

Tonlin Department Store Co.,
Ltd. and Subsidiaries

Consolidated Financial
Statements and Auditor's
Report
2025 and 2024

For the convenience of readers and for information purposes only, the consolidated 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.

Address: 10F-6, No. 197, Zhongxiao E. Rd. Sec. 4, Taipei City
TEL: (02)2752-2222

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Declaration Concerning Consolidated Financial Statements of Affiliated Enterprises

For the Company's fiscal year 2025 (from January 1 to December 31, 2025), the companies required to be included in the consolidated financial statements of affiliated enterprises according to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those required in the consolidated financial statements of the parent and subsidiaries under IFRS 10.

Furthermore, all information required to be disclosed in the affiliated companies' consolidated financial statements has already been disclosed in the aforementioned consolidated financial statements of the parent and subsidiaries; therefore, it is not necessary to prepare the consolidated financial statements of affiliated enterprises separately.

This declaration is solemnly made by

Company name: Tonlin Department Store Co., Ltd.

Chairman: Su, Chien-I

March 12, 2026

Independent Auditors' Report

Tonlin Department Store Co., Ltd. – To Whom It May Concern:

Auditors' 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, 2025 and 2024, 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, 2025 and 2024.

In our opinion, the major issues of said financial statements prove to have been duly worked out in accordance with and Guidelines Governing the Preparation of Financial Reports by Securities Issuers”, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and International Financial Reporting Standards Interpretations Committee's Interpretations (IFRSIC) and Standing Interpretation Committee's Interpretative Announcement (SIC) recognized and issued into effect by the Financial Supervisory Commission, Executive Yuan (FSC), presenting fairly the consolidated financial position of Tonlin Group on December 31 , 2025 and 2024 and the consolidated results of financial performance and consolidated cash flow for the periods starting from January 1 till December 31, 2025 and 2024.

Basis of the audit opinion

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

Key audit issues

Key audit issues are matters that we considered to be the most important, based on professional judgment, when auditing the 2025 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 2025 consolidated financial statements of Tonlin Group are as follows:

Impairment assessment of investment properties

As of December 31, 2025, the net carrying amount of Tonlin Group's investment properties located in Xinzhuang District was NT\$1,670,746 thousand, representing approximately 26% of total consolidated assets and having a material impact on the consolidated financial statements. The management follows IAS 36 - "Impairment of Assets" and assesses investment properties for signs of impairment at the end of each reporting period. Assets that exhibit any sign of impairment will have recoverable amount estimated in order to determine the amount of impairment. However, considering that real estate prices are affected by several factors including government policy, economic cycle, and market supply/demand, and that impairment assessment requires subjective judgments, major estimates, and assumptions from the management, we have identified impairment assessment of investment properties as a key audit issue. Accounting policy on impairment assessment of investment properties, uncertainties associated with accounting estimates and assumptions, and related disclosures can be found in Notes 4, 5, and 16 of consolidated financial statements.

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

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

5. Taking count and verifying records of investment properties, and checking title deeds for the lands owned.

Correctness of retail commission income

Tonlin Group reported retail commission income of NT\$173,012 thousand in 2025, representing approximately 33% of consolidated operating revenue and having a material impact on the consolidated financial statements. The department store operates by having merchants set up individual retail departments, and Tonlin Group earns a certain percentage or amount from each transaction made by merchants. Under this arrangement, the Company first collects payment from customers then deducts merchant's share of the proceeds and recognizes the remainder as sales revenue. Due to the vast number of merchants and the different commission rates involved, calculation of retail commission income depends heavily on the use of computer system, which we consider to be a key audit issue. Disclosures relating to retail commission income and accounting policy can be found in Notes 4 and 22 of consolidated financial statements.

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

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

Other Matters

Tonlin Department Store Co., Ltd. has prepared the parent company only financial statements for the years ended December 31, 2025 and 2024, which we have audited, and we also issued the independent auditor's report 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 an opinion on the effectiveness of the 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 used the communications with the governing unit as the basis to determine the key audit matters to be performed on the 2025 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

CPAChiu, Cheng-Chun

CPAJeff Chen

Financial Supervisory Commission approval
number

Jin-Guan-Zheng-Liu-Zhi No.0930160267

Approval reference of the Financial
Supervisory Commission

Jin-Guan-Zheng-Shen No.0990031652

March 12, 2026

Tonlin Department Store Co., Ltd. and Subsidiaries

Consolidated balance sheet

December 31, 2025 and 2024

Unit: NTD thousand

Code	Asset	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
	Current asset				
1100	Cash and cash equivalents (Note VI)	\$ 130,647	2	\$ 116,279	2
1110	Financial assets at fair value through profit or loss (Note VII)	713,636	11	628,691	11
1136	Financial assets at amortized cost - current (Note IX)	30,000	-	-	-
1172	Accounts receivable (Note X)	3,142	-	7,345	-
1175	Lease receivable (Note X)	4,048	-	4,441	-
1200	Other receivables (Notes X and XXVIII)	8,879	-	7,389	-
130X	Inventory (Note XI)	123,578	2	125,496	2
1470	Prepayments and other current assets	30,653	1	17,197	-
11XX	Total current assets	<u>1,044,583</u>	<u>16</u>	<u>906,838</u>	<u>15</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Note VIII)	40,199	1	39,979	1
1535	Financial assets measured at amortized cost - non-current (Notes IX and XXIX)	300,000	5	-	-
1550	Investment accounted for using the equity method (Note XIII)	194,904	3	172,630	3
1600	Property, plant, and equipment (Notes XIV and XXIX)	2,000,133	31	2,066,434	35
1755	Right-of-use assets (Note XV)	2,708	-	3,239	-
1760	Investment property, net (Notes XVI, XXVIII and XXIX)	2,737,642	43	2,741,020	46
1780	Intangible asset	6,672	-	7,157	-
1840	Deferred income tax assets (Note XXIV)	32,988	1	13,721	-
1935	Long-term lease receivable (Note X)	11,913	-	15,797	-
1920	Refundable deposits	1,054	-	1,094	-
15XX	Total non-current assets	<u>5,328,213</u>	<u>84</u>	<u>5,061,071</u>	<u>85</u>
1XXX	Total assets	<u>\$ 6,372,796</u>	<u>100</u>	<u>\$ 5,967,909</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	Current liabilities				
2100	Short-term borrowings (Notes IX, XIV, XVI, XVII and XXIX)	\$ 375,000	6	\$ 435,000	7
2150	Notes payable (Note XVIII)	42,626	1	32,355	1
2170	Accounts payable (Note XVIII)	103,801	1	107,588	2
2209	Accrued expenses (Note XIX)	46,108	1	43,137	1
2219	Other payables	2,726	-	4,801	-
2230	Current income tax liabilities (Note XXIV)	20,659	-	30,416	-
2280	Lease liabilities - current (Note XV)	656	-	635	-
2320	Long-term liabilities, current portion (Notes XIV, XVI, XVII and XXIX)	50,000	1	50,000	1
2399	Other current liabilities (Note XXII)	17,130	-	8,184	-
21XX	Total current liabilities	<u>658,706</u>	<u>10</u>	<u>712,116</u>	<u>12</u>
	non-current liabilities				
2540	Long-term borrowings (Notes IX, XIV, XVI, XVII and XXIX)	2,685,000	42	2,252,000	38
2572	Deferred income tax liabilities (Note XXIV)	216,456	4	217,147	3
2580	Lease liabilities - noncurrent (Note XV)	1,828	-	2,484	-
2640	Net defined benefit liabilities - non-current (Note XX)	3,463	-	4,067	-
2645	Guarantee deposits received (Note XXII)	49,543	1	59,049	1
25XX	Total non-current liabilities	<u>2,956,290</u>	<u>47</u>	<u>2,534,747</u>	<u>42</u>
2XXX	Total liabilities	<u>3,614,996</u>	<u>57</u>	<u>3,246,863</u>	<u>54</u>
	Equity (Notes VIII, XX and XXI)				
3110	Common share capital	1,754,030	27	1,754,030	30
	Retained earnings				
3310	Statutory reserves	424,108	7	404,155	7
3320	Special reserves	419,091	7	410,234	7
3350	Unappropriated earnings	219,522	3	199,533	3
3300	Total retained earnings	<u>1,062,721</u>	<u>17</u>	<u>1,013,922</u>	<u>17</u>
3400	Other equities	(58,951)	(1)	(46,906)	(1)
3XXX	Total equity	<u>2,757,800</u>	<u>43</u>	<u>2,721,046</u>	<u>46</u>
	Total liabilities and equity	<u>\$ 6,372,796</u>	<u>100</u>	<u>\$ 5,967,909</u>	<u>100</u>

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

Chairman: Su Chien-I

President: Weng Hua-Li

Vice President: Chen Wen-Long

Head of Accounting: Lin Wan-Yi

Tonlin Department Store Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
From January 1 to December 31, 2025 and 2024

Unit: NTD thousands, except EPS which is in NTD

Code		2025		2024	
		Amount	%	Amount	%
4000	Operating revenues (Notes XXII and XXVIII)	\$ 518,348	100	\$ 606,041	100
5000	Operating costs (Note XXIII)	<u>61,378</u>	<u>12</u>	<u>175,011</u>	<u>29</u>
5900	Gross profit	456,970	88	431,030	71
6000	Operating expenses (Notes XX, XXIII and XXVIII)	<u>177,865</u>	<u>34</u>	<u>193,863</u>	<u>32</u>
6900	Operating profit	<u>279,105</u>	<u>54</u>	<u>237,167</u>	<u>39</u>
	Non-operating income and expense				
7100	Interest income (Note XXIII)	6,220	1	7,060	1
7010	Other income (Notes XXIII and XXVIII)	18,114	3	18,328	3
7020	Other gains and losses (Notes VII and XXIII)	10,400	2	53,928	9
7050	Financial costs (Note XXIII)	(54,124)	(10)	(47,830)	(8)
7060	Share of gain/loss from associates accounted for using the equity method (Note XIII)	<u>7,056</u>	<u>1</u>	<u>5,575</u>	<u>1</u>
7000	Total non-operating income and expenses	(<u>12,334</u>)	(<u>3</u>)	<u>37,061</u>	<u>6</u>
7900	Profit before tax	266,771	51	274,228	45
7950	Income tax expenses (Note XXIV)	<u>51,694</u>	<u>10</u>	<u>76,293</u>	<u>13</u>
8200	Current net income	<u>215,077</u>	<u>41</u>	<u>197,935</u>	<u>32</u>

(To be continued)

(Brought Forward)

Code		2025		2024	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plan (Note XX)	\$ 416	-	\$ 1,997	-
8316	Unrealized valuation gain and loss on investment in equity instruments at FVTOCI (Notes VIII and XXI)	(10,871)	(2)	-	-
8320	Share of other comprehensive income from associates accounted for using the equity method (Notes XIII and XXI)	(3,348)	(1)	(8,856)	(1)
8349	Income tax related to items not subject to reclassification (Note XXIV)	<u>2,091</u>	<u>1</u>	(<u>399</u>)	<u>-</u>
8300	Other comprehensive income - current	(<u>11,712</u>)	(<u>2</u>)	(<u>7,258</u>)	(<u>1</u>)
8500	Total comprehensive income - current	<u>\$ 203,365</u>	<u>39</u>	<u>\$ 190,677</u>	<u>31</u>
	Earnings per share (Note XXV)				
9710	Basic	<u>\$ 1.23</u>		<u>\$ 1.13</u>	
9810	Diluted	<u>\$ 1.23</u>		<u>\$ 1.13</u>	

