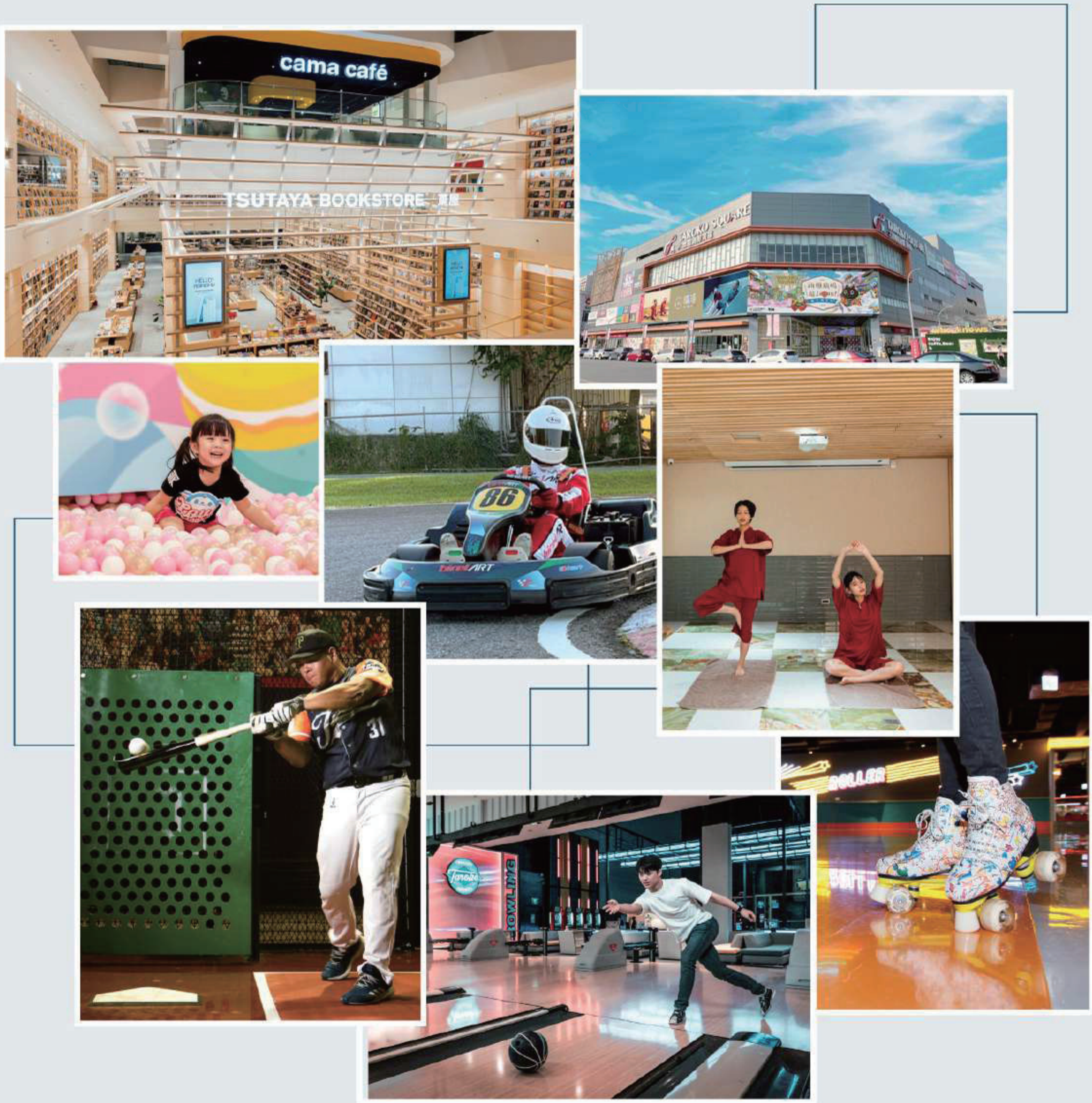
Stock Code：1432

# TRK CORPORATION

## 2024 Annual Shareholders'Meeting




Meeting Time: MAY 31, 2024

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TRK Corporation

Procedures for the 2024 General Shareholders' Meeting

Time: 9:00 AM, May 31, 2024 (Fri.) 3rd floor

Location: Rm. B, 3rd floor, No. 2-1, Sec. 1, Jinan Rd., Taipei City (NTU Alumni Center)

Agenda:

One. Report:

I. The Company's 2023 Business Report.
II. The Company's Audit Committee's Review Report for 2023.
III. The Company's endorsement and guarantee in 2023.
IV. Implementation status of the Company's 2021 Operations Excellence Plan in connection with capital increase by cash.

Two. Recognition:

I. The Company's 2023 Business Report and Financial Statements
II. The Company's 2023 losses make-up proposal.

Three. Discussion

I. The Company plans to issue common shares for cash capital increase through private placement.

Four. Extraordinary Motions

Five. Adjournment

**One. Report items**

I. The Company’s 2023 Business Report

Description:

1. For the Company's 2023 Business Report, please refer to Appendix 1 on page 7 of this Handbook.
2. We hereby request your review.

II. The Audit Committee’s Review Report for 2023

Description:

1. The Company's final business and accounting reports have been audited by the Audit Committee, which has issued a review report, as described in Appendix 2 on page 41 of this Handbook.
2. We hereby request your review.

III. The Company’s endorsement and guarantee in 2023

Description:

1. Please refer to the table below for the amount of the Company's external endorsement and guarantee as of December 31, 2023.

Unit: NT$ Thousand

| | Endorsed and guaranteed party | | Annual maximum endorsement and guarantee balance | Endorsement and guarantee balance at the end of the period | Ratio of accumulated endorsement and guarantee amount to net worth on the financial statements for the most recent period |
|---|---|---|---|---|---|
| | Name of the company | Relations | | | |
| 1 | TAROKO ENTERTAINMENT CO. LTD. | Subsidiary | 125,000 | 70,000 | 8.81% |
| 2 | American Village Co., Ltd. | Subsidiary | 20,000 | 20,000 | 2.52% |
| 3 | LU HSIN Co., Ltd. | Subsidiary | 15,000 | 15,000 | 1.89% |

IV. Implementation status of the Company's 2021 Operations Excellence Plan in connection with capital increase by cash

Description:

1. The Company's Board of Directors resolved on August 10, 2021 for the cash capital increase, which was declared effective by the Financial Supervisory Commission on November 4, 2021 under Jin-Guan-Zheng-Fa-Zi Letter No. 110037044. According to the letter, "The Company’s implementation of the plan shall be reported to the Board of Directors on a quarterly basis for control and reported to the Shareholders' Meeting.”
2. The budget and implementation status of the sound business plan in 2023 are as follows:

   The forecasts are prepared based on assumptions and estimates of future operating goals, and with reference to the historical transaction patterns and models of the Company, under the principle of conservatism, to reasonably simulate future operating results and financial conditions. The Company continues to carry out organizational integration, optimizes administrative and work processes to reduce labor costs, and revises marketing strategies and publicity plans, integrates existing resources, and optimizes the membership system to effectively reduce marketing expenses while maintaining or even improving their benefits. Overall, the funds raised from this plan have been fully used to invest in domestic subsidiaries and repay bank loans. The forecasts compiled in the business plan and the actual execution results have achieved the benefits. There is no significant difference.

Unit: NT$ Thousand

| Account on the financial statements | 2023 Actual amount | 2023 Forecast amount | Achievement percentage |
|---|---|---|---|
| Operating revenue | 1,324,752 | 1,162,806 | 113.93% |
| Operating cost | 750,531 | 591,700 | 126.84% |
| Gross profit | 574,221 | 571,106 | 100.55% |
| Operating expenses | 493,779 | 570,780 | 86.51% |
| Operating profit (loss) | 80,442 | 326 | 24,675.46% |
| Non-operating income (expenses) | (27,047) | 1,503 | -1,799.53% |
| Profit (Loss) before tax for the period | 53,395 | 1,829 | 2,919.35% |
| Profit (Loss) after tax for the period | 54,980 | 1,829 | 3,006.01% |

**Two. Adoption**

No. 1 Proposed by the Board of Directors

Subject: The Company’s 2023 Business Report and financial statements

Description:

1. The Company's parent company only financial statements and consolidated financial statements for the year 2023 have been audited CPAs Hsiao, Chun Yuan and Liu, Mei Lan from PwC Taiwan.
2. For the 2023 Business Report, independent auditors’ report and the above statements, please refer to Appendix 1 on page 7 of this Handbook.
3. We hereby request your adoption.

Resolution:

No. 2 Proposed by the Board of Directors

Subject: The Company’s 2023 losses make-up proposal

Description:

1. The Company has no earnings available for distribution as of the end of 2023, therefore, no dividends will be paid, and the losses make-up proposal is prepared as follows:

TRK CORPORATION

Deficit Compensation Statement

2023

Unit: NT$

| Item | amount |
|---|---|
| Undistributed earnings at the beginning of the period (loss) | (288,308,220) |
| Profit (Loss) after tax for 2023 | 60,177,982 |
| Recognition of change in ownership interest in subsidiaries | (2,546,251) |
| Deficit yet to be compensated at the end of year | (230,676,489) |

Chairperson: Lin, Man Li Managerial Officer: Hsieh, Kuo Tong Accounting Officer: Chen, Pei Ting

2. According to the Company's Articles of Incorporation, the Company shall distribute 0.5% to 1% of the employees' compensation and 2% of the directors' remuneration, if any, after deducting the accumulated losses from the current year's profit.
3. As the Company has no balance in 2023 after deducting accumulated losses based on its profit position, no estimate has been made for the remuneration of employees and directors and supervisors.
4. We hereby request your adoption.

Resolution

## Three. Discussions

No. 1 Proposed by the Board of Directors

Subject: Proposal of the Company to issue common shares for cash capital increase through private placement.

Description:

1. In view of the Company's future long-term strategic development and operational growth needs, the shareholders' meeting is requested to authorize the board of directors to issue ordinary shares for cash capital increase through private placement at an appropriate time to raise operating funds.
2. In principle, the number of shares to be issued for capital increase in the capital raising proposal for this fundraising project does not exceed 20,000,000 shares (inclusive) at a par value of NTD 10 per share. The board of directors will handle the relevant content and conditions of the issuance, as well as necessary amendments or changes in response to the instructions of the competent authority.
3. Description of the issuance method and content of the cash capital increase of common shares by means of private placement, please refer to Appendix3 on page 42~44 of this Handbook.
4. Please kindly discuss.

Resolution:

## Four. Extraordinary Motions

## Five. Adjournment

Appendix 1

**Annual Business Report of 2023**

Dear Shareholders,

Thank you for your ongoing support to TRK Corporation. Under the leadership of the Board of Directors and the management team, we continue to withstand and work tirelessly under the severe pandemic, bringing stable growth to the Company’s operations.

Since 2021, the Company has completed a capital increase of NT$165 million in cash and introduced strategic partners. After restructuring and integration, the company has streamlined operating expenses, concentrated resources, and focused on the three major aspects respectively known as department store operations, sports and leisure, and construction and development, so as to improve various businesses development, firmly establish the leading brand of experience sports and leisure, and demonstrate overall operating efficiency.

The Group’s Current Major Business:

(I) Department store business:

TRK Corporation - Shopping Mall Division

The major business of the "Shopping Mall Division" is responsible for commercial real estate development, planning, investment promotion and operation management; Taroko adopts its long-term experience in the sports and leisure industry to develop and operate hundreds of shopping malls, gaining market advantages with differentiated strategies, and creating the experience shopping mall with the theme of sports and leisure. Currently, the Company operates and manages two shopping malls respectively known as "Taroko Mall" in Taichung and "Taroko Square" in Hsinchu, and will continue to develop new potential properties aiming to become the leading brand of sports and leisure shopping malls in Taiwan, as well as the top developer and operator of commercial real estate.

Taroko Mall (Taichung)

Since July 2015, Taroko and Fubon Life Insurance have rented the real estate of Taroko Mall with a total building area of 36,000 pings and a leased floor area of 21,000 pings. Under our team’s years of hard work, we have successfully created a differentiated sports and leisure themed experience-oriented shopping mall. At present, the Mall has a complete lineup of catering and retail brands, and there is an abundance of healthy entertainment premises such as Taroko Bowling Alley, Taroko Sports, Indoor Basketball Court, Roller186, Yukids-Island, and VIE SHOW CINEMAS. In late June 2024, the Group's "Formosa Stone spa" will be introduced to the station. This will also be the second store of Formosa in the country, and it will be the first exclusive store in Taichung. In 2024, the brand lineup in the mall will continue to be strengthened. It is expected that the overall entertainment industry will account for 27% and the catering industry will increase to 27% by mid-year. The mall is moving towards an experience-oriented shopping center.

In 2023, Taichung's East District joined a new large Japanese shopping mall to drive the overall traffic and economy in the East District. New Era's performance grew explosively, and set the best annual performance since Taroko took over. In the future, we will continue to enhance the brand lineup in the Mall, improve the cozy environment for shopping, and provide more abundant marketing activities; with the convenient transportation and location close to Taichung Railway Station, the Mall will continue to generate better and more stable income and profit momentum to the Company.

