

Chateau International Development Company Limited

Individual Financial Statement and Audit Report of the Accountant Year 2021 and 2020

Address: No. 15, Ln. 218, Huancheng N. Rd., Hengchun
Township, Pingtung County 946004, Taiwan (R.O.C.)
Tel: (08)886-23777

Independent Auditors' Report (Parent Company Only Financial Statements)

The Board of Directors and Shareholders
Chateau International Development Company Limited:

Opinion

The individual balance sheet of Chateau International Development Company Limited (Château Hotels & Resorts) on December 31, 2020 and 2021, individual statement of comprehensive income, statement of comprehensive income, individual Statement of changes in equity, individual Cash flow statement, and individual Financial Statements or Notes (including a summary of significant policies of accounting) on January 1 to December 31, 2020 and 2021, were audited and completed by the accountant.

According to the opinion of the accountant, individual Financial Statements, in all major aspects, was in accordance with the regulations governing the preparation of financial reports by securities issuers and approved by the Financial Supervisory Commission, and issued effective IFRS, IAS, IFRIC Interpretations, and SIC Interpretations, which were able to express the individual financial status of Château Hotels & Resorts on December 31, 2020 and 2021, and individual financial performance and individual cash flow on January 1 to December 31, 2020 and 2021.

Basis of Opinion

The accountant performed the audit work in accordance with Attestation of Financial Statements by Certified Public Accountants. The accountant's responsibilities under these standards will be further explained in the accountant's responsibility section for review of the individual financial statements. The personnel of the accountant's subordinate affairs subject to independence regulations have maintained aloof independence from Château Hotels & Resorts in accordance with the accountant's professional ethics and fulfilled other responsibilities under the regulations. The accountant believes that sufficient and appropriate verification evidence has been obtained as a basis for expressing audit opinions.

Key Audit Matters

Key audit matter refers to the most important matters in the audit of Château Hotels & Resorts individual Financial Statements in 2021 according to the professional judgment of the accountant. These matters have been dealt with in the process of reviewing the individual financial statements as a whole and forming an audit opinion. The accountant does not express an independent opinion on these matters.

The key audit matter of Château Hotels & Resorts' individual financial statements in 2021 is stated as follows:

As stated in Note 22 of the individual financial statements, the revenue from

guest rooms was 411,232 (In Thousands of NTD) in 2021, accounting for 73% of total operating revenue. They are significant to the individual financial statements. The room income generated by the reservation of the travel agent usually involves a lot of manual operations due to the different transaction conditions of the travel agent. Therefore, the accountant lists the authenticity of the room income generated by the travel agent as the key audit matter.

Corresponding audit procedures

The accountant has executed the corresponding procedures for the said key audit matter listed as follows:

1. To understand and test the effectiveness of the main internal control design and implementation for the authenticity of revenue.
2. Obtain details of room revenue and catering revenue generated by bookings from travel agencies, and check relevant transaction documents, including passenger registration cards, counter bills, reconciliation calculations of travel agency and contract terms, etc., to test the authenticity of the revenue.
3. Audit the subsequent records of payment received from the travel industry after the review period.

Responsibilities of management and governing body for individual financial statements

The responsibility of management was in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and approved by the Financial Supervisory Commission, and issued effective IFRS, IAS, IFRIC Interpretations, and SIC Interpretations, which were able to express the individual financial statements, and maintain the necessary internal control related to the preparation of the individual financial statements to ensure that the individual financial statements do not contain any material misrepresentation due to fraud or errors.

When preparing the individual financial statements, the responsibilities of management also include assessing Château Hotels & Resorts' ability to continue operations, disclosure of related matters, and the adoption of the accounting basis for continued operations, unless the management intends to liquidate Château Hotels & Resorts or cease operations, or there is no practical and feasible plan other than liquidation or suspension of business.

Governing body (including supervisors) of Château Hotels & Resorts is responsible for supervising the financial reporting process.

The accountant's responsibility for auditing the individual financial statements

The purpose of this accountant's audit of the individual financial statements is to obtain reasonable conviction as to whether the individual financial statements as a whole contain any material misrepresentation due to fraud or errors, and to issue an

audit report. Reasonable assurance is a high degree of certainty, but the audit work performed in accordance with the generally accepted auditing standards cannot guarantee that material misrepresentation in the individual financial statements will be detected. Misrepresentation may result from fraud or errors. If the untruthful individual amounts or aggregate can be reasonably expected to affect the economic decisions made by the users of the individual financial statements, they are considered significant.

The accountant uses professional judgment and maintains professional suspicion when conducting audits in accordance with the auditing standards generally accepted in the Republic of China. The accountant also performs the following tasks:

1. Identify and evaluate the risks of material misrepresentation in the individual financial statements due to fraud or errors; design and implement appropriate countermeasures for the assessed risks; and obtain sufficient and appropriate audit evidence as the basis for audit opinion. Because fraud may involve collusion, forgery, deliberate omission, false statement or violation of internal control, the risk of not detecting material misrepresentation caused by fraud is higher than that caused by errors.
2. Obtain the necessary understanding of the internal control relevant to the audit in order to design an appropriate audit procedure under the circumstances, but its purpose is not to express an opinion on the effectiveness of the internal control of Château Hotels & Resorts.
3. Evaluate the appropriateness of the accounting policies adopted by the management and the reasonableness of accounting estimates and related disclosures.
4. Based on the obtained audit evidence, make a conclusion on the appropriateness of the management's use of the continuing operations of the accounting basis and whether there is significant uncertainty in the event or situation that may cause major doubts about the ability of Château Hotels & Resorts to continue operations. If the accountant believes that there are significant uncertainties in these events or circumstances, he must remind the users of the financial statements in the audit report to pay attention to the relevant disclosures in the individual financial statements, or amend the audit opinion when such disclosures are inappropriate. The accountant's conclusion is based on the audit evidence obtained as of the audit report date, but future events or circumstances may cause Château Hotels & Resorts to no longer have the ability to continue operations.
5. Evaluate the overall expression, structure and content of the individual financial statements (including relevant notes), and whether the individual financial statements are appropriate to express relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence for the financial information of the constituent entities in Château Hotels & Resorts to express opinions on the individual financial statement. The accountant is responsible for the guidance, supervision and execution of the group's audit cases, and is responsible for forming the group's audit opinion.

The matters communicated between the accountant and the governing body

include the planned audit scope and time, as well as major audit findings (including significant deficiencies in internal control identified during the audit process).

The accountant also provides the governing body with a statement that the personnel of the accountant's affairs subject to independence regulations have complied with the independence of code of professional ethics, and communicates with the governing body all relationships and other matters that may be considered to affect the independence of the accountant (including relevant protective measures).

The accountant decided to audit the key audit matter of Château Hotels & Resorts' 2021 financial statements from the matters communicated with the governing body. The accountant states these matters in the audit report, unless the law does not allow specific matters to be disclosed publicly, or in very rare cases, the accountant decides not to communicate specific matters in the audit report because it can be reasonably expected that the negative impact of this communication will be greater than the public interest promoted.

Deloitte & Touche

Accountant LEE, CHI-CHEN

Accountant YANG, CHAO-CHIN

No. approved by Securities and Future:
Commission

No. approved by Financial Supervisory
Commission

No. Taiwan-Financial-Securities-
No.0920123784

No. Financial-Supervisory-Securities-
Auditing- No.1060023872

February 23, 2022

Chateau International Development Company Limited
Individual Balance Sheet
December 31, 2021 and 2020
(Unit: Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 115,521	5	\$ 140,252	6
1120	Current financial assets at fair value through other comprehensive income (Notes 4 and 7)	339,227	14	178,724	8
1136	Current financial assets at amortized cost (Notes 4, 8 and 29)	33,267	1	18,522	1
1170	Accounts receivable, net (Notes 4, 9 and 28)	12,477	1	13,209	1
1200	Other receivables	23	-	6	-
130X	Current inventories (Notes 4 and 10)	11,744	-	10,957	-
1410	Prepayments	7,080	-	6,930	-
1470	Other current assets (Note 17)	160	-	127	-
11XX	Total current assets	<u>519,499</u>	<u>21</u>	<u>368,727</u>	<u>16</u>
	Non-current assets				
1535	Non-current financial assets at amortized cost (Notes 4, 8 and 29)	11,000	1	11,000	1
1550	Investments accounted for using equity method (Notes 4 and 11)	119,187	5	123,485	5
1600	Property, plant and equipment (Notes 4, 12, 28 and 29)	827,108	34	874,545	37
1755	Right-of-use assets (Notes 4 and 13)	50,541	2	66,603	3
1760	Investment property, net (Notes 4, 14 and 29)	582,932	24	541,153	23
1780	Intangible assets (Notes 4 and 15)	562	-	1,878	-
1791	Franchising (Notes 4, 15 and 30)	292,928	12	337,513	15
1840	Deferred tax assets (Notes 4 and 24)	3,207	-	3,749	-
1952	Fund for improvements and expansions (note 16)	25,388	1	8,002	-
1990	Other non-current assets (Notes 17 and 28)	6,073	-	3,921	-
15XX	Total non-current assets	<u>1,918,926</u>	<u>79</u>	<u>1,971,849</u>	<u>84</u>
1XXX	Total assets	<u>\$ 2,438,425</u>	<u>100</u>	<u>\$ 2,340,576</u>	<u>100</u>
Code	Liabilities and equity				
	Current liabilities				
2130	Current contract liabilities (notes 4 and 22)	\$ 32,252	1	\$ 28,223	1
2170	Accounts payable (note 28)	29,555	1	25,146	1
2200	Other payables (Notes 19 and 28)	68,107	3	75,556	3
2230	Current tax liabilities (Notes 4 and 24)	20,203	1	26,766	1
2280	Current lease liabilities (notes 4 and 13)	16,983	1	14,058	1
2320	Long-term liabilities, current portion (Notes 4, 18 and 29)	72,033	3	93,768	4
2399	Other current liabilities, others (Notes 19 and 28)	64,006	3	55,564	2
21XX	Total current liabilities	<u>303,139</u>	<u>13</u>	<u>319,081</u>	<u>13</u>
	Non-current liabilities				
2540	Non-current portion of non-current borrowings (Notes 4, 18 and 29)	207,500	9	122,033	5
2580	Non-current lease liabilities (notes 4 and 13)	34,237	1	51,572	2
2640	Net defined benefit liability, non-current (notes 4 and 20)	9,084	-	9,036	1
2645	Guarantee deposits received	100	-	100	-
25XX	Total non-current liabilities	<u>250,921</u>	<u>10</u>	<u>182,741</u>	<u>8</u>
2XXX	Total liabilities	<u>554,060</u>	<u>23</u>	<u>501,822</u>	<u>21</u>
	Equity (Note 21)				
	Share capital				
3110	Ordinary share	<u>1,115,229</u>	<u>46</u>	<u>1,115,229</u>	<u>48</u>
3200	Capital surplus	<u>170,663</u>	<u>7</u>	<u>170,663</u>	<u>7</u>
	Retained earnings				
3310	Legal reserve	156,829	6	148,136	6
3320	Special reserve	226,387	9	236,201	10
3350	Unappropriated retained earnings (accumulated deficit)	<u>93,085</u>	<u>4</u>	<u>127,852</u>	<u>6</u>
3300	Total retained earnings	<u>476,301</u>	<u>19</u>	<u>512,189</u>	<u>22</u>
3400	Total other equity interest	<u>122,172</u>	<u>5</u>	<u>40,673</u>	<u>2</u>
3XXX	Total equity	<u>1,884,365</u>	<u>77</u>	<u>1,838,754</u>	<u>79</u>
	Total liabilities and equity	<u>\$ 2,438,425</u>	<u>100</u>	<u>\$ 2,340,576</u>	<u>100</u>

The attached notes are part of this individual financial statement.

Chateau International Development Company Limited
Individual Statement Of Comprehensive Income
January 1 to December 31, 2021 and 2020

(Unit: Thousands of New Taiwan Dollars)

(However, the earnings per share are New Taiwan Dollars)

Code		Year 2021		Year 2020	
		Amount	%	Amount	%
4000	Total operating revenue (Note 4, 22 and 28)	\$ 566,844	100	\$ 716,051	100
5000	Total operating costs (Note 10, 23 and 28)	<u>352,206</u>	<u>62</u>	<u>396,308</u>	<u>55</u>
5900	Gross profit (loss) from operations	<u>214,638</u>	<u>38</u>	<u>319,743</u>	<u>45</u>
	Operating expenses (Notes 23 and 28)				
6100	Selling expenses	28,955	5	30,087	4
6200	Administrative expenses	<u>179,043</u>	<u>32</u>	<u>197,432</u>	<u>28</u>
6000	Total Operating expenses	<u>207,998</u>	<u>37</u>	<u>227,519</u>	<u>32</u>
6510	Other income (Note 23)	(<u>4</u>)	-	-	-
6900	Net operating income (loss)	<u>6,636</u>	<u>1</u>	<u>92,224</u>	<u>13</u>
	Non-operating income and expenses (Note 23 and 28)				
7100	Interest income	51	-	77	-
7010	Other income	27,625	5	25,001	4
7030	Other gains and losses, net	(51)	-	(67)	-
7050	Financial costs	(3,918)	(1)	(5,100)	(1)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	(4,298)	(1)	(2,272)	-
7590	Miscellaneous disbursements	(<u>2,980</u>)	-	(<u>3,921</u>)	(<u>1</u>)
7000	Total non-operating income and expenses	<u>16,429</u>	<u>3</u>	<u>13,718</u>	<u>2</u>

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Code		Year 2021		Year 2020	
		Amount	%	Amount	%
7900	Profit (loss) from continuing operations before tax	23,065	4	105,942	15
7950	Total tax expense (income) (Notes 4 and 24)	<u>\$ 2,683</u>	<u>-</u>	<u>\$ 18,350</u>	<u>3</u>
8200	Profit (loss) from continuing operations	<u>20,382</u>	<u>4</u>	<u>87,592</u>	<u>12</u>
	Other comprehensive income				
	Items not reclassified to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 20)	(635)	-	(830)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	81,499	14	67,873	10
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 24)	<u>127</u>	<u>-</u>	<u>166</u>	<u>-</u>
8300	Total other comprehensive income	<u>80,991</u>	<u>14</u>	<u>67,209</u>	<u>10</u>
8500	Total comprehensive income	<u><u>\$ 101,373</u></u>	<u><u>18</u></u>	<u><u>\$ 154,801</u></u>	<u><u>22</u></u>
	Earnings per Share (NT\$, Note 25)				
9750	Basic earnings per share	\$ 0.18		\$ 0.79	
9850	Diluted earnings per share	0.18		0.79	

The attached notes are part of this individual financial statement.

