

First Hotel Company Ltd.

Financial Statements and
Independent Auditor's Report

2022 and 2021

Where any discrepancy arises between the English translation and the original Chinese version of this report, the Chinese version shall prevail.

Address: No. 63, Section 2, Nanjing East Road, Taipei City
TEL: (02)2541-8234

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Independent Auditor's Report

To First Hotel Company Ltd.:

Opinions

We have audited the balance sheets of First Hotel Company Ltd. as of December 31st, 2022 and as of December 31st, 2021, as well as the statements of comprehensive income, the statements of changes in equity and cash flow statements, and notes to the financial statements (including a summary of significant accounting policies) for the years 2022 and 2021, from January 1st to December 31st.

In our opinion, based on our audits and the reports of other independent auditors (please refer to the Other Information), the financial statements referred to above present fairly, in all material respects, the financial position of First Hotel Company Ltd. as of December 31st, 2022 and 2021, and its financial performance and cash flows from January 1st to December 31st, 2022 and 2021, in conformity with the requirements of regulations governing the preparation of financial statements by securities issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations endorsed and issued into effect by the Financial Supervisory Commission.

Basis for Opinions

We conducted our audits in accordance with the “Regulations Governing Auditing” and auditing standards. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 were of most significance in our audit to First Hotel Company Ltd. of the 2022 financial statements of the current period in our professional judgment. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the 2022 financial statements of First Hotel Company Ltd. are as follows:

Investments Accounted for Under the Equity Method

As of December 31st, 2022, the balance of the investment in Today's Hotel Corporation of the USA under the equity method was NT\$4,398,238 thousand. As of December 31st, 2022, the amount of profit or loss recognized under the equity method in relation to Today's Hotel Corporation USA was NT\$99,510 thousand. Since the amounts of the aforementioned items are significant in relation to the overall financial statements, if the investee's financial statements do not properly reflect the results of operations for the year or do not correctly calculate the investment income or loss, the amount in the investment using the

equity method and its share of the income or loss will be adjusted for deviations and is therefore considered a key audit matter for the year ended December 31st, 2022. Please refer to Notes 4 and 9 for related accounting policies and disclosures.

In order to address the above risks, we understood the planning of the audit teams of these affiliated companies, assessed the professional competence of the audit teams and communicated the materiality of the audit and the risk of a material misstatement by means of audit contact letters. Upon completing the audit, we assessed whether the audit teams had obtained sufficient and appropriate audit evidence and obtained audited financial statements to confirm and verify the accuracy of the amount in profit or loss and related investments recognized under the equity method.

Other Information

Among the affiliated companies accounted for under the equity method in the financial statements of First Hotel Company Ltd., the 2022 and 2021 financial statements of Forward Time Corporation, Today's V, Inc. and Today's VI, LLC accounted for under the equity method by F&W Hotel corporation and Today's Hotel Corporation USA have not been audited by us. Therefore, our opinion on the financial statements referred to above is based on the report of the other auditors as to the amounts of the above-mentioned investments accounted for under the equity method and the shares of income or loss of the affiliates accounted for under the equity method. For the years ended December 31st, 2022 and 2021, the above balances audited by other accountants amounted to NT\$1,585,138 thousand and NT\$1,468,847 thousand, respectively, accounting for 14% of total assets. The share of income or loss of affiliates recognized under the equity method was a profit of NT\$10,020 thousand and a loss of NT\$16,524 thousand, respectively, accounting for 3% and (18%) of net profits before tax in 2022 and 2021.

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

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

In preparing the financial statements, management is responsible for assessing the ability of First Hotel Company Ltd. 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 First Hotel Company Ltd.'s financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also conduct the following tasks:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error. 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 to express an opinion on the effectiveness of the internal control of First Hotel Company Ltd.
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. Based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the ability of First Hotel Company Ltd. to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause First Hotel Company Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within First Hotel Company Ltd. to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion of First Hotel Company Ltd.

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 of most significance in the audit of First Hotel Company Ltd.'s financial statements for the year ended December 31st, 2022 and are the key audit matters. We describe these matters in our auditor's 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.

Deloitte & Touche

CPA Ying-Chou Chen

CPA Wang-Sheng Lin

Financial Supervisory Commission Approval

Jin-Guan-Zheng-Shen-Zi No. 1050024633

Financial Supervisory Commission Approval

Jin-Guan-Zheng-Shen-Zi No. 1060023872

March 13th, 2023

First Hotel Company Ltd.
Balance Sheets
December 31st, 2022 and 2021

Unit: Thousand NTD

Code	Assets	December 31 st , 2022		December 31 st , 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 282,773	2	\$ 312,396	3
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	11,288	-	11,239	-
1120	Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	1,510	-	1,557	-
1136	Financial assets at amortized cost - current (Notes 4 and 6)	2,510,165	23	2,337,084	23
1150	Notes receivable (Note 4)	188	-	114	-
1170	Accounts receivable (Note 4)	962	-	747	-
1476	Other financial assets - current (Note 4)	9,996	-	6,798	-
1479	Other current assets	<u>1,775</u>	<u>-</u>	<u>1,286</u>	<u>-</u>
11XX	Total current assets	<u>2,818,657</u>	<u>25</u>	<u>2,671,221</u>	<u>26</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,181,448	20	2,103,165	20
1550	Investments accounted for using the equity method (Notes 4 and 9)	4,769,755	43	4,255,000	41
1600	Property, plant and equipment (Note 4 and 10)	372,994	3	374,366	3
1760	Investment property (Notes 4 and 11)	945,393	9	946,853	9
1840	Deferred tax assets (Notes 4 and 15)	-	-	88,610	1
1920	Refundable deposits (Note 20)	2,742	-	2,398	-
1975	Net defined benefit assets (Notes 4 and 12)	210	-	-	-
1990	Other non-current assets	<u>283</u>	<u>-</u>	<u>322</u>	<u>-</u>
15XX	Total noncurrent assets	<u>8,272,825</u>	<u>75</u>	<u>7,770,714</u>	<u>74</u>
1XXX	Total Assets	<u>\$ 11,091,482</u>	<u>100</u>	<u>\$ 10,441,935</u>	<u>100</u>
	Liabilities and Shareholders' Equity				
	Current liabilities				
2150	Notes payable	\$ 68,652	1	\$ 81,659	1
2219	Other payables	18,072	-	15,289	-
2230	Current tax liabilities (Note 4)	42,993	-	39,589	-
2300	Other current liabilities	<u>9,360</u>	<u>-</u>	<u>8,534</u>	<u>-</u>
21XX	Total current liabilities	<u>139,077</u>	<u>1</u>	<u>145,071</u>	<u>1</u>
	Non-current liabilities				
2570	Deferred tax liabilities (Notes 4 and 15)	1,198,429	11	1,183,166	12
2640	Net defined benefit liabilities - non-current (Notes 4 and 12)	-	-	1,089	-
2645	Deposits received (Notes 4 and 11)	<u>126,605</u>	<u>1</u>	<u>126,697</u>	<u>1</u>
25XX	Total non-current liabilities	<u>1,325,034</u>	<u>12</u>	<u>1,310,952</u>	<u>13</u>
2XXX	Total liabilities	<u>1,464,111</u>	<u>13</u>	<u>1,456,023</u>	<u>14</u>
	Equity				
3110	Capital stock	<u>4,999,984</u>	<u>45</u>	<u>4,999,984</u>	<u>48</u>
	Capital surplus				
3210	Capital stock premium	76,008	1	76,008	1
3240	Gain on disposal of assets	<u>23</u>	<u>-</u>	<u>23</u>	<u>-</u>
3200	Total capital surplus	<u>76,031</u>	<u>1</u>	<u>76,031</u>	<u>1</u>
	Retained earnings				
3310	Legal reserve	879,469	8	871,613	8
3320	Special reserve	592,542	5	592,542	6
3350	Unappropriated retained earnings	<u>1,947,988</u>	<u>18</u>	<u>1,722,909</u>	<u>16</u>
3300	Total retained earnings	<u>3,419,999</u>	<u>31</u>	<u>3,187,064</u>	<u>30</u>
	Other equity interests				
3410	Exchange differences arising on translation of foreign operations	8,926	-	(354,443)	(3)
3420	Unrealized valuation gain or loss on financial assets at fair value through other comprehensive income	<u>1,122,431</u>	<u>10</u>	<u>1,077,276</u>	<u>10</u>
3400	Total other equity	<u>1,131,357</u>	<u>10</u>	<u>722,833</u>	<u>7</u>
3XXX	Total equity	<u>9,627,371</u>	<u>87</u>	<u>8,985,912</u>	<u>86</u>
	Total Liabilities and Equity	<u>\$ 11,091,482</u>	<u>100</u>	<u>\$ 10,441,935</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.
(Please refer to the audit report dated March 13th, 2023 of Deloitte & Touche).

Chairperson: An-Sheng Ku

Managerial officer: Hsiao-Hua Hsu

Accounting officer: Hsiu-Mei Lin

First Hotel Company Ltd.
Statements of Comprehensive Income
From January 1st to December 31st, 2022 and 2021

Unit: Thousand NTD
Total basic earnings per share

Code		2022		2021	
		Amount	%	Amount	%
	Operating revenues (Note 4)				
4300	Rental incomes (Note 11)	<u>\$ 244,617</u>	<u>84</u>	<u>\$ 214,639</u>	<u>85</u>
	Travel service revenues				
4411	Guest room revenues	15,520	5	6,693	3
4412	Food service revenues	28,940	10	30,179	12
4413	Post and telecommunication service revenues	2	-	-	-
4418	Other	<u>1,445</u>	<u>1</u>	<u>1,367</u>	<u>-</u>
4400	Total travel service revenues	<u>45,907</u>	<u>16</u>	<u>38,239</u>	<u>15</u>
4000	Total operating revenues	<u>290,524</u>	<u>100</u>	<u>252,878</u>	<u>100</u>
	Operating costs (Note 14)				
5300	Rental costs	<u>17,435</u>	<u>6</u>	<u>17,330</u>	<u>7</u>
	Travel service costs				
5411	Guest room costs	23,871	8	20,816	8
5412	Food service costs	21,871	8	22,374	9
5413	Post and telecommunication service costs	<u>293</u>	<u>-</u>	<u>289</u>	<u>-</u>
5400	Total travel service costs	<u>46,035</u>	<u>16</u>	<u>43,479</u>	<u>17</u>
5000	Total operating costs	<u>63,470</u>	<u>22</u>	<u>60,809</u>	<u>24</u>
5900	Gross profit	227,054	78	192,069	76
6000	Operating expenses (Notes 4, 10, 11, 12 and 14)	<u>27,848</u>	<u>9</u>	<u>23,900</u>	<u>9</u>
6900	Operating profit	<u>199,206</u>	<u>69</u>	<u>168,169</u>	<u>67</u>

