Ticker Symbol：2722

Chateau International Development Company Limited and subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 2021 and 2020 and Independent Auditors' Review Report

Address: No.15, Ln. 218, Huancheng North Rd., Hengchun Township, Pingtung County 946004, Taiwan (R.O.C.)
Tel: (08)886-2377

Independent Auditors' Report

The Board of Directors and Shareholders
Chateau International Development Company Limited

Introduction
We have reviewed the accompanying consolidated balance sheets of Chateau International Development Company Limited and its subsidiaries (Château Hotels & Resorts) as of September 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, of changes in equity, and of cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" ' endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review
We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Company as of September 30, 2021 and 2020, its consolidated financial performance for the three months ended September 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the nine months then ended September 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche

Accountant LEE, CHI-CHEN	**Accountant YANG, CHAO-CHIN**
No. approved by Securities and Futures Commission	No. approved by Financial Supervisory Commission
No. Taiwan-Financial-Securities- No.0920123784	No. Financial-Supervisory-Securities-Auditing-No.1060023872

November 5, 2021

Chateau International Development Company Limited and Subsidiaries

Consolidated Balance Sheet

(In Thousands of New Taiwan Dollars)

		September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
Code	**Assets**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets						
1100	Cash and cash equivalents (Note 6)	$ 98,966	4	$ 161,178	6	$ 165,797	6
1120	Current financial assets at fair value through other comprehensive income (Note 7)						
	Current financial assets at amortized cost (Notes 8 and 29)	350,569	13	178,724	7	130,230	5
1136	Accounts receivable, net (Notes 9 and 28)	23,737	1	18,522	1	22,418	1
1170	Other receivables	7,162	-	13,935	1	21,630	1
1200	Current inventories	702	-	6	-	56	-
130X	Prepayments (Note 10)	10,774	-	11,092	-	11,795	-
1410	Other current assets (Note 18)	14,596	1	12,916	-	15,157	1
1470	Total current assets	130	-	127	-	188	-
11XX	Current assets	506,636	19	396,500	15	367,271	14
	Non-current assets						
1535	Non-current financial assets at amortized cost (Notes 8 and 29)	11,000	1	11,000	1	11,000	1
1550	Investments accounted for using equity method (Note 13)	3,799	-	4,482	-	4,500	-
1600	Property, plant and equipment (Notes 13, 28 and 29)	1,179,791	44	1,179,382	46	1,179,917	46
1755	Right-of-use assets (Note 14)	59,917	2	72,631	3	77,683	3
1760	Investment property (Notes 15 and 29)	576,066	22	548,143	22	548,169	22
1780	Intangible assets (Note 16)	304,862	11	339,391	13	351,218	14
1840	Deferred tax assets (Note 4)	2,897	-	3,749	-	3,257	-
1952	Fund for improvements and expansions (Note 17)	25,388	1	8,002	-	8,002	-
1990	Other non-current assets (Notes 18 and 28)	5,828	-	7,520	-	5,156	-
15XX	Total non-current assets	2,169,548	81	2,174,300	85	2,188,902	86
1XXX	Total assets	$ 2,676,184	100	$ 2,570,800	100	$ 2,556,173	100
Code	**Liabilities and equity**						
	Current liabilities						
2100	Short-term loans (Notes 19 and 29)	$ 30,000	1	$ 30,000	1	$ 30,000	1
2110	Short-term notes and bills payable (Notes 19 and 29)	73,312	3	60,774	2	71,841	3
2130	Current contract liabilities (Note 23)	21,284	1	28,223	1	27,392	1
2150	Notes payable	-	-	-	-	393	-
2170	Accounts payable (note 28)	20,118	1	26,017	1	30,671	1
2219	Other payables (Notes 20 and 28)	80,541	3	78,553	3	83,979	3
2230	Dividend payable	18,203	-	26,766	1	22,173	1
2280	Current tax liabilities	22,028	1	14,058	1	17,585	1
2320	Current lease liabilities (Note 4)	75,075	3	93,768	4	106,226	4
2399	Long-term liabilities, current portion (Notes 19 and 29)	60,111	2	55,637	2	52,411	2
21XX	Other current liabilities, others (Notes