Taroko Square (Hsinchu)

The Company rented Taroko Square, a 22 479.338 m2 business premise built by RT-Mart. Since its grand opening in May 2018 and the launch of the new brand "Formosa Stone Spa" in May 2021, the Company is repeatedly covered by several news media and Taiwan’s well-known travel platform

KKday. The first "TSUTAYA BOOKSTORE" in Hsinchu was opened in April 2022, which is known as the world's most beautiful bookstore, and has successfully attracted visitors from all over Taiwan and become an attraction for urban sightseeing.

In late May 2023, the Company successively opened stores including UNIQLO, ABC Mart, Marugame Taiwan, Sukiya, Naruto-licensed IP Ichiraku Ramen, and 2nd Street, the largest second-hand store in Japan, and thus achieved the best profit since its opening.

Proprietary Trading Business Department

With the aim to enrich the two shopping malls operated by the mall, the Group also established a proprietary business unit and invested in Tsutaya Bookstore, Wired Chaya Japanese Restaurant, CAMA Coffee, MR. Curry, and Naruto Licensed IP Ichiraku Ramen in Taroko Square Hsinchu; and, MR. Curry in TAROKO MALL Taichung, and Han Mu Hot Pot in the food court. In the future, the Company will continue to develop potential brands to enrich the shopping malls operated by the Group; it will even focus on research and development and creation of its own chain and franchise brands.

(II) Sports and Leisure Business:

TRK Corporation - Sports and Parenting Division

The Sports and Parenting Division of TRK Corporation mainly engages in sports, leisure and entertainment. There are 12 baseball and softball batting cages, 4 bowling alleys, 1 kart circuit, and 2 "Roller 186" in Taiwan. , 1 "Formosa Stone Spa", 3 sports supplies counters and 11 Yukids Island.

By keeping the dream of development of Taiwan's national ballgame in mind, the sports business departments are making efforts to achieve diversified services operating 24/7 in a fashionable, convenient and safe leisure and entertainment environment. We will also cooperate with the local professional baseball teams of the CPBL for the generation of well-known IP, as well as modifying and upgrading hardware equipment to create a new leisure and entertainment experience. Our goal is to introduce sports and leisure into the daily life of the general public, commit to provide the best experience service products, and continue to promote innovation in the industry, establishing differentiated products and services, and becoming the leader in experience entertainment.

The Sports and Parenting Division mainly operates facilities of "Yukids-Island", which is a parent-child amusement park introduced from Japan in 2006. The amusement facilities are designed by a professional Japanese R&D team and have passed a number of safety tests, which meets both Japanese and Taiwanese safety toys standards. Currently there are 10 branches of YU-Kids Island in Taiwan, and there are 8 additional "Yu Kids Art", making it the largest parent-child amusement park franchise in Taiwan. Yukids-Island not only aims at becoming the children's favorite amusement park, but also hopes children growth is linked with the brand's own growth. In the future, we will develop towards digitization of operation and diversification of services to provide a safe, educational and joyful playing environment for children.

The "Innovative Business Department" under the Sports and Parenting Division was established in 2021, and currently runs four roller skating rinks, "Roller 186", and one spa store, "Formosa Stone Spa". With innovation as its mission, we are committed to research and development of new types of products and new operation management and business model.

The first "Roller186" is located on the 6th floor of TAROKO MALL Taichung, which was opened in January 2020 and successfully attracted 160,000 visitors in the first year of operation. It is very popular and has started to trend on the internet and social media. In May 2021, the second skatepark was opened

in T.S. Mall. Both branches adopt different design themes, and combine the current Internet KOLs, online communities and the highly social characteristics of roller skating sports to create a brand new leisure and entertainment experience and become the most popular social leisure and entertainment venue for younger generations.
Nanzi Kaohsiung and Taipei Arena’s "Roller 186" were also successfully opened in April and July 2023, expanding into the two major cities, the north and the south, to expand our operating territory. The Nanzi Branch in Kaohsiung is a composite venue of roller coaster and baseball and softball arena, providing more diverse and rich consumer experiences, while the Taipei Arena has created a great boom, setting a record with more than 40,000 visitors in the month it opened.

The first store of "Formosa Stone Spa" is located at B1 of Taroko Square (Hsinchu), and is the only "large-scale Japanese-style stone spa and gym" in Taiwan. The "stone spa" which is popular in Japan and South Korea is a new beauty experience activity in response to the trend of health and wellness. The "Formosa Stone Spa" is designed by a Japanese professional stone spa designer. From the materials to construction, it complies with the Japanese method of high-quality design, which would provide customers with a Japanese-style leisure and health experience. In 2022, nearly 100,000 visitors were attracted to experience the activity, and it was certified by Taiwan’s first in-depth tourism platform "KKday", and became one of the top 10 things ‘to do’ when traveling in Taiwan. With the 24/7 business operation model combined with the launch of a new type of domestic travel itinerary in conjunction with surrounding hotels and restaurants, the revenue contribution will be increased.

According to the analysis of the visitors to Hsinchu Formosa Stone Spa, 55% came from places outside the region of Hsinchu, in particular, the customers from Taipei City and New Taipei City reached 40%. In the future, Formosa Stone Spa will open new stores in priority locations, Taipei and New Taipei City, and Taichung metropolitan areas.

(III) Construction and Development Business:

Taroko Construction Co., Ltd.

"Taroko Construction" participates in government projects of urban renewal mainly in Taipei City and New Taipei City to form a diversified alliance among the industry, and introduces the architectural concept of humanities, leisure, and health, and combines with domestic and foreign partners to develop profitable niche innovative leisure real estate products.

American Village Co., Ltd.

American Village Co., Ltd. is a company reinvested by Taroko Construction. The 5000-ping "Yangmingshan American Resort" operated by it was rebuilt from the dormitory of the US military stationed in Taiwan in the 1960s, and it is also known in Taiwan as the resort with the most authentic American style. At present, the American Village includes 7 villa-type hotels, Cary’s Restaurant, 1956 wedding banquet hall, Attic 80 studio, and Club 63 social/banquet hall.

The Company's consolidated financial statements prepared in accordance with the International Accounting Standards for the annual operating status of 2023 are as follows:

(I) Implementation of the Business Plan

Unit: NT$1,000

| Items | 2023 | 2022 | Increased (Decreased) Amount | Ratio of Change |
|---|---|---|---|---|
| Operating Revenue | 1,324,752 | 1,106,827 | 217,925 | 19.69% |
| Operating Costs | (750,531) | (686,247) | (64,284) | 9.37% |
| Gross Profit | 574,221 | 420,580 | 153,641 | 36.53% |
| Operating Expense | (493,779) | (427,141) | (66,638) | 15.60% |
| Operating Loss | 80,442 | (6,561) | 87,003 | 1326.06% |
| Non-operating Income and Expense | (27,047) | (28,772) | 1,725 | 6.00% |
| Income Before Tax | 53,395 | (35,333) | 88,728 | 251.12% |
| Income Tax Expense | 1,585 | (1,585) | 3,170 | 200.00% |
| Profit and Loss After Tax | 54,980 | (36,918) | 91,898 | 248.92% |
| Earnings (losses) Per Share | 0.67 | (0.35) | 1.02 | 291.43% |

(II) Budget Implementation

The Company has not published the financial forecast for 2023, hence it is not necessary to disclose the budget implementation.

(III) Analysis of Financial Income and Expense and Profitability

| Analysis Items | | | Financial Analysis | |
|---|---|---|---|---|
| | | | 2023 | 2022 |
| Financial Structure (%) | Ratio of Liabilities to Assets | | 83.80% | 85.08% |
| | Ratio of Long-term Funds to Fixed Assets | | 159.72% | 166.13% |
| Profitability | Return on Assets (%) | | 2.19% | 0.19% |
| | Return on Shareholders' Equity (%) | | 7.24% | (4.93%) |
| | Ratio of Paid-in Capital | Operating Profit (%) | 8.94% | (0.73%) |
| | | Net Profit Before Tax(%) | 5.93% | (3.93%) |
| | Net Profit Margin (%) | | 4.15% | (3.34%) |
| | Earnings Per Share | | 0.67 | (0.35) |

(IV) Research and Development

The Company is involved in the sports and leisure business, operating department stores and sports and leisure business. Since 2024, the Company has established the "Technological R&D Department". It is mainly responsible for the R&D of products and technologies of the sports department in accordance with internal control and capital management guidelines. Responsible for the maintenance and repair of all major electrical, mechanical equipment and self-operated equipment in the venues. Management of access engineering, computer room, inventory, equipment and work environment safety. And, we provide technical support for international market development.

## I. Summary of Business Plan of 2023

Dear Shareholders,

The Company's operating principles, business goals and policies for each reinvested business items are as follows:

(I) Department store operation:

**Shopping Mall Division**

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(III) Real Estate Development Business:

**Taroko Construction Co., Ltd.**

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III. Future Corporate Development Strategy

After reorganization and integration, the Company has concentrated its resources on the three major aspects respectively known as shopping mall operation, sports and leisure, and construction and development. In response to the industrial features of the business we operate and changes in the overall market, and in addition to sticking to improvement of service quality and development and operation of the shopping mall business, the Company will continue to enhance the competitiveness of its sports and leisure business, for example, in 2020, the baseball and softball batting cage was established in Chiayi City for the first time. The development of new experiences is also being conducted. For example, on the 6th floor of Taroko Mall (Taichung), Roller 186 which is a roller rink that was a very popular entertainment and leisure facility in Taiwan from 1970s and 80s, has been established. The innovative large-scale Japanese-style stone spa facility "Formosa Stone Spa" designed by Japanese designers was introduced from Japan. The truly original Japanese-style stone spa and relaxation space is an entirely new leisure experience.

Taroko will focus on the operation of experience-oriented shopping malls and the core sports and leisure business, give play to creativity and continue to innovate, improve future business development, and create more stable equity value for all shareholders.

IV. Impact from the external competition, regulatory and overall business environment

(I) The impact of the external competition

In response to the industrial characteristics of the business and the changes in the overall market, the Company and its subsidiaries will not only stick to quality improvement and strive to develop and operate the original sports and leisure industry that has been invested in for years, but will also actively engage in real estate development and experience sports and leisure to seek profit opportunities in the industry.

Taroko Mall (Taichung) is located at the key location that can conveniently access Taiwan Railway, long-distance personnel transportation and other transportation hubs. Therefore, there are many visitors on weekdays and holidays, and Mall can cover a large scope of potential consumers, which will help attract long-distance business travelers or tourists. However, it is the general trend that online shopping will impact physical stores since consumers can select the products they want without personally going out from their homes. In addition, the successive opening of outlets has intensified the market competition among the department stores and retail industry. Therefore, diversifying operations, strengthening market segmentation and brand image, and providing products in line with market positioning will be the goal of the Company's ongoing efforts.

(II) Impact from regulatory environment

The Company keeps abreast of changes in important domestic and foreign policies and regulations, and immediately consults accounting firms, lawyers and other professionals to provide relevant information as a reference for decision-making at the management level, so as to respond to impact from changes in important policies and laws at home and abroad, and timely adjust the Company's operating strategies.

(III) Impact from the overall business environment

Looking back on the economic performance of 2022, with the increase of vaccination coverage in major countries, the recovery of the global economy is significant. Overall, Taiwan's economy expanded steadily throughout the year of 2022. In 2023, the global economy is expected to maintain the pace of recovery, and the domestic economic growth rate is projected to be 2.43%. The stabilization of the epidemic will help boosting domestic demands, which is expected to boost consumption. The Company will properly utilize its management experience accumulated during recent years and actively improve its digital application capabilities to provide customers with good experience, fully integrate department stores and sports and leisure, increase the added value of consumers, and work harder to achieve revenue goals.

We sincerely wish each and all shareholders the healthy life and good fortune!

Lin, Man-Li, Chairman

Wang Ying-Chih, General Manager

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23000551

To the Board of Directors and Shareholders of TRK Corporation

## *Opinion*

We have audited the accompanying parent company only balance sheets of TRK Corporation (the "Company") as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity, and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors, (please refer to the *Other matter* section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

## *Basis for opinion*

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

## *Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2023 are stated as follows:

**The completeness and accuracy of tenant-counter sales in department stores**

Description

Please refer to Note 4(25) for accounting policies on revenue recognition and Note 6(22) for details of operating revenue.

Tenant-counter sales arises mainly through the establishment of merchandise and supplier master file data (such as merchandise master file, counter supplier master file data establishment, rent commission rate, etc.). Merchandise items, quantities, selling prices and total sales amount (only proprietary products) from every transaction are automatically transferred from the counters' point of sale (POS) to the Enterprise resource planning system (ERP). The counter can only key in the amount in POS and upload the sales information to the POS back-end system after the closing at the current date, and the information would be transferred to the ERP. The entries of the tenant-counter sales are automatically generated after the responsible person checking the daily closing report and confirming them on the system; the counter's cost of goods sold is automatically transferred based on the commission rate in counter contract after the reconciliation with the counter at the end of every month. The tenant-counter sales and the counters' net cost of goods sold are listed under operating revenue at the end of every month. Every counter shall prepare daily cash reports and deposit daily cash into the bank.

Given that each transaction amount from tenant-counter sales is small but in a high volume, and the sales information is highly dependent on the transfer and calculation between systems, the above process of system summarising and the recognition of the operating revenue are important to ensure the accuracy of the tenant-counter sales. Therefore, the completeness and accuracy of tenant-counter sales stores is identified as a key audit matter.