Chateau International Development Company Limited
Individual Statement Of Changes In Equity
January 1 to December 31, 2021 and 2020
(Unit: Thousands of New Taiwan Dollars)

Code		Ordinary share	Capital surplus	Retained earnings		Unappropriated retained earnings (accumulated deficit)earnings	Other equity interest	Total equity
				Legal reserve	Special reserve		Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
A1	Balance as of January 1, 2020	\$ 1,115,229	\$ 170,663	\$ 144,136	\$ 212,747	\$ 90,683	(\$ 27,200)	\$ 1,706,258
	Earnings Appropriation and Distribution in 2019 (Note 21)							
B1	Legal reserve appropriated	-	-	4,000	-	(4,000)	-	-
B3	Special reserve appropriated	-	-	-	23,454	(23,454)	-	-
B5	Cash dividends of ordinary share	-	-	-	-	(22,305)	-	(22,305)
D1	Profit (loss) in 2020	-	-	-	-	87,592	-	87,592
D3	Other comprehensive income in 2020	-	-	-	-	(664)	67,873	67,209
D5	Total comprehensive income in 2020	-	-	-	-	86,928	67,873	154,801
Z1	Balance as of December 31, 2020	1,115,229	170,663	148,136	236,201	127,852	40,673	1,838,754
	Earnings Appropriation and Distribution in 2020 (Note 21)							
B1	Legal reserve appropriated	-	-	8,693	-	(8,693)	-	-
B3	Special reserve appropriated	-	-	-	(9,814)	9,814	-	-
B5	Cash dividends of ordinary share	-	-	-	-	(55,762)	-	(55,762)
D1	Profit (loss) in 2021	-	-	-	-	20,382	-	20,382
D3	Other comprehensive income in 2021	-	-	-	-	(508)	81,499	80,991
D5	Total comprehensive income in 2021	-	-	-	-	19,874	81,499	101,373
Z1	Balance as of December 31, 2021	<u>\$ 1,115,229</u>	<u>\$ 170,663</u>	<u>\$ 156,829</u>	<u>\$ 226,387</u>	<u>\$ 93,085</u>	<u>\$ 122,172</u>	<u>\$ 1,884,365</u>

The attached notes are part of this individual financial statement.

Chateau International Development Company Limited

Individual Cash Flow Statement

January 1 to December 31, 2021 and 2020

(Unit: Thousands of New Taiwan Dollars)

Code		Year 2021	Year 2020
	Cash flows from (used in) operating activities, indirect method		
A10000	Profit (loss) before tax	\$ 23,065	\$ 105,942
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	64,786	73,201
A20200	Amortization expense	48,301	50,089
A20900	Interest expense	3,918	5,100
A21200	Interest income	(51)	(77)
A21300	Dividend income	(4,136)	-
A22500	Loss (gain) on disposal of property, plant and equipment	4	-
A22800	Loss (gain) on disposal of intangible assets	51	67
A22400	Share of loss (profit) of associates and joint ventures accounted for using equity method	4,298	2,272
A29900	Other adjustments to reconcile profit (loss)	-	(2)
A30000	Changes in operating assets and liabilities		
A31150	Decrease (increase) in accounts receivable	732	(3,330)
A31180	Decrease (increase) in other receivable	(17)	893
A31200	Adjustments for decrease (increase) in inventories	(787)	(233)
A31230	Decrease (increase) in prepayments	761	(211)
A31240	Adjustments for decrease (increase) in other current assets	(33)	2,828
A32125	Increase (decrease) in contract liabilities	4,029	8,004
A32150	Increase (decrease) in accounts liabilities	4,409	73
A32180	Increase (decrease) in other payable	(4,769)	(1,969)
A32230	Adjustments for increase (decrease) in other current liabilities	8,442	(10,260)
A32240	Increase (decrease) in net defined benefit liability	(587)	(313)
A33000	Cash inflow (outflow) generated from operations	152,416	232,074
A33500	Income taxes paid	(8,577)	(73)
AAAA	Net cash flows from (used in) operating activities	<u>143,839</u>	<u>232,001</u>
	Cash flows from (used in) investing activities		

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Code		Year 2021	Year 2020
B00040	Acquisition of financial assets at amortized cost	(14,745)	-
B00050	Proceeds from financial assets at amortized cost	-	12,746
B00100	Acquisition of financial assets at fair value through profit or loss	(79,004)	-
B02700	Acquisition of property, plant and equipment	(\$ 16,203)	(\$ 30,992)
B02800	Proceeds from disposal of property, plant and equipment	76	-
B04500	Acquisition of intangible assets	(2,451)	(3,632)
B05400	Acquisition of investment property	(27,000)	-
B05350	Acquisition of use-of-right assets	-	(3,233)
B06800	Decrease in other non-current assets	198	320
B07100	Increase in prepayments for business facilities	(2,350)	-
B07500	Interest received	51	78
B07600	Dividends received	4,136	-
B09900	Other investing activities	(17,386)	(8,000)
BBBB	Net cash flows from (used in) investing activities	(154,678)	(32,713)
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	-	70,000
C00200	Decrease in short-term loans	-	(70,000)
C00500	Increase in short-term notes and bills payable	100,000	110,000
C00600	Decrease in short-term notes and bills payable	(100,000)	(110,000)
C01600	Proceeds from long-term debt	250,000	290,000
C01700	Repayments of long-term debt	(186,268)	(391,930)
C04020	Payments of lease liabilities	(18,002)	(18,216)
C04500	Cash dividends paid	(55,762)	(22,305)
C05600	Interest paid	(3,860)	(5,214)
CCCC	Net cash flows from (used in) financing activities	(13,892)	(147,665)
EEEE	Net increase (decrease) in cash and cash equivalents	(24,731)	51,623
E00100	Cash and cash equivalents at beginning of period	140,252	88,629
E00200	Cash and cash equivalents at end of period	\$ 115,521	\$ 140,252

The attached notes are part of this individual financial statement.

Chateau International Development Company Limited and subsidiaries

Notes to the Consolidated Financial Statement

January 1 to December 31, 2021 and 2020

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

(Reviewed, Not Audited)

1. General

Chateau International Development Company Limited (hereinafter referred to as "the company") was founded in September 1995, formerly known as JinHai Development Co., Ltd., and was changed to its current name in December 2006. The main business is the operation of amusement areas, hotels and restaurants.

Quintain Steel Co., Ltd. had 29.43% of the company's comprehensive shareholding ratio as of the end of December 2021 and 2020, respectively. Because of its substantial control over the company, it is the ultimate parent company of the company.

The company's stock has been listed and traded on the Taiwan Stock Exchange since March 2012.

This consolidated financial statement is expressed in New Taiwan Dollar, the company's functional currency.

2. The Authorization Of Financial

The accompanying consolidated financial statements were reported to the Board of Directors and issued on February 23, 2022.

3. Application Of New And Revised International Financial Reporting Standards

- (1) For the first time, it is applicable to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations and SIC Interpretations (hereinafter referred to as "IFRSs") recognized and issued by the Financial Supervisory Commission (hereinafter referred to as the "FSC").
- (2) The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by FSC with effective date starting 2022

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Annual Improvements to IFRS Standards 2018 - 2020 Cycle	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendment of IFRS 9 is applicable to the exchange or clause modification of financial liabilities during the annual reporting period beginning after January 1, 2022; the amendment of IAS 41 "Agriculture" is applicable to the fair value measurement beginning after January 1, 2022 during the annual reporting period; the amendment to IFRS 1 "First Adoption of IFRSs" is retrospectively applied to the annual reporting period beginning after January 1, 2022.

Note 2: This amendment applies to business mergers whose acquisition date starts after January 1, 2022 during the annual reporting period.

Note 3: Plants, real estate and equipment that have reached the necessary locations and conditions for the expected operation of the management after January 1, 2021 are applicable to this amendment.

Note 4: Contracts that have not fulfilled all obligations on January 1, 2022 apply to this amendment.

As of the date of approval of this consolidated financial report, the consolidated company continues to evaluate the impact of other standards and amendments to the interpretation on the financial status and financial performance, and the relevant impact will be disclosed when the evaluation is completed.

(3) The IFRSs issued by IASB, but not yet endorsed and issued into effect by the FSC.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contract"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial application of IFRS 17 and IFRS 9 - comparative information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2022 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2022 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2022 (Note 4)

Note 1: Unless otherwise specified, the above newly issued and revised standards and interpretations are effective for the annual reporting period beginning after each date.

Note 2: The postponement of the annual reporting period starting after January 1, 2023 is applicable to this amendment.

Note 3: Changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning after January 1, 2023 are applicable to this amendment.

Note 4: Except for the recognition of deferred income tax on temporary differences between lease and decommissioning obligations on January 1, 2022, the amendment is applicable to transactions that occur after January 1, 2022.

As of the date of approval of this individual financial report, the individual company continues to evaluate the impact of other standards and amendments to the interpretation on the financial status and financial performance, and the relevant impact will be disclosed when the evaluation is completed.

4. Summary Of Significant Accounting Policies

(1) Statement of Compliance

This individual financial statement is prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs approved and issued by the FCS.

(2) Basis of Preparation

Except for the financial instruments measured at fair value and the current value of the determined benefit obligation minus the net determined benefit liabilities recognized at the fair value of the planned assets, the financial statement is prepared on the historical cost basis.

The fair value measurement is divided into level 1 to level 3 according to the observability and importance of the relevant input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in the active market that can be obtained on the measurement date (unadjusted).
2. Level 2 input value: refers to the observable input value of an asset or liability directly (that is, price) or indirectly (that is, derived from price) except for the quotation of the first level.
3. Level 3 input value: refers to the unobservable input value of assets or liabilities.

When the company prepares individual financial statements, it adopts the equity method for investment in subsidiaries. In order to make the current year's profit and loss, other comprehensive profit and loss and equity of this individual financial statement the same as the current year's profit and loss, other comprehensive profit and loss and equity attributable to the owners of the company in the company's individual financial statements, certain accounting differences between the individual basis and the individual basis are adjusted. "Investment using the equity method", "Share of profits and losses of subsidiaries using the equity method", "Share of other comprehensive profits and losses of subsidiaries using the equity method" and related equity items

(3) Standards for distinguishing between current and non-current assets and liabilities

Current assets include:

1. Assets that are held mainly for trading purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash (however, it does not include those restricted for the exchange or settlement of liabilities more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held mainly for trading purposes;
2. Liabilities that are due for settlement within 12 months after the balance sheet date; and
3. Liabilities that are not possible to be unconditionally deferred at least 12 months of the settlement period after the balance sheet date.

Those that are not classified as current assets or current liabilities are classified as non-current assets or non-current liabilities.

(4) Foreign currency

When entities prepare financial reports, transactions in currencies other than the individual's functional currency (foreign currency) shall be converted into functional currency records at the exchange rate on the transaction date.

Monetary items in foreign currencies are translated at the closing exchange rate on each balance sheet date. The exchange difference arising from the delivery of monetary items or the conversion of monetary items is recognized in the profit and loss in the current period.

(5) Inventories

Inventory includes commodities, catering materials and room spare parts, etc. Inventory is measured by the lower of cost and net realizable value. When comparing cost and net realizable value, it is based on individual items except for the same type of inventory. Net realizable value refers to the estimated selling price under normal circumstances after subtracting the estimated cost to be completed and the estimated cost required to complete the sale. The calculation of inventory cost adopts the weighted average method.

(6) Investment using the equity method

The company uses the equity method to handle investments in subsidiaries

A subsidiary refers to an entity that the company has control over.

Under the equity method, the investment is initially recognized at cost, and the book amount obtained in the future will increase or decrease with the company's share of subsidiary profits and losses and other comprehensive profits and losses and profit distribution. In addition, changes in the company's other rights and interests of subsidiaries are recognized based on the shareholding ratio.

When the company's changes in the ownership and equity of the subsidiary do not result in the loss of control, it is treated as an equity transaction. The difference between the book value of the investment and the fair value of the consideration paid or received is directly recognized as equity.

When the company's share of losses in a subsidiary equals or exceeds its equity in the subsidiary (including the book value of the subsidiary under the equity method and other long-term equity that is essentially part of the company's net investment in the subsidiary), then continue to recognize losses based on shareholding ratio.

When the company assesses impairment, it considers the cashgenerating unit as a whole in the financial report and compares its recoverable amount with the book value. If the recoverable amount of the asset increases in the future, the reversal of the impairment loss is recognized as an interest. However, the book value of the asset after the impairment loss has been reversed shall not exceed the book value of the asset after deducting the amortization if the impairment loss is not recognized.

The Amortization gains and losses of downstream transactions between the company and its subsidiaries are eliminated in the individual financial report. The gains and losses arising from the counter-current and side-current transactions between the company and its subsidiaries are only recognized in individual financial reports within the scope that has nothing to do with the company's equity in the subsidiaries.

(7) Property, Plant and Equipment

Property, plant and equipment are recognized at cost, and subsequently measured at the amount of cost minus accumulated depreciation.

Property, plant and equipment under construction are recognized at the cost minus accumulated impairment losses. Cost includes professional service fees and borrowing costs that meet the capitalization conditions. When these assets are completed and reach the expected state of use, they are classified into the appropriate categories of real estate, plant and equipment, and depreciation begins.

Property, plant and equipment—business equipment is transferred to expenses when it is actually damaged and replaced. Property, plant and equipment other than business equipment are depreciated on a straight-line basis within the useful life, and each significant part is separately depreciated. The merging company shall review the estimated useful life, residual value and depreciation method at least at the end of each year, and postpone the impact of changes in applicable accounting estimates

When Property, plant and equipment are derecognised, the difference between net disposal proceeds and the carrying amount of assets is recognized in profit and loss.

