Formosa International Hotels Corporation

Parent Company Only Financial Statements and Independent Auditors' Report

Years Ended December 31, 2023 And 2022

(Stock code: 2707)

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Formosa International Hotels Corporation

Years Ended December 31, 2023 And 2022

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Independent Auditor's Report

Letter Reference No. 22004133 issued by the Ministry of Finance (MOF)

Formosa International Hotels Corporation:

Opinion

We have audited the accompanying financial statement of Formosa International Hotels Corporation ("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audit results and audit reports of other accountants (please refer to the paragraph on other matters), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023 and 2022 in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of FIH in accordance with The Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and audit reports of other accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

The Accuracy of the Revenue Recognition for Hotel and Restaurant Business

Description of the matter

Regarding the accounting policy for revenue recognition, please refer to Note (4)(z) of the parent company only financial report; On the explanation of the operating revenue account item, please refer to Note (6)(s) of the parent company only financial report.

The Company provides services in the four business segments, including Housekeeping segment, Food & Beverage segment, Rental segment, and Operation Management segment. Among which, revenue source comes mainly from hotel and restaurant operation which is its principal business. Due to the significant amounts and the characteristic of the business, consisting of low unit price products but numerous number of sales transactions, the volume of transactions has been huge. This can lead to a higher chance for occurrence of errors resulting in material misstatement of the parent company only financial statements. Consequently, the accuracy of the revenue recognition for hotel and restaurant business is identified as one of the key audit matters.

Audit procedures in response

The procedures that we have conducted in response to the above-mentioned key audit matter are summarized as follows:

1. We understood and tested the effectiveness of the internal control adopted by the Company for its hotel and restaurant operation revenue, including confirmation of consistency between the sales report amount generated from the sales system and the credit entry.

2. We conducted analysis for the various management reports of the hotels and restaurants, including analysis of the hotel occupancy rate and room price, pricing of the food and beverages, number of visitors and average spending and other information. This analysis is for assessment of the reasonableness of the revenue amount arising from hotel and restaurant operation.

3. We conducted substantive tests for the following:
   (1) Cross-checked the customer bills and signing records with the credit entry for accuracy.
   (2) Cross-checked the payment records and the original credit entry to ensure that they match.

Accuracy of Food and Beverage Cost Carry Forward

Description of the matter

The Company provides services in the four business segments, including Housekeeping segment, Food and Beverage segment, Rental segment, and Operation Management segment. Among which, the food and beverage cost covers raw ingredients (food ingredients classified into fresh food, dry goods, alcohol, beverages and so on), and direct labor and manufacturing expenses (e.g.: Rental expenses, water, electricity and gas expenses, depreciation expenses and so on). Due to the significant amounts and a relatively higher chance of mistakes to occur in the calculation of inventory cost carry forward and expenses, which might result in material misstatement in the parent company only financial statements. Consequently, the accuracy of the food and beverage cost carry forward is identified as one of the key audit matters.

Audit procedures in response

The procedures that we have conducted in response to the above-mentioned key audit matter are summarized as follows:

1. We understood and tested the effectiveness of the internal control adopted by Company for its food and beverage and guest rooms, including confirmation of consistency between the cost carry forward amount in the system and the credit entry, and verifying the consistency between the credit entry and the calculation table.

2. Performed the substantive tests. Obtained the various forms and statements of the food and beverage cost carry forward (covering procured goods, direct labor and expenses sharing statements and so on). Sampled and cross-checked the certificates and re-examined the sharing of expenses to confirm the accuracy of the food and beverage cost carry forward.

Other Matters - Referenced the Audit Reports by Other Independent Auditors

The investee companies accounted for using equity method in the Company's parent company only financial statements, the 2022 financial statements of some of the investee companies were not reviewed by us but by other auditors. Therefore, our opinions of the abovementioned parent company only financial statements were based on the audit reports by other auditors regarding the listed amounts and relevant information disclosed in Note (m) of the financial statements of these companies. As of December 31, 2022, the balance of the related investments accounted for using the equity method was NT$17,277 thousand; the comprehensive loss recognized from

January 1 to December 31, 2022 was NT$265 thousand.

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statement, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including related notes), and whether the parent company only financial statements adequately present related transactions and events.
6. Obtain sufficient appropriate audit evidence of the parent company only financial information within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with The Norm of Professional Ethics for Certified Public Accountants of the Republic of China 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 matters communicated with those charged with governance, we determined an issue that was most significant in the audit of the parent company only financial statements for the year ended December 31, 2023, and is, therefore, the key audit matter. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PWC Taiwan

Certified Public Accountant

Chin-Lien Huang

Hsiu-Ling Li

Financial Supervisory Commission
Approved document number: Reference No. 1100348083.
Formerly the Securities & Futures Commission (SFC),
Ministry of Finance (MOF).
Approved document number: Reference No. 0960038033

March 11, 2024

Formosa International Hotels Corporation
Parent Company Only Balance Sheet
December 31, 2023 and 2022

Unit: NT$ thousand

	Assets	Note	December 31, 2023			December 31, 2022		
				Amount	%		Amount	%
	Current assets							
1100	Cash and cash equivalents	(6) (a)	$	57,038	1	$	29,895	-
1110	Financial assets at fair value through profit or loss - current	(6) (b)		2,497,716	25		2,053,377	21
1136	Financial assets at amortized cost - current	(6) (a) (d) and (8)		166,757	2		216,083	2
1150	Notes receivable, net	(6) (e)		14,533	-		9,121	-
1170	Account receivable, net	(6) (e)		191,074	2		159,576	2
1180	Accounts receivable due from related parties, net.	(7)		1,487	-		1,661	-
1210	Other receivables due from related parties	(7)		2,994	-		980	-
1220	Current income tax assets			5,230	-		-	-
130X	Inventories	(6) (f)		22,755	-		31,409	-
1410	Prepayments			44,772	1		48,467	1
11XX	**Total current assets**			3,004,356	31		2,550,569	26
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income – non-current	(6) (c)		500	-		500	-
1535	Financial assets at amortized cost - non-current	(6) (a) (d) and (8)		55,742	1		54,534	1
1550	Investments accounted for using equity method	(6) (g)		2,593,346	26		2,540,479	26
1600	Property, plant and equipment	(6) (h)		1,373,293	14		1,476,078	15
1755	Right-of-use assets	(6) (i)		2,698,313	27		2,931,139	31
1780	Intangible assets	(6) (k)		20,923	-		20,923	-
1840	Deferred tax assets	(6) (z)		17,654	-		12,803	-
1900	Other non-current assets			83,333	1		93,351	1
15XX	**Total non-current assets**			6,843,104	69		7,129,807	74
1XXX	**Total assets**		$	9,847,460	100	$	9,680,376	100

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Formosa International Hotels Corporation
Parent Company Only Balance Sheet
December 31, 2023 and 2022

Unit: NT$ thousand

	Liabilities and Equity	Note	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities					
2130	Contract Liabilities - current	(6) (s)	$ 505,923	5	$ 545,737	6
2150	Notes payable	(6) (z)	72,045	1	130,149	1
2170	Accounts payable		225,837	2	252,167	3
2180	Account payables-related parties	(7)	1,306	-	250	-
2200	Other payables	(6) (l)	1,006,092	10	811,368	8
2220	Other account payables-related parties	(7)	568	-	3,058	-
2230	Current income tax liabilities		319,849	3	205,744	2
2280	Lease liabilities - current	(6) (m)	251,011	3	255,366	3
2300	Other current liabilities		55,965	1	26,793	-
21XX	**Total current liabilities**		2,438,596	25	2,230,632	23
	Non-current liabilities					
2527	Contract liabilities－non-current	(6) (s)	8,229	-	9,891	-
2570	Deferred tax liabilities	(6) (z)	1,825	-	699	-
2580	Lease liabilities - non-current	(6) (m)	2,542,776	26	2,742,009	28
2600	Other non-current liabilities	(6) (e) (n) (o) (z)	268,590	2	356,450	4
25XX	**Total non-current liabilities**		2,821,420	28	3,109,049	32
2XXX	**Total liabilities**		5,260,016	53	5,339,681	55
	Equity					
	Capital	(6) (p)				
3110	Common stock		1,274,032	13	1,274,032	13
	Capital surplus	(6) (q)				
3200	Capital surplus		222,383	2	222,383	2
	Retained earnings	(6) (r)				
3310	Legal reserve		1,274,032	13	1,274,032	13
3320	Special reserve		271,432	3	423,809	5
3350	Unappropriated earnings		1,837,923	19	1,417,871	15
	Other equity					
3400	Other equity		(292,358)	(3)	(271,432)	(3)
3XXX	**Total equity**		4,587,444	47	4,340,695	45
	Significant contingent liabilities and unrecognized contractual commitment	(9)				
	Significant Events After Reporting Period	(11)				
3X2X	**Total liabilities and equity**		$ 9,847,460	100	$ 9,680,376	100

Please also refer to the parent company only financial statements notes attached at the end which is part of the parent company only financial report.

Chairman: Steven Pan　　Managerial officer: Wei-Cheng Wu　　Accounting Officer: Chien-Nan Tsao

Formosa International Hotels Corporation
Parent Company Only Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand
(Except earnings per share in NT$)

	Item	Note	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue	(6) (j) (s) and (7)	$ 5,775,067	100	$ 4,680,067	100
5000	Operating costs	(6) (f) (n) (x) (y)	(3,738,280)	(65)	(3,276,858)	(70)
5950	Gross profit		2,036,787	35	1,403,209	30
	Operating expenses	(6) (f) (n) (x) (y)				
6100	Selling expense		(34,424)	-	(32,772)	(1)
6200	Administrative expense		(442,456)	(8)	(418,273)	(9)
6000	Total operating expenses		(476,880)	(8)	(451,045)	(10)
6900	Operation profit		1,559,907	27	952,164	20
	Non-operating income and expenses					
7100	Interest income	(6) (d) (t)	24,638	-	10,570	-
7010	Other income	(6) (u)	37,646	1	46,758	1
7020	Other gains and losses	(6) (b) (v)	(21,557)	-	7,521	-
7050	Finance cost	(6) (i) (w)	(49,544)	(1)	(59,529)	(1)
7070	Share of gains(loss) of subsidiaries, associates and joint ventures accounted for using equity method	(6) (g)	180,258	3	152,294	4
7000	Total non-operating income and expenses		171,441	3	157,614	4
7900	**Profit before tax**		1,731,348	30	1,109,778	24
7950	Income tax expense	(6) (z)	(315,793)	(6)	(206,881)	(5)
8200	**Net income**		$ 1,415,555	24	$ 902,897	19
	Other comprehensive income of the current period (net)					
	Items not to be reclassified into profit or loss					
8311	Remeasurement of defined benefit plans	(6) (n)	$ 196	-	$ 17,751	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method - items not to be reclassified into profit or loss		(478)	-	760	-
8349	Income tax relating to items not for reclassifications	(6) (z)	(39)	-	(3,550)	-
8310	Total for the items not to be reclassified into profit or loss		(321)	-	14,961	-
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on the translation of financial statements of foreign operations		(20,926)	-	152,377	4
8360	Total for the items that may be reclassified subsequently to profit or loss		(20,926)	-	152,377	4
8300	**Other comprehensive income of the current period (net)**		($ 21,247)	-	$ 167,338	4
8500	**Total comprehensive income**		$ 1,394,308	24	$ 1,070,235	23
	Earning per share	(6) (aa)				
9750	Basic earnings per share		$ 11.11		$ 7.09	
9850	Diluted earnings per share		$ 11.07		$ 7.07	

Please also refer to the parent company only financial statements notes attached at the end which is part of the parent company only financial report.

Chairman: Steven Pan　　Managerial officer: Wei-Cheng Wu　　Accounting Officer: Chien-Nan Tsao

Formosa International Hotels Corporation
Parent Company Only Statements of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	Note	common stock	Issued at premium	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated earnings	Exchange differences on the translation of financial statements of foreign operations	Total
2022								
Balance as of January 1		$ 1,274,032	$ 222,383	$ 1,274,020	$ 313,338	$ 2,189,341	($ 423,809)	$ 4,849,305
Net income		-	-	-	-	902,897	-	902,897
Other comprehensive income of the current period		-	-	-	-	14,961	152,377	167,338
Total comprehensive income		-	-	-	-	917,858	152,377	1,070,235
Appropriation and distribution of retained earnings of 2021	(6) (r)							
Legal reserve		-	-	12	-	(12)	-	-
Special reserve		-	-	-	110,471	(110,471)	-	-
Cash dividends		-	-	-	-	(1,578,845)	-	(1,578,845)
Balance as of December 31, 2022		$ 1,274,032	$ 222,383	$ 1,274,032	$ 423,809	$ 1,417,871	($ 271,432)	$ 4,340,695
2023								
Balance as of January 1, 2023		$ 1,274,032	$ 222,383	$ 1,274,032	$ 423,809	$ 1,417,871	($ 271,432)	$ 4,340,695
Net income		-	-	-	-	1,415,555	-	1,415,555
Other comprehensive income of the current period		-	-	-	-	(321)	(20,926)	(21,247)
Total comprehensive income		-	-	-	-	1,415,234	(20,926)	1,394,308
Appropriation and distribution of retained earnings of 2022	(6) (r)							
Reversal of special reserve		-	-	-	(152,377)	152,377	-	-
Cash dividends		-	-	-	-	(1,147,559)	-	(1,147,559)
Balance as of December 31, 2023		$ 1,274,032	$ 222,383	$ 1,274,032	$ 271,432	$ 1,837,923	($ 292,358)	$ 4,587,444

Please also refer to the parent company only financial statements notes attached at the end which is part of the parent company only financial report.

