL (Notes 4 and 7)	373,004	7	410,254	7
1136	Financial assets carried at cost after amortization - current (Notes 4 and 9)	-	-	304	-
1172	Accounts receivable (Notes 4 and 10)	7,973	-	6,604	-
1175	Lease receivable (Notes 4 and 10)	3,984	-	7,054	-
1200	Other receivables (Notes 4 and 10)	4,245	-	5,333	-
130X	Inventory (Notes 4, 5 and 11)	10,853	-	41,056	1
1470	Prepayments and other current assets	23,616	1	30,285	1
11XX	Total current assets	528,771	10	582,976	10
	Non-current assets				
1517	Financial assets at FVTOCI - non-current (Notes 4 and 8)	17,193	-	22,201	1
1550	Equity-accounted investments (Notes 4 and 12)	750,232	14	747,064	13
1600	Property, plant, and equipment (Notes 4, 5, 13 and 27)	2,196,199	40	2,249,393	40
1760	Investment property, net (Notes 4, 5, 14 and 27)	1,978,998	36	1,988,201	35
1780	Intangible assets (Notes 4 and 5)	9,357	-	8,673	-
1840	Deferred income tax assets (Notes 4 and 22)	14,252	-	22,218	1
1935	Long-term lease receivable (Notes 4 and 10)	16,898	-	17,586	-
1920	Refundable deposits	2,924	-	2,956	-
15XX	Total non-current assets	4,986,053	90	5,058,292	90
1XXX	Total assets	$ 5,514,824	100	$ 5,641,268	100
Code	**LIABILITIES AND EQUITY**				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 4, 13, 14, 15 and 27)	$ 664,000	12	$ 530,000	9
2150	Note payable	41,788	1	30,557	1
2170	Accounts payable (Notes 4 and 16)	94,576	2	79,634	1
2209	Accrued expenses (Note 17 and 26)	32,996	1	33,828	1
2213	Equipment purchase payable (Note 13)	-	-	6,700	-
2219	Other payables	5,214	-	2,236	-
2230	Current income tax liabilities (Notes 4 and 22)	18,212	-	998	-
2320	Long-term borrowings expiring within a year (Notes 4, 13, 14, 15 and 27)	140,000	2	150,000	3
2399	Other current liabilities (Notes 4 and 20)	7,868	-	8,246	-
21XX	Total current liabilities	1,004,654	18	842,199	15
	Non-current liabilities				
2540	Long-term borrowings (Notes 4, 13, 14, 15 and 27)	1,844,000	34	2,120,000	38
2572	Deferred income tax liabilities (Notes 4 and 22)	216,910	4	216,801	4
2640	Net defined benefit liabilities - non-current (Notes 4 and 18)	11,224	-	14,930	-
2645	Guarantee deposits received (Note 20)	50,096	1	50,365	1
25XX	Total non-current liabilities	2,122,230	39	2,402,096	43
2XXX	Total liabilities	3,126,884	57	3,244,295	58
	Equity (Notes 4, 8, 19 and 22)				
3110	Common share capital	2,087,250	38	2,087,250	37
3200	Capital reserve	540,286	10	523,625	9
	Retained earnings				
3310	Statutory reserves	487,129	9	474,382	9
3320	Special reserves	462,114	8	456,282	8
3350	Unappropriated earnings	129,258	2	228,904	4
3300	Total retained earnings	1,078,501	19	1,159,568	21
3400	Other equities	(34,556)	(1)	(89,929)	(2)
3500	Treasury stock	(1,283,541)	(23)	(1,283,541)	(23)
3XXX	Total equity	2,387,940	43	2,396,973	42
	Total liabilities and equity	$ 5,514,824	100	$ 5,641,268	100

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

Chairman: Su Chien-I President: Weng Hua-Li Vice President: Chen Wen-Lung Head of Accounting: Huang Shu-Tzu

Tonlin Department Store Co., Ltd.
Standalone Statement of Comprehensive Income
From January 1 to December 31, 2022 and 2021
Unit: NTD thousands, except EPS which is in 1 NTD

Code		2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenues (Notes 4 and 20)	$ 453,765	100	$ 423,003	100
5000	Operating costs (Note 21)	94,502	21	100,667	24
5900	Gross profit	359,263	79	322,336	76
6000	Operating expenses (Notes 4, 18, 21 and 26)	166,685	37	171,719	41
6900	Operating profit	192,578	42	150,617	35
	Non-operating income and expense				
7100	Interest income (Notes 4 and 21)	718	-	30	-
7010	Other income (Notes 4 and 21)	24,582	6	28,001	7
7020	Other gains and losses (Notes 4, 7, 14 and 21)	(41,428)	(9)	9,619	2
7050	Financial costs (Note 21)	(32,029)	(7)	(25,598)	(6)
7060	Share of gain/loss from subsidiaries and associated companies accounted using the equity method (Notes 4 and 12)	(30,447)	(7)	(21,221)	(5)
7000	Total non-operating income and expenses	(78,604)	(17)	(9,169)	(2)
7900	Profit before tax	113,974	25	141,448	33
7950	Income tax expenses (Notes 4 and 22)	17,579	4	753	-
8200	Current net income	96,395	21	140,695	33

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Code		2022 Amount	2022 %	2021 Amount	2021 %
	Other comprehensive income				
8310	Items not reclassified into profit and loss:				
8311	Remeasurement of defined benefit plan (Notes 4 and 18)	$ 3,700	1	$ 1,290	-
8316	Unrealized profit and loss on valuation of equity instruments at FVTOCI (Notes 4, 8 and 19)	(13,666)	(3)	(17,645)	(4)
8349	Income tax on items not reclassified into profit and loss (Notes 4 and 22)	(7,760)	(2)	(2,698)	-
8300	Other comprehensive income - current	(17,726)	(4)	(19,053)	(4)
8500	Total comprehensive income - current	$ 78,669	17	$ 121,642	29
	Earnings per share (Note 23)				
9710	Basic	$ 0.55		$ 0.80	
9810	Diluted	$ 0.55		$ 0.80	

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

Chairman: Su Chien-I President: Weng Hua-Li Vice President: Chen Wen-Lung Head of Accounting: Huang Shu-Tzu

Tonlin Department Store Co., Ltd.
Standalone Statement of Changes in Equity
From January 1 to December 31, 2022 and 2021

Unit: NTD thousand

Code		Common share capital (Notes 4 and 19)	Capital reserve (Note 19)	Retained earnings (Notes 4, 8, 18 and 19)				Other items of equity (Notes 4, 8 and 19)	Treasury stock (Note 19)	Total Equity
				Statutory reserves	Special reserves	Unappropriated earnings	Total	Unrealized gains/losses on financial assets at FVTOCI		
A1	Balance as of January 1, 2021	$ 2,087,250	$ 506,964	$ 470,347	$ 495,507	$ 170,602	$ 1,136,456	($ 84,096)	($ 1,283,541)	$ 2,363,033
	Appropriation and distribution of 2020 earnings									
B1	Provision for statutory reserves	-	-	4,035	-	(4,035)	-	-	-	-
B3	Reversal of special reserves	-	-	-	(39,225)	39,225	-	-	-	-
B5	Cash dividends on common shares	-	-	-	-	(104,363)	(104,363)	-	-	(104,363)
	Total appropriation and distribution of 2020 earnings	-	-	4,035	(39,225)	(69,173)	(104,363)	-	-	(104,363)
M1	Adjustment to additional paid-in capital for dividends paid to subsidiaries	-	16,661	-	-	-	-	-	-	16,661
D1	2021 net income	-	-	-	-	140,695	140,695	-	-	140,695
D3	2021 other comprehensive income - after tax	-	-	-	-	1,032	1,032	(20,085)	-	(19,053)
D5	2021 total comprehensive income	-	-	-	-	141,727	141,727	(20,085)	-	121,642
Q1	Disposal of equity instruments at FVTOCI	-	-	-	-	(14,252)	(14,252)	14,252	-	-
Z1	Balance as of December 31, 2021	2,087,250	523,625	474,382	456,282	228,904	1,159,568	(89,929)	(1,283,541)	2,396,973
	Appropriation and distribution of 2021 earnings									
B1	Provision for statutory reserves	-	-	12,747	-	(12,747)	-	-	-	-
B3	Provision for special reserves	-	-	-	5,832	(5,832)	-	-	-	-
B5	Cash dividends on common shares	-	-	-	-	(104,363)	(104,363)	-	-	(104,363)
	Total appropriation and distribution of 2021 earnings	-	-	12,747	5,832	(122,942)	(104,363)	-	-	(104,363)
M1	Adjustment to additional paid-in capital for dividends paid to subsidiaries	-	16,661	-	-	-	-	-	-	16,661
D1	2022 net profit	-	-	-	-	96,395	96,395	-	-	96,395
D3	2022 other comprehensive income - after tax	-	-	-	-	2,960	2,960	(20,686)	-	(17,726)
D5	2022 total comprehensive income	-	-	-	-	99,355	99,355	(20,686)	-	78,669
Q1	Disposal of equity instruments at FVTOCI	-	-	-	-	(76,059)	(76,059)	76,059	-	-
Z1	Balance as of December 31, 2022	$ 2,087,250	$ 540,286	$ 487,129	$ 462,114	$ 129,258	$ 1,078,501	($ 34,556)	($ 1,283,541)	$ 2,387,940

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

Chairman: Su Chien-I   President: Weng Hua-Li   Vice President: Chen Wen-Lung   Head of Accounting: Huang Shu-Tzu

Tonlin Department Store Co., Ltd.
Standalone Cash Flow Statement
From January 1 to December 31, 2022 and 2021

Unit: NTD thousand

Code		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Pre-tax profit for the current period	$ 113,974	$ 141,448
A20010	Adjustments for:		
A20100	Depreciation expense	72,758	71,830
A20200	Amortization	1,187	602
A20400	Net loss on financial assets at FVTPL	35,216	1,530
A20900	Financial costs	32,029	25,598
A21200	Interest income	(718)	(30)
A21300	Dividend income	(6,413)	(6,035)
A22400	Share of loss from subsidiaries and associated companies accounted using the equity method	30,447	21,221
A22500	Loss from disposal of property, plant and equipment	9,481	68
A22600	Expenses reclassified from property, plant, and equipment	-	269
A22700	Loss on disposal of investment properties	-	318
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatory to be carried at FVTPL	2,034	(51,660)
A31130	Note receivable	-	385
A31150	Trade receivable	(1,369)	(4,065)
A31180	Other receivables	1,179	4,375
A31200	Inventories	30,203	37,674
A31230	Prepayments and other current assets	6,669	6,403
A31240	Lease receivable	3,758	(2,968)
A32130	Note payable	11,231	14,096
A32150	Accounts payable	14,942	(17,025)
A32180	Other payables	2,978	(1,382)
A32220	Accrued expenses	(2,198)	(969)
A32230	Other current liabilities	(378)	6,658
A32240	Net defined benefit liabilities	(6)	(3,249)
A33000	Cash inflow from operating activities	357,004	245,092
A33100	Interest received	627	78
A33300	Interest paid	(30,663)	(25,476)

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Code		2022	2021
A33200	Dividends received	$ 6,413	$ 6,035
A33500	Income tax paid	(50)	(22,242)
AAAA	Net cash inflow from operating activities	333,331	203,487
	Cash flows from investing activities		
B00020	Sales of Financial assets at FVTOCI	4,231	321
B00030	Acquisition of proceeds from liquidation or capital reduction of financial assets at FVTOCI	-	41,882
B00040	Disposal of financial assets measured at cost after amortization	304	27
B01800	Acquisition of equity-accounted investments	(49,400)	-
B02700	Acquisition of property, plant, and equipment	(20,614)	(8,973)
B05400	Acquisition of investment property	(548)	-
B07100	Decrease in equipment purchase payable	(6,700)	(74,093)
B03700	Decrease (increase) in refundable deposits	32	(1,780)
B04500	Acquisition and purchase of intangible assets	(551)	(260)
B07600	Dividends received from subsidiaries and associated companies	19,557	26,680
BBBB	Net cash outflow from investing activities	(53,689)	(16,196)
	Cash flows from financing activities		
C00200	Increase (decrease) in short-term borrowings	134,000	(210,000)
C01600	Proceeds from long-term borrowings	5,648,000	3,886,000
C01700	Repayments of long-term borrowings	(5,934,000)	(3,732,000)
C03000	Increase (decrease) in deposits received	(269)	644
C04500	Payment of cash dividends	(104,363)	(104,363)
CCCC	Net cash outflow from financing activities	(256,632)	(159,719)
EEEE	Increase in cash and cash equivalents	23,010	27,572
E00100	Opening balance of cash and cash equivalents	82,086	54,514
E00200	Closing balance of cash and cash equivalents	$ 105,096	$ 82,086

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

Chairman: Su Chien-I President: Weng Hua-Li Vice President: Chen Wen-Lung Head of Accounting: Huang Shu-Tzu

Tonlin Department Store Co., Ltd.
Notes to parent-only Financial Statements
From January 1 to December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. Organization and operations

Tonlin Department Store Co., Ltd. (the "Company") was founded in August 1982 and commenced business operations in November 1984. Taoyuan Branch was later established in September 1995 and commenced operation in November 1995. The Company primarily operates as a retail departmental store. The Company's shares have been listed for trading on Taiwan Stock Exchange Corporation since December 1996. The Company closed down its Taipei Branch on September 20, 1999 out of concern for profit yield, and leased out buildings previously occupied by Taipei Branch for income on October 1. The Company currently has lease contracts established with multiple counterparties including World Fitness Asia Limited (H.K.) Taiwan Branch. Please refer to Note 20 for details. Furthermore, to facilitate the Company's transformation into an integrated entertainment complex, the board of directors passed a resolution to remodel Taoyuan Branch on October 24, 2016, and officially opened for business on October 3, 2018. In addition to retaining top revenue-generating merchants, Taoyuan Branch also brought in restaurant (beverages), sports, leisure, entertainment, and cinema brands to support its new transformation.

The parent-only financial statements are presented in NTD, the Company's functional currency.

II. The Authorization of Financial Statements

The parent-only financial statements were passed during the board of directors meeting dated March 6, 2023.

III. Application of New and Revised International Financial Reporting Standards

(I) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Adopting the amended version of FSC-approved IFRSs will not result in any material change to the Company's accounting policies.

(II) FSC-approved IFRSs applicable in 2023

New, Revised or Amended Standards and Interpretations	Effective date of IASB announcement
Amendments to IAS 1 regarding "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 regarding "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendment to IAS 12 “deferred tax related to assets and liabilities arising from a single transaction”	January 1, 2023 (Note 3)

Note 1: These amendments will be applied to reporting periods of years starting from January 1, 2023.

Note 2: These amendments will be applied to changes in accounting estimates and accounting policies that take place in reporting periods after January 1, 2023.

Note 3: Other than being applicable to the deferred tax for all temporary differences related to leases and decommissioning obligations on January 1, 2022, the amendment is applicable to the transactions occurring after January 1, 2022

The Company continues to evaluate that the amendments to the above standards and interpretations do not materially affect its parent-only financial position and business performance as of the publication date of this parent-only financial report.

(III) The IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Undetermined
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments of IFRS 17	January 1, 2023
Amendment to IFRS 17: "Initial Application of IFRS 17 and IFRS 9 — Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The seller as lessee shall retrospectively apply the amendments to IFRS 16 to the lease after sale transactions occur after the date of the initial application of IFRS 16.

The Company continues to evaluate how revisions of the above standards and interpretations affect its parent-only financial position and business performance as of the publication date of this financial report. Outcomes of these assessments will be disclosed upon completion.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The parent-only financial statements have been prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

(II) Basis of preparation

This parent-only financial statement has been prepared based on historical cost, except for financial instruments carried at fair value and net defined benefit liabilities calculated by deducting fair value of plan assets from present value of defined benefit obligation.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 inputs are unobservable inputs for the asset or liability.