The company has changed the service life of some depreciable assets (houses and buildings, hydropower equipment and other equipment) from July 1, 2020. The service life after the change can better reflect the economic nature of the assets. The estimated service life of houses and buildings has been changed from 40 years to 48 years; the estimated service life of hydroelectric equipment has been changed from 10 years to 15 to 20 years; and the estimated service life of even equipment has been changed from 10 to 15 years to 15 to 20 years. This estimate change reduces the depreciation expense from July 1, 2020 to December 31, 2020 by 5,772(In Thousands of NTD)

(8) Investment Property

Investment property is the land held for undecided use, so it is regarded as holding for capital appreciation.

The Investment Property held by the company is land, originally measured at cost (including transaction costs), and subsequently measured at the amount of cost minus accumulated impairment.

When the investment property is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in the profit and loss.

(9) Operating franchise

1. The company signed a contract with the Forestry Bureau of the Council of Agriculture of the Executive Yuan to obtain the operating rights of the hotel, and the ownership of the houses and facilities invested in the construction is owned by the government (as a consideration provided in the Service Concession Arrangement). Therefore, the cost of building houses and facilities is listed as the cost of obtaining Service Concession Arrangement, and is amortized on a straight-line basis based on the actual service life of the buildings and facilities and the remaining life of the contract, whichever is lower.
2. The company leases land to the Forestry Bureau of the Executive Yuan Committee of Agriculture for business use. The annual rent is a business lease and is recognized as an expense during the lease period, unless another systematic basis is more representative of the time pattern of benefit to users. Under operating leases, contingent rents are recognized as expenses in the period in which they are incurred. The residual value of an intangible asset with a limited useful life is estimated to be zero, and the application of the change in accounting estimate will be postponed.

(10) Intangible asset

1. Obtained separately

Intangible assets with finite useful lives acquired separately are initially measured at cost, and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives. The Company reviews the estimated useful lives, residual values and amortization methods at least at the end of each year, and deferred the impact of changes in accounting estimates.

2. Derecognition

When an intangible asset is delisted, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss for the current period.

(11) Real estate, plant and equipment, right-of-use asset, Investment property, Franchising, intangible asset and assets' impairment related to contract cost.

The company assesses whether there are any signs that the Property, plant and equipment, right-of-use asset and intangible asset may have been impaired on every balance sheet date. If there is any sign of impairment, the amount recoverable of the

asset is estimated. If the amount recoverable of an individual asset cannot be estimated, the company estimates the amount recoverable of the cash-generating unit to which the asset belongs.

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

When the impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit or contract cost-related asset is adjusted to the revised amount recoverable. However, the carrying amount after the increase does not exceed the carrying amount (deducting amortization or depreciation) determined when the impairment loss is not recognized in the previous year if the asset, cash-generating unit or contract cost-related asset does not exceed the carrying amount. The reversal of the impairment loss is recognized in the profit and loss.

(12) Financial instruments

Financial asset and financial liability are recognized on the individual balance sheet when the company becomes one of the contract terms of the tool.

In the original recognition of financial asset and financial liability, if the financial asset or financial liability is not at fair value through profit or loss, it is calculated based on the fair value plus the transaction cost that can be directly attributed to the acquisition or issuance of the financial asset or financial liability. Transaction costs that can be attributed to the acquisition or issuance of the financial asset or financial liability at fair value through profit or loss are immediately recognized as profit or loss.

1. Financial asset

Regular way purchase or sale of financial asset is recognized and derecognized by trade date accounting.

(1) Type of measurement

The types of financial assets held by the company are financial assets measured at amortized cost and investment of equity instruments that is measured at fair value through other comprehensive income.

A. Financial assets measured at amortized cost

If the company invests in a financial asset that meets the following two conditions, it is classified as financial assets measured at amortized cost:

- a. It is held under a certain business model, the purpose of which is to hold financial assets to receive contractual cash flows; and
- b. The terms of the contract generate cash flows on a specific date, and these cash flows are all interest on the payment of the principal and the amount of principal in circulation.

Financial assets measured at amortized cost (including cash, receivables, other receivables, financial assets measured at amortized cost, fund for improvement and expansion, and refundable deposits (other non-current assets)) are measured by the total carrying amount determined by the Effective interest method minus any impairment loss amortized cost after the original recognition, and any foreign currency exchange gains and losses are recognized in profit and loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial asset.

B. Investment of equity instruments that is measured at fair value through other

comprehensive income

At the time of initial recognition, the company can make an irrevocable choice to specify Investment of equity instruments that are not held for trading and are not recognized or considered by the merger acquirer through other comprehensive income measured at fair value .

Investment of equity instruments that is measured at fair value through other comprehensive income is measured at fair value, and subsequent changes in fair value are reported in other comprehensive income and accumulated in other equity. At the time of investment disposal, the accumulated profits and losses are directly transferred to retained earnings and are not reclassified as profits and losses.

Investment of equity instruments that is measured at fair value through other comprehensive income. The dividend is recognized in the profit and loss when the company's right to receive payments is established, unless the dividend clearly represents part of the investment cost recovery.

(2) Impairment of financial asset

The company assesses financial assets measured at amortized cost (including accounts receivable) and investment of equity instruments that is measured at fair value through other comprehensive income on the basis of expected credit losses on each balance sheet date.

Accounts receivable are recognized as allowance losses based on expected credit losses during the duration. For other financial assets, first assess whether the credit risk has increased significantly since the initial recognition. If there is no significant increase, the 12-month expected credit loss is recognized as an allowance loss; if it has increased significantly, it is recognized as a loss allowance based on lifetime expected credit losses.

Expected credit losses are weighted average credit losses based on the risk of default. The 12-month expected credit losses represent the expected credit losses arising from possible defaults of financial instruments within 12 months after the reporting date. Lifetime expected credit losses represent the expected credit losses arising from all possible defaults during the expected life of the financial instruments.

The company is for the purpose of internal credit risk management, and without considering the collateral held, it is determined that the following circumstances represent that the financial asset has defaulted

- A. There is internal or external information showing that it is impossible for the debtor to pay off the debt.
- B. Overdue for more than 30 days, unless there is reasonable and corroborated information that shows that the delayed default basis is more appropriate.

The impairment loss of all financial assets is reduced by the allowance account to reduce its carrying amount, but the loss allowance of debt instrument investment through other comprehensive income measured at fair value is recognized in other comprehensive income, and its carrying amount is not reduced.

(3) Derecognition of financial asset

The company only derecognizes the financial asset when the contractual rights to cash flows from the financial asset lapse, or the financial asset has been transferred and almost all the risks and rewards of the asset's ownership have been transferred to other companies.

When financial assets measured at amortized cost are derecognized as a whole, the difference between the carrying amount and the consideration received is recognized in profit and loss. When investment of equity instrument that is measured at fair value through other comprehensive income are derecognized as a whole, the accumulated profits and losses are directly transferred to retained earnings and are not reclassified as profits and losses.

2. Financial liability

(1) Follow-up measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liability

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

(13) Income recognition

After the customer contract recognizes the performance obligations, the company allocates the transaction price to each performance obligation, and recognizes revenue when each performance obligation is met

(14) Lease

The company assesses whether the contract belongs to (or includes) a lease on the date of contract establishment.

The company is the lessee.

Except for the low-value underlying asset leases and short-term leases that are subject to the applicable recognition exemption, the lease payments are recognized as expenses on a straight-line basis during the lease period, and other leases are recognized as right-of-use asset and lease liability on the lease start date.

Right-of-use asset is originally measured at cost, and subsequently measured at the amount of cost minus accumulated depreciation, and the remeasurement of lease liability is adjusted. The right-of-use asset is separately expressed in the individual balance sheet.

Right-of-use asset is depreciated on a straight-line basis from the lease start date to the end of the service life or the expiration of the lease period, whichever is earlier.

Lease liability is originally measured by the present value of lease payments (including fixed payments). If the interest rate implicit in a lease is easy to determine, the lease payment is discounted using this interest rate. If the interest rate is not easy to determine, use lessee's incremental borrowing rate of interest.

Subsequently, lease liability is measured on the basis of an amortized cost using the effective interest method, and the interest expense is amortized during the lease period. If the lease period causes changes in future lease payments, the company will then measure the lease liability and adjust the right-of-use asset relatively. However, if the carrying amount of the right-of-use asset has been reduced to zero, the remaining

remeasurement amount will be recognized in profit and loss. Lease liability is separately expressed in the individual balance sheet. The variable rent in the lease agreement that is not dependent on the index or rate is recognized as an expense in the period in which it occurs.

(15) Borrowing cost

The borrowing cost that can be directly attributed to the acquisition, construction, or production of a qualified asset is regarded as a part of the cost of the asset until almost all necessary activities for the asset to reach its intended use or sale status have been completed.

Specific borrowings, such as investment income earned by temporary investments before the occurrence of capital expenditures that meet the requirements, are deducted from the borrowing cost of eligible for capitalization

Except for the above, all other borrowing costs are recognized as profit or loss in the current period.

(16) Government grants

Government grants will only be recognized when it is reasonably certain that the company will comply with the conditions attached to the government grants and will receive the grant.

Government grants are recognized in the profit and loss on a systematic basis during the period when the related costs that they intend to compensate are recognized as expenses by the company.

If government grants are used to compensate for expenses or losses incurred, or for the purpose of providing immediate financial support to the company without future related costs, they are recognized in profit and loss during the period when they can be collected.

(17) Employee benefits

1. Short-term employee benefits

Related liabilities of short-term employee benefits are measured by the expected non-discounted amount of cash paid in exchange for employee services

2. Retirement benefits

Determine the retirement fund to be contributed to the retirement plan is to recognize the amount of the retirement fund that should be contributed as an expense during the employee's service period

The defined benefit cost (including service cost, net profit interest and remeasurement) of the defined benefit retirement plan is calculated using the projected unit credit method, and the service cost (including current service cost) and net interest on the net defined benefit liability are incurred, recognized as employee benefit expenses, remeasurements (including actuarial gains and losses, changes in the impact of asset ceilings and return on plan asset after deduction of interest) are recognized in other comprehensive income and included in retained earnings when they occur, and are not reclassified to profit and loss.

Net defined benefit liability refers to the shortfall in determining the benefit of the retirement plan.

(18) Taxation

Income tax expense is the sum of the tax currently payable and deferred tax.

1. Current tax

the company calculates the recoverable income tax according to the current income (loss) stipulated by each income tax reporting jurisdiction.

The additional income tax on undistributed earnings calculated in accordance with the provisions of my country's Income Tax Law is recognized in the annual resolution of the shareholders meeting.

Adjustments to income tax payable in previous years are included in current income tax.

2. Deferred tax

Deferred income tax is a temporary calculation based on the carrying amount of assets and liabilities in the financial statements and the tax basis for calculating taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when it is likely that taxable income can be used to deduct income tax deductions arising from temporary differences.

Taxable temporary differences related to investment in subsidiaries, affiliates and joint agreements are recognized as deferred income tax liabilities, but if the company can control the timing of the reversal of the temporary differences, and the temporary differences are likely to be without reversal in the foreseeable future are excluded. The deductible temporary differences related to this type of investment will be recognized as deferred income tax assets only if it is likely to have sufficient taxable income to realize the temporary differences, and within the scope expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed on each balance sheet date, and the carrying amount is reduced for those that are no longer likely to have sufficient taxable income to recover all or part of their assets. Those who were not previously recognized as deferred tax assets are also reviewed on each balance sheet date, and are likely to generate taxable income in the future for the recovery of all or part of their assets, and increase the carrying amount.

Deferred tax assets and liabilities are measured by the current tax rate for expected liability settlement or asset realization. The tax rate is based on the tax rate and tax law that has been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences arising from the way the company expects to recover or settle the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and deferred tax for the year

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

equity are respectively recognized in other comprehensive income or directly included in equity.

5. Major sources of uncertainty in material accounting judgments, estimates and assumptions

When the company adopts accounting policies, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors for those who cannot easily obtain relevant information from other sources. Actual results may differ from estimates.

The company takes the economic impact caused by the COVID-19 epidemic into consideration in major accounting estimates, and the management will continue to review the estimates and basic assumptions. If the revision of the estimate only affects the current period, it is recognized in the current period of the revision; if the revision of the accounting estimate affects both the current period and the future period, it is recognized in the current period and the future period of the revision.

The main source of uncertainty in estimates and assumptions-the useful life of Property, plant and equipment

As mentioned in Note 4 (7), the company examines the estimated service life of real estate, plant and equipment on each balance sheet date.

6. Cash and Cash Equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and working fund	\$ 5,103	\$ 3,435
Bank cheques and demand deposits	<u>110,418</u>	<u>136,817</u>
	<u>\$ 115,521</u>	<u>\$ 140,252</u>

7. Current financial assets at fair value through other comprehensive income

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Investment of equity instruments—		
Domestic investment		
Listed stocks		
Quintain Steel Co., Ltd.	\$ 275,040	\$ 145,934
Luxe electric Co., Ltd.	37,397	-
Unlisted (counter) stocks		
Smokey Joe's Co., Ltd.	<u>26,790</u>	<u>32,790</u>
	<u>\$ 339,227</u>	<u>\$ 178,724</u>

The company invests in the above-mentioned equity in accordance with strategic purposes and expects to make a profit through the investment. The management of the company believes that if the fair value's fluctuations of these investments are included in the profit and loss, it is inconsistent with the aforementioned investment plan, so they choose to designate these investments as through other comprehensive income measured at fair value.

8. Current financial assets at amortized cost

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Domestic investment		
Trust account (1)	<u>\$ 33,267</u>	<u>\$ 18,522</u>
<u>Non-current</u>		
Domestic investment		
Pledged time deposits with the original expiry date more than 3 months(2)	<u>\$ 11,000</u>	<u>\$ 11,000</u>

- (1) Since October 2017, the company has established the trust account of Cathay United Bank in accordance with the law. As of December 31, 2019 and 2020, the amounts that are collected in advance due to the issuance of gift certificates and should be delivered to the Cathay United Bank Trust are 19,263 (In Thousands of NTD) and 11,167 (In Thousands of NTD).
- (2) For information on pledge of financial assets measured at amortized cost, please refer to Note 29.

9. Accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Accounts receivable</u>		
Measured by amortized cost		
Total carrying amount	<u>\$ 12,477</u>	<u>\$ 13,209</u>

The average credit period of the company's accounts receivable is within 30 days. The policy adopted by the company is to only conduct transactions with individuals and corporate organizations with good credit, and the company's customer group is large and unrelated. The concentration of credit risk is not high and is mostly cash transactions, so the risk of financial loss caused by relevant defaults is limited.

The company recognizes the loss allowance of accounts receivable according to lifetime expected credit losses. The lifetime expected credit losses are calculated using a provision matrix, which takes into account the past default records of the customer and the current financial situation. According to the credit loss history experience of the company, there is no significant difference in the loss patterns of different customer groups. Therefore, the provision matrix does not further differentiate the customer groups, and only sets the rate of expected credit losses based on the accounts receivable overdue days. However, historical experience shows that the average credit period is within 30 days, so the impact of the rate of expected credit losses is limited.

The company measures the loss allowance of accounts receivable according to the provision matrix as follows:

December 31, 2021

	<u>Not overdue</u>	<u>Overdue 1 ~ 60 days</u>	<u>Overdue 61 ~ 90 days</u>	<u>Overdue 91 ~ 120 days</u>	<u>Overdue more than 120 days</u>	<u>Total</u>
Rate of expected credit losses	0%	0%	0%~0.1%	0.1%~0.5%	0.5%~1%	
Total carrying amount	\$ 11,041	\$ 870	\$ 565	\$ 1	\$ -	\$ 12,477
loss allowance (Lifetime expected credit losses)	-	-	-	-	-	-
amortized cost	<u>\$ 11,041</u>	<u>\$ 870</u>	<u>\$ 565</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 12,477</u>

December 31, 2020

	<u>Not overdue</u>	<u>Overdue 1 ~ 60 days</u>	<u>Overdue 61 ~ 90 days</u>	<u>Overdue 91 ~ 120 days</u>	<u>Overdue more than 120 days</u>	<u>Total</u>
Rate of expected credit losses	0%	0%	0%~0.1%	0.1%~0.5%	0.5%~1%	
Total carrying amount	\$ 7,261	\$ 567	\$ 2,472	\$ 2,804	\$ 105	\$ 13,209
loss allowance (Lifetime expected credit losses)	-	-	-	-	-	-
amortized cost	<u>\$ 7,261</u>	<u>\$ 567</u>	<u>\$ 2,472</u>	<u>\$ 2,804</u>	<u>\$ 105</u>	<u>\$ 13,209</u>

10.Inventory

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Room equipment and other	\$ 6,853	\$ 6,577
Ingredients and beverages	4,585	4,004
Commodity	306	376
	<u>\$ 11,744</u>	<u>\$ 10,957</u>

From January 1 to December 31, 2021 and 2020, the hotel's operating, room catering and leisure costs and other related costs are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Food and beverage costs	\$ 182,637	\$ 206,250
Room cost	145,230	161,878
Other costs	24,339	28,180
	<u>\$ 352,206</u>	<u>\$ 396,308</u>

11.Investments accounted for using equity method

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Investment subsidiary		
Chateau Fulang Hotel Co., Ltd.	<u>\$ 119,187</u>	<u>\$ 123,485</u>

	<u>Ownership interest and percentage of voting rights</u>	
<u>Subsidiary name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Chateau Fulang Hotel Co., Ltd.	47%	47%

The share of profits and losses and other comprehensive profits and losses of subsidiaries that adopt the equity method in 2021 and 2020 is recognized based on the financial reports of each subsidiary that have been audited by accountants during the same period.

12.Property, plant and equipment

Statement of changes in property, plant and equipment is detailed in attached table 5.

The depreciation of the property, plant and equipment of the company is calculated on a straight-line basis based on the following durability years:

Housing and construction	
Main building	48 years
Staff dorm	32~50 years
Other	3~20 years
Transportation equipment	3~5 years
Office equipment	2~14years
Hydropower equipment	3~20 years
Landscape gardening	2~15 years
Miscellaneous equipment	2~20 years

The business appliance of the company is recorded at the actual cost when it is acquired, and the cost is transferred when it is actually damaged.

For setting the amount of Property, plant and equipment used as loan guarantee, please refer to Note 29.

13. Rental agreement

(1) right-of-use asset

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
right-of-use asset		
Carrying amount		
Land	\$ 2,381	\$ 3,686
Building	40,990	54,520
Transportation equipment	7,170	8,309
Office equipment	-	88
	<u>\$ 50,541</u>	<u>\$ 66,603</u>
	<u>Year 2021</u>	<u>Year 2020</u>
Added right-of-use asset	<u>\$ 3,586</u>	<u>\$ 3,944</u>
Right-of-use asset's depreciation expense		
Land	\$ 1,305	\$ 1,304
Building	13,536	13,725
Transportation equipment	4,725	4,965
Office equipment	88	161
	<u>\$ 19,654</u>	<u>\$ 20,155</u>

In addition to the above-mentioned additional and recognized depreciation expenses, the consolidated company's right-of-use assets did not undergo major sublease and depreciation from January 1 to December 31, 2021 and 2020.

(2) lease liability

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Lease liability Carrying amount		
Current	<u>\$ 16,983</u>	<u>\$ 14,058</u>
Non-current	<u>\$ 34,237</u>	<u>\$ 51,572</u>

The range of discount rate of lease liability is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Land	1.61%	1.61%
Building	1.53%~1.61%	1.53%~1.61%
Transportation equipment	1.53%~1.61%	1.53%~1.61%
Office equipment	1.5%	1.5%

(3) Important lease activities and terms

The company leases the above-mentioned transportation equipment and office equipment for 3 to 5 years and 4 years respectively.

The company also leases certain land and buildings for office and operational use. The lease period is 4-8 years and 2-20 years.

(4) Other lease information

	<u>Year 2021</u>	<u>Year 2020</u>
Short-term lease expenses	<u>\$ 2,572</u>	<u>\$ 1,407</u>
Low-value asset lease expenses	<u>\$ 1,349</u>	<u>\$ 1,238</u>
Variable lease payments not included in the measurement of lease liability	<u>\$ 1,630</u>	<u>\$ 1,536</u>
Total cash outflow from lease	<u>\$ 24,472</u>	<u>\$ 23,563</u>

The company chooses to apply the recognition exemption to certain office equipment leases that qualify for short-term leases and leases of low-value assets, and does not recognize related right-of-use asset and lease liability for these leases.

14. Investment Property

	<u>Year 2021</u>	<u>Year 2020</u>
Land	<u>\$ 582,932</u>	<u>\$ 541,153</u>

The Investment Property of the company did not undergo any material additions, dispositions and impairment from January 1 to December 31, 2021 and 2020.

The fair value of the Investment Property of the company on December 31, 2021 was 1,186,613 (In Thousands of NTD). The fair value is measured by the independent evaluation company Evermore Valuation Firm on the Balance Sheet Date based on the level 3 input value. The evaluation is conducted with reference to market evidence of similar real estate transaction prices.

All Investment Property of the company is its own equity. For information on Investment Property mortgage, please refer to Note 29.

15. Intangible asset

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Franchising	\$ 292,928	\$ 337,513
Computer software license	<u>562</u>	<u>1,878</u>
	<u>\$ 293,490</u>	<u>\$ 339,391</u>

	<u>Franchising</u>	<u>Computer software license</u>	<u>Total</u>
<u>Cost</u>			
Balance as of January 1, 2020	\$ 1,093,309	\$ 5,933	\$ 1,099,242
Additions	3,174	458	3,632
Disposal	(<u>1,489</u>)	<u>-</u>	(<u>1,489</u>)
Balance as of December 31, 2020	<u>\$ 1,094,994</u>	<u>\$ 6,391</u>	<u>\$ 1,101,385</u>
<u>Accumulated amortization</u>			
Balance as of January 1, 2020	(\$ 710,333)	(\$ 2,994)	(\$ 713,327)
Additions	(48,570)	(1,519)	(50,089)
Disposal	<u>1,422</u>	<u>-</u>	<u>1,422</u>
Balance as of December 31, 2020	(<u>\$ 757,481</u>)	(<u>\$ 4,513</u>)	(<u>\$ 761,994</u>)
Net as of December 31, 2020	<u>\$ 337,513</u>	<u>\$ 1,878</u>	<u>\$ 339,391</u>
<u>Cost</u>			
Balance as of January 1, 2021	\$ 1,094,994	\$ 6,391	\$ 1,101,385
Additions	2,376	75	2,451
Disposal	(<u>352</u>)	<u>-</u>	(<u>352</u>)
Balance as of December 31, 2021	<u>\$ 1,097,018</u>	<u>\$ 6,466</u>	<u>\$ 1,103,484</u>
<u>Accumulated amortization</u>			
Balance as of January 1, 2021	(\$ 757,481)	(\$ 4,513)	(\$ 761,994)
Additions	(46,910)	(1,391)	(48,301)
Disposal	<u>301</u>	<u>-</u>	<u>301</u>
Balance as of December 31, 2021	(<u>\$ 804,090</u>)	(<u>\$ 5,904</u>)	(<u>\$ 809,994</u>)
Net as of December 31, 2021	<u>\$ 292,928</u>	<u>\$ 562</u>	<u>\$ 293,490</u>

The investment and management contract for the recreational facility area in the seaside area of the Kenting Forest Recreation Area signed by the company and the Forestry Bureau of the Executive Yuan Agriculture Committee clearly stipulates that the ownership of real estate and facilities built on the land of the Forestry Bureau of the Agriculture Committee of the Executive Yuan belongs to Forestry Bureau of the Executive Yuan Agriculture Committee, the relevant agreement is detailed in Note 30. Therefore, the company lists the cost of building real estate and facilities as the cost of obtaining franchising.

The above-mentioned intangible asset with limited useful life is calculated the amortisation expense based on the following useful life on a straight-line basis:

Franchising
Computer software license

2 to 30 years
4 years

16. Fund for improvement and expansion

According to the articles of association of the company, the annual net profit will retain 20% of the special reserve as an expansion fund. The funds in the fund account are dedicated to special funds, and are limited to the expansion of new operating bases for building, operating equipment, operating working fund or Bank guarantees and other related operations. As of December 31, 2021 and 2020, the carrying amount of funds for improvement and expansion is 25,388(In Thousands of NTD) and 8,002(In Thousands of NTD) mainly invested in bank time deposits.

The changes in fund for improvement and expansion are as follows:

	<u>Year 2021</u>	<u>Year 2020</u>
Initial balance	\$ 8,002	\$ 2
Annual deposit	<u>17,386</u>	<u>8,000</u>
Year-end balance	<u>\$ 25,388</u>	<u>\$ 8,002</u>

17. Other assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Temporary payments	<u>\$ 160</u>	<u>\$ 127</u>
<u>Non-current</u>		
Refundable deposits	\$ 3,723	\$ 3,921
prepayments for equipment	<u>2,350</u>	<u>-</u>
	<u>\$ 6,073</u>	<u>\$ 3,921</u>

Refundable deposits are mainly vehicle deposits required for leasing operations.

18. Borrowing

(1) Long-term debt payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Collateralized borrowing (Note 1)	\$ 2,033	\$ 34,135
Credit loan(Note 2)	<u>277,500</u>	<u>181,666</u>
	279,533	215,801
Minus: the part due within one year	<u>72,033</u>	<u>93,768</u>
	<u>\$ 207,500</u>	<u>\$ 122,033</u>

Note1:Changhua Bank and First Bank, which expire in February 2022(note29), and the annual interest rates for 2021 and 2020 are 1.40% and 1.23%~1.40% respectively.

Note2 : Several companies including Taishin Bank and Yuanta Bank will expire before September 2024, with annual interest rates ranging from 1.35% to 1.46% and 1.30% to

1.46%, respectively.

- (2) The restrictions of financial ratio on long-term loans are as follows:

Taishin bank

Debt ratio (not higher than)	100%
Times interest earned (not less than)	2.5times
Net tangible (not less than)	1.5 billion NT dollars

The above financial ratios and restrictions are based on the annual consolidated financial statements reviewed by accountants. The consolidated company has complied with the above financial ratio restrictions in 2020.

Yuanta Bank

Debt ratio (not higher than)	100%
Times interest earned (not less than)	5.0times
Net tangible (not less than)	1.2 billion NT dollars

Taipei Fubon Bank

Debt ratio (not higher than)	100%
Times interest earned (not less than)	5.0times
Net tangible (not less than)	1.2 billion NT dollars

The above financial ratios and restrictions are based on the annual consolidated financial statements reviewed by accountants and the second quarter consolidated financial statements reviewed. The consolidated company has complied with the above financial ratio restrictions.

Shin Kong Bank

Debt ratio (not higher than)	100%
Times interest earned (not less than)	2.5times
Net tangible (not less than)	1.2 billion NT dollars

The above financial ratios and restrictions are based on the annual individual financial statements reviewed by accountants. The Individual company has complied with the above financial ratio restrictions in 2021.

The company has already complied with the above financial ratio restrictions.

19. Other payables and other current liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Other payables</u>		
Salaries and bonuses payable	\$ 30,976	\$ 29,999
Pay in lieu of untaken annual leave	6,953	9,711
<u>Royalties payable</u>	5,525	9,513
Equipment payment payable	4,904	8,642
Insurance payable	3,787	3,906
Utility bills payable	2,549	2,818
Employee bonus payable	1,748	2,420
Other	11,665	8,547
	<u>\$ 68,107</u>	<u>\$ 75,556</u>
<u>Other current liabilities</u>		
Accommodation vouchers in advance	\$ 48,124	\$ 41,146
Meal coupons in advance	8,647	9,300
Travel voucher in advance	1,780	1,378
Other	5,455	3,740
	<u>\$ 64,006</u>	<u>\$ 55,564</u>

20. Retirement benefit plans

(1) Defined contribution plans

The pension system of the "Labor Pension Act" applicable to the company and its subsidiaries in the company is a government-managed retirement plan. According to 6% of employees' monthly salary, the pension is allocated to the individual account of the Labor Insurance Bureau.