Chairman: Steven Pan

Managerial officer: Wei-Cheng Wu

Accounting Officer: Chien-Nan Tsao

Formosa International Hotels Corporation
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	Note	2023	2022
Cash flows from operating activities			
Income before income tax		$ 1,731,348	$ 1,109,778
Adjusted items			
Adjustments to reconcile profit (loss)			
Net gains on financial assets at fair value through profit or loss	(6) (b) (v)	(3,506)	(7,404)
Share of profit or loss of subsidiaries and associates accounted for using equity method	(6) (g)	(180,258)	(152,294)
Depreciation expense	(6) (h) (i) (x)	529,303	533,497
Business facilities transferred to expenses	(6) (h)	22,028	18,436
Property, plant and equipment transferred to expenses	(6) (h)	934	-
Losses from disposal of property, plant and equipment	(6) (v)	773	-
Lease modification losses (gains)	(6) (i) (v)	197	(151)
Transfer of overdue accounts payable to other revenue	(6) (u)	(10,428)	(2,643)
Interest expense	(6) (i) (w)	49,544	59,529
Interest income	(6) (d) (t)	(24,638)	(10,570)
Change in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss (FVTPL)		(440,833)	508,944
Notes receivable		(5,412)	(4,245)
Accounts receivable		(31,498)	(16,649)
Accounts receivable due from related parties		174	(50)
Other receivables due from related parties		(2,014)	(322)
Inventories		8,654	(9,102)
Prepayments		3,695	(16,417)
Changes in operating liabilities			
Contract Liabilities - current		(39,814)	(37,049)
Notes payable		(46,427)	(22,941)
Accounts payable		(26,330)	50,105
Account payables-related parties		1,056	(2,961)
Other payables		211,399	(20,915)
Other account payables-related parties		(2,490)	3,058
Other current liabilities		29,172	475
Contract liabilities - non-current		(1,662)	1,398
Accrued pension liabilities		(5,434)	(9,509)
Other non-current liabilities		(7,912)	(103)
Cash inflows generated from operating activities		1,759,621	1,971,895
Interest received		24,638	10,570
Dividends received		105,987	62,421
Interest paid		(49,544)	(59,529)
Income tax paid		(294,404)	(81,619)
Net cash inflows from operating activities		1,546,298	1,903,738

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Formosa International Hotels Corporation
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	Note	2023	2022
Cash flows from investing activities			
Increase in financial assets at amortized cost - current		($ 1,594,600)	($ 284,212)
Decrease in financial assets at amortized cost – current		1,643,926	228,581
Increase in financial assets at amortized cost – non-current		(1,258)	(12,467)
Decrease in financial assets at amortized cost – non-current		50	770
Proceeds from the capital reduction of investments accounted for using equity method	(6) (g)	-	58,254
Acquisition of property, plant and equipment	(6) (ab)	(166,323)	(113,944)
Disposal of property, plant and equipment		4,000	-
Increase in refundable deposits		(944)	(4,466)
Decrease in refundable deposits		10,510	512
Increase in prepayments for equipment		(1,792)	(2,682)
Net cash outflow from investing activities		(106,431)	(129,654)
Cash flows from financing activities			
Increase in guarantee deposits received	(6) (ac)	6,208	6,705
Decrease in guarantee deposits received	(6) (ac)	(8,481)	(5,073)
Payments of lease liabilities	(6) (ac)	(262,892)	(209,711)
Dividends paid	(6) (r)	(1,147,559)	(1,578,845)
Net cash used in financing activities		(1,412,724)	(1,786,924)
Net increase (decrease) in cash and cash equivalents		27,143	(12,840)
Cash and cash equivalents, beginning of the year		29,895	42,735
Cash and cash equivalents, end of the year		$ 57,038	$ 29,895

Please also refer to the parent company only financial statements notes attached at the end which is part of the parent company only financial report.

Chairman: Steven Pan　　Managerial officer: Wei-Cheng Wu　　Accounting Officer: Chien-Nan Tsao

Formosa International Hotels Corporation

Notes To Parent Company Only Financial Statements

Years Ended December 31, 2023 And 2022

(Expressed in Thousands of New Taiwan Dollars , Unless Otherwise Specified)

(1) Company History

The Formosa International Hotels Corporation (the “Company”) was incorporated as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The principal business of the Company engages in the operation of international tourist hotels. The Group also operates Chinese & Western restaurants, cafes, bars, conference halls, and so forth. The company also provides consulting services for hotel management, consultation and diagnostic analysis for various types of leisure industry facilities.

(2) Approval Date and Procedures of the Financial Statements

This parent company only financial report was approved for release by the Board of Directors on March 11, 2024.

(3) New Standards, Amendments and Interpretations adopted

(a) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRSs”) that came into effect as endorsed by the Financial Supervisory Commission (hereinafter referred to as “FSC”)

New standards, interpretations and amendments endorsed by FSC and became effective from 2023 are listed as follows:

New/revised/amending standards and interpretations	Effective date by International Accounting Standards Board (IASB)
Amendment to IAS 1, “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8, “Definition of Accounting Estimates”	January 1, 2023
Amendment to IAS 12, “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendments to IAS No. 12, “International Tax Reform - pillar 2 template”	May 23, 2023

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(b) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2024 are as follows:

New/revised/amending standards and interpretations	Effective date by International Accounting Standards Board (IASB)
Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendment to IAS 1, "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendment to IAS 1, "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7, "Supplier Financing Arrangements"	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(c) IFRSs issued by the IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New/revised/amending standards and interpretations	Effective date by International Accounting Standards Board (IASB)
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by the International Accounting Standards Board
IFRS 17, "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17, "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17, "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS No. 21, "Lack of convertibility"	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(4) Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Compliance Statement

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers.

(b) Basis of Preparation

1. Except for the following items, the consolidated parent company only financial statements have been prepared under the historical cost convention:
   1) Financial assets at fair value through profit or loss.
   2) Financial assets at fair value through other comprehensive income.
   3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note (5).

(c) Foreign currency translation

Items included in the Company’s parent company only financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan Dollars (NT$), which is the Company’s functional presentation currency.

1. Foreign currency and balances
   1) Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the profit or loss in the period in which they arise.

2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the spot exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the spot exchange rate prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differed are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

4) All other foreign exchange gains and losses based on the nature of those transactions are in the statement of comprehensive income within “other gains and losses”.

2. Translation from foreign operations

The operating results and financial position of all the company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1) Assets and liabilities presented in each balance sheet are translated at the closing rate of the balance sheet date;

2) Income and expenses for each statement of comprehensive income are translated at average exchange rates of the current period; and

3) All resulting exchange differences are recognized in other comprehensive income.

(d) Classification of Current and Non-current Assets and Liabilities

1. Assets that meet one of the following criteria are classified as current assets:

1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

2) Assets held mainly for trading purposes;

3) Assets that are expected to be realized within twelve months from the balance sheet date.

4) Cash or cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

All assets that do not meet the abovementioned criteria will be classified as non-current by the Company.

2. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
    1) Liabilities that are expected to be settled in the normal operating cycle.
    2) Assets held mainly for trading purposes;
    3) Liabilities that are to be settled within twelve months from the balance sheet date;
    4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All liabilities that do not meet the abovementioned criteria will be classified as non-current by the Company.

(e) <u>Financial assets at fair value through profit or loss (FVTPL)</u>

1. Financial assets not measured at amortized cost or at fair value through other comprehensive income.
2. On regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
3. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognized the gain or loss in profit or loss.
4. Dividends income is recognized in profit or loss by the Company, when the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will flow in and the amount of the dividends can be measured reliably.

(f) <u>Financial assets at fair value through profit or loss (FVTOCI)</u>

1. The Company may make an irrevocable choice at the time of initial recognition. The fair value change for investments in equity instruments that are not use for trading shall be listed in other comprehensive income.
2. On regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
3. The Company measures financial assets at fair value plus transaction costs on initial recognition which are subsequently re-measured and stated at fair value. Fair value change for equity instruments shall be recognized in other comprehensive income. During derecognition, the accumulated profit or loss previously recognized under other comprehensive income, subsequently, shall not be re-classified to profit and loss but transferred to retained earnings. Dividends income is recognized in profit or loss by the Company, when the right to receive dividends is established, it is probable that the

economic benefits associated with the dividends will flow in and the amount of the dividends can be measured reliably.

(g) Financial assets at amortized cost

1. Refer to those that also meet the following criteria:
   1) Financial assets held under the operating model whose objective is to collect the contractual cash flows.
   2) The contractual terms of the financial asset generate cash flows at a specific date that are solely for the purpose of paying the principal and the interest on the outstanding principal amount.
2. Trade date accounting is used for financial assets at amortized cost in accordance with trading practice.
3. Financial assets are measured at their fair value plus transaction costs on initial recognition. Interest income and impairment losses are subsequently recognized over the circulation period using the effective interest method in accordance with the amortization procedure, and the gains or losses are recognized in profit or loss when derecognized.
4. The Company holds time deposits that do not meet the definition of cash equivalents. With the short-term nature, the effect of discounting is not significant, so they are measured as an investment.

(h) Accounts and notes receivable

1. Accounts and notes receivable are accounts and notes with unconditional right to receive the consideration for the transfer of goods or services in accordance with contractual agreements.
2. Short-term accounts and notes receivable with unpaid interest are measured at their original invoice amount because the effect of discounting is not significant.

(i) Impairment of Financial Assets

At the end of each balance sheet date, for financial assets at amortized cost, an allowance for losses is provided for at the 12-month expected credit loss amount, taking into account all reasonable and probable information (including forward-looking information) for financial assets whose credit risk has not increased significantly since initial recognition. If the credit risk has increased significantly since initial recognition, the allowance for loss is measured at the expected credit loss over the period of time; for accounts receivable that do not contain significant financial components, the allowance for loss is measured at the expected credit loss over the duration.

(j) De-recognition of financial assets

The Company derecognizes financial assets when meeting one of the following conditions:

1. The contractual right to receive the cash flow from the financial asset has expired.
2. The contractual rights to cash flows from financial assets have been transferred, along with the majority of the risks and rewards that were previously associated with ownership of the financial assets.
3. While there has been a transfer of contractual rights to cash flows generated by financial assets, no retention of control over said assets has occurred.

(k) Lease transactions for the lessors - Operating leases

Rental income from operating lease deducted any incentives given to the lessee was recognized as current profit and loss according to straight line method of amortization over the lease term.

(l) Inventories

Inventories are recorded at cost adopting the perpetual inventory system and the cost structure adopting the moving average method. Inventory at the end of the period is valued based on the lower amount between cost or net realizable value. The item by item approach is employed when evaluating the costs and net realizable value. Net realizable value is the balance of the estimated selling price for the normal business process less the estimated cost of sales to complete the sales.

(m) Investments and subsidiaries adopting the equity method

1. A subsidiary is an entity (including a structured entity) that is controlled by the Company, and the Company controls the entity when the Company is exposed to variable remuneration from its participation in the entity or has rights to such variable remuneration and has the ability to affect such remuneration through its power over the entity.
2. Unrealized gains or losses on transactions between the Company and its subsidiaries have been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company recognizes the share of profit or loss accounted after acquiring a subsidiary under current profit or loss and recognizes the share of other comprehensive income under other comprehensive income. If the share of loss recognized by the Company for the subsidiary is equal to or more than the Company’s equity for the subsidiary, it shall continue to be recognized as loss in proportion of the shares held by the Company.

4. Any changes to shareholding of the subsidiary that does not result in the loss of controlling interests (and the non-controlling interests for transactions) will be treated as an equity transaction and regarded as a transaction with the proprietor. The difference between the amount of the adjustment to the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity.
5. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the association or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

6. According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss during the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

(n) <u>Property, plant and equipment</u>

1. Acquisition cost is the recording basis for property, plant and equipment at the time of acquisition and the related interest is capitalized during the period of purchase and construction.
2. The subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred.
3. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-

line method over their estimated useful lives. If each property, plant and equipment consist of a significant part, it is recognized in depreciation separately.

4. The Company reviews the depreciation methods, useful lives and residual values at the end of each financial year. If the expected values of residual values and useful lives differ from previous estimates, or if there is a significant change in the expected pattern of consumption of future economic benefits embodied in an asset, the change is accounted for in accordance with IAS 8, “Accounting policies, changes in accounting estimates and errors”, from the date of the change. The useful life of each asset item is as follows:

Buildings	2 years ~ 43 years
Computers and communication facilities	2 years ~ 8 years
Transportation equipment	5 years
Office equipment	7 years ~ 15 years
Leasehold improvement	5 years ~ 20 years
Other equipment	2 years ~ 20 years

5. Business facilities are listed as actual cost at the time of acquisition. Of which, uniforms and kitchenware are amortized on average 2~3 years. Remaining business facilities are transferred to expenses when there are actual damages occurred.

(o) Lessee's lease transactions - right-of-use assets/lease liabilities

1. On the days the lease assets are provided for use by the Company, these assets are recognized as the right-of-use assets and lease liabilities. When the lease contracts are short-term leases or leases for which the underlying asset is of low value, the lease payments are recognized as expenses during the lease period using the straight-line method.
2. Lease liabilities are recognized at the lease commencement date by discounting outstanding lease payments at the present value of the Company's incremental borrowing rate, with lease payments consisting of:
   1) Fixed rental payment deducts any rental incentive collectible.
   2) Variable lease payments that depend on a particular index or rate.

   Interest expense is provided for under the amortized cost method over the lease period using the interest method of subsequent adoption. Lease liabilities are reassessed and right-of-use assets are remeasured when there is a change in the lease period or lease payments that is not a contractual modification.
3. Right-of-use assets are recognized at cost at the inception date of the lease and the cost consists of:
   1) The original measurement amount of the lease liability;

2) Any lease payments made on or before the commencement date;

3) The estimated cost of dismantling, removing and restoring the subject asset to its location, or restoring the subject asset to the condition required by the terms and conditions of the lease.

Depreciation expense is provided on the earlier of the expiration of the useful life of the right-of-use asset or the expiration of the lease period, measured subsequently using the cost model. When a lease liability is reassessed, the right-of-use asset is adjusted for any re-measurement of the lease liability.

4. For lease modifications that reduce the scope of a lease, the lessee will reduce the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognize the difference between the reduced carrying amount and the re-measurements of the lease liabilities in the profit or loss.

(p) Intangible assets

The Regent brand trademark and franchise for the Taiwan area are recognized at acquisition cost. As the brand trademark and franchise is regarded as continuing to generate cash inflow in the foreseeable future after evaluation, it is treated with uncertain useful life time, not for amortization and the impairment test is to be applied each year on a regular basis.

(q) Other non-current assets

They refer to office ornaments such as the purchases of works of art covering traditional Chinese paintings, print and antique which are recorded as cost. Normally, they are not accounted in depreciation but the costs are write-off during actual disposal.

(r) Impairment of non-financial assets

1. The Company recognized impairment loss when there is an indication that the recoverable amount of an asset is less than its carrying amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to dispose of. When the circumstance for recognizing impairment loss for an asset in previous year does not exist or reduce, the impairment loss shall be reversed. The increased carrying amount in an asset due to the reversal of impairment loss shall not exceed the carrying amount of the asset after deducting depreciation or amortization if the impairment loss is not recognized.
2. The Group shall assess on a regular basis the recoverable amount of intangible assets with uncertain useful life. When the recoverable amount is lower than the carrying amount of the asset, it shall be recognized as impairment loss.