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

Chairperson:
Su, Chien-I

General Manager:
Weng, Hua-Li

Deputy General Manager:
Chen, Wen-Long

Accounting Officer:
Lin, Wan-Yi

Tonlin Department Store Co., Ltd. and Subsidiaries
Consolidated Statements of Changes Equity
From January 1 to December 31, 2025 and 2024

Unit: NTD thousand

Code		Share capital	Additional paid-in capital	Retained earnings (Notes VIII, XX and XXI)			Unrealized gains/losses on financial assets at FVTOCI	Other items of equity (Notes VIII and XXI)	Total Equity
		(Note XXI)	(Note XXI)	Statutory reserves	Special reserves	Unappropriated earnings	Total		
A1	Balance as of January 1, 2024	\$ 1,754,030	\$ 59,689	\$ 489,459	\$ 589,042	(\$ 264,112)	\$ 814,389	(\$ 38,050)	\$ 2,590,058
	Appropriation and distribution of 2023 earnings								
B13	Compensation for Losses from Legal Reserve	-	-	(85,304)	-	85,304	-	-	-
B17	Reversal of special reserve	-	-	-	(178,808)	178,808	-	-	-
	Total appropriation and distribution of 2023 earnings	-	-	(85,304)	(178,808)	264,112	-	-	-
C15	Distribution of cash dividends from capital reserve	-	(59,689)	-	-	-	-	-	(59,689)
D1	2024 net income	-	-	-	-	197,935	197,935	-	197,935
D3	2024 other comprehensive income - after tax	-	-	-	-	1,598	1,598	(8,856)	(7,258)
D5	2024 total comprehensive income	-	-	-	-	199,533	199,533	(8,856)	190,677
Z1	Balance on December 31, 2024	1,754,030	-	404,155	410,234	199,533	1,013,922	(46,906)	2,721,046
	Appropriation and distribution of 2024 earnings								
B1	Provision for statutory reserves	-	-	19,953	-	(19,953)	-	-	-
B3	Provision for special reserves	-	-	-	8,857	(8,857)	-	-	-
B5	Cash dividends on common shares	-	-	-	-	(166,633)	(166,633)	-	(166,633)
	Total appropriation and distribution of 2024 surplus.	-	-	19,953	8,857	(195,443)	(166,633)	-	(166,633)
D1	2025 net income	-	-	-	-	215,077	215,077	-	215,077
D3	2025 Other comprehensive income after tax	-	-	-	-	333	333	(12,045)	(11,712)
D5	2025 total comprehensive income	-	-	-	-	215,410	215,410	(12,045)	203,365
Q1	- Disposal of equity instruments at FVTOCI	-	-	-	-	22	22	-	22
Z1	Balance on December 31, 2025	\$ 1,754,030	\$ -	\$ 424,108	\$ 419,091	\$ 219,522	\$ 1,062,721	(\$ 58,951)	\$ 2,757,800

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

Chairman: Su, Chien-I

General Manager: Weng, Hua-Li

Deputy General Manager: Chen, Wen-Long

Accounting Officer: Lin, Wan-Yi

Tonlin Department Store Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

From January 1 to December 31, 2025 and 2024

Unit: NTD thousand

Code		2025	2024
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Pre-tax profit for the current period	\$ 266,771	\$ 274,228
A20010	Adjustments for:		
A20100	depreciation expense	76,159	76,315
A20200	Amortization	805	1,318
A20400	Net loss (gain) on financial assets at FVTPL	4,691	(19,241)
A20900	Financial costs	54,124	47,830
A21200	Interest income	(6,220)	(7,060)
A21300	Dividend income	(5,018)	(3,628)
A22300	Share of gain from associated companies accounted using the equity method	(7,056)	(5,575)
A22500	Loss (gain) on disposal and disposition of property, plant and equipment	6	161
A23100	Net gain on disposal of financial assets	(15,889)	(34,406)
A23700	Provision (reversal) of impairment loss on non-financial assets	1,918	(9,656)
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatory to be carried at FVTPL	(73,747)	84,905
A31150	Trade receivable	4,203	6,087
A31180	Other receivables	(1,381)	1,336
A31200	Inventories	-	124,453
A31230	Prepayments and other current assets	(11,730)	10,075
A31240	Lease receivable	4,277	(3,226)
A32130	Note payable	10,271	(17,327)
A32150	Accounts payable	(3,787)	6,649
A32180	Other payables	(1,964)	(960)
A32220	Accrued expenses	2,362	2,200
A32230	Other current liabilities	76	588
A32240	Net defined benefit liabilities	(188)	(79)
A33000	Cash inflow from operating activities	298,683	534,987
A33100	Interest received	6,145	7,060
A33200	Dividends received	4,976	3,628

(To be continued)

(continued)

Code		2025	2024
A33300	Interest paid	(\$ 53,514)	(\$ 45,580)
A33500	Income tax paid	(79,310)	(75,294)
AAAA	Net cash inflow from operating activities	<u>176,980</u>	<u>424,801</u>
	Cash flows from investing activities		
B00010	Acquisition of financial assets at FVTOCI	(11,500)	(22,786)
B00020	Disposal of financial assets at fair value through other comprehensive income.	431	-
B00040	Acquisition of financial assets measured at amortized cost	(330,000)	-
B01800	Acquisition of equity-accounted investments	(23,540)	-
B02700	Acquisition of property, plant and equipment	(305)	(720)
B03700	Decrease in refundable deposits	40	1,830
B04500	Acquisition of intangible assets	(320)	-
B05400	Acquisition of investment property	-	(610,795)
B07100	Increase in prepayments for equipment	(1,726)	-
B07200	Increase (decrease) in equipment purchase payable	(111)	111
B07300	Increase in prepayments for land purchase	(5,650)	-
B07600	Dividends received from associated companies	<u>4,974</u>	<u>4,572</u>
BBBB	Net cash outflow from investing activities	(<u>367,707</u>)	(<u>627,788</u>)
	Cash flows from financing activities		
C00200	Decrease in short-term borrowings	(60,000)	(214,000)
C01600	Proceeds from long-term borrowings	4,673,000	5,368,000
C01700	Repayments of long-term borrowings	(4,240,000)	(4,910,000)
C03100	Increase (decrease) in deposits received	(636)	6,486
C04020	Lease principal repayment	(636)	(464)
C04500	Payment of cash dividends	(<u>166,633</u>)	(<u>59,689</u>)
CCCC	Net cash inflow from financing activities	<u>205,095</u>	<u>190,333</u>
EEEE	Net increase (decrease) in cash and cash equivalents	14,368	(12,654)
E00100	Opening balance of cash and cash equivalents	<u>116,279</u>	<u>128,933</u>
E00200	Closing balance of cash and cash equivalents	<u>\$ 130,647</u>	<u>\$ 116,279</u>

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

Chairman:
Su, Chien-I

General Manager:
Weng, Hua-Li

Deputy General Manager:
Chen, Wen-Long

Accounting Officer:
Lin, Wan-Yi

Tonlin Department Store Co., Ltd. and Subsidiaries
Notes to consolidated financial statements
From January 1 to December 31, 2025 and 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. Company history

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 XXII 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.

To integrate group resources and achieve operational synergy, the board of directors resolved on August 7, 2023 that the Company conducted a simplified merger with its wholly-owned subsidiaries, Guan Chan Investment Co., Ltd., Jia Fong Investment Co., Ltd., Song Yuan Investment Co., Ltd., and Shun Tai Investment Co., Ltd. The merger reference date is August 31, 2023, and the Company remained as the surviving company.

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

II. Date and procedure for the approval of financial statements

The consolidated financial statements were approved by the Board of Directors on March 12, 2026.

III. Application of new and amended standards and interpretations

- (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 “IFRS accounting standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Amendments to IAS 21 "Lack of Convertibility"

The application of the amendments to IAS 21 Lack of Exchangeability” will not result in a material change in the Group's accounting policies.

- (II) FSC-approved IFRS accounting standards applicable in 2026

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date of issuance by the International Accounting Standards Board (IASB)</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to Financial Instruments: Classification and Measurement”	January 1, 2026 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Contracts Involving Nature-Dependent Power”	January 1, 2026 (Note 2)
Annual Improvements to IFRS - Book 11	January 1, 2026

Note 1: The Group should apply the amendments retrospectively without restating the comparative periods, and the impact posed by the initial application should be recognized on the date of initial application. However, if the enterprise does not adopt a forward-looking mindset, it may choose to re-compile the financial statements.

Note 2: The Group should apply the amendments retrospectively to the “Contracts Involving Nature-Dependent Power” to determine whether the amendments related to the conditions for holding such contracts based on expected electricity consumption needs are met. The comparative period does not need to be restated, and the cumulative effect of the initial application shall be recognized as of the date of initial application. The application of the requirements related to the hedge accounting shall be deferred.

As of the issuing date of the consolidated financial statements, the Group has evaluated that the amendments to other standards and interpretations were not likely to cause material effects to its financial positions and performance.

(III) The IFRS accounting standards 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
Expression and Disclosure of Financial Statements" of IFRS 18	January 1, 2027 (Note 2)
IFRS 19 "Disclosure of Subsidiaries without Public Accountability" (including the amendment in 2025)	January 1, 2027

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

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will be effective for Taiwanese companies from January 1, 2028, or companies may choose to apply it earlier once IFRS 18 is approved by the FSC.

IFRS 18 "Presentation and Disclosure in Financial Statements" and related consequential amendments

IFRS 18 will replace IAS 1 "Expression of Financial Statements." The main changes include:

- The Group shall assess whether it has invested in specific types of assets and provided financing to customers for specific primary operating activities, and based on that assessment, classify the income and expense items in the income statement into operating, investing, financing, income tax, and discontinued operations categories.
- The income statement should report operating profit/loss, profit/loss before tax before financing, as well as subtotals and totals of profit and loss.
- Provides enhanced guidance on the principles of aggregation and disaggregation: The Group shall categorize and group items across financial statements from each transaction, including assets, liabilities, shareholders' equity, income, expense and cashflows to ensure line items defined and presented in the primary financial statements are based on at least one shared characteristics. Items with non-similarity characteristics in the main financial statements and notes should be divided. The consolidated company only marks "other" in the absence of any other information.

- Disclosure of performance measures defined by management: When the Group communicates externally or engages with financial statement users about management's perspective on the Group's overall financial performance in a specific area, it must disclose performance measures in the financial statement's single note. This includes a description of the measure, how it is calculated, adjustments to IFRS-defined subtotals or totals, and the impact of related adjustments on income tax and non-controlling interests.

Further, the following consequential amendments were made to IAS 7 "Statement of Cash Flows":

- When the Group prepares cash flows from operating activities using the indirect method, the starting point for adjustment shall be the operating profit or loss.
- Interest and dividend income received by the Group shall be classified as investing activities, and interest and dividend paid should be classified as financing activities. If the Group is assessed to have specific major operating activities, it must consider the types of dividend income, interest income, and interest expenses presented in the income statement to determine the classification of dividends received, interest received and interest paid in the statement of cash flows. However, said cash flows can only be classified within a single activity in the statement of cash flows.

In addition to the aforementioned, the consolidated 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

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

(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 in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
3. Level 3 inputs are unobservable inputs for assets or liabilities.