(2) Defined benefit plans

The pension system of the company in the company in accordance with my country's "Labor Standards Law" is a government-managed defined benefit plans. The payment of employee pensions is calculated based on the length of service and the average salary of the 6 months before the approved retirement date. These companies provide retirement pensions based on 2% of the total monthly salary of their employees, which are deposited in a special account of Bank of Taiwan by the Labor Retirement Reserve Supervision Committee in the name of the committee. Before the end of the year, if the estimated balance in the special account is insufficient to pay the workers who are estimated to meet the retirement conditions in the next year, the difference will be paid once before the end of March of the next year. The special account is managed by the Labor Fund Utilization Bureau of the Ministry of Labor, and the company has no right to influence the investment management strategy.

The amounts of defined benefit plans included in the individual balance sheet are listed as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligation	\$ 13,827	\$ 13,583
Fair value of plan assets	(<u>4,743</u>)	(<u>4,547</u>)
Net defined benefit liability	<u>\$ 9,084</u>	<u>\$ 9,036</u>

The changes in net defined benefit liability are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
January 1, 2020	<u>\$ 12,653</u>	<u>(\$ 4,134)</u>	<u>\$ 8,519</u>
Service cost			
Current service cost	29	-	29
Interest expense (income)	<u>127</u>	<u>(47)</u>	<u>80</u>
Recognized in profit and loss	<u>156</u>	<u>(47)</u>	<u>109</u>
Remeasurements			
Return on plan assets (excluding amounts included in net interest expense)	-	(112)	(112)
Actuarial loss	<u>942</u>	<u>-</u>	<u>942</u>
Recognized in other comprehensive income	<u>942</u>	<u>(112)</u>	<u>830</u>
Employer contributions	<u>(168)</u>	<u>168</u>	<u>-</u>
December 31, 2020	<u>13,583</u>	<u>(4,547)</u>	<u>9,036</u>
Service cost			
Current service cost	37	-	37
Interest expense (income)	<u>102</u>	<u>(36)</u>	<u>66</u>
Recognized in profit and loss	<u>139</u>	<u>(36)</u>	<u>103</u>
Remeasurements			
Return on plan assets (excluding amounts included in net interest expense)	-	(45)	(45)
Actuarial loss	<u>680</u>	<u>-</u>	<u>680</u>
Recognized in other Employer contributions	<u>680</u>	<u>(45)</u>	<u>635</u>
Welfare payment	<u>(575)</u>	<u>575</u>	<u>-</u>
December 31, 2021	<u>\$ 13,827</u>	<u>(\$ 4,743)</u>	<u>\$ 9,084</u>

The company is exposed to the following risks due to the pension system of the " the R.O.C. Labor Standards Law ":

1. Investment risk: The Labor Fund Utilization Bureau of the Ministry of Labor invests labor retirement funds in domestic (foreign) equity securities and debt securities, bank deposits, etc. through its own use and entrusted operations. However, the allocated amount of the planned assets of the company is calculated based on the interest rate not lower than the 2-year fixed deposit rate of the local bank.
2. Interest rate risk: The decline in the interest rate of government bonds/corporate bonds will increase the present value of defined benefit obligation, but the return on debt investment of planned assets will also increase. The two will partially offset the impact of net defined benefit liability .
3. Salary risk: The calculation of the present value of defined benefit obligation refers to the future salary of plan members, so the increase in salary of plan members will increase the present value of defined benefit obligation.

The present value of defined benefit obligation of the company is actuarial

calculation performed by a qualified actuary. The material assumptions of the measurement date are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount Rate	0.65%	0.75%
Expected salary increase rate	1.50%	1.50%

If the significant actuarial assumptions are subject to reasonably possible changes, the amount of the present value of defined benefit obligation will increase (decrease) as follows, while all other assumptions remain unchanged:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount Rate		
Decrease 0.25%	<u>\$ 392</u>	<u>\$ 408</u>
Increase 0.25%	<u>(\$ 377)</u>	<u>(\$ 392)</u>
Expected salary increase rate		
Decrease 1.00%	<u>(\$ 1,427)</u>	<u>(\$ 1,485)</u>
Increase 1.00%	<u>\$ 1,631</u>	<u>\$ 1,702</u>

Since actuarial assumptions may be related to each other, it is unlikely that a single assumption will change, so the above sensitivity analysis may not reflect the actual changes in the present value of defined benefit obligation.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Contribution amount expected within 1 year	<u>\$ 690</u>	<u>\$ 422</u>
Average maturity period of defined benefit obligation	13 years	13.4 years

21. Equity

(1) Share capital of ordinary share

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Authorized shares (in thousands)	<u>120,000</u>	<u>120,000</u>
Authorized capital	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Issued and paid shares (in thousands)	<u>111,523</u>	<u>111,523</u>
Issued capital	<u>\$ 1,115,229</u>	<u>\$ 1,115,229</u>

Issued ordinary shares have a par value of NT\$10 per share, and each share has one voting right and the right to receive dividends.

(2) Capital surplus

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Can be used to make up</u> <u>for losses, distribute</u> <u>cash or allocate share</u> <u>capital (Note)</u>		
Stock issue premium	\$ 170,581	\$ 170,581
<u>Can only be used to make</u> <u>up for losses</u>		
Gain on disposal of asset	3	3
Expiry share option	79	79
	<u>\$ 170,663</u>	<u>\$ 170,663</u>

Note: This type of additional paid-in capital can be used to make up for losses. It can also be used to distribute cash or allocate share capital when the company has no losses. However, when the share capital is allocated, it is limited to a certain percentage of the paid-in share capital each year.

(3) Retained earnings and dividend policy

According to the surplus distribution policy of the company's articles of association, if there is a surplus in the annual final accounts, taxes shall be paid in accordance with the law, and after the accumulated losses are made up, another 10% will be set as the legal reserve, and the rest shall be listed or transferred to the Special reserve according to laws and regulations and the articles of association; If there is a balance, and with the accumulated undistributed earnings, the board of directors will draft a surplus distribution proposal and submit it to the shareholders meeting for a resolution to distribute shareholder dividends. For the remuneration distribution policy for employees and directors and supervisors as stipulated in the articles of association of the company, please refer to Note 23 (9) Employee Remuneration and Remuneration of Directors and Supervisors.

In addition, in accordance with the company's articles of association, the net profit for the current period each year will be distributed in the following order:

1. To make up for losses
2. To contribute 10% legal reserve, and from 2011 to 2048, the company must contribute 20% special reserve as an expansion fund for the year when the company is a single operating base, and an expansion fund account shall be established for the annual contribution funds.
3. To contribute special reserve in accordance with other laws and regulations.

After the balance after the distribution in the preceding paragraph is added to the undistributed earnings at the beginning of the period and the undistributed earnings adjustment for the current period, the board of directors shall draft a distribution plan in accordance with the dividend policy and submit it to the shareholders meeting for resolution.

The 20% special reserve contributed in accordance with the provisions of the second subparagraph of the first paragraph:

1. The funds in the expansion fund account are for special purposes only, and are limited to the construction of the library, operating equipment, operating working fund or bank guarantees for the expansion of new operating bases;

2. The investment target of its expanded fund account is mainly based on stable profits, and is limited to investment in fixed deposits, government bonds, bond funds, ETF funds and fund of funds. Please refer to Note 16 of the financial report for the relevant contribution.
3. The contribution can be stopped unless one of the following conditions is met:
 - (1) The total amount of investment required to obtain a new operating base must be more than 500 million NT dollars, and the new operating base has been profitable for two consecutive years.
 - (2) The special reserve has reached twice the paid-in capital.

The company is at a stage of stable growth, and will grasp the changes in internal and external environments in order to achieve sustainable business development. When the board of directors draws up a profit distribution plan, it should consider the company's future capital expenditure budget and capital needs, and measure the necessity of using surplus to support funds to determine the amount of surplus retained or distributed, the amount of dividends or bonuses distributed to shareholders in cash, the distribution of cash shall not be less than 30%, and the distribution of stocks shall not exceed 70%.

Legal reserve should be contributed until its balance reaches the total amount of the company's actual share capital. Legal reserve can be used to make up for losses. When the company has no losses, the portion of the legal reserve exceeding 25% of the total paid-in share capital can be contributed as share capital and still be contributed in cash.

The company has made a recommendation based on No. Financial-Supervisory-Securities-Auditing-1010012865, No. Financial-Supervisory-Securities-Auditing-1010047490, No. Financial-Supervisory-Securities-Auditing-1030006415 and "International Financial Reporting Standards (IFRSs)". Questions and Answers on the Application of Special Reserve" and other regulations to mention and transfer the special reserve.

The company's regular shareholders' meetings in May 2021 and 2020 resolved and approved the 2020 and 2019 earnings distribution proposals as follows:

	Appropriation of Earnings	
	Year 2020	Year 2019
Legal reserve	\$ <u>8,693</u>	\$ <u>4,000</u>
Special reserve	\$ <u>17,386</u>	\$ <u>23,454</u>
Reversal of special surplus reserve according to law	(\$ <u>27,200</u>)	\$ <u>-</u>
Cash dividend	\$ <u>55,762</u>	\$ <u>22,305</u>
Cash dividend per share (NT\$)	\$ 0.5	\$ 0.2

The company's case of earnings distribution for 2021 proposed by the board of directors on February 23, 2022 is as follows:

	Appropriation of Earnings	Cash dividend per share (NT\$)
Legal reserve	\$ 1,987	
Special reserve	3,975	
Cash dividend	22,305	\$ 0.2

The case of earnings distribution for 2021 is still pending the resolution of the shareholders' meeting on May 25, 2022.

22. Net Revenue

	Year 2021	Year 2020
Room income	\$ 411,232	\$ 511,868
Catering income	148,594	193,666
Other income	7,018	10,517
	<u>\$ 566,844</u>	<u>\$ 716,051</u>

(1) Contract balance

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liability — Current			
Deposit received in advance	<u>\$ 32,252</u>	<u>\$ 28,223</u>	<u>\$ 20,219</u>

The amount of performance obligations that have been satisfied from contract liability at the beginning of the year recognized as income in the current period is as follows:

	Year 2021	Year 2020
Contract liability from the beginning of the year		
Deposit received in advance	<u>\$ 27,315</u>	<u>\$ 18,702</u>

(2) Contracts with customers that has not yet been completed

The amortized transaction price of performance obligations that have not yet been fully satisfied and the expected timing of recognition as revenue are as follows. These amounts do not include the estimated amount of restricted changes in consideration:

	Year 2021	Year 2020
Deposit received in advance		
Fulfill in 2020	\$ -	\$ 28,223
Fulfill in 2021	32,252	-
	<u>\$ 32,252</u>	<u>\$ 28,223</u>

23. Profit before tax

(1) Other income and net expenses

	Year 2021	Year 2020
Disposal of benefits (losses) of property, plant and equipment	\$ <u>4</u>	\$ <u>-</u>

(2) Interest income

	Year 2021	Year 2020
Bank deposits	\$ 37	\$ 57
Other	<u>14</u>	<u>20</u>
	\$ <u>51</u>	\$ <u>77</u>

(3) Other income

	Year 2021	Year 2020
Government grants income	\$ 19,040	\$ 17,172
Rental income	834	920
Dividend income	4,136	-
Compensation income	<u>3,615</u>	<u>6,909</u>
	\$ <u>27,625</u>	\$ <u>25,001</u>

(4) Other benefits and losses

	Year 2021	Year 2020
Loss on disposal of intangible assets	\$ <u>51</u>	\$ <u>67</u>

(5) Miscellaneous expenses

	Year 2021	Year 2020
Depreciation expense	\$ 1,710	\$ 1,762
Investment Property related expenses	1,011	1,058
Other	<u>259</u>	<u>1,101</u>
	\$ <u>2,980</u>	\$ <u>3,921</u>

(6) Financial costs

	Year 2021	Year 2020
Interest on bank loans	\$ 3,431	\$ 4,520
Interest on lease liability	<u>934</u>	<u>1,181</u>
	4,365	5,701
Minus: The amount included in the cost of eligible assets (listed under Real estate, plant and equipment)	(<u>447</u>)	(<u>601</u>)
	\$ <u>3,918</u>	\$ <u>5,100</u>

The relevant information of capitalization of interest is as follows:

	Year 2021	Year 2020
The amount of capitalization of interest	\$ 447	\$ 601
The interest rate of capitalization of interest	1.35%~1.46%	1.12%~1.46%

(7) Depreciation and amortization

	Year 2021	Year 2020
Depreciation expense summarized by function		
Operating cost	\$ 48,994	\$ 55,912
Operating expenses	14,082	15,527
Miscellaneous expenses	1,710	1,762
	<u>\$ 64,786</u>	<u>\$ 73,201</u>

	Year 2021	Year 2020
Amortization expense summarized by function		
Operating cost	\$ 46,910	\$ 48,570
Operating expenses	1,391	1,519
	<u>\$ 48,301</u>	<u>\$ 50,089</u>

(8) Employee benefits expenses

	Year 2021	Year 2020
Short-term employee benefits		
Salary	\$ 187,737	\$ 199,322
Labor and health insurance	20,839	19,800
Directors' remuneration	530	480
Other	10,201	10,869
	<u>219,307</u>	<u>230,471</u>
Retirement benefit plans (Note 21)		
Defined contribution plans	8,879	8,918
Defined benefit plans	103	109
	<u>8,982</u>	<u>9,027</u>
	<u>\$ 228,289</u>	<u>\$ 239,498</u>
Summary by function		
Operating cost	\$ 154,649	\$ 163,916
Operating expenses	73,640	75,582
	<u>\$ 228,289</u>	<u>\$ 239,498</u>

(9) Remuneration of employees and remuneration of directors and supervisors

In accordance with the provisions of the articles of association, the

company shall contribute at least 1% and not more than 1% of the employee compensation and directors and supervisors' compensation based on the current year's pre-tax benefits before deducting the distribution of employee compensation and directors and supervisors' compensation. The remuneration of employees and the remuneration of directors and supervisors for 2021 and 2020 were resolved by the board of directors on February 23, 2022 and February 5, 2021 as follows:

1. Estimated ratio

	Year 2021	Year 2020
Remuneration of employee	1%	1%
Remuneration of Directors and Supervisors	0.2569%	0.0448%

2. Amount

	Year 2021	Year 2020
Remuneration of employee	\$ 234	\$ 1,071
Remuneration of Directors and Supervisors	60	48

If the amount of individual financial statements still changes after the publication date of the annual individual financial statements, they shall be treated according to the changes in accounting estimates and adjusted and recorded in the following year.