(s) Accounts and notes payable

1. Accounts and notes payable represent debts incurred for the purchase of raw materials, goods or services on credit and notes payable for operating and non-operating purposes.
2. Short-term accounts and notes payable with unpaid interest are measured at their original invoice amount because the effect of discounting is not significant.

(t) Derecognition of financial liabilities

A financial liability is derecognized when the contract's obligation is either discharged or canceled or expired.

(u) Provisions for liabilities

Decommissioning liabilities which are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. Future operating losses shall not be recognized in provisions.

(v) Employee benefits

1. Short-term employee benefits
   Short-term employee benefits are measured at the non-discounted amount expected to be paid and are recognized as expenses when the related services are rendered.
2. Retirement pension
   1) Defined contribution plan
      For the defined contribution plan, the amount to be contributed to the pension fund is recognized as pension cost on an accrual basis. Pre-paid contributions are recognized as assets to the extent that they are refundable in cash or reduce future payments.
   2) Defined benefit plan
      a. The net obligation under a defined benefit plan is calculated by discounting the amount of future benefits earned by employees for current or past service and subtracting the fair value of plan assets from the present value of the defined benefit obligation as of the end of each balance sheet date. Independent actuaries will calculate the net defined benefit obligation using the projected unit

credit method every year. The discount rate is based on the market yields of the government bonds (at the balance sheet date) which is consistent with the currency and period of the balance sheet date and defined benefit plan.

b. Re-measurement of defined benefit plans is recognized in other comprehensive income during the period in which it occurs, and is presented in retained earnings.

3. Employees' payroll and bonus payable and director remuneration

   Profit sharing remuneration for employees and for directors are recognized as expenses and liabilities when there is a legal or constructive obligation and the amount can be reasonably estimated. If the actual distribution amount differs from the estimated amount in subsequent resolutions, the difference is treated as a change in accounting estimate. The basis for the calculation of shares for the employee remuneration is the closing price of the shares one day before the day of the board resolution.

(w) Income tax

1. Income tax expense is comprised of current and deferred tax. Income taxes are recognized in profit or loss, except for those related to items included in other comprehensive income or directly in equity, which are included in other comprehensive income or directly in equity, respectively.
2. The Company has computed the income tax for the current period complying with tax rates that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and where taxable income has incurred. Management regularly evaluates the status of income tax returns with respect to applicable income tax regulations and, where applicable, estimates the income tax liability based on the expected tax payments to be made to the tax authorities. Additional income tax is levied on undistributed earnings in accordance with the Income Tax Act. Additional income tax expense on undistributed earnings is recognized when the actual distribution of earnings is approved by the shareholders in the year following the year in which the earnings are generated.
3. Deferred income tax is recognized using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts on the parent company only balance sheet. Deferred income tax liabilities generated from the initial recognition of goodwill is not recognized. The same goes to deferred income tax generated from the initial recognition of assets or liabilities in a transaction (excluding amalgamation of companies) and that the accounting profit or taxable income (tax loss) is not influenced at the time of transaction. Deferred income tax is provided on temporary differences incurred from investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Company and it is probable that the temporary difference will not reverse in the

foreseeable future. Deferred income tax is calculated using the tax rates (and tax laws) that are expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled, if enacted or substantively enacted by the end of each balance sheet date.

4. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized, and unrecognized and recognized deferred income tax assets are reassessed at the end of each balance sheet date.
5. Current income tax assets and current income tax liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and there is an intention to settle the assets and settle the liabilities on a net basis or simultaneously. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax assets and liabilities are incurred by the same taxable entity or by different taxable entities that intend to settle or realize the assets and liabilities simultaneously on a net basis.

(x) Capital

Common stock is classified as equity. The incremental costs directly attributable to the issuance of new shares or stock options are recorded as a deduction from equity, net of income tax.

(y) Dividends

Dividends distributed to the Company's shareholders are recognized in the financial statements when the Company's shareholders resolve to distribute the dividends. Cash dividends distributed are recognized as a liability, while stock dividends distributed are recognized as stock dividends to be distributed and transferred to common stock on the base date of issuance of new shares.

(z) Revenue

1. The Company mainly provides food and beverage services, guest accommodation, brand licensing, and related services. The excess of service rendered over receivables from customers is presented as a contract asset; oppositely, the excess of receivables from customers over service rendered is presented as a contract liability.
   1) The food and beverage service is recognized at the point of time when the product is sold to the customer. The transaction price of the sale of goods is collected immediately from customer at the point of time when the customer purchases products.

2) Revenue is recognized for guest accommodation when service is provided to customers within the reporting period. Customers make payments based on agreed schedule.

3) The brand licensing refers to the signing of contract between the Company and customer for the transfer of the Company's brand to the customer for usage. Since licensing can be differentiated, the licensing revenue is determined based on its nature for recognition during the licensing period. The calculation of the variable authorization revenue is based on a certain percentage of the customer's turnover and is subsequently recognized in revenue when sales occurred.

2. Financial components

On the contract signed by the Company and the customer, the time interval between the time the products or services are promised to be transferred to the customer and the customer payment time period has not exceed more than one year. Therefore, the Company has not adjusted transaction price to reflect the time value of money.

(aa) <u>Government grants</u>

Government grants are not recognized at fair value until there is reasonable assurance that the company will comply with conditions attaching to them and that the subsidies will be received. If the nature of the government grants is to compensate the expenses incurred by the Company, such grants shall be recognized as the current profit or loss on a systematic basis during the period in which relevant expenses are incurred.

(5) <u>Significant Accounting Judgments and Key Sources of Estimation Uncertainty</u>

The management has already exercised its judgments in deciding the accounting policy for adoption when the Company prepares this parent company only financial report. Accounting estimations and assumptions are also made for reasonable expectations of future events based on the situation at the time of the balance sheet date. They might be differences between the significant accounting estimations and assumptions made and the actual outcomes. Assessments and adjustments will be made constantly taking into account the historical experiences and other factors. These estimations and assumptions possess risk of resulting in material adjustments to the carrying amount of assets and liabilities in the next fiscal year. Please refer to the explanation below on the uncertainties to critical accounting judgments and significant estimates and assumptions:

1. <u>Significant judgments in the adoption of accounting policies</u>

None of such situations.

2. <u>Significant accounting estimates and assumptions</u>

1) Assessment of impairment of tangible and intangible assets (other than goodwill)

In the asset impairment assessment process, the Company relies on subjective judgment and relies on asset use patterns and industry characteristics to determine the individual cash flows, asset useful lives, and potential future revenues and expenses for specific groups of assets. Any change in estimates due to changes in economic conditions or in the Company's strategy could result in a material impairment in the future.

2) Calculation of net defined benefit liabilities

To calculate the present value of the defined benefit obligations, the Company must use judgment and estimates to determine the relevant actuarial assumptions as of the end of the reporting period, including discount rates and future salary growth rates. Any changes in actuarial assumptions could materially affect the amount of the Company's net defined benefit liabilities obligation. As of December 31, 2023, the carrying amount of the Company's net defined benefit liabilities were NT$53,129.

(6) Note to Significant Accounting Items

(a) Cash

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 13,090	$ 10,286
Checking accounts	13,228	13,213
Demand deposit	30,720	6,396
Total	$ 57,038	$ 29,895

1. The Company maintains good credit with various financial institutions to divert credit risks. There are low expectations for the likelihood of contract breaches.
2. The bank deposit that the Company has to deposit into the performance guarantee trust account due to the standard contracts for gift certificates as of December 31, 2023 and 2022 are NT$106,565 and NT$157,734, recorded under "Financial assets at amortized cost - current". Please refer to Note (6) (d) and Note (8) for the details.
3. As of December 31, 2023 and 2022, the Company held time deposits that are maturing at more than three months at NT$60,192 and NT$58,349, recorded under "Financial assets at amortized cost - current". Please refer to Note (6) (d) for details.
4. As of December 31, 2023 and 2022, the Group held certificates of deposit - restricted at NT$55,742 and NT$54,534, recorded in "Financial assets at amortized cost - non-current". Please refer to Note (6) (d) and Note (8) for details.

(b) Financial asset measured at fair value through profit or loss - Current

Item	December 31, 2023	December 31, 2022
Current item:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 2,488,584	$ 2,039,226
Valuation adjustment	9,132	14,151
Total	$ 2,497,716	$ 2,053,377

1. Financial assets measured at fair value through (loss) profit recognized in profit or loss, their statements are as follows:

Item	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 3,506	$ 7,404

2. Credit risk information relating to financial assets at fair value through profit or loss (FVTPL). Please refer to Note (12) (b).

(c) Financial assets measured at fair value through other comprehensive income - Non-current

Item	December 31, 2023	December 31, 2022
Noncurrent item:		
Equity instruments		
Private company stock	$ 500	$ 500

1. The Company chooses to classify strategic investments as financial assets at fair value through profit or loss. The fair values of these investments as of December 31, 2023 and 2022 are NT$500 for both years.
2. The Company's maximum exposure to credit risk for financial assets at fair value through other comprehensive income, before consideration of associated collateral held or other credit enhancements as of December 31, 2023 and 2022 are NT$500 for both years.

(d) Financial assets at amortized cost

Item	December 31, 2023	December 31, 2022
Current item:		
Restricted bank deposit - trust gift certificate	$ 106,565	$ 157,734
Time deposits maturing in more than three months	60,192	58,349
Total	$ 166,757	$ 216,083
Noncurrent item:		
Pledged time certificate of deposit	$ 55,742	$ 54,534

1. Financial assets at amortized cost recognized in profit or loss, their statements are as follows:

	2023	2022
Interest income	$ 7,333	$ 343

2. The Company's maximum exposure to credit risk for financial assets at amortized costs, before consideration of associated collateral held or other credit enhancements was NT$222,499 and NT$270,617 as of December 31, 2023 and 2022, respectively.
3. There have been no arrangements of the Company's financial assets at amortized cost pledged to others as collateral, please refer to Note (8).
4. Credit risk information relating to financial assets at amortized cost. Please refer to Note (12) (b). The trading counterparts of the Company's investment on the certificates of deposit are financial institutions of excellent credit. The expected possibility of occurrence of violation is fairly low.

(e) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 14,533	$ 9,121
Accounts receivable	$ 192,260	$ 160,762
Less: Loss allowance	(1,186)	(1,186)
	$ 191,074	$ 159,576

1. Aging analysis of accounts receivables and notes receivables is stated below:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 192,260	$ 14,533	$ 160,762	$ 9,121

The number of overdue days forms the basis of the aging analysis for the above.

2. As of December 31, 2023 and 2022, and January 1, 2022, the balance for the receivables (including notes receivable) for the contracts between the Company and

customers are NT$206,793, NT$169,883, and NT$148,989, respectively.

3. The guarantee deposits for the accounts receivable that the Company held as of December 31, 2023 and 2022 are NT$167,261 and NT$169,534 respectively, recorded in “Other non-current liabilities”.
4. Without considering the collateral or other credit enhancements held, the maximum amount of exposure that best represents the credit risk of the notes receivable of the Company as of December 31, 2023 and 2022 was $14,533 and NT$9,121, respectively; the accounts receivable of the Company as of December 31, 2023 and 2022 with the maximum credit risk exposure amounted to NT$191,074 and NT$159,576, respectively.
5. Please refer to Note (12) (b) for the related credit risk information of the notes and accounts receivable.

(f) Inventories

	December 31, 2023	December 31, 2022
Food products	$ 15,082	$ 24,857
Beverages (including alcohol drinks)	7,673	6,552
	$ 22,755	$ 31,409

The cost of inventories recognized in operating costs and operating expenses for 2023 and 2022 are NT$1,113,503 and NT$990,606, respectively.

(g) Investments accounted for using equity method

1. Statements of investments in subsidiaries are as below:

	December 31, 2023	December 31, 2022
GRAND FORMOSA TAROKO HOTEL CORPORATION (Grand Formosa Taroko)	$ 377,511	$ 371,935
SILKS PALACE AT NATIONAL PALACE MUSEUM CORPORATION (Silks Palace At National Palace Museum)	151,374	154,506
Silks International Investment Inc. (Silks)	309,397	296,004
Regent Apartment Building Management and Maintenance Co., Ltd. (Regent Apartment Building)	70,570	53,440
Silks Global Holding, Limited (Silks Global)	1,684,494	1,664,594
	$ 2,593,346	$ 2,540,479

2. For subsidiaries accounted for using the equity method in 2023 and 2022, the share of profit (loss) recognized in the financial statements audited and verified by the CPAs

during the same period are as below:

Investee	2023		2022	
Grand Formosa Taroko		98,924	$	102,401
Silks Palace At National Palace Museum Corp.	(	3,132)	(	14,356)
Silks		33,477		40,283
Regent Apartment Building		30,247		29,149
Silks Global		20,742	(	5,183)
	$	180,258	$	152,294

3. For information on the Company’s subsidiaries, please refer to the Company’s 2022 Consolidated Financial Statements, Note (4) (c).
4. Silks Global has in December 2022 proceeded with cash capital reduction of US$1,900 thousand, a total of NT$58,254 capital stock returned. Related capital reduction procedures have been completed on December 23, 2022.
5. Silks A/S, a subsidiary of Silks Global, was approved for dissolution by the board of directors on October 17, 2022. The record date for dissolution was October 31, 2022, which was written off on June 12, 2023. Liquidation was completed on August 7, 2023.
6: Silks Denmark (BVI) Limited has in October 2022 proceeded with cash capital reduction of US$1,502 thousand. Related capital reduction procedures have been completed on November 14, 2022. In addition, Silks Denmark (BVI) Limited was dissolved by the directors' declaration on August 31, 2023, and the liquidation was completed on September 15, 2023.
7. The investment income of Silks A/S, a subsidiary of Silks Global in 2022, was estimated based on the financial statements audited by other independent auditors.