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Code		2022		2021	
		Amount	%	Amount	%
	Non-operating income and expenses				
7060	Share of gain or loss of affiliated enterprise accounted for using the equity method (Notes 4 and 9)	\$ 100,742	35	(\$ 130,531)	(52)
7100	Interest incomes (Note 4)	23,317	8	17,197	7
7130	Dividend incomes (Notes 4 and 8)	45,055	15	38,903	15
7190	Other incomes (Note 4)	11	-	2,005	1
7235	Net gain on financial assets at fair value through profit or loss	49	-	19	-
7510	Interest expenses (Note 11)	(941)	-	(941)	-
7590	Non-operating expenses	(2,165)	(1)	(2,177)	(1)
7000	Total non-operating income and expenses	<u>166,068</u>	<u>57</u>	<u>(75,525)</u>	<u>(30)</u>
7900	Profit before tax	365,274	126	92,644	37
7950	Income tax expenses (Notes 4 and 15)	(63,825)	(22)	(14,240)	(6)
8200	Net profits for the year	<u>301,449</u>	<u>104</u>	<u>78,404</u>	<u>31</u>
	Other comprehensive income (Notes 4, 9, 12, 13 and 15)				
	Items that are not reclassified as profit or loss				
8311	Remeasurement of defined benefit plan	1,485	1	154	-
8316	Unrealized valuation gain or loss on equity instruments at fair value through other comprehensive income	78,236	27	10,550	4
8320	Share of other comprehensive income of affiliated enterprise accounted for using the equity method	(40,198)	(14)	52,496	21
8349	Income taxes related to items that are not reclassified	<u>7,117</u>	<u>2</u>	<u>(10,702)</u>	<u>(4)</u>
8310		<u>46,640</u>	<u>16</u>	<u>52,498</u>	<u>21</u>

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Code		2022		2021	
		Amount	%	Amount	%
	Items that will be reclassified under profit or loss				
8371	Exchange differences on translation of financial statements of foreign operations of affiliated enterprises recognized under the equity method	\$ 454,211	156	(\$ 121,311)	(48)
8399	Income taxes related to items that may be reclassified as profit or loss	(<u>90,842</u>)	(<u>31</u>)	<u>24,262</u>	<u>9</u>
8360		<u>363,369</u>	<u>125</u>	(<u>97,049</u>)	(<u>39</u>)
8300	Other comprehensive income for the year (net after-tax)	<u>410,009</u>	<u>141</u>	(<u>44,551</u>)	(<u>18</u>)
8500	Total comprehensive income for the year	<u>\$ 711,458</u>	<u>245</u>	<u>\$ 33,853</u>	<u>13</u>
	Earnings per share (Note 16)				
9710	Total basic earnings per share	<u>\$ 0.60</u>		<u>\$ 0.16</u>	

The accompanying notes are an integral part of the financial statements.
(Please refer to the audit report dated March 13th, 2023 of Deloitte & Touche).

Chairperson: An-Sheng Ku

Managerial officer: Hsiao-Hua Hsu

Accounting officer: Hsiu-Mei Lin

First Hotel Company Ltd.
Statements of Changes in Equity
From January 1st to December 31st, 2022 and 2021

Unit: Thousand NTD

Code		Capital (Note 13)	Capital Surplus (Notes 4 and 13)	Retained Earnings (Notes 4 and 13)			Other Equity (Notes 4 and 13)		Total Equity
				Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Foreign Operations Financial Statement Translation	Through Other Comprehensive Profit or loss at fair Value Financial assets Measured Unrealized Valuation Gains and Losses	
A1	Balance as of January 1 st , 2021	\$ 4,999,984	\$ 76,031	\$ 855,488	\$ 592,542	\$ 1,735,476	(\$ 257,394)	\$ 1,024,932	\$ 9,027,059
	Appropriation and distribution of 2020 earnings								
B1	Legal reserve	-	-	16,125	-	(16,125)	-	-	-
B5	cash dividends	-	-	-	-	(75,000)	-	-	(75,000)
D1	2021 net profits	-	-	-	-	78,404	-	-	78,404
D3	2021 other comprehensive income or loss after tax	-	-	-	-	154	(97,049)	52,344	(44,551)
D5	2021 total comprehensive income or loss	-	-	-	-	78,558	(97,049)	52,344	33,853
Z1	Balance as of December 31 st , 2021	4,999,984	76,031	871,613	592,542	1,722,909	(354,443)	1,077,276	8,985,912
	Appropriation and distribution of 2021 earnings								
B1	Legal reserve	-	-	7,856	-	(7,856)	-	-	-
B5	Cash dividends	-	-	-	-	(69,999)	-	-	(69,999)
D1	2022 net profits	-	-	-	-	301,449	-	-	301,449
D3	2022 other comprehensive income or loss after tax	-	-	-	-	1,485	363,369	45,155	410,009
D5	2022 total comprehensive Income or loss	-	-	-	-	302,934	363,369	45,155	711,458
Z1	Balance as of December 31 st , 2022	<u>\$ 4,999,984</u>	<u>\$ 76,031</u>	<u>\$ 879,469</u>	<u>\$ 592,542</u>	<u>\$ 1,947,988</u>	<u>\$ 8,926</u>	<u>\$ 1,122,431</u>	<u>\$ 9,627,371</u>

The accompanying notes are an integral part of the financial statements.
(Please refer to the audit report dated March 13th, 2023 of Deloitte & Touche).

Chairperson: An-Sheng Ku

Managerial officer: Hsiao-Hua Hsu

Accounting officer: Hsiu-Mei Lin

First Hotel Company Ltd.

Cash Flow Statements

From January 1st to December 31st, 2022 and 2021

Unit: Thousand NTD

Code		2022	2021
	Cash flow from operating activities		
A10000	Profit before tax	\$ 365,274	\$ 92,644
A20010	Income statement items		
A20100	Depreciation expense	3,040	3,228
A20200	Amortization expense	39	39
A20400	Net gain on financial assets and liabilities at fair value through profit or loss	(49)	(19)
A20900	Interest expenses	941	941
A21200	Interest income	(23,317)	(17,197)
A21300	Dividend incomes	(45,055)	(38,903)
A22500	Loss of disposal and scrapping of property, plant and equipment	-	124
A22300	Share of gain or loss of affiliated enterprise accounted for using the equity method	(100,742)	130,531
A30000	Net changes in assets and liabilities related to operating activities		
A31130	Notes receivable	(74)	-
A31150	Accounts receivable	(215)	(141)
A31240	Other current assets	(489)	8
A31250	Other financial assets	127	(66)
A32130	Notes payable	(14,971)	14,915
A32180	Other payables	1,842	(4,034)
A32230	Other current liabilities	826	(92)
A32240	Net defined benefit liabilities	186	283
A33000	Cash flow from operating activities	187,363	182,261
A33500	Income taxes paid	(40,273)	(48,322)
AAAA	Net cash generated by operating activities	147,090	133,939
	Cash flow from investing activities		
B00040	Increase in financial assets at amortized cost	(173,081)	(72,062)
B02700	Purchase of property, plant and equipment	(208)	(152)
B03700	Increase in refundable deposits	(344)	-
B03800	Decrease in refundable deposits	-	541

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Code		2022	2021
B07500	Interest received	\$ 19,992	\$ 17,136
B07600	Dividend received	<u>45,055</u>	<u>38,903</u>
BBBB	Net cash outflows from investing activities	(<u>108,586</u>)	(<u>15,634</u>)
	Cash flow from financing activities		
C03100	Decrease in guarantee deposit	(92)	(60)
C04500	Cash dividends paid	(<u>68,035</u>)	(<u>72,866</u>)
CCCC	Net cash used in financing activities	(<u>68,127</u>)	(<u>72,926</u>)
EEEE	Increase (decrease) in cash and cash equivalents for the period	(29,623)	45,379
E00100	Cash and cash equivalents at the beginning of the year	<u>312,396</u>	<u>267,017</u>
E00200	Cash and cash equivalents for the year	<u>\$ 282,773</u>	<u>\$ 312,396</u>

The accompanying notes are an integral part of the financial statements.
(Please refer to the audit report dated March 13th, 2023 of Deloitte & Touche).

Chairperson: An-Sheng Ku

Managerial officer: Hsiao-Hua Hsu

Accounting officer: Hsiu-Mei Lin

First Hotel Company Ltd.
Notes to Financial Statements

From January 1st to December 31st, 2022 and 2021

(Amounts are in NTD thousands unless otherwise stated)

I. Company history

The Company is mainly engaged in tourist hotels, rental of commercial buildings and related businesses.

The shares issued by the Company are listed and traded on the Taiwan Stock Exchange.

II. Date and procedures for passing the financial report

These financial statements were approved by the Board of Directors on March 8th, 2023.

III. Newly-released and amended standards and interpretations

- (i) First-time application of International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations (“IFRICs” and “SICs”) (hereinafter collectively referred to as the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the “FSC”) by the Company.

The adoption of the IFRSs endorsed and issued into effect by the FSC will not significantly change the Consolidated Company’s accounting policies.

- (ii) The effect of the IFRSs endorsed and issued into effect by the FSC for 2023 not applicable to the Company:

Newly Released / Corrected / Amended Standards and Interpretations	Effective Date of IASB Publication
Amendment to IAS 1 “Disclosure of Accounting Policies”	January 1 st , 2023 (Note 1)
Amendment to IAS 8 “Definition of Accounting Estimates”	January 1 st , 2023 (Note 2)
Amendment to IAS 12 “Deferred Income Taxes Related to Assets and Liabilities Arising from a Single Transaction”	January 1 st , 2023 (Note 3)

Note 1: This amendment will be applicable for annual reporting periods beginning after January 1st, 2023.

Note 2: This amendment applies to changes in accounting estimates and changes in accounting policies that occur in annual reporting periods beginning after January 1st, 2023.

Note 3: The amendment applies to transactions occurring after January 1st, 2022, except for the recognition of deferred income taxes on temporary differences between leases and ex-service obligations as of January 1st, 2022.

The Company does not expect the above amendments to have a material impact on the Company. The Company will continue to evaluate the effect of the amendment to other IFRSs on the financial positions and performance of the Company to the date the financial statements are approved and released. They will make appropriate disclosure after the evaluation.

- (iii) The IFRSs released by the IASB but not yet endorsed and issued into effect by the FSC and not applicable to the Company

<u>Newly released / Corrected / Amended Standards and Interpretations</u>	<u>Effective Date of IASB Publication (Note 1)</u>
Amendment to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Affiliate or Joint Venture."	Undecided
Amendment to IFRS 16 "Lease liabilities in sale-and-leasebacks"	January 1 st , 2024 (Note 2)
FRS 17 "Insurance Contracts"	January 1 st , 2023
Amendment to IFRS 17	January 1 st , 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1 st , 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1 st , 2024
Amendment to IAS 1 "Non-current liabilities with contractual terms"	January 1 st , 2024

Note 1: Unless otherwise stated, the aforementioned new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

Note 2: The seller and lessee shall apply the amendment to IFRS 16 retroactively to sale-and-leaseback transactions entered into after the date of the initial application of IFRS 16.