How our audit addressed the matter

Our key audit procedures in respect of the above included the following:

1. Sampled and examined the additions or movements in the supplier master file data to ensure that they were approved appropriately.
2. Sampled and examined the approved additions or movements on the supplier master file data to ensure they were key in correctly into the master file data.
3. The sales information in POS system was regularly and completely transferred to the ERP system and generated operating revenue entry.
4. Sampled and examined the daily closing reports and the relevant evidence of the counters.
5. Sampled and examined the counters' cash deposit recognized in the daily closing reports to ensure that it was in agreement with those amounts in the bank.

6. Recalculated the accuracy of the sales cost of the counter that is automatically transferred according to the commission rate in the counter contract based on the selected samples after the reconciliation with the counters at the end of each month.
7. Sampled and examined the tenant-counter sales and the counters' cost of goods sold, net are listed under operating revenue at the end of every period.

**Non-financial assets-impairment assessment of goodwill and intangible assets with indefinite useful life**

Description

Please refer to Note 4(18) for accounting policies on goodwill and intangible assets with indefinite useful life and its impairment and Notes 5(2) and 6(11) for details of goodwill and intangible assets with indefinite useful life.

The Company estimates recoverable amount of goodwill's and intangible assets with indefinite useful life's cash generating unit was based on the appraisal report to determine whether goodwill and intangible assets with indefinite useful life are impaired. As a result of the estimate of future cash flows involving management's judgement and a high degree of uncertainty, there would be a significant effect on the estimated outcome of the valuation. Therefore, the impairment valuation of goodwill and intangible assets with indefinite useful life is identified as a key audit matters.

How our audit addressed the matter

Our key audit procedures in respect of the above included the following:

1. Reviewed the main financial information used in estimating future cash flows and the relevant information on the financial budget which was approved by the management, including operating revenue, operating cost and operating expenses. Compared the financial budgets prepared in prior year with the actual financial performance in current year to assess the accuracy of the predictions in current year. Discussed the reasons for material differences with the management and whether they had been included in the preparation of the current financial budget.
2. The key assumptions used in estimating expected future cash flows, including the growth rate, profit rate and discount rate of operating revenue, were compared with the comparable companies in the same industry and external market data to check whether those key assumptions fall within the range adopted in the same industry.

3. Applied the appraisal report prepared by management's expert as one of the audit evidence and performed the following audit procedures:

   (1) Evaluated the proficiency, competence and objectivity of the expert.

   (2) Reviewed the appraisal range and the timing of the assessment of the expert's report to check the correlation with the audits.

   (3) For the work of the management's expert, we evaluated the parameters, assumptions and methods to check the reasonableness of the valuation.

### *Other matter – Reference to the audits of other auditors*

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT$172,743 thousand and NT$157,321 thousand, constituting 3.70% and 3.37% of the total assets as of December 31, 2023 and 2022, respectively, and the comprehensive loss recognized from associates and joint ventures accounted for under the equity method amounted to NT$5,211 thousand and NT$1,777 thousand, constituting (12.69%) and 5.70% of the total comprehensive income (loss) for the years then ended, respectively.

### *Responsibilities of management and those charged with governance for the parent company only financial statements*

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of the Company.

***Auditors' responsibilities for the audit of the parent company only financial statements***

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

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

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

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

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

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

Hsiao, Chun-Yuan

Liu, Mei-Lan

For and on behalf of PricewaterhouseCoopers, Taiwan
March 12, 2024

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TRK CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Assets | Notes | December 31, 2023 Amount | % | December 31, 2022 Amount | % |
|---|---|---|---|---|---|---|
| | **Current assets** | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | $ 349,288 | 7 | $ 437,314 | 9 |
| 1110 | Current financial assets at fair value through profit or loss | 6(2) | 2,583 | - | 3,094 | - |
| 1150 | Notes receivable, net | 6(3) | - | - | 105 | - |
| 1170 | Accounts receivable | 6(3) | 51,905 | 1 | 46,176 | 1 |
| 1180 | Accounts receivable due from related parties | 7 | 4,480 | - | 3,041 | - |
| 1200 | Other receivables | | 1,414 | - | 1,354 | - |
| 1210 | Other receivables due from related parties | 7 | 90,053 | 2 | 102,228 | 2 |
| 130X | Inventories | 6(4) and 8 | 273,610 | 6 | 271,747 | 6 |
| 1410 | Prepayments | | 44,644 | 1 | 35,755 | 1 |
| 1470 | Other current assets | 6(5) and 8 | 75,396 | 2 | 68,556 | 2 |
| 11XX | **Total current assets** | | 893,373 | 19 | 969,370 | 21 |
| | **Non-current assets** | | | | | |
| 1510 | Non-current financial assets at fair value through profit or loss | 6(2) | 97,726 | 2 | 83,147 | 2 |
| 1517 | Non-current financial assets at fair value through other comprehensive income | 6(6) | 148,651 | 3 | 6,767 | - |
| 1550 | Investments accounted for using equity method | 6(7) and 7 | 363,260 | 8 | 251,341 | 5 |
| 1600 | Property, plant and equipment | 6(8) | 493,167 | 11 | 450,186 | 9 |
| 1755 | Right-of-use assets | 6(9) | 1,954,213 | 42 | 2,196,085 | 47 |
| 1760 | Investment property, net | 6(10) | 480,676 | 10 | 497,899 | 11 |
| 1780 | Intangible assets | 6(11) | 81,633 | 2 | 82,762 | 2 |
| 1900 | Other non-current assets | 6(12) and 8 | 157,114 | 3 | 130,054 | 3 |
| 15XX | **Total non-current assets** | | 3,776,440 | 81 | 3,698,241 | 79 |
| 1XXX | **Total assets** | | $ 4,669,813 | 100 | $ 4,667,611 | 100 |

(Continued)

# TRK CORPORATION
## PARENT COMPANY ONLY BALANCE SHEETS
## DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Liabilities and equity | Notes | December 31, 2023 Amount | % | December 31, 2022 Amount | % |
|---|---|---|---|---|---|---|
| | **Current liabilities** | | | | | |
| 2100 | Short-term borrowings | 6(13) | $ 480,957 | 10 | $ 281,500 | 6 |
| 2130 | Current contract liabilities | 6(22) | 106,469 | 2 | 112,573 | 2 |
| 2150 | Notes payable | | 53 | - | 57 | - |
| 2170 | Accounts payable | | 266,859 | 6 | 292,248 | 6 |
| 2180 | Accounts payable to related parties | 7 | 4,235 | - | 7,361 | - |
| 2200 | Other payables | 6(14) | 149,073 | 3 | 113,389 | 3 |
| 2220 | Other payables to related parties | 7 | 1,490 | - | 1,259 | - |
| 2280 | Current lease liabilities | | 240,297 | 5 | 253,570 | 6 |
| 2320 | Long-term liabilities, current portion | 6(15) | 120,820 | 3 | 109,345 | 2 |
| 2399 | Other current liabilities, others | | 2,865 | - | 1,301 | - |
| 21XX | **Total current liabilities** | | 1,373,118 | 29 | 1,172,603 | 25 |
| | **Non-current liabilities** | | | | | |
| 2540 | Long-term borrowings | 6(15) | 149,753 | 3 | 185,699 | 4 |
| 2580 | Non-current lease liabilities | | 2,346,207 | 50 | 2,575,452 | 55 |
| 2645 | Guarantee deposits received | | 21,921 | 1 | 18,529 | 1 |
| 25XX | **Total non-current liabilities** | | 2,517,881 | 54 | 2,779,680 | 60 |
| 2XXX | **Total Liabilities** | | 3,890,999 | 83 | 3,952,283 | 85 |
| | **Equity** | | | | | |
| | Share capital | 6(18) | | | | |
| 3110 | Common stock | | 900,000 | 19 | 900,000 | 19 |
| | Capital surplus | 6(19) | | | | |
| 3200 | Capital surplus | | 199,853 | 4 | 199,838 | 4 |
| | Retained earnings | 6(20) | | | | |
| 3350 | Accumulated deficit | | ( 230,676) | ( 5) | ( 288,308) | ( 6) |
| | Other equity interest | 6(21) | | | | |
| 3400 | Other equity interest | | ( 90,363) | ( 1) | ( 71,263) | ( 1) |
| 3500 | Treasury share | 6(17)(18) | - | - | ( 24,939) | ( 1) |
| 3XXX | **Total equity** | | 778,814 | 17 | 715,328 | 15 |
| | Significant contingent liabilities and unrecognized contract commitments | 9 | | | | |
| 3X2X | **Total liabilities and equity** | | $ 4,669,813 | 100 | $ 4,667,611 | 100 |

The accompanying notes are an integral part of these financial statements.

TRK CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings (losses) per share amounts)

| | Items | Notes | Year ended December 31 2023 Amount | % | 2022 Amount | % |
|---|---|---|---|---|---|---|
| 4000 | Operating revenue | 6(22) and 7 | $ 1,194,837 | 100 | $ 997,816 | 100 |
| 5000 | Operating costs | 6(4)(27) | ( 702,980) | ( 59) | ( 640,459) | ( 64) |
| 5900 | Gross profit | | 491,857 | 41 | 357,357 | 36 |
| | Operating expenses | 6(27)(28) and 7 | | | | |
| 6100 | Selling expenses | | ( 295,029) | ( 24) | ( 263,116) | ( 27) |
| 6200 | General and administrative expenses | | ( 129,820) | ( 11) | ( 101,092) | ( 10) |
| 6450 | Expected credit gains | | - | - | ( 475) | - |
| 6000 | Total operating expenses | | ( 424,849) | ( 35) | ( 363,733) | ( 37) |
| 6900 | Operating loss | | 67,008 | 6 | ( 6,376) | ( 1) |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(23) | 4,888 | - | 2,327 | - |
| 7010 | Other income | 6(24) and 7 | 53,640 | 4 | 34,758 | 4 |
| 7020 | Other gains and losses | 6(25) | 10,106 | 1 | 4,165 | - |
| 7050 | Finance costs | 6(26) | ( 59,340) | ( 5) | ( 52,192) | ( 5) |
| 7070 | Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | 6(7) | ( 16,124) | ( 1) | ( 13,842) | ( 1) |
| 7000 | Total non-operating income and expenses | | ( 6,830) | ( 1) | ( 24,784) | ( 2) |
| 7900 | **Profit (loss) before income tax** | | 60,178 | 5 | ( 31,160) | ( 3) |
| 7950 | Income tax expense | 6(29) | - | - | - | - |
| 8200 | **Profit (loss) for the year** | | $ 60,178 | 5 | ($ 31,160) | ( 3) |

(Continued)

TRK CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings (losses) per share amounts)

| | Items | Notes | 2023 Amount | 2023 % | 2022 Amount | 2022 % |
|---|---|---|---|---|---|---|
| | | | Year ended December 31 | | | |
| | **Other comprehensive income (loss)** | | | | | |
| 8316 | Unrealised loss from investments in equity instruments measured at fair value through other comprehensive income | 6(6) | ($ 24,451) | ( 2) | ( $ 546) | - |
| 8330 | Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss | | 9,578 | 1 | ( 1,615) | - |
| 8310 | Components of other comprehensive loss that will not be reclassified to profit or loss | | ( 14,873) | ( 1) | ( 2,161) | - |
| 8361 | Exchange differences on translation of foreign operations | 6(21) | ( 4,227) | ( 1) | 1,892 | - |
| 8360 | Components of other comprehensive income (loss) that will be reclassified to profit or loss | | ( 4,227) | ( 1) | 1,892 | - |
| 8300 | **Other comprehensive loss** | | ($ 19,100) | ( 2) | ( $ 269) | - |
| 8500 | **Total comprehensive income (loss) for the year** | | $ 41,078 | 3 | ( $ 31,429) | ( 3) |
| | Basic earnings (losses) per share | 6(30) | | | | |
| 9750 | Total basic earnings (losses) per share | | $ 0.67 | | ( $ 0.35) | |
| | Diluted earnings (losses) per share | 6(30) | | | | |
| 9850 | Total diluted earnings (losses) per share | | $ 0.67 | | ( $ 0.35) | |

The accompanying notes are an integral part of these financial statements.

TRK CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Notes | Ordinary share | Share premium | Capital surplus: Changes in equity of associates and joint ventures accounted for using equity method | Capital surplus: Donated assets received | Accumulated deficit | Other equity interest | Treasury share | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| Year ended December 31, 2022 | | | | | | | | | |
| Balance at January 1, 2022 | | $ 900,000 | $ 197,773 | $ - | $ 1,975 | ($ 240,080 ) | ($ 70,994 ) | ($ 24,939 ) | $ 763,735 |
| Loss for the year | | - | - | - | - | ( 31,160 ) | - | - | ( 31,160 ) |
| Other comprehensive loss for the year | | - | - | - | - | - | ( 269 ) | - | ( 269 ) |
| Total comprehensive loss for the year | | - | - | - | - | ( 31,160 ) | ( 269 ) | - | ( 31,429 ) |
| Difference between consideration and carrying amount of subsidiaries acquired | 6(7) | - | - | - | - | ( 17,068 ) | - | - | ( 17,068 ) |
| Changes in equity of associates and joint ventures accounted for using equity method | 6(7) | - | - | 90 | - | - | - | - | 90 |
| Balance at December 31, 2022 | | $ 900,000 | $ 197,773 | $ 90 | $ 1,975 | ($ 288,308 ) | ($ 71,263 ) | ($ 24,939 ) | $ 715,328 |
| Year ended December 31, 2023 | | | | | | | | | |
| Balance at January 1, 2023 | | $ 900,000 | $ 197,773 | $ 90 | $ 1,975 | ($ 288,308 ) | ($ 71,263 ) | ($ 24,939 ) | $ 715,328 |
| Profit for the year | | - | - | - | - | 60,178 | - | - | 60,178 |
| Other comprehensive loss for the year | | - | - | - | - | - | ( 19,100 ) | - | ( 19,100 ) |
| Total comprehensive income (loss) for the year | | - | - | - | - | 60,178 | ( 19,100 ) | - | 41,078 |
| Difference between consideration and carrying amount of subsidiaries acquired | | - | - | 2 | - | - | - | - | 2 |
| Changes in equity of associates and joint ventures accounted for using equity method | | - | - | 13 | - | - | - | - | 13 |
| Treasury shares sold to employees | | - | - | - | - | ( 2,546 ) | - | 24,939 | 22,393 |
| Balance at December 31, 2023 | | $ 900,000 | $ 197,773 | $ 105 | $ 1,975 | ($ 230,676 ) | ($ 90,363 ) | $ - | $ 778,814 |

The accompanying notes are an integral part of these financial statements.