(h) Property, plant and equipment

	Land	Buildings	Computers and communication facilities	Transportation equipment	Office equipment	Business facilities	Leasehold improvement	Others	Uncompleted engineering and equipment to be inspected	Total
January 1, 2023										
Cost	$ 127,057	NT$1,923,843	$ 27,050	$ 12,434	$ 21,832	$ 147,997	$ 453,639	$ 820,373	$ 11,422	$ 3,545,647
Accumulated depreciation	-	(1,316,513)	(12,195)	(7,794)	(13,473)	-	(202,440)	(517,154)	-	(2,069,569)
	$ 127,057	$ 607,330	$ 14,855	$ 4,640	$ 8,359	$ 147,997	$ 251,199	$ 303,219	$ 11,422	$ 1,476,078
2023										
January 1	$ 127,057	$ 607,330	$ 14,855	$ 4,640	$ 8,359	$ 147,997	$ 251,199	$ 303,219	$ 11,422	$ 1,476,078
Additions	-	35,809	6,485	-	-	17,935	115	59,258	40,474	160,076
Disposal	-	(454)	(294)	-	-	-	(3,237)	(788)	-	(4,773)
Re-classification	-	17,500	114	-	142	2,243	400	22,153	(40,309)	2,243
Depreciation expense	-	(108,050)	(6,182)	(1,980)	(1,346)	-	(26,273)	(93,538)	-	(237,369)
Reclassified to expenses	-	-	-	-	-	-	-	-	(934)	(934)
Business facilities transferred to expenses	-	-	-	-	-	(22,028)	-	-	-	(22,028)
December 31	$ 127,057	$ 552,135	$ 14,978	$ 2,660	$ 7,155	$ 146,147	$ 222,204	$ 290,304	$ 10,653	$ 1,373,293
December 31, 2023										
Cost	$ 127,057	$ 1,781,068	$ 28,072	$ 5,724	$ 17,714	$ 146,147	$ 437,859	$ 644,735	$ 10,653	$ 3,199,029
Accumulated depreciation	-	(1,228,933)	(13,094)	(3,064)	(10,559)	-	(215,655)	(354,431)	-	(1,825,736)
	$ 127,057	$ 552,135	$ 14,978	$ 2,660	$ 7,155	$ 146,147	$ 222,204	$ 290,304	$ 10,653	$ 1,373,293

	Land	Buildings	Computers and communication facilities	Transportation equipment	Office equipment	Business facilities	Leasehold improvement	Others	Uncompleted engineering and equipment to be inspected	Total
January 1, 2022										
Cost	$ 127,057	$ 1,956,325	$ 27,091	$ 13,630	$ 25,933	$ 141,061	$ 455,304	$ 1,040,225	$ 6,900	$ 3,793,526
Accumulated depreciation	-	(1,290,317)	(16,287)	(6,784)	(15,632)	-	(177,903)	(658,668)	-	(2,165,591)
	$ 127,057	$ 666,008	$ 10,804	$ 6,846	$ 10,301	$ 141,061	$ 277,401	$ 381,557	$ 6,900	$ 1,627,935
2022										
January 1	$ 127,057	$ 666,008	$ 10,804	$ 6,846	$ 10,301	$ 141,061	$ 277,401	$ 381,557	$ 6,900	$ 1,627,935
Additions	-	40,971	8,170	-	-	22,279	285	42,340	18,494	132,539
Re-classification	-	12,088	1,367	-	-	3,093	-	517	(13,972)	3,093
Depreciation expense	-	(111,737)	(5,486)	(2,206)	(1,942)	-	(26,487)	(121,195)	-	(269,053)
Business facilities transferred to expenses	-	-	-	-	-	(18,436)	-	-	-	(18,436)
December 31	$ 127,057	$ 607,330	$ 14,855	$ 4,640	$ 8,359	$ 147,997	$ 251,199	$ 303,219	$ 11,422	$ 1,476,078
December 31, 2022										
Cost	$ 127,057	$ 1,923,843	$ 27,050	$ 12,434	$ 21,832	$ 147,997	$ 453,639	$ 820,373	$ 11,422	$ 3,545,647
Accumulated depreciation	-	(1,316,513)	(12,195)	(7,794)	(13,473)	-	(202,440)	(517,154)	-	(2,069,569)
	$ 127,057	$ 607,330	$ 14,855	$ 4,640	$ 8,359	$ 147,997	$ 251,199	$ 303,219	$ 11,422	$ 1,476,078

1. The Company is not in the circumstance of capitalizing on interest from property, plant and equipment for the years 2023 and 2022.
2. For the depreciation and useful life of the Company’s Property, plant and equipment, please refer to explanation in Note (4) (n).

(i) Lease transactions - Lessee

1. Underlying assets of lease by the Company include buildings and operation venue. The lease period is from 1984 to 2035. All lease contracts are negotiated separately and include various terms and conditions. The information of the carrying value of the Company's right-of-use assets and the depreciation expenses recognized are as follows:

	December 31, 2023	December 31, 2022
	Book value	Book value
Land	$ 831,015	$ 911,142
Building	1,867,298	2,019,997
Total	$ 2,698,313	$ 2,931,139

	2023	2022
	Depreciation expense	Depreciation expense
Land	$ 80,127	$ 63,798
Building	211,807	200,646
Total	$ 291,934	$ 264,444

2. The Company has signed the contract on establishing the rights of superficies with the Taipei City government in 1976. The retaining period is counted starting from the date of completion (1984) for the registration of the rights of superficies, for a period of 25 years, and extended further for another 25 year for a total of no more than 50 years. During the contract period, the Company shall pay rent to the Taipei City government each year according to a certain percentage of the announced land price. If the agreed rent price is insufficient to cover the land value tax payments to the Taipei City government, adjustments shall be made according to the actual land value tax amount paid each year. When the term expires, the Company shall not arbitrarily dismantle the fixed equipment attached to the building, and shall transfer both the building and the fixed equipment back to the Taipei City government unconditionally.
3. The added right-of-use assets for the Company in 2023 and 2022 are NT$93,204 and NT$59,536.
4. Information on profit and loss item relating to the lease contract is as follows:

	2023	2022
Items with influence to profit and loss for the current period		
Interest expense on lease liabilities	$ 47,954	$ 58,211
Expense on short-term lease contracts	3,837	3,559
Expenses of low value leased assets	-	300
Variable lease payments	43,550	20,064
Lease modification losses (gains)	197	(151)

5. The lease cash outflow for the Company in 2023 and 2022 are NT$358,233 and NT$291,845.
6. Impact of change of lease payment to lease liabilities. Please refer to Note (9) (b) 3.
7. The Company adopts the practical expedient of the COVID-19-Related Rent Concessions. The profits of NT$0 and NT$31,098 from lease payment changes generated by rent concessions in 2023 and 2022, respectively, are recognized in the deduction of depreciation expense for right-of-use assets.

(j) Lease transactions - Lessor

1. The Company leases various assets including underground stores and parking lots. Rental contracts are typically made for periods of 2019 to 2028. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
2. The profits recognized by the Company based on the operating lease contracts in 2023 and 2022 are as follows:

	2023	2022
Rental income	$ 235,976	$ 222,228
Rent revenue recognized as variable lease payments	$ 382,966	$ 323,555

3. Analysis on the expiration dates of the lease payments for the operating leases are as follows:

	December 31, 2023	December 31, 2022
Not later than 1 year	$ 269,582	$ 216,735
More than 1 year but less than 2 years	174,079	149,324
More than 2 years but less than 3 years	119,064	81,571
More than 3 years but less than 4 years	94,023	40,447
More than 4 years but less than 5 years	46,856	24,480
More than 5 years	-	8,788
	$ 703,604	$ 521,345

(k) Intangible assets

	Trademark, franchise and brand management rights	
	2023	2022
	Cost	Cost
January 1 and December 31	$ 20,923	$ 20,923

The Company has acquired the Regent trademark and franchise in Taiwan Region in June 2018. Its scope of use is as follows:

1. The Company owns the perpetual license for Regent in Taiwan region and it is allowed to expand marketing activities for Regent Taiwan overseas. IHG is also allowed to

promote Regent business in Taiwan.

2. The Company is not permitted to use the Regent trademark in its overseas marketing, nor for use or licensing of the trademark.
3. The Company can only use Regent Taipei trademark in related retail marketing channel in Taiwan and overseas.
4. For the name of the Regent domain name, the Company is limited to using only Regent Taiwan.com, Regent Taipei.com or Regentxxxx.com.tw.
5. If the Company has new Regent Hotel establishments in the future, it shall follow the brand standard established by IHG in addition to that of Regent Taipei.

(l) Other payables

	December 31, 2023	December 31, 2022
Collection payable (Note)	$ 367,280	$ 192,285
Salary and wages payable	308,051	272,625
Sales tax payable	43,294	30,364
Equipment payable	28,295	34,542
Insurance expenses payable	22,396	76,640
Property tax payable	16,838	16,978
Advertisement expense payable	13,865	11,439
Utilities expense payable	9,450	8,350
Retirement pension payable	9,244	27,743
Others	187,379	140,402
	$ 1,006,092	$ 811,368

Note: Mainly refers to the collections that need to be paid after opening the invoice on behalf of the tenants of the shopping mall and adjusting the commission amount.

(m) Lease liabilities

Item	December 31, 2023	December 31, 2022
Lease liabilities - current	$ 251,011	$ 255,366
Lease liabilities - non-current	$ 2,542,776	$ 2,742,009

Total amount for the interest expense and cash outflow for the current period, please refer to Note (6) (i).

(n) Retirement pension

1. In accordance with the Labor Standards Act, the Company have a defined benefit retirement plan that applies to all regular employees' years of service prior to the implementation of the Labor Standards Act on July 1, 2005, and to employees who elect to continue to be subject to the Labor Standards Act after the implementation of the Labor Standards Act for subsequent years of service. For employees who meet the

retirement criteria, pension payments are calculated based on the years of service and the average salary for the six months prior to retirement, with two bases for each year of service up to and including 15 years and one base for each year of service in excess of 15 years, subject to a maximum accumulation limit of 45 bases. The Company deposit a monthly pension fund of 2% of salaries and wages to a dedicated account in the Bank of Taiwan in the name of the Supervisory Committee of Labor Retirement Reserve. Before the end of each year, the Company estimate the balance in the dedicated account of the Labor Retirement Reserve. If the balance is not sufficient to pay the aforementioned amount of pension benefits to employees eligible for retirement in the following year, the Company will make a lump-sum appropriation for the difference by the end of March of the following year.

2. Amounts recognized in the balance sheet are as follows:

	December 31, 2023		December 31, 2022	
Present value of defined benefit obligation	($	139,550)	($	141,295)
Fair value of plan assets		86,421		82,536
Net defined benefit liabilities	($	53,129)	($	58,759)

3. Changes in the net defined benefit liabilities are as follows:

2023	Present value of definedbenefit obligation		Fair value of plan assets		Net defined benefit liabilities	
Balance as of January 1	($	141,295)	$	82,536	($	58,759)
Service cost for the current period	(	2,642)		-	(	2,642)
Interest (expenses) revenues	(	1,837)		1,073	(	764)
	(	145,774)		83,609	(	62,165)
Re-measurements:						
Impacts from change in financial assumptions	(	1,003)		-	(	1,003)
Experience adjustments		781		418		1,199
	(	222)		418		196
Allocate pensions		-		8,840		8,840
Retirement pension payable		6,446	(	6,446)		-
Balance as of December 31	($	139,550)	$	86,421	($	53,129)

2022	Present value of definedbenefit obligation	Fair value of plan assets	Net defined benefit liabilities
Balance as of January 1	($ 169,434)	$ 83,415	($ 86,019)
Service cost for the current period	(2,496)	-	(2,496)
Interest (expenses) revenues	(1,186)	584	(602)
	(173,116)	83,999	(89,117)
Re-measurements:			
Impacts from change in financial assumptions	6,611	-	6,611
Experience adjustments	4,088	7,052	11,140
	10,699	7,052	17,751
Allocate pensions	-	12,607	12,607
Retirement pension payable	21,122	(21,122)	-
Balance as of December 31	($ 141,295)	$ 82,536	($ 58,759)

4. The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with Article 6 of the "Regulations for Revenues, Expenditures, Safeguarding and Utilization of the Labor Retirement Fund" (i.e. Deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate and its securitization products, and so forth) within the proportion and amount scope of the items established in the annual investment and utilization plan for the fund. Related operations are monitored and supervised by the Labor Pension Fund Supervisory Committee. The minimum annual earnings to be distributed from the fund shall not be less than the earnings calculated based on the two-year time deposit rate of the local bank. If there is any deficiency, the national treasury shall make up the deficiency after approval by the competent authority. The Company has no right to participate in managing and operating the fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 Paragraph 142. The composition of fair value of the fund's total assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

5. Summary of the principal actuarial assumptions used is as follows:

	2023	2022
Discounted rate	1.20%	1.30%
Increase rate of future salaries	3.00%	3.00%

Estimations for the assumptions of future mortality rates for the years ended December 31, 2023 and 2022 were based on the sixth empirical life tables of the preset Taiwan life insurance industry.

The present value of defined benefit obligation is impacted by the change in the main actuarial assumption adopted. Its analysis is as follows:

	Discounted rate		Increase rate of future salaries	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2023				
Effects of present value of defined benefit obligation	($ 9,941)	$ 10,257	$ 8,826	($ 8,612)

	Discounted rate		Increase rate of future salaries	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2022				
Effects of present value of defined benefit obligation	($ 10,425)	$ 10,768	$ 9,268	($ 9,032)

The above sensitivity analysis is performed to analyze the impacts brought about by the change of only one assumption under the situation that other assumptions remain unchanged. In practice, many changes in assumptions are very likely to be correlated. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

6. Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amounts to NT$3,406.

7. As of December 31, 2023, the weighted average duration of the retirement plan is 8 years. Analysis of maturity of pension payment as follows:

In the coming 1 year	$ 25,999
In the coming 2 year	9,172
In the coming 3 year	9,840
In the coming 4 year	10,468
In the coming 5 year	8,443
In the coming 6~10 years	42,227
	$ 106,149

8. Effective July 1, 2005, the Company have a defined contribution pension plan under the Labor Pension Act, which is applicable to the Company's domestic employees. The Company make monthly contributions of 6% of salary to the employees' personal accounts at the Bureau of Labor Insurance for the employees who choose to be subject to the labor pension scheme under the Labor Pension Act. The employees' pensions are paid in the form of monthly pensions or lump-sum pensions depending on the amount of the employees' individual pension accounts and accumulated earnings.
9. The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were NT$54,171 and NT$46,510.

(o) Other non-current liabilities

	December 31, 2023		December 31, 2022	
Net defined benefit liabilities	$	53,129	$	58,759
Guarantee deposits received		167,261		169,534
Tax payable		23,662		95,707
Decommissioning costs		24,538		32,450
	$	268,590	$	356,450

1. Details of the net defined benefit liabilities, please refer to Note (6) (n).
2. The guarantee deposits is mainly the collection of lease deposit of the shopping street tenants and the membership storage amount.
3. Tax payables are that the National Taxation Bureau, Ministry of Finance supporting taxpayer from the impacts of the COVID-19 pandemic, providing payment installments for those maturing in more than one year of the 2020 and 2021 profit-seeking enterprise income tax, 2021 business tax, and the 2021 and 2022 house tax.
4. According to the announced policy and suitable contract or regulations requirements, the Company has obligations for some of the Property, plant and equipment in their dismantling, removal or restoring the location. Thus, the costs for their dismantling, removal or restoring the location are recognized in the provisions for liabilities (decommissioning liabilities).