The Company does not expect the above amendments to have a material impact on the Company. The Company will continue to evaluate the effect of the amendment to other IFRSs on the financial positions and performance of the Company to the date the financial statements are approved and released. They will make appropriate disclosure after the evaluation.

IV. Summary of significant accounting policies

- (i) Compliance statement

The financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and published by the FSC.

- (ii) Basis of preparation

The consolidated financial statements were prepared on the historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities (assets) recognized at the present value of defined benefit obligations less the fair value of plan assets. Historical cost is generally determined by the fair value of the consideration paid to acquire the asset.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of the related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

(iii) Standards in differentiating current and non-current assets and liabilities

Current assets include:

1. Assets held mainly for trading purposes:
2. Assets that are expected to be realized within twelve months from the balance sheet date; and
3. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Current liabilities include:

1. Liabilities held mainly for trading purposes:
2. Liabilities that are to be paid off within twelve months from the balance sheet date; and
3. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

Those that are not current assets or liabilities above are classified as noncurrent assets or liabilities.

(iv) Foreign currency

Foreign currency monetary items are translated at the closing rate on each balance sheet date. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in the current profit or loss.

The foreign non-currency items measured at fair value are translated in accordance with the exchange rate on the fair value determination date and the exchange difference is booked as profit or loss in the period. However, for the changes in fair value recognized in other comprehensive income, the exchange difference is recorded in other comprehensive income.

The foreign non-currency items measured at historical cost are translated in accordance with the exchange rate on the transaction date without the need for a translation again.

In preparing the financial statements, the assets and liabilities of the Company's foreign operations are translated into New Taiwan dollars at the exchange rates prevailing on each balance sheet date, and income and expense items are translated at the average

exchange rates for the period, with the resulting exchange differences recorded in other comprehensive income.

Upon the disposal of a foreign operation that constitutes a loss of significant influence over the foreign operation, all interests related to the foreign operation that is attributable to the Company's owners are reclassified as profit or loss.

In the case of partial disposal of a foreign operation (i.e., the Company's ownership interest in an affiliate is reduced without a loss of significant influence), the cumulative translation differences recognized in other comprehensive income are reclassified profit or loss in proportion to the disposal.

(v) Investment in affiliates

An affiliate is an entity over which the Company has significant influence but is not a subsidiary or a joint venture.

The Company uses the equity method to account for its investments in affiliates. Under the equity method, investments in affiliated companies are initially recognized at cost, and the carrying amount in the investment after the acquisition date increases or decreases in accordance with the Company's share of profits or losses of the affiliated companies and other comprehensive income and profit distribution. In addition, changes in equity in affiliated companies are recognized on a proportional basis to shareholdings.

If the Company does not subscribe for new shares of a related company in proportion to its shareholding, resulting in a change in the Company's shareholding and a resulting increase or decrease in the net value of the investment, the increase or decrease is adjusted to capital surplus and investments accounted for using the equity method. However, if the Company does not subscribe or acquire according to the shareholding percentage and causes a decrease in the ownership interest of affiliated companies, the previously recognized amount in the affiliated companies will reduce the ratio accordingly based on the comprehensive income and its accounting process is same as the direct disposition of the relevant assets or liabilities for the affiliated companies.

The recognition of further losses ceases when the Company's share of losses in an affiliate equals or exceeds its interest in the affiliate (including the carrying amount in its investment in the affiliate under the equity method and other long-term interests that are in substance a component of the Company's net investment in the affiliate). The Company recognizes additional losses and liabilities only to the extent that legal obligations, constructive obligations or payments on behalf of affiliates have been incurred.

In assessing the impairment, the Company treats the overall carrying amount in the investment as a single asset to compare the recoverable amount with the carrying amount and performs an impairment test. The impairment loss recognized is also part of the

carrying amount in the investment. Any reversal of the impairment loss can be recognized within the range of the recoverable amount in the subsequently increased investment.

The Company measures its remaining investment in the former affiliate at fair value at the date of loss of significant influence. The difference between the fair value of the remaining investment and any disposal price and the carrying amount in the investment at the date of loss of significant influence is recognized in profit or loss for the current period. In addition, all amounts recognized in other comprehensive income related to the affiliate are accounted for on the same basis as if the affiliate had directly disposed of the related assets or liabilities.

(vi) Property, plant and equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

No depreciation on self-owned land.

Property, plant and equipment are depreciated on a straight-line basis over their useful lives, with separate depreciation for each significant component. The Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

When property, plant and equipment are derecognized, the difference between the net disposal price and the carrying amount in the assets is recognized in profit or loss.

(vii) Real estate investment

Investment property is held to earn rentals or for capital appreciation or both. Investment property also includes land held for future use that has not yet been determined and is therefore considered to be held for capital appreciation.

Investment property is recognized at cost (including transaction cost) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Company accounts for depreciation on a straight-line basis.

When investment property is derecognized, the difference between the net disposal price and the carrying amount in the assets is recognized as profit or loss.

(viii) Impairment of property, plant and equipment and investment property

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment and investment property may have been impaired. If any indication of impairment exists, the recoverable amount in the asset is estimated. If the recoverable amount in an individual asset cannot be estimated, the Company estimates the recoverable amount in the cash-generating unit to which the asset belongs. Shared assets are allocated to individual cash-generating units on a reasonably consistent basis.

The recoverable amount is higher because the fair value has less costs to sell and its value in use. If the recoverable amount in an asset or cash-generating unit is less than its carrying amount, the carrying amount in the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount in the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined if the impairment loss had not been recognized in prior years for that asset or cash-generating unit. Reversal of impairment loss is recognized in profit or loss.

(ix) Financial instruments

Financial assets and financial liabilities are recognized in the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

Regular transactions of financial assets are recognized and derecognized using trade date accounting.

(1) Type of measurement

The types of financial assets held by the Company are financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets that are mandatorily measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments investments not designated by the Consolidated Company as being measured at fair value through other comprehensive income and investments in debt instruments not qualified for classification as being measured at amortized cost or at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value. Gains or losses arising from remeasurement are recognized in gains and losses. Please refer to Note 18 for the determination of fair value.

B. Financial assets measured at amortized cost

The Company's financial assets, if meeting both of the following conditions, are classified as financial assets at amortized cost:

- a. Financial assets held under a particular mode of operation and the purpose of holding is for the collection of contractual cash flows; and
- b. The terms of the contracts give rise to cash flows at specified dates that are solely for the payment of principal and interest on the outstanding principal amount.

Financial assets carried at amortized cost (including cash and cash equivalents, time deposits with original maturities of more than three months, notes and accounts receivable, etc.) are measured at amortized cost using the effective interest method to determine the total carrying amount less any impairment loss after initial recognition, with any foreign currency exchange gain or loss recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount in the financial assets.

Cash equivalents include time deposits with a maturity of less than 3 months that are highly liquid, readily convertible into a fixed amount in cash with minimal risk of value changes, and are used to meet short-term cash commitments.

C. Investments in equity instruments at fair value through other comprehensive income

The Company may make an irrevocable choice at the time of initial recognition for designating the investment of equity instruments not available-for-sale and not recognized by the acquirer under corporate merger and acquisition or with consideration at fair value through other comprehensive income for measurement.

The investment of equity instruments at fair value through other comprehensive income is measured at fair value. Subsequent changes in fair value will be recognized as other comprehensive income and accumulated into other equity. In the disposition of assets, accumulated gains or loss shall be directly transferred to retained earnings without classification as profit or loss.

The dividend of the investment of equity instruments at fair value through other comprehensive income shall be recognized as income when the Consolidated Company's right in the collection of dividends is ascertained, unless the dividend is obviously representing the recovery of the cost of investment in part.

(2) Impairment of financial assets

The Company at each balance sheet date assesses the impairment loss of financial assets (including accounts receivable) and lease payment receivable at amortized cost according to the expected credit loss.

An allowance for losses is recognized for accounts receivable and lease payment receivable based on the expected credit loss over the duration.

The carrying amount in all financial assets is reduced through an allowance account.

(3) De-recognition of financial assets

The Company has financial assets derecognized only when the contractual rights from the cash flows of a financial asset become invalid or when the financial assets are transferred. Almost all the risks and rewards of the asset ownership have been transferred to other enterprises.

When a particular entry of financial assets measured at amortized cost is removed, the difference between its book value and consideration shall be recognized as profit or loss. When investments in equity instruments measured at fair value through other comprehensive income are derecognized as a whole, the cumulative gain or loss is transferred directly to retained earnings. It is not reclassified as profit or loss.

2. Equity instruments

The debt and equity instruments issued by the Company are classified as financial liabilities or equity pursuant to the contractual agreements and the definition of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized for an amount after deducting the direct issuing cost from the proceeds collected.

The Company's equity retrieved is debited or credited to the equity. The Company's equity purchased, sold, issued, or cancelled is not recognized in the profit or loss.

3. Financial liabilities

(1) Subsequent measurement

Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method. Except for the recognition of interest on short-term accounts payable, which is not material.

(2) De-recognition of financial liabilities

When a financial liability is derecognized, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(x) Revenue recognition

After the Company identifies performance obligations in customer contracts, the transaction price is allocated to each performance obligation and revenue is recognized when each performance obligation is satisfied.

1. Travel service revenues

Travel service revenue is recognized when the services are actually provided and are measured at the transaction price agreed between the Company and the buyer. Prepayments received before the services are provided are recognized as contract liabilities.

2. Rental income

Rental income is recognized in accordance with IFRS 16, "Leases," and is recognized monthly for the realized portion.

(xi) Lease

The Company is the lessor.

The Company assesses whether a contract is (or contains) a lease at the date of contract establishment

A lease is classified as a capital lease when the terms and conditions of the lease transfer substantially all the risks and rewards incidental to the ownership of the asset to the lessee. All other leases are classified as operating leases.

Under operating leases, rental payments, net of lease incentives, are recognized as income on a straight-line basis over the period of the relevant lease. The original direct cost incurred in acquiring an operating lease is added to the carrying amount in the subject asset and recognized as an expense on a straight-line basis over the lease period.

Rentals under leases that do not depend on changes in indices or rates are recognized as income in the period in which they are incurred.

(xii) Government grants

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attached to the government grant and that the grant will be received.

Government grants are recognized in profit or loss on a systematic basis over the period in which the related costs for which they are intended to compensate are recognized as expenses by the Company.

Government grants are recognized in profit or loss in the period in which they become collectible if they are intended to compensate for expenses or losses already incurred or to provide immediate financial support to the Company and have no future related costs.

(xiii) Employee benefits

1. Short-term employee benefits

Liabilities relating to short-term employee benefits are measured by the non-discounted amount in the expected payment in exchange for employee services.

2. Post-employment benefits

Under a defined contribution pension plan, the pension amount appropriated during the service years of the employees is recognized as an expense.