(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 that do not have substantial rights to defer the settlement period to at least 12 months after the Statement of Financial Position 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.

For the shareholding percentages, shareholding and business activities of subsidiaries, please refer to Note XII and Table 2 for details.

(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) Inventory

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) Investment 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, carrying amount 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 consolidated entity'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 carrying amount 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 carrying amount with recoverable amount. Any impairment losses recognized are presented as part of the carrying amount 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.

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 carrying amount, 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 carrying amount of decommissioned investment property is recognized in profit and loss.

(X) Intangible assets

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. Derecognition

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

(XI) Impairment of property, plant and equipment, investment property 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 cannot 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 it's carrying amount, the carrying amount 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 carrying amount of corresponding assets/cash-generating units shall be adjusted upwards to the recoverable amount. However, the increased carrying amount shall not exceed the carrying amount (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 assets

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

(1) Measurement type

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 XXVII for details regarding the fair value method.

B. Financial assets at amortized cost

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 carrying amount 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 carrying amount 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 carrying amount 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 carrying amount 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 instruments

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 liabilities

(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 carrying amount 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.

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 those 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.

Sales of real estate

Sales of real estate are recognized as income when the following conditions are fully met:

- (1) The consolidated company has transferred the significant risks and rewards of ownership to the buyer.
- (2) The consolidated company no longer continues to participate in the management of the sold property, and does not maintain effective control.
- (3) The amount of revenue can be reliably measured.
- (4) Economic benefits related to the transaction are likely to flow into the Company; and

(5) The cost related to the transaction has been incurred or will be incurred reliably.

The revenue from the sale of property within the normal scope of business is recognized when each property is completed and delivered to the buyer. The guarantee deposits and payments received before the aforementioned revenue recognition conditions are included in the current liabilities of the Statement of Financial Position.

(XIV) Leasing

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

Where the Group is the lessor

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.

Where the Group is the lessee

For leases of low-value assets and short-term leases to which recognition exemptions apply, lease payments are recognized as expenses on a straight-line basis over the lease terms. For all other leases, right-of-use assets and lease liabilities are recognized at the commencement date of the leases.

Right-of-use assets are initially measured at cost (comprising the initial measurement of lease liabilities, lease payments made at or before the commencement date, less any lease incentives received, initial direct costs, and the estimated costs of restoring the underlying assets). Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the lease start date to the end of the service life or the expiration of the lease term, whichever is earlier. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects the exercise of a purchase option, depreciation is provided from the commencement date of the lease over the estimated useful life of the underlying asset.

Lease liabilities are initially measured at the present value of the lease payments. If the lease implied interest rate can be easily determined, the lease payment is discounted at the said interest rate. If such interest rate cannot be easily determined, the lessee's incremental borrowing interest rate shall apply.

Subsequently, the lease liability is measured at the amortized cost using the effective interest method, and the interest expense is amortized over the lease term. If there is a change in the lease term or a change in the index or rate used to determine lease payments, the Company remeasures the lease liability and makes a corresponding adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheet.

(XV) Borrowing cost

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) Government grants

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 income tax

Deferred income taxes are tax effects of temporary differences, given rise by the different carrying amount 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 carrying amount 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 carrying amount 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 carrying amount 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.

When developing significant accounting estimates, 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

(I) Income tax

As of December 31, 2025 and 2024, the carrying amount of deferred income tax assets was NT\$32,988 thousand and NT\$13,721 thousand, respectively. Due to the unpredictability of future profitability, the Group had tax losses of NT\$236,419 thousand and NT\$250,964 thousand as of December 31, 2025 and 2024, respectively, which were not recognized as deferred income tax assets. 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 property, plant and equipment and investment properties

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Petty cash and cash on hand	\$ 280	\$ 240
Check and demand (current) deposit	<u>130,367</u>	<u>116,039</u>
	<u>\$ 130,647</u>	<u>\$ 116,279</u>

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Demand deposits	0.030%~1.72%	0.010%~1.90%

VII. Financial instruments at FVTPL

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets - current</u>		
Financial assets designated as at FVTPL		
Non-derivative financial assets		
- TWSE/TPEX-listed and Emerging Stock Market securities	\$ 144,451	\$ 122,670
- Fund beneficiary certificates	481,562	426,000
- Corporate bonds	56,384	75,160
- Foreign shares	26,190	-
- Bonds	<u>5,049</u>	<u>4,861</u>
	<u>\$ 713,636</u>	<u>\$ 628,691</u>

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

VIII. Financial assets at FVTOCI

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Non-current</u>		
Domestic investments		
Emerging Stock Market		
shares	\$ 4,563	\$ 4,563
Unlisted shares	22,500	11,409
Foreign investments		
Unlisted shares	<u>13,136</u>	<u>24,007</u>
Total	<u>\$ 40,199</u>	<u>\$ 39,979</u>

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.

In May 2025, the Group adjusted its investment portfolio to diversify risk and sold ordinary shares of Minson Integration, Inc. at the fair value of NT\$431 thousand. The gain on the disposal, NT\$22 thousand, was directly transferred to retained earnings.

IX. Financial assets carried at amortized cost

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Domestic investments		
Time deposit with an original		
maturity date over 3		
months (1)	<u>\$ 30,000</u>	<u>\$ -</u>
<u>Non-current</u>		
Domestic investments		
Corporate bonds (2)	<u>\$ 300,000</u>	<u>\$ -</u>

(1) As of December 31, 2025, the interest rate range for time deposits with original maturities exceeding 3 months was 1.52%~1.60% and 0%~0% per annum.

(2) In August and December 2025, the Company purchased the 10-year corporate bonds from Taiwan Life Insurance Co., Ltd. and Fubon Life Insurance Co., Ltd., respectively, at the face value of NT\$200,000 thousand and NT\$100,000 thousand, with coupon rates of 3.75% and 3.70%, respectively. Of these, NT\$200,000 thousand was pledged as the amount of financial assets carried at amortized cost as security for the long-term borrowings, as detailed in Note XXIX.

X. Accounts receivable and other receivables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Arising from business activities</u>		
Trade receivable	\$ 3,142	\$ 7,345
Operating lease receivable		
-Current	4,048	4,441
- Non-current	<u>11,913</u>	<u>15,797</u>
Subtotal	<u>15,961</u>	<u>20,238</u>
<u>Other receivables</u>		
Amount receivable from sale of securities	3,901	1,145
Utility and management fees receivable	1,873	1,889
Tax refund receivable	40	48
Others	<u>3,065</u>	<u>4,307</u>
Subtotal	<u>8,879</u>	<u>7,389</u>
Total	<u>\$ 27,982</u>	<u>\$ 34,972</u>

(I) Accounts 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 cannot 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:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Not overdue	<u>\$ 3,142</u>	<u>\$ 7,345</u>

The Group found no sign of impairment in accounts receivable as at December 31, 2025 and 2024.

(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.

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

XI. Inventories

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Properties pending sale		
Huagang Section, Shilin District, Taipei City	95,305	97,223
Jiaoxi Gongyuan Section, Yilan	<u>28,273</u>	<u>28,273</u>
	<u>\$ 123,578</u>	<u>\$ 125,496</u>

The cost of goods sold related to inventories for 2025 and 2024 were NT\$1,918 thousand and NT\$113,998 thousand, respectively. The cost of goods sold for 2025 refers to the provision of the allowance for inventory valuation, while the cost of goods sold for 2024 includes an inventory recovery gain of NT\$9,656 thousand.

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 0.79% for 2025 and 1.05% for 2024.

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.

XII. Subsidiaries

Subsidiaries included in the consolidated financial statements

This consolidated financial statement encompasses the following:

Investor	Investee	Main Business	% of Ownership		Explanation
			December 31, 2025	December 31, 2024	
The Company	De Hong Development Co., Ltd.	Housing and Building Development and Rental	100.0%	100.0%	(1)

- (1) On April 1, August 19, October 7, and October 29, 2024, the Board of Directors resolved to approve the capital increase in the subsidiary, De Hong Development Co., Ltd., in the amounts of NT\$180,000 thousand, NT\$200,000 thousand, NT\$280,000 thousand, and NT\$240,000 thousand. After the capital increase, the paid-in capital amounted to NT\$1,200,000 thousand, representing 120,000 thousand shares.

XIII. Investments accounted for using the equity method

Investments in Associates

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Associated companies with significant influence		
Chung Hsiao Enterprise Co., Ltd.	<u>\$ 194,904</u>	<u>\$ 172,630</u>
	<u>Percentage of share ownership/voting rights</u>	<u>Percentage of share ownership/voting rights</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Chung Hsiao Enterprise Co., Ltd.	30.49%	26.89%

On August 7, 2025, the Board of Directors resolved that the Company should acquire 680,000 shares of Chung Hsiao Enterprise Co., Ltd. at the price of NT\$23,540 thousand, representing a 3.6% stake, and the transaction was completed on August 15, 2025.

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

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current asset	\$ 145,125	\$ 149,266
non-current assets	220,807	221,204
Current liabilities	(8,757)	(8,374)
non-current liabilities	(60,234)	(60,234)
Equity	<u>\$ 296,941</u>	<u>\$ 301,862</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Shareholding percentage of the Group	<u>30.49%</u>	<u>26.89%</u>
The Group's share of equity	\$ 90,537	\$ 81,172
Adjustment to fair value of non-current assets due to acquisition of shares	<u>104,367</u>	<u>91,458</u>
carrying amount of investment	<u>\$ 194,904</u>	<u>\$ 172,630</u>

	<u>2025</u>	<u>2024</u>
Current operating revenues	<u>\$ 28,180</u>	<u>\$ 26,840</u>
Current net income	<u>\$ 25,668</u>	<u>\$ 20,734</u>
Other comprehensive income - current	<u>(\$ 12,087)</u>	<u>(\$ 32,936)</u>
Share of current net income	<u>\$ 7,056</u>	<u>\$ 5,575</u>
Share of other comprehensive income - current	<u>(\$ 3,348)</u>	<u>(\$ 8,856)</u>
Dividends received from Chung Hsiao Enterprise Co., Ltd.	<u>\$ 4,974</u>	<u>\$ 4,572</u>

Share of profit or loss and other comprehensive income from associates accounted for using the equity method for 2025 and 2024 were recognized based on the audited financial statements of the associates for the same periods.