   Changes to decommissioning costs:

	Decommissioning costs			
	2023		2022	
Balance as of January 1	$	32,450	$	32,450
Amount actually paid in the current period	(	639)		-
Reclassified to other income in current period	(	7,273)		-
Balance as of December 31	$	24,538	$	32,450

(p) Capital

1. As of December 31, 2023, the Company's authorized capital is NT$5,000,000 for 500,000 thousands of shares. The face value is NT$10 and it can be issued by installments.
2. Adjustments to the number of the Company's outstanding common stock are as follows:

	2023	2022
January 1 and December 31	127,403 thousand shares	127,403 thousand shares

(q) Capital surplus

Pursuant to the Company Act, capital surplus arising from the income derived from the issuance of new shares at a premium and the income from endowments received by the company can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. In addition, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. The company shall not use the capital reserve to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

(r) Retained earnings

1. Each quarter when there are earnings after settlement, the following shall be observed for the appropriation of earnings. The estimation shall first be made and preserve the amount for tax payable, set aside for covering accumulated losses, and estimate the amount for employee and director remuneration, followed by allocating 10% as legal reserve. However, when legal reserve has accumulated to reach the amount of the paid-in capital, it is excluded, and shall allocate or reverse special reserve according to the laws or regulations of competent authority. If there are earnings remaining, the remainder and the earnings from the previous quarter shall become the undistributed amount as shareholders' dividend. The Board will prepare the proposal for earnings distribution. When it is to be distributed in the form of new shares, the matter shall be resolved by the shareholders' meeting. When distributing in the form of cash, the distribution is to be determined by the Board meeting resolution.

   If there is earnings for the annual settlement, they have to be allocated for tax payments and make up for the losses from past years. The remainder to be appropriated as follows:

   1) Allocate 10% as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply.
   2) When necessary, allocate or reversal of special reserve according to the laws and

regulations.

If there are earnings, its balance plus the accumulated undistributed earnings from the previous quarter shall be proposed by the Board for its appropriation. When the distribution is in issuance of new shares, the proposal shall be resolved by the shareholders' meeting on the distribution. When distribution is in the form of cash, it must be resolved in a board meeting with more than two-thirds of the board present, voted in favor by more than half of attending directors, and reported in the upcoming shareholders' meeting.

In accordance with Article 241 of the Company Act, the Company shall allocate in whole or in parts the legal reserve and capital surplus according to the original shareholders proportion and when distributing new shares or cash, it shall proceed according to the preceding method resolved for distribution.

2. The Company's lifecycle is in a stable growth stage and will observe the changes to the internal and external environment in seek of sustainable operation and long term development. It will consider the company's future capital expense budget and need while sustaining the stability of dividends distribution. During each quarter and every year when the Company distributes its cash dividends, it allocates more than 50% of the accumulated distributable earnings as shareholders bonus. Of which cash dividends must not be lower than 10% of the shareholders bonus.
3. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
4. The 2021 dividends of NT$1,578,845 were distributed in cash by the Board of Directors on March 23, 2022 and resolved by the shareholders' meeting on June 14, 2022 as follows:

	2021	
	Amount	Dividend per share(NT$)
Legal reserve	$ 12	
Allocated special reserve	110,471	
Cash dividends	1,578,845	$ 12.3925
Total	$ 1,689,328	

5. The 2022 dividends of NT$1,147,559 were distributed in cash by the Board of Directors' resolution on March 20, 2023. The 2022 earnings distribution proposal on June 15, 2023 was also approved as follows:

	2022	
	Amount	Dividend per share(NT$)
Reversal of special reserves	($ 152,377)	
Cash dividends	1,147,559	$ 9.0073
Total	$ 995,182	

6. The 2023 dividends of NT$1,450,116 were distributed in cash by the Board of Directors' resolution on March 11, 2024. The 2023 earnings distribution proposal was also approved as follows:

	2023	
	Amount	Dividend per share(NT$)
Allocated special reserve	$ 20,926	
Cash dividends	1,450,116	$ 11.3821
Total	$ 1,471,042	

The aforesaid 2023 Appropriation of Earnings has not yet been resolved by the shareholders' meeting as of March 11, 2024.

(s) Operating revenue

	2023	2022
Revenue from contracts with customers		
Food and beverage service revenue	$ 2,983,013	$ 2,584,768
Room service revenue	1,968,216	1,365,798
Technical service revenue	80,291	73,638
Other service revenue	124,605	110,080
Subtotal	5,156,125	4,134,284
Lease revenue	618,942	545,783
Total	$ 5,775,067	$ 4,680,067

1. Revenue from contracts with customers

The Company's revenue is derived from the provision of products and services which are gradually transferred as time passes and at a certain point in time. The revenue can be sub-divided into the following major product lines and geographical regions:

2023	Taiwan				
	Food and beverage service	Room-service	Technical service	Other service	Total
Revenue from contracts with customers	$ 2,983,013	$ 1,968,216	$ 80,291	$ 124,605	$ 5,156,125

2022	Taiwan				
	Food and beverage service	Room-service	Technical service	Other service	Total
Revenue from contracts with customers	$ 2,584,768	$ 1,365,798	$ 73,638	$ 110,080	$ 4,134,284

2. Contract assets and contract liabilities

The Company does not have related contract assets recognized as customer contract revenue. The Company recognized the contract liabilities as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities:			
Contract liabilities - Advance receipts - Current	$ 505,923	$ 545,737	$ 582,786
Contract liabilities - Advance receipts - Non-Current	8,229	9,891	8,493
Total	$ 514,152	$ 555,628	$ 591,279

Contract liabilities at beginning period recognized as revenue in current period

	2023	2022
Contract liabilities balance at beginning of period recognized as revenue in current period		
Advance receipts - Current	$ 336,566	$ 358,351

(t) Interest income

	2023	2022
Other interest income	$ 12,693	$ 9,348
Income of interest from financial assets measured at amortized cost	7,333	343
Interest from cash in the bank	4,612	879
Total	$ 24,638	$ 10,570

(u) Other non-interest income

	2023		2022	
Government grants revenue	$	10,798	$	10,159
Transfer of overdue accounts payable to other revenue		10,428		2,643
Others		16,420		33,956
Total	$	37,646	$	46,758

To assist the Tourist Hotel affected by the COVID-19 pandemic, the Tourism Bureau, MOTC and the Department of Commerce, MOEA provides the necessary working liabilities, employee salary and wages grant, and wedding catering subsidies. The Company has in 2023 and 2022 recognized related government grant revenue at NT$0 and NT$7,366, respectively.

(v) Other gains and losses

	2023		2022	
Compensation for losses	($	24,000)	$	-
Net gain on financial assets at fair value through profit or loss		3,506		7,404
Losses from disposal of property, plant and equipment	(	773)		-
Gain (loss) on lease modification	(	197)		151
Foreign currency exchange gain (loss), net	(	66)		96
Miscellaneous expenditure	(	27)	(	130)
Total	($	21,557)	$	7,521

(w) Finance cost

	2023		2022	
Interest expense:				
Lease liabilities	$	47,954	$	58,211
Others		1,590		1,318
	$	49,544	$	59,529

(x) Additional information other than expenses by nature

	2023					
	Cost		Expenses		Total	
Employee benefit expense	$	1,257,549	$	205,962	$	1,463,511
Depreciation expense of property, plant and equipment		237,369		-		237,369
Depreciation expense of right-of-use assets		291,934		-		291,934
	$	1,786,852	$	205,962	$	1,992,814

	2022		
	Cost	Expenses	Total
Employee benefit expense	$ 1,071,468	$ 215,750	$ 1,287,218
Depreciation expense of property, plant and equipment	267,845	1,208	269,053
Depreciation expense of right-of-use assets	264,444	-	264,444
	$ 1,603,757	$ 216,958	$ 1,820,715

(y) Employee benefit expense

	2023		
	Cost	Expenses	Total
Wages and salaries	$ 1,056,512	$ 168,463	$ 1,224,975
Labor and health insurance fees	106,163	14,991	121,154
Pension costs	50,110	7,467	57,577
Other personnel expenses	44,764	15,041	59,805
	$ 1,257,549	$ 205,962	$ 1,463,511

	2022		
	Cost	Expenses	Total
Wages and salaries	$ 900,715	$ 179,856	$ 1,080,571
Labor and health insurance fees	92,365	15,254	107,619
Pension costs	41,385	8,223	49,608
Other personnel expenses	37,003	12,417	49,420
	$ 1,071,468	$ 215,750	$ 1,287,218

1. According to the Company’s Articles of Association, the Company shall appropriate 5% as profit sharing remuneration for employees and no more than 0.5% as profit sharing remuneration for directors of the remainder of the profit for the year, if any, after deducting the accumulated losses from the profit for the current year.
2. The estimated amounts for the Company’s employee remuneration in 2023 and 2022 are NT$91,606 and NT$58,718, respectively. The estimated amounts for directors are NT$9,161 and NT$5,872. The aforementioned amounts are accounted under the wages and salaries title.

   The estimation uses 5% and 0.5% based on the profits situation for the year 2023. The Board has resolved for the actual distribution to be NT$91,606 and NT$9,161, of which the employee remuneration is to be distributed in the form of cash.

   The 2022 employee, and director remuneration resolved by the Board of Directors is consistent with the amounts recognized in the 2022 financial statements. The aforementioned employee, and director and supervisor remuneration is distributed in the form of cash. As of December 31, 2023, the 2022 employee remuneration is not yet distributed.

Related information on the employee and director remuneration passed by the Company's Board of Directors can be obtained from the MOPS website.

(z) Income tax

1. Income tax expense

1) Components of income tax expense:

	2023		2022	
Income tax for current period:				
Income tax generated for the current period	$	322,551	$	185,591
Surtax on undistributed retained earnings		-		21,134
Overestimation of income tax for previous years	(	2,994)	(	1,052)
Total income tax for current period		319,557		205,673
Deferred tax:				
Origin and reversal of temporary differences	(	3,764)		1,208
Income tax expense	$	315,793	$	206,881

2) Income tax amount related to other comprehensive income:

	2023		2022	
Re-measurement of defined benefit obligation	($	39)	($	3,550)

2. Reconciliation between income tax expense and accounting profit

	2023		2022	
Income tax calculated based on profit before tax and statutory tax rate	$	346,270	$	221,956
Income tax effects of adjusted items under taxation laws	(	27,483)	(	35,157)
Overestimation of income tax for previous years	(	2,994)	(	1,052)
Surtax on undistributed retained earnings		-		21,134
Income tax expense	$	315,793	$	206,881

3. Various deferred tax assets or liabilities amount generated from temporary differences are as follows:

	2023				
	January 1	Included in profit or loss	Recognized to other comprehensive income	Re-classification	December 31
Deferred tax assets:					
-Temporary differences:					
Deferred revenue	$ 3,256	($ 283)	$ -	$ -	$ 2,973
Setting up superficies	1,635	(99)	-	-	1,536
Unrealized exchange loss	3,465	6	-	-	3,471
Other payables	1,056	4,769	-	-	5,825
IFRS16 Effects of recognition	1,467	(125)	-	-	1,342
Others	1,924	583	-	-	2,507
Subtotal	12,803	4,851	-	-	17,654
Deferred tax liabilities:					
-Temporary differences:					
Pension liabilities	(699)	(1,087)	(39)	-	(1,825)
Subtotal	(699)	(1,087)	(39)	-	(1,825)
Total	$ 12,104	$ 3,764	($ 39)	$ -	$ 15,829

	2022				
	January 1	Included in profit or loss	Recognized to other comprehensive income	Re-classification	December 31
Deferred tax assets:					
-Temporary differences:					
Pension liabilities	$ 4,753	($ 1 ,902)	($ 3,550)	$ 699	$ -
Deferred revenue	2,800	456	-	-	3,256
Setting up superficies	1,735	(100)	-	-	1,635
Unrealized exchange loss	3,485	(20)	-	-	3,465
Other payables	1,122	(66)	-	-	1,056
IFRS16 Effects of recognition	1,190	277	-	-	1,467
Others	1,777	147	-	-	1,924
Subtotal	16,862	(1,208)	(3,550)	699	12,803
Deferred tax liabilities:					
-Temporary differences:					
Pension liabilities	-	-	-	(699)	(699)
Subtotal	-	-	-	(699)	(699)
Total	$ 16,862	($ 1,208)	($ 3,550)	$ -	$ 12,104

4. The Company has not recognized the taxable temporary differences relating to the Company's investments of certain subsidiaries in deferred tax liabilities. As of December 31, 2023 and 2022, the temporary differences amount of the deferred tax liabilities that are unrecognized are NT$769,161 and NT$765,146.
5. The Company's profit-seeking enterprise income tax has been approved by the tax collection authorities until 2021.
6. To assist taxpayers who are affected by the COVID-19 pandemic, the National Taxation Bureau, Ministry of Finance allows installment payments for the 2019, 2020 and 2021 profit-seeking enterprise income tax. The Company has issued checks. As of December 31, 2023 and 2022, the balances were NT$72,592 and $156,314, respectively. These are recorded in notes payable according to their liquidity for NT$53,133 and NT$83,722, respectively, and in other non-current liabilities for NT$19,459 and NT$72,592, respectively.