There is no difference between the actual allotment amount of remuneration of employees and remuneration of Directors and Supervisors in 2020 and 2019 and the amount recognized in the financial reports of each year.

For information on the remuneration of employees and remuneration of Directors and Supervisors resolved by the company's board of directors, please go to the "Public Information Observatory" of the Taiwan Stock Exchange.

24. Income tax

(1) The main components of income tax recognized in profit and loss

	Year 2021	Year 2020
Current income tax expense		
Current tax expense recognized in the current year	\$ 178	\$ 18,204
Tax on undistributed profit	1,706	-
Income tax adjustments on prior years	<u>130</u>	<u>141</u>
	2,014	18,345
Deferred income tax		
Current tax expense recognized in the current year	<u>669</u>	<u>5</u>
	<u>\$ 2,683</u>	<u>\$ 18,350</u>

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	Year 2021	Year 2020
Profit before tax of continuing operations	<u>\$ 23,065</u>	<u>\$ 105,942</u>
Income tax expense at the statutory rate	\$ 4,612	\$ 21,189
Unrecognizable tax expenses	870	454
Unrecognizable tax benefits	(4,635)	(3,434)
Tax on undistributed profit	1,706	-
Income tax adjustments on prior years	<u>130</u>	<u>141</u>
	<u>\$ 2,683</u>	<u>\$ 18,350</u>
(2) Income tax expense recognized in other comprehensive income		
	Year 2021	Year 2020
Deferred tax		
Produced this year		
Related to remeasurement of defined benefit obligation	<u>\$ 127</u>	<u>\$ 166</u>
(3) Current income tax liabilities		
	December 31, 2021	December 31, 2020
Current income tax liabilities		
Income tax payable	<u>\$ 20,203</u>	<u>\$ 26,766</u>
(4) Deferred income tax assets		

The changes in deferred income tax assets and liabilities are as follows:
Year 2021

Deferred income tax assets	Initial balance	Recognized in profit and loss	Recognized in other comprehensive income	Year-end balance
Temporary difference				
Pay in lieu of untaken annual leave	\$ 1,942	(\$ 552)	\$ -	\$ 1,390
Defined benefit retirement benefit plans	<u>1,807</u>	(<u>117</u>)	<u>127</u>	<u>1,817</u>
	<u>\$ 3,749</u>	(<u>\$ 669</u>)	<u>\$ 127</u>	<u>\$ 3,207</u>

Year 2020

Deferred income tax assets	Initial balance	Recognized in profit and loss	Recognized in other comprehensive income	Year-end balance
Temporary difference				
Pay in lieu of untaken annual leave	\$ 1,884	\$ 58	\$ -	\$ 1,942
Defined benefit retirement benefit plans	<u>1,704</u>	(<u>63</u>)	<u>166</u>	<u>1,807</u>
	<u>\$ 3,588</u>	(<u>\$ 5</u>)	<u>\$ 166</u>	<u>\$ 3,749</u>

(5) Verification situation of income tax

The company's and its subsidiaries' profit-making business income tax declarations before 2019 have been approved by the Revenue Service Office.

25. Earnings per Share

It is used to calculate the earnings per share and the weighted average number of ordinary shares as follows:

Net profit for the year

	Year 2021	Year 2020
Profit (loss) from continuing operations	\$ 20,382	\$ 87,592

Number of shares

Unit: Thousand shares

	Year 2021	Year 2020
Used to calculate the weighted average number of ordinary shares of basic earnings per share	111,523	111,523
The impact of potential ordinary share with dilution effect:		
Remuneration of employee	11	40
Used to calculate the ordinary share weighted average number of dilutive earnings per share	111,534	111,563

If the company of the company chooses to issue the remuneration of employees in stocks or cash, when calculating the dilutive earnings per share, it is assumed that the remuneration of employees will adopt the method of issuing shares, and it will be included in the weighted average circulation when the potential ordinary share has a dilution effect. The number of foreign shares is used to calculate dilutive earnings per share. When calculating the dilutive earnings per share before the resolution of the remuneration of employees to issue shares in the next year's shareholders' meeting, the dilution effect of these potential ordinary shares will continue to be considered.

26. Capital risk management

The company's capital structure consists of the company's net debt (i.e. borrowings minus cash) and equity (i.e. share capital, additional paid-in capital, retained earnings and other equity items). the company conducts capital management to ensure that all departments can be raised before continuing to operate, and maximize shareholder returns by optimizing the balance of debt and equity.

The company does not have to comply with other external capital regulations.

27. Financial instruments

(1) Fair value information - Financial instruments that are not measured at fair value

the company's non-measured at fair value financial instruments, such as cash, financial assets measured at amortized cost (including current and non-current), receivables, other receivables, fund for improvement and expansion, refundable deposits (other non-current assets), short-term loan, short-term notes and bills payable, payables, other payables, long-term loans

(including due within one year) and deposits received, etc. The carrying amount is a reasonable approximation of Fair value.

(2) Fair value information - financial instruments measured at fair value based on repeatability

1. Fair value level

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u> <u>measured at fair value</u> <u>through Other</u> <u>comprehensive income</u>				
Investment of equity instruments				
Domestic listed (counter) stocks	\$312,437	\$ -	\$ -	\$312,437
Domestic unlisted (counter) stocks	-	-	26,790	26,790
	<u>\$312,437</u>	<u>\$ -</u>	<u>\$ 26,790</u>	<u>\$339,227</u>

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u> <u>measured at fair value</u> <u>through Other</u> <u>comprehensive income</u>				
Investment of equity instruments				
Domestic listed (counter) stocks	\$145,934	\$ -	\$ -	\$145,934
Domestic unlisted (counter) stocks	-	-	32,790	32,790
	<u>\$145,934</u>	<u>\$ -</u>	<u>\$ 32,790</u>	<u>\$178,724</u>

From January 1 to December 31, 2021 and 2020, there will be no transfer between level 1 and level 2 fair value measurement.

2. Financial instruments are adjusted by level 3 Fair value measurement

Year 2021

Financial asset	Financial asset measured at fair value through other comprehensive income Equity instruments
Initial balance	\$ 32,790
Recognized in other comprehensive income (amortization profits and losses of valuation of financial assets measured at fair value through Other comprehensive income)	(6,000)
Year-end balanc	<u>\$ 26,790</u>

Year 2020

Financial asset	Financial asset measured at fair value through other comprehensive income Equity instruments
Initial balance	\$ 31,680
Recognized in other comprehensive income (amortization profits and losses of valuation of financial assets measured at fair value through Other comprehensive income)	1,110
Year-end balanc	<u>\$ 32,790</u>

3. Method of measuring the fair value of financial instruments

The fair value of financial asset and financial liability is determined in the following way:

- (1) For financial asset and financial liability with standard terms and conditions and traded in an active market, the fair value of the financial asset and financial liability are determined with reference to market quotations.
- (2) The financial asset of the third level fair value measurement held by the company is an unlisted (counter) company stock, which is mainly based on the market method to measure the fair value. The estimates or assumptions used are based on the relevant information and estimates of comparable transactions in the market Future cash flow. The main unobservable inputs include discounts without control rights and risk discounts for lack of marketability.

(3) Types of financial instruments

	December 31, 2021	December 31, 2020
<u>Financial asset</u>		
Financial assets at amortized cost (Note 1)	\$ 201,399	\$ 194,912
Financial assets measured at fair value through Other comprehensive income		
Investment of equity instruments	339,227	178,724
<u>Financial liability</u>		
Measured by amortized cost (Note 2)	377,295	316,603

Note 1 : The balance includes cash, financial assets measured at amortized cost (including current and non-current), receipts, other receivables, fund for improvement and expansion, and refundable deposits (other non-current assets) and other financial assets measured at amortized cost.

Note 2 : The balance is the financial liability measured by amortized cost, such as payables, other payables, short-term loans, short-term notes and bills payable, long-term loans (including due within one year) and deposits received.

(4) Objectives and policies of financial risk management

The company's main financial instruments include investment of equity instruments, receipts and payables, loans and lease liability, etc. the company's financial management department provides services for various business units, coordinates and coordinates the operation of entering the domestic market, and supervises and manages the financial risks related to the company's operations by analyzing the internal risk report of the risk according to the degree and breadth of the risk. These risks include market risk (interest rate risk and other price risk), credit risk and liquidity risk .

The important financial activities of the company are reviewed by the board of directors in accordance with relevant regulations and internal control systems, and internal auditors continue to review compliance with policies and risk limits. the company does not trade financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risk

The company's operating activities cause the company to bear the main financial risks of interest rate changes (see (1) below) and other price risks (see (2) below).

(1) Interest rate risk

Because the company borrows funds at a fixed interest rate and a floating interest rate at the same time, interest rate exposure occurs. the company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates.

The financial asset and financial liability carrying amount of the company subject to interest rate exposure on the balance sheet date are as follows:

	December 31, 2021	December 31, 2020
With fair value interest rate risk		
— Financial asset	\$ 11,000	\$ 11,000
— Financial liability	51,220	65,630
With cash flow interest rate risk		
— Financial asset	143,537	155,192
— Financial liability	279,533	215,801

Sensitivity Analysis

The following sensitivity analysis is determined based on the interest rate exposure of non-derivative instruments on Balance Sheet Date. For floating rate liabilities, the analysis method assumes that the amount of liabilities outstanding on the Balance Sheet Date is in circulation during the reporting period. The rate of change used in the company's internal reporting of interest rates to key management is an increase or decrease of 1% in interest rates, which also represents management's assessment of the reasonably possible range of changes in interest rates.

If the interest rate increases by 1% and all other variables remain unchanged, the profit before tax of the company in 2021 and 2020 will be reduced by 1,360 (In Thousands of NTD) and 606(In Thousands of NTD), respectively, mainly because of the company's variable interest rate risk exposure of deposits and loans.

(2) Other price risks

As the company invests in domestic listed stocks and unlisted stocks, the risk exposure of equity price is generated.

Sensitivity Analysis

If the equity price increases/decreases by 1%, other comprehensive income before taxes in 2021 and 2020 will increase/decrease by 3,392 (In Thousands of NTD) and 1,787 (In Thousands of NTD) due to changes in financial assets measured at fair value through other comprehensive income fair value.

2. Credit risk

Credit risk refers to the risk of the company's financial losses caused by the counterparty's default contract obligations. As of the Balance Sheet Date, the maximum credit risk exposure of the company that may cause financial losses due to the counterparty's failure to perform its obligations mainly comes from the financial asset carrying amount recognized on the balance sheet.

The counterparties of the company are individuals and corporate organizations with good credit, so no significant credit risk is expected.

3. Liquidity risk

he company supports the operation of the company by managing and maintaining sufficient cash or liquid financial products. The management of the company supervises the use of bank financing facility and ensures compliance with the terms of the loan contract.

Bank loans are an important source of liquidity for the company. For the unused financing facility of the company, please refer to the description of (2) financing facility below.

Since the equity in the capital structure of the company is far greater than the liabilities, the cash is sufficient to repay the liabilities, and there is no liquidity risk due to the inability to raise funds to fulfill the contractual obligations.

(1) Liquidity and interest rate risk table of non-derivative financial liability

The following table summarizes the financial liability analysis of the company's agreed repayment period based on the due date and undiscounted due amount:

	Within 1 year	1~5 years	More than 5 years
<u>December 31, 2021</u>			
Floating rate instruments	\$ 75,430	\$ 207,709	\$ -
Liabilities without interest	97,662	100	-
lease liability	<u>18,314</u>	<u>26,692</u>	<u>9,612</u>
	<u>\$ 191,406</u>	<u>\$ 234,501</u>	<u>\$ 9,612</u>
<u>December 31, 2020</u>			
Floating rate instruments	\$ 95,350	\$ 122,037	\$ -
Liabilities without interest	100,702	100	-
lease liability	<u>14,969</u>	<u>41,002</u>	<u>12,685</u>
	<u>\$ 211,021</u>	<u>\$ 163,139</u>	<u>\$ 12,685</u>

(2) Financing facilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Credit loan facilities		
Used amount	\$ 280,000	\$ 210,000
Unused amount	<u>125,000</u>	<u>275,000</u>
	<u>\$ 405,000</u>	<u>\$ 485,000</u>
Collateralized borrowing facilities		
Used amount	\$ 30,000	\$ 110,000
Unused amount	<u>80,000</u>	<u>-</u>
	<u>\$ 110,000</u>	<u>\$ 110,000</u>

28. Related party transaction

Except as disclosed in other Note, the transactions between the company and other related parties are as follows:

(1) The name of the related party and its relationship

<u>The name of the related party</u>	<u>Related Party Categories</u>
Quintain Steel Co., Ltd.	The ultimate parent company of the company
Guantian Investment Development Co., Ltd.	The parent company of the company
Asahi Enterprises Corp.	Other related parties (The company's parent company is the company's legal

Chia Chi Sdry Enterprise Co., Ltd.	person director) Other related parties (The director of the parent company of the company is the chairman of the company)
Wise Co., Ltd.	Other related parties (The director of the company is the chairman of the company)
Polydo Investment Co., Ltd.	Other related parties (The chairman of the company and the chairman of the company are first relatives)
Hsin-shih Textile Co., Ltd.	Other related parties (The chairman of the company is a director of the company)
Chateau Fulang Hotel Co., Ltd.	Subsidiary

(2) Net revenue

Item	Type of related party	Year 2021	Year 2020
Net revenue	The ultimate parent company of the company	\$ 1,603	\$ 1,663
	Other related parties	126	101
	Subsidiary	754	638
		<u>\$ 2,483</u>	<u>\$ 2,402</u>

The company's sales prices to the parent company and other related parties are comparable to general customers.

(3) Purchase

Type of related parties	Year 2021	Year 2020
Other related parties	\$ 4,590	\$ 6,573
Subsidiary	2	18
	<u>\$ 4,592</u>	<u>\$ 6,591</u>

The purchase price of the company to other related parties is equivalent to that of general manufacturers.

(4) Receivables from related parties

Item	The name of the related party	December 31, 2021	December 31, 2020
Receivables from related parties	The ultimate parent company of the company	\$ 203	\$ 135
	Other related parties	16	16
	Subsidiary	2	85
		<u>\$ 221</u>	<u>\$ 236</u>

The credit period is within 30 days, and there is no major difference from general manufacturers.