TRK CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Notes | Year ended December 31 2023 | 2022 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit (loss) before income tax for the year | | $ 60,178 | ($ 31,160 ) |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation expense | 6(8)(9)(10)(27) | 381,378 | 360,753 |
| Amortisation | 6(27) | 2,215 | 3,053 |
| Expected credit gain | 6(27) | - | ( 475 ) |
| Net (gains) losses on financial assets at fair value through profit or loss | 6(2)(25) | ( 14,855 ) | 274 |
| Interest expense | 6(26) | 59,340 | 52,192 |
| Interest income | 6(23) | ( 4,888 ) | ( 2,327 ) |
| Dividend income | 6(24) | ( 2,412 ) | - |
| Share-based payments | 6(17) | 1,498 | - |
| Share of loss of associates and joint ventures accounted for under equity method | 6(7) | 16,124 | 13,842 |
| Gains (losses) on disposals of property, plant and equipment | 6(25) | ( 896 ) | 1,327 |
| Losses on disposals of investments | 6(25) | 2 | - |
| Gains arising from lease modifications | 6(25) | ( 228 ) | - |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Notes receivable | | 105 | 92 |
| Accounts receivable | | ( 5,729 ) | ( 7,229 ) |
| Accounts receivable due from related parties | | ( 1,439 ) | 2,366 |
| Other receivables | | ( 60 ) | ( 82 ) |
| Other receivables due from related parties | | ( 11,265 ) | 32,612 |
| Inventories | | ( 1,863 ) | ( 2,938 ) |
| Prepayments | | ( 9,797 ) | 3,601 |
| Other current assets | | ( 4,410 ) | 1,046 |
| Changes in operating liabilities | | | |
| Current contract liabilities | | ( 6,104 ) | 4,471 |
| Notes payable | | ( 4 ) | ( 1,428 ) |
| Accounts payable | | ( 25,389 ) | 29,916 |
| Accounts payable to related parties | | ( 3,126 ) | 6,903 |
| Other payables | | 14,072 | ( 3,065 ) |
| Other payables to related parties | | 231 | 706 |
| Other current liabilities | | 1,564 | ( 2,489 ) |
| Cash inflow generated from operations | | 444,242 | 461,961 |
| Interest received | | 4,888 | 2,327 |
| Interest paid | | ( 59,340 ) | ( 52,192 ) |
| Net cash flows from operating activities | | 389,790 | 412,096 |

(Continued)

TRK CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Notes | Year ended December 31 2023 | 2022 |
|---|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from disposal of financial assets at fair value through profit or loss | | $ 787 | $ 8,135 |
| Decrease (increase) in other receivables due from related parties | 7 | 18,000 | ( 40,000 ) |
| Increase in guarantee deposits paid | | ( 23,307 ) | ( 20,877 ) |
| Decrease in guarantee deposits paid | | 6,530 | 769 |
| (Increase) decrease in other current assets | | ( 2,430 ) | 33,552 |
| Acquisition of financial assets at fair value through other comprehensive income | | ( 166,335 ) | - |
| Acquisition of investments accounted for using equity method | | ( 110,683 ) | ( 164,980 ) |
| Proceeds from disposal of investments accounted for using equity method | | 173 | - |
| Proceeds from disposal of property, plant and equipment | | 2,404 | 2,717 |
| Acquisition of property, plant and equipment | 6(31) | ( 132,369 ) | ( 76,901 ) |
| Acquisition of intangible assets | 6(11) | ( 637 ) | ( 4,190 ) |
| Increase in non-current prepayments for investments | | - | ( 6,650 ) |
| Increase in other non-current assets | | ( 17,382 ) | ( 7,515 ) |
| Dividends received | | 2,412 | - |
| Net cash used in investing activities | | ( 422,837 ) | ( 275,940 ) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from short-term debt | 6(32) | 299,457 | 135,700 |
| Repayments of short-term debt | 6(32) | ( 100,000 ) | ( 68,200 ) |
| Proceeds from long-term debt | 6(32) | 111,385 | 274,876 |
| Repayments of long-term debt | 6(32) | ( 135,856 ) | ( 252,614 ) |
| Rental payments on lease liability | 6(32) | ( 254,173 ) | ( 240,382 ) |
| Increase (decrease) in guarantee deposits received | 6(32) | 3,392 | ( 131 ) |
| Treasury shares sold to employees | | 20,816 | - |
| Net cash used in financing activities | | ( 54,979 ) | ( 150,751 ) |
| Net decrease in cash and cash equivalents | | ( 88,026 ) | ( 14,595 ) |
| Cash and cash equivalents at beginning of year | | 437,314 | 451,909 |
| Cash and cash equivalents at end of year | | $ 349,288 | $ 437,314 |

The accompanying notes are an integral part of these financial statements.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23000553

To the Board of Directors and Shareholders of TRK Corporation

## *Opinion*

We have audited the accompanying consolidated balance sheets of TRK Corporation and its subsidiaries (the "Group") as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity,and of cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors, please refer to the *Other matter* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

## *Basis for opinion*

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

## *Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

**The completeness and accuracy of tenant-counter sales in department stores**

<u>Description</u>

Please refer to Note 4(27) to the consolidated financial statements for accounting policies on revenue recognition and Note 6(22) for details of operating revenue.

Tenant-counter sales arises mainly through the establishment of merchandise and supplier master file data (such as merchandise master file, counter supplier master file data establishment, rent commission rate, etc.). Merchandise items, quantities, selling prices and total sales amount (only proprietary products) from every transaction are automatically transferred from the counters' point of sale (POS) to the Enterprise resource planning system (ERP). The counter can only key in the amount in POS and upload the sales information to the POS back-end system after the closing at the current date, and the information would be transferred to the Enterprise resource planning system (ERP). The entries of the tenant-counter sales are automatically generated after the responsible person checking the daily closing report and confirming them on the system; the counter's cost of goods sold is automatically transferred based on the commission rate in counter contract after the reconciliation with the counter at the end of every month. The tenant-counter sales and the counters' net cost of goods sold are listed under operating revenue at the end of every month. Every counter shall prepare daily cash reports and deposit daily cash into the bank.

Given that each transaction amount from tenant-counter sales is small but in a high volume, and the sales information is highly dependent on the transfer and calculation between systems, the above process of system summarising and the recognition of the operating revenue are important to ensure the accuracy of the tenant-counter sales. Therefore, the completeness and accuracy of tenant-counter sales stores is identified as a key audit matter.

<u>How our audit addressed the matter</u>

We performed the following audit procedures in respect of the above key audit matter:

1. Sampled and examined the additions or movements in the supplier master file data to ensure that they were approved appropriately.
2. Sampled and examined the approved additions or movements on the supplier master file data to ensure they were key in correctly into the master file data.
3. The sales information in POS system was regularly and completely transferred to the ERP system and generated operating revenue entry.
4. Sampled and examined the daily closing reports and the relevant evidence of the counters.
5. Sampled and examined the counters' cash deposit recognized in the daily closing reports to ensure it was in agreement with those amounts in the bank.

6. Recalculated the accuracy of the sales cost of the counter that is automatically transferred according to the commission rate in the counter contract based on the selected samples after the reconciliation with the counters at the end of each month.
7. Sampled and examined the tenant-counter sales and the counters' cost of goods sold, net are listed under operating revenue at the end of every period.

**Non-financial assets-impairment assessment of goodwill and intangible assets with indefinite useful life**

Description

Please refer to Note 4(19) for accounting policies on goodwill and intangible assets with indefinite useful life and its impairment and Notes 5(2) and 6(11) for details of goodwill and intangible assets with indefinite useful life.

The Group estimates recoverable amount of goodwill's and intangible assets with indefinite useful life's cash generating unit was based on the appraisal report to determine whether goodwill and intangible assets with indefinite useful life are impaired. As a result of the estimate of future cash flows involving management's judgement and a high degree of uncertainty, there would be a significant effect on the estimated outcome of the valuation. Therefore, the impairment valuation of goodwill and intangible assets with indefinite useful life is identified as a key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Reviewed the main financial information used in estimating future cash flows and the relevant information on the financial budget which was approved by the management, including operating revenue, operating cost and operating expenses. Compared the financial budgets prepared in prior year with the actual financial performance in current year to assess the accuracy of the predictions in current year. Discussed the reasons for material differences with the management and whether they had been included in the preparation of the current financial budget.
2. The key assumptions used in estimating expected future cash flows, including the growth rate, profit rate and discount rate of operating revenue, were compared with the comparable companies in the same industry and external market data to check whether those key assumptions fall within the range adopted in the same industry.

3. Applied the appraisal report prepared by management's expert as one of the audit evidence and performed the following audit procedures:
    (1) Evaluated the proficiency, competence and objectivity of the expert.
    (2) Reviewed the appraisal range and the timing of the assessment of the expert's report to check the correlation with the audits.
    (3) For the work of the management's expert, we evaluated the parameters, assumptions and methods to check the reasonableness of the valuation.

### *Other matter – Reference to the audits of other auditors*

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT$172,743 thousand and NT$157,321 thousand, constituting 3.55% and 3.21% of the total assets as of December 31, 2023 and 2022, respectively, and the comprehensive loss recognized from associates and joint ventures accounted for under the equity method amounted to NT$5,211 thousand and NT$1,777 thousand, constituting (14.52%) and 4.78% of the total comprehensive income (loss) for the years then ended, respectively.

### *Other matter – Parent company only financial reports*

We have audited and expressed an unqualified opinion with other matter paragraph on the parent company only financial statements of TRK Corporation as of and for the years ended December 31, 2023 and 2022.

### *Responsibilities of management and those charged with governance for the consolidated financial statements*

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of the Group.

### *Auditors' responsibilities for the audit of the consolidated financial statements*

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Hsiao, Chun-Yuan　　Liu, Mei-Lan

For and on behalf of PricewaterhouseCoopers, Taiwan
March 12, 2024

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

TRK CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Assets | Notes | December 31, 2023 Amount | % | December 31, 2022 Amount | % |
|---|---|---|---|---|---|---|
| | **Current assets** | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | $ 489,311 | 10 | $ 493,208 | 10 |
| 1110 | Current financial assets at fair value through profit or loss | 6(2) | 2,583 | - | 5,290 | - |
| 1150 | Notes receivable, net | 6(3) | - | - | 105 | - |
| 1170 | Accounts receivable, net | 6(3) | 56,696 | 1 | 50,048 | 1 |
| 1180 | Accounts receivable due from related parties | 7 | 14 | - | - | - |
| 1200 | Other receivables | | 3,201 | - | 6,873 | - |
| 1210 | Other receivables due from related parties | 7 | 16,917 | - | 1,049 | - |
| 130X | Inventories | 6(4) and 8 | 290,379 | 6 | 289,850 | 6 |
| 1410 | Prepayments | | 52,863 | 1 | 45,563 | 1 |
| 1470 | Other current assets | 6(5) and 8 | 78,625 | 2 | 97,945 | 2 |
| 11XX | **Total current assets** | | 990,589 | 20 | 989,931 | 20 |
| | **Non-current assets** | | | | | |
| 1510 | Non-current financial assets at fair value through profit or loss | 6(2) | 97,726 | 2 | 83,147 | 2 |
| 1517 | Non-current financial assets at fair value through other comprehensive income | 6(6) | 187,676 | 4 | 36,214 | 1 |
| 1550 | Investments accounted for using equity method | 6(7) | 180,462 | 4 | 164,255 | 3 |
| 1600 | Property, plant and equipment | 6(8) and 8 | 653,793 | 13 | 619,840 | 13 |
| 1755 | Right-of-use assets | 6(9) | 1,999,369 | 41 | 2,251,945 | 46 |
| 1760 | Investment property, net | 6(10) | 480,676 | 10 | 497,899 | 10 |
| 1780 | Intangible assets | 6(11) | 90,640 | 2 | 93,238 | 2 |
| 1900 | Other non-current assets | 6(12) and 8 | 190,650 | 4 | 160,546 | 3 |
| 15XX | **Total non-current assets** | | 3,880,992 | 80 | 3,907,084 | 80 |
| 1XXX | **Total assets** | | $ 4,871,581 | 100 | $ 4,897,015 | 100 |