(aa) Earning per share

	2023		
	After-tax amount	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (NT$)
Basic earnings per share			
Current period net income attributable to common shares shareholders	$ 1,415,555	127,403	$ 11.11
Diluted earnings per share			
Current period net income attributable to common shares shareholders	$ 1,415,555	127,403	
Assumed conversion of all dilutive potential ordinary shares			
Employees' payroll and bonus payable	-	459	
Current period net income plus potential effects of common stock attributable to common stock shareholders	$ 1,415,555	127,862	$ 11.07

	2022		
	After-tax amount	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (NT$)
Basic earnings per share			
Current period net income attributable to common shares shareholders	$ 902,897	127,403	$ 7.09
Diluted earnings per share			
Current period net income attributable to common shares shareholders	$ 902,897	127,403	
Assumed conversion of all dilutive potential ordinary shares			
Employees' payroll and bonus payable	-	390	
Current period net income plus potential effects of common stock attributable to common stock shareholders	$ 902,897	127,793	$ 7.07

(ab) Supplementary information on cash flows

1. Only some of the investing activities with cash payments:

	2023	2022
Procurement of property, plant and equipment	$ 160,076	$ 132,539
Add: Accounts payable - equipment, at the beginning of the period	34,542	15,947
Add: Accounts payable - equipment, at the end of the period	(28,295)	(34,542)
Payments in cash for the current period	$ 166,323	$ 113,944

(ac) Changes in liabilities from financing activities

	2023		
	Guarantee deposits received	Lease liabilities	Liabilities from financing activities-gross
January 1	$ 169,534	$ 2,997,375	$ 3,166,909
Changes in cash flows from financing activities	(2,273)	(262,892)	(265,165)
Increase in right-of-use assets	-	93,204	93,204
Decrease in right-of-use assets	-	(33,900)	(33,900)
Discounted and amortized interest expense	-	47,954	47,954
Interest paid	-	(47,954)	(47,954)
December 31	$ 167,261	$ 2,793,787	$ 2,961,048

	2022		
	Guarantee deposits received	Lease liabilities	Liabilities from financing activities-gross
January 1	$ 167,902	$ 3,183,883	$ 3,351,785
Changes in cash flows from financing activities	1,632	(209,711)	(208,079)
Increase in right-of-use assets	-	59,536	59,536
Decrease in right-of-use assets	-	(5,235)	(5,235)
Discounted and amortized interest expense	-	58,211	58,211
Interest paid	-	(58,211)	(58,211)
IFRS 16 Rent concession benefits	-	(31,098)	(31,098)
December 31	$ 169,534	$ 2,997,375	$ 3,166,909

(7) Related Party Transaction

(a) Names and relationships of related parties

Related parties	Relationship with the Company
Grand Formosa Taroko	Subsidiaries
Silks	"
Silks Palace At National Palace Museum Corp.	"
Regent Apartment Building	"
Silks Global	"

(b) Significant transactions with related parties

1. Operating revenue

	2023	2022
Hotel and restaurant service revenue:		
Subsidiaries	$ 994	$ 1,173
Technical service revenue:		
Subsidiaries	7,912	8,292
Lease revenue:		
Subsidiaries	594	593
	$ 9,500	$ 10,058

1)For hotel and restaurant service of the aforesaid transactions of related parties, its transaction price is processed based on general sales criteria and related contracts.

2)For technical service, its transaction price is determined by both parties and with reference to the market price. There have been no significant differences of the aforesaid criteria and transactions of non-related parties.

3)For lease revenue, its rent calculation method is with reference to the market condition for the rent of nearby office buildings and determined by both parties. The lease term is between 1 year and the collection of rent is on a monthly basis as agreed in the lease contract.

2. Accounts receivable

	December 31, 2023	December 31, 2022
Subsidiaries	$ 1,487	$ 1,661

1) Receivables from related parties mainly from sales. The receivables are not pledged and interest-bearing. Receivables from related parties are not recognized in loss allowance.

2) Receivables from related parties do not have overdue circumstances as of December 31, 2023 and 2022.

3. Other receivables

	December 31, 2023	December 31, 2022
Subsidiaries	$ 2,994	$ 980

Mainly due to the fact that the Company has since 2008 signed and entered into agreement with the Silks Palace At National Palace Museum for management and consulting providing Silk Palace support in accounting, procurement, engineering works and repairs and labor force. The Company review and attached related expenses receipts to Silk Palace making application for payment.

4. Accounts payable

	December 31, 2023	December 31, 2022
Subsidiaries	$ 1,306	$ 250

It mainly refers to the commodities that the Company and subsidiaries purchase and for operation use.

5. Other payables

	December 31, 2023	December 31, 2022
Subsidiaries	$ 568	$ 3,058

It mainly refers to the receipts under custody by the Company for subsidiary.

(c) Key management remuneration information

	2023	2022
Wages and salaries and other short-term employee benefits	$ 39,538	$ 36,140
Post-employment benefits	432	538
Total	$ 39,970	$ 36,678

(8) Pledged Asset

Statements of the guarantees provided by the Company's assets:

	Carrying value		
Asset item	December 31, 2023	December 31, 2022	Guarantee purpose
Financial assets at amortized cost - current			
Demand deposit	$ 106,565	$ 157,734	Trust account of performance guarantee for standard contracts for gift certificates
Financial assets at amortized cost - non-current			
- Time deposit	43,912	42,654	Performance bond of leased building
- "	11,830	11,880	Guarantee fund for cooperation
Subtotal	55,742	54,534	
Total	$ 162,307	$ 212,268	

(9) Significant contingent liabilities and unrecognized contractual commitment

(a) Contingency

None of such situations.

(b) Commitment

Besides the narration of Note (6) (k), other major commitments are as follows:

1. The Company has signed an agreement providing technical service, entrustment management and franchise for an international five-star rating hotel and hotel construction as follows:

Contract counterparty	Contract subject matter	Period	Service expense calculation and collection method
1) RONG CHIANG INTERNATIONAL LTD.	Silks Place Yilan	Starting from the date of official opening of the hotel onwards for 20 years	Calculate a certain percentage of the operation revenue on a monthly basis
2) YUI-MOM SILKS CLUB CO., LTD.	Silks Club	"	"
3) YBH INTERNATIONAL LTD.	Just Sleep Kaohsiung Station (front station)	"	"
4) YBH INTERNATIONAL LTD.	Just Sleep Kaohsiung Station (Zhongzheng)	"	"
5) YBH INTERNATIONAL LTD.	Just Sleep Hualien	Starting from the date of official opening of the hotel onwards for 20 years	Calculate a certain percentage of the operation revenue on a monthly basis
6) SILICON BAY TECHNOLOGY CO., LTD.	Just Sleep Taipei Sanchong	"	"
7) Heya Travel Co., Ltd.	Just Sleep Tainan	"	"
8) MINATO CREATE CO., LTD.	JUST SLEEP OSAKA	Starting from the date of official opening of the hotel onwards for 10 years	"
9) Hungmao International Development Co., Ltd.	Just Sleep Taipei Kenting	Preparation period	Collect service revenue based on preparation progress
10) Eastern Home Shopping & Leisure Co., Ltd.	Silks X Linkou	"	"
11) SET STUDIO PARK CO., LTD.	Silks Place Taoyuan	"	"

Contract counterparty	Contract subject matter	Period	Service expense calculation and collection method
12) Eastern Ocean Hot Spring Hotel Co., Ltd.	Wellspring by Silk	"	"
13) Eastern Home Shopping & Leisure Co., Ltd.	Just Sleep Linkou	"	"

2. The entrustment contract signed by the Company for entrusted operation management is as follows:

Contract counterparty	Contract subject matter	Period	Service expense and royalties calculation
A	Hostel	Since January 16, 2013 to December 31, 2024, and renewed in August 2023 to December 31, 2034 for a total of 22 years	Since the first day of the test operation until the expiration or termination date of the entrustment operation period, the royalties are paid on a fixed and monthly basis. Additionally, a certain percentage of the operating revenue is used to pay the management royalties.

3. The major contracts for the leasing of shopping malls, hotel and restaurant management are as follows:

Lessor	Lease subject matter	Period	Rent calculation and payment method
1) WANHWA ENTERPRISE COMPANY	Wanhwa Enterprise Building 5th~9th Floor	Since April 20, 2009 to April 19, 2027, a total of 18 years	Monthly payment of fixed rent, and an increase of 5% every 3 years
2) Cathay Life Insurance Company, Ltd.	Tainan Cathay Plaza	Since March 12, 2014 to March 11, 2034, a total of 20 years	Monthly payment of fixed rent, from the 5th year an increase starting each year according to the contract
3) Company D	No. 8 and 10, Ln. 24, Deyang Rd., Jiaoxi Township, Yilan County, Taiwan	Since November 1, 2013 to October 31, 2033, a total of 20 years	Monthly payment of fixed rent, an increase of 3% starting from the fourth year for every three years. It is calculated by a certain percentage of one of the operating categories.
4) Company E	No. 67, Wenquan Rd., Jiaoxi Township, Yilan County	Since December1, 2015 to November 30, 2035, a total of 20 years	"
5) Company K	Lot no. 471, 471-1, 498-1, 472, 472-1,	Starting from the date of rent (inclusive of the	Monthly payment of fixed rent, and an increase of 3%

Lessor	Lease subject matter	Period	Rent calculation and payment method
	Small Section, Xinmin Section, Beitou District, Taipei City	day), a total of 20 years	every 5 years
6) Company L	Magistrate Residence Living Centre 1F, Meals and Beverages Business Area and Kitchen Area	Since August 31, 2022 to April 30, 2025, a total of 2.6 years	Calculation of rent is based on revenue, but guaranteed revenue shall be achieved.

4. Main rental lease contracts signed and entered into by the Company are as follows:

Lessee	Lease subject matter	Period	Rent calculation and collection method
USPACE TECH CO., LTD.	Underground level 4 and 5 of Regent Taipei	Since August 1, 2023 to July 31, 2028, a total of 5 years	Monthly collection of fixed rent. When the lessee raises the parking fees, the rent shall be adjusted according to the proportion of the parking fee raised.

5. The Company has established the five-star Silks Place Hotel in Tainan City at the Tainan Cathay Plaza. Thus, we have signed and entered into a lease contract with Cathay Life Insurance Company, Ltd. In accordance with the contract agreement, we have filed for application with the Taipei Fubon Bank the guarantee credit line and submitted a performance bond of NT$43,912 for the period covering November 6, 2008 to March 11, 2034.
6. On the entrustment contract for operation signed by the Company and A, application of guarantee deposit of NT$10,000 shall be made to Mega International Commercial Bank for contract fulfillment guarantee according to the contract. The period is from September 20, 2012 to September 19, 2024.
7. On the lease contract signed by the Company and K, application of credit guarantee amount of NT$26,965 shall be made to Mega International Commercial Bank for contract fulfillment guarantee according to the contract. The period is from November 6, 2020 to November 5, 2024.
8. Operating lease arrangements

   Please refer to Notes (6) (i), (j) and (m) for details.

(10) Major Disaster Losses

None of such situations.

(11) Significant Events After Reporting Period

On March 11, 2024, the Company's Board proposed the 2023 appropriation of earnings plan, please refer to Note (6) (r) 4. for the explanations.

(12) Others

(a) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company uses the debt-to-capital ratio to monitor its capital, and such ratio is calculated by dividing the total debt by the total capital.

(b) Financial instruments

1. Financial instruments by category

	December 31,2023	December 31,2022
Financial assets		
Financial assets at fair value through profit or loss (FVTPL)		
Financial assets mandatorily measured at fair value through profit or loss	$ 2,497,716	$ 2,053,377
Financial assets at fair value through profit or loss (FVTOCI)		
Designation option for investments in equity instruments	500	500
Financial assets at amortized cost		
Cash and cash equivalents	57,038	29,895
Financial assets at amortized cost - current	166,757	216,083
Notes receivable	14,533	9,121
Accounts receivable	191,074	159,576
Accounts receivable due from related parties	1,487	1,661
Other receivables due from related parties	2,994	980
Financial assets at amortized cost - non-current	55,742	54,534
Refundable deposits	77,723	87,289
	$ 3,065,564	$ 2,613,016

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities measured at amortized cost		
Notes payable (current and non-current)	$ 95,707	$ 225,856
Accounts payable	225,837	252,167
Account payables-related parties	1,306	250
Other payables	1,006,092	811,368
Other account payables-related parties	568	3,058
Guarantee deposits received	167,261	169,534
	$ 1,496,771	$ 1,462,233
Lease liabilities - current	$ 251,011	$ 255,366
Lease liabilities - non-current	$ 2,542,776	$ 2,742,009

2. Risk management policy

1) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk and liquidity risk. The Company's overall risk management policy emphasizes the unforeseeable matters of the financial market and seeks to lower the effects from potential disadvantages to the Company's financial position and performance.

2) The Company's Finance Department performs risk management work in compliance with the policy approved by the Board of Directors. The Company's Finance Department works closely with each of the operating Department within the Company to carry out its responsibilities in the identification, assessment and hedging of financial risks. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3. Nature and extend of significant financial risks

1) Market risk

Foreign currency exchange rate risk

a. The Company is a multinational operation. We are influenced by exchange rate risk from the transactions of relatively different currencies from the Company and subsidiaries' functional currency, which is mainly the USD. Related exchange rate risk derives from commercial transactions and recognized assets and liabilities.

b. The Company engages in businesses that involve several non-functional currencies (NT$ is the functional currency of the Company and some of the subsidiaries, while USD and JPY is the functional currency of some of the subsidiaries) which are impacted by exchange rate volatilities. The foreign currency assets and liabilities with significant impacts of exchange rate volatilities are as follows:

	2023			
	Foreign currency (in thousand)	Currency exchange rate		Book value (NT$)
(Foreign currency: Functional currency)				
Financial assets				
Monetary items				
USD: NT$	$ 1,964	30.71	$	60,314
Non-monetary items				
USD: NT$	54,852	30.71		1,684,494
JPY: NT$	1,424,482	0.2172		309,397

	2022			
	Foreign currency (in thousand)	Currency exchange rate		Book value (NT$)
(Foreign currency: Functional currency)				
Financial assets				
Monetary items				
USD: NT$	$ 1,900	30.71	$	58,349
Non-monetary items				
USD: NT$	54,204	30.71		1,664,594
JPY: NT$	1,273,683	0.2324		296,004

c. On the Company's monetary items, foreign currency exchange rate volatility has cast a significant impact to the 2023 and 2022 all exchange rate gains (losses) (inclusive of those realized and unrealized) recognized. The aggregate amounts are (NT$66) and NT$96.

d. Analysis of foreign currency market risks due to effects from significant exchange rate fluctuations as below:

	2023		
	Sensitivity analysis		
	Range of variation	Effects on profit and loss	Effects to other comprehensive income
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD: NT$	1%	$ 603	$ -
Non-monetary items			
USD: NT$	1%	-	16,845
JPY: NT$	1%	-	3,094

	2022		
	Sensitivity analysis		
	Range of variation	Effects on profit and loss	Effects to other comprehensive income
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD: NT$	1%	$ 583	$ -
Non-monetary items			
USD: NT$	1%	-	16,646
JPY: NT$	1%	-	2,960

Price risks

a. The Company's debt and equity instruments exposed to price risk are accounted for in financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage the price risk of debt and equity instrument investment, the Company diversifies its investment portfolio. The diversification method is based on the limit set by the Company.

b. The Company mainly invests in domestic open-ended funds and closed-end funds. The prices of these debt instruments is affected by the uncertainty of the future value of investment subject matters. If the price of such debt instruments increases or decreases by 1%, and all other factors remain unchanged, the net profit after tax for 2023 and 2022 will be divided The increase or decrease was NT$24,977 and NT$20,534, respectively.