Outstanding amounts receivable from related parties have not received guarantees. The amounts receivable from related parties in 2021 and 2020 is not listed in the loss allowance.

(5) Payables to related parties

Item	Type of related parties	December 31, 2021	December 31, 2020
Payables to related parties	Other related parties	<u>\$ 1,616</u>	<u>\$ 1,222</u>
Other payables	The ultimate parent company of the company subsidiary	\$ 297 <u>9</u> <u>\$ 306</u>	\$ 297 <u>18</u> <u>\$ 315</u>

The payment period is from 30 days to 55 days, which is not significantly different from the general manufacturer (the general manufacturer's payment period is 55 days).

The balance of the outstanding amount due to related parties is not guaranteed.

(6) Acquisition of property, plant and equipment

Type of related parties/Name	Proceeds	
	Year 2021	Year 2020
Other related parties		
Wise Co., Ltd.	<u>\$ 672</u>	<u>\$ 1,784</u>

(7) Lease agreement

Item	Type of related parties	December 31, 2021	December 31, 2020
Lease liabilities	Other related parties		
	Polydo Co., Ltd.	<u>\$ 17,161</u>	<u>\$ 19,549</u>
Type of related parties/Name	Year 2021	Year 2020	
<u>Rental expenses</u>			
Other related parties			
Polydo Co., Ltd.	<u>\$ 2,685</u>	<u>\$ 2,685</u>	

Lease fees include short-term leases and low-value asset lease fees and variable rents that are not index- and rate-dependent. Please refer to Note 13 for the lease period.

Type of related parties/Name	Year 2021	Year 2020
<u>Interest expenses</u>		
Other related parties		
Polydo Co., Ltd.	<u>\$ 297</u>	<u>\$ 335</u>

(8) Advance receipts (listed in other current liabilities)

Type of related parties	December 31, 2021	December 31, 2020
The ultimate parent company of the company	\$ 1,968	\$ 2,013
Other related parties	433	473
Subsidiary	<u>80</u>	<u>106</u>
	<u>\$ 2,481</u>	<u>\$ 2,592</u>

(9) Refundable deposits (listed in other non-current assets)

Type of related parties	December 31, 2021	December 31, 2020
Other related parties	<u>\$ 156</u>	<u>\$ 156</u>

(10) Other transactions

Type of related parties	Property	Contract period	Item	Year 2021	Year 2020
The ultimate parent company of the company	Hotel management system maintenance	The lease term is one year, and the contract is renewed every year	Administrative expenses	\$ 917	\$ 917
The ultimate parent company of the company	Lease operation premises	The lease term is one year, and the contract is renewed every year	Operating cost	865	865
The ultimate parent company of the company	Leased office	The lease term is one year, and the contract is renewed every year	Operating cost	192	159
Other related parties	Rental operation premises	The lease term is one year, and the contract is renewed every year	Other income	218	218

(11) Compensation of key management personnel

	Year 2021	Year 2020
Short-term employee benefits	\$ 14,420	\$ 15,780
Post-employment benefit	739	795
	<u>\$ 15,159</u>	<u>\$ 16,575</u>

The remuneration of directors and other major management levels is determined by the remuneration committee in accordance with individual performance.

29. Pledged assets

The following assets have been provided as gift certificate performance bond, franchise agreement signing deposit, bank loan and collateral of commercial paper

	December 31, 2021	December 31, 2020
Financial assets measured at amortized cost (Pledged time deposit and trust account)	\$ 44,267	\$ 29,522
Net investment Property	30,000	30,000
Land	13,521	13,521
Net building	32,995	33,919
	<u>\$ 120,783</u>	<u>\$ 106,962</u>

30. Significant contingent liabilities and unrecognized contractual commitments

Except for those already mentioned in other notes, the significant commitments and contingencies of the company on Balance Sheet Date are as follows:

Significant commitments

- (1) the company and the Forestry Bureau of the Agriculture Committee of the

Executive Yuan signed a contract for the investment and operation of amusement facilities in the seaside area of the Kenting Forest Recreation Area. The original contract expires on September 30, 2016. The lease term according to the new contract is October 2015. From 1st to September 30th, 2023, the contract stipulates that each renewal period is 8 years, and the number of renewals shall not exceed 4 times (including this contract). The total operating period is from October 23, 1998 It shall not exceed 50 years from the date of calculation. A performance bond of NT\$11,000 (In Thousands of NTD) shall be paid at the time of signing the contract. The agreed conditions regarding the company's rent and royalties are as follows:

1. Rent (Note13)

The land rent shall be paid for the area covered by the contract (Eluanbi Section of Hengchun Township) at the annual interest rate of 5% of the announced land price in the year of contract. The other building rent shall be the buildings and equipment specified in the contract (Provence Hall, Marbella Hall and Positano Hall), pay the building equipment rental at 10% of the present tax value of the house in the year of contract.

2. Royalty

The annual operating royalty payable is based on the estimated operating income of NT\$520 million per year. If the actual operating income is less than NT\$520 million each year, it will be collected at NT\$14,976 (In Thousands of NTD).

According to the letter of Pingyuzi No. 0964241208 dated November 7, 2007 from the Forest Affairs Bureau of the Agriculture Committee of the Executive Yuan, the relevant income related to the calculation of royalties is as follows:

	Year 2021		
	January 1 to September 30, 2021	October 1 to December 31, 2021	Total
<u>Operating income</u>			
Room dining income	\$ 287,175	\$ 145,280	\$ 432,455
Boutique income	2,097	936	3,033
SPA and other income	2,249	1,232	3,481
<u>Non-operating income</u>			
Other income	705	304	1,009
	<u>\$ 292,226</u>	<u>\$ 147,752</u>	<u>\$ 439,978</u>
	Year 2020		
	January 1 to September 30, 2020	October 1 to December 31, 2020	T o t a l
<u>Operating income</u>			
Room dining income	\$ 425,711	\$ 127,203	\$ 552,914
Boutique income	3,383	844	4,227
SPA and other income	3,396	1,206	4,602
<u>Non-operating income</u>			
Other income	873	375	1,248
	<u>\$ 433,363</u>	<u>\$ 129,628</u>	<u>\$ 562,991</u>

The land, construction and equipment rentals and operating royalties mentioned in the preceding paragraph shall be paid semiannually from the date of conclusion of the contract, and shall be paid before March 31 and September 30 each year. The basic royalties will be paid at NT\$7,488 (In Thousands of NTD) every six months, and the difference will be paid in September of the following year. December 31, 2021 and 2020, the carrying amount of royalty is NT\$13,266(In Thousands of NTD) and NT\$20,374(In Thousands of NTD).

3. Return of assets

In accordance with the provisions of Article 5, Article 36 and Article 37 of the contract, the construction of the company's facilities on the land provided by the Forest Service Bureau of the Agriculture Committee of the Executive Yuan shall be carried out in the name of the Forest Service Bureau of the Agriculture Committee of the Executive Yuan. After the completion, the ownership will belong to the Forestry Bureau of the Agriculture Committee of the Executive Yuan free of charge. The so-called facilities include the completed real estate (Provence Hall, Marbella Hall and Positano Hall). And upon the expiration or termination of the entrusted operation period, all properties and articles owned by the Forestry Bureau of the Agriculture Committee of the Executive Yuan will be returned unconditionally.

- (2) As of December 31, 2020 and 2019, the company has signed related contracts for the repair of franchising equipment, and the unpaid amounts are all NT\$126 (In Thousands of NTD).
- (3) As of December 31, 2020 and 2019, the company has committed to purchase real estate, plant and equipment, and the unpaid amount is NT\$8,542 (In Thousands of NTD) and NT\$8,504 (In Thousands of NTD).

31. Other matters

The company was affected by the global pandemic of COVID-19, operating income from July to September 2021 and January to September 2021 decreased by 58% and 30% respectively compared with the same period last year. As of December 31, 2021 and 2020, the company has applied for salary and working capital subsidies from the government, and received subsidies of NT\$19,040 (In Thousands of NTD) and NT\$ 18,556 (In Thousands of NTD) (Note 24). As of the date of publication of this individual financial statement, the company continues to evaluate the economic impact of the epidemic on the company.

32. Note Disclosure Matters

- (1) Information about significant transactions:
 - 1. Financings provided. (Attached Table 1)
 - 2. Endorsement/guarantee provided: None.
 - 3. Marketable securities held (excluding investments in subsidiaries and associates) : (Attached Table 2)
 - 4. Cumulative purchase or sale of the same securities amounts to NT\$300 million or more than 20% of the paid-in capital: None.
 - 5. The amount of real estate acquired is NT\$300 million or more than 20% of the paid-in capital: None.
 - 6. Disposal of real estate with an amount of NT\$300 million or more than 20% of the paid-in capital: None.

7. The amount of purchase and sale of goods with related parties reaches NT\$100 million or more than 20% of the paid-in capital: None.
 8. Receivables from related parties amounting to NT\$100 million or more than 20% of paid-in capital: None.
 9. Information about the derivative financial instruments transaction: None.
 10. Other business relationships and important transactions and amounts between parent and subsidiary companies and between subsidiaries, none.
- (2) Information about reinvestment business. (Note 3)
 - (3) Investment information of China: None.
 - (4) Information on major shareholders: the name, amount and proportion of shareholders with a shareholding ratio of 5% or more. (Attached Table 4)

Chateau International Development Company Limited
Financings provided

January 1 to December 31, 2021

Attached Table 1

Unit: Thousands of New Taiwan Dollars

No.	Financing Company	Entities to which the company may loan funds.	Account subject	Related parties or not	The highest amount in this period	Ending balance	Actual spending amount	Interest rate range (%)	The nature of the loan	Business transaction amount	Reasons why short-term financing is necessary	The amount of allowance and doubtful debts	Collateral		For individual objects Fund loan and limit (Note 1)	Fund loan Total limit (Note 2)
													Name	Value		
0	The company	Chateau Fulang Hotel Co., Ltd.	Other receivables — related parties	Yes	\$ 150,000	\$ 150,000	\$ -	1.80%	Short-term financing	\$ -	Operating capital	\$ -	None	-	\$ 367,751	\$ 735,501

Note 1 : The Procedure for Lending Funds to Other Parties stipulates that the company's loan limit for a single object is 20% of the company's net value at the end of the period.

Note 2 : Procedure for Lending Funds to Other Parties stipulates that the company’s capital loan and total limit is 40% of the company’s net value at the end of the period.

Chateau International Development Company Limited
Marketable securities held
 December 31, 2021
 Attached Table 2
 Unit: Thousands of New Taiwan Dollars

Holding company	Marketable Securities Type and Name (Note)	Relationship with the securities issuer	Account	End of term				Note
				Unit／Number of shares	Carrying amount	Shareholding ratio (%)	Fair value	
The company	Quintain Steel Co., Ltd.	Ultimate parent company	Financial assets measured at fair value through Other comprehensive income — Current	13,786,494	\$ 275,040	4.03	\$ 275,040	
The company	Luxe electric Co., Ltd.	None	"	1,568,000	37,397	1.15	37,397	
The company	Smokey Joe's Co., Ltd.	None	"	3,000,000	32,790	17.39	26,790	

Note : The securities mentioned in this table refer to the stocks, bonds, beneficiary certificates and securities derived from the above items that fall within the scope of the International Financial Reporting Standard No. 9 "Financial Instruments".

Chateau International Development Company Limited
Information of the investee company, location... etc.
 January 1 to December 31, 2021
 Attached Table 3
 Unit: Thousands of New Taiwan Dollars

The name of the investment company	The name of investee company	Area	Main business items	Original investment amount		Held at the end of the period			Investee company Current period profit (loss)	Investment profit (loss) recognized in the current period	Note
				At the end of the period	End of last year	Number of shares	Ratio%	Carrying amount			
The Company Chateau Fulang Hotel Co., Ltd.	Chateau Fulang Hotel Co., Ltd. Park Ave Shared Space Company	Taiwan Taiwan	Leisure hotel Industry Leisure service industry	\$ 112,919	\$ 112,919	9,447,188	47	\$ 119,187	(\$ 8,634)	(\$ 4,298)	Note 1
				4,500	4,500	450,000	45	3,574	(2,019)		Note 2

Note 1 : It is calculated based on the financial statements of the investee company audited by other accountants in 2021.
 Note 2 : It is only necessary to list the profit and loss amount of each subsidiary recognized by the company for direct reinvestment and each invested company that adopts the equity method, and the rest is exempt.