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TRK CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Liabilities and equity | Notes | December 31, 2023 Amount | % | December 31, 2022 Amount | % |
|---|---|---|---|---|---|---|
| | **Current liabilities** | | | | | |
| 2100 | Short-term borrowings | 6(13) and 8 | $ 480,957 | 10 | $ 281,500 | 6 |
| 2130 | Current contract liabilities | 6(22) | 113,745 | 2 | 118,827 | 2 |
| 2150 | Notes payable | | 260 | - | 746 | - |
| 2170 | Accounts payable | | 271,523 | 6 | 298,211 | 6 |
| 2180 | Accounts payable to related parties | 7 | 627 | - | 747 | - |
| 2200 | Other payables | 6(14) | 155,187 | 3 | 121,146 | 2 |
| 2220 | Other payables to related parties | 7 | 984 | - | 767 | - |
| 2230 | Current tax liabilities | | - | - | 1,585 | - |
| 2280 | Current lease liabilities | | 255,665 | 5 | 268,590 | 6 |
| 2320 | Long-term liabilities, current portion | 6(15) | 163,557 | 4 | 150,484 | 3 |
| 2399 | Other current liabilities, others | | 3,428 | - | 2,707 | - |
| 21XX | **Total current liabilities** | | 1,445,933 | 30 | 1,245,310 | 25 |
| | **Non-current liabilities** | | | | | |
| 2540 | Long-term borrowings | 6(15) | 232,107 | 5 | 279,642 | 6 |
| 2580 | Non-current lease liabilities | | 2,381,421 | 49 | 2,621,938 | 54 |
| 2600 | Other non-current liabilities | | 22,963 | - | 19,553 | - |
| 25XX | **Total non-current liabilities** | | 2,636,491 | 54 | 2,921,133 | 60 |
| 2XXX | **Total Liabilities** | | 4,082,424 | 84 | 4,166,443 | 85 |
| | **Equity attributable to owners of the parent** | | | | | |
| | Share capital | 6(18) | | | | |
| 3110 | Ordinary share | | 900,000 | 18 | 900,000 | 18 |
| | Capital surplus | 6(19) | | | | |
| 3200 | Capital surplus | | 199,853 | 4 | 199,838 | 4 |
| | Retained earnings | 6(20) | | | | |
| 3350 | Accumulated deficit | | ( 230,676) | ( 5) | ( 288,308) | ( 6) |
| | Other equity interest | 6(21) | | | | |
| 3400 | Other equity interest | | ( 90,363) | ( 1) | ( 71,263) | ( 1) |
| 3500 | Treasury share | 6(17)(18) | - | - | ( 24,939) | - |
| 31XX | **Total equity attributable to owners of the parent** | | 778,814 | 16 | 715,328 | 15 |
| 36XX | **Non-controlling interest** | | 10,343 | - | 15,244 | - |
| 3XXX | **Total equity** | | 789,157 | 16 | 730,572 | 15 |
| | Significant contingent liabilities and unrecognized contract commitments | 9 | | | | |
| 3X2X | **Total liabilities and equity** | | $ 4,871,581 | 100 | $ 4,897,015 | 100 |

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

TRK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings (losses) per share amounts)

| | Items | Notes | 2023 Amount | 2023 % | 2022 Amount | 2022 % |
|---|---|---|---|---|---|---|
| 4000 | Operating revenue | 6(22) | $ 1,324,752 | 100 | $ 1,106,827 | 100 |
| 5000 | Operating costs | 6(4)(27) | ( 750,531 ) | ( 57 ) | ( 686,247) | ( 62) |
| 5900 | Gross profit | | 574,221 | 43 | 420,580 | 38 |
| | Operating expenses | 6(27)(28) | | | | |
| 6100 | Selling expenses | | ( 330,066 ) | ( 25 ) | ( 311,838) | ( 28) |
| 6200 | General and administrative expenses | | ( 163,713 ) | ( 12 ) | ( 115,778) | ( 10) |
| 6450 | Expected credit gains | 6(27) | - | - | 475 | - |
| 6000 | Total operating expenses | | ( 493,779 ) | ( 37 ) | ( 427,141) | ( 38) |
| 6900 | Net operating income (loss) | | 80,442 | 6 | ( 6,561) | - |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(23) and 7 | 3,931 | - | 987 | - |
| 7010 | Other income | 6(24) and 7 | 29,735 | 2 | 20,353 | 2 |
| 7020 | Other gains and losses | 6(25) | 8,892 | 1 | 9,465 | 1 |
| 7050 | Finance costs | 6(26) | ( 65,174 ) | ( 5 ) | ( 57,502) | ( 6) |
| 7060 | Share of loss of associates and joint ventures accounted for using equity method | 6(7) | ( 4,431 ) | - | ( 2,075) | - |
| 7000 | Total non-operating income and expenses | | ( 27,047 ) | ( 2 ) | ( 28,772) | ( 3) |
| 7900 | **Profit (loss) before income tax** | | 53,395 | 4 | ( 35,333) | ( 3) |
| 7950 | Income tax benefit (expense) | 6(29) | 1,585 | - | ( 1,585) | - |
| 8000 | **Profit (loss) for the year from continuing operations** | | 54,980 | 4 | ( 36,918) | ( 3) |
| 8200 | **Profit (loss) for the year** | | $ 54,980 | 4 | ($ 36,918) | ( 3) |

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TRK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings (losses) per share amounts)

| | | | Year ended December 31 | | | |
|---|---|---|---|---|---|---|
| | | | 2023 | | 2022 | |
| | Items | Notes | Amount | % | Amount | % |
| | **Other comprehensive income (loss)** | | | | | |
| | **Components of other comprehensive income that will not be reclassified to profit or loss** | | | | | |
| 8316 | Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income | 6(6)(21) | ($ 14,873 ) | ( 1 ) | ($ 2,161) | - |
| 8310 | Components of other comprehensive income that will not be reclassified to profit or loss | | ( 14,873 ) | ( 1 ) | ( 2,161) | - |
| | **Components of other comprehensive income that will be reclassified to profit or loss** | | | | | |
| 8361 | Currency translation differences | 6(21) | ( 4,227 ) | - | 130 | - |
| 8370 | Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss | 6(21) | - | - | 1,762 | - |
| 8360 | Components of other comprehensive income that will be reclassified to profit or loss | | ( 4,227 ) | - | 1,892 | - |
| 8300 | **Total other comprehensive loss for the year** | | ($ 19,100 ) | ( 1 ) | ($ 269) | - |
| 8500 | **Total comprehensive income (loss) for the year** | | $ 35,880 | 3 | ($ 37,187) | ( 3) |
| | Profit (loss) attributable to: | | | | | |
| 8610 | Owners of parent | | $ 60,178 | 4 | ($ 31,160) | ( 3) |
| 8620 | Non-controlling interest | | ( 5,198 ) | - | ( 5,758) | - |
| | Total | | $ 54,980 | 4 | ($ 36,918) | ( 3) |
| | Comprehensive income (loss) attributable to: | | | | | |
| 8710 | Owners of parent | | $ 41,078 | 3 | ($ 31,429) | ( 2) |
| 8720 | Non-controlling interest | | ( 5,198) | - | ( 5,758) | ( 1) |
| | Total | | $ 35,880 | 3 | ($ 37,187) | ( 3) |
| | Basic earnings (losses) per share | 6(30) | | | | |
| 9750 | Total basic earnings (losses) per share | | $ 0.67 | | ($ 0.35) | |
| | Diluted earnings (losses) per share | 6(30) | | | | |
| 9850 | Total diluted earnings (losses) per share | | $ 0.67 | | ($ 0.35) | |

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

TRK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | | Equity attributable to owners of the parent | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Capital surplus | | | | | | | | | |
| | Notes | Ordinary share | Share premium | Difference between consideration and carrying amount of subsidiaries acquired | Donated assets received | Changes in equity of associates and joint ventures accounted for using equity method | Accumulated deficit | Other equity interest | Treasury share | Total | Non-controlling interest | Total equity |
| 2022 | | | | | | | | | | | | |
| Balance at January 1, 2022 | | $ 900,000 | $ 197,773 | $ - | $ 1,975 | $ - | ($ 240,080) | ($ 70,994) | ($ 24,939) | $ 763,735 | $ 3,934 | $ 767,669 |
| Loss for the year | | - | - | - | - | - | ( 31,160) | - | - | ( 31,160) | ( 5,758) | ( 36,918) |
| Other comprehensive loss for the year | | - | - | - | - | - | - | ( 269) | - | ( 269) | - | ( 269) |
| Total comprehensive loss for the year | | - | - | - | - | - | ( 31,160) | ( 269) | - | ( 31,429) | ( 5,758) | ( 37,187) |
| Difference between consideration and carrying amount of subsidiaries acquired | 6(31) | - | - | - | - | - | ( 17,068) | - | - | ( 17,068) | 17,068 | - |
| Changes in equity of associates and joint ventures accounted for using equity method | | - | - | - | - | 90 | - | - | - | 90 | - | 90 |
| Balance at December 31, 2022 | | $ 900,000 | $ 197,773 | $ - | $ 1,975 | $ 90 | ($ 288,308) | ($ 71,263) | ($ 24,939) | $ 715,328 | $ 15,244 | $ 730,572 |
| 2023 | | | | | | | | | | | | |
| Balance at January 1, 2023 | | $ 900,000 | $ 197,773 | $ - | $ 1,975 | $ 90 | ($ 288,308) | ($ 71,263) | ($ 24,939) | $ 715,328 | $ 15,244 | $ 730,572 |
| Profit (loss) for the year | | - | - | - | - | - | 60,178 | - | - | 60,178 | ( 5,198) | 54,980 |
| Other comprehensive loss for the year | | - | - | - | - | - | - | ( 19,100) | - | ( 19,100) | - | ( 19,100) |
| Total comprehensive income (loss) for the year | | - | - | - | - | - | 60,178 | ( 19,100) | - | 41,078 | ( 5,198) | 35,880 |
| Difference between consideration and carrying amount of subsidiaries acquired | | - | - | 2 | - | - | - | - | - | 2 | - | 2 |
| Changes in equity of associates and joint ventures accounted for using equity method | | - | - | - | - | 13 | - | - | - | 13 | - | 13 |
| Treasury shares sold to employees | 6(18) | - | - | - | - | - | ( 2,546) | - | 24,939 | 22,393 | - | 22,393 |
| Changes in non-controlling interests | | - | - | - | - | - | - | - | | - | 297 | 297 |
| Balance at December 31, 2023 | | $ 900,000 | $ 197,773 | $ 2 | $ 1,975 | $ 103 | ($ 230,676) | ($ 90,363) | $ - | $ 778,814 | $ 10,343 | $ 789,157 |

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

TRK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Notes | Year ended December 31 2023 | 2022 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit (loss) before income tax for the year | | $ 53,395 | ($ 35,333 ) |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation charge | 6(27) | 415,997 | 390,145 |
| Amortization | 6(27) | 4,375 | 4,888 |
| Expected credit gain | 6(27) | - | ( 475 ) |
| Net gains (losses) on financial assets at fair value through profit or loss | 6(2)(25) | ( 15,325 ) | 198 |
| Interest expense | 6(26) | 65,174 | 57,502 |
| Interest income | 6(23) | ( 3,931 ) | ( 987 ) |
| Dividend income | 6(25) | ( 2,412 ) | ( 394 ) |
| Share of loss of associates and joint ventures accounted for under equity method | 6(7) | 4,431 | 2,075 |
| Gains (losses) on disposals of property, plant and equipment | 6(25) | ( 875 ) | ( 4,192 ) |
| Gains on disposals of investments | 6(25) | 2 | - |
| Share-based payments | 6(17) | 1,577 | - |
| Gains arising from lease modifications | | ( 228 ) | - |
| Revenue recognized from rent concessions | 6(9)(24) | - | ( 1,845 ) |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Notes receivable | | 105 | 92 |
| Accounts receivable | | ( 6,648 ) | ( 7,735 ) |
| Accounts receivable due from related parties | | ( 14 ) | - |
| Other receivables | | 3,672 | ( 4,174 ) |
| Other receivables due from related parties | | ( 868 ) | ( 316 ) |
| Inventories | | ( 529 ) | ( 20,726 ) |
| Prepayments | | ( 7,300 ) | 5,445 |
| Other current assets | | ( 4,150 ) | 2,733 |
| Changes in operating liabilities | | | |
| Current contract liabilities | | ( 5,082 ) | 5,562 |
| Notes payable | | ( 486 ) | ( 739 ) |
| Accounts payable | | ( 26,688 ) | 34,732 |
| Accounts payable to related parties | | ( 120 ) | 198 |
| Other payables | | 12,557 | ( 922 ) |
| Other payables to related parties | | 217 | 240 |
| Other current liabilities | | 721 | ( 2,099 ) |
| Cash inflow generated from operations | | 487,567 | 423,873 |
| Interest received | | 3,931 | 987 |
| Interest paid | | ( 65,171 ) | ( 57,445 ) |
| Net cash provided from operating activities, net | | 426,327 | 367,415 |