The defined benefit cost (including service cost, net interest and remeasurement) of a defined benefit pension plan is actuarially determined using the projected unit credit method. Service cost and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expenses as incurred. Remeasurements (including actuarial gains and losses and return on plan assets, net of interest) are recognized in other comprehensive income and included in retained earnings as incurred and are not reclassified as profit or loss in subsequent periods.

The net defined benefit liabilities (asset) represent the deficit (remaining) of the defined benefit pension plan appropriation. The net defined benefit asset may not exceed the present value of refunds of appropriations from the plan or reductions in future appropriations.

(xiv) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

1. Income tax in the current period

Surtax on unappropriated earnings calculated in accordance with the Income Tax Act is recognized in the year in which resolutions are made at the shareholder meeting.

The adjustment to the prior period income tax payable is booked as current income tax.

2. Deferred income tax:

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the tax bases used to compute taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences. In contrast, deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which income tax credits can be utilized, such as deductions for temporary differences, loss carry forwards and investment tax credits.

Deferred tax liabilities are recognized for taxable temporary differences associated with affiliates except where the Company can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and equities are recognized only to the extent that it is probable that sufficient taxable income will be available to realize the benefits of the temporary differences and within the amount of the reversal expected to occur in the foreseeable future.

The carrying amount in deferred tax assets must be reviewed at each balance sheet date. The carrying amount in those that no longer have any sufficient taxable income to recover all or part of the asset should be adjusted down. Those that are not originally recognized as deferred income tax assets should also be reexamined at each balance sheet date. The book amount in those that are likely to generate taxable income in the future for the recovery of all or part of their assets should be adjusted up.

Deferred income tax assets and liabilities are measured in accordance with the expected liability liquidation or the tax rate in the period when the asset is realized. The tax rate is based on the tax rate and tax laws that are legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences of how an enterprise expects to recover or settle the carrying amount of its assets and liabilities at the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive income or directly included in the equity are recognized in other comprehensive income or directly included in the equity.

V. Critical accounting judgments and key sources of estimation and uncertainty

When the Company adopts accounting policies, the Company's management is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from the estimates.

Management will review the estimates and underlying assumptions on an ongoing basis. If a revision of an estimate affects only the current period, it is recognized in the period in which it is revised. If a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which it is revised and in the future periods.

The investor's shareholding is less than 50% but is the single largest shareholder, and it is judged that there is no control.

As stated in Note 9, the Company holds 48.21% of Today's Hotel Corporation USA's voting rights and is the single largest shareholder. The Company has considered the number and distribution of the voting rights of the other shareholders, and the shareholdings of the other shareholders are not extremely dispersed. The Company does not have a seat on the board of directors of Today's Hotel Corporation USA. The Company is unable to direct the relevant activities of Today's Hotel Corporation USA. Therefore, the Company does not have control over Today's Hotel Corporation USA and therefore classifies it as an affiliate of the Company.

VI. Cash and cash equivalents

	December 31 st , 2022	December 31 st , 2021
Cash on hand and working capital	\$ 413	\$ 337
Checking accounts and demand deposits	28,355	49,944
Cash equivalents		
Time deposits with an original maturity of less than 3 months	<u>254,005</u>	<u>262,115</u>
	<u>\$282,773</u>	<u>\$312,396</u>

As of December 31st, 2022 and 2021, bank time deposits with original maturities of more than 3 months amounted to NT\$2,510,165 thousands and NT\$2,337,084 thousand, respectively, which were classified as financial assets at amortized cost - current.

The interest rate ranges of bank time deposits as of the balance sheet date were as follows

	December 31 st , 2022	December 31 st , 2021
Cash equivalents		
Time deposits with an original maturity of less than 3 months	0.87%~1.04%	0.37%~0.41%
Financial assets measured at amortized cost	0.76%~1.45%	0.41%~0.82%
VII. <u>Financial assets at fair value through profit or loss - current</u>		
	December 31 st , 2022	December 31 st , 2021
Financial assets mandatorily measured at fair value through profit or loss		
Money Market Funds	<u>\$ 11,288</u>	<u>\$ 11,239</u>
VIII. <u>Financial assets at fair value through other comprehensive income</u>		
	December 31 st , 2022	December 31 st , 2021
<u>Current</u>		
Domestic investments		
Listed stocks		
Chunghwa Telecom Co., Ltd.	<u>\$ 1,510</u>	<u>\$ 1,557</u>
<u>Non-Current</u>		
Domestic investments		
Listed stocks		
WanHwa Enterprise Company Ltd.	\$ 1,095,678	\$ 1,095,678
MEGA FINANCIAL HOLDING COMPANY LIMITED	<u>1,550</u>	<u>1,771</u>
	<u>1,097,228</u>	<u>1,097,449</u>
Non-listed stocks		
DAH CHUNG BILLS FINANCE CORP.	260,576	218,106
Kubo Investment Corporation	215,423	207,668
Today's Department Store Company Ltd.	<u>569,619</u>	<u>545,952</u>
	<u>1,045,618</u>	<u>971,726</u>
Foreign investments		
Non-listed stocks		
Forward Time International, Ltd. (BVI)	<u>38,602</u>	<u>33,990</u>
	<u>\$ 2,181,448</u>	<u>\$ 2,103,165</u>

The Company invests in the above non-current equity instruments for long-term strategic purposes and expects to earn profits through long-term investments. The Company's management believes that it would be inconsistent with the aforementioned long-term investment plan to include short-term fair value fluctuations of these investments in profit or loss. Therefore, it has elected to designate these investments at fair value through other comprehensive income.

The Company recognized dividend income of NT\$45,055 thousands and NT\$38,903 thousands for the years ended December 31st, 2022 and 2021, respectively. The amount in related investment still held by the Company then was NT\$45,055 thousand and NT\$38,903 thousand for the years ended December 31st, 2022 and 2021, respectively.

IX. Investments accounted for under the equity method

	December 31 st , 2022	December 31 st , 2021
Investment in affiliates	<u>\$ 4,769,755</u>	<u>\$ 4,255,000</u>

Investment in Affiliates

	December 31 st , 2022	December 31 st , 2021
Affiliates of materiality		
Today's Hotel Corporation USA	\$ 4,398,238	\$ 3,871,871
Affiliates of no materiality		
F&W Hotel Corporation of USA	<u>371,517</u>	<u>383,129</u>
	<u>\$ 4,769,755</u>	<u>\$ 4,255,000</u>

(i) Affiliates of materiality

	<u>Percentage of Shareholding and Voting Rights</u>	
<u>Company Name</u>	December 31 st , 2022	December 31 st , 2021
Today's Hotel Corporation USA	48.21%	48.21%

For the business nature, principal place of business and country, etc. information of the above-affiliated companies, please refer to Schedule 2, "Name and Location of Investees and Other Related Information."

Aggregate financial information of affiliates of materiality is as follows.

Today's Hotel Corporation USA

	December 31 st , 2022	December 31 st , 2021
Current assets	\$ 4,472,562	\$ 3,836,418
Non-current assets	8,195,834	7,348,740
Current liabilities	(1,436,058)	(677,178)
Non-current liabilities	(2,110,068)	(2,477,434)

Equity	9,122,270	8,030,546
The Company's shareholding	48.21%	48.21%
The Company's equity interests	<u>\$ 4,398,238</u>	<u>\$ 3,871,871</u>

	<u>2022</u>	<u>2021</u>
Operating revenue	<u>\$ 4,231,871</u>	<u>\$ 2,453,549</u>
Net profits (net losses) for the year	\$ 206,391	(\$ 267,135)
Other comprehensive income	<u>885,333</u>	<u>(236,589)</u>
Total comprehensive Income	<u>\$ 1,091,724</u>	<u>(\$ 503,724)</u>

(ii) Aggregate information on affiliates of no materiality

	<u>2022</u>	<u>2021</u>
The Company's share		
Net profits (net losses) for the year	\$ 1,232	(\$ 1,734)
Other comprehensive income	<u>(21,819)</u>	<u>45,254</u>
Total comprehensive Income	<u>(\$ 20,587)</u>	<u>\$ 43,520</u>

The Company's share of profit or loss and other comprehensive income of affiliated companies recognized under the equity method for the years ended December 31st, 2022 and 2021 were based on the audited financial statements of the respective affiliated companies for the same periods.

X. Property, plant and equipment

	Land	Buildings	Machinery and Equipment	Transportation Equipment and Office Equipment	Operation Facilities	Other	Total
<u>Cost</u>							
Balance as of January 1 st , 2021	\$ 364,131	\$ 114,949	\$ 28,859	\$ 13,402	\$ 16,391	\$ 2,406	\$ 540,138
Additions	-	-	-	-	73	79	152
Disposal	-	-	-	-	-	(124)	(124)
Reclassification	-	580	400	-	-	(980)	-
Balance as of December 31 st , 2021	<u>\$ 364,131</u>	<u>\$ 115,529</u>	<u>\$ 29,259</u>	<u>\$ 13,402</u>	<u>\$ 16,464</u>	<u>\$ 1,381</u>	<u>\$ 540,166</u>
<u>Accumulated Depreciation</u>							
Balance as of January 1 st , 2021	\$ -	\$ 112,782	\$ 27,750	\$ 7,509	\$ 16,187	\$ -	\$ 164,228
Depreciation expense	-	596	199	705	72	-	1,572
Balance as of December 31 st , 2021	<u>\$ -</u>	<u>\$ 113,378</u>	<u>\$ 27,949</u>	<u>\$ 8,214</u>	<u>\$ 16,259</u>	<u>\$ -</u>	<u>\$ 165,800</u>
Net as of December 31 st , 2021	<u>\$ 364,131</u>	<u>\$ 2,151</u>	<u>\$ 1,310</u>	<u>\$ 5,188</u>	<u>\$ 205</u>	<u>\$ 1,381</u>	<u>\$ 374,366</u>
<u>Cost</u>							
Balance as of January 1 st , 2022	\$ 364,131	\$ 115,529	\$ 29,259	\$ 13,402	\$ 16,464	\$ 1,381	\$ 540,166
Additions	-	-	-	-	36	172	208
Balance as of December 31 st , 2022	<u>\$ 364,131</u>	<u>\$ 115,529</u>	<u>\$ 29,259</u>	<u>\$ 13,402</u>	<u>\$ 16,500</u>	<u>\$ 1,553</u>	<u>\$ 540,374</u>
<u>Accumulated Depreciation</u>							

Balance as of January 1 st , 2022	\$ -	\$ 113,378	\$ 27,949	\$ 8,214	\$ 16,259	\$ -	\$ 165,800
Depreciation expense	<u>-</u>	<u>626</u>	<u>194</u>	<u>698</u>	<u>62</u>	<u>-</u>	<u>1,580</u>
Balance as of December 31 st , 2022	\$ <u>-</u>	\$ <u>114,004</u>	\$ <u>28,143</u>	\$ <u>8,912</u>	\$ <u>16,321</u>	\$ <u>-</u>	\$ <u>167,380</u>
Net as of December 31 st , 2022	\$ <u>364,131</u>	\$ <u>1,525</u>	\$ <u>1,116</u>	\$ <u>4,490</u>	\$ <u>179</u>	\$ <u>1,553</u>	\$ <u>372,994</u>