The Company accounts for its subsidiaries and associated companies using the equity method when preparing the parent-only financial statements. To ensure consistency between the amount of profit and loss, other comprehensive income, and equity presented in the parent-only financial statements and the amount of profit and loss, other comprehensive income, and equity attributable to the Company's owners shown in the consolidated financial statements, adjustments were made to differences in accounting treatment between the parent-only basis and consolidated basis for "equity-accounted investments," "share of profit in equity-accounted subsidiaries and associated companies," "share of other comprehensive income in equity-accounted subsidiaries and associated companies," and related equity items.

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets that are held mainly for the purpose of trading;
2. Assets that are expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (except for those that are intended to be swapped or settled against debt more than 12 months after the balance sheet date, and those with restricted uses).

Current liabilities include:

1. Liabilities that are held mainly for the purpose of trading;
2. Liabilities that are expected to be settled within 12 months after the balance sheet date; and
3. Liabilities where the repayment terms can not be extended unconditionally beyond 12 months after the balance sheet date.

Assets and liabilities that do not satisfy the above criteria are classified into non-current assets or non-current liabilities.

The Company's construction activities operate at business cycles that are longer than one year. For this reason, assets and liabilities that arise in relation to construction activities are distinguished between current and non-current portions based on normal business cycle.

(IV) Foreign currency

During preparation of parent-only financial statements, transactions denominated in currencies other than the functional currency (i.e. foreign currency transactions) are converted and recorded in the functional currency using exchange rate as at the transaction date.

Monetary foreign currency accounts are converted using closing exchange rates as at every balance sheet date. Exchange differences arising from settlement or translation of monetary accounts are recognized in profit and loss in the year occurred.

Foreign currency-denominated non-monetary items carried at fair value are converted using exchange rates as at the date of fair value assessment, with exchange differences recognized in current profit and loss. However, items that have fair value changes recognized in other comprehensive income shall also have exchange differences recognized in other comprehensive income.

Foreign currency-denominated non-monetary items carried at historical cost are converted using exchange rate as at the date of initial transaction. No further re-calculation shall be made.

(V) Inventories

Proprietary inventory is valued at the lower of cost or net realizable value; the lower of cost or net realizable value is compared by retail departments, except for groups of items within the same category. Net realizable value refers to the balance of estimated selling price less any costs required to sell inventory under normal circumstances; cost is calculated using the retail inventory method.

Construction-in-progress is stated at the lower of cost or net realizable value. Down payments are paid for the purchase of construction land or properties pending sale, and borrowing interests accrued during the construction period are capitalized and recognized as cost of inventory.

Construction land is reclassified into construction-in-progress when construction activities begin. Upon completion, the amount of construction-in-progress is reclassified into operating cost and properties pending sale based on percentages of sold and unsold areas.

In joint construction arrangements where the Company contributes land in exchange for units of properties pending sale, no gain/loss is recognized at the time of exchange, and income is recognized only when properties are sold to buyers.

(VI) Subsidiary investments

The Company accounts for subsidiary investments using the equity method.

A subsidiary is an entity in which the Company exercises control.

Under the equity method, investments are recognized at cost at initiation; after the acquisition date, book value may be increased or decreased by the Company's share of profits/losses and other comprehensive income in associated companies. Furthermore, change in other equity items of subsidiaries are recognized proportionally at the Company's shareholding percentage.

Changes in ownership of subsidiary without losing control are treated as equity transactions. Difference between book value of investment and the fair value of consideration paid/received is directly recognized as equity.

Impairments are assessed for individual cash-generating units and presented consistently throughout the financial statements by comparing recoverable amounts with book values. Should the recoverable amount increase in subsequent years, the amount previously impaired can be reversed and recognized as gains. However, the asset's book value after reversal can not exceed the amount of book value less amortization before the impairment took place.

Any unrealized gains/losses arising from downstream transactions between the Company and subsidiaries have been eliminated in the parent-only financial statements. Gains/losses arising from upstream transactions and transactions among subsidiaries are recognized in the parent-only financial statements only when the Company exercises no control over the subsidiary.

(VII) Investment in associated companies

An associated company is an organization in which the Company has significant influence, but does not meet the criteria of a subsidiary.

The Company accounts for associated companies using the equity method.

Under the equity method, associated companies are recognized at cost at initiation; after the acquisition date, book value may be increased or decreased by the Company's share of profits/losses and other comprehensive income in associated companies. Furthermore, changes in the equity of associated companies are recognized at the Company's shareholding percentage.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets and liabilities is the premium of real estate properties; such premium is included in the book value of the concerned investment and not to be amortized.

When assessing impairments, the Company treats the entire account as a single asset and tests for impairment by comparing book value with recoverable amount. Any impairment losses recognized are presented as part of the book value of the investment without amortization. Reversal of impairment loss can be recognized up to the sum of subsequent increases in the recoverable amount of the investment.

(VIII) Property, Plant and Equipment

Property, plant, and equipment are initially recognized at cost, and subsequently presented at cost after accumulated depreciation and impairment.

Property, plant, and equipment in progress are carried at cost less cumulative impairments. Cost includes services expenses and borrowing costs that satisfy the capitalization criteria. These assets are classified into appropriate categories of property, plant, and equipment upon completion and reaching the expected usable state, at which time depreciation will also begin.

No depreciation is provided on land, whereas property, plant, and equipment are depreciated using the straight line method over their useful lives. Depreciation is provided separately for each major component. The Company reviews estimated useful life, residual value, and depreciation method at least once at the end of each year. Impacts of changes in accounting estimates are applied prospectively.

In joint construction arrangements where the Company contributes land in a commercial exchange for units of property classified as property, plant, and equipment, a gain/loss would be recognized at the time of exchange.

Gains or losses arising from decommissioned property, plant, and equipment are calculated as the difference between disposal proceeds and the asset's book value, and are recognized through profit and loss in the year occurred.

(IX) Investment Property

Investment properties are real estate properties held for rental income or capital gain, or both. Investment properties include land held on hand that the Company has yet to determine their future uses.

Investment properties are initially recognized at cost (including transaction cost) and subsequently presented at cost after accumulated depreciation and impairment.

Investment properties are depreciated on a straight-line basis.

Difference between the disposal proceed and book value of decommissioned investment property is recognized in profit and loss.

(X) Intangible asset

1. Acquisition by separate purchase

Intangible assets that are acquired through separate purchase with limited useful life are recognized at cost at initiation, and subsequently presented at cost less accumulated amortization and impairment. Intangible assets are amortized on a straight-line basis over their useful lives. The estimated useful life, residual value, and amortization method are reviewed at least once at the end of each year. Impacts of changes in accounting estimates are applied prospectively.

2. Decommissioning

Difference between the net disposal proceed and book value of intangible assets removed is recognized in current profit and loss.

(XI) Impairment of property, plant, equipment, investment properties, and intangible assets

The Company evaluates all property, plant, equipment, investment properties, and intangible assets for signs of impairment every balance sheet date. Assets that exhibit any sign of impairment will have recoverable amount estimated. If the recoverable amount can not be estimated on an individual basis, the Company will instead estimate recoverable amount for the entire cash-generating unit.

Recoverable amount is the higher between "fair value less selling costs" and the "utilization value." If recoverable amount of an asset or cash-generating unit falls below its book value, the book value of that particular asset/cash-generating unit shall be reduced to the recoverable amount with impairment losses recognized through profit and loss.

When impairment losses are reversed on a later date, the book value of corresponding assets/cash-generating units shall be adjusted upwards to the recoverable amount. However, the increased book value shall not exceed the book value (less amortization or depreciation) of the asset/cash-generating unit before impairment losses were recognized in the first place. Reversal of impairment loss is recognized through profit and loss.

(XII) Financial instruments

Financial assets and financial liabilities are recognized on parent-only balance sheet when the Company becomes a party of the contract.

When recognizing financial assets and liabilities at initiation, those that are not designated to be carried at fair value through profit and loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of financial assets/liabilities. Transaction costs that are directly attributable to the acquisition or issuance of financial assets/liabilities carried at fair value through profit and loss are recognized immediately through profit and loss.

1. Financial asset

Routine transactions of financial asset are recognized on or removed from balance sheet based on principles of trade date accounting.

(1) Measurement category

Financial assets held by the Company are distinguished into the following categories: financial assets at FVTPL, financial assets carried at cost after amortization, and equity instruments at FVTOCI.

A. Financial assets at FVTPL

Financial assets at FVTPL mainly comprise financial assets that are mandatory to be measured at fair value with fair value changes recognized through profit and loss. Financial assets that are mandatory to be measured at fair value with fair value changes recognized through profit and loss include: equity instruments that are not specified to be carried at FVTOCI, and debt instruments that do not satisfy the criteria to be carried at cost after amortization or at FVTOCI.

Financial assets at FVTPL are measured at fair value, with dividends and interests recognized as other income. Gains and losses from remeasurement are recognized as other gains and losses. See Note 25 for details regarding the fair value method.

B. Financial assets carried at cost after amortization

Financial asset investments that satisfy both the following conditions are carried at cost after amortization:

a. The financial asset is held for a specific business model, and the purpose of which is to hold the financial asset and collect contractual cash flow; and
b. The contractual terms give rise to cash flows on specific dates, and the cash flows are intended solely to pay principals and interests accruing on outstanding principals.

For financial assets carried at cost after amortization (including cash and cash equivalents, accounts receivable and other receivables carried at cost after amortization etc), the effective interest method is used to determine the book value at initiation. They are subsequently presented net of impairments and amortization. Any gain/loss from currency exchange incurred on these financial assets is recognized through profit and loss.

Except for the two circumstances explained below, interest income is calculated by multiplying the book value of financial asset with effective interest rate:

a. Acquisition or creation of credit-impaired financial assets; in which case interest income is calculated by multiplying the cost of financial assets after amortization with credit-adjusted effective interest rate.
b. Financial assets that were not credit-impaired at the time of acquisition or origination, but become credit-impaired on a later date; in which case interest income is calculated by multiplying the cost of financial assets after amortization with the effective interest rate starting from the reporting period after credit impairment.

Financial assets are considered credit-impaired if the issuer or debtor exhibits major financial distress, default, likely bankruptcy, financial restructuring, or any financial difficulty that may render the financial asset no longer available on the active market.

Cash equivalents include time deposits with less than 3 months until maturity that are highly liquid, readily convertible into defined amounts of cash, and less prone to the risk of fair value changes. Cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Equity instruments at FVTOCI

For equity instruments that are neither held for trading nor recognized/received as a consideration for business acquisition, the Company is entitled to an irrevocable option to account them at FVTOCI at initial recognition.

Equity instruments at FVTOCI are measured at fair value; subsequent fair value changes are recognized through other comprehensive income and accumulated under other equity. At the time of disposal, cumulative gains/losses are transferred directly into retained earnings and not reclassified into profit and loss.

Dividends from equity instruments at FVTOCI are recognized in profit and loss when the entitlement to receive is confirmed, unless the dividends clearly represent a partial recovery of the investment cost.

(2) Impairment of financial assets

On each balance sheet date, the Company assesses impairment losses on financial assets carried at cost after amortization (including accounts receivable) and operating lease receivable based on expected credit losses.

Accounts receivable and operating lease receivable have loss provisions recognized based on expected credit losses over their duration. For other financial assets, the Company first evaluates whether there is significant increase in credit risk since initial recognition. If there is no significant increase in credit risk, loss provisions are recognized based on 12-month expected credit loss; if there is significant increase in credit risk, loss provisions are recognized based on expected credit loss over the remaining duration.

Expected credit losses are determined as average credit loss weighed against the risk of default. 12-month expected credit losses represent the amount of credit losses that the financial instrument is likely to incur due to default event in the next 12 months, whereas expected credit losses for the remaining duration represent the amount of credit losses that the financial instrument is likely to incur due to all possible default events for the remaining duration.

All impairment losses on financial assets are recognized using allowance accounts, which reduce book value of the corresponding financial asset.

(3) Removal of financial assets

Financial assets can be removed from balance sheet only if all contractual cash flow entitlements have ended, or if the asset has been transferred with virtually all risks and returns assumed by another party.

Difference between the book value of financial asset carried at cost after amortization and the amount of consideration received for the asset's removal is recognized through profit and loss. When an equity instruments at FVTOCI is removed from balance sheet, the amount of cumulative gain/loss is transferred directly into retained earnings and is not reclassified to profit and loss.

2. Equity instrument

Debt and equity instruments issued by the Company are classified into financial liabilities or equity depending on the terms of the underlying contract and the definitions of financial liability and equity used.

Equity instruments issued by the Company are recognized at the amount of proceeds received net of direct issuing costs.

Buyback of the Company's own equity instruments is recognized and deducted under equity. Acquisition, sale, issuance, or retirement of the Company's own equity instruments is not recognized through profit and loss.

3. Financial liability

(1) Subsequent measurement

All financial liabilities are carried at cost after amortization using the effective interest method.

(2) Removal of financial liabilities

When a financial liability is removed, the difference between book value and the consideration paid (including any non-cash assets transferred or any additional liabilities borne) is recognized through profit and loss.

(XIII) Revenue recognition

The Company first identifies performance obligations in a contract it signs with customer, then divides and allocates the transaction sum to various obligations, and recognizes revenue when each obligation is fulfilled.

Revenue from sale of merchandise

Revenue from sale of merchandise is generated from retail sale of goods in the departmental store, and is recognized as income at the time of customer's purchase. Proceeds collected in advance from the issuance of departmental store vouchers are recognized as contractual liabilities until the vouchers are redeemed by customers.

Customer loyalty program represents reward points granted to customers for merchandises sold that customers can spend to purchase merchandise in the future, and are a form of customers' entitlement. At the time of transaction, a percentage of the sales proceeds received or receivable is treated as reward point and recognized as contractual liability; this liability is reclassified into income when reward points are redeemed or voided on a later date.

Sales proceeds of real estate properties sold under normal terms of business are collected in instalments. Contractual liabilities are recognized at the time the proceeds are collected, which are later recognized as income upon completion and delivery of each property to the respective buyer.

(XIV) Leases

The Company evaluates whether a contract meets the criteria of (or includes arrangements characterized as) lease on the day of contract establishment.

Where the Company is the lessor

The Company does not have any lease arrangement that involves a transfer of virtually all risks and returns associated with ownership of the underlying asset to the lessee. All leases are classified as operating lease.

In an operating lease arrangement, the amount of proceeds received net of incentives are recognized as income on a straight-line basis over the lease tenor. Lease negotiation with a lessee is accounted as a new lease from the effective date of lease amendment.

When a lease includes both land and building elements, the Company assesses the classification of each element as the finance or operation lease based on whether substantially all of the risks and rewards incidental to ownership of each element have been transferred to the lessee. The leasing payment is shared between the land and building, based on the relative proportions between the fair values of the land and building's leasing rights on the date the contract executed. If the leasing payment may be reliably shared between the two elements, each element is treated with the applicable lease classification. If the lease payment cannot be reliably distributed to the two elements, the lease as a whole is the classified as the financing lease; provided that if both elements are obviously qualified for the operation lease criteria, the overall lease is classified as an operation lease.

(XV) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of qualified assets are treated as part of an asset's cost until virtually all activities needed to bring the asset to its designated usable or salable state have been completed.

For specific-purpose loans undertaken for qualified capital spending, any investment income earned on short-term investment of the proceeds before incurring the capital spending is deducted from capitalized borrowing costs.

Except for the above, all other borrowing costs are recognized through profit and loss in the year occurred.

(XVI) Governmental subsidies

Governmental subsidies are only recognized when it is reasonably assured that the Company will comply with the conditions attached to the governmental subsidies and receive such subsidies.