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# TRK CORPORATION AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF CASH FLOWS
## DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Notes | Year ended December 31 2023 | 2022 |
|---|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from disposal of financial assets at fair value through profit or loss | | $ 3,453 | $ 11,460 |
| Increase in other receivables due from related parties | 7 | ( 15,000 ) | - |
| Increase in guarantee deposits paid | | ( 26,371 ) | ( 25,889 ) |
| Decrease in guarantee deposits paid | | 32,539 | 8,269 |
| Increase (decrease) in other current assets | | ( 2,530 ) | 33,303 |
| Acquisition of financial assets at fair value through other comprehensive income | | ( 166,335 ) | - |
| Acquisition of investments accounted for using equity method | | ( 14,150 ) | ( 94,980 ) |
| Proceeds from disposal of investments accounted for using equity method | | 173 | - |
| Acquisition of property, plant and equipment | 6(32) | ( 147,896 ) | ( 176,169 ) |
| Proceeds from disposal of property, plant and equipment | | 2,409 | 21,821 |
| Acquisition of intangible assets | 6(11) | ( 637 ) | ( 9,854 ) |
| Increase in non-current prepayments for investments | | - | ( 6,650 ) |
| Increase in other non-current assets | | ( 18,970 ) | ( 21,124 ) |
| Dividends received | | 2,412 | 394 |
| Net cash used in investing activities | | ( 350,903 ) | ( 259,419 ) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from short-term debt | 6(33) | 299,457 | 135,700 |
| Repayments of short-term debt | 6(33) | ( 100,000 ) | ( 97,265 ) |
| Proceeds from long-term debt | 6(33) | 161,816 | 430,231 |
| Repayments of long-term debt | 6(33) | ( 196,278 ) | ( 380,492 ) |
| Rental payments on lease liability | 6(33) | ( 266,038 ) | ( 246,730 ) |
| Increase in guarantee deposits received | 6(33) | 7,334 | 1,972 |
| Decrease in guarantee deposits received | 6(33) | ( 3,924 ) | ( 1,810 ) |
| Treasury shares sold to employees | | 20,816 | - |
| Net cash used in financing activities | | ( 76,817 ) | ( 158,394 ) |
| Effect of exchange rate changes | | ( 2,504 ) | ( 1,218 ) |
| Decrease in cash and cash equivalents | | ( 3,897 ) | ( 51,616 ) |
| Cash and cash equivalents, beginning of year | | 493,208 | 544,824 |
| Cash and cash equivalents, end of year | | $ 489,311 | $ 493,208 |

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

Appendix 2

TRK CORPORATION

Audit Committee's Review Report

The Board of Directors has prepared the parent company only financial statements and the consolidated financial statements of the Company for the year ended December 31, 2023, which have been audited by CPAs Hsiao, Chun Yuan and Liu, Mei Lan from PwC Taiwan and an independent auditors' report has been issued. The financial statements together with the business report and the losses make-up proposal have been reviewed and determined to be accurate by the Audit Committee. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, the Review Report is hereby presented for your examination.

TO:

2024 Regular Shareholders' Meeting of TRK CORPORATION

Convener of the Audit Committee: Huang, Ming Yu

March 12, 2024

Appendix 3

Description of capital increase in cash by private placement of common shares

In accordance with Article 43-6 of the Securities and Exchange Act and the "Directions for Public Companies Conducting Private Placements of Securities", the matters related to the private placement of common shares are as follows:

(I) The basis and reasonableness of the price setting:

1. In accordance with the relevant laws and regulations, the private placement price shall not be less than 80% of the higher of the following reference prices:
   A. One day, three days or five business days before the pricing day, calculate the simple average of the closing price of the common stock, deduct the ex-right and ex-dividend shares of the stock dividend, and add the stock price after decapitalization and reversal of the ex-right.
   B. The simple average of the closing price of the common stock in the 30 business days prior to the pricing day, minus the ex-right and ex-dividend shares paid as dividend, and add the stock price after the capital reduction and reversal of ex-right.
2. The actual issue price is authorized by the Board of Directors to be determined in accordance with the laws and regulations and within the range of not lower than the basis and the percentage of the price resolved by the shareholders' meeting, with reference to the prevailing market and company conditions.
3. This private placement of common shares issue price is not lower than the reference price as the basis for the pricing, so there is no need to submit an expert opinion.
4. The basis for the aforementioned private placement of common shares is in compliance with the provisions of the notice for public companies in private placement of marketable securities, so the price of this private placement of common shares should be reasonable.

(II) The method, necessity, and expected benefits of selecting a specific person:

(1) Method and purpose of selecting specific persons:

The selection of specific persons will be limited to those who meet the requirements of Article 43-6 of the Securities and Exchange Act, and potential candidates include banking, bills, trust, insurance, securities or other legal persons approved by the competent authority or institutions, or natural persons, legal persons, funds, insiders and related parties meeting the conditions set by the competent authority. However, there is no confirmed investor yet.

To improve the feasibility of the Company's private placement of marketable securities, it is intended that the offerees of this Private Placement of common shares include insiders and related parties. In accordance with Article 4 of the "Directions for Public Companies Conducting Private Placements of Securities," any insider or related party, the name of the offerees, the method and purpose of selecting the offerees, and the relationship between offerees and the Company shall be fully discussed in the board meeting, and shall be stated in the agenda of the shareholders' meeting. For those not meeting the criteria, no subscription is allowed. If there is an insider or a related party of the applicant in this proposal, the Company will select the person who has a sufficient understanding of the Company's operations and is beneficial to the Company's future operations, in order to achieve the purpose of strengthening the shareholder structure, supporting the Company's long-term development, and strengthening the Company's financial structure to enhance shareholders' equity. Please refer to Appendix I for a list of potential insiders or related parties who may be offerees. This is a list for potential offerees only, and it does not indicate that the insiders or related parties have already known or agreed to the subscription of the Company's private placement of ordinary shares. In addition, the Company may select strategic investors who can directly or indirectly assist the Company's long-term operation and development.

The actual selection of the offerees will be submitted to the shareholders' meeting to authorize the board of directors to decide. For the Company's stable and sustainable operation, the board of directors will not consider specific offerees that are involved in major changes in management. Therefore, there should be no significant changes in the operating rights after the private placement.

(2) Necessity: In view of the Company's capital requirements for the establishment of the Company's operating base in the United States, future long-term strategic development, and operational growth, introduction of stable long-term funds or introduction of strategic investors who can expand the Company's future operation scale are necessary strategies for the Company's long-term development.

(3) Expected benefits: It is expected to improve the financial structure, improve operational efficiency, and promote the stable development of the Company's operations.

(III) Reasons for conducting the private placement:

**(1)** Reasons not to use a public offering: In response to operational growth, enrich working capital, increase capital requirements for long-term development of operations, introduce strategic investment partners, and consider the relative speed, simplicity, and timeliness of private placement, and restrictions on private placement of marketable securities on the requirement of non-transferability within three years will ensure long-term cooperative relations between the company and its investment partners; in addition, by authorizing the board of directors to conduct private placements depending on the company's operational needs, it will effectively improve the mobility and flexibility of fundraising.

**(2)** Private placement quota: The number of ordinary shares issued does not exceed 20,000,000 shares (inclusive) at a par value of NTD 10 per ordinary share, all of which are registered ordinary shares. The private placement of common shares may be authorized to the board of directors to process for no more than 2 times within one year from the date of the resolution of the shareholders' meeting.

**(3)** Use of funds: fully used to enrich working capital.

**(4)** Achieved benefits: Improve financial structure, enhance operational efficiency, and strengthen the Company's competitiveness, which will be of positive benefit to shareholders' equity.

(IV) According to Article 43-8 of the Securities and Exchange Act, the securities offered for this offering may not be freely transferred for a period of three years after delivery, except under specific circumstances stipulated by laws and regulations. Application shall be made to the competent authority for the listing (OTC) of this private placement of securities in accordance with the relevant laws and regulations. Except as provided above, the rights and obligations of the common shares in this private placement are the same as the common shares issued by the Company.

(V) The main contents of this private placement plan include the actual issue price, number of shares, issuance conditions, pricing date, capital increase base date, planned items, expected progress and expected benefits, etc. It is proposed to the shareholders' meeting for approval to authorize the Board of Directors to adjust, formulate and handle matters based on market conditions. In the future, the Board of Directors and/or the Chairman will also be authorized to handle any amendments due to instructions from the competent authorities, or based on operational assessments or objective circumstances.

(VI) To cooperate with the private placement of marketable securities, it is proposed that the shareholders' meeting authorize the Chairman or his designee to sign and negotiate all contracts and documents related to this private placement on behalf of the Company, and to handle all matters related to the private placement of marketable securities for the Company.

(VII) The Board of Directors and/or the Chairman is authorized to handle all matters not covered above in accordance with the law.

"Appendix 1"

| Potential Offeree | Relationship with the Company |
|---|---|
| (1) Xie Lin Industrial Co., Ltd. | (1) The person in charge, Lin Man-Li, is the Company's Chairman |
| (2) Sangong Industrial Co., Ltd. | (1) The person in charge, Lin Man-Li, is the Company's Chairman |
| (3) HANEGI CO., LTD. | (1) The person in charge, Wang Ying-Chih, is the President of the Company |
| (4) Ping Yuan Industrial Co., Ltd. | (1) The person in charge, Lin Man-Li, is the Company's Chairman |
| (5) Tongqingxin Creative Investment Co., Ltd. | (1) The person in charge, Hsu Yung-Chang, is the Company's corporate director representative |
| (6) Wang Ying-Chih | (1) President of the Company |
| (7) Hsieh Kuo-Tong | (1) Strategic consultant of the Company |

The top 10 shareholders of corporate offerees by shareholding ratio and their shareholding ratios are related to the Company as follows:

| Corporate Offeree | Top 10 Shareholders and Their Shareholding Percentage | Relationship with the Company |
|---|---|---|
| Xie Lin Industrial Co., Ltd. | A San-sheng Co., Ltd. (99.97%) | The person in charge, Lin Man-Li, is the Company's Chairman |
| | B Hsieh, Kuo-Tong (0.03%) | Supervisor Hsieh, Kuo-Tong is one of the relatives of the Company's Chairman |
| Sangong Industrial Co., Ltd. | A San-sheng Co., Ltd. (95%) | The person in charge, Lin Man-Li, is the Company's Chairman |
| | B Hsieh, Kuo-Tong (1.51%) | Supervisor Hsieh, Kuo-Tong is one of the relatives of the Company's Chairman |
| | C Ling-Yan Chen (3.49%) | Shareholder Ling-Yen Chen is a representative of the corporate director |
| HANEGI CO., LTD. | A Wang Ying-Chih (46.15%) | The person in charge, Wang Ying-Chih, is the President of the Company |
| | B Hsieh Kuo-Tong (5.12%) | Director Hsieh Kuo-Tong is one of the relatives of the Company's Chairman |
| | C Ling-Yan Chen (23.08%) | Shareholder Ling-Yen Chen is a representative of the corporate director |
| | D. Liu Chi-Chi (25.64) | None |
| Ping Yuan Industrial Co., Ltd. | A. Lin Man-Li (4.58%) | The person in charge, Lin Man-Li, is the Company's Chairman |
| | B Hsieh Kuo-Tong (80.78%) | Shareholder Hsieh Kuo-Tong is one of the |

| Corporate Offeree | Top 10 Shareholders and Their Shareholding Percentage | Relationship with the Company |
|---|---|---|
| | | relatives of the Company's Chairman |
| | C San-sheng Co., Ltd. (14.64%) | The person in charge, Lin Man-Li, is the Company's Chairman |
| Tongqingxin Creative Investment Co., Ltd. | A. Hsu Yung-Chang (50%) | The person in charge, Hsu Yung-Chang, is the Company's corporate director representative |
| | B. Lan Shu-Chen (50%) | Shareholder Lan Shu-Chen is one of the relatives of Director Hsu Yung-Chang |

Appendix 4

TRK CORPORATION

Rules of Procedure for Shareholders Meetings

Version date: 2020.6.5

Article 1: To establish an excellent governance system for the Company's shareholders' meeting, improve the supervisory function, and strengthen the management function, these Rules are formulated in accordance with the provisions of Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Article 2: The shareholders' meetings of the Company shall be conducted in accordance with these Rules unless otherwise provided by law or the Articles of Incorporation.

Article 3: (Convening of shareholders' meetings and meeting notices)

Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the Board of Directors.

Thirty days before the Company convenes an annual shareholders' meeting or 15 days before an extraordinary shareholders' meeting, the Company shall prepare electronic files of the meeting notice, proxy form, information on proposals for ratification, matters for discussion, election or dismissal of directors or supervisors, and other matters on the shareholders' meeting agenda and upload them to the Market Observation Post System (MOPS). Meanwhile, 21 days before the Company convenes an annual shareholders' meeting or 15 days before an extraordinary shareholders' meeting, it shall prepare an electronic file of the shareholders' meeting agenda handbook and the supplementary materials and upload them to the MOPS. Fifteen days before the Company convenes a shareholders' meeting, it shall prepare the shareholders' meeting agenda handbook and supplementary materials and make them available for the shareholders to obtain and review at any time. In addition, the handbook shall be displayed at the Company and its professional shareholder service agency, and is distributed on-site in the shareholders' meeting.

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

Matters pertaining to election or discharge of directors and supervisors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extraordinary motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.

Where an election of all directors or supervisors and their inauguration date shall be stated in the notice of the shareholders' meeting, after the completion of the election in said meeting, such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding 1% or more of the total number of the issued shares may submit to the

Company a proposal for discussion at a general shareholders' meeting. The number of items so proposed is limited only to one, and no proposal containing more than one item will be included in the meeting agenda. However, a shareholder proposal proposed for urging a company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors. A shareholder's proposal in alignment with any circumstance under any subparagraph of paragraph 4 of Article 172-1 of the Company Act may not be included in the meeting agenda by the Board of Directors.

Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce its acceptance of shareholders' proposals in writing or by electronic means and the location and time period for their submission; the period for acceptance of shareholders' proposals may not be fewer than 10 days.

Each of such proposals is limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general meeting of shareholders and take part in the discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the board of directors at the shareholders' meeting to be convened.

Article 4: For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

Each shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting and shall deliver the proxy form to the Company at least 5 days before the date of the shareholders' meeting. When a duplicate proxy form is served, the one received earliest shall prevail, unless a declaration is made to cancel the previous proxy form.

Once a proxy form is received by the Company, if a shareholder wishes to attend the shareholders' meeting in person or to exercise their voting rights in writing or by electronic means, a written proxy rescission notice shall be filed with the Company 2 days prior to the date of the shareholders' meeting, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

Article 5: (Principles determining the time and place of a shareholders meeting)

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

Article 6: (Preparation of documents such as the attendance book)

The Company shall specify in the meeting notice the time and place for the sign-in of the shareholders and other related matters.

The shareholders' meeting reporting time referred to in the preceding paragraph shall be 30 minutes prior to the meeting started. There should be clear signs at the reporting place with adequate staff assigned to handle the process.

Shareholders or their proxies (hereinafter referred to as the shareholders) shall attend the shareholders' meetings with their attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attendance presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.
The Company shall furnish the attending shareholders with a sign-in book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The Company shall furnish attending shareholders with the meeting agenda handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, ballots shall also be furnished.
When the government or a juridical person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juridical person is appointed to attend as a proxy, it may designate only one person to represent it in the meeting.

Article 7: (The chair and non-voting participants of a shareholders meeting)
If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or unable to exercise the powers as the chair for any reason, the Vice Chairman shall chair the meeting on his behalf. Where there is no such a position as Vice Chairman or the Vice Chairman is on leave or unable to exercise the powers as the chair for any reason, the Chairman shall appoint one of the managing directors to act as the chair. Where there is no such a position as managing director, the Chairman shall appoint one of the directors to act as the chair. Where the Chairman fails to make such a designation, the managing directors or directors shall select, from among themselves, one person to serve as the chair.
When a managing director or director serves as the chair, as referred to in the preceding paragraph, the director shall have held that position for six months or more with great understanding of the Company's financial position and business conditions. The same shall apply for a representative of a institutional director to serve as the chair.
It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the Chairman in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.
Where a shareholders' meeting is convened by a party with power to convene other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
The Company may appoint its attorneys, CPAs, or relevant persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 8: (Documentation of a shareholders meeting by audio or video)
The Company shall make an uninterrupted audio and video recording of the entire process of the shareholders' meeting from shareholders' sign-in, the proceedings of the meeting, as well as the process of voting and vote counting.
The audio and video recording in the preceding paragraph shall be kept for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9: Attendance at shareholders' meetings shall be counted based on numbers of shares. The number of shares represented by shareholders attending the meeting shall be calculated in accordance with the signature book or attendance cards handed in, plus the number of shares exercising voting rights in writing or by way of electronic transmission.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. When there are still insufficient attending shareholders representing more than one-third of the total issued shares after two postponements, the meeting chair shall announce the meeting to be aborted.

If there are not enough shareholders representing at least one third of issued shares attending the meeting after two postponements, tentative resolutions may be passed in accordance with Article 175, paragraph 1 of the Company Act. Shareholders shall be notified of the tentative resolutions, and another shareholders' meeting will be convened within one month.

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

Article 10: (Proposal discussion)

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

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene other than the Board of Directors.

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

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

Article 11: (Shareholder speech)

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

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

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes; if the shareholder's speech violates the rules or exceeds the scope of the motion, the chair may have the shareholder stop the speech.

Attending shareholders may not interfere with the speaking shareholders without the

Chairman's consent and the speaking shareholders. The Chairman will have the violating shareholders stopped.
When an institutional shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.
After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12: (Counting of voting shares and a recusal policy)
Votes cast at shareholders' meetings shall be calculated based on numbers of shares.
With respect to resolutions by a shareholders' meeting, the number of shares held by a shareholder without voting rights shall not be calculated as part of the total number of outstanding shares.
When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item and may not exercise voting rights as a proxy for any other shareholder.
The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be counted toward the number of the voting rights represented by attending shareholders.
With the exception of a trust enterprise or a stock affairs agency approved by the competent securities authority, when one person is concurrently appointed as a proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of the issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the counting.

Article 13: A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.
When the Company holds a shareholders' meeting, it shall adopt the exercise of voting rights by electronic means and may adopt the exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder's exercise of voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived their rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.
A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company at least 2 days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.
In case a shareholder who has exercised his/her/its voting power in writing or by way of electronic transmission intends to attend the shareholders' meeting in person, he/she/it shall, 2 days prior to the meeting date of the scheduled shareholders' meeting and in the same manner previously used in exercising his/her/its voting power, serve a separate declaration of intention to rescind his/her/its previous declaration of intention made in exercising the voting power under the preceding Paragraph Two. In the absence of a timely rescission of the

previous declaration of intention, the voting power exercised in writing or by way of electronic transmission shall prevail. If the shareholder exercises the voting right in writing or by electronic means and appoints a proxy with a proxy form to attend the shareholders' meeting, the voting right exercised by the attending proxy at the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a vote by the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered on the MOPS.

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

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

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

Article 14: (Elections)

The election of directors or supervisors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors or supervisors.

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

Article 15: Matters relating to the resolutions by a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

Said distribution may be announced through the MOPS.

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

Article 16: (Publication Announcement) On the day of a shareholders' meeting, the Company should compile in the prescribed format a statistical statement of the number of shares obtained by solicitors and the number of shares represented by proxies, and shall make an express disclosure in the shareholders' meeting.

If any resolutions by the shareholders' meeting are material information as stipulated by laws and regulations or Taiwan Stock Exchange Corporation, the Company shall upload the content to the MOPS prior to a deadline.

Article 17: (Maintaining order at the meeting place)

Staff handling administrative affairs of a shareholders' meeting shall wear an identification badge or an armband.

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

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18: (Meeting Break, Resumption) When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

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

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19: These Rules of Procedures, and any amendments hereto, shall be implemented upon the approval of the Shareholders' Meeting.

Appendix 5

# TRK CORPORATION

## Article of Incorporation

### Chapter I General Provision

Article 1: The Company is incorporated in accordance with the provisions of the Company Act on corporation limited by shares and named TRK Corporation. (Original name:TAROKO TEXTILE CORP. ) Its English name is "TRK Corporation".

Article 2: The Company shall be engaged in the following businesses:

1. C301010 Spinning of Yarn
2. C303010 Manufacture of Non-woven Fabrics
3. C305010 Printing, Dyeing, and Finishing
4. CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing
5. CC01020 Electric Wires and Cables Manufacturing
6. CC01110 Computer and Peripheral Equipment Manufacturing
7. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
8. F102030 Wholesale of Tobacco and Alcohol
9. F107200 Wholesale of Chemical Feedstock
10. F109070 Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
11. F113010 Wholesale of Machinery
12. F113020 Wholesale of Electrical Appliances
13. F113050 Wholesale of Computers and Clerical Machinery Equipment
14. F113990 Wholesale of Other Machinery and Tools
15. F114010 Wholesale of Motor Vehicles
16. F114020 Wholesale of Motorcycles
17. F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories
18. F209060 Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
19. F213010 Retail Sale of Electrical Appliances
20. F213030 Retail Sale of Computers and Clerical Machinery Equipment
21. F213080 Retail Sale of Machinery and Tools
22. F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories
23. F214050 Retail Sale of Tires
24. F501030 Beverage Shops
25. F501050 Bars
26. F501060 Restaurants
27. G202010 Parking area Operators
28. JB01010 Conference and Exhibition Services
29. EZ14010 Sport Venue Equipment Engineering
30. E801010 Indoor Decoration
31. F501990 Other Catering
32. F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing

Accessories
33. F301010 Department Stores
34. F301020 Supermarkets
35. F399040 Retail Sale No Storefront
36. F401010 International Trade
37. H702010 Construction Manager
38. H703100 Real Estate Leasing
39. HZ99990 Other Financial, Insurance and Real Estate Business
40. H701050 Investment, Development and Construction in Public Construction
41. H701010 Housing and Building Development and Rental
42. I301010 Information Software Services
43. I103060 Management Consulting
44. I199990 Other Consulting Service
45. I501010 Product Designing
46. JZ99050 Agency Services
47. JE01010 Rental and Leasing
48. J901020 Regular Hotel
49. J801030 Athletics and Recreational Sports Stadium
50. J802010 Sports Training
51. J701020 Amusement Parks
52. J701070 Information Recreational
53. J701040 Recreational Activities Venue
54. J601010 Arts and Literature Service
55. J701030 Audiovisual and Singing Services
56. J803020 Sports Tournaments
57. J803010 Sports Performance
58. JZ99080 Beauty and Hairdressing Services
59. JZ99110 Body Shaping Beauty Services
60. JI01010 Interactive Scenario Experience Services
61. CC01080 Electronics Components Manufacturing.
62. F102170 Wholesale of Foods and Groceries
63. F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
64. F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures
65. F106010 Wholesale of Hardware
66. F106020 Wholesale of Daily Commodities
67. F106030 Wholesale of Molds
68. F106050 Wholesale of Ceramic and Glassware
69. F107030 Wholesale of Cleaning Supplies
70. F108031 Wholesale of Medical Devices
71. F110020 Wholesale of Glasses
72. F111090 Wholesale of Building Materials
73. F114050 Wholesale of Tires
74. F114080 Wholesale of Track Vehicle and Component Parts Thereof
75. F115010 Wholesale of Jewelry and Precious Metals
76. F118010 Wholesale of Computer Software

77. F119010 Wholesale of Electronic Materials
78. F203010 Retail Sale of Food, Grocery and Beverage
79. F203020 Retail Sale of Tobacco and Alcohol
80. F205040 Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures
81. F206010 Retail Sale of Hardware
82. F206020 Retail Sale of daily commodities
83. F207030 Retail Sale of Cleaning Supplies
84. F207200 Retail Sale of Chemical Feedstock
85. F208031 Retail Sale of Medical Apparatus
86. F208040 Retail Sale of Cosmetics
87. F210020 Retail Sale of Glasses
88. F214080 Retail Sale of Track Vehicle and Component Parts Thereof
89. F215010 Retail Sale of Jewelry and Precious Metals
90. F218010 Retail Sale of Computer Software
91. F219010 Retail Sale of Electronic Materials
92. F399010 Convenience Stores
93. F399990 Retail sale of Other Integrated
94. F601010 Intellectual Property Rights
95. H201010 Investment
96. H701020 Industrial Factory Development and Rental
97. H701040 Specific Area Development
98. H701060 New Towns, New Community Development
99. H701070 Process Zone Expropriation and Urban Land Readjustment Agency
100. H701080 Urban Renewal Reconstruction
101. H701090 Urban Renewal Renovation or Maintenance
102. H703090 Real Estate Business
103. H703110 Senior Citizen Residence
104. HZ02010 Financial Institution Creditor's Right(Money) Purchase Business
105. HZ02020 Process Financial Institution Creditor's Right(Money) Appraisal and Auction Business
106. I102010 Investment Consulting
107. I301020 Data Processing Services
108. I301030 Electronic Information Supply Services
109. I401010 General Advertisement Service
110. I503010 Landscape and Interior Designing
111. IZ04010 Translation
112. IZ99990 Other Industrial and Commercial Services
113. J602010 Performing Arts Activities
114. J603010 Live House
115. J799990 Other Recreational Services
116. JD01010 Industrial and Commercial Credit Checking Service
117. JZ99020 Sauna
118. JZ99120 General Bathhouse
119. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company shall establish its head office in Taichung City and, if necessary, set up branch offices in appropriate locations both domestically and internationally, the establishment, abolition or modification of which shall be handled in accordance with the resolution of the Board of Directors.

Article 4: The Company may provide guarantee for relevant business, and the total amount of the Company's investment in other businesses may exceed 40% of the paid-in capital.

## Chapter II Shares

Article 5: The Company shall have a capital of NT$3 billion divided into 300,000,000 shares of NT$10 each, and the unissued shares are authorized to be issued by the Board of Directors in installments.

Article 6: The Company may issue shares in accordance with Article 162 of the Company Act. The shares issued by the Company may be exempted from printing stocks but the shares should be registered with the centralized securities depository institution.

Article 7: Shareholders shall fill out a seal card and submit it to the Company for inspection, and the same shall apply to any change of seal, and the seal shall be used as the basis for receiving dividends and bonuses, for written communications with the Company, and for exercising all other rights.

Article 8: The Company processes the stock affairs in accordance with the "Regulations Governing the Administration of Stock Affairs of Public Companies" announced by the competent authority.

Article 9: (Deleted)

Article 10: (Deleted)

Article 11: The change of name and transfer of shares shall be suspended 60 days before a regular shareholders' meeting, 30 days before an extraordinary shareholders' meeting, or within 5 days before the Company decides to pay out dividends, bonuses, or other benefits.