The Company depreciates its property, plant and equipment on a straight-line basis over the following useful lives:

Buildings	
Main building	29 to 48 years
Auxiliary building	5 to 15 years
Machinery and Equipment	
Utilities equipment	5 to 15 years
Elevator equipment	5 to 15 years
Air Conditioning Equipment	5 to 8 years
Fire fighting equipment	5 to 8 years
Other machines and equipment	5 to 10 years
Transportation Equipment	15 years
Office Equipment	5 to 8 years
Operation Facilities	5 years

XI. Real estate investment

	<u>Real Estate Investment</u>
<u>Cost</u>	
Balance as of January 1 st , 2021	\$ 1,049,872
Change in the year	<u>-</u>
Balance as of December 31 st , 2021	<u>\$ 1,049,872</u>
<u>Accumulated depreciation</u>	
Balance as of January 1 st , 2021	\$ 101,363
Depreciation expense	<u>1,656</u>
Balance as of December 31 st , 2021	<u>\$ 103,019</u>
Net as of December 31 st , 2021	<u>\$ 946,853</u>
<u>Cost</u>	
Balance as of January 1 st , 2022	\$ 1,049,872
Change in the year	<u>-</u>
Balance as of December 31 st , 2022	<u>\$ 1,049,872</u>
<u>Accumulated depreciation</u>	
Balance as of January 1 st , 2022	\$ 103,019
Depreciation expense	<u>1,460</u>
Balance as of December 31 st , 2022	<u>\$ 104,479</u>
Net as of December 31 st , 2022	<u>\$ 945,393</u>

The Company depreciates its investment property on a straight-line basis over the following useful lives:

Buildings	
Main building	29 to 51 years
Auxiliary building	5 to 10 years
Machinery and Equipment	
Utilities equipment	15 years
Elevator equipment	17 years
Air Conditioning Equipment	5 years
Operation Facilities	5 to 10 years

The fair values of the Company's investment properties were NT\$4,825,665 thousand and NT\$5,189,141 thousand as of December 31st, 2022 and 2021, respectively. The fair values were estimated by the Company's management with reference to market evidence of similar property transaction prices and were Level 3 input values.

All of the Company's investment properties are owned by the Company.

Investment property owned by the Company is leased out as operating leases. The leases expired one after another by the end of May 2030. The rental was calculated with reference to the rental of the neighboring shopping mall and adjusted according to the lease agreement. The lessees did not have a preferential right to acquire the property at the end of the lease period.

As of December 31st, 2022 and 2021, the Company had received NT\$126,605 thousand and NT\$126,697 thousand in security deposits (recorded as deposits received) under operating leases. For the years ended December 31st, 2022 and 2021, the rental income was NT\$941 thousand for both years, based on the interest rate of bank time deposits during the lease period, and interest expense was debited.

The total future lease payments to be received by the Company for investment property leased under operating leases are as follows.

	December 31 st , 2022	December 31 st , 2021
1st year	\$ 239,455	\$ 246,311
2nd year	239,949	232,488
3rd year	247,510	237,429
4th year	247,615	244,990
5th year	259,069	244,990
More than 5 years	639,865	895,847
	<u>\$ 1,873,463</u>	<u>\$ 2,102,055</u>

Due to the severe impact of the coronavirus epidemic on the market economy in 2022 and 2021, the Company agreed to change the rent for some months of some leases to be calculated based on the turnover and the contracted percentage or charged according to the agreed amount.

XII. Post-employment benefits plan

(i) Defined contribution plan

The pension system of the Company under the “Labor Pension Act” is a government-administered defined contribution pension plan with contributes 6% of employees’ monthly salaries contributed to the personal accounts at the Bureau of Labor Insurance. For the years ended December 31st, 2022 and 2021, the Company recognized in the statements of comprehensive income a total of NT\$599 thousand and NT\$621 thousand as expenses, respectively, in accordance with the percentage of the defined contribution plan.

(ii) Defined benefit plan

The Company has a retirement plan for its regular employees; the Labor Standards Act has been in effect since March 1998. The calculation of seniority of the Company’s employees prior to the implementation of the Labor Standards Act was in accordance with the “Regulations for the Implementation of Post-Employment and Retirement” of the “Personnel Management Regulations” of the Company, which came into effect on January 1st, 1989. Therefore, if the Company’s employees who were employed before the implementation of the Labor Standards Act retire or are laid off, their seniority for determining pension or severance will be calculated in two stages as follows: (1) For seniority prior to the implementation of the Labor Standards Act, pension or severance shall be paid in accordance with the provisions of the “Regulations for the Implementation of Post-Employment and Retirement” of the “Personnel Management Regulations” of the Company, which came into effect on January 1st, 1989. (ii) The seniority after the implementation of the Labor Standards Act shall be in accordance with the provisions of the Labor Standards Act.

The pension system of the Company under the “Labor Standards Act” is a government-administered defined benefit pension plan. Since August 2003, The Company has been appropriating 2% of employees’ monthly salaries to pension funds, which are deposited by the Supervisory Committee of Labor Retirement Reserve in the Committee’s name into a special account at the Bank of Taiwan. Before the end of the year, if the balance in the special account is estimated to be insufficient to pay for employees who are expected to meet the retirement requirements in the following year,

the difference will be made up in one lump sum by the end of March of the following year. The management of the special account is entrusted to the Bureau of Labor Funds, the Ministry of Labor. The Consolidated Company has no right to influence the investment management strategy.

The amounts included in the Company's balance sheets for defined benefit plans are shown below:

	<u>December 31st, 2022</u>	<u>December 31st, 2021</u>
Present value of defined benefit obligation	\$ 18,254	\$ 17,943
Fair value of plan assets	(18,464)	(16,854)
Appropriation shortfall (surplus) (recorded as net defined benefit liabilities (assets))	(\$ 210)	\$ 1,089

The changes in the Company's net defined benefit liabilities are as follows:

	<u>Defined Benefit Present Value of Obligations</u>	<u>Plan Assets Fair Value</u>	<u>Net Defined Benefit Liabilities (Assets)</u>
January 1 st , 2021	\$ 17,434	(\$ 16,474)	\$ 960
Service costs			
Service costs for the period	365	-	365
Interest expenses (incomes)	65	(62)	3
Recognized in profit or loss	430	(62)	368
Remeasurement			
Return on plan assets (Other than amounts included in net interest)	-	(233)	(232)
Actuarial loss – change in financial assumptions	156	-	156
Actuarial gain – adjustment through experience	(77)	-	(78)
Recognized in other comprehensive income	79	(233)	(154)
Employer appropriation	-	(85)	(85)
December 31 st , 2021	\$ 17,943	(\$ 16,854)	\$ 1,089
January 1 st , 2022	\$ 17,943	(\$ 16,854)	\$ 1,089
Service costs			
Service costs for the period	367	-	367
Interest expenses (incomes)	90	(85)	5
Recognized in profit or loss	457	(85)	372
Remeasurement			
Return on plan assets (Other than amounts included in net interest)	-	(1,339)	(1,339)
Actuarial loss – change in financial assumptions	(453)	-	(453)
Actuarial gain – adjustment through experience	307	-	307
Recognized in other comprehensive income	(146)	(1,339)	(1,485)
Employer appropriation	-	(186)	(186)
December 31 st , 2022	\$ 18,254	(\$ 18,464)	(\$ 210)

The Company is exposed to the following risks due to the pension system under the Labor Standards Act:

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic and foreign equity securities, debt securities, and bank deposits through its own management or entrusted third parties, but the amount allocated to the Company's plan assets is based on the income at a rate no less than the local bank's 2-year time deposit rate.
2. Interest rate risk: A decrease in interest rates on government bonds will increase the present value of the defined benefit obligation, but the return on debt investment in plan assets will also increase, which will have a partially offsetting effect on the net defined benefit liabilities.
3. Salary Risk: The present value of the defined benefit obligation is calculated by reference to the plan member's future salary. Therefore, increases in plan members' salaries will result in an increase in the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligation was actuarially determined by a qualified actuary and the significant assumptions at the measurement date were as follows.

	<u>December 31st, 2022</u>	<u>December 31st, 2021</u>
Discount Rate	1.125%	0.500%
Expected Rate of Salary Increase	1.500%	1.500%

The amount by which the present value of the defined benefit obligation would increase (decrease) if there are reasonable possible changes in significant actuarial assumptions, with all other assumptions held constant, is as follows:

	<u>December 31st, 2022</u>	<u>December 31st, 2021</u>
Discount Rate		
Increase by 0.25%	(\$ <u>176</u>)	(\$ <u>183</u>)
Decrease by 0.25%	<u>\$ 179</u>	<u>\$ 186</u>
Expected Rate of Salary Increase		
Increase by 0.25%	<u>\$ 176</u>	<u>\$ 182</u>
Decrease by 0.25%	(<u>\$ 174</u>)	(<u>\$ 179</u>)

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation because the actuarial assumptions may be correlated and changes in only one assumption are not feasible.

	<u>December 31st, 2022</u>	<u>December 31st, 2021</u>
Amount expected to be appropriated within 1 year	<u>\$ 91</u>	<u>\$ 88</u>
Average duration to maturity of the defined benefit obligation	3.9 years	4.1 years

(xiii) Equity

(i) Share capital - common stock

	December 31 st , 2022	December 31 st , 2021
Authorized number of shares (in thousands)	<u>600,000</u>	<u>600,000</u>
Authorized capital stock	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>499,998</u>	<u>499,998</u>
Capital stock issued	<u>\$ 4,999,984</u>	<u>\$ 4,999,984</u>

The issued common stock has a face value of NT\$10 per share and each share is entitled to one voting right and receiving dividends.

(ii) Capital surplus

	December 31 st , 2022	December 31 st , 2021
Capital Stock Premium	<u>\$ 76,008</u>	<u>\$ 76,008</u>
Gain on Disposal of Assets	<u>23</u>	<u>23</u>
	<u>\$ 76,031</u>	<u>\$ 76,031</u>

The excess of capital surplus over the par value of stock issued (including the issuance of common stock in excess of par value, conversion premium of corporate bonds, etc.) may be used to make up losses. It may be used to pay cash dividends or capitalize as equity when the Company has no losses, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

(iii) Retained earnings and dividend policy

In accordance with the provisions of the earnings distribution policy of the Company's Articles of Incorporation, when the Company makes a profit as indicated in the annual final accounting reports, the Company shall pay tax in accordance with the law, make up for accumulated losses and then set aside 10% as legal reserve except when the legal reserve has reached the Company's paid-in capital. In addition, if the Company complies with the regulations of the competent authorities, the remaining balance after setting aside or reversing the special reserve in accordance with the law, together with the accumulated unappropriated earnings, shall be retained at the discretion of the Board of Directors for business needs. The Board of Directors shall prepare a proposal for the distribution of earnings and submit it to the shareholders for a resolution to distribute dividends to shareholders.