The governmental subsidies related to incomes are recognized under other incomes on the systematic basis during the period when the related costs to which the subsidies intend to compensate are recognized as expenses by the Company.

If the governmental subsidies are used to compensate the incurred expenses or losses, or the purpose is providing an immediate financial support to the Company without future related cost, such subsidies are recognized under profit/loss during the period to receive such.

(XVII) Employee benefits

1. Short-term employee benefits

Liabilities associated with short-term employee benefits are measured at non-discounted amount of cash that the Company expects to pay in exchange for employees' service.

2. Post-employment benefits

For defined contribution plans, the amount of contributions that has to be made to pension funds over the duration of employees' service is recognized as expense.

For defined benefit plans, the cost of benefit (including service cost, net interest, and effect of remeasurement) is estimated using the Projected Unit Credit Method. Service costs (including current and previous service costs) and net interests on net defined benefit liabilities (assets) are recognized as employee welfare expense at the time incurred or whenever the plan is amended or curtailed. Effects of remeasurement (including actuarial gains/losses, change in plan asset limits, and return on plan assets net of interest) are recognized under other comprehensive income and added to retained earnings at the time of occurrence. This amount is not reclassified into profit and loss in subsequent periods.

Net defined benefit liabilities (plan assets) represent the shortfall (surplus) of contributions made to the defined benefit plan. Net defined benefit plan assets may not exceed the amount of contributions refundable or the present value of reducible contributions in the future.

(XVIII) Income tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

1. Tax currently payable

The Company reports current period income (loss) and calculates income tax payable (refundable) according to tax laws stipulated by the local tax jurisdiction.

Pursuant to the Income Tax Act of the Republic of China, undistributed earnings are subject to additional income tax, which is recognized in the year shareholders resolve to retain the earning.

Adjustments to income taxes reported in previous years are recognized as income tax expenses in the period the adjustment is made.

2. Deferred tax

Deferred income taxes are tax effects of temporary differences, given rise by the different book value of assets and liabilities presented in the financial statement and those reported for tax filing.

Tax impacts arising from taxable temporary differences are recognized as deferred income tax liabilities; deferred income tax assets are recognized under the condition that the Company is very likely to generate taxable income in the future to offset deductible temporary differences or losses carried forward.

Temporary differences that were not initially recognized as deferred income tax assets are also subject to re-assessment on every balance sheet date. These differences may be recognized to increase the book value of deferred income tax asset if the Company considers it highly likely to generate taxable income for full or partial recovery of such asset in the future. Temporary differences that were not initially recognized as deferred income tax assets are also subject to re-assessment on every balance sheet date. These differences may be recognized to increase the book value of deferred income tax asset if the Company considers it highly likely to generate taxable income for full or partial recovery of such asset in the future.

Deferred income tax assets and liabilities are estimated using expected tax rate applicable at the time the liability/asset is expected to be settled/realized. This expected tax rate is determined based on the tax rate and tax laws prevailing as at the balance sheet date. Deferred income tax liabilities and assets represent tax impacts of the method by which the Company expects to recover/settle the book value of its assets and liabilities as at the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized through profit and loss, except for source accounts that are recognized under other comprehensive income or directly as other equity item, where current and deferred income taxes are also recognized under other comprehensive income or directly as equity.

V. Sources of uncertainty to significant accounting judgments, estimates, and assumptions

When applying accounting policies, the management is required to make judgments, estimates, and assumptions based on historical experience or other relevant factors in situations where information cannot be easily obtained from available sources. The actual outcome may differ from initial estimates.

The Company incorporates the development of COVID-19 pandemic in Taiwan, and its potential impact on the economic environment, as the considerations for the related material accounting estimates, including estimation of cash flow, growth rate, discount rate, and profitability. The management will continue to review the estimates and basic assumptions. If a revision of accounting estimate affects only the current period, the effect shall be recognized only for the current period. If a revision of accounting estimate affects current and future periods, the effect shall also be recognized for current and future periods.

Sources of uncertainty to estimates and assumptions

Impairment of property, plant, equipment, investment properties, and intangible assets

When assessing asset impairment, the Company relies on the use of subjective judgment and determines the level of independent cash flow, useful life, and future income/expenses/losses for specific asset groups after taking into consideration the method in which assets are used and industry characteristics. Any change of economic circumstances and any change in estimate caused by the Company's strategies may result in significant impairment in the future.

VI. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Petty cash and cash on hand	$ 220	$ 220
Check and demand (current) deposit	60,328	73,562
Cash equivalents		
Time deposits with an original tenor of 3 months or less.	44,548	8,304
	$ 105,096	$ 82,086

Range of interest rates applicable to bank deposits as at the balance sheet date is shown below:

	December 31, 2022	December 31, 2021
Demand deposits	0.20%~1.70%	0.01%~0.80%

VII. Financial assets at FVTPL - Current

	December 31, 2022	December 31, 2021
Financial assets designated as at FVTPL		
Non-derivative financial assets		
- TWSE, TPEX, and Emerging Stock Market shares	$ 154,215	$ 129,384
- Fund beneficiary certificates	167,583	244,918
- Corporate bonds	46,682	30,819
- Bonds	4,524	5,133
	$ 373,004	$ 410,254

Please refer to Note 21 for gains/losses on financial assets at FVTPL.

VIII. Financial assets at FVTOCI

	December 31, 2022	December 31, 2021
Non-current		
Domestic investments		
Emerging Stock Market shares	$ 4,563	$ 4,563
Unlisted shares	-	5,008
Foreign investments		
Unlisted shares	12,630	12,630
Total	$ 17,193	$ 22,201

The Group invests in the above instruments by adopting a medium-long term strategy, and expects to profit over the long term. Management of the Group is of the opinion that recognizing short-term fair value changes through profit and loss on such investments does not conform with the long-term investment plans described above, and therefore has chosen to account such investments at FVTOCI.

The investees, WK 7 Innovation Co., Ltd., WK 8 Innovation Co., Ltd., WK Innovation Co., Ltd., and WK 5 Innovation Co., Ltd, all conducted capital decreases in cash in March 2021, and refund the share payments. The Group recovered total NT$41,882 thousand per shareholdings. In addition, in May 2022, total of NT$4,231 thousand was settled and refunded as the settled share payment. The related other equity - unrealized valuation loss from financial assets at FVOCI of NT$79,378 thousand was transferred to the retained earnings.

In June 2021, the Group adjusted the investment positions to diversify risks. Thus the all the common shares of Fortune Technology Fund II Ltd. were sold as the fair value for NT$321 thousand. The related other equity - unrealized valuation loss of the financial assets at fair value through other comprehensive income, NT$14,252 thousand, was transferred to the retained earnings.

The Group recognized NT$2,000 thousand of unrealized loss on valuation of equity instruments at FVTOCI in 2021 (2022: none)

IX. Financial assets carried at cost after amortization - current

	December 31, 2022	December 31, 2021
Domestic investments		
Time deposit with initial maturity of more than 3 months	$ -	$ 304

As at December 31, 2021, time deposits with initial tenors of 3 months or longer accrued interests at 3.20% (2022: none).

X. Accounts receivable and other receivables

	December 31, 2022	December 31, 2021
Arising from business activities		
Trade receivable	$ 7,973	$ 6,604
Operating lease receivable		
- Current	3,984	7,054
- Non-current	16,898	17,586
Subtotal	20,882	24,640
Other receivables		
Amount receivable from sale of securities	1,557	-
Utility and management fees receivable	1,096	1,168
Interests receivable	109	18
Others	1,483	4,147
Subtotal	4,245	5,333
Total	$ 33,100	$ 36,577

(I) Trade receivable

Accounts receivable primarily represent retail sales collectible from consumers on transactions paid with credit cards and third-party payment tools. The majority of accounts receivable are credit card balances to be collected from financial institutions. Credit term on sale of merchandise is generally 30 days, and most proceeds are collected within this duration.

The Company recognizes loss provisions on accounts receivable based on expected credit losses over the duration of the receivable account. Expected credit loss over the remaining duration takes into account customers' past payment records. Since previous credit loss records showed no significant difference in loss pattern across customer groups, the Company simply set the expected credit loss rate based on number of days overdue.

If there is evidence to suggest that the counterparty is undergoing severe financial crisis and the recoverable amount can not be reasonably estimated, the Company will directly offset loss provisions against accounts receivable. In which case, the Company will continue collection efforts on the receivables, and any amounts recovered will be recognized through profit and loss.

Age of account receivables is analyzed as below:

	December 31, 2022	December 31, 2021
Not overdue	$ 7,973	$ 6,604

The Company found no sign of impairment in accounts and notes receivable as at December 31, 2022 and 2021.

(II) Operating lease receivable

Operating lease receivable represents lease incentives granted on operating leases. The total cost of incentives is amortized on a straight-line basis and allocated over the remaining lease tenor as deductions to rental income. Lease negotiations had taken place with some lessees in the current year due to COVID-19. The negotiations were accounted as new leases from the effective date of lease amendment.

For concentration of credit risks in lease receivables, please refer to Note 25.

XI. Inventories

	December 31, 2022	December 31, 2021
Proprietary inventory - Cosmetics and women's undergarments	$ 2,329	$ 3,169
Properties pending sale - Jiaoxi Gongyuan Section, Yilan	8,524	37,887
	$ 10,853	$ 41,056

Amount of cost of goods sold recognized from inventory totaled NT$33,983 thousand in 2022 and NT$48,701 thousand in 2021. No inventory devaluation loss was provided in 2022 and 2021.

The Company's property pending sale forms part of the joint construction agreement entered into between the Company and subsidiary - De Hong Development in March 2015. Under this agreement, the Company contributed land while De Hong Development contributed capital and technology to complete and share units of the construction project. The project was completed in October 2017 and all ownership transfer has been completed to date.

XII. Equity-accounted investments

	December 31, 2022	December 31, 2021
Subsidiary investments	$ 566,297	$ 600,597
Investments in Associates	183,935	146,467
	$ 750,232	$ 747,064

(I) Subsidiary investments

	December 31, 2022	December 31, 2021
Non-listed company		
De Hong Development Co., Ltd.	$ 382,899	$ 419,245
SONG YUAN INVESTMENT CO., LTD.	81,024	82,066
SHUN TAI INVESTMENT CO., LTD.	44,008	41,917
GUAN CHAN INVESTMENT CO., LTD.	29,393	28,951
JIA FONG INVESTMENT CO., LTD.	28,973	28,418
	$ 566,297	$ 600,597

	Percentage of ownership/voting right	
Investee	December 31, 2022	December 31, 2021
De Hong Development Co., Ltd.	100%	100%
SONG YUAN INVESTMENT CO., LTD.	100%	100%
SHUN TAI INVESTMENT CO., LTD.	100%	100%
GUAN CHAN INVESTMENT CO., LTD.	100%	100%
JIA FONG INVESTMENT CO., LTD.	100%	100%

De Hong Development Co., Ltd., resolved by its board of directors on August 25, 2021, conducted a capital decrease to offset the deficit, with 15,000,000 issued shares cancelled. After the capital decrease, the paid-in capital is NT$450,000 thousand, divided into 45,000,000 shares.

Share of profit and loss and other comprehensive income from equity-accounted subsidiaries in 2022 and 2021 were calculated based on audited financial statements of the respective subsidiaries for the corresponding periods.

(II) Investments in Associates

	December 31, 2022	December 31, 2021
Associated companies with significant influence		
Chung Hsiao Enterprise Co., Ltd.	$ 183,935	$ 146,467

	Percentage of share ownership/voting rights	
	December 31, 2022	December 31, 2021
Chung Hsiao Enterprise Co., Ltd.	26.89%	20%

On November 4, 2022, the Company purchased 1,300,000 shares of Chung Hsiao Industrial Co. Ltd. with NT$49,400 thousand from New Leader Asia Enterprise Ltd. upon the Board' resolution, and 6.89% of stake was acquired. The delivery was completed on November 7, 2022.

Nature of business activities, main places of business, and countries of registration for the above associated companies are disclosed in Appendix 2 - "Information of Investees."

Summary financial information of associated companies under the Company is presented below:

	December 31, 2022	December 31, 2021
Current asset	$ 202,928	$ 262,235
Non-current assets	222,008	222,414
Current liabilities	(20,794)	(26,622)
Non-current liabilities	(60,234)	(60,234)
Equity	$ 343,908	$ 397,793
Shareholding percentage of the Company	26.89%	20%
Company's share of equity	$ 92,477	$ 79,558
Adjustment to fair value of non-current assets due to acquisition of shares	91,458	66,909
Book value of investment	$ 183,935	$ 146,467

	2022	2021
Current operating revenues	$ 25,630	$ 21,737
Current net income	$ 20,822	$ 17,542
Other comprehensive income - current	($ 58,924)	($ 77,961)
Share of current net income	$ 4,113	$ 3,508
Share of other comprehensive income - current	($ 12,889)	($ 15,592)
Dividends received from Chung Hsiao Enterprise Co., Ltd.	$ 3,156	$ 3,776

Share of profit/loss and other comprehensive income from equity-accounted associated companies in 2022 and 2021 were recognized based on audited financial statements of the respective associated companies for the corresponding periods.

XIII. Property, Plant and Equipment

	December 31, 2022	December 31, 2021
Book value for each category		
Land	$ 859,925	$ 858,029
Buildings, net	1,322,276	1,373,230
Computer and communication equipment, net	9,347	10,684
Transport equipment, net	817	955
Other equipment, net	3,834	5,175
Construction in progress	-	1,320
	$ 2,196,199	$ 2,249,393

	2022				
	Opening balance	Increase in current year	Disposal in current year	Other adjustments	Closing balance
Cost					
Land	$ 858,029	$ 175	$ -	$ 1,721	$ 859,925
Buildings	1,904,695	4,072	(28,147)	16,921	1,897,541
Computer and communication equipment	17,587	22	(406)	-	17,203
Transport equipment	4,906	-	-	-	4,906
Other equipment	11,145	-	(185)	-	10,960
Construction in progress	1,320	16,345	-	(17,665)	-
	2,797,682	$ 20,614	($ 28,738)	$ 977	2,790,535
Accumulated depreciation					
Buildings	531,465	$ 62,204	($ 18,765)	$ 361	575,265
Computer and communication equipment	6,903	1,291	(338)	-	7,856
Transport equipment	3,951	138	-	-	4,089
Other equipment	5,970	1,310	(154)	-	7,126
	548,289	$ 64,943	($ 19,257)	$ 361	594,336
Total	$ 2,249,393				$ 2,196,199

	2021				
	Opening balance	Increase in current year	Disposal in current year	Other adjustments	Closing balance
Cost					
Land	$ 853,457	$ -	$ -	$ 4,572	$ 858,029
Buildings	1,911,058	-	(7,894)	1,531	1,904,695
Computer and communication equipment	17,458	378	(249)	-	17,587
Transport equipment	4,906	-	-	-	4,906
Other equipment	11,164	140	(159)	-	11,145
Construction in progress	3,236	8,455	-	(10,371)	1,320
	2,801,279	$ 8,973	($ 8,302)	($ 4,268)	2,797,682
Accumulated depreciation					
Buildings	477,820	$ 61,043	($ 7,894)	$ 496	531,465
Computer and communication equipment	5,815	1,295	(207)	-	6,903
Transport equipment	3,537	414	-	-	3,951
Other equipment	4,330	1,773	(133)	-	5,970
	491,502	$ 64,525	($ 8,234)	$ 496	548,289
Total	$ 2,309,777				$ 2,249,393

As per assessment, the Company's property, plant, and equipment showed no sign of impairment as at December 31, 2022 and 2021.

Property, plant, and equipment of the Company were depreciated on a straight-line basis over the number of useful years shown below:

Buildings	4 to 55 years
Computer and communication equipment	5 to 19 years
Transport equipment	5 years
Other equipment	5 to 19 years

For disclosure on the amount of property, plant and equipment pledged as collaterals, please refer to Note 27.