## Chapter 3 Shareholders' Meeting

Article 12: Shareholders' meetings of the Company are of two kinds:regular shareholders' meetings and extraordinary shareholders' meetings. The regular shareholders' meetings are convened once per year within six months from the close of the fiscal year. The special shareholders' meetings may be convened in accordance with applicable laws and regulations whenever necessary. Shareholders shall be notified of the date and location of regular shareholders' meetings 30 days prior to the meetings, and extraordinary meetings 15 days prior to the meetings, and the proposals. Article 12-1:The Company may convene a shareholders' meeting by video conference or in other methods as announced by the central competent authorities.

Article 13: Unless otherwise provided by law, the meeting chair of the shareholders' meeting shall be the chairperson of the Company. If the chairperson is absent, the chairperson shall designate a director to act on his or her behalf. In the absence of such a designation, the directors shall elect from among themselves a director to serve as the meeting chair.

Article 14: The Company's shareholders shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

Article 15: If a shareholder is unable to attend a shareholders' meeting in person for any reason, he/she shall appoint a proxy to attend the shareholders' meeting by issuing a proxy form specifying the scope of authorization 5 days prior to the shareholders' meeting One shareholder can only issue one proxy form and appoint one proxy. If one person is appointed by more than two shareholders at the same time, the voting rights of the proxy shall not exceed 3% of the total voting rights of the issued shares, and the voting rights in excess shall not be counted. The use of proxy form shall be governed by the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".

Article 16: Resolutions at a shareholders' meeting of the Company shall, unless otherwise provided for in relevant laws and regulations, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares. If the number of shareholders present does not meet the aforementioned legal quota but more than one-third of the total number of issued shares are present, a tentative resolution may be made by the consent of a majority of the shareholders present and the tentative resolution shall be notified to the shareholders and another shareholders' meeting shall be reconvened within one month. If more than one-third of the total number of issued shares are still present, a resolution shall be reached by the consent of a majority of the votes of the shareholders present.

Article 16-1: In accordance with Article 177-1 of the Company Act, if the competent authority requires, the shareholders of the Company may also exercise their voting rights electronically, and the shareholders who exercise their voting rights electronically shall be deemed to be present in person, and the related matters shall be handled in accordance with the provisions of the law.

Article 17: Matters relating to the resolutions by a shareholders' meeting shall be recorded in the meeting minutes and a copy of the minutes shall be distributed to each shareholder within 20 days after the conclusion of the meeting. The preparation and distribution of the foregoing minutes shall be in accordance with the provisions of Article 183 of the Company Act. The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the company. The attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the company for a minimum period of at least one year.

## Chapter 4 Directors and the Audit Committee

Article 18: The Company shall have seven to nine directors, and in accordance with Article 192-1 of the Company Act, the Company shall adopt a candidate nomination system for its directors and independent directors, who shall be elected by the shareholders' meeting from the list of candidates for directors and independent directors for a term of three years and shall be eligible for re-election.

In the process of electing directors at a shareholders' meeting, the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elect. The number of independent directors shall be at least three and shall not be less than one-fifth of the number of directors of the Company. Matters regarding professional qualification, shareholdings, restrictions on concurrent positions held, determination of independence, method of nomination and election and other matters for compliance with respect to independent directors shall be subject to the regulations prescribed by the securities competent authorities.

The Company may establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Act, and the audit committee shall be responsible for carrying out the duties and responsibilities of the supervisors under the Securities and Exchange Act, the Company Act and other laws and regulations.

The audit committee shall be composed of all independent directors and shall be governed by the relevant laws and regulations or the Company's Articles of Incorporation, and its charter shall be separately determined by the Board of Directors.

Article 18-1: (Deleted)

Article 18-2: (Deleted)

Article 19: Directors shall be elected for a term of three years and shall be eligible for re-election. If their term of office expires before re-election, their authorities and responsibilities may be extended until the re-elected directors take office. A by-election shall be held immediately upon the occurrence of a vacancy in the Board of Directors, provided that the vacancy is not less than one-third of the total number of directors. The term of office of the succeeding directors is limited to the remaining period of the term of office of the preceding directors. Directors elected on behalf of government agencies, corporate shareholders or their representatives may, at any time, appoint a new representative to fill the original term of office in accordance with their job relationship.

Article 20: The Board of Directors shall be composed of directors, and various functional committees may be established under the Board of Directors. A chairperson shall be elected by and from among the Board of Directors in accordance with the same election method, with the presence of at least two-thirds of the directors and the approval of a majority of the directors present. Depending on the business needs, the Company may have a vice chairperson, who is elected by the Board of Directors from among themselves according to the same election method. The Company may have at least three managing directors, not to exceed one-third of the number of directors, elected by the Board of Directors from among themselves in accordance with the aforementioned election method. The chairperson of the board of directors shall internally preside the shareholders' meeting, the meeting of the board of directors, and the meeting of the managing directors; and shall externally represent the company. In case the chairperson of the board of directors is on leave or absent or can not exercise his power and authority for any cause, the vice chairperson shall act on his behalf. In case there is no vice chairperson, or the vice chairperson is also on leave or absent or unable to exercise his power and authority for any cause, the chairperson of the board of directors shall designate one of the managing directors, or where there is no managing directors, one of the directors to act on his behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting chairperson of the board of directors. The Board of Directors shall have an executive secretary to administer the affairs of the Board.

Article 21: Directors shall attend the meetings of the Board of Directors in person. If for any reason a director is not present in person at a meeting of the Board of Directors, he or she may appoint another director to attend the meeting as his/her proxy by issuing a proxy form and listing the scope of authorization, but a proxy can only be appointed by one person.

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

In calling a meeting of the board of directors of the Company, a notice shall be given to each director and supervisor no later than 7 days prior to the scheduled meeting date. However, in case of emergency, a meeting of the Board of Directors may be called at any time. The aforementioned meeting notice shall be given in writing, by e-mail or by facsimile, stating the reasons for convening the meeting.

Article 22: The powers and duties of the Board of Directors of the Company shall be governed by Article 202 of the Company Act.

Article 23: The minutes of the Board of Directors' meetings shall be prepared, and signed and sealed by the meeting chair, and distributed to each director within 20 days after the meeting. The minutes shall record the main points of the proceedings and the results thereof, and shall be kept permanently during the continuance of the Company, together with the signature book of the directors in attendance and the proxy forms for attendance. The preparation and distribution of the minutes of shareholders' meeting as required in the preceding Paragraph may be effected by means of electronic transmission.

Article 24: Unless otherwise provided by the law, the resolutions by the Board of Directors shall be adopted by more than half of the directors present at a board meeting attended by more than half of all directors.

The Board of Directors is authorized to decide the remuneration for the chairperson, vice chairperson, managing directors and directors (including independent directors), based on the extent of their participation in and value of the contribution to the Company's operations with reference to the usual standards of the industry.

## Chapter 5 Managerial Officers

Article 25: The Company may have one president, several vice presidents and managerial officers in place. Their appointment, dismissal, and remuneration shall be handled in accordance with Article 29 of the Company Act.

## Chapter 6 Accounting

Article 26: The fiscal year of the Company shall begin on January 1 and end on December 31 of each year, and the Company shall close the accounting book annually at the end of the year, after which, the reports listed on the left shall be prepared and submitted to the regular shareholders' meeting for adoption after review by the Board of Directors.

I. Business report

II. Financial statements.

III. Earnings distribution or losses make-up proposal.

Article 27: If the Company makes a profit in a year, the Company shall set aside 0.5% to 1% as profit-sharing remuneration for employees and 2% as profit-sharing remuneration for directors, but if the Company still has accumulated losses, the Company shall reserve the amount for loss make-up before setting aside the profit-sharing remuneration. The proposal for profit-sharing remuneration for employees and profit-sharing remuneration for directors should be reported to the shareholders' meeting.

If the Company has surplus earnings as concluded by the year-end close, it should pay taxes in accordance with the law, make up for accumulated losses from the previous years, then appropriate 10% as legal reserve, but when the legal reserve has reached the amount of the Company's paid-in capital, no more legal reserve should be provided for, and special reserve should be provided for from the remainder or reversed in accordance with business needs or legal requirements. Based on the remaining earnings, if any, the Board of Directors shall prepare a distribution proposal and submit it to the shareholders' meeting for a resolution to distribute dividends to shareholders.

Article 28: The Company shall distribute dividends based on the earnings of the current year, with stable dividends payout as the principle, as well as the Company's future capital budget planning to measure the capital requirements for future years, and then shall retain the capitals required to be accommodated by retained earnings before distributing **the remaining earnings in the form of cash dividends, and the percentage of cash dividends shall be no less than 2% of the total dividends.** The steps are as follows:

I. Determine the optimal capital budget.

II. Determine the amount of capitals needed to be accommodated to meet this capital budget.

III. Determine how much of the capitals required to be accommodated by retained earnings (the rest can be financed by cash capital increase or corporate bonds).

IV. The remaining earnings can be distributed to shareholders in the form of cash dividends.

Article 29: The Company's organizational regulations and working rules will be stipulated separately by the Board of Directors.

Article 30: Matters not addressed by these Articles of Incorporation shall be governed by the Company Act and other applicable laws and regulations.

Chapter 7 Deleted

Article 31: The Article of Incorporation was established on June 22, 1973.The 1st amendment was made on July 5, 1973.The 2nd amendment was made on July 21, 1974.The 3rd amendment was made on December 27, 1974.The 4th amendment was made on February 4, 1978.The 5th amendment was made on July 14, 1978.The 6th amendment was made on May 15, 1979.The 7th amendment was made on April 5, 1980.The 8th amendment was made on June 27, 1981.The 9th amendment was made on October 24, 1981.The 10th amendment was made on February 27, 1982.The 11th amendment was made on April 23, 1983.The 12th amendment was made on September 20, 1983.The 13th amendment was made on March 31, 1984.The 14th amendment was made on April 18, 1985.The 15th amendment was made on April 18, 1986.The 16th amendment was made on April 9, 1987.The 17th amendment was made on April 21, 1988.The 18th amendment was made on April 20, 1990.The 19th amendment was made on May 28, 1991.The 20th amendment was made on April 23, 1992.The 21st amendment was made on May 25, 1995.The 22nd amendment was made on March 27, 1997.The 23rd amendment was made on June 12, 1998.The 24th amendment was made on May 23, 2000.The 25th amendment was made on June 25, 2002.The 26th amendment was made on June 26, 2003.The 27th amendment was made on

March 18, 2005.The 28th amendment was made on June 29, 2005.The 29th amendment was made on June 23, 2006.The 30th amendment was made on June 15, 2007.The 31st amendment was made on June 25, 2010.The 32nd amendment was made on June 19, 2012.The 33rd amendment was made on June 20, 2014. The 34th amendment was made on June 17, 2015. The 35th amendment was made on April 12, 2016. The 36th amendment was made on June 20, 2017. The 37th amendment was made on June 22, 2018. The 38th amendment was made on June 25, 2019. The 39th amendment was made on January 2, 2020. The 40th amendment was made on June 5, 2020. The 41st amendment was made on October 28, 2020. The 42nd amendment was made on August 30, 2021. The 43rd amendment was made on June 1, 2022.

Article 32: (Deleted)

Article 32-1: (Deleted)

Article 33: (Deleted)

Article 34: (Deleted)

Article 35: (Deleted)

TRK CORPORATION
Chairperson: Lin, Man Li

Appendix 6

# TRK CORPORATION
## Schedule of Shareholding of All Directors

I. The paid-in capital of the Company is NT$900,000,000 and the total number of issued shares is 90,000,000.

II. In accordance with Article 26 of the Securities and Exchange Act, the minimum number of shares to be held by the entire bodies of directors is 7,200,000 shares.

III. In accordance with Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the percentage of shareholding of all directors and supervisors, other than independent directors, who are elected at the same time as two or more independent directors on a pro rata basis, shall be reduced to 80%.

IV. The number of shares held by individual and all directors as recorded in the shareholders' roster has met the legally required percentage.

V. The number of shares held by all directors as of April 2, 2024, the date of cessation of stock transfer for the shareholders' meeting, is as follows:

| Title | Name | Number of shares held on the date of cessation of stock transfer |
|---|---|---|
| Chairman | SAN KONG INTERNATIONAL CO., LTD. Representative: Lin, Man Li | 7,827,539 |
| Director | SAN KONG INTERNATIONAL CO., LTD. Representative: Wang, Ying Chih | 1,072,718 |
| Director | SAN KONG INTERNATIONAL CO., LTD. Representative: Li, Yi Chuan | 120,000 |
| Director | SAN KONG INTERNATIONAL CO., LTD. Representative: Ling-Yan Chen | 0 |
| Director | Tong Qing Xin Creative Investment Co., Ltd. Representative: Hsu, Yung Chang | 2,728,000 |
| Independent director | Lin, Wen Yuan | 0 |
| Independent director | Huang, Ming Yu | 0 |
| Independent director | Chou, Tsang Hsien | 0 |
| Independent director | Chen, Chun-Chih | 0 |
| Total shareholding of all directors | | 11,748,257 |

大魯閣實業
TRK CORPORATION

Taroko 大魯閣 棒壘球打擊場

Roller186

福湯 岩盤浴

遊戲愛樂園
Yu kids Island

AMERICAN VILLAGE
陽明山美國渡假村
Style 80's resort in Taipei

TAROKO KARTING LAND

Taroko 大魯閣保齡球
TAROKO BOWLING ALLEY

熟成咖哩の味
Mr.咖加里

大魯閣新時代
TAROKO MALL

大魯閣湳雅廣場
TAROKO SQUARE