The Company is a stable and growing company. In order to meet the operational development plan and achieve the goal of the diversified operation, in case shareholders'

dividend is distributed, the cash dividend portion should be no less than 10% of the shareholder dividend distributed that year.

The earnings distribution should be ratified at the shareholders' meeting to be held in the following year.

The legal reserve should be provided until the balance reaches the Company's total paid-in capital. The legal reserve may be used to make up losses. If the Company has no losses, the excess of the legal reserve over 25% of the paid-in capital may be distributed in cash in addition to capitalization as equity.

At the shareholders' meetings held on June 24, 2022 and August 27, 2021, the Company resolved the following distribution of earnings for 2021 and 2020, respectively.

	Earnings Distribution Proposal		Dividends Per Share (NT\$)	
	2021	2020	2021	2020
Legal Reserve	\$ 7,856	\$ 16,125		
Cash Dividends	69,999	75,000	\$ 0.14	\$ 0.15

The distribution of earnings and dividends per share for 2022 proposed by the Board of Directors on March 8th, 2023 was as follows:

	Earnings Distribution Proposal	Dividends Per Share (NT\$)
Legal Reserve	\$ 30,293	
Cash Dividends	174,999	\$ 0.35

The distribution of earnings for 2022 is a pending resolution at the 2023 Annual Shareholders' Meeting.

(iv) Special reserve

When IFRS was first adopted, the Company recorded NT\$592,542 thousand of unrealized revaluation gain in retained earnings, and a special reserve of the same amount was provided. Subsequent use, disposal or reclassification of the related assets may result in a reversal and distribution of earnings.

(v) Total other equity

1. Exchange differences arising on translation of foreign operations

	2022	2021
Balance at the beginning of the year	(\$ 354,443)	(\$ 257,394)
Share of exchange differences on translation of financial statements of foreign operations of affiliated enterprises recognized under the equity method	454,211	(121,311)
Related income tax:	(90,842)	24,262
Balance at the end of the year	<u>\$ 8,926</u>	<u>(\$ 354,443)</u>

2. Unrealized valuation gain or loss on financial assets at fair value through other comprehensive income

	2022	2021
Balance at the beginning of the year	\$ 1,077,276	\$ 1,024,932
Unrealized valuation gain or loss on financial assets at fair value through other comprehensive income	78,236	10,550
Share of other comprehensive income of affiliated enterprise accounted for using the equity method	(40,198)	52,496
Related income tax:	7,117	(10,702)
Balance at the end of the year	<u>\$ 1,122,431</u>	<u>\$ 1,077,276</u>

XIV. Employee benefits, depreciation and amortization expenses

	2022			2021		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Payroll expenses	\$ 6,035	\$ 10,361	\$ 16,396	\$ 5,877	\$ 9,999	\$ 15,876
Labor and health insurance fees	772	970	1,742	779	1,007	1,786
Pension costs	-	971	971	-	989	989
Directors' remuneration	-	7,125	7,125	-	3,770	3,770
Other	285	480	765	289	567	856
	<u>\$ 7,092</u>	<u>\$ 19,907</u>	<u>\$ 26,999</u>	<u>\$ 6,945</u>	<u>\$ 16,332</u>	<u>\$ 23,277</u>
Depreciation expense	<u>\$ 2,203</u>	<u>\$ 837</u>	<u>\$ 3,040</u>	<u>\$ 2,383</u>	<u>\$ 845</u>	<u>\$ 3,228</u>
Amortization expense	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ 39</u>

The Company had 39 and 37 employees at the end of 2022 and 2021, respectively, and no director was also an employee.

In accordance with its Articles of Incorporation, the Company contributes a fixed amount in NT\$2,000 thousand to employees' remuneration and no more than 3% to directors' remuneration based on the profits before tax before employee and director remuneration distributions for the year, respectively. The remuneration of employees was estimated at NT\$2,000 thousand for both 2022 and 2021, and the remuneration of directors was estimated at NT\$6,000 thousand and NT\$2,680 thousand for 2022 and 2021, respectively. The directors' remuneration was estimated at 1.61% and 2.75% of the aforementioned profits before tax, respectively.

On March 8th, 2023 and March 23, 2022, respectively, the Board of Directors resolved to pay employee remuneration and director remuneration for 2022 and 2021 as follows:

	2022		2021	
	Employee Cash Remuneration	Director Remuneration	Employee Cash Remuneration	Director Remuneration
Amount resolved by the Board of Directors	<u>\$ 2,000</u>	<u>\$ 6,000</u>	<u>\$ 2,000</u>	<u>\$ 2,680</u>
Amount recognized in financial statements	<u>\$ 2,000</u>	<u>\$ 6,000</u>	<u>\$ 2,000</u>	<u>\$ 2,680</u>

If there is a change in the amount after the annual financial statements are approved and released, the change will be accounted for as a change in the accounting estimate. It will be recorded as an adjustment in the following year.

Please refer to the “Market Observation Post System” of the Taiwan Stock Exchange for information on the remuneration of employees and directors and supervisors resolved by the board of directors of the Company.

XV. Income tax

(i) Income tax expenses recognized in profit or loss

The major components of income tax expense are as follows:

	2022	2021
Income tax in the current period		
Occurred in the year	\$ 44,038	\$ 37,023
Surtax on undistributed earnings	35	3,506
Prior year adjustment	(396)	(182)
Deferred income tax:		
Occurred in the year	<u>20,148</u>	<u>(26,107)</u>
Income tax expenses recognized in profit or loss	<u>\$ 63,825</u>	<u>\$ 14,240</u>

The reconciliation of accounting income to income tax expenses is as follows:

	2022	2021
Profit before tax	<u>\$ 365,274</u>	<u>\$ 92,644</u>
Income tax expenses calculated based on profits before tax and statutory tax rate (20%)	\$ 73,054	\$ 18,528
Non-deductible expenses for tax purposes	143	169
Tax-exempt incomes	(9,011)	(7,781)
Surtax on undistributed earnings	35	3,506
Prior year adjustment	<u>(396)</u>	<u>(182)</u>
Income tax expenses recognized in profit or loss	<u>\$ 63,825</u>	<u>\$ 14,240</u>

(ii) Income tax expenses (benefits) recognized in other comprehensive income

	2022	2021
Deferred income tax:		
Exchange differences arising on translation of foreign operations	\$ 90,842	(\$ 24,262)
Unrealized valuation gain or loss on financial assets at fair value through other comprehensive income	<u>(7,117)</u>	<u>10,702</u>
	<u>\$ 83,725</u>	<u>(\$ 13,560)</u>

(iii) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

2022

	Balance at the Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at the end of the year
<u>Deferred Income Tax Assets</u>				
Temporary Difference				
Exchange differences arising on translation of foreign operations	\$ 88,610	\$ -	(\$ 88,610)	\$ -
<u>Deferred Tax Liabilities</u>				
Temporary Difference				
Financial assets at fair value through other comprehensive income	\$ 29,909	\$ -	(\$ 7,117)	\$ 22,792
Share of profit or loss recognized using the equity method	808,472	20,148	-	828,620
Reserve for Land Revaluation Increment Tax	344,785	-	-	344,785
Exchange differences arising on translation of foreign operations	-	-	2,232	2,232
	<u>\$ 1,183,166</u>	<u>\$ 20,148</u>	<u>(\$ 4,885)</u>	<u>\$ 1,198,429</u>

2021

	Balance at the Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at the End of the Year
<u>Deferred Income Tax Assets</u>				
Temporary Difference				
Exchange differences arising on translation of foreign operations	\$ 64,348	\$ -	\$ 24,262	\$ 88,610
<u>Deferred Tax Liabilities</u>				
Temporary Difference				
Financial assets at fair value through other comprehensive income	\$ 19,207	\$ -	\$ 10,702	\$ 29,909
Share of profit or loss recognized using the equity method	834,579	(26,107)	-	808,472
Reserve for land revaluation increment tax	344,785	-	-	344,785
	<u>\$ 1,198,571</u>	<u>(\$ 26,107)</u>	<u>\$ 10,702</u>	<u>\$ 1,183,166</u>

(iv) The state of income tax assessment

The Company's income tax returns have been assessed by the tax authorities up to 2020.

XVI. Earnings per share

Unit: NT\$ per share

	2022	2021
Total Basic Earnings per Share	<u>\$ 0.60</u>	<u>\$ 0.16</u>

The earnings and weighted-average number of common shares used to calculate basic earnings per share are as follows:

	<u>2022</u>	<u>2021</u>
Net Profits for the Year (Numerator)	<u>\$ 301,449</u>	<u>\$ 78,404</u>
		Unit: Thousand shares
	<u>2022</u>	<u>2021</u>
Weighted Average Number of Shares of Common Stock (Denominator)	<u>499,998</u>	<u>499,998</u>

XVII. Capital risk management

The company's capital management's primary objective is to ensure that the Company can support corporate operations and maximize shareholders' equity by optimizing debt and equity balances while continuing to operate. The Company manages and adjusts its capital structure according to economic conditions and may pay dividends or issue new shares to maintain and adjust the capital structure.

The Company is not subject to any other external capital requirements.

XVIII. Financial instruments

(i) Fair Value Information - Financial Instruments Not Measured at Fair Value

The Company's management believes that the carrying amounts of financial assets and liabilities that are not measured at fair value approximate their fair values.

(ii) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31st, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit and loss				
Money Market Funds	<u>\$ 11,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,288</u>
Financial assets at fair value through other comprehensive income or loss - investments in equity instruments				
Domestic listed stocks	\$ 1,098,738	\$ -	\$ -	\$ 1,098,738
Domestic and foreign non-listed stocks	<u>-</u>	<u>-</u>	<u>1,084,220</u>	<u>1,084,220</u>
	<u>\$ 1,098,738</u>	<u>\$ -</u>	<u>\$ 1,084,220</u>	<u>\$ 2,182,958</u>

December 31st, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Money Market Funds	\$ 11,239	\$ -	\$ -	\$ 11,239
Financial assets at fair value through other comprehensive income or loss - investments in equity instruments				
Domestic listed stocks	\$ 1,099,006	\$ -	\$ -	\$ 1,099,006
Domestic and foreign non-listed stocks	-	-	1,005,716	1,005,716
	<u>\$ 1,099,006</u>	<u>\$ -</u>	<u>\$ 1,005,716</u>	<u>\$ 2,104,722</u>

There were no transfers between Level 1 and Level 2 fair value measurements in 2022 and 2021.