XIV. Investment Property

	December 31, 2022	December 31, 2021
Investment Property		
Xinzhuang District, New Taipei City	$ 1,059,951	$ 1,059,951
Da'an District, Taipei City	919,047	928,250
	$ 1,978,998	$ 1,988,201

	2022				
	Opening balance	Increase in current year	Decrease in current year	Other adjustments	Closing balance
Cost					
Land	$ 1,859,117	$ -	$ -	($ 1,720)	$ 1,857,397
Buildings	296,388	548	-	(577)	296,359
	2,155,505	$ 548	$ -	($ 2,297)	2,153,756
Accumulated depreciation					
Buildings	167,304	$ 7,815	$ -	($ 361)	174,758
Total	$ 1,988,201				$ 1,978,998

	2021				
	Opening balance	Increase in current year	Decrease in current year	Other adjustments	Closing balance
Cost					
Land	$ 1,863,689	$ -	$ -	($ 4,572)	$ 1,859,117
Buildings	292,409	-	(2,945)	6,924	296,388
	2,156,098	$ -	($ 2,945)	$ 2,352	2,155,505
Accumulated depreciation					
Buildings	163,122	$ 7,305	($ 2,627)	($ 496)	167,304
Total	$ 1,992,976				$ 1,988,201

Investment properties - buildings are depreciated on a straight-line basis over the number of useful years shown below:

Buildings	10 to 55 years

The Company owned several investment properties located at Qiongtai Section, Fuying Section, and Jianguo Section, Xinzhuang District, New Taipei City. The fair values were determined by independent valuers using the comparative approach and the land development analysis approach as at the respective balance sheet dates. Discount rate was one of the significant unobservable inputs used during valuation, and the rate was determined at 2.45% and 1.17% as at December 31, 2022 and 2021, respectively.

The Company also owned several investment properties located at Renai Section, Da'an District, Taipei City. Fair values were determined at NT$7,154,379 thousand and NT$6,712,135 thousand as at December 31, 2022 and 20210 respectively. These fair values were not established by an independent valuer; instead, valuation was performed by the management using valuation model that was commonly accepted among market participants. This valuation had proceeded using market evidence similar to real estate transaction prices.

All of the Company's investment properties are proprietary owned. For disclosure on the amount of investment property pledged as collaterals, please refer to Note 27.

XV. Borrowings

(I) Short-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings		
Bank borrowings	$ 664,000	$ 530,000

Working capital bank borrowings bore interest rates of 1.395%~1.410% and 0.88% as at December 31, 2022 and 2021, respectively.

For disclosure on the amount of property, plant, equipment, and investment property pledged as collaterals for short-term borrowings, please refer to Note 27.

(II) Long-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings		
Bank SinoPac		
Credit line: NT$1,400,000 thousand. Contract tenor: November 24, 2021 to November 30, 2023. A new contract starting from November 10, 2022 and ending on November 30, 2024 was signed on November 10, 2022.	$ 1,000,000	$ 1,050,000
Bank of Taiwan		
Credit line: NT$600,000 thousand. Contract tenor: June 24, 2020 to June 24, 2023. A new contract starting from July 19, 2022 and ending on July 19, 2025 was signed on July 19, 2022.	444,000	600,000
Hua Nan Bank		
The credit limit was NT$293,000 thousand, and the contract term was from December 31, 2019 to January 12, 2022; additionally, a new contract was entered on September 3, 2021 with the credit limit of NT$493,000 thousand, which might be shared with the short-term secured borrowing; the contract term was from September 3, 2021 to September 3, 2022. Extended to September 23, 2023 on September 23, 2022. Within the borrowing limit, term of each drawdown is three years.	$ 190,000	$ 290,000
Taishin Bank		
Credit line: NT$278,000 thousand. Contract tenor: September 30, 2021 to September 30, 2024.	-	50,000

(Continued on next page)
(Continued)

	December 31, 2022	December 31, 2021
First Commercial Bank		
Credit line: NT$350,000 thousand. Contract tenor: October 5, 2021 to October 5, 2023. A new contract starting from October 3, 2022 and ending on October 3, 2024 was signed on October 3, 2022.	350,000	280,000
	1,984,000	2,270,000
Less: parts that listed as due within in a year	140,000	150,000
Long-term borrowings	$ 1,844,000	$ 2,120,000

Effective interest rate range for long-term borrowings:

	December 31, 2022	December 31, 2021
Effective interest rate:		
Floating interest rate borrowing	1.580%~1.630%	0.800%~1.050%
Fixed interest rate borrowing	1.400%~1.750%	0.875%~0.890%

For disclosure on the amount of property, plant, equipment, and investment property pledged as collaterals for secured long-term borrowings, please refer to Note 27.

XVI. Accounts payable

	December 31, 2022	December 31, 2021
Accounts payable		
Arising from business activities	$ 94,576	$ 79,634

The average credit term for trade purchases is 30 days.

XVII. Accrued expenses

	December 31, 2022	December 31, 2021
Salary and bonus payable	$ 11,572	$ 14,281
Tax payable	8,497	8,466
Utility expenses payable	4,512	4,668
Interest payable	1,982	616
Others	6,433	5,797
	$ 32,996	$ 33,828

XVIII. Post-employment benefit plans

(I) Defined contribution plans

The pension scheme introduced under the "Labor Pension Act" that the Company is subjected to is a government-managed defined contribution plan, for which each participating entity is required to contribute an amount equal to 6% of employees' monthly salary into their individual pension accounts held with the Bureau of Labor Insurance.

(II) defined benefit plan

The Company is also subject to the pension scheme introduced under the "Labor Standards Act," which is a government-managed defined benefit plan. Under this plan, employees' pension benefits are calculated based on their years of service and gross salary for the month of retirement (excluding allowances and festive bonuses). The Company makes monthly pension contributions equivalent to 2% of employees' monthly salaries into an account held under Bank of Taiwan in the Labor Pension Supervisory Committee's name. In the event that the account is estimated to be short of balance to pay workers who are expected to meet their retirement criteria in the following year, the Company will reimburse the shortfall in one contribution by no later than the end of March next year. The account is managed by Bureau of Labor Funds, Ministry of Labor. The Company has no influence whatsoever over the investment strategy.

The following amounts relating to the defined benefit plan have been recognized on the parent-only balance sheet:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 37,822	$ 40,883
Fair value of plan assets	(26,598)	(25,953)
Net defined benefit liabilities	$ 11,224	$ 14,930

Changes in net defined benefit liability:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
January 1, 2022	$ 40,883	($ 25,953)	$ 14,930
Servicing costs			
Service costs for the current period	394	-	394
Interest expense (income)	255	(163)	92
Recognized in profit or loss	649	(163)	486
Remeasurement			
Return on plan assets (excluding amounts already included in net interest)	-	(2,068)	(2,068)
Actuarial (gains) loss			
- Change in financial assumption	(1,622)	-	(1,622)
- Experience adjustment	(10)	-	(10)
Recognized in other comprehensive income	(1,632)	(2,068)	(3,700)
Employer's contribution	-	(492)	(492)
Plan asset payments	(2,078)	2,078	-
December 31, 2022	$ 37,822	($ 26,598)	$ 11,224
January 1, 2021	$ 43,545	($ 24,076)	$ 19,469
Servicing costs			
Service costs for the current period	393	-	393
Interest expense (income)	163	(91)	72
Recognized in profit or loss	556	(91)	465
Remeasurement			

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Return on plan assets (excluding amounts already included in net interest)	-	(328)	(328)
Actuarial (gains) loss			
- Change in demographic assumption	654	-	654
- Change in financial assumption	(747)	-	(747)
- Experience adjustment	(869)	-	(869)
Recognized in other comprehensive income	(962)	(328)	(1,290)
Employer's contribution	-	(3,714)	(3,714)
Plan asset payments	(2,256)	2,256	-
December 31, 2021	$ 40,883	($ 25,953)	$ 14,930

Amounts of defined benefit plan recognized through profit and loss, by function:

	2022	2021
Administrative expenses	$ 486	$ 465

The Company is exposed to the following risks due to adoption of pension scheme introduced under the "Labor Standards Act":

1. Investment risks: The Bureau of Labor Funds, Ministry of Labor, manages the labor pension fund either on its own or through mandate. The labor pension fund is being allocated into equity securities, debt securities, and bank deposits local and abroad; however, the Company estimates return on plan assets at a rate no less than the 2-year time deposit rate offered by local banks.
2. Interest rate risk: A decrease in government bond yield would increase the present value of defined benefit obligations while at the same time increase return of plan assets invested in debt instruments. The overall effect on net defined benefit obligation is partially offset.
3. Salary risk: The present value of defined benefit obligations is calculated by taking into consideration the participants' future salary levels. An increase in salary level would raise the present value of defined benefit obligations.

The present value of defined benefit obligations is determined based on actuarial estimates made by certified actuaries. Below are the main assumptions used on the date of measurement:

	December 31, 2022	December 31, 2021
Discount rate	1.250%	0.625%
Expected salary increase	2.000%	2.000%

A reasonable change in the main actuarial assumption would increase (decrease) the present value of defined benefit obligations by the following amounts, provided that all other assumptions remain unchanged:

	December 31, 2022	December 31, 2021
Discount rate		
0.25% increase	($ 620)	($ 733)
0.25% decrease	$ 636	$ 755
Expected salary increase		
0.25% increase	$ 621	$ 732
0.25% decrease	($ 608)	($ 714)

Actuarial assumptions tend to be intercorrelated. It is unlikely to see only one assumption changing at one time, therefore the above sensitivity analysis may not truly reflect changes in the present value of defined benefit obligation.

	December 31, 2022	December 31, 2021
Expected contributions in the next year	$ 309	$ 360
Average maturity of defined benefit obligations	6.6 years	7.2 years

XIX. Equity

(I) Common share capital

	December 31, 2022	December 31, 2021
Authorized and issued shares (thousand shares)	208,725	208,725
Authorized and paid-in capital	$ 2,087,250	$ 2,087,250

All issued common shares have a face value of NT$10 per share. Each share is entitled to one voting right and the right to receive dividends.

(II) Capital reserve

	December 31, 2022	December 31, 2021
Shares premium from issuance	$ 71,028	$ 71,028
Treasury stock transaction	469,258	452,597
	$ 540,286	$ 523,625

This additional paid-in capital can be offset against losses, or distributed in cash or capitalized into share capital when the Company has no cumulative losses outstanding. However, capitalization of this additional paid-in capital is capped at a certain percentage of the Company's paid-in share capital each year.

(III) Retained earnings and dividends policy

According to the earnings appropriation policy stipulated in the Articles of Incorporation, annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for statutory reserves and provision or reversal of special reserves as the laws may require. Any surpluses remaining will be added to unappropriated earnings accumulated from previous years, for which the board of directors will propose an earnings appropriation plan and seek resolution in a shareholder meeting before distribution. Refer to Note 21-(8) - Employee and director remuneration for the Company's employee and director remuneration policy outlined in the Articles of Incorporation.

The Company passed a resolution during the shareholder meeting dated June 28, 2019 to amend its Articles of Incorporation. In addition to the terms described in the preceding paragraph, any cash distribution of dividend, profit, statutory reserve, or additional paid-in capital, whether in whole or in part, must be resolved in a board meeting with more than two-thirds of the board present, voted in favor by more than half of attending directors, and reported in the upcoming shareholder meeting.

The Company's shareholders' meeting resolved to amend the Articles of Incorporation on August 31, 2021. As a conventional department store, the Company experiences no major change in sales volume but foresees moderate growth. After taken into consideration its long-term development plans and goals of maximizing shareholders' interest, the Company has adopted a dividend policy that makes consistent payouts primarily in cash. The shareholders' dividends are not lower than 10% of the distributable earnings of the year; of which, cash dividends shall not account for less than 50% of the sum of cash dividends plus stock dividends. However, the Company may forgo dividend payment if distributable earnings amount to NT$0.2 or less in a given year.

Other than aforesaid, the shareholders' meeting also specified that as required by laws, the Company shall make provision for special earnings reserve from unappropriated earnings carried from previous years for any net contra-equity balances accumulated under other contra-equity items in previous years before distributing earnings. If the Company is unable to make adequate provision from unappropriated earnings carried from previous years, the Company shall treat current net income and non-net income items as unappropriated earnings and make provisions accordingly.

Appropriation of earnings to legal reserve shall be made until the reserve equals the Company's paid-in capital. Legal reserves may be used to offset the deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The following are details of the 2021 and 2020 earnings appropriation resolved during annual general meetings held on June 14, 2022 and August 31, 2021:

	2021	2020
Provision for statutory reserves	$ 12,747	$ 4,035
Provision (reversal) of special reserves	$ 5,832	($ 39,225)
Cash dividends	$ 104,363	$ 104,363
Cash dividends per share (NT$)	$ 0.5	$ 0.5

The aforesaid cash dividends have been resolved for the distribution in the board meetings on March 14, 2022 and March 22, 2021, respectively. To respond to the "Measures Related to Postponing Shareholders' Meeting of Public Companies to Cope with the Pandemic," announced by FSC, the Company cancelled the originally scheduled shareholders' meeting, and convened the meeting on August 31, 2021.

Details of the 2022 earnings appropriation plan proposed by the board of directors in meeting dated March 6, 2023 are as follows:

	Appropriation of Earnings
Provision for statutory reserves	$ 2,330
Provision for special reserves	$ 126,929

Distribution of 2022 earnings is still pending for shareholders' resolution in the annual general meeting scheduled on June 19, 2023.

(IV) Special reserves

The Company reclassified NT$372,185 thousand of unrealized gain on revaluation into retained earnings when adopting IFRSs for the first time, and made provisions for special reserves of the same amount in accordance with the authority's instruction No. Jin-Guan-Zheng-Fa-1010012865 in 2013. This special reserve may be reversed when the underlying property is disposed or reclassified on a later date.

When appropriating 2021 and 2020 earnings, the Company made reversal and provision for special reserves totaling NT$5,832 thousand and NT$39,225 thousand, respectively, for differences in the market price and book value of parent company shares held by subsidiaries, after taking into consideration the prevailing shareholding percentage.

(V) Other items of equity

Unrealized gain/(loss) on financial assets at FVTOCI

	2022	2021
Opening balance	($ 89,929)	($ 84,096)
Incurred in the current year		
Unrealized loss/profit - equity instrument (Note 8)	(7,797)	(4,493)
Share of equity-accounted associated companies	(12,889)	(15,592)
Cumulative gains/losses transfer to retained earnings following disposal of equity instrument	76,059	14,252
Closing balance	($ 34,556)	($ 89,929)

(VI) Treasury stock

Unit: Thousand Shares

Reason for buyback	Shareholding at the beginning of year	Increase in current year	Decrease in current year	Shareholding at the end of year
2022				
Subsidiaries' holding of the Company's shares reclassified from investment into treasury stock	33,322	-	-	33,322
2021				
Subsidiaries' holding of the Company's shares reclassified from investment into treasury stock	33,322	-	-	33,322

Information relating to subsidiaries' holding of the Company's shares as at balance sheet date:

Investee	No. of shares held (thousand shares)	Acquisition cost	Market price and book value
December 31, 2022			
GUAN CHAN INVESTMENT CO., LTD.	8,750	$ 337,066	$ 264,688
JIA FONG INVESTMENT CO., LTD.	8,767	337,787	265,202
SONG YUAN INVESTMENT CO., LTD.	7,366	283,545	222,821
SHUN TAI INVESTMENT CO., LTD.	8,439	325,143	255,280
		$ 1,283,541	$ 1,007,991
December 31, 2021			
GUAN CHAN INVESTMENT CO., LTD.	8,750	$ 337,066	$ 350,000
JIA FONG INVESTMENT CO., LTD.	8,767	337,787	350,680
SONG YUAN INVESTMENT CO., LTD.	7,366	283,545	294,640
SHUN TAI INVESTMENT CO., LTD.	8,439	325,143	337,560
		$ 1,283,541	$ 1,332,880

Subsidiaries' holding of the Company's shares are treated as treasury stocks; subsidiaries are not entitled to participate in cash issue or vote, but are otherwise entitled to the same rights as ordinary shareholders.