XIV. Property, plant and equipment

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>carrying amount of each category</u>		
Land	\$ 859,925	\$ 859,925
Buildings, net	1,128,946	1,193,105
Computer and communication equipment, net	6,355	7,815
Transport equipment, net	1,927	2,445
Other equipment, net	<u>2,980</u>	<u>3,144</u>
	<u>\$ 2,000,133</u>	<u>\$ 2,066,434</u>

		2025			
		Opening balance	Increase in current year	Disposal in current year	Closing balance
Cost					
	Land	\$ 859,925	\$ -	\$ -	\$ 859,925
	Buildings	1,896,735	251	-	1,896,986
	Computer and communication equipment	17,510	54	(38)	17,526
	Transport Equipment	5,606	-	-	5,606
	Other Equipment	10,926	-	-	10,926
		<u>2,790,702</u>	<u>\$ 305</u>	<u>(\$ 38)</u>	<u>2,790,969</u>
		2025			
		Opening balance	Increase in current year	Disposal in current year	Closing balance
accumulated depreciation					
	Buildings	\$ 703,630	\$ 64,410	\$ -	\$ 768,040
	Computer and communication equipment	9,695	1,508	(32)	11,171
	Transport Equipment	3,161	518	-	3,679
	Other Equipment	7,782	164	-	7,946
		<u>724,268</u>	<u>\$ 66,600</u>	<u>(\$ 32)</u>	<u>790,836</u>
	Total	<u>\$ 2,066,434</u>			<u>\$ 2,000,133</u>
		2024			
		Opening balance	Increase in current year	Disposal in current year	Closing balance
Cost					
	Land	\$ 859,925	\$ -	\$ -	\$ 859,925
	Buildings	1,896,091	644	-	1,896,735
	Computer and communication equipment	18,429	43	(962)	17,510
	Transport Equipment	5,606	-	-	5,606
	Other Equipment	10,893	33	-	10,926
		<u>2,790,944</u>	<u>\$ 720</u>	<u>(\$ 962)</u>	<u>2,790,702</u>
accumulated depreciation					
	Buildings	639,221	\$ 64,409	\$ -	703,630
	Computer and communication equipment	8,824	1,672	(801)	9,695
	Transport Equipment	2,643	518	-	3,161
	Other Equipment	7,460	322	-	7,782
		<u>658,148</u>	<u>\$ 66,921</u>	<u>(\$ 801)</u>	<u>724,268</u>
	Total	<u>\$ 2,132,796</u>			<u>\$ 2,066,434</u>

As per assessment, the Group's property, plant, and equipment showed no signs of impairment as of December 31, 2025 and 2024.

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

Buildings	2 to 55 years
Computer and communication equipment	5 to 19 years
Transport Equipment	5 years
Other Equipment	4 to 19 years

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

XV. Lease Agreement

(I) Right-of-use assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Carrying amount of right-of-use assets		
Computer software and equipment	\$ 1,161	\$ 1,492
Other Equipment	<u>1,547</u>	<u>1,747</u>
	<u>\$ 2,708</u>	<u>\$ 3,239</u>
	<u>2025</u>	<u>2024</u>
Addition of right-of-use assets	<u>\$ -</u>	<u>\$ 1,658</u>
Depreciation expense of right-of-use assets		
Computer software and equipment	\$ 331	\$ 166
Other Equipment	<u>200</u>	<u>200</u>
	<u>\$ 531</u>	<u>\$ 366</u>

(II) Lease liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Carrying amount of lease liabilities		
Current	<u>\$ 656</u>	<u>\$ 635</u>
Non-current	<u>\$ 1,828</u>	<u>\$ 2,484</u>

Range of discount rate for lease liabilities:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Computer software and equipment	3.282%	3.282%
Other Equipment	3.084%	3.084%

(III) Major lease activities and terms

The consolidated company leases the equipment of parking lots and computer marketing system software and hardware construction for business use. The lease terms are 6 years and 5 years, respectively. As agreed in the lease contract, the consolidated company acquires the ownership of the leased equipment at the end of the lease term.

(IV) Other lease information

	<u>2025</u>	<u>2024</u>
Short-term lease expense	<u>\$ -</u>	<u>\$ -</u>
Low-value asset lease expenses	<u>\$ 1,614</u>	<u>\$ 1,582</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ -</u>	<u>\$ -</u>
Total cash outflow for leases	<u>(\$ 2,338)</u>	<u>(\$ 2,127)</u>

The Group has opted to apply the recognition exemption to leases of low-value assets, such as machinery, equipment, and computer software, and will not recognize related right-of-use assets and lease liabilities for these leases.

XVI. Investment properties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Investment Property		
Xinzhuang District, New Taipei City	\$ 1,670,746	\$ 1,670,740
Da'an District, Taipei City	1,061,246	1,070,274
Prepayment for land purchase	<u>5,650</u>	<u>-</u>
	<u>\$ 2,737,642</u>	<u>\$ 2,741,020</u>

		2025				
		Opening balance	Increase in current year	Decrease in current year	Reclassified	Closing balance
Cost						
	Land	\$ 2,620,692	\$ -	\$ -	\$ -	\$ 2,620,692
	Buildings	329,225	-	-	-	329,225
	Prepayment for land purchase	-	5,650	-	-	5,650
		<u>2,949,917</u>	<u>\$ 5,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,955,567</u>
accumulated depreciation						
	Buildings	208,897	9,028	-	-	217,925
	Total	<u>\$ 2,741,020</u>				<u>\$ 2,737,642</u>
		2024				
		Opening balance	Increase in current year	Decrease in current year	Reclassified	Closing balance
Cost						
	Land	\$ 2,009,897	\$ 422,625	(\$ 417,683)	\$ 605,853	\$ 2,620,692
	Buildings	329,225	-	-	-	329,225
	Prepayment for land purchase	-	605,853	-	(605,853)	-
		<u>2,339,122</u>	<u>\$ 1,028,478</u>	<u>(\$ 417,683)</u>	<u>\$ -</u>	<u>2,949,917</u>
accumulated depreciation						
	Buildings	199,869	9,028	-	-	208,897
	Total	<u>\$ 2,139,253</u>				<u>\$ 2,741,020</u>

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

Buildings 10 to 55 years

The fair values of multiple investment properties located in the Qiontai, Fukuying, Jianguo, and Gongzheng sections of Xinzhuang District, New Taipei City held by the Group were NT\$2,257,369 thousand and NT\$2,084,194 thousand as of December 31, 2025 and December 31, 2024, respectively. These fair values were evaluated by an independent appraisal company on the balance sheet date using the comparative method and land development analysis. Key unobservable inputs used in the December 31, 2025 and December 31, 2024 valuations include discount rates both 1.70%.

The Group also owned several investment properties located in the Renai Section of Da'an District, Taipei City, with fair values of NT\$7,516,534 thousand and NT\$7,384,571 thousand as of December 31, 2025 and 2024, respectively. These fair values were not assessed by an independent appraiser but were determined by the Group's management using valuation models commonly employed by market

participants. This valuation had proceeded using market evidence similar to real estate transaction prices.

On March 7, 2024 and October 21, 2024, the consolidated company's Board of Directors approved a resolution to sell and acquire land in Xinzhuang area to comply with the land distribution principles of the Xinzhuang urban renewal project. The selling price and the acquisition price were NT\$496,353 thousand and NT\$18,525 thousand. The consolidated company evaluated that the aforementioned transaction was an exchange of assets lacking commercial substance; therefore, no gain or loss was recognized.

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 XXIX.

XVII. Borrowings

(I) Short-term borrowings

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Secured borrowings</u>		
Bank borrowings	<u>\$ 375,000</u>	<u>\$ 435,000</u>

Working capital bank borrowings bore interest rates of 1.870%~2.180% and 1.824%~2.180% as of December 31, 2025 and December 31, 2024, respectively.

For disclosure of the amount of property, plant, and equipment, and investment property pledged as collateral for short-term borrowings, please refer to Note XXIX.

The Group pledged a 10-year corporate bond of Fubon Life Insurance Co., Ltd. amounting to NT\$100,000 thousand as collateral for short-term borrowings in January 2026.

(II) Long-term borrowings

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Secured borrowings</u>		
Bank SinoPac		
Credit line: NT\$1,400,000 thousand. Contract tenor: November 29, 2023 to November 30, 2025. A new contract was signed on December 5, 2024, which shall be effective from December 5, 2025 to December 31, 2027.	\$ 1,170,000	\$ 1,350,000
Bank of Taiwan		
Credit line: NT\$700,000 thousand. Contract tenor: August 15, 2024 to August 15, 2027.	575,000	382,000
Hua Nan Bank		
The borrowing amount is NT\$493,000 thousand, and the contract period is effective from October 4, 2024 to October 4, 2025. Meanwhile, it has been extended from December 19, 2025 to December 19, 2028. Within the borrowing limit, term of each drawdown is three years.	\$ 50,000	\$ 50,000
Yuanta Commercial Bank		
Credit line: NT\$400,000 thousand. Contract period: November 8, 2024 to November 8, 2027.	280,000	170,000
Credit line: NT\$50,000 thousand. Contract period: November 20, 2025 to November 8, 2027.	-	-
EnTie Bank		
Credit line: NT\$180,000 thousand. The contract period is effective from October 27, 2025 to October 27, 2030.	180,000	-

(To be continued)

(Brought Forward)

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
First Commercial Bank		
Credit line: NT\$480,000 thousand. Contract tenor: December 7, 2023 to December 7, 2025. A new contract was signed separately on December 24, 2025, which shall be effective from December 24, 2025 to December 24, 2027.	\$ 480,000	\$ 350,000
	2,735,000	2,302,000
Less: parts that listed as due within in a year	<u>50,000</u>	<u>50,000</u>
Long-term borrowings	<u>\$ 2,685,000</u>	<u>\$ 2,252,000</u>

Effective interest rate range for long-term borrowings:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Effective interest rate:		
Floating interest rate borrowing	1.820%~2.120%	1.815%~2.120%
Fixed interest rate borrowing	1.870%~2.302%	1.825%~2.025%

For disclosure of the property, plant and equipment, investment property, and the 10-year corporate bonds of Taiwan Life Insurance Co., Ltd. that the Group has pledged as collateral for long-term borrowings, please refer to Note XXIX.

XVIII. Notes and accounts payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Note payable</u>		
Arising from business activities	<u>\$ 42,626</u>	<u>\$ 32,355</u>
<u>Accounts payable</u>		
Arising from business activities	<u>\$ 103,801</u>	<u>\$ 107,588</u>

The average payment term for accounts payable is 30~45 days. The Group maintains a financial risk management policy to ensure that all payables are settled within the agreed-upon credit terms.

XIX. Accrued expenses

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Tax payable	\$ 10,233	\$ 10,656
Salary and bonus payable	18,625	16,502
Utility expenses payable	6,948	5,682
Others	<u>10,302</u>	<u>10,297</u>
	<u>\$ 46,108</u>	<u>\$ 43,137</u>

XX. Post-employment benefit plans

(I) Defined contribution plan

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:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligations	\$ 26,327	\$ 31,367
Fair value of plan assets	(22,864)	(27,300)
Net defined benefit liabilities	<u>\$ 3,463</u>	<u>\$ 4,067</u>

Changes in net defined benefit liability:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
January 1, 2025	<u>\$ 31,367</u>	<u>(\$ 27,300)</u>	<u>\$ 4,067</u>
servicing costs			
Service costs for the current period	21	-	21
Interest expense (income)	<u>431</u>	<u>(377)</u>	<u>54</u>
Recognized in profit or loss	<u>452</u>	<u>(377)</u>	<u>75</u>
Remeasurement			
Return on plan assets (excluding amounts already included in net interest)	-	<u>(1,884)</u>	<u>(1,884)</u>
Actuarial loss			
- Financial assumption	169	-	169
- Experience			
adjustment	<u>1,299</u>	<u>-</u>	<u>1,299</u>
Recognized in other comprehensive income	<u>1,468</u>	<u>(1,884)</u>	<u>(416)</u>
Employer's contribution	<u>-</u>	<u>(263)</u>	<u>(263)</u>
Benefit payments	<u>(6,960)</u>	<u>6,960</u>	<u>-</u>
December 31, 2025	<u>\$ 26,327</u>	<u>(\$ 22,864)</u>	<u>\$ 3,463</u>
January 1, 2024	<u>\$ 30,493</u>	<u>(\$ 24,350)</u>	<u>\$ 6,143</u>
servicing costs			
Service costs for the current period	119	-	119
Interest expense (income)	<u>381</u>	<u>(306)</u>	<u>75</u>
Recognized in profit or loss	<u>500</u>	<u>(306)</u>	<u>194</u>
Remeasurement			
Return on plan assets (excluding amounts already included in net interest)	-	<u>(2,371)</u>	<u>(2,371)</u>
Actuarial (gains) loss			
- Financial assumption	<u>(225)</u>	-	<u>(225)</u>
- Experience			
adjustment	<u>599</u>	<u>-</u>	<u>599</u>
Recognized in other comprehensive income	<u>374</u>	<u>(2,371)</u>	<u>(1,997)</u>
Employer's contribution	<u>-</u>	<u>(273)</u>	<u>(273)</u>
December 31, 2024	<u>\$ 31,367</u>	<u>(\$ 27,300)</u>	<u>\$ 4,067</u>