2. Reconciliation of financial instruments measured at fair value in Level 3

2022

Financial Assets	Investments in Equity Instruments at Fair Value Through Other Comprehensive Income
Balance at the beginning of the year	\$ 1,005,716
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	78,504
Balance at the end of the year	<u>\$ 1,084,220</u>

2021

Financial Assets	Investments in Equity Instruments at Fair Value Through Other Comprehensive Income
Balance at the beginning of the year	\$ 977,591
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	28,125
Balance at the end of the year	<u>\$ 1,005,716</u>

3. Methods, valuation techniques and input values for measuring the fair value of financial instruments

- (1) The fair values of financial instruments with standard terms and conditions and traded in active markets are determined by reference to quoted market prices (including listed stocks and beneficiary certificates of open-end funds, etc.).

- (2) The Company holds financial assets measured at fair value in Level 3, which are non-listed stocks, and the fair value is measured primarily by the income, market and asset methods. The estimates or assumptions used are based on information and estimates of future cash flows with reference to market comparable transactions. The major unobservable input values include the discount for the absence of control at 21.63% and 21.45% as of December 31st 2022 and 2021, respectively, and the discount for the risk of lack of marketability at 11.24%~20.37% and 14.07%~23.46% as of December 31st 2022 and 2021, respectively. The fair value of the investments would decrease by NT\$10,395 thousand and NT\$57,494 thousand, respectively, if the discount for the absence of control increases by 1%, and by NT\$9,093 thousand and NT\$11,409 thousand, respectively, if the discount for the risk of lack of marketability increases by 1%.

(iii) Types of financial instrument

	December 31 st , 2022	December 31 st , 2021
<u>Financial Assets</u>		
Financial assets at fair value through profit and loss		
Mandatorily measured at fair value through profit or loss	\$ 11,288	\$ 11,239
Financial assets at amortized cost (note 1)	2,806,826	2,659,537
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	2,182,958	2,104,722
<u>Financial Liabilities</u>		
Financial assets measured at amortized cost (note 2)	70,609	84,331

Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, investments in debt instruments, notes receivable, accounts receivable, other financial assets - current and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost, such as notes payable and certain other payables.

(iv) Purpose and policy of financial risk management

The Company's financial risk management objective is to manage market risk (including interest rate risk and other price risks), credit risk and liquidity risk associated with operating activities. The Company identifies, measures and manages the aforementioned risks in accordance with the Company's policies and risk appetite.

The Company has established appropriate policies, procedures and internal controls for the aforementioned financial risk management in accordance with relevant regulations. Significant financial activities are subject to review by the Board of Directors in accordance with relevant regulations and internal control systems. During the implementation of the financial risk management activities, the Company did comply with the relevant regulations established for financial risk management.

1. Market risk

Market risk refers to the potential loss that the Company may suffer from the related transactions due to changes in market interest rates or prices. The Company assesses that the impact of market risk on financial assets and liabilities is limited.

There have been no changes in the Company's exposure to market risk of financial instruments and how it manages and measures such exposures.

(1) Interest rate risk

Interest rate risk is the risk of fluctuations in the fair value of financial instruments or future cash flows due to market changes. The Company's interest rate risk is mainly related to floating-rate time deposits. The Company assesses that the change in interest rates does not impact the Company's net profits before tax.

(2) Other price risk

The Company has price risk due to equity securities investments and fund beneficiary certificates. If the equity and fund prices had increased/decreased by 1%, profit or loss would have increased/decreased by NT\$113 thousand and NT\$112 thousand, respectively for 2022 and 2021 due to the change in fair value of financial assets measured at fair value through profit or loss. Other comprehensive income would have increased/decreased by NT\$10,987 thousand and NT\$10,990 thousand for 2022 and 2021, respectively, due to the change in fair value of financial assets measured at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk of financial loss resulting from the default of contractual obligations by the counterparties. As of the balance sheet date, the Company's maximum exposure to the credit risk of financial loss due to non-performance by counterparties is mainly from the carrying amount in financial assets recognized in individual balance sheets.

The business unit manages customer credit risk in accordance with the Company's policies, procedures and controls for customer credit risk. The credit risk of all customers is evaluated by taking into account the customer's financial condition, historical transaction experience and the current economic environment. The Company also uses certain credit enhancement tools (such as an advance on sales) at appropriate times to reduce the credit risk of specific customers.

The Company does not have significant credit risk exposure to any single counterparty or any group of counterparties with similar characteristics.

3. Liquidity risk

The Company manages and maintains sufficient positions of cash and cash equivalents to support its operations and mitigate the impact of cash flow fluctuations.

Liquidity and interest rate risk schedule

The below details the analysis of the remaining contractual maturities of the Company's non-derivative financial liabilities with contractual repayment periods, which are based on the earliest possible date on which the Company can be required to make a repayment, and is prepared using the undiscounted cash flows of the financial liabilities, which include cash flows of interest and principal.

December 31st, 2022

	Immediate Repayment or Less than 3 Months	3 to 6 Months	6 Months to 1 Year	More than 1 Year
<u>Non-Derivative Financial</u>				
<u>Liabilities</u>				
Notes Payable	\$ 68,652	\$ -	\$ -	\$ -
Other Payables	1,957	-	-	-

December 31st, 2021

	Immediate Repayment or Less than 3 Months	3 to 6 Months	6 Months to 1 Year	More than 1 Year
<u>Non-Derivative Financial Liabilities</u>				
Notes Payable	\$ 81,659	\$ -	\$ -	\$ -
Other Payables	2,672	-	-	-

XIX. Related-party transactions

- (i) Related parties' names and relationships

<u>Name of the Related Parties</u>	<u>Relationship with the Company</u>
Other	Chairperson, Directors and Key Management of the Company

- (ii) There were no other significant transactions between the Company and its related parties in 2022 and 2021.
- (iii) The total remuneration to directors and other key management for 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Short-Term Employee Benefits	\$ 10,378	\$ 7,369
Post-Employment Benefits	139	288
	<u>\$ 10,517</u>	<u>\$ 7,657</u>

XX. Significant contingent liabilities and unrecognized contract commitments

As of the end of 2022, the bank performance guarantees for the Company's accommodation coupons amounted to NT\$1,684 thousand, and the Company had provided NT\$2,049 thousand of time deposits as collateral (recorded as refundable deposits). The Company had issued commercial paper and unused credit facilities amounting to NT\$400,000 thousand and NT\$6,000 thousand, respectively.

XXI. Information on foreign currency assets and liabilities with significant effect

The Company's foreign currency assets and liabilities with significant effect.

December 31st, 2022

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Book Value</u>
<u>Foreign Currency Assets</u>			
<u>Non-Monetary Items</u>			
Financial assets at fair value through other comprehensive income			
USD	\$ 1,257	30.71(USD: NTD)	\$ 38,602
Investments accounted for under the equity method			
USD	155,316	30.71(USD: NTD)	4,769,755
<u>Foreign Currency Liabilities</u>			
No			

December 31st, 2021

	Foreign Currency	Exchange Rate	Book Value
Foreign Currency Assets			
Non-Monetary Items			
Financial assets at fair value through other comprehensive income			
USD	\$ 1,228	27.68(USD: NTD)	\$ 33,990
Investments accounted for under the equity method			
USD	153,721	27.68(USD: NTD)	4,255,000
Foreign Currency Liabilities			
No			

XXII. Other information

Due to the impact of the COVID-19 epidemic, the global economy is in severe recession and contraction due to the lockdown management policy. The Company's business has also been affected by the epidemic, with guest room revenues and operating revenues from affiliated companies being more affected by the epidemic control measures. The Company will continue to pay attention to the subsequent development and respond carefully to reduce the possible adverse impact. Please refer to Note 11 for the impact on rental incomes.

XXIII. Additional disclosures

- (i) Information on major transactions and (ii) information on investees
1. Lending funds to others: None.
 2. Provision of endorsements and guarantees to others: None.
 3. Holding marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Schedule 1.
 4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
 5. Acquisition of real estate exceeding NT\$300 million or 20% of paid-in capital or more: None.
 6. Disposal of real estate exceeding NT\$300 million or 20% of paid-in capital or more: None.
 7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more; None.
 8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
 9. Engagement in derivative transactions: None.

10. Name and Location of investees.and Other Related Information (excluding Mainland China investees): Schedule 2.

- (iii) Information on investments in China: None.
- (iv) Information on major shareholders: Please refer to Schedule 3 for the names, amounts and percentages of shares held by shareholders with 5% or more of the equity.

XXIV. Segment information

Information is provided to the key operating decision-maker to allocate resources and evaluate departmental performance, centering on each type of product or service delivered or offered. The reportable segments of the Company are as follows.

Travel service Segment - Provides tourist hotel service

Leasing Segment - Rent out commercial buildings

(i) Segment revenue and operating results

The revenues and operating results of the Company's continuing operations analyzed by reportable segment are as follows.

	Segment Revenues		Depreciation and Amortization		Segment Profits or Losses	
	2022	2021	2022	2021	2022	2021
Travel service segment	\$ 45,907	\$ 38,239	\$ 743	\$ 727	(\$ 128)	(\$ 5,240)
Leasing segment	<u>244,617</u>	<u>214,639</u>	<u>1,460</u>	<u>1,656</u>	<u>227,182</u>	<u>197,309</u>
Total from continuing operations	<u>\$ 290,524</u>	<u>\$ 252,878</u>	<u>\$ 2,203</u>	<u>\$ 2,383</u>	227,054	192,069
Interest income					23,317	17,197
Interest expenses					(941)	(941)
General income (expense)					<u>115,844</u>	<u>(115,681)</u>
Net profits before tax (continuing operations)					<u>\$ 365,274</u>	<u>\$ 92,644</u>

The revenues reported above were generated from transactions with external customers. There were no inter-segment sales in 2022 and 2021.

Segment profits refer to each segment's profits, excluding general income (expense), interest income, interest expense, and income tax expense. This measure is provided to the chief business decision-maker to allocate resources to segments and to measure their performance.

(ii) Segment assets

	December 31 st , 2022	December 31 st , 2021
<u>Segment Assets</u>		
Travel service segment	\$ 323,026	\$ 323,733
Leasing segment	<u>945,393</u>	<u>946,853</u>
Total segment assets	1,268,419	1,270,586
Financial assets at fair value through profit and loss	11,288	11,239
Financial assets at fair value through other comprehensive income	2,182,958	2,104,722
Investments accounted for under the equity method	4,769,755	4,255,000
General assets	<u>2,859,062</u>	<u>2,800,388</u>
Total Assets	<u>\$ 11,091,482</u>	<u>\$ 10,441,935</u>

(iii) Geographical information

The Company's operating revenues in 2022 and 2021 were derived from the Company's home country, and therefore the Company does not have geographic information.