XX. Revenues

(I) Breakdown of operating revenues

	2022	2021
Net sales revenues	$ 118,589	$ 115,954
Lease incomes	263,491	237,912
Construction incomes	34,652	32,568
Other operating revenues	37,033	36,569
	$ 453,765	$ 423,003

(II) Explanation and breakdown of income from customers' contracts

	2022	2021
Net sales revenues		
Revenues from sale of merchandise	$ 4,889	$ 16,003
Retail commission income	113,700	99,951
	$ 118,589	$ 115,954
Construction incomes		
Income from sale of property	$ 34,652	$ 32,568

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	2022	2021
Other operating revenues		
Merchants' subsidy for department renovation Revenue	$ 2,941	$ 1,326
Management fee income	29,511	28,590
Others	4,581	6,653
	$ 37,033	$ 36,569

Analysis of retail commission income:

	2022	2021
Total department sales	$ 1,008,254	$ 829,926
Retail commission income	$ 113,700	$ 99,951

(III) Contract balance

	December 31, 2022	December 31, 2021
Contract liability	$ 6,243	$ 6,391

The change in contractual liabilities was mainly attributed to the discrepancy between the time obligation was fulfilled and the time payment was made to customers.

(IV) Lease incomes

	2022	2021
Lease incomes		
Investment Property	$ 224,084	$ 199,449
Share of mall rental income	39,407	38,463
	$ 263,491	$ 237,912

Operating lease arrangements involve leasing of investment properties and retail malls (presented as property, plant, and equipment) owned by the Company, for tenors of 1-7 years and 1-13 years, respectively. The lessees are not entitled to any privileges to purchase the leased properties at the end of the lease tenor.

As at December 31, 2022 and 2021, the Company had collected deposits totaling NT$50,096 thousand and NT$50,365 thousand, respectively, in relation to the operating lease agreements.

Some of the Company's real estate leasing agreements contain contingent rent clauses that require the lessee to pay contingent rent at a certain percentage of monthly sales revenues.

XXI. Profit before tax

Pre-tax profit includes the following items:

(I) Breakdown of operating costs

	2022	2021
Cost of sales	$ 3,975	$ 13,406
Cost of leasing	36,930	36,357
Construction cost	30,008	35,295
Other operating costs	23,589	15,609
	$ 94,502	$ 100,667

(II) Interest income

	2022	2021
Cash in banks	$ 718	$ 30

(III) Other income

	2022	2021
Carpark income	$ 9,962	$ 7,630
Dividend income	6,413	6,035
Incomes from governmental subsidies	-	9,813
Others	8,207	4,523
	$ 24,582	$ 28,001

The governmental subsidies are the subsidies to the business having difficulties due to impacts of COVID-19 in service sectors, provided by MOEA, and the compensation of the re-zoning urban land announced by New Taipei City Government. In 2021, the total amount received was NT$9,813 thousand.

(IV) Other gains or losses

	2022	2021
Loss from disposal of property, plant and equipment	($ 9,481)	($ 68)
Loss on disposal of investment properties	-	(318)
Net foreign exchange gains	1,216	304
Gain (loss) on financial assets mandatory to be carried at FVTPL	(33,152)	10,047
Others	(11)	(346)
	($ 41,428)	$ 9,619

Net gain/loss on financial assets mandatory to be carried at FVTPL includes: (A) Loss on fair value changes totaling NT$35,216 thousand in 2022 and NT$1,530 thousand in 2021; and (B) Gain on disposal totaling NT$2,064 thousand in 2022 and NT$11,577 thousand in 2021.

(V) Financial costs

	2022	2021
Interest on bank loans	$ 32,029	$ 25,598

There was no capitalization of interest in 2022 and 2021.

(VI) Depreciation and amortization

	2022	2021
Property, Plant and Equipment	$ 64,943	$ 64,525
Investment Property	7,815	7,305
Intangible asset	1,187	602
Total	$ 73,945	$ 72,432
An analysis of depreciation by function		
Operating costs	$ 17,387	$ 16,140
Operating expenses	55,371	55,690
	$ 72,758	$ 71,830
An analysis of amortization by function		
Cost of sales	$ 149	$ 148
Operating expenses	1,038	454
	$ 1,187	$ 602

(VII) Employee benefits expense

	2022	2021
Retirement benefits (Note 18)		
Defined contribution plans	$ 1,762	$ 1,824
Defined benefit plan	486	465
Subtotal	2,248	2,289
Other employee benefits	57,981	62,640
Total	$ 60,229	$ 64,929
An analysis by function		
Operating expenses	$ 60,229	$ 64,929

(VIII) Employee and director remuneration

The Company provides for employee remuneration at 0.1%-4%, and director remuneration at no more than 4%, of current year's pre-tax profit (before employee and director remuneration). 2022 and 2021 estimated employee/director remuneration were resolved in board of directors meetings dated March 6, 2023 and March 14, 2022, respectively. Details are as follows:

Ratio

	2022	2021
Remuneration to employees	0.13%	0.10%
Remuneration to directors	-	-

Amount

	2022		2021	
	Cash	Stocks	Cash	Stocks
Remuneration to employees	$ 154	$ -	$ 150	$ -
Remuneration to directors	-	-	-	-

The amount actually paid of the employee' and directors' remunerations resolved by the board of directors on March 14, 2022 are different form the recognized amount in the annual parent-only financial statements. The difference is adjusted as the profit/loss in 2022.

	2021	
	Remuneration to employees	Remuneration to directors
The distribution amount resolved by the board of directors	$ 150	$ -
The amount recognized in the annual financial reports	1,000	1,000

The actual amounts of 2020 employee remuneration and director remuneration paid were indifferent from the amounts recognized in the 2020 financial statements.

Please visit "Market Observation Post System" for more information regarding employee/director remuneration resolved during the Company's board of director meetings.

(IX) Gains (losses) on foreign currency exchange

	2022	2021
Foreign exchange gains	$ 6,339	$ 449
Total loss on currency exchange	(5,123)	(145)
Net profit	$ 1,216	$ 304

XXII. Income tax

(I) Income tax recognized in profit or loss

Major components of tax expense were as follows:

	2022	2021
Tax currently payable		
Incurred in the current year	$ 18,036	$ 998
Levied on unappropriated earnings	227	-
Prior years adjustment	(999)	974
	17,264	1,972
Deferred tax		
Incurred in the current year	315	(1,219)
Income tax expense recognized in profit or loss	$ 17,579	$ 753

Reconciliation of accounting income and income tax expense:

	2022	2021
Profit before tax	$ 113,974	$ 141,448
Income tax derived by applying the statutory tax rate to pre-tax net profit	$ 22,795	$ 28,290
Loss on valuation of financial assets	7,043	306
Tax-exempt income	(11,288)	(773)
Levied on unappropriated earnings	227	-
Previous income taxes adjusted in the current year	(999)	974
Difference to paid for the basic tax amount	-	998
Recognized deficit offset with the capital decrease of the subsidiary	-	(30,000)
(Used) unrecognized losses carried forward	(199)	958
Income tax expense recognized in profit or loss	$ 17,579	$ 753

(II) Income tax recognized in other comprehensive income

	2022	2021
Deferred tax		
Incurred in the current year		
- Remeasurement of defined benefit plan	($ 740)	($ 258)
- Equity instruments at FVTOCI	(7,020)	(2,440)
	($ 7,760)	($ 2,698)

(III) Unused losses carried forward not recognized as deferred income tax asset in the balance sheet

	December 31, 2022	December 31, 2021
Loss carried forward		
Expiring 2027	$ -	$ 199
Expiring in 2031	958	958
	$ 958	$ 1,157

(IV) Current tax liabilities

	December 31, 2022	December 31, 2021
Income tax payable	$ 18,212	$ 998

(V) Deferred income tax assets and liabilities

Below are changes in deferred income tax assets and liabilities:

2022

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Deferred tax assets				
Temporary difference				
Impairment loss of financial assets at FVTOCI	$ 13,034	$ -	($ 7,020)	$ 6,014
Defined benefit plan	9,003	-	(740)	8,263
Others	181	(206)	-	(25)
	$ 22,218	($ 206)	($ 7,760)	$ 14,252
Deferred tax liabilities				
Temporary difference				
Provision for land increment value tax	$ 213,961	$ -	$ -	$ 213,961
Adjustment for rent-free period	2,840	109	-	2,949
	$ 216,801	$ 109	$ -	$ 216,910

2021

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Deferred tax assets				
Temporary difference				
Impairment loss of financial assets at FVTOCI	$ 15,474	$ -	($ 2,440)	$ 13,034
Defined benefit plan	9,261	-	(258)	9,003
Others	39	142	-	181
	$ 24,774	$ 142	($ 2,698)	$ 22,218
Deferred tax liabilities				
Temporary difference				
Provision for land increment value tax	$ 213,961	$ -	$ -	$ 213,961
Adjustment for rent-free period	3,917	(1,077)	-	2,840
	$ 217,878	($ 1,077)	$ -	$ 216,801

(V) Income tax assessments

The Company's profit-seeking business income tax filings have been certified by the tax authority up until 2020.

XXIII. EPS

Unit: share/NT$

	2022	2021
Basic earnings per share	$ 0.55	$ 0.80
Diluted earnings per share	$ 0.55	$ 0.80

The net income and weighted average number of ordinary shares outstanding in calculating earnings per share were as follows:

Current net income

	2022	2021
Current net income	$ 96,395	$ 140,695

Number of shares

Unit: Thousand Shares

	2022	2021
Weighted average number of ordinary shares in computation of basic earnings per share	175,403	175,403
Effect of potentially dilutive ordinary shares:		
Remuneration to employees	6	32
Weighted average number of ordinary shares used in the computation of diluted earnings per share	175,409	175,435

If the Company has the option to distribute employee remuneration either in cash or in shares, then the calculation of diluted earnings per share shall be made by assuming full share-based payment. In which case, the number of potential common shares is added to the calculation of weighted-average outstanding shares as soon as they become dilutive, and this is the basis used for calculating diluted earnings per share. Such a dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

XXIV. Capital risk management

The Company exercises capital management to ensure business continuity throughout the group. This capital management aims to maintain an optimal balance of debt and equity that maximizes shareholder returns. The Company has maintained its overall strategies unchanged in past years.

The Company's capital structure comprises net debt (i.e. borrowings less cash and cash equivalents) and equity (i.e. sum of share capital, additional paid-in capital, retained earnings, and other equity items).

The Company is not required to obey any other capital rules outside the organization.

The management reviews the Company's capital structure on a regular basis to address the costs and risks associated with various types of capital. Depending on the recommendations of its management, the Company may balance its capital structure by paying dividends, raising new debts, or by repaying existing debts.

XXV. Financial instruments

(I) Fair value information - financial instruments that are not measured at fair value

In the management's opinion, all financial assets and liabilities that are not measured at fair value have been presented on the parent-only balance sheet at book values that resemble their fair values.

(II) Fair value information - financial instruments with fair value measured on a recurring basis

1. Degree of fair value measurements

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares				
- Equity investments	$ 154,215	$ -	$ -	$ 154,215
Foreign public listed (OTC-traded) shares				
- Bond investments	51,206	-	-	51,206
Fund beneficiary certificates	167,583	-	-	167,583
Total	$ 373,004	$ -	$ -	$ 373,004
Financial assets at FVTOCI				
Investment in equity instruments				
- Emerging Stock Market shares	$ -	$ -	$ 4,563	$ 4,563
- Foreign unlisted shares	-	-	12,630	12,630
Total	$ -	$ -	$ 17,193	$ 17,193

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares				
- Equity investments	$ 129,384	$ -	$ -	$ 129,384
Foreign public listed (OTC-traded) shares				
- Bond investments	35,952	-	-	35,952
Fund beneficiary certificates	244,918	-	- -	244,918
Total	$ 410,254	$ -	$ -	$ 410,254
Financial assets at FVTOCI				
Investment in equity instruments				
- Emerging Stock Market shares	$ -	$ -	$ 4,563	$ 4,563
- Domestic unlisted shares	-	-	5,008	5,008
- Foreign unlisted shares	-	-	12,630	12,630
Total	$ -	$ -	$ 22,201	$ 22,201

There was no change of fair value input between level 1 and level 2 in 2022 and 2021.

2. Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets that involve the use of level 3 fair value inputs were equity instruments at FVTOCI. Reconciliation of 2022 and 2021 balances is explained below:

	2022	2021
Opening balance	$ 22,201	$ 66,457
Recognized as other comprehensive income (unrealized loss on valuation of financial assets at FVTOCI)	(777)	(2,000)

Refund from capital reduction	-	(41,882)
Disposal	(4,231)	(374)
Closing balance	$ 17,193	$ 22,201

3. Level 3 fair value measurement technique and assumption

Fair value of domestic and foreign unlisted shares is determined based on investees' latest net worth after taking liquidity into consideration. Liquidity discount is used as a significant unobservable input; a lower liquidity discount would increase fair value of such investment.

(III) Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial asset		
At FVTPL		
Financial assets designated as at FVTPL	$ 373,004	$ 410,254
Financial assets at amortized cost (Note 1)	120,238	97,283
Financial assets at FVTOCI - Investment in equity instruments	17,193	22,201
Financial liability		
Financial liabilities carried at amortized cost (Note 2)	2,852,601	2,980,573

Note 1: The balance includes cash, cash equivalents, accounts receivable, other receivables , time deposits with initial maturity of more than 3 months, and refundable deposits, and other financial assets carried at cost after amortization.

Note 2: The balance includes short-term borrowing notes payable, accounts payable, accrued expenses (excluding tax payable and salary & bonus payable), equipment purchase payable, other payables, long-term borrowings due within one year, refundable deposits, long-term borrowings, and other financial liabilities carried at cost after amortization.

(IV) Financial risk management objective and policies

Main financial instruments used by the Company include equity and debt instruments, fund beneficiary certificates, accounts receivable, accounts payable, and loans. The Company's Financial Management Department is responsible for supporting business units, making coordinated use of capital, and performing treasury transactions in local and international financial markets. It monitors and manages financial risks within the Company by preparing internal reports, which analyze the scope and severity of risk exposures. These risks include market risk (including currency risk, interest rate risk, and other price risks), credit risk, and liquidity risk.

1. Market risk

(1) Exchange rate risk

See Note 28 for information on financial assets denominated in non-functional currencies as at the balance sheet date. No sensitivity analysis was provided as the effect of exchange rate variation was insignificant.

(2) Interest rate risk

The Company is exposed to interest rate risks due to capital borrowed at both fixed and floating rates.

The book value of financial assets and financial liabilities susceptible to interest rate risks as at the balance sheet date is presented below:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
-Financial assets	$ 44,548	$ 8,608

-Financial liabilities	2,108,000	1,460,000
Cash flow interest rate risk		
-Financial assets	59,725	73,425
-Financial liabilities	540,000	1,340,000

Bank deposits and loans that the Company has placed/borrowed at fixed rate are susceptible to interest rate risk in the form of fair value change. However, the management considers the impact of interest rate variation to be insignificant given the short borrowing tenor and low borrowing rate.

Demand deposits and loans that the Company has placed/borrowed at floating rate are susceptible to interest rate risk in the form of cash flow changes.

Sensitivity analysis

The following sensitivity analysis has been prepared to explain interest rate risk exposure of floating-rate financial assets and bank loans as at the balance sheet date. Calculations were made on financial assets and liabilities that were susceptible to interest rate risk in the form of cash flow changes as at the balance sheet date. Interest rate sensitivity analyses are reported to the management by applying a variance of 0.25% above and below. This variance conforms with the management's expectation about the possible and reasonable range of interest rate variation.