Chateau International Development Company Limited**Information on major shareholders**

December 31, 2021

Attached Table 4

Name of major shareholder	Shares	
	Number of shares held (shares)	Shareholding ratio
Guantian Investment Development Co., Ltd.	32,824,581	29.43%
Zhongxin Development Co., Ltd.	22,491,623	20.16%
CMC Magnetics Corporation	16,191,421	14.51%
Concord International Securities Co., Ltd.	8,685,943	7.78%
Zhongjia International Investment Co., Ltd.	5,928,269	5.31%

Chateau International Development Company Limited
Statement of changes in real estate, plant and equipment
January 1 to December 31, 2021 and 2020
Attached Table 5
Unit: Thousands of New Taiwan Dollars

	Land	Buildings	Transportation equipment	Office equipment	Hydropower equipment	Landscape gardening	Business appliance	Miscellaneous equipment	Unfinished projects and equipment to be inspected	Total
<u>Cost</u>										
Balance as of January 1, 2020	\$ 86,335	\$ 391,683	\$ 3,047	\$ 22,335	\$ 158,784	\$ 70,327	\$ 28,268	\$ 393,461	\$ 40,925	\$ 1,195,165
Added	-	731	-	643	115	-	2,467	1,538	15,836	21,330
Disposal	-	-	-	(73)	-	-	-	(355)	-	(428)
Reclassification	5,376	19,658	-	-	-	-	-	272	(25,351)	(45)
Transfer to depreciation expense (Note)	-	-	-	-	-	-	(2,341)	-	-	(2,341)
Balance as of December 31, 2020	<u>\$ 91,711</u>	<u>\$ 412,072</u>	<u>\$ 3,047</u>	<u>\$ 22,905</u>	<u>\$ 158,899</u>	<u>\$ 70,327</u>	<u>\$ 28,394</u>	<u>\$ 394,916</u>	<u>\$ 31,410</u>	<u>\$ 1,213,681</u>
<u>Accumulated Depreciation</u>										
Balance as of January 1, 2020	\$ -	\$ 33,834	\$ 1,250	\$ 19,964	\$ 36,784	\$ 47,868	\$ -	\$ 149,159	\$ -	\$ 288,859
Disposal	-	-	-	(73)	-	-	-	(355)	-	(428)
Depreciation	-	9,348	641	943	11,700	3,260	-	24,813	-	50,705
Balance as of December 31, 2020	<u>\$ -</u>	<u>\$ 43,182</u>	<u>\$ 1,891</u>	<u>\$ 20,834</u>	<u>\$ 48,484</u>	<u>\$ 51,128</u>	<u>\$ -</u>	<u>\$ 173,617</u>	<u>\$ -</u>	<u>\$ 339,136</u>
Net as of December 31, 2020	<u>\$ 91,711</u>	<u>\$ 368,890</u>	<u>\$ 1,156</u>	<u>\$ 2,071</u>	<u>\$ 110,415</u>	<u>\$ 19,199</u>	<u>\$ 28,394</u>	<u>\$ 221,299</u>	<u>\$ 31,410</u>	<u>\$ 874,545</u>
<u>Cost</u>										
Balance as of January 1, 2021	\$ 91,711	\$ 412,072	\$ 3,047	\$ 22,905	\$ 158,899	\$ 70,327	\$ 28,394	\$ 394,916	\$ 31,410	\$ 1,213,681
Added	-	647	198	2,484	-	1,067	1,522	5,512	1,035	12,465
Disposal	-	-	-	-	-	(30)	-	(1,694)	-	(1,724)
Reclassification	-	3,037	-	-	-	-	-	-	(17,727)	(14,690)
Transfer to investment property	-	-	-	-	-	-	(1,737)	-	-	(1,737)
Balance as of December 31, 2021	<u>\$ 91,711</u>	<u>\$ 415,756</u>	<u>\$ 3,245</u>	<u>\$ 25,389</u>	<u>\$ 158,899</u>	<u>\$ 71,364</u>	<u>\$ 28,179</u>	<u>\$ 398,734</u>	<u>\$ 14,718</u>	<u>\$ 1,207,995</u>
<u>Accumulated Depreciation</u>										
Balance as of January 1, 2021	\$ -	\$ 43,182	\$ 1,891	\$ 20,834	\$ 48,484	\$ 51,128	\$ -	\$ 173,617	\$ -	\$ 339,136
Disposal	-	-	-	-	-	(30)	-	(1,614)	-	(1,644)
Depreciation	-	9,001	426	1,105	7,863	3,394	-	21,606	-	43,395
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 52,183</u>	<u>\$ 2,317</u>	<u>\$ 21,939</u>	<u>\$ 56,347</u>	<u>\$ 54,492</u>	<u>\$ -</u>	<u>\$ 193,609</u>	<u>\$ -</u>	<u>\$ 380,887</u>
Net as of December 31, 2021	<u>\$ 91,711</u>	<u>\$ 363,573</u>	<u>\$ 928</u>	<u>\$ 3,450</u>	<u>\$ 102,552</u>	<u>\$ 16,872</u>	<u>\$ 28,179</u>	<u>\$ 205,125</u>	<u>\$ 14,718</u>	<u>\$ 827,108</u>

§LIST OF IMPORTANT ACCOUNTING ITEMS§

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Chateau International Development Company Limited
List of cash and cash equivalents
December 31, 2021
Table 1
Unit: Thousands of New Taiwan Dollars

Item	Amount
Bank savings	
Bank cheques and demand deposits	\$ 110,418
Cash on hand and working capital	<u>5,103</u>
	<u>\$ 115,521</u>

Note: There are no cash on hand, demand deposits and time deposits in foreign currencies on the company's account.

Chateau International Development Company Limited
List of financial assets measured at fair value through other comprehensive gains and losses-current

December 31, 2021

Table 2

Unit: Thousands of New Taiwan Dollars

	Number of units	Amount	market price		Note
			Unit price (NT\$)	Total Amount	
Listed stocks					
Quintain Steel Co., Ltd.	13,786,494	\$ 275,040	\$ 19.95	\$ 275,040	Note 1
Luxe electric Co., Ltd.	1,568,000	37,397	23.85	37,397	Note 1
Unlisted (counter) stocks					
Smokey Joe's Co., Ltd.	3,000,000	<u>32,790</u>	8.93	<u>26,790</u>	Note 2
		<u>\$ 339,227</u>		<u>\$ 178,724</u>	

Note 1 : It is the closing price at the end of December 2021.

Note 2 : The basis of the market price is to estimate the fair value by the evaluation method.

Chateau International Development Company Limited
List of financial assets measured at cost after amortization
December 31, 2021
Table 3
Unit: Thousands of New Taiwan Dollars

Item	Annual interest rate (%)	Expiry period	Amount
Current			
Trust account deposit			<u>\$ 33,267</u>
Non-current			
Time deposit	0.13	113.9.25	<u>\$ 11,000</u>

Note : Financial assets measured by amortized cost-current and non-current are to provide gift certificates as performance guarantees, franchise signing deposits and gift certificate trusts respectively.

Chateau International Development Company Limited**List of accounts receivable**

December 31, 2021

Table 4

Unit: Thousands of New Taiwan Dollars

<u>client's name</u>	<u>Amount</u>
Credit Card Payment of Taishin International Bank	\$ 4,082
Tayih travel service	1,188
Other (Note)	<u>7,207</u>
	<u>\$ 12,477</u>

Note : The amount of each account included does not exceed 5% of the balance of accounts receivable.

Chateau International Development Company Limited**List of inventories**

December 31, 2021

Table 5

Unit: Thousands of New Taiwan Dollars

Item	Amount	
	Cost	market price
Room equipment and other	\$ 6,853	\$ 6,853
Ingredients and beverages	4,585	4,585
commodity	<u>306</u>	<u>306</u>
	<u>\$ 11,744</u>	<u>\$ 11,744</u>

Note : The market price is the net realizable value.

Chateau International Development Company Limited**List of prepayment**

December 31, 2021

Table 6

Unit: Thousands of New Taiwan Dollars

Item	Amount
Prepaid insurance expenses	\$ 3,911
Prepaid expenses	2,796
Prepayment for purchases	<u>373</u>
	<u>\$ 7,080</u>

Note : None of the balances exceeds 5% of the prepayment balance.

Chateau International Development Company Limited

List of Investment using equity method

January 1 to December 31, 2021

Table 7

Unit: Thousands of New Taiwan Dollars

	initial balance		Increase this year		Investment loss (Note 1)	Year-end balance			market price/Net (Note 2)	Provide guarantee or pledge situation
	Number of shares	Amount	Number of shares	Amount		Number of shares	Shareholding ratio (%)	Amount		
Long-term investments at equity Chateau Fulang Hotel Co., Ltd.	<u>9,447,188</u>	<u>\$ 123,485</u>	<u>-</u>	<u>\$ -</u>	(<u>\$ 4,298</u>)	<u>9,447,188</u>	47	<u>\$ 119,187</u>	<u>\$ 95,040</u>	None

Note 1 : The long-term equity investment evaluated by the company based on the equity method is recognized based on the financial statements audited by accountants during the same period.

Note 2 : The difference between the year-end balance and the net value is the difference in fair value that has not been amortized and the amortization benefits downstream.

Chateau International Development Company Limited**List of changes in the right to use assets**

December 31, 2021

Table 8

Unit: Thousands of New Taiwan Dollars

Item	initial balance	Increase this year	Decrease this year	Year-end balance
Land	\$ 6,295	\$ -	\$ -	\$ 6,295
Building	81,421	-	(445)	80,976
Transportation Equipment	17,471	3,586	(2,328)	18,729
office equipment	<u>685</u>	<u>-</u>	<u>-</u>	<u>685</u>
	<u>\$ 105,872</u>	<u>\$ 3,586</u>	<u>(\$ 2,773)</u>	<u>\$ 106,685</u>

Chateau International Development Company Limited
List of changes in accumulated depreciation of right-of-use assets
December 31, 2021
Table 9
Unit: Thousands of New Taiwan Dollars

Item	initial balance	Increase this year	Decrease this year	Year-end balance
Land	\$ 2,609	\$ 1,305	\$ -	\$ 3,914
Building	26,901	13,536	(451)	39,986
Transportation Equipment	9,162	4,725	(2,328)	11,559
office equipment	<u>597</u>	<u>88</u>	<u>-</u>	<u>685</u>
	<u>\$ 39,269</u>	<u>\$ 19,654</u>	<u>(\$ 2,779)</u>	<u>\$ 56,144</u>

Chateau International Development Company Limited

List of Accounts payable

December 31, 2021

Table 10

Unit: Thousands of New Taiwan Dollars

Trade Names	Amount
Other (Note)	<u>\$ 29,555</u>

Note : The amount of each included account does not exceed 5% of the balance of accounts payable.

Chateau International Development Company Limited
List of long-term loan
December 31, 2021
Table 11
Unit: Thousands of New Taiwan Dollars

Name	Summary	current portion of long-term loans payable	long-term debt payable	Total	Contract period	Annual interest rate (%)	Mortgage or guarantee
First Commercial Bank	Collateralized borrowing	\$ 2,033	\$ -	\$ 2,033	108.2.23~111.2.23	1.40	Real estate
Shin Kong Commercial Bank Co., Ltd.	Credit loan	-	30,000	30,000	110.9.29~112.9.23	1.35	None
Taishin International Bank	Credit loan	-	100,000	100,000	110.6.30~112.6.30	1.38	None
The Shanghai Commercial & Savings Bank, Ltd.	Credit loan	10,000	17,500	27,500	110.9.23~113.9.23	1.40	None
Taipei Fubon Bank	Credit loan	-	60,000	60,000	110.10.15~112.10.14	1.35	None
Yuantan Commercial Bank Co., Ltd.	Credit loan	30,000	-	30,000	107.7.9~111.7.9	1.46	None
Yuantan Commercial Bank Co., Ltd.	Credit loan	<u>30,000</u>	<u>-</u>	<u>30,000</u>	107.7.24~111.7.24	1.46	None
		<u>\$ 72,033</u>	<u>\$ 207,500</u>	<u>\$ 279,533</u>			

Chateau International Development Company Limited**List of Operating cost**

Year 2021

Table 12

Unit: Thousands of New Taiwan Dollars

Item	Amount
Inventory at the beginning of the year	\$ 10,957
Plus : Purchase this year	77,572
Minus : Year-end inventory	<u>11,744</u>
Cost of goods sold	76,785
Operating-related personnel costs	139,198
Operating -related depreciation, amortization, rent and supplies expenses	106,620
Other cost	<u>29,603</u>
	<u>\$ 352,206</u>

Chateau International Development Company Limited**List of operating expense**

Year 2021

Table 13

Unit: Thousands of New Taiwan Dollars

Item	Selling expenses	Administrative expenses	Total
Payroll expense	\$ 14,873	\$ 45,080	\$ 59,953
Utilities expense	100	26,358	26,458
Operating royalty	-	13,266	13,266
Repair(s) and maintenance expense	130	10,404	10,534
Depreciation and replacement expense	844	13,238	14,082
Commission expense	5,268	4,943	10,211
Insurance expense	119	12,128	12,247
Other (Note)	<u>7,621</u>	<u>53,626</u>	<u>61,247</u>
	<u>\$ 28,955</u>	<u>\$ 179,043</u>	<u>\$ 207,998</u>

Note : Each amount does not exceed 5% of the amount of this subject.

Chateau International Development Company Limited
List of Employee benefits, depreciation and amortization expense function summary table
Table 14
Unit: Thousands of New Taiwan Dollars

	Year 2021				Year 2020			
	Operating cost	Operating expenses	Miscellaneous expenses	Total	Operating cost	Operating expenses	Miscellaneous expenses	Total
Employee benefits								
Salary	\$ 127,784	\$ 59,953	\$ -	\$ 187,737	\$ 137,060	\$ 62,262	\$ -	\$ 199,322
Labor and health insurance fee	14,024	6,815	-	20,839	13,429	6,371	-	19,800
Pension	5,675	3,307	-	8,982	5,676	3,351	-	9,027
Directors' remuneration	-	530	-	530	-	480	-	480
Other	7,166	3,035	-	10,201	7,751	3,118	-	10,869
	<u>\$ 154,649</u>	<u>\$ 73,640</u>	<u>\$ -</u>	<u>\$ 228,289</u>	<u>\$ 163,916</u>	<u>\$ 75,582</u>	<u>\$ -</u>	<u>\$ 239,498</u>
Depreciation	\$ 48,994	\$ 14,082	\$ 1,710	\$ 64,786	\$ 55,912	\$ 15,527	\$ 1,762	\$ 73,201
Amortization	46,910	1,391	-	48,301	48,570	1,519	-	50,089

- Note : 1. The number of employees for this year and the previous year were 459 and 480 respectively, of which 4 directors were not part-time employees.
2. Companies whose stocks have been listed on the stock exchange or listed on the stock counter trading center should increase the disclosure of the following information:
- (1) The average employee welfare expense for the year is 501 (In Thousands of NTD) ("Total employee benefits for the year-Total directors' remuneration" / "Number of employees for the year-Number of directors who are not part-time employees"). The average employee welfare expense of the previous year was 502 (In Thousands of NTD) ("Total employee benefits of the previous year-Total directors' remuneration" / "Number of employees in the previous year-Number of directors who were not part-time employees").
 - (2) The average employee salary cost this year is 412 (In Thousands of NTD) (the total salary and cost of the year / "the number of employees this year-the number of directors who are not part-time employees"). The average employee salary cost of the previous year is 418 (In Thousands of NTD) (the total salary cost of the previous year / "the number of employees in the previous year-the number of directors who are not part-time employees").
 - (3) -1% of the average employee salary cost adjustment change ("Average employee salary cost of the current year-Average employee salary cost of the previous year"/Average employee salary cost of the previous year).
 - (4) The supervisor's remuneration this year was 251 (In Thousands of NTD), and the supervisor's remuneration for the previous year was 246 (In Thousands of NTD).
 - (5) The remuneration of directors and managers is determined by the remuneration committee in accordance with individual performance and market trends; the remuneration of employees is determined in accordance with individual performance and market trends.