First Hotel Company Ltd.
Marketable Securities Held at the End of the Period.
December 31st, 2022

Schedule 1

Unit: Thousand NTD

Companies Held	Types and Names of Marketable Securities	Relationship with the Securities Issuer	Account in the Book	The End of the Period				Remarks
				Thousands of Units / Thousands of Shares	Book Value	Ownership	Fair Value	
First Hotel Company Ltd.	<u>Stocks and Funds</u>							
	Taiwan Cooperative Bank	-	Financial assets at fair value through profit or loss - current	1,096	\$ 11,288	-	\$ 11,288	Note
	Money Market Funds							
	Chunghwa Telecom Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	13	1,510	-	1,510	Note
	WanHwa Enterprise Company Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	89,810	1,095,678	19.96%	1,095,678	Note
	MEGA FINANCIAL HOLDING COMPANY LIMITED	-	Financial assets at fair value through other comprehensive income - noncurrent	51	1,550	-	1,550	Note
	DAH CHUNG BILLS FINANCE CORP.	-	Financial assets at fair value through other comprehensive income - noncurrent	33,450	260,576	7.24%	260,576	
	Kubo Investment Corporation	-	Financial assets at fair value through other comprehensive income - noncurrent	1,906	215,423	9.54%	215,423	
	Today's Department Store Company Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	5,082	569,619	19.80%	569,619	
	Forward Time International, Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	654	38,602	5.40%	38,602	

Note: Calculated based on the net asset value or closing price of the investee as of December 31st, 2022.

First Hotel Company Ltd.
Name and Location of Investees.and Other Related Information
January 1st to December 31st, 2022

Schedule 2

Unit: Thousand NTD
; US\$

Name of Investor	Investee	Location	Main Business Activities	Original Investment Amount		Shares Held as of the End of Period			Net Profit (Loss) of the Investee for the Current Period	Investment Income (Loss) Recognized for the Current Period	Remarks
				Balance at the End of Period	The End of the Last Period	Number of shares (thousand)	Ownership	Book Value			
First Hotel Company Ltd.	Today’s Hotel Corporation USA F&W Hotel Corporation of USA	United States United States	Tourist hotel Mainly engaged in business hotel investment	USD 16,200,000	USD 16,200,000	16,200	48.21	\$ 4,398,238	USD 3,338,703	\$ 99,510	Note Note
				USD 4,068,750	USD 4,068,750	3,875	31.00	371,517	USD 41,326	1,232	

Note: Recognized on the basis of the financial statements audited by CPA for the year ended December 31st, 2022.

First Hotel Company Ltd.
Information on major shareholders
December 31st, 2022

Schedule 3

Unit: shares

Names of Major Shareholders	Shares	
	Number of Shares Held	Ownership
Kubo Investment Corporation	99,000,503	19.80%
WanHwa Enterprise Company Ltd.	99,000,503	19.80%
Mandarin Investment Corporation	73,605,668	14.72%
Zen Fong Investment Corporation	40,761,943	8.15%

Note 1: The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares). The number of shares recorded in the Company's financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.

Note 2: If a shareholder delivers his or her shares to a trust, the above information shall be disclosed by the individual trustor account opened by the trustee. As for the declaration of insider's equity for shareholders with more than 10% shareholding in accordance with the Securities and Exchange Act, the shareholding of the shareholder includes his or her own shares plus the shares that he or she has delivered to a trust and has the right to decide the use of the trust property, etc. Please refer to the Market Observation Post System for information on insider's equity declaration.

First Hotel Company Ltd.

Schedule of Changes in Financial Assets at Fair Value Through Other Comprehensive Income - Non-Current

2022

Schedule 1

Unit: Thousand NTD

Name	Balance at the Beginning of the Year		Increase in the Year		Decrease in the Year		Balance at the End of the Year		Provision of Guarantee or Pledge Status (Note 2)	Remarks
	Number of Shares (Thousand)	Fair Value	Number of Shares (Thousand)	Amount	Number of Shares (Thousand)	Amount	Number of Shares (Thousand)	Fair Value		
Listed Stocks										
WanHwa Enterprise Company Ltd.	89,810	\$ 1,095,678	-	\$ -	-	\$ -	89,810	\$ 1,095,678		Note 1
MEGA FINANCIAL HOLDING COMPANY LIMITED	50	<u>1,771</u>	1	<u>-</u>	-	<u>(221)</u>	51	<u>1,550</u>		Note 1
		<u>1,097,449</u>		<u>-</u>		<u>(221)</u>		<u>1,097,228</u>		
Non-Listed Stocks										
DAH CHUNG BILLS FINANCE CORP.	33,450	218,106	-	42,470	-	-	33,450	260,576		Note 1
Kubo Investment Corporation	1,906	207,668	-	7,755	-	-	1,906	215,423		Note 1
Today's Department Store Company Ltd.	5,082	545,952	-	23,667	-	-	5,082	569,619		Note 1
Forward Time International, Ltd.	654	<u>33,990</u>	-	<u>4,612</u>	-	<u>-</u>	654	<u>38,602</u>		Note 1
		<u>1,005,716</u>		<u>78,504</u>		<u>-</u>		<u>1,084,220</u>		
Total		<u>\$ 2,103,165</u>		<u>\$ 78,504</u>		<u>(\$ 221)</u>		<u>\$ 2,181,448</u>		

Note 1: The increase and decrease in the current year represent the valuation adjustments resulting from changes in fair value.

Note 2: None was provided as collaterals.

First Hotel Company Ltd.
Schedule of Changes in Investments Accounted for Under Equity Method
2022

Schedule 2

Unit: Thousand NTD

Name	Balance at the Beginning of the Year		Increase in the Year		Decrease in the Year		Gain or Loss on Investment	Balance at the End of the Year			Market Value or Net Worth (Note 4)		Provision of Guarantees or Pledges (Note 5)	Remarks
	Number of Shares (Thousand)	Amount	Number of Shares (Thousand)	Amount	Number of Shares (Thousand)	Amount		Number of Shares (Thousand)	Shareholding %	Amount	Unit Price	Total Price		
Today's Hotel Corporation USA	16,200	\$ 3,871,871	-	\$ 426,857	-	\$ -	\$ 99,510	16,200	48.21	\$ 4,398,238		\$ 4,398,238		Notes 1 and 2
F&W Hotel Corporation of USA	3,875	<u>383,129</u>	-	<u>27,354</u>	-	<u>40,198</u>	<u>1,232</u>	3,875	31.00	<u>371,517</u>		<u>371,517</u>		Notes 1 and 3
		<u>\$ 4,255,000</u>		<u>\$ 454,211</u>		<u>\$ 40,198</u>	<u>\$ 100,742</u>			<u>\$ 4,769,755</u>		<u>\$ 4,769,755</u>		

Note 1: Recognized on the basis of the financial statements audited by CPA for the year ended December 31st, 2022.

Note 2: The increase in the current year was due to the recognition of translation differences on the financial statements of foreign operations.

Note 3: The increase in the current year was due to the recognition of translation differences on the financial statements of foreign operations. The decrease in the current year was due to the recognition of unrealized valuation loss on investments in equity instruments measured at fair value through other comprehensive income.

Note 4: The net equity in the investees was calculated based on the financial statements of the investees and the Company's percentage of ownership.

Note 5: None was provided as collaterals.

First Hotel Company Ltd.
Schedule of Notes Payable
December 31st, 2022

Schedule 3

Unit: Thousand NTD

<u>Customer Name</u>	<u>Amount</u>
Others (Note)	<u>\$ 68,652</u>
Total	<u>\$ 68,652</u>

Note: None of the balance exceeded 5% of the total balance of this item.

First Hotel Company Ltd.
Schedule of Other Payables
December 31st, 2022

Schedule 4

Unit: Thousand NTD

Item	Amount
Employee Remuneration Payables	\$ 4,887
Director Remuneration Payables	6,144
Salary	435
Business Tax	2,518
House Tax	1,824
Others (Note)	<u>2,264</u>
Total	<u>\$ 18,072</u>

Note: None of the balance exceeded 5% of the total balance of this item.

First Hotel Company Ltd.
Schedule of Deposits Received
December 31st, 2022

Schedule 5

Unit: Thousand NTD

<u>Item</u>	<u>Amount</u>
Company A	\$ 120,800
Others (Note)	<u>5,805</u>
	<u><u>\$ 126,605</u></u>

Note: None of the balance exceeded 5% of the total balance of this item.

First Hotel Company Ltd.
Schedule of Guest Room Costs and Operating Expenses
2022

Schedule 6

Unit: Thousand NTD

<u>Item</u>	<u>Guest Room Costs</u>	<u>Operating Expenses</u>
Salary	\$ 6,035	\$ 10,361
Directors' Remuneration	-	7,125
Utilities Expenses	5,316	8
Meal Coupon Expenses	3,470	-
Tax	3,609	842
Depreciation and Amortization	743	876
Service Expenses	-	2,456
Cleaning Expenses	550	3
Repair Expenses	728	1,456
Others (Note)	<u>3,420</u>	<u>4,721</u>
	<u>\$ 23,871</u>	<u>\$ 27,848</u>

Note: None of the balance exceeded 5% of the total balance of this item.

First Hotel Company Ltd.

Schedule of Employee Benefits, Depreciation and Amortization Expenses

2022 and 2021

Schedule 7

Unit: Thousand NTD

	2022			2021		
	Attributable to Operating Costs	Attributable to Operating Expenses	Total	Attributable to Operating Costs	Attributable to Operating Expenses	Total
Employee Benefits Expense						
Payroll expenses	\$ 6,035	\$ 10,361	\$ 16,396	\$ 5,877	\$ 9,999	\$ 15,876
Labor and health insurance fees	772	970	1,742	779	1,007	1,786
Pension costs	-	971	971	-	989	989
Directors' remuneration	-	7,125	7,125	-	3,770	3,770
Other	285	480	765	289	567	856
	<u>\$ 7,092</u>	<u>\$ 19,907</u>	<u>\$ 26,999</u>	<u>\$ 6,945</u>	<u>\$ 16,332</u>	<u>\$ 23,277</u>
Depreciation Expense	<u>\$ 2,203</u>	<u>\$ 837</u>	<u>\$ 3,040</u>	<u>\$ 2,383</u>	<u>\$ 845</u>	<u>\$ 3,228</u>
Amortization Expense	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ 39</u>

1. As of the end of 2022 and 2021, the average number of employees of the Company were 37 for both years, which included 5 directors who did not concurrently hold an employee position.
2. The average employee benefit expenses were NT\$621 thousand and NT\$610 thousand for 2022 and 2021, respectively.
3. The average employee salary expenses were NT\$512 thousand and NT\$496 thousand for 2022 and 2021, respectively. The change in average employee salary expenses was 3%.
4. The supervisors' remuneration for both the current year and the previous year was NT\$0 thousand.
5. The Company's remuneration policy is as follows:
 - (1) The remuneration of the Company's directors is determined in accordance with the Company's Articles of Incorporation, based on their positions and responsibilities, and with reference to the usual industry standards.
 - (2) The remuneration of the Company's managerial officers is based on the salary scale for employees approved by the Remuneration Committee. It is based on the positions and responsibilities they hold, with reference to the usual industry standards.
 - (3) The remuneration of the Company's employees is based on the positions and responsibilities they hold and the Company's business performance and personal performance. It is implemented after approval by appropriate authorization.