A 0.25% increase/decrease in interest rate would have reduced/increased the Company's 2022 and 2021 pre-tax profit by NT$1,201 thousand and NT$3,166 thousand, respectively, if all other variables remained unchanged. This variation is largely attributed to exposure of bank loans undertaken at floating rate.

There was no significant change in the Company's interest rate sensitivity from the previous year.

(3) Other price risk

The Company is exposed to the risk of equity price variation due to investment in domestic and foreign listed equity securities. The Company does not engage in active trading of such investment. Equity price risk of the Company is mainly concentrated in equity instruments issued within the Greater China Region.

Sensitivity analysis

The following sensitivity analysis was conducted based on equity price risks as at the balance sheet date.

If equity prices increased/decreased by 10%, pre-tax profit for 2022 and 2021 would have increased/decreased by NT$15,422 thousand and NT$12,938 thousand, respectively, due to a rise/fall in the fair value of financial assets at FVTPL. Meanwhile, pre-tax other comprehensive income for 2022 and 2021 would have increased/decreased by NT$1,719 thousand and NT$2,220 thousand, respectively, due to a rise/fall in the fair value of financial assets at FVTOCI.

2. Credit risk

Credit risk refers to the risk of financial loss due to counterparties' failure in fulfilling contractual obligations. As at the balance sheet date, the Company's maximum exposure to the risk of loss due to counterparties' default on contractual obligations is represented by the book value of financial assets shown on the parent-only balance sheet.

Lease proceeds receivable by the Company were concentrated in three main customers, which accounted for 93% and 95% of the balance as at December 31, 2022 and 2021, respectively. However, the Company expects no significant credit risk as it has collected appropriate amounts of deposit.

Furthermore, due to the fact that the consolidated entity places liquid capital with banks of high credit rating issued by reputable international rating agencies, there should be limited level of credit risk exposure.

3. Liquidity risk

The Company maintains adequate position of cash and cash equivalents as well as bank credit lines to support corporate operations and to mitigate effects of cash flow variation. The management monitors use of bank limits and makes sure that borrowing terms are duly complied.

Maturity analysis for contracted non-derivative financial liabilities was prepared based on the earliest possible repayment dates, using undiscounted cash flows (including principal and estimated interest). Cash flows include interest and principal payments.

The following table shows the earliest times that the Company may be demanded to make immediate repayment of bank loans, without considering the likelihood of such demands. Maturity analysis of other non-derivative financial liabilities is prepared based on the agreed repayment date.

Undiscounted amounts of floating interest cash flow are estimated using yield curve as at the balance sheet date.

December 31, 2022

	Repayable upon demand or within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 174,572	$ -	$ -	$ -
Floating rate instruments	-	-	140,000	400,000
Fixed rate instruments	234,000	430,000	-	1,444,000
	$ 408,572	$ 430,000	$ 140,000	$ 1,844,000

December 31, 2021

	Repayable upon demand or within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 152,954	$ -	$ -	$ -
Floating rate instruments	150,000	-	-	1,190,000
Fixed rate instruments	84,000	446,000	-	930,000
	$ 386,954	$ 446,000	$ -	$ 2,120,000

Bank borrowing constitutes a main source of liquidity for the Company. As at December 31, 2022 and 2021, the Company had undrawn bank limits of NT$1,593,000 thousand and NT$1,441,000 thousand, respectively.

XXVI. Related party transaction

In addition to disclosures made in other footnotes, the Company had the following transactions with related parties.

(I) Related party name and category

Related Party Name	Relationship with the Company
GUAN CHAN INVESTMENT CO., LTD. (GUAN CHAN INVESTMENT)	The Company's subsidiary
JIA FONG INVESTMENT CO., LTD. (JIA FONG INVESTMENT)	The Company's subsidiary
SONG YUAN INVESTMENT CO., LTD. (SONG YUAN INVESTMENT)	The Company's subsidiary
SHUN TAI INVESTMENT CO., LTD. (SHUN TAI INVESTMENT)	The Company's subsidiary
De Hong Development Co., Ltd. (De Hong Development)	The Company's subsidiary
Chung Hsiao Enterprise Co., Ltd. (Chung Hsiao Enterprise)	Associated company of the Company

(II) Other related party transactions

1. Associated company - Chung Hsiao Enterprise passed resolutions to distribute cash dividends for 2021 and 2020 in board of directors meetings held in March 2022 and March 2021, which the Company received a sum of NT$3,157 thousand and NT$3,776 thousand, respectively, at the prevailing shareholding percentage.
2. Subsidiaries GUAN CHAN INVESTMENT, JIA FONG INVESTMENT, SONG YUAN INVESTMENT, and SHUN TAI INVESTMENT passed resolutions in board of directors meetings held in March 2022 and 2021 to distribute cash dividends for 2021 and 2020 totaling NT$16,401 thousand and NT$22,904 thousand, respectively.
3. In January 2015, the Company signed a property leasing agreement with De Hong Development to lease out part of the Company's office premise for use by the counterparty at monthly rent of NT$50 thousand. The Company has also been cooperating with De Hong Development on the sale of property inventory; in 2022 and 2021, the advertising expenses were accounted for NT$650 thousand and NT$602 thousand, respectively; as at December 31, 2022 and 2021, the Company had NT$167 thousand and NT$309 thousand of outstanding advertising expenses, respectively, that were payable to De Hong Development.

(III) Compensation of key management personnel

The Company had paid the following compensations to its directors and the executive management:

	2022	2021
Short-term employee benefits	$ 13,544	$ 13,136
Post-employment benefits	169	164
	$ 13,713	$ 13,300

Compensation to directors and members of the executive management is determined by the Remuneration Committee based on individual performance and market trends.

XXVII. Pledged Assets

The Company has placed part of its property, plant, equipment, and investment property as collaterals to secure bank borrowings. Below is a summary of assets pledged as collaterals:

	December 31, 2022	December 31, 2021
Property, Plant and Equipment		
- Land	$ 841,989	$ 840,092
- Buildings	739,801	768,365
Investment Property	885,409	892,273
	$ 2,467,199	$ 2,500,730

XXVIII. Foreign currency-denominated financial assets of material impact

The following is a summarized presentation of foreign currencies used by the Company other than the functional currency. The exchange rates disclosed are the rates at which the respective foreign currency is converted into the functional currency. Foreign currency assets of material effect:

December 31, 2022

Financial asset	Foreign currency	Exchange rate	Carrying amount
Monetary items			
USD	$ 1,476	30.710	$ 45,340
CNY	258	4.408	1,136
ZAR	124	1.811	224
			$ 46,700
Non-monetary items			
USD	2,078	30.710	$ 63,817
CNY	718	4.408	3,166
ZAR	1,321	1.811	2,392
			$ 69,375

December 31, 2021

Financial asset	Foreign currency	Exchange rate	Carrying amount
Monetary items			
USD	$ 381	27.680	$ 10,541
CNY	488	4.344	2,121
ZAR	1,076	1.733	1,865
			$ 14,527
Non-monetary items			
USD	2,290	27.680	$ 63,391
CNY	616	4.344	2,674
ZAR	544	1.733	942
			$ 67,007

The Company reported net gain (realized and unrealized) on exchange totaling NT$1,216 thousand in 2022 and NT$304 thousand in 2021. Due to the broad diversity of foreign currencies used for transactions, the Company was unable to disclose exchange gains/losses separately for each significant foreign currency.

XXIX. Additional Disclosures

(I) Information related to significant transactions:

1. Loans to external parties. (None)
2. Endorsements/guarantees to external parties. (None)
3. Marketable securities held at year-end. (Appendix 1)
4. Cumulative purchase or sale of a single security totaling more than NT$ 300 million or 20% of paid-in capital. (None)
5. Acquisition of real estate properties amounting to more than NT$ 300 million or 20% of paid-in capital. (None)
6. Disposal of real estate properties amounting to more than NT$ 300 million or 20% of paid-in capital. (None)
7. Sales and purchases to/from related parties amounting to more than NT$ 100 million or 20% of paid-in capital. (None)

8. Related party receivables amounting to more than NT$ 100 million or 20% of paid-in capital. (None)
9. Trading of derivatives. (None)

(II) Information on business investments. (Appendix 2)

(III) Information relating to investments in the Mainland. (None)

(IV) Major shareholders: Names of shareholders with more than 5% ownership interest, and the number and percentage of shares held. (Appendix 3)

Tonlin Department Store Co., Ltd. and Subsidiaries
Marketable securities held
December 31, 2022

Table 1 | Unit: NTD thousand

Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
Tonlin Department Store Co., Ltd.	Common share							
	Harbinger Venture Capital Corp.	-	Equity instrument at FVTOCI - Non-current	3,367	$ -	1.70	$ -	
	Wholesome Biopharm Pty Ltd.	-	Equity instrument at FVTOCI - Non-current	10,000,000	12,630	12.16	12,630	
	KDH Design CO., Ltd.	-	Equity instrument at FVTOCI - Non-current	40,000	-	2.03	-	
	Budworth Investment Limited	-	Equity instrument at FVTOCI - Non-current	15,186	-	1.67	-	
	Julien's International Entertainment Group Co., Ltd.	-	Equity instrument at FVTOCI - Non-current	373,501	4,563	1.30	4,563	
	Preferred share							
	Phyto Ceutica Inc.	-	Equity instrument at FVTOCI - Non-current	20,000	-	-	-	
	Beneficiary certificate							
	CTBC Asia Pacific Real Income Fund	-	Financial assets at FVTPL - Current	200,000.00	2,066	-	2,066	
	Taishin 1699 Money Market	-	Financial assets at FVTPL - Current	3,656,249.56	50,329	-	50,329	
	Allianz Taiwan Money Market Fund	-	Financial assets at FVTPL - Current	2,363,882.27	30,105	-	30,105	
	Neuberger Berman Taiwan 5G Equity Fund	-	Financial assets at FVTPL - Current	143,575.02	1,836	-	1,836	
	Union Money Market Fund	-	Financial assets at FVTPL - Current	745,695.47	10,004	-	10,004	
	Hua Nan Phoenix Money Market Fund	-	Financial assets at FVTPL - Current	908,109.40	15,002	-	15,002	
	SinoPac Yuanta De-Li Money Market Fund	-	Financial assets at FVTPL - Current	2,418,440.60	40,072	-	40,072	
	Fuh Hwa South Africa Short-Term Income ZAR Fund B	-	Financial assets at FVTPL - Current	60,260.90	980	-	980	

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Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
	Pictet-Russian Equities R	-	Financial assets at FVTPL - Current	176.27	$ 288	-	$ 288	
	BlackRock Global Funds - World Technology Fund A2	-	Financial assets at FVTPL - Current	94.08	139	-	139	
	LionGlobal Vietnam Fund	-	Financial assets at FVTPL - Current	43,422.48	795	-	795	
	BlackRock World Mining Fund	-	Financial assets at FVTPL - Current	346.63	676	-	676	
	BNP Paribas Funds Energy Transition	-	Financial assets at FVTPL - Current	400.00	1,187	-	1,187	
	JPMorgan Funds - US Technology Fund A	-	Financial assets at FVTPL - Current	273.84	461	-	461	
	AB - American Income Portfolio AT Inc	-	Financial assets at FVTPL - Current	1,771.84	1,533	-	1,533	
	Allianz Income and Growth (BM)	-	Financial assets at FVTPL - Current	18,315.02	4,668	-	4,668	
	Jih Sun Vietnam Opportunity Fund	-	Financial assets at FVTPL - Current	3,000.00	593	-	593	
	Allianz Income and Growth (AM)	-	Financial assets at FVTPL - Current	2,550.33	595	-	595	
	JPMorgan Funds - Global Natural Resources Fund	-	Financial assets at FVTPL - Current	2,989.07	1,265	-	1,265	
	JPMorgan Funds - Emerging Middle East Equity Fund	-	Financial assets at FVTPL - Current	430.95	411	-	411	
	Allianz Income and Growth (AM) - Rand	-	Financial assets at FVTPL - Current	7,962.74	1,412	-	1,412	
	Franklin Templeton SinoAm New World Fund - CNY	-	Financial assets at FVTPL - Current	9,434.00	701	-	701	
	Nomura Global Infrastructure Megatrend Fund - CNY	-	Financial assets at FVTPL - Current	60,000.00	2,465	-	2,465	
	- Bonds							
	Brazilian Government Bonds (VII)	-	Financial assets at FVTPL - Current	2,000	4,524	-	4,524	
	- Corporate bonds							
	Petroleos Mexicanos corporate bonds (VII)	-	Financial assets at FVTPL - Current	2,500	4,713	-	4,713	
	Apple Inc. Corporate Bonds (VII)	-	Financial assets at FVTPL - Current	1,700	4,233	-	4,233	

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Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
	Altria USD bonds	-	Financial assets at FVTPL - Current	200	$ 5,589	-	$ 5,589	
	Pertamina corporate bonds (III)	-	Financial assets at FVTPL - Current	2,000	5,208	-	5,208	
	Verizon Communications corporate bonds	-	Financial assets at FVTPL - Current	62	1,757	-	1,757	
	4.25% of UnitedHealth Group's corporate bonds	-	Financial assets at FVTPL - Current	127	3,517	-	3,517	
	Corporate bonds of CenturyLink Inc.	-	Financial assets at FVTPL - Current	2,350	4,834	-	4,834	
	Corporate bonds of TSMC Arizona Corporation	-	Financial assets at FVTPL - Current	2,040	5,963	-	5,963	
	Corporate bonds of BMW US Capital LLC	-	Financial assets at FVTPL - Current	1,600	4,545	-	4,545	
	Corporate bonds of AT&T	-	Financial assets at FVTPL - Current	215	6,323	-	6,323	
	Common shares of domestic companies							
	Hon Hai Precision Industry Co., Ltd.	-	Financial assets at FVTPL - Current	35,000	3,496	-	3,496	
	Asia Optical Co. Inc.	-	Financial assets at FVTPL - Current	78,000	4,719	-	4,719	
	FuSheng Precision Co., Ltd.	-	Financial assets at FVTPL - Current	143,000	30,101	-	30,101	
	Crystalvue Medical Corporation	-	Financial assets at FVTPL - Current	93,000	4,836	-	4,836	
	Yageo Corporation	-	Financial assets at FVTPL - Current	2,387	1,076	-	1,076	
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at FVTPL - Current	8,000	3,588	-	3,588	
	Yeong Guan Energy Technology Group Co., Ltd.	-	Financial assets at FVTPL - Current	84,962	4,834	-	4,834	
	Zhen Ding Technology Holding Limited	-	Financial assets at FVTPL - Current	18,400	1,932	-	1,932	
	Delta Electronics, Inc.	-	Financial assets at FVTPL - Current	20,000	5,730	-	5,730	
	YFY Inc.	-	Financial assets at FVTPL - Current	44,000	1,076	-	1,076	