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

	<u>2025</u>	<u>2024</u>
Administrative expenses	<u>\$ 75</u>	<u>\$ 194</u>

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 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:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	1.250%	1.375%
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:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate		
0.25% increase	(\$ 336)	(\$ 443)
0.25% decrease	\$ 345	\$ 454
Expected salary increase		
0.25% increase	\$ 337	\$ 444
0.25% decrease	(\$ 330)	(\$ 436)

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.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Expected contributions in the next year	<u>\$ 261</u>	<u>\$ 274</u>
Average maturity of defined benefit obligations	5.2 years	5.7 years

XXI. Equity

(I) Common share capital

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Authorized shares (in thousands)	<u>300,000</u>	<u>300,000</u>
Authorized share capital	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Issued and paid shares (in thousands)	<u>175,403</u>	<u>175,403</u>
Paid-in capital	<u>\$ 1,754,030</u>	<u>\$ 1,754,030</u>

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) Retained earnings and dividend 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 XXIII-(8) - Employee and director remuneration for the Company's employee and director remuneration policy outlined in the Articles of Incorporation.

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.

The Company is bound by laws to make provision for special earnings reserve from unappropriated earnings carried from previous years for any net contra-equity balances accumulated under other contra-equity items in previous years before distributing earnings. If the Company is unable to make adequate provision from unappropriated earnings carried from previous years, the Company shall treat current net income and non-net income items as unappropriated earnings and make provisions accordingly.

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. When the Company has no deficit, the legal reserve exceeding 25% of the paid-in capital may be used to increase capital

The Company held its annual general meetings on June 26, 2025 and June 24, 2024, and resolved to approve the following 2024 earnings distribution on proposal and 2023 appropriation of profits and losses and distribution of cash dividends from capital surplus:

	<u>2024</u>	<u>2023</u>
Provision for statutory reserves	<u>\$ 19,953</u>	<u>\$ -</u>
Provision (reversal) of special reserves	<u>\$ 8,857</u>	<u>(\$ 178,808)</u>
Compensation for Losses from Legal Reserve	<u>\$ -</u>	<u>(\$ 85,304)</u>
Cash dividends	<u>\$ 166,633</u>	<u>\$ -</u>
Distribution of cash dividends from capital reserve	<u>\$ -</u>	<u>\$ 59,689</u>
Cash dividends per share (NT\$)	<u>\$ 0.95</u>	<u>\$ 0.34</u>

The Board of Directors proposed the following earnings distribution plan for fiscal year 2025 at its meeting on March 12, 2026:

	Appropriation of Earnings
Provision for statutory reserves	<u>\$ 21,543</u>
Provision for special reserves	<u>\$ 12,045</u>
Cash dividends	<u>\$182,419</u>
Cash dividends per share (NT\$)	<u>\$ 1.04</u>

For the above cash dividend, the Board of Directors has resolved to set April 5, 2026 as the ex-dividend date, and April 24, 2026 as the expected cash dividend payment date. 2025 appropriation of earnings is still pending for the shareholders' resolution at the annual general meeting scheduled for June 16, 2026.

(III) Special reserve

The Company reclassified NT\$372,185 thousand of unrealized gain on revaluation into retained earnings when adopting IFRS accounting standards 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.

For the Company's 2023 earnings and losses offsetting, a special reserve of NT\$178,808 thousand has been reversed in accordance with the Order of the Financial Supervisory Commission (Jin-Guan-Zheng-Fa-Zi No. 1090150022) for the difference between the market price and carrying amount of the parent company's shares held by the subsidiary, which is accumulated and appropriated as special reserve in accordance with the shareholding ratio.

The Company's 2024 earnings distribution plan has set aside NT\$8,857 thousand as a special reserve to cover the difference in the net decrease in other equity deduction items (unrealized valuation gains or losses on financial assets at fair value through other comprehensive income) at the end of the reporting period.

(IV) Other equity items

Unrealized gain/(loss) on financial assets at FVTOCI

	<u>2025</u>	<u>2024</u>
Opening balance	(\$ 46,906)	(\$ 38,050)
Incurring in the current year		
Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income (Note VIII)	(8,697)	-
Share of associates accounted for using the equity method (Note XIII)	(3,348)	(8,856)
Closing balance	<u>(\$ 58,951)</u>	<u>(\$ 46,906)</u>

XXII. Revenue

(I) Operating revenue details

	<u>2025</u>	<u>2024</u>
Net sales revenues	\$ 173,012	\$ 156,494
Lease income	292,384	280,705
Construction income	-	119,580
Other operating revenues	<u>52,952</u>	<u>49,262</u>
	<u>\$ 518,348</u>	<u>\$ 606,041</u>

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

	<u>2025</u>	<u>2024</u>
Net sales revenues		
Revenues from sale of merchandise	\$ -	\$ 809
Retail commission income	<u>173,012</u>	<u>155,685</u>
	<u>\$ 173,012</u>	<u>\$ 156,494</u>
Construction income		
Income from sale of property	<u>\$ -</u>	<u>\$ 119,580</u>
Other operating revenues		
Incomes from merchants' subsidy for department renovation	\$ 1,664	\$ 2,257
Management fee income	44,921	40,101
Others	<u>6,367</u>	<u>6,904</u>
	<u>\$ 52,952</u>	<u>\$ 49,262</u>

Analysis of retail commission income:

	<u>2025</u>	<u>2024</u>
Total department sales	<u>\$ 1,457,544</u>	<u>\$ 1,331,339</u>
Retail commission income	<u>\$ 173,012</u>	<u>\$ 155,685</u>

(III) Contract balance

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
contract liability	<u>\$ 5,847</u>	<u>\$ 5,892</u>	<u>\$ 5,997</u>

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 income

	<u>2025</u>	<u>2024</u>
Lease income		
Investment Property	\$ 234,700	\$ 231,187
Share of mall rental income	<u>57,684</u>	<u>49,518</u>
	<u>\$ 292,384</u>	<u>\$ 280,705</u>

Operating lease arrangements involve leasing of investment properties and retail malls (presented as property, plant, and equipment) owned by the Group, for the lease periods of 1~5 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 of December 31, 2025 and 2024, the Group has collected the deposits, NT\$58,413 thousand and NT\$59,049 thousand, respectively, for 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.

XXIII. Pre-tax profit

Pre-tax profit includes the following items:

(I) Operating costs detail

	<u>2025</u>	<u>2024</u>
Cost of sales	\$ -	\$ 623
Cost of lease	41,222	40,891
Construction cost	1,918	113,375
Other operating costs	<u>18,238</u>	<u>20,122</u>
	<u>\$ 61,378</u>	<u>\$ 175,011</u>

(II) Interest income

	<u>2025</u>	<u>2024</u>
Cash in banks	\$ 1,044	\$ 1,605
Financial assets at FVTPL	<u>5,176</u>	<u>5,455</u>
	<u>\$ 6,220</u>	<u>\$ 7,060</u>

(III) Other income

	<u>2025</u>	<u>2024</u>
Carpark income	\$ 11,704	\$ 10,607
Dividend income	5,018	3,628
Incomes from governmental subsidies	165	389
Others	<u>1,227</u>	<u>3,704</u>
	<u>\$ 18,114</u>	<u>\$ 18,328</u>

(IV) Other gains and losses

	<u>2025</u>	<u>2024</u>
Loss from disposal of property, plant and equipment	(\$ 6)	(\$ 161)
Net gain (loss) on currency exchange	(241)	441
Net gain on financial assets mandatorily measured at fair value through profit or loss.	11,198	53,647
Others	<u>(551)</u>	<u>1</u>
	<u>\$ 10,400</u>	<u>\$ 53,928</u>

The net profit or loss on financial assets mandatorily measured at fair value through profit or loss includes (A) a net profit or loss, i.e. NT\$4,691 thousand for the net loss, and of NT\$19,241 thousand for the net profit, for the years ended December 31, 2025 and 2024, respectively, and (B) gains on disposal, NT\$15,889 thousand and NT\$34,406 thousand, for the years ended December 31, 2025 and 2024, respectively.

(V) Financial cost

	<u>2025</u>	<u>2024</u>
Interest on bank loans	\$ 54,034	\$ 47,749
Interest on lease liabilities	<u>90</u>	<u>81</u>
	<u>\$ 54,124</u>	<u>\$ 47,830</u>

There was no capitalization of interest in 2025 and 2024.

(VI) Depreciation and amortization

	<u>2025</u>	<u>2024</u>
Property, Plant and Equipment	\$ 66,600	\$ 66,921
Investment Property	9,028	9,028
Right-of-use assets	531	366
Intangible asset	<u>805</u>	<u>1,318</u>
Total	<u>\$ 76,964</u>	<u>\$ 77,633</u>

An analysis of depreciation by function

Operating cost	\$ 18,855	\$ 19,027
Operating expenses	<u>57,304</u>	<u>57,288</u>
	<u>\$ 76,159</u>	<u>\$ 76,315</u>

An analysis of amortization by function

Operating cost	\$ 149	\$ 149
Operating expenses	<u>656</u>	<u>1,169</u>
	<u>\$ 805</u>	<u>\$ 1,318</u>

(VII) Employee benefit expenses

	<u>2025</u>	<u>2024</u>
Retirement benefits (Note XX)		
Defined contribution plans	\$ 1,921	\$ 1,805
defined benefit plan	<u>75</u>	<u>194</u>
Subtotal	1,996	1,999
Other employee benefits	<u>69,418</u>	<u>64,777</u>
Total	<u>\$ 71,414</u>	<u>\$ 66,776</u>

An analysis by function

Operating expenses	<u>\$ 71,414</u>	<u>\$ 66,776</u>
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(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). Per the amendments to the Securities and Exchange Act made in August 2024, the Company resolved at its 2025 annual general meeting to

amend its Articles of Incorporation to expressly provide that 0.1%~4% of pre-tax profits for the year, before distribution of employee and director bonuses, shall be allocated as employee remuneration, with at least 20% of that amount distributed to rank-and-file employees and no more than 4% distributed to directors and supervisors as remuneration. The remuneration to employees and directors for 2025 and 2024 was approved by the Board of Directors on March 12, 2026 and March 10, 2025, respectively, as follows:

Estimation ratio

	<u>2025</u>	<u>2024</u>
Remuneration to employees	0.13%	0.11%
Remuneration to directors	-	-

Amount

	<u>2025</u>		<u>2024</u>	
	<u>Cash</u>	<u>Stocks</u>	<u>Cash</u>	<u>Stocks</u>
Remuneration to employees	\$ 350	\$ -	\$ 300	\$ -
Remuneration to directors	-	-	-	-

If the amount changes after annual consolidated financial statements are approved and announced to the public, the difference will be treated as a change in accounting estimate and recognized as a gain or loss in the following year.