2) Credit risk

a. The Company’s credit risk refers to risks of financial losses due to default by the clients or transaction counterparties of financial instruments on the contract obligations. The default mainly derives from account receivable that the counterparties were unable to clear the payments according to the payment collection term and other financial assets measured at amortized cost.

b. The Company builds credit risk management from the company perspectives. Only banks and financial institutions having a rating of “A” level by the independent ratings can become a counterparty in the dealings. According to the internal credit policy, each of the operating unit within the Company shall conduct management and credit risk analysis for each new customer before forming the terms and conditions for the payments and goods delivery. Internal risk control assesses the credit quality of the customers by taking into account its financial position, past experiences and other factors. The limits of individual risks are established by the Board of Directors based on the internal and external rating, and are applied for the regular monitoring of the credit facilities.

c. The Company adopts the assumptions provided in IFRS 9. When the contract payment is overdue for more than 90 days according to the agreed payment terms, it is deemed that a default has occurred.

d. The Company adopts IFRS 9 with the following assumptions as the basis for judging whether the credit risk of financial instruments has increased significantly since the initial recognition:

When the contractual payments overdue from the payment terms for more than 30 days, the credit risks of the financial assets are deemed to have increased significantly since the initial recognition.

e. The Company applies the simplified approach to the account receivables based on the characteristics of the customers according to the customer ratings and customer type for estimation of the expected credit losses using the loss ratio method as the basis.

f. The Company incorporates the business observation report of the Taiwan Institute of Economic Research (TIER) for future forward-looking considerations to estimate the allowance for losses on accounts receivable of customers based on the loss rate of historical and current information for a specific period. The Company’s expected loss rate for accounts receivable that are due and undue as of December 31, 2023 and 2022 are not significant.

g. The amount of the loss allowance for accounts receivable adopted by the Company was immaterial and therefore not recognized in 2023 and 2022.

3) Liquidity risk

a. The cash flow projection is performed by every individual operation unit within the Company and compiled by the Finance Department of the Company. The Company’s Finance Department monitors the projections for the company’s needs of funds to ensure that there are sufficient funding to support operating requirements. Such projections take into consideration the financial percentage targets of internal balance sheet and external regulatory requirements.

b. When the remaining cash held by all operating units exceed the amount needed for the management of the operating funds, the remaining capital shall be invested in the saving deposit with interest, time deposit, currency market, and securities. The chosen instruments have appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As of December 31, 2023 and 2022, the Company holds currency market position at NT$2,588,628 and NT$2,118,122 respectively. It is expected to immediately generate cash flow in managing current liquidity risk.

c. Statements for the unused loan amounts are as follows:

	December 31, 2023	December 31, 2022
Within 1 year	$ 1,910,976	$ 2,207,311

d. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings, non-derivative financial liabilities are based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The contractual cash flow amount disclosed in the following table is the undiscounted amount.

Non-derivative financial liabilities:			
December 31, 2023	Within 1 year	1 to 2 years	2 years and above
Notes payable (current and non-current)	$ 72,045	$ 23,662	$ -
Accounts payable	225,837	-	-
Account payables-related parties	1,306	-	-
Other payables	1,006,092	-	-
Other payables - Related parties	568	-	-
Lease liabilities (current and non-current)	295,199	304,778	2,446,930
Guarantee deposits received	-	-	167,261

Non-derivative financial liabilities:

December 31, 2022	Within 1 year	1 to 2 years	2 years and above
Notes payable (current and non-current)	$ 130,149	$ 72,045	$ 23,662
Accounts payable	252,167	-	-
Account payables-related parties	250	-	-
Other payables	811,368	-	-
Other payables - Related parties	3,058	-	-
Lease liabilities (current and non-current)	303,141	298,544	2,691,372
Guarantee deposits received	-	-	169,534

(c) Fair value information

1. The different levels of the valuation techniques used to measure fair value of financial and non-financial instruments have been defined as follows:

   Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access on the measurement date. An active market refers to a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Fair value of the beneficiary certificates from the Company's investments included.

   Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

   Level 3: Unobservable inputs for the asset or liability. Unobservable inputs for the asset or liability. The Company's investment in equity instruments without active is included in Level 3.

2. The Company's financial instruments not measured at fair value (including cash, notes receivable, accounts receivable (including related parties), other receivables from related parties, financial assets at amortized cost, The book value of guarantee deposits, notes payable, accounts payable (including related parties), other payables (including related parties), and guarantee deposits received is a reasonable approximation of the fair value.

3. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets is as follows:

1) Related information on classifications based on the nature of the Company's assets:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement disclosures				
Financial assets at fair value through profit or loss (FVTPL)				
Beneficiary certificates	$ 2,497,716	$ -	$ -	$ 2,497,716
Financial assets at fair value through profit or loss (FVTOCI)				
Equity securities	$ -	$ -	$ 500	$ 500
December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement disclosures				
Financial assets at fair value through profit or loss (FVTPL)				
Beneficiary certificates	$ 2,053,377	$ -	$ -	$ 2,053,377
Financial assets at fair value through profit or loss (FVTOCI)				
Equity securities	$ -	$ -	$ 500	$ 500

2) The methods and assumptions the Company used to measure fair value are as follows:

a. The Company used market quoted prices as their fair values (i.e. Level 1), which are listed below according to the characteristics of the instruments:

	Close-end funds	Open-end funds
Quoted market price	Closing price	Net worth

b. Except for above financial instruments with active markets, the fair value of other financial instruments is measured using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

c. When assessing non-standard and low-complexity financial instruments, for example, debt instrument for which no active market exists, interest rate swap contracts, foreign exchange swap contracts, and option, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

d. The output of valuation model is an estimated value and the valuation technique may not be able to reflect all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model would be adjusted accordingly with additional parameters, such as model risk or liquidity risk. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, the management believes that adjustment to valuation is appropriate and necessary in order to reasonably represent the fair value of financial and non-financial instruments in the parent company only balance sheet. The parameters and pricing information used during valuation are carefully assessed and appropriate adjustments are made based on current market conditions.

e. Since the amount for the equity securities of financial assets at fair value through profit or loss (FVTOCI) is not significant, the amount is measured at initial investment cost.

4. There was no transfer between levels 1 and 2 in 2023 and 2022.
5. There have been no circumstances of transfer in or out for Level 3 in 2023 and 2022.

(13) Separately Disclosed Items

(a) Information About Significant Transactions

1. Lending of funds to others: None of such situations.
2. Provision of endorsements and guarantees to others: None of such situations.
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and controlling joint ventures): Please refer to Table 1.
4. Aggregate purchases or sales of the same securities reaching NT$300 million or 20% of paid-in capital or more: Please refer to Table 2.
5. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None of such situations.
6. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None of such situations.
7. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid in capital or more: None of such situations.
8. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or

more: None of such situations.

9. Engaging in derivatives trading: None of such situations.

10. Business relationships and significant transactions between the parent company and its subsidiaries and among the subsidiaries and amounts: None of such situations.

(b) Related information about reinvestment business

Related information on the investee companies including name and location (investee companies in Mainland China excluded): Please refer to Table 3.

(c) Information on Investments in Mainland China

1. Basic profile: Please refer to Table 4.

2. Significant transaction matters incurred for businesses in third area and investee companies in Mainland China through reinvestments, directly or indirectly controlled by the company: None of such situations.

(d) Information of major shareholders

Information on major shareholders: Please refer to Table 5.

(14) Operating segments information

Not applicable.

Formosa International Hotels Corporation
Holding of marketable securities at the end of the period (not including subsidiaries, associates and controlling joint ventures)
December 31, 2023

Table 1

Unit: NT$ thousand

Name of company held	Type and name of marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	Account title	At end of period: Number of units	Carrying amount (Note 3)	Ownership held by the Company	Fair value	Remark (Note 4)
Formosa International Hotels Corporation	Share List of Centenary International Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income - Non-current	-	$ 500	-	$ 500	
	CAPITAL MONEY MARKET FUND	-	Financial asset measured at fair value through profit or loss - Current	24,008,498	$ 398,227	-	$ 398,227	
	Federal Money Market Fund	-	"	26,627,561	361,469	-	361,469	
	Shin Kong Chi-Shin Money-Market Fund	-	"	20,537,273	326,594	-	326,594	
	Millerful R1 Real Estate Investment Trust	-	"	30,000,000	301,500	-	301,500	
	Yuanta De- Bao Money Market Fund	-	"	24,391,422	301,161	-	301,161	
	Yuanta De-Li Money Market Fund	-	"	17,354,063	290,950	-	290,950	
	Yuanta Wan Tai Money Market Fund	-	"	17,424,405	271,005	-	271,005	
	FUBON CHI-HSIANG MONEY MARKET FUND	-	"	15,326,607	246,810	-	246,810	
					$ 2,497,716		$ 2,497,716	
Silks Palace At National Palace Museum Corp.	Eastspring Investments Well Pool Money Market Fund	-	Financial asset measured at fair value through profit or loss - Current	1,304,008	$ 18,208	-	$ 18,208	
	Shin Kong Chi-Shin Money-Market Fund	-	"	833,110	13,248	-	13,248	
	Yuanta De- Bao Money Market Fund	-	"	810,780	10,011	-	10,011	
	Yuanta De-Li Money Market Fund	-	"	423,987	7,108	-	7,108	
					$ 48,575		$ 48,575	
Regent Apartment Building Management and Maintenance Co., Ltd.	Millerful R1 Real Estate Investment Trust	-	Financial asset measured at fair value through profit or loss - Current	14,508,481	$ 145,810	-	$ 145,810	Note 5
	Federal Money Market Fund	-	"	5,535,695	75,147	-	75,147	
					$ 220,957		$ 220,957	

Note 1: Marketable securities in this table refer to stocks, bonds, beneficiary certificates and marketable securities derived from the aforementioned items within the scope of IFRS 9, “Financial instruments”.
Note 2: If the securities issuer is not a related party, this field can be omitted.
Note 3: For the book value measured at fair value, please fill in Column B the book balance after adjustment for fair value evaluation and deducting the accumulated impairment amount; for book value not measured at fair value, please fill in Column B the book balance by taking the original acquisition cost or post-amortization cost and deducting the accumulated impairment.
Note 4: The number of shares provided as collateral or pledges, the amount of collateral or pledges, and the restriction of use shall be indicated in the remark column of the listed marketable securities that are restricted due to provision of collateral, pledge of loans, or other agreements.
Note 5: Pledged 14,467,000 units for short-term borrowings, amounting to NT$144,911.

Formosa International Hotels Corporation
Aggregate purchases or sales of the same securities reaching NT$300 million or 20% of paid-in capital or more
January 1 to December 31, 2023

Table 2

Unit: NT$ thousand

Buying and selling company	Type and name of securities (Note 1)	Account title	Counter-parties (Note 2)	Relation-ship (Note 2)	Beginning: Number of units	Beginning: Amount	Buy (Note 3): Number of units	Buy (Note 3): Amount	Sell (Note 3): Number of units	Sell (Note 3): Selling price	Sell (Note 3): Book cost	Sell (Note 3): Disposal gain or loss	At end of period: Number of units	At end of period: Amount (Note 5)	At end of period: Valuation gains/losses
Formosa International Hotels Corporation	CAPITAL MONEY MARKET FUND	Financial asset measured at fair value through profit or loss - Current	-	-	19,336,917	$ 316,152	28,436,792	$ 470,000	23,765,211	$ 391,000	$ 389,440	$ 1,560	24,008,498	$ 396,712	$ 1,515
"	Federal Money Market Fund	"	-	-	25,652,109	343,287	38,466,940	520,000	37,491,488	505,000	503,184	1,816	26,627,561	360,103	1,366
"	Shin Kong Chi-Shin Money-Market Fund	"	-	-	18,358,293	288,049	26,844,193	425,000	24,665,213	388,774	387,667	1,107	20,537,273	325,382	1,212
"	Yuanta De- Bao Money Market Fund	"	-	-	12,359,814	150,255	29,265,033	360,000	17,233,425	210,964	210,073	891	24,391,422	300,182	979
"	Yuanta De-Li Money Market Fund	"	-	-	17,528,037	290,000	17,354,063	290,000	17,528,037	290,727	290,000	727	17,354,063	290,000	950
"	Yuanta Wan Tai Money Market Fund	"	-	-	6,506,774	100,000	25,364,335	393,000	14,446,704	223,424	222,751	673	17,424,405	270,249	756
"	FUBON CHI-HSIANG MONEY MARKET FUND	"	-	-	15,848,884	251,484	30,901,467	495,000	31,423,744	502,279	500,527	1,752	15,326,607	245,957	853

Note 1: Marketable securities in this table refer to stocks, bonds, beneficiary certificates and marketable securities derived from the aforementioned items.
Note 2: For investors whose securities are accounted for under the equity method, both fields are required; others are left blank.
Note 3: The cumulative amount of purchases and sales shall be separately calculated at the market price to determine whether it reaches NT$300 million or 20% of the paid-in capital.
Note 4: Paid-in capital refers to the paid-in capital of the parent company. If the issuer shares no par value or the par value per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the equity attributable to the owners of the parent company at 10% of the balance sheet.
Note 5: The amount of marketable securities at the end of the period excludes the valuation gains of marketable securities.