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Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
	Winbond Electronics Corp.	-	Financial assets at FVTPL - Current	73,000	$ 1,431	-	$ 1,431	
	Ardentec Corporation	-	Financial assets at FVTPL - Current	50,000	2,480	-	2,480	
	ShunSin Technology Holdings Limited	-	Financial assets at FVTPL - Current	28,000	2,282	-	2,282	
	Raydium Semiconductor Corporation	-	Financial assets at FVTPL - Current	31,000	9,440	-	9,440	
	United Microelectronics Corporation	-	Financial assets at FVTPL - Current	94,000	3,826	-	3,826	
	China Airlines Ltd.	-	Financial assets at FVTPL - Current	135,000	2,565	-	2,565	
	Dyaco International Inc.	-	Financial assets at FVTPL - Current	62,000	2,523	-	2,523	
	CTBC Financial Holding Co., Ltd.	-	Financial assets at FVTPL - Current	440,000	9,724	-	9,724	
	Unimicron Technology Corp.	-	Financial assets at FVTPL - Current	42,000	5,040	-	5,040	
	SERCOMM CORP.	-	Financial assets at FVTPL - Current	65,000	4,960	-	4,960	
	E-LEAD ELECTRONIC CO., LTD.	-	Financial assets at FVTPL - Current	64,000	4,493	-	4,493	
	Polaris Group	-	Financial assets at FVTPL - Current	23,000	2,040	-	2,040	
	Orient Europharma Co., Ltd.	-	Financial assets at FVTPL - Current	131,000	4,742	-	4,742	
	Century Iron And Steel Industrial Co., Ltd	-	Financial assets at FVTPL - Current	118,000	10,455	-	10,455	
	E INK HOLDINGS INC.	-	Financial assets at FVTPL - Current	30,000	4,830	-	4,830	
	PHIHONG TECHNOLOGY CO., LTD.	-	Financial assets at FVTPL - Current	60,000	2,367	-	2,367	
	JENTECH PRECISION INDUSTRIAL CO., LTD	-	Financial assets at FVTPL - Current	5,000	1,883	-	1,883	
	NICHIDENBO CORPORATION	-	Financial assets at FVTPL - Current	19,000	999	-	999	
	Fubon FTSE Vietnam ETF	-	Financial assets at FVTPL - Current	90,000	1,002	-	1,002	

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Companies held	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
	Formosa Plastics Corporation	-	Financial assets at FVTPL - Current	26,000	$ 2,257	-	$ 2,257	
	SUNNY FRIEND ENVIRONMENTAL TECHNOLOGY CO., LTD	-	Financial assets at FVTPL - Current	9,000	1,557	-	1,557	
	Taiwan High Speed Rail Corporation	-	Financial assets at FVTPL - Current	415,000	11,931	-	11,931	
GUAN CHAN INVESTMENT CO., LTD.	Common share							
	Tonlin Department Store Co., Ltd.	Parent company	Equity instrument at FVTOCI - Non-current	8,750,000	264,688	4.19	264,688	(Note 1 and 2)
	Beneficiary certificate							
	Jih Sun Money Market Fund	-	Financial assets at FVTPL - Current	103,455.50	1,559	-	1,559	
	Taishin 1699 Money Market	-	Financial assets at FVTPL - Current	228,508.64	3,145	-	3,145	
	FSITC Taiwan Money Market	-	Financial assets at FVTPL - Current	26,926.80	419	-	419	
JIA FONG INVESTMENT CO., LTD.	Common share							
	Tonlin Department Store Co., Ltd.	Parent company	Equity instrument at FVTOCI - Non-current	8,767,000	265,202	4.20	265,202	(Note 1 and 2)
	Beneficiary certificate							
	Mega Diamond Money Market	-	Financial assets at FVTPL - Current	182,511.63	2,326	-	2,326	
	FSITC Taiwan Money Market	-	Financial assets at FVTPL - Current	327,162.10	5,088	-	5,088	
SONG YUAN INVESTMENT CO., LTD.	Common share							
	Tonlin Department Store Co., Ltd.	Parent company	Equity instrument at FVTOCI - Non-current	7,366,000	222,821	3.53	222,821	(Note 1 and 2)
	Beneficiary certificate							
	FSITC Taiwan Money Market	-	Financial assets at FVTPL - Current	77,693.80	1,208	-	1,208	
	Taishin 1699 Money Market	-	Financial assets at FVTPL - Current	72,862.93	1,003	-	1,003	
	ASIAN TIGER BOND A2 USD	-	Financial assets at FVTPL - Current	2,308.94	2,573	-	2,573	
	US SENIOR LOAN FUND	-	Financial assets at FVTPL - Current	523.64	2,993	-	2,993	
	GLOBAL REAL ASSET SECURITIES	-	Financial assets at FVTPL - Current	696.28	2,310	-	2,310	

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Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
SHUN TAI INVESTMENT CO., LTD.	AHL TREND ALTERNATIVE	-	Financial assets at FVTPL - Current	1,247.76	$ 6,207	-	$ 6,207	
	NEUBERGER BERMAN UNCORRELATED STRATEGIES	-	Financial assets at FVTPL - Current	4,081.32	1,383	-	1,383	
	Foreign bonds							
	4.305% STANDARD CHARTERED PLC SR UNSECURED	-	Financial assets at FVTPL - Current	200,000	5,478	-	5,478	
	- Foreign shares							
	PAYPAL HOLDINGS INC	-	Financial assets at FVTPL - Current	2,000	4,374	-	4,374	
	Common share							
	Tonlin Department Store Co., Ltd.	Parent company	Equity instrument at FVTOCI - Non-current	8,439,000	255,280	4.04	255,280	(Note 1 and 2)
	Beneficiary certificate							
	FSITC Taiwan Money Market	-	Financial assets at FVTPL - Current	193,695.80	3,012	-	3,012	
	Taishin 1699 Money Market	-	Financial assets at FVTPL - Current	72,866.12	1,003	-	1,003	

Note 1: Subsidiaries' holding of the Company's shares were reclassified as treasury stock, and accounted using the book value at which the Company was recognized as investment by the subsidiary in the beginning of 2002.
Note 2: See Appendix 2 for information relating to investments in subsidiaries and associated companies.

Tonlin Department Store Co., Ltd. and Subsidiaries
Information of Investees
2022

Table 2

Unit: NTD thousand

Investor	Investor Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2022			Current period profit (loss) of the investee (Note 2)	Investment gains (losses) recognized in the current period (Note 2)	Remarks
				December 31, 2022	December 31, 2021	Shares	Percentage (%)	Carrying amount			
Tonlin Department Store Co., Ltd.	De Hong Development Co., Ltd.	Taipei City	General construction	$ 600,000	$ 600,000	45,000,000	100.00	$ 382,899	($ 36,346)	($ 36,346)	Subsidiary (Notes 2)
	Chung Hsiao Enterprise Co., Ltd.	Taipei City	General leasing	151,352	101,952	5,076,000	26.89	183,935	20,822	4,113	Equity-accounted investee (Note 4)
	SONG YUAN INVESTMENT CO., LTD.	Taipei City	Investment	350,000	350,000	35,000,000	100.00	81,024	3,613	(70)	Subsidiary (Notes 1, 2, and 3)
	SHUN TAI INVESTMENT CO., LTD.	Taipei City	Investment	350,000	350,000	35,000,000	100.00	44,008	5,766	1,546	Subsidiary (Notes 1, 2, and 3)
	GUAN CHAN INVESTMENT CO., LTD.	Taipei City	Investment	350,000	350,000	35,000,000	100.00	29,393	4,425	50	Subsidiary (Notes 1, 2, and 3)
	JIA FONG INVESTMENT CO., LTD.	Taipei City	Investment	350,000	350,000	35,000,000	100.00	28,973	4,643	260	Subsidiary (Notes 1, 2, and 3)

Note 1: Subsidiaries' holding of the Company's shares were reclassified as treasury stock, and accounted using the book value at which the Company was recognized as investment by the subsidiary in the beginning of 2002.
Note 2: Calculated based on the entity's audited financial statements as at December 31, 2022.
Note 3: Differences between investment gains/losses the Company had recognized on SONG YUAN INVESTMENT CO., LTD., SHUN TAI INVESTMENT CO., LTD., GUAN CHAN INVESTMENT CO., LTD., and JIA FONG INVESTMENT CO., LTD. and the amount of profit/loss reported by the respective investees were due to distribution of dividends.
Note 4: On November 4, 2022, the Company purchased 1,300,000 shares of Chung Hsiao Industrial Co. Ltd. with NT$49,400 thousand from New Leader Asia Enterprise Ltd. upon the Board' resolution, and 6.89% of stake was acquired. The delivery was completed on November 7, 2022.

Tonlin Department Store Co., Ltd. and Subsidiaries
Information on main investors
December 31, 2022

Table 3

Name of major shareholder	Shares	
	No. of shares held	Shareholding percentage (%)
SHUEN SHYANG CO., LTD.	35,913,664	17.20
JIN DUO LIH ENTERPRISES PTY. LTD.	22,936,442	10.98
Weng Chun-Chih	21,337,920	10.22
FlySun Development Co., Ltd.	12,579,333	6.02

Note 1: Information on major shareholders, as presented in this chart, was taken from records of Taiwan Depository & Clearing Corporation as at the final business day of the reported quarter, and included parties holding book-entry common and preferred shares (including treasury stock) for an aggregate ownership of 5% and above. Share capital reported in the Company's consolidated financial statements may differ from the number of shares delivered via book entry due to different basis of preparation/calculation.

Note 2: The aforementioned information will be disclosed by the trustors' personal accounts settled by the trustees If the shareholders put the shares into a trust. As for the insider declaration of the ownership percentage over 10%, including the shares on hand and those being put in the trust and may be able to decide the usage of the trust assets, please refer to the declaration information on Market Observation Post System (MOPS).

VI. For the most recent year until the publication date of the annual report, financial position impacted by insolvency incidents encountered by the Company and affiliates:none

Seven. Review and analysis of the company's financial position and financial performance, and a listing of risks

I. Financial position:

Unit:NTD thousand

Item \ Year	2022	2021	Difference	
			Amount	%
Current asset	1,111,873	1,392,796	-280,923	(20.17)
Property, Plant and Equipment	2,196,232	2,249,481	-53,249	(2.37)
Net amount of investment property	2,148,353	2,158,918	-10,565	(0.49)
Other assets	244,566	220,101	24,465	11.12
Total assets	5,701,024	6,021,296	-320,272	(5.32)
Current liabilities	1,189,157	1,220,833	-31,676	(2.59)
Long-term borrowings	1,844,000	2,120,000	-276,000	(13.02)
Other liabilities	279,927	283,490	-3,563	(1.26)
Total liabilities	3,313,084	3,624,323	-311,239	(8.59)
Share capital	2,087,250	2,087,250	0	0.00
Additional paid-in capital	540,286	523,625	16,661	3.18
Retained earnings	1,078,501	1,159,568	-81,067	(6.99)
Other equities	-34,556	-89,929	55,373	(61.57)
Treasury stock	-1,283,541	-1,283,541	0	0.00
Non-controlling interests	0	0	0	0.00
Total Equity	2,387,940	2,396,973	-9,033	(0.38)

(I) Reasons of material changes to assets, liabilities, and shareholders' equity:

1. The amount of current assets in 2022 decreased from that in 2021, mainly due to the number of houses and land for sale in 2022 Compared to 2021, the value of inventory for sale decreased significantly.

2. The increase in other assets in 2022 compared to 2021 is mainly due to the fact that the Company acquired the assets under the equity method in November 2022.

This is due to the equity of Zhongxiao Industrial Co., Ltd., an investee company, of about NT$49,400 thousand.

3. The decrease in long-term borrowings in 2022 as compared to 2021 is mainly due to the repayment at maturity.

4. The decrease in other equity items in 2022 compared to 2021 is mainly due to the fact that other comprehensive income.

NT$71,580 thousand was reclassified from realized losses of financial assets measured at fair value, and NT$16,207 thousand was re-recognized as unrealized losses on financial assets.

(II) For these with material impacts, the future responding plans:

It is expected that the construction segment will continue the sales of the Yuyangming project at Yangming Mountain and Jiaoxi construction projects in 2023. In addition, the Taoyuan Branch will actively recruit vendors and launch various promotional campaigns. In the future, the relevant borrowings will be repaid once the inflow of working capital is available in the future.

II. Financial performance

Unit:NTD thousand

Item / Year	2022	2021	Amount increased	Percentage of change (%)
Operating revenue	711,970	528,595	183,375	34.69
Operating costs	360,518	206,239	154,279	74.81
Operating margin	351,452	322,356	29,096	9.03
Operating expenses	187,042	191,302	-4,260	-2.23
Net operating margin	164,410	131,054	33,356	25.45
Non-operating income and (expense)	-49,484	10,788	-60,272	-558.69
Net income before tax	114,926	141,842	-26,916	-18.98
Income tax	18,531	1,147	17,384	1,515.61
Current net income	96,395	140,695	-44,300	-31.49
Other comprehensive income	-17,726	-19,053	1,327	-6.96
Total comprehensive income	78,669	121,642	-42,973	-35.33

(I) Analysis and explanation of changes

1. The 2022 operating revenue was NT$183,375 thousand higher than 2021.

	2022	2021	Difference
Incomes from department stores	118,589	115,954	2,635
Lease incomes	269,477	242,743	26,734
Construction incomes	286,871	133,329	153,542
Other operating revenues	37,033	36,569	464
	771,970	528,595	183,375

As a whole, the 2022 operating revenue increased approximately NT$183,375 thousand from 2021, mainly due to the increased revenue from constructions and leases. Relatively, costs increased by NT$154,279 thousand; therefore, the gross operating profit increased by approximately NT$29,096 thousand.

2. In terms of operating expenses, due to the impact of the pandemic, the Group reduced expenditures by reducing the payment of directors and employees' remunerations, cutting salaries and streamlining the organization. The operating expenses decreased by approximately NT$4,260 thousand. Net operating income increased by approximately NT$33,356 thousand.

3. Net non-operating expenses increased by approximately NT$60.27 million, mainly due to the losses of disposal of property, plant and equipment increased by approximately NT$9.43 million, increased interest expenses loss by approximately NT$6.89 million, increased loss of financial assets FVTPL mandatory by approximately NT$45.42 million, and decreased government subsidy income by NT$9.81 million. In addition, interest income increased by approximately NT$880,000, net gains from foreign currency exchange increased by approximately NT$2.97 million, parking lot revenue increased by approximately NT$2.33 million, and net other income increased by approximately NT$4.98 million.

4. The income tax in 2021 was mainly due to the capital decrease of NT$150 million by the subsidiary, De Hong Development, which can be listed as a deduction of taxable income, so the income tax was only NT$1,147 thousand. In 2022, the income tax was NT$18,531 thousand because the realized losses that can be listed as a deduction to taxable income was fewer.

5. In nutshell, the comprehensive income, NT$78,669 thousand for 2022, was NT$42,973 thousand lower from NT$121,642 thousand reported in 2021.

(II) Expectation and its basis, the possible impact on the Company's future finance and business and the response plan:

It is expected that the construction segment will continue the sales of the Yuyangming project at Yangming Mountain and Jiaoxi project in 2023. In addition, after the refurbishment of Taoyuan Branch, with the enhanced business planning, it is expected to improve the performance of future operations.

III. Cash flow

(I) Analysis and explanation of the changes to the cash flows in the most recent year

Item \ Year	2022	2021	Percentage of change (%)
Cash flow ratio (%)	46.68	21.53	116.81
Cash flow adequacy (%)	129.45	62.68	106.53
Cash flow reinvestment ratio (%)	9.18	3.29	179.03

Analysis and explanation of changes

1. Cash flow ratio increased: mainly because the sales of construction projects in 2022 more than in 2021, resulting in the largeer inflow of funds from operating activities.

2. Increased cash flow adequacy: It is mainly because the net cash inflow from operating activities in the past five years in 2022 and the capital expenditure in the past five years in the past five years have increased significantly and decreased compared to 2021.

3. Cash reinvestment ratio increase: mainly because the net cash inflow from operating activities in 2022 years after deducting distributed cash dividends was significantly increased than that in 2021.

(II) Improvement plan to illiquidity:The Company will actively sell the Yuyangming and Jiaoxi projects, and also strive to stabilize the leasing business of the Taipei Branch; meanwhile, the operation and revenue of the Taoyuan Branch will also increase the inflow of working capital, so there should be no liquidity risk of being unable to raise funds to fulfill contractual obligations.