The amount actually paid of employee and directors' remunerations as resolved by the Board of Directors on March 12, 2026 differs from the amount recognized in the consolidated financial statements. The difference is adjusted to the profit or loss for 2026.

	<u>2025</u>	
	<u>Remuneration to employees</u>	<u>Remuneration to directors</u>
The distribution amount resolved by the board of directors	\$ 270	\$ -
The amount recognized in the annual financial reports	350	-

The amount actually paid of employee and directors' remunerations as resolved by the Board of Directors on March 10, 2025 differs from the amount recognized in the consolidated financial statements. The difference is adjusted to the profit or loss for 2025.

	2024	
	<u>Remuneration to employees</u>	<u>Remuneration to directors</u>
The distribution amount resolved by the board of directors	\$ 280	\$ -
The amount recognized in the annual financial reports	300	-

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

	<u>2025</u>	<u>2024</u>
Foreign exchange gains	\$ 2,668	\$ 2,652
Total loss on currency exchange	(2,909)	(2,211)
Net profit (loss)	<u>(\$ 241)</u>	<u>\$ 441</u>

XXIV. Income Tax

(I) Income tax recognized in profit or loss

Major components of tax expense were as follows:

	<u>2025</u>	<u>2024</u>
Tax currently payable		
Incurred in the current year	\$ 51,731	\$ 45,602
Land increment value tax Levied on unappropriated earnings	-	29,592
Prior years adjustment	205	-
	<u>17,625</u>	(374)
	<u>69,561</u>	<u>74,820</u>
Deferred tax		
Incurred in the current year	(978)	1,473
Prior years adjustment	(16,889)	-
Income tax expense recognized in profit or loss	<u>\$ 51,694</u>	<u>\$ 76,293</u>

Reconciliation of accounting income and income tax expense:

	<u>2025</u>	<u>2024</u>
Profit before tax	<u>\$ 266,771</u>	<u>\$ 274,228</u>
Income tax derived by applying the statutory tax rate to pre- tax net profit	\$ 65,496	\$ 40,616

Non-deductible expenses and losses for tax purposes	18	-
Land increment value tax	-	29,592
Loss (gain) on valuation of financial assets	938	(3,848)
Tax-exempt income	(4,396)	(3,040)
Levied on unappropriated earnings	205	-
Unrecognized losses carried forward	376	4,995
Unrecognized deductible temporary differences	(11,679)	8,352
Adjustments to income tax benefits (expenses) from prior years in the current year.	<u>736</u>	(<u>374</u>)
Income tax expense recognized in profit or loss	<u>\$ 51,694</u>	<u>\$ 76,293</u>
(II) Income tax recognized in other comprehensive income		

	<u>2025</u>	<u>2024</u>
<u>Deferred tax</u>		
Incurred in the current year		
- Remeasurement of defined benefit plan	(\$ 83)	(\$ 399)
- Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income	<u>2,174</u>	<u>-</u>
Income tax recognized in other comprehensive income	<u>\$ 2,091</u>	(<u>\$ 399</u>)

(III) Income tax assets and liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current income tax asset		
Tax refunds receivable (presented as other receivables)	<u>\$ 40</u>	<u>\$ 48</u>
Current tax liabilities		
Income tax payable	<u>\$ 20,659</u>	<u>\$ 30,416</u>

(IV) Deferred income tax assets and liabilities

Below are changes in deferred income tax assets and liabilities:

2025

	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Closing balance</u>
<u>Deferred tax assets</u>				
Temporary difference				
Impairment loss of financial assets at FVTOCI	\$ 6,014	\$ -	\$ 2,174	\$ 8,188
Defined benefit plan	7,688	-	(83)	7,605
Others	<u>19</u>	<u>17,176</u>	<u>-</u>	<u>17,195</u>
	<u>\$ 13,721</u>	<u>\$ 17,176</u>	<u>\$ 2,091</u>	<u>\$ 32,988</u>
 <u>Deferred tax liabilities</u>				
Temporary difference				
Provision for land increment value tax	\$ 213,961	\$ -	\$ -	\$ 213,961
Adjustment for rent- free period	<u>3,186</u>	<u>(691)</u>	<u>-</u>	<u>2,495</u>
	<u>\$ 217,147</u>	<u>(\$ 691)</u>	<u>\$ -</u>	<u>\$ 216,456</u>

2024

	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Closing balance</u>
<u>Deferred tax assets</u>				
Temporary difference				
Impairment loss of financial assets at FVTOCI	\$ 6,014	\$ -	\$ -	\$ 6,014
Defined benefit plan	8,087	-	(399)	7,688
Others	<u>682</u>	<u>(663)</u>	<u>-</u>	<u>19</u>
	<u>\$ 14,783</u>	<u>(\$ 663)</u>	<u>(\$ 399)</u>	<u>\$ 13,721</u>
 <u>Deferred tax liabilities</u>				
Temporary difference				
Provision for land increment value tax	\$ 213,961	\$ -	\$ -	\$ 213,961
Adjustment for rent- free period	<u>2,376</u>	<u>810</u>	<u>-</u>	<u>3,186</u>
	<u>\$ 216,337</u>	<u>\$ 810</u>	<u>\$ -</u>	<u>\$ 217,147</u>

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Loss carried forward		
Expiring 2025	\$ -	\$ 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	26,883	26,883
Expiring in 2032	46,748	46,748
Expiring in 2033	37,587	37,587
Expiring in 2034	21,180	21,180
Expiring in 2035	1,880	-
	<u>\$ 236,419</u>	<u>\$ 250,964</u>

- (VI) Income tax assessments

The profit-seeking enterprise income tax return of the Company and its subsidiary, De Hong, has been authorized by the tax authority up until 2023.

XXV. Earnings per share

	Unit: share/NT\$	
	<u>2025</u>	<u>2024</u>
Basic earnings per share	<u>\$ 1.23</u>	<u>\$ 1.13</u>
Diluted earnings per share	<u>\$ 1.23</u>	<u>\$ 1.13</u>

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

Current net income

	<u>2025</u>	<u>2024</u>
Current net income	<u>\$ 215,077</u>	<u>\$ 197,935</u>

Shares Unit: Thousand Shares

	<u>2025</u>	<u>2024</u>
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	<u>19</u>	<u>15</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>175,422</u>	<u>175,418</u>

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.

XXVI. 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 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.

XXVII. 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 carrying amounts 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, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic listed shares				
- Equity investments	\$ 144,451	\$ -	\$ -	\$ 144,451
Foreign public-listed (OTC-traded) securities				
- Equity investments	26,190	-	-	26,190
- Bond investments	61,433	-	-	61,433
Fund beneficiary certificates	<u>481,562</u>	<u>-</u>	<u>-</u>	<u>481,562</u>
Total	<u>\$ 713,636</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 713,636</u>

Financial assets at FVTOCI

Investment in equity instruments				
- Emerging Stock Market shares	\$ -	\$ -	\$ 4,563	\$ 4,563
- Domestic unlisted shares	-	-	22,500	22,500
- Foreign unlisted shares	-	-	<u>13,136</u>	<u>13,136</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,199</u>	<u>\$ 40,199</u>

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic listed shares				
- Equity investments	\$ 122,670	\$ -	\$ -	\$ 122,670

(To be continued)

(continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Foreign public-listed (OTC-traded) securities				
- Bond investments	\$ 80,021	\$ -	\$ -	\$ 80,021
Fund beneficiary certificates	<u>426,000</u>	<u>-</u>	<u>-</u>	<u>426,000</u>
Total	<u>\$ 628,691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 628,691</u>
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Investment in equity instruments				
- Emerging Stock Market shares	\$ -	\$ -	\$ 4,563	\$ 4,563
- Domestic unlisted shares	-	-	11,409	11,409
- Foreign unlisted shares	-	-	<u>24,007</u>	<u>24,007</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,979</u>	<u>\$ 39,979</u>

There were no transfers between Level 1 and Level 2 fair value measurements for 2025 and 2024.

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

Financial assets measured at level 3 fair value, which are equity investments through other comprehensive income, reconciliations for 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Opening balance	\$ 39,979	\$ 17,193
Recognized in other comprehensive income		
—Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income	(10,871)	-
Purchase	11,500	22,786
Disposed	<u>(409)</u>	<u>-</u>
Closing balance	<u>\$ 40,199</u>	<u>\$ 39,979</u>

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial asset</u>		
At FVTPL		
Financial assets designated as at FVTPL	\$ 713,636	\$ 628,691
Financial assets at amortized cost (Note 1)	473,682	132,059
Financial assets at FVTOCI - Investment in equity instruments	40,199	39,979
<u>Financial liability</u>		
Financial liabilities carried at amortized cost (Note 2)	3,334,816	2,956,772

Note 1: The balances include financial assets measured at amortized cost, comprising cash and cash equivalents, accounts receivable, other receivables (exclusive of tax refund receivable), time deposits with original maturities exceeding three months, corporate bond investments and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, comprising 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, guarantee deposits received and long-term borrowings.

(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

For information on financial assets denominated in non-functional currencies as at the balance sheet date, please refer to Note XXXI. 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 carrying amount of financial assets and financial liabilities susceptible to interest rate risks as at the balance sheet date is presented below:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Fair value interest rate risk		
-Financial assets	\$ 345,000	\$ -
-Financial liabilities	2,252,484	2,120,119
Cash flow interest rate risk		
-Financial assets	115,363	114,939
-Financial liabilities	860,000	620,000

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.

If the interest rate increases/decreases by 0.25% while all other variables remain unchanged, the Group's pre-tax profit for 2025 and 2024 will decrease/increase by NT\$1,862 thousand and NT\$1,263 thousand, respectively, primarily due to the Group's exposure to interest rate risk from its variable-rate bank loans.

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 increase/decrease by 10%, pre-tax income for 2025 and 2024 would increase/decrease by NT\$65,220 thousand and NT\$54,867 thousand respectively, due to a rise/fall in the fair value of financial assets at fair value through profit or loss. Meanwhile, pre-tax other comprehensive income for 2025 and 2024 would increase/decrease by NT\$4,020 thousand and NT\$3,998 thousand, respectively, due to a rise/fall in fair value of financial assets at fair value through other comprehensive income.

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 carrying amount of financial assets shown on the consolidated balance sheet.

Lease proceeds receivable by the Group were concentrated in three main customers, which accounted for both 83% of the balance as of December 31, 2025 and 2024, 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, 2025

	Repayable upon demand or within 1 month	1 ~ 3 months	3 months ~ 1 year	1 ~ 5 years	More than 5 years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 176,636	\$ -	\$ -	\$ -	\$ -
Lease liabilities	60	121	544	1,908	-
Floating rate instruments	50,000	-	50,000	760,000	-
Fixed rate instruments	217,000	108,000	-	1,925,000	-
	<u>\$ 443,696</u>	<u>\$ 108,121</u>	<u>\$ 50,544</u>	<u>\$ 2,686,908</u>	<u>\$ -</u>

December 31, 2024

	Repayable upon demand or within 1 month	1 ~ 3 months	3 months ~ 1 year	1 ~ 5 years	More than 5 years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 187,881	\$ -	\$ -	\$ -	\$ -
Lease liabilities	60	121	544	2,633	-
Floating rate instruments	-	-	100,000	520,000	-
Fixed rate instruments	<u>247,000</u>	<u>138,000</u>	<u>-</u>	<u>1,732,000</u>	<u>-</u>
	<u>\$ 434,941</u>	<u>\$ 138,121</u>	<u>\$ 100,544</u>	<u>\$ 2,254,633</u>	<u>\$ -</u>

Bank borrowing constitutes a main source of liquidity for the Group. As of December 31, 2025 and December 31, 2024, the Group's undrawn bank credit facilities were NT\$1,783,000 thousand and NT\$1,776,000 thousand, respectively.