Formosa International Hotels Corporation
Related information on the investee companies including name and location (investee companies in Mainland China excluded)
January 1 to December 31, 2023

Table 3

Unit: NT$ thousand

Investor	Name of investee company	Location	Main business activities	Initial investment amount: End of current period	Initial investment amount: End of last year	Shares held at end of period: Number of shares	Shares held at end of period: Ratio	Shares held at end of period: Book value	Income of the investee company for the current period	Investment income (loss) recognized by the Company for the current period	Remark
Formosa International Hotels Corporation	GRAND FORMOSA TAROKO HOTEL CORPORATION	Taiwan	Management consulting for hotel operations and tourism and entertainment businesses	$ 342,473	$ 342,473	24,897,933	55	$ 377,511	$ 179,875	$ 98,924	Subsidiary of the Company
Formosa International Hotels Corporation	Silks Palace At National Palace Museum Corp.	Taiwan	F&B business	221,000	221,000	20,122,076	100	151,374	(3,132)	(3,132)	Subsidiary of the Company
Formosa International Hotels Corporation	Silks International Investment Inc.	British Virgin Islands	Investment	23,899	23,899	185	100	309,397	33,477	33,477	Subsidiary of the Company
Formosa International Hotels Corporation	Regent Apartment Building Management and Maintenance Co., Ltd.	Taiwan	Apartment building management services	10,000	10,000	1,000,200	50.01	70,570	60,480	30,247	Subsidiary of the Company
Formosa International Hotels Corporation	Silks Global Holding, Limited	British Virgin Islands	Investment	1,171,553	1,171,553	11,838,820	100	1,684,494	20,742	20,742	Subsidiary of the Company
Silks Global Holding, Limited	Silks Hospitality (BVI) Limited	British Virgin Islands	Investment	181,193	181,193	1,000	100	2,716	30	Note 1	Subsidiaries of the Company
Silks Global Holding, Limited	Silks Denmark (BVI) Limited(註 2)	British Virgin Islands	Investment	-	126,538	-	-	-	(3,799)	"	Subsidiaries of the Company
Silks Global Holding, Limited	Silks Residences Limited	United States	Investment	-	-	1	100	12,966	4,043	"	Subsidiaries of the Company
Silks Global Holding, Limited	FIH Management Limited	Hong Kong	Hotel business management	347,800	347,800	251,046,449	100	1,586,284	20,626	"	Subsidiaries of the Company
FIH Management Limited	Regent Hospitality Worldwide, Inc.	Cayman Islands	Trademark registration	251,646	251,646	7,942,900	49	1,111,183	44,928	"	Investment under equity method
Silks Hospitality (BVI) Limited	Silks Hospitality, LLC	United States	Cruise ship trademark business	-	-	-	100	2,283	31	"	Third-tier subsidiary of the Company
Silks Denmark (BVI) Limited	Silks A/S (Note 3)	Denmark	Hotel business management	-	-	-	-	-	67	"	Third-tier subsidiary of the Company

Note 1: The profit and loss of the investee company has been included in its investing company's. It shall not be expressed separately again to avoid confusion.
Note 2: Silks Denmark (BVI) Limited was dissolved by the directors' declaration on August 31, 2023, and the liquidation was completed on September 15, 2023.
Note 3: Silks A/S was approved for dissolution by the board of directors on October 17, 2022. The record date for dissolution was October 31, 2022, which was written off on June 12, 2023. Liquidation was completed on August 7, 2023.

Formosa International Hotels Corporation
Investment information in Mainland China - Basic information
January 1 to December 31, 2023

Table 4

Unit: NT$ thousand

Name of investee company in Mainland China	Main business activities	Paid-in capital	Method of investment (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the current period	Investment amount remitted outwards or recovered in the current period: Outward remittance	Investment amount remitted outwards or recovered in the current period: Recovered	Accumulated investment amount remitted from Taiwan at the end of the current period	Income of the investee company for the current period	Direct or indirect shareholding of the Company	Investment income (loss) recognized by the Company for the current period (Note 2(2)B)	Book value of investment at end of period	Investment income repatriated by the end of the period	Remark
Silks Premier Hotel Management (Shanghai) Co., Ltd. (Silks Premier)	Hotel management, property management, and building design consultation	$ 5,303	2	$ 2,247	$ -	$ -	$ 2,247	($ 137)	51%	($ 70)	$ 266	$ -	

Name of company	Accumulated amount of investment remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission, MOEA	The limit of investment in Mainland China as specified by the Investment Commission, MOEA
Silks Premier Hotel Management (Shanghai) Co., Ltd. (Silks Premier)	$ 2,247	$ 2,247	$ 2,968,757

Note 1: Investment methods are divided into the following three types. Just need to indicate the type of investment:
(1) Direct investment in Mainland China
(2) Reinvestment in Mainland China through third-party companies (reinvesting in Mainland China through subsidiary Silks International Investment Inc.)
(3) Other methods
Note 2: Recognized in the investment income column for the current period:
(1) If the investment is in preparation and there is no investment profit or loss, it shall be specified.
(2) The recognition bases for investment gains and losses are classified into the following three types, which shall be specified.
A. Financial statements audited and verified by an international accounting firm that has partnered with the R.O.C. accounting firm.
B. Financial statements audited and verified by the parent company's financial statement auditor in Taiwan.
C. Others.
Note 3: Figures in foreign currencies in this table were converted to NT$ at the exchange rate on the date of financial reporting. The paid-in capital was US$140 thousand, and the accumulated investment amount remitted from Taiwan at the beginning and end of the current period was US$71 thousand.
Note 4: The Board of Directors resolved to dissolve Silks Premier Hotel Management (Shanghai) Co., Ltd. in the fourth quarter of 2023, and the relevant liquidation procedures are still in progress.

Formosa International Hotels Corporation
Information of major shareholders
December 31, 2023

Unit: NT$ thousand

Table 5

Name of major shareholders	Shares: Quantity of shareholdings	Shares: Ownership held by the Company
Nan Feng Hsing Enterprise Co., Ltd.	54,167,834	42.51%
Qing Cheng Corp.	11,015,923	8.64%

Formosa International Hotels Corporation
Statement of Cash
December 31, 2023

Statement 1 Unit: NT$ thousand

Item	Summary	Amount
Cash on hand		$ 13,090
Cash in banks		
- Checking accounts		13,228
- Demand deposit	Including US$4 thousands, the exchange rate of 30.71 Including EUR 3 thousands, the exchange rate is 33.98	30,720
		$ 57,038

Formosa International Hotels Corporation
Statement of Accounts Receivable
December 31, 2023

Statement 2

Unit: NT$ thousand

Customer Name	Summary	Amount	Remark
Company B		$ 19,304	
Other sporadic clients		172,956	The balance of every sporadic clients has not exceeded 5% of this account title
		192,260	
Less: Allowance for bad debts		(1,186)	
		$ 191,074	

Formosa International Hotels Corporation
Statement of Changes in Investment Accounted for Under Equity Method
January 1, 2023 to December 31, 2023

Statement 3

Unit: NT$ thousand

Name	Opening balance		Increase in current period		Decrease in current period		Closing balance			Market value or net worth		Valuation basis	Pledge or collateral	Remark
	Number of shares (Thousand shares)	Amount	Number of shares (Thousand shares)	Amount	Number of shares (Thousand shares)	Amount	Number of shares (Thousand shares)	Ownership held by the Company	Amount	Unit Price (NT$)	Gross price			
GRAND FORMOSA TAROKO HOTEL CORPORATION	24,898	$ 371,935	-	$ 98,924	-	($ 93,348)	24,898	55%	$ 377,511	15.16	$ 377,511	Equity method	None	
Silks Palace At National Palace Museum Corp.	20,122	154,506	-	-	-	(3,132)	20,122	100%	151,374	7.52	151,374	〃	〃	
Silks International Investment Inc.	-	296,004	-	33,477	-	(20,084)	-	100%	309,397	-	309,397	〃	〃	
Regent Apartment Building Management and Maintenance Co., Ltd.	1,000	53,440	-	30,247	-	(13,117)	1,000	50.01%	70,570	70.57	70,570	〃	〃	
Silks Global Holding, Limited	11,838	1,664,594	-	20,742	-	(842)	11,838	100%	1,684,494	142.30	1,684,494	〃	〃	
		$2,540,479		$ 183,390		($ 130,523)			$2,593,346		$2,593,346			

Note 1: The increase in the current period is the share of the subsidiaries recognized under the equity method.
Note 2: Decrease in current period is:
(I) Share of subsidiaries accounted for using the equity method.
(II) Grand Formosa Taroko and Regent Apartment Building distributing cash dividends at NT$92,870 and NT$13,117, respectively.
(III) Recognized as adjustment items for shareholder equity of subsidiaries.
(IV) Currency exchange differences on the translation of financial statements.

Formosa International Hotels Corporation
Statement of changes in right-of-use assets and accumulated depreciation
January 1, 2023 to December 31, 2023

Statement 4

Unit: NT$ thousand

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance	Remark
Cost					
Land	$ 1,231,653	$ -	$ -	$ 1,231,653	
Building	2,841,253	93,204	(129,509)	2,804,948	
	$ 4,072,906	$ 93,204	($ 129,509)	$ 4,036,601	
Accumulated depreciation					
Land	($ 320,511)	($ 80,127)	$ -	($ 400,638)	
Building	(821,256)	(211,807)	95,413	(937,650)	
	(1,141,767)	($ 291,934)	$ 95,413	(1,338,288)	
	$ 2,931,139			$ 2,698,313	

Formosa International Hotels Corporation
Statement of Accounts Payable
December 31, 2023

Statement 5 | Unit: NT$ thousand

Customer Name	Summary	Amount	Remark
Company N		$ 21,276	
Company O		13,993	
Other sporadic clients		190,568	The balance of every sporadic clients has not exceeded 5% of this account title
		$ 225,837	

Formosa International Hotels Corporation
Statement of Lease Liabilities
December 31, 2023

Statement 6 | Unit: NT$ thousand

Item	Summary	Lease term	Discounted rate	Amount	Remark
Land		1984/5/11~2034/5/10	1.90%	$ 790,409	
Building		2008/10/1~2035/12/14	1.20%~1.93%	2,003,378	
Subtotal				2,793,787	
Less: Lease liabilities maturing within one year				(251,011)	
Total				$ 2,542,776	

Formosa International Hotels Corporation
Statement of Operating Revenue
January 1, 2023 to December 31, 2023

Statement 7 Unit: NT$ thousand

Item	Summary	Amount	Remark
Hotel and restaurant service revenue			
Food and beverage revenue		$ 2,983,013	
Guestrooms revenue		1,968,216	
Gym club revenue		43,866	
Guestroom delivery revenue		5,104	
Guestroom laundry revenue		5,956	
Telephone revenue		171	
Other non-interest income		69,508	
Subtotal		5,075,834	
Lease revenue		618,942	
Technical service revenue		80,291	
Total		$ 5,775,067	

Formosa International Hotels Corporation
Statement of Operating Cost
January 1, 2023 to December 31, 2023

Statement 8 Unit: NT$ thousand

Item	Amount
Hotel and restaurant service cost	
Food and beverage cost	
Beginning inventory	$ 31,409
Add: Current purchase	1,104,849
Less: Ending inventory	(22,755)
	1,113,503
Less: Inventory transferred to other cost and expense	
- Entertainment	(10,884)
- Food Stipend	(3,251)
- Guest supplies	(97,501)
- Others	(27,066)
	974,801
Guestroom cost	1,205,115
Telephone cost	14
Other hotel and restaurant service cost	1,301,008
	3,480,938
Cost of technical services	46,244
Lease cost	211,098
Total	$ 3,738,280

Formosa International Hotels Corporation
Statement of Selling Expenses
January 1, 2023 to December 31, 2023

Statement 9 | Unit: NT$ thousand

Item	Summary	Amount	Remark
Salary and wages		$ 14,536	
Advertisement		10,756	
Entertainment		2,491	
Other expenses		6,641	
		$ 34,424	

Formosa International Hotels Corporation
Statement of Administrative and General Affairs Expenses
January 1, 2023 to December 31, 2023

Statement 10 Unit: NT$ thousand

Item	Summary	Amount	Remark
Salary and wages		$ 153,927	
Water, electricity, and natural gas expenses		102,974	
Credit card commission		80,312	
Other expenses		105,243	
		$ 442,456	

Formosa International Hotels Corporation
Summary Statement of Current Period Employee Benefits, Depreciation and Amortization Expenses by Function (continued)
January 1, 2023 to December 31, 2023

Statement 11 Unit: NT$ thousand

Function / Nature	2023			2022		
	Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
Employee benefit expense						
Wages and salaries	1,056,512	154,652	1,211,164	900,715	169,485	1,070,200
Labor and health insurance fees	106,163	14,991	121,154	92,365	15,254	107,619
Pension costs	50,110	7,467	57,577	41,385	8,223	49,608
Remuneration of Directors		13,811	13,811	-	10,371	10,371
Other employee benefit expense	44,764	15,041	59,805	37,003	12,417	49,420
Depreciation expense	529,303	-	529,303	532,289	1,208	533,497

Note:

I. The number of employees for the current year and the previous year are 1,916 and 1,821 respectively, of which 9 directors are not employees.

II. For companies that have issued stocks that is listed in Taiwan Stock Exchange Corporation (TWSE) or traded in Taipei Exchange shall disclose additional information as follows:

1. The average employee benefits expense of current period is NT$760 (which is calculated as (total amount of current employee benefits expense - total amount of directors' remuneration) / (number of employee or current period - number of directors who have not served as an employee). The average employee benefits expense of the previous year was NT$705 (which was calculated as (total employee benefits expense of the previous year - total directors' remuneration) / (number of employees of the previous year - number of directors who have not served as employees)).
2. The average employee's wages and salaries of the current period is NT$635 (which is calculated as the total amount of current employee's wages and salaries / (number of employees of current period - number of directors who have not served as employees). The average employee's wages and salaries of the previous year was NT$591 (which was calculated as the total amount of employee's wages and salaries of the previous year / (number of employees of the previous year - number of directors who have not served as employees).

Formosa International Hotels Corporation

Summary Statement of Current Period Employee Benefits, Depreciation and Amortization Expenses by Function (continued)

January 1, 2023 to December 31, 2023

Statement 11 Unit: NT$ thousand

3. The range of adjustment in average employees' wages and salaries is 7.45% (which is calculated as "current average employees' wages and salaries - average employees' wages and salaries of the previous year" / average employees' wages and salaries of the previous year).

4. Remuneration policy

(1) Directors: The remuneration for directors includes transport fees, and compensation. In terms of the transport fees, they are processed according to Article 22 and 28 of the Company's Articles of Incorporation and are paid to the directors when they attend the Board meeting in person. In terms of compensation, it is processed according to Article 22-1 and 28-1 of the Company's Articles of Incorporation. In terms of director remuneration, it is processed according to Article 30 of the Company's Articles of Incorporation. If the Company makes earnings for the fiscal year, it shall allocate 5% of the earnings as employee remuneration and not more than 0.5% as the director's remuneration. They are to be distributed only after approval from the Remuneration Committee and Board of Directors, and subsequently reported to the Shareholders' Meeting.

(2) Managerial officers and employees: The Company pay the managerial officers and employees remuneration including wages and salaries, bonus reward, providing dormitory, vehicles arrangements and employee remuneration. Wages and salaries and bonus rewards are determined based on the level of the position held and the responsibilities, and with reference to industry practice in the market and so on factors. The employee remuneration is allocated based on the company's Articles of Incorporation and the contribution by the managerial officer to the profit center that he/she is responsible for, while it is based on the appraisal results for the employees for distribution.

The remuneration for directors and managerial officers must be evaluated and determined by the Company's Remuneration Committee on a regular basis, and the outcome is to be submitted to the Board of Directors meeting for approval before processing.