(III)Analysis of cash flow for the next year

Unit:NTD thousand

Beginning cash balance①	Estimated yearly net cash inflow from operating activities ②	Estimated cash outflows ③	Anticipated cash surplus (shortage) ①+②-③	Remedies for cash deficits	
				Investment plans	Financing plans
105,239	177,455	184,984	97,710	-	-

1. Analysis of cash flow changes for next year
   (1) Operating activities:It is expected that the sales of the Jiaoxi project under the construction segment in 2023, and the operation of the Taoyuan Branch after the refurbishment will increase the inflow of working capital by then.
   (2) No material investment is expected in the next year.

IV.Impacts of major capital expenditures in the most recent year to financial performance

Due to the declining operating performance of the traditional department store counters, the Company resolved to approve the Taoyuan Branch's refurbishment proposal by the board of directors on October 24, 2016. On February 10, 2017, the board of directors resolved to contract the construction project of Taoyuan Branch to non-related parties. The total contract price of the construction project was NT$1,112,410 thousand. The refurbished Branch was officially opened for operation in October 2018. In addition to retaining top revenue-generating merchants, the restaurant (beverages), sports, leisure, entertainment, and cinema merchants were introduced for joint-operation.

V. Causes of profit or loss incurred on re-investments in the most recent year, any improvement plan and the investment plan for the next year:

(I) The Company's reinvestment targets are mostly venture capital companies, seeking to create income outside of its own business through the professional management of venture capital companies. The dividend income for 2022 totaled NT$6,603 thousand. Since most of the venture capital companies in which the Company invested were established between 1998 and 2000, the agreed durations have expired, and the Company has been divesting to recover the investments. The Company will gradually recover investment costs through capital decrease of the venture capital companies and dividend distributions.

(II) The Company expanded to the construction industry in 2009 for diversified operation; up to the end of 2022, the Company has invested NT$450 million in De Hong Development Co., Ltd. The subsidiary has begun to sell projects since 2014.

(III) The Company has no plan for significantly increase the amount of re-investment in the next year.

VI. Assessment of risks

(I) During the most recent fiscal year up to the publication date of the annual report, the effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

Interest fluctuations	Bank deposits and loans that the Company has placed/borrowed at fixed rate are susceptible to interest rate risk in the form of fair value change. There, it is assessed that the impact of interest rate variation to be insignificant given the short borrowing tenor and low borrowing rate. Due to the holding bank deposits and borrowings with variable interest rates, the Company is exposed to the risk of cash flow interest rate risk. However, the analysis showed that the sensitivity to interest rates during the period had not changed significantly from the previous period. There was no significant impact on the overall operation of the Company during 2022 up to the publication date of the annual report.
Exchange rate fluctuations	Since the Company does not engage in foreign exchange-related transactions for the purpose of arbitrage or speculation, and the Company’s purchases and sales are mainly received and paid in New Taiwan Dollars, during 2022 and as of the publication date of the annual report, the exchange rate changes have not had any significant impact on the company’s profit and loss.
Inflation	The consumer price index rose, but the overall price trend is still stable relative to the increased prices in neighboring Asian countries. During 2022 and as of the publication date of the annual report, the Company has not yet had an immediate and significant impact due to inflation.
Responding measures	The Company will keep on monitoring interest rates, exchange rate trends and related information about changes, in order to reduce the impact of interest rate and exchange rate changes; meanwhile, it will immediately grasp the domestic and foreign financial situation and strengthen risk control. In the event of major economic changes, it should be cautiously impose the responding measures to reduce possible losses in the Company's finance and business due to changes in interest rates and exchange rates.

(II) During the most recent fiscal year up to the publication date of the annual report, the company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

1. The Company does not engage high-risk investments, highly leveraged investments and derivatives transactions. Due to the principle of robustness and pragmatism, the Company does not plant to engage high-risk investments, highly leveraged investments and derivatives transactions in the future.
2. The Company has established the "Operational Procedures for Loaning of Funds to Others" pursuant to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" issued and enacted by the competent authority, and submitted to the Board of directors and the shareholders' meeting for approval. To implement the loaning of fund to others, the "Operational Procedures for Loaning of Funds to Others" approved by the Board of directors and the shareholders' meeting must be followed, to prevent negative impacts on the Company.
3. The Company has established the "Operational Procedures for Endorsements/Guarantees" pursuant to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" issued and enacted by the competent authority, and submitted to the Board of directors and the shareholders' meeting for approval. To implement the endorsement/guarantee, the "Operational Procedures for Endorsements/Guarantees" approved by the Board of directors and the shareholders' meeting must be followed to conform to the risk control, and prevent negative impacts on the Company.

(III)During the most recent fiscal year up to the publication date of the annual report, the research and development work to be carried out in the future, and further expenditures expected for research and development work.

The Company itself is not involved in product development and manufacturing, so there is no R&D plan and cost.

(IV) During the most recent fiscal year up to the publication date of the annual report, the effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

The Company has taken appropriate responding measures to deal with important domestic and foreign policy and legal changes in recent years. In the future, the President's Office and Finance Department will monitor the latest regulatory changes and consult professional opinions from lawyers and accountants. The responding measures to important domestic and foreign policy and legal changes will be studied and discussed to achieve compliance and reduce the impact on the Company's finance and business.

(V) During the most recent fiscal year up to the publication date of the annual report, the effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response.

Technology is evolving every day, and the Internet is everywhere. The functions of mobile devices such as smart phones and tablets have been continuously strengthened and the prices are getting cheaper; emerging services such as applications, cloud applications, and big data, have developed rapidly, creating online business opportunities, and impact the mortar and brick market. In light of this, the Company has been committed to using high-tech products and launching the O2O marketing model to create higher sales.

(VI) During the most recent fiscal year up to the publication date of the annual report, the effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response.

The Company has been committed to maintaining a good corporate image for many years and complying with laws and regulations. In order to effectively control the quality of communication with the media and avoid improper handling of crises that damages corporate image, the Company has implemented a spokesperson mechanism, to assign dedicate staff for customer complaints and shareholder suggestions, to effectively maintain the Company's reputation and image. During 2022 up to the publication date of the annual report, there has been no crisis due to changes in the Company's corporate image.

(VII)During the most recent fiscal year up to the publication date of the annual report, the expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken.

During 2022 up to the publication date of the annual report, the Company has had no plan of M&A.

(VIII) During the most recent fiscal year up to the publication date of the annual report, the expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken.

During 2022 up to the publication date of the annual report, the Company has had no material plan for capital expenditure.

(IX) During the most recent fiscal year up to the publication date of the annual report, the risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken.

The Company belongs to the department store and construction industry. It sells diversified products and does not purchase from or sell goods to a single supplier or customer. Therefore, there is no risk of purchase or sales concentration.

(X) During the most recent fiscal year up to the publication date of the annual report, the effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken.

During 2022 up to the publication date of the annual report, there has been no major quantity of shares transferred or has otherwise changed hands, and thus no concern of risk for material changes.

(XI) During the most recent fiscal year up to the publication date of the annual report, the effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken.

During 2022 and up to the publication date of the annual report, there has been no such thing.

(XII) Litigious and non-litigious matters:

During 2022 and up to the publication date of the annual report, there has been no material litigation or administrative disputes

(XIII) Other important risks, and mitigation measures being or to be taken:not applicable.

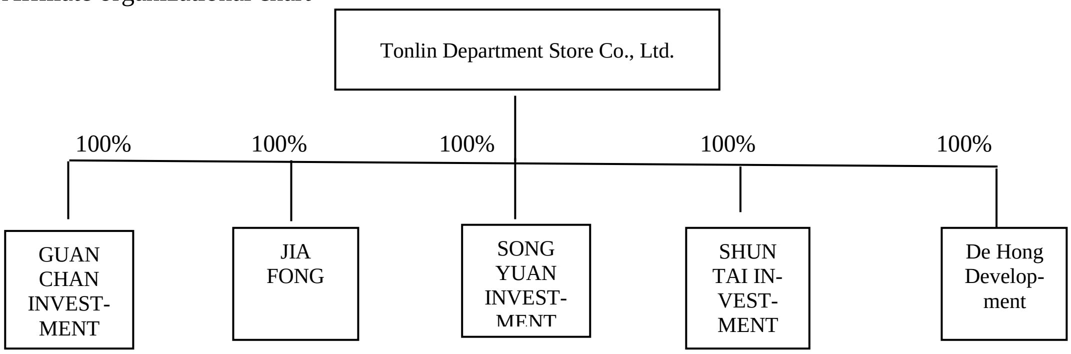
VII. Other important matters:none

Eight. Other items deserving special mention

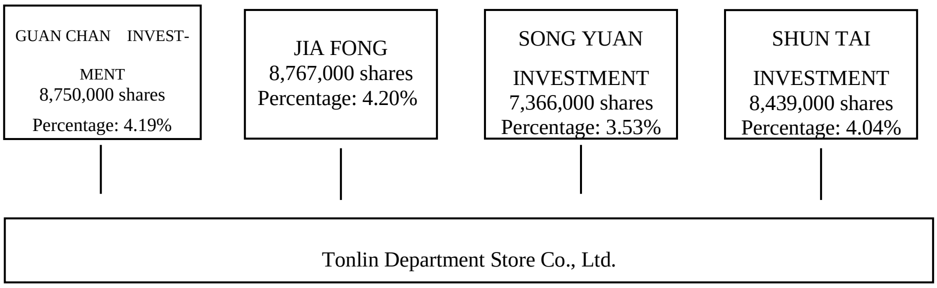
I. Information related to affiliates:

(I) Consolidated business report of affiliated

1. Affiliate organizational chart



2. Investments from affiliates to the parent company



3. Basic Information of affiliates

Name of enterprise	Date of establishment	Address	Paid-in Capital	Main Businesses and Products
GUAN CHAN INVESTMENT	Mar. 16, 2001	10F-6, No. 197, Zhongxiao E. Rd. Sec. 4, Taipei City	NT$350 million	General investment
JIA FONG	Mar. 19, 2001	10F-6, No. 197, Zhongxiao E. Rd. Sec. 4, Taipei City	NT$350 million	General investment
SONG YUAN INVESTMENT	Mar. 15, 2001	10F-6, No. 197, Zhongxiao E. Rd. Sec. 4, Taipei City	NT$350 million	General investment
SHUN TAI INVESTMENT	Mar. 16, 2001	10F-6, No. 197, Zhongxiao E. Rd. Sec. 4, Taipei City	NT$350 million	General investment
De Hong Development	October.22, 2009	10F-6, No. 197, Zhongxiao E. Rd. Sec. 4, Taipei City	NT$450 million	General construction

4. Information of common shareholders of the companies presumed to be controller and subordinate:none
5. Industries covered by all affiliates:department store retailing, leasing of buildings, professional investment, and construction.

6. Information of directors, supervisors, and president of each affiliates

Unit:shares

Investor	Enterprise Name	Title	Name or representative	Shares held	
				Number of shares	Shares Ratio
The Company	GUAN CHAN Investment	Chairman Director Director Supervisor	Tonlin Department Store (Representative:Weng, Chun-Chih) Tonlin Department Store (Representative: Huang Chung-Sheng) Tonlin Department Store (Representative: Su, Chi-Wei) Tonlin Department Store (Representative: Weng, Hua-Li)	35,000,000	100 %
The Company	JIA FENG Investment	Chairman Director Director Supervisor	Tonlin Department Store (Representative: Huang Chung-Sheng) Tonlin Department Store (Representative: Weng, Chun-Chih) Tonlin Department Store (Representative: Su, Chuan-Hui) Tonlin Department Store (Representative: Weng, Ju-I)	35,000,000	100 %
The Company	SONG YUAN Investment	Chairman Director Director Supervisor	Tonlin Department Store (Representative: Su, Chien-I) Tonlin Department Store (Representative: Weng, Chun-Chih) Tonlin Department Store (Representative: Weng, Hua-Li) Tonlin Department Store (Representative: Weng, Ju-I)	35,000,000	100 %
The Company	SHUN TAI Investment	Chairman Director Director Supervisor	Tonlin Department Store (Representative: Weng, Ju-I) Tonlin Department Store (Representative: Su Yong-Chun Tonlin Department Store (Representative: Huang Chung-Sheng) Tonlin Department Store (Representative: Weng, Hua-Tieng)	35,000,000	100 %
The Company	De Hong Construction	Chairman Director Director Director Director Supervisor	Tonlin Department Store (Representative: Su, Chien-I) Tonlin Department Store (Representative: Su, Chien- Hsing) Tonlin Department Store (Representative: Weng, Chun-Chih) Tonlin Department Store (Representative: Weng, Hua-Tieng) Tonlin Department Store (Representative: Weng, Hua-Li) Tonlin Department Store (Representative: Weng, Ju-I)	45,000,000	100 %

7. Overview of affiliates' operations

Company Name	Paid-in Capital	Total assets (NT$ thousand)	Total liabilities (NT$ thousand)	Net value (NT$ thousand)	Income (NT$ thousand)	Profit or loss before tax (NT$ thousand)	Current profit and loss (After tax)	Earnings per Share (After tax; NT$)
GUAN CHAN INVESTMENT	NT$350 million	304,489	10,408	294,081	5,159	4,513	4,425	0.13
JIA FONG	NT$350 million	294,693	518	294,175	5,190	4,762	4,643	0.13
SONG YUAN INVESTMENT	NT$350 million	355,568	51,723	303,845	8,335	4,060	3,614	0.10
SHUN TAI INVESTMENT	NT$350 million	299,987	699	299,288	6,664	6,064	5,766	0.16
De Hong Development	NT$450 million	505,917	123,018	382,899	252,218	(36,346)	(36,346)	(0.81)

(II)Declaration Concerning Consolidated Financial Statements of Affiliated Enterprises:

Declaration Concerning Consolidated Financial Statements of Affiliated Enterprises

Affiliated enterprises subject to the preparation of consolidated financial statements of affiliated enterprises under "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" were identical to the affiliated companies subject to the preparation of consolidated financial statements under International Financial Reporting Standards No. 10 (IFRS 10) for financial year 2022 (from January 1 to December 31, 2022). All mandatory disclosures of the consolidated financial statements of affiliated enterprises have been disclosed in the consolidated financial statements, therefore no separate consolidated financial statement of affiliated enterprises was prepared.

This declaration is solemnly made by

Company name:Tonlin Department Store Co., Ltd.

Chairman:Su, Chien-I

March 7, 2023

II. Private placement of securities in 2022 until the publication date of the annual report:None

III. The shareholding or disposal of shares of the Company by subsidiaries in 2022 until the publication date of the annual report:

Unit:NT$; shares; %

Subsidiary Name	Paid-in Capital (NT$ thousand)	Source of Funds	The Company Shareholding Ratio %	Date of acquisition	Shares acquired and amount	Disposed shares and Amount	Investment Profit or loss	As of the publication date of annual report Shares held and amount	Setup of pledge	The endorsement/ guarantee provided by the Company to subsidiary Amount	Amount of funds loaned by the Company to subsidiary
GUAN CHAN Investment	350,000	Self-owned	100	2001.4.26 ～2001.5.3	8,750,000 shares NT$337,065,642	-	-	8,750,000 shares NT$337,065,642	None	None	None
JIA FENG Investment	350,000	Self-owned	100	2001.4.25 ～2001.5.3	8,767,000 shares NT$337,787,068	-	-	8,767,000 shares NT$337,787,068	None	None	None
SONG YUAN Investment	350,000	Self-owned	100	2001.4.16 ～2001.11.13	7,366,000 shares NT$283,544,855	-	-	7,366,000 shares NT$283,544,855	None	None	None
SHUN TAI Investment	350,000	Self-owned	100	2001.4.26 ～2001.4.27	8,439,000 shares NT$325,143,167	-	-	8,439,000 shares NT$325,143,167	None	None	None

IV. Other supplementary information:none

V. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during 2022:none