XXVIII. Related-party transactions

All transactions, balances, 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. In addition to disclosures made in other footnotes, the consolidated company had the following transactions with related parties.

(I) Related party name and category

<u>Related Party Name</u>	<u>Relations with the consolidated company</u>
Chung Hsiao Enterprise Co., Ltd.	Associates
Sheng Wei Co., Ltd.	Substantive related party
Yu Chen Co., Ltd.	Substantive related party
Chia Yu Co., Ltd.	Substantive related party
Shunxiang Development Co., Ltd. (Sunxiang Development)	Substantive related party
Jin Duo Lih Enterprises Pty. Ltd. (Jin Duo Lih)	Substantive related party
Weng Huang Chin Social Welfare Foundation (Weng Huang Chin Foundation)	Substantive related party
Weng Chun-Chih	Substantive related party

(II) Operating revenue

<u>Booked items</u>	<u>Category of related party</u>	<u>2025</u>	<u>2024</u>
Rent income	Substantive related party	<u>\$ 160</u>	<u>\$ 154</u>

There is no significant difference between the Group's lease terms for related parties and those for non-related parties.

(III) Accounts receivable - related parties

<u>Booked items</u>	<u>Category of related party</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other receivables	Associates	<u>\$ 272</u>	<u>\$ 282</u>

Outstanding receivables from related parties are not secured. No provision for losses was made for receivables from related parties in 2025 and 2024.

(IV) Acquisition of investment property

<u>Category of related party</u>	<u>Acquisition price</u>	
	<u>2025</u>	<u>2024</u>
Weng Chun-Chih	<u>\$ -</u>	<u>\$ 39,620</u>

(V) Other income

<u>Booked items</u>	<u>Category of related party</u>	<u>2025</u>	<u>2024</u>
Other income	Associates	<u>\$ 114</u>	<u>\$ 114</u>

(VI) Compensation of key management personnel

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

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	<u>\$ 14,488</u>	<u>\$ 12,711</u>
Post-employment benefits	<u>12</u>	<u>94</u>
	<u>\$ 14,500</u>	<u>\$ 12,805</u>

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

XXIX. Pledged assets

The Group has placed part of its property, plant, equipment, investment property, and financial assets measured at amortized cost as collateral to secure bank borrowings.

Below is a summary of the assets pledged as collateral:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Property, Plant and Equipment		
- Land	\$ 841,989	\$ 841,989
- Buildings	653,462	682,241
Investment Property	1,030,170	1,036,257
Financial assets carried at amortized cost - noncurrent	<u>200,000</u>	<u>-</u>
	<u>\$ 2,725,621</u>	<u>\$ 2,560,487</u>

XXX. Significant Subsequent Events

On March 12, 2026, the Board of Directors of the subsidiary De Hong Development Co., Ltd. proposed a capital reduction by NT\$135,000 thousand to offset accumulated losses, NT\$32,501 thousand, and return NT\$102,499 thousand to shareholders, with cancellation of 13,500,000 issued shares.

XXXI. Information on Significant Foreign Currency Financial Assets

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, 2025

Financial asset	Foreign currency	Exchange rate	Carrying amount
<u>Monetary items</u>			
USD	\$ 175	31.430	\$ 5,500
JPY	37,862	0.201	7,610
Australian dollar	3	21.010	63
			\$ 13,173
<u>Non-monetary items</u>			
USD	4,875	31.430	\$ 153,221
JPY	144,421	0.201	29,029
Australian dollar	1,243	21.010	26,115
ZAR	585	1.894	1,108
			\$ 209,473

December 31, 2024

Financial asset	Foreign currency	Exchange rate	Carrying amount
<u>Monetary items</u>			
USD	\$ 772	32.785	\$ 25,307
JPY	80,001	0.210	16,792
RMB	604	4.478	2,707
Australian dollar	3	20.390	60
			\$ 44,866
<u>Non-monetary items</u>			
USD	4,229	32.785	\$ 138,657
Australian dollar	1,201	20.390	24,490
JPY	100,367	0.210	21,066
ZAR	565	1.750	989
			\$ 185,202

The Group's net foreign exchange gain/loss (realized and unrealized) were NT\$241 thousand for the net loss and NT\$441 thousand for the net gain, for the year ended December 31, 2025 and 2024. Due to the diversity of foreign currency transactions, disclosure of exchange gains and losses by each significant currency is impractical.

XXXII. Disclosures of Notes

(I) Information about significant transactions

1. Loans to external parties. (None)
2. Endorsements/guarantees to external parties. (None)
3. Marketable securities held at the end of the period. (Table 1)
4. Sales and purchases to/from related parties amounting to more than NT\$ 100 million or 20% of paid-in capital. (None)
5. Related party receivables amounting to more than NT\$ 100 million or 20% of paid-in capital. (None)
6. Others: Major business dealings between the parent company and subsidiaries, and transactions between subsidiaries. (None)

(II) Information about investees (Appendix 2)

(III) Information on investments in mainland China

1. Name of the investee company in China, its primary business activities, paid-in capital, investment method, details of fund transfers (inflow and outflow), shareholding percentage, investment gains and losses, carrying amount of investment at the end of the period, repatriated investment gains and losses, and the investment limit for China. (None)
2. Any significant transactions with investee companies in China, whether directly or indirectly through a third region, along with their prices, payment terms, and unrealized gains or losses: (None)

XXXIII. Segment 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 Store

Construction Segment

The Group's income and operating results to be reported by segments are stated as follows:

Segment revenues and results

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

	<u>Segment Revenue</u>		<u>Segment Profit or Loss</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Department store segment - Taoyuan Branch	\$ 283,648	\$ 255,274	\$ 125,172	\$ 88,782
- Taipei Branch	234,700	231,187	158,741	150,885
Construction Segment	<u>-</u>	<u>119,580</u>	<u>(4,808)</u>	<u>(2,500)</u>
Total from continuing operations	<u>\$ 518,348</u>	<u>\$ 606,041</u>	279,105	237,167
Other income and interest income			24,334	25,388
Other gains and losses			10,400	53,928
Financial costs			(54,124)	(47,830)
Share of profit/loss from equity-accounted associated companies			<u>7,056</u>	<u>5,575</u>
Profit before tax			<u>\$ 266,771</u>	<u>\$ 274,228</u>

The investment and construction segments each paid the department store segment a rent of NT\$120 thousand in 2025 and 2024; 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 at the end of the period.

December 31, 2025

Table 1

Unit: NTD thousand

Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
Tonlin Department Store Co., Ltd.	Common share							
	Julien's International Entertainment Group Co., Ltd.	-	Equity instrument at FVTOCI - Non-current	373,501	\$ 4,563	0.80	\$ 4,563	
	Harbinger Venture Capital Corp.	-	Equity instrument at FVTOCI - Non-current	3,367	-	1.70	-	
	Anbogen Therapeutics, Inc.	-	Equity instrument at FVTOCI - Non-current	1,000,000	11,000	0.59	11,000	
	ExoOne Bio. Co., Ltd	-	Equity instrument at FVTOCI - Non-current	500,000	11,500	1.75	11,500	
	Budworth Investment Limited	-	Equity instrument at FVTOCI - Non-current	15,186	-	1.67	-	
	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	-	1.02	-	
	KDH Advanced Research PTY LTD	-	Equity instrument at FVTOCI - Non-current	950,000	506	4.70	506	
	Preferred share							
	Phyto Ceutica Inc.	-	Equity instrument at FVTOCI - Non-current	20,000	-	-	-	
	Beneficiary certificate							
	Capital Taiwan Technology Innovation Active ETF	-	Financial assets at FVTPL - Current	160,000	1,669	-	1,669	
	CTBC Asia Pacific Real Income Fund	-	Financial assets at FVTPL - Current	200,000	2,330	-	2,330	
	Taishin 1699 Money Market	-	Financial assets at FVTPL - Current	9,762,520.59	140,281	-	140,281	
Deutsche Far Eastern DWS Taiwan Money Market Fund	-	Financial assets at FVTPL - Current	2,022,791.20	25,013	-	25,013		
FUBON Money Market Fund	-	Financial assets at FVTPL - Current	4,246,938.21	66,714	-	66,714		

(To be continued)

(continued)

Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
	Franklin Templeton Sinoam Money Market	-	Financial assets at FVTPL - Current	1,245,741.99	\$ 13,640	-	\$ 13,640	
	Shin Kong Chi-Shin Money-Market Fund	-	Financial assets at FVTPL - Current	1,222,871.18	20,013	-	20,013	
	JPMorgan (Taiwan) U.S. High Income Fund	-	Financial assets at FVTPL - Current	300,000.00	2,829	-	2,829	
	Pictet-Russian Equities R	-	Financial assets at FVTPL - Current	131.25	219	-	219	
	AB - American Income Portfolio AT Inc	-	Financial assets at FVTPL - Current	1,771.84	1,879	-	1,879	
	Allianz Income and Growth Fund (AM)	-	Financial assets at FVTPL - Current	2,550.33	680	-	680	
	BNP Paribas Funds US Growth-Classic Cap.	-	Financial assets at FVTPL - Current	115.88	861	-	861	
	Franklin Templeton Investment Funds-Franklin Mutual European Fund	-	Financial assets at FVTPL - Current	91.41	135	-	135	
	Fidelity Funds - Global Dividend Fund	-	Financial assets at FVTPL - Current	126.12	130	-	130	
	Morgan Stanley Investment Funds - Indian Equity Fund	-	Financial assets at FVTPL - Current	55.68	124	-	124	
	Neuberger Berman Next Generation Connectivity Fund	-	Financial assets at FVTPL - Current	434.69	315	-	315	
	Fuh Hwa Global IoT and Tech Fund	-	Financial assets at FVTPL - Current	220.30	323	-	323	
	Fidelity Funds - China Consumer Fund	-	Financial assets at FVTPL - Current	596.72	310	-	310	
	AB SICAV I-Global Value Portfolio Class A USD	-	Financial assets at FVTPL - Current	4,115.23	2,579	-	2,579	
	Fubon S&P 500 Index Fund-A USD	-	Financial assets at FVTPL - Current	5,000	1,578	-	1,578	
	Fuh Hwa South Africa Short-Term Income ZAR Fund B	-	Financial assets at FVTPL - Current	60,260.90	1,107	-	1,107	
	UBS (Luxembourg) AUD Fund	-	Financial assets at FVTPL - Current	468.44	26,117	-	26,117	

(To be continued)

(continued)

Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
	GLOBAL REAL ASSET SECURITIES FUND	-	Financial assets at FVTPL - Current	696.28	\$ 2,871	-	\$ 2,871	
	PIMCO FUNDS GLOBAL INVESTORS SERIES PLC-EA	-	Financial assets at FVTPL - Current	12,210.01	6,831	-	6,831	
	NEUBERGER BERMAN STRATEGIC INCOME FUND/LRELAND	-	Financial assets at FVTPL - Current	15,384.62	6,769	-	6,769	
	BNY MELLON GLOBAL CREDIT FUND-A	-	Financial assets at FVTPL - Current	291,913.98	9,855	-	9,855	
	BNY MELLON GLOBAL INFRASTRUCTURE INCOME FUND	-	Financial assets at FVTPL - Current	202,576.78	10,230	-	10,230	
	JPMORGAN FUNDS -US SELECT EQUITY PLUS FUND- A USD CAP	-	Financial assets at FVTPL - Current	3,644.98	6,938	-	6,938	
	BLUEBAY INVESTMENT GRADE BOND FUND-R\$	-	Financial assets at FVTPL - Current	933.79	6,504	-	6,504	
	BLUEBAY MULTI-STRATEGY FUND-R - USD (CPerf) Non-voting	-	Financial assets at FVTPL - Current	1,909.13	6,465	-	6,465	
	PIMCO FUNDS GLOBAL INVESTORS SERIES PLC - EJHA (JPY)	-	Financial assets at FVTPL - Current	51,247.36	10,414	-	10,414	
	Bonds							
	Brazilian Government Bonds (VII)	-	Financial assets at FVTPL - Current	2,000	5,049	-	5,049	
	- Corporate bonds							
	Apple Inc. Corporate Bonds (VII)	-	Financial assets at FVTPL - Current	1,700	4,166	-	4,166	
	Altria Group Corporate Bond	-	Financial assets at FVTPL - Current	200	6,229	-	6,229	
	Pertamina corporate bonds (III)	-	Financial assets at FVTPL - Current	2,000	5,733	-	5,733	
	Verizon Communications corporate bonds	-	Financial assets at FVTPL - Current	62	1,795	-	1,795	
	UnitedHealth Group Corporate Bond	-	Financial assets at FVTPL - Current	127	3,491	-	3,491	
	Corporate bonds of BMW US Capital LLC	-	Financial assets at FVTPL - Current	1,600	4,988	-	4,988	
	Johnson & Johnson Corporate Bond	-	Financial assets at FVTPL - Current	155	4,455	-	4,455	
	Verizon Communications Corporate Bond 13 (BS2)	-	Financial assets at FVTPL - Current	2,000	5,224	-	5,224	

(To be continued)

(continued)

Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
	Intel USD-denominated Corporate Bond	-	Financial assets at FVTPL - Current	120	\$ 2,809	-	\$ 2,809	
	Pfizer Corporate Bond 6 (BT9)	-	Financial assets at FVTPL - Current	2,000	5,048	-	5,048	
	Saudi Arabia International Bond (B9G)	-	Financial assets at FVTPL - Current	2,000	5,879	-	5,879	
	American Express bond (AXP)	-	Financial assets at FVTPL - Current	200	6,567	-	6,567	
	Subordinated financial bonds							
	Taiwan Life Insurance Co., Ltd. 2025 First Series Unsecured Cumulative Subordinated Common Corporate Bonds Class-A Bond P14 Taiwan Life 1A	-	Financial assets carried at amortized cost - noncurrent	-	200,000	-	200,000	
	Fubon Life Insurance Co., Ltd. 2025 Third Series Unsecured Cumulative Subordinated Common Corporate Bonds Class-A Bond P14 Fubon Life 3A	-	Financial assets carried at amortized cost - noncurrent	-	100,000	-	100,000	
	Common shares of domestic companies							
	Taiwan Cement Corp.	-	Financial assets at FVTPL - Current	149,000	3,457	-	3,457	
	CHUNG HSIN ELECTRIC & MACHINERY MANUFACTURING CORPORATION	-	Financial assets at FVTPL - Current	33,000	4,933	-	4,933	
	Fortune Electric Co., Ltd.	-	Financial assets at FVTPL - Current	7,000	5,355	-	5,355	
	CHUNG HWA PULP CORP.	-	Financial assets at FVTPL - Current	104,000	1,206	-	1,206	
	Delta Electronics, Inc.	-	Financial assets at FVTPL - Current	14,000	13,482	-	13,482	
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at FVTPL - Current	5,000	7,750	-	7,750	
	Mediatek Inc.	-	Financial assets at FVTPL - Current	2,000	2,860	-	2,860	
	ZINWELL CORPORATION	-	Financial assets at FVTPL - Current	18,000	475	-	475	
	SINCERE NAVIGATION CORPORATION	-	Financial assets at FVTPL - Current	58,000	1,511	-	1,511	
	CTBC Financial Holding Co., Ltd.	-	Financial assets at FVTPL - Current	165,000	8,283	-	8,283	

(To be continued)

(continued)

Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
	Asia Vital Components Co., Ltd.	-	Financial assets at FVTPL - Current	7,000	\$ 10,570	-	\$ 10,570	
	Global Unichip Corporation	-	Financial assets at FVTPL - Current	3,000	6,375	-	6,375	
	Raydium Semiconductor Corporation	-	Financial assets at FVTPL - Current	28,000	6,384	-	6,384	
	JENTECH PRECISION INDUSTRIAL CO., LTD	-	Financial assets at FVTPL - Current	2,000	5,490	-	5,490	
	CHC Healthcare Group	-	Financial assets at FVTPL - Current	32,000	1,232	-	1,232	
	Mycenax Biotech Inc.	-	Financial assets at FVTPL - Current	131,000	4,140	-	4,140	
	Jinan Acetate Chemical Co., LTD.	-	Financial assets at FVTPL - Current	31,000	1,609	-	1,609	
	LUMOSA THERAPEUTICS CO., LTD.	-	Financial assets at FVTPL - Current	52,000	10,114	-	10,114	
	FuSheng Precision Co., Ltd.	-	Financial assets at FVTPL - Current	99,000	25,295	-	25,295	
	Anti-Microbial Savior BioteQ Co., Ltd.	-	Financial assets at FVTPL - Current	98,877	8,421	-	8,421	
	Hon Precision, Inc.	-	Financial assets at FVTPL - Current	1,000	3,425	-	3,425	
	Taiwan High Speed Rail Corporation	-	Financial assets at FVTPL - Current	50,000	1,400	-	1,400	
	- Foreign shares							
	ALIBABA GROUP HOLDING LIMITED AS-ADR	-	Financial assets at FVTPL - Current	430	1,981	-	1,981	
	SPDR GOLD SHARES ETF	-	Financial assets at FVTPL - Current	300	3,737	-	3,737	
	MICROSOFT CORP SHS	-	Financial assets at FVTPL - Current	200	3,040	-	3,040	
	TESLA INC	-	Financial assets at FVTPL - Current	150	2,120	-	2,120	
	BLOCK INC	-	Financial assets at FVTPL - Current	1,200	2,455	-	2,455	

(To be continued)

(continued)

Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
De Hong Development Co., Ltd.	LOCKHEED MARTIN CORPORATION	-	Financial assets at FVTPL - Current	220	\$ 3,345		\$ 3,345	
	NVIDIA CORPORATION	-	Financial assets at FVTPL - Current	600	3,517		3,517	
	NUSCALE POWER CORPORATION	-	Financial assets at FVTPL - Current	1,100	490	-	490	
	IONQ INC	-	Financial assets at FVTPL - Current	1,000	1,410	-	1,410	
	MP MATERIALS CORP	-	Financial assets at FVTPL - Current	800	1,270	-	1,270	
	UBER TECHNOLOGIES INC	-	Financial assets at FVTPL - Current	1,100	2,825	-	2,825	
	Common shares of domestic companies							
	Fortune Electric Co., Ltd.	-	Financial assets at FVTPL - Current	2,000	1,530	-	1,530	
	Delta Electronics, Inc.	-	Financial assets at FVTPL - Current	5,000	4,815	-	4,815	
	ZINWELL CORPORATION	-	Financial assets at FVTPL - Current	16,000	422	-	422	
	LUMOSA THERAPEUTICS CO., LTD.	-	Financial assets at FVTPL - Current	7,000	1,362	-	1,362	
	Anti-Microbial Savior BioteQ Co., Ltd.	-	Financial assets at FVTPL - Current	30,000	2,555	-	2,555	
	Beneficiary certificate							
	Yuanta Global AI Active ETF	-	Financial assets at FVTPL - Current	500,000	5,105	-	5,105	
	Taishin 1699 Money Market	-	Financial assets at FVTPL - Current	1,061,605.97	15,255	-	15,255	
	SinoPac Money Market Fund	-	Financial assets at FVTPL - Current	1,792,034.70	26,389	-	26,389	
Yuanta Wan Tai Money Market Fund	-	Financial assets at FVTPL - Current	317,854.50	5,085	-	5,085		
FUBON CHI-HSIANG MONEY MARKET FUND	-	Financial assets at FVTPL - Current	1,531,207.90	25,386	-	25,386		
FUBON Money Market Fund	-	Financial assets at FVTPL - Current	638,702.98	10,033	-	10,033		

(To be continued)

(continued)

Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
	Fidelity Funds - Global Income Fund (F2M)	-	Financial assets at FVTPL - Current	30,940.60	\$ 5,796	-	\$ 5,796	
	UBS (Lux) Bond Fund - Euro High Yield	-	Financial assets at FVTPL - Current	2,399.81	4,026	-	4,026	
	Fidelity Funds - Global Dividend Plus Fund (F2L)	-	Financial assets at FVTPL - Current	26,922.53	5,693	-	5,693	
	Franklin Templeton Investment Funds-Franklin Income Fund	-	Financial assets at FVTPL - Current	12,337.41	2,245	-	2,245	
	Franklin Templeton Investment Funds - Templeton Japan Fund	-	Financial assets at FVTPL - Current	1,867.79	826	-	826	

Tonlin Department Store Co., Ltd. and Subsidiaries
Information of Investees
2025

Table 2

Unit: NTD thousand

Investor	Investor Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2025			Current period profit (loss) of the investee	Investment gains (losses) recognized in the current period	Remarks
				December 31, 2025	December 31, 2024	Shares	Percentage (%)	Carrying amount			
Tonlin Department Store Co., Ltd.	De Hong Development Co., Ltd.	Taipei City	General construction	\$ 1,417,000	\$ 1,417,000	120,000,000	100.00	\$ 1,067,517	\$ 60,715	\$ 715	Subsidiary (Notes I, II, and IV) Investee accounted for using the equity method (Note III)
	Chung Hsiao Enterprise Co., Ltd.	Taipei City	General leasing	174,892	151,352	5,756,000	30.49	194,904	25,668	7,056	

Note 1: Calculated based on the audited financial statements of the company as of December 31, 2025.

Note 2: Fully eliminated when preparing consolidated financial statements.

Note 3: On August 7, 2025, the Board of Directors resolved that the Company should acquire 680,000 shares of Chung Hsiao Enterprise Co. Ltd. at the price of NT\$23,540 thousand, representing a 3.6% stake, and the transaction was completed on August 15, 2025.

Note 4: The Company accounts for its subsidiaries using the equity method when preparing the parent-only financial statements. In order to enable the current profit and loss and equity in the parent company only financial statements to be the same as the profit and loss and equity attributable to the owners of the Company in the consolidated financial statements, the difference in accounting treatment between the parent company only basis and the consolidated basis is to adjust the "Equity-accounted investments" and "Share of profit or loss of subsidiaries accounted for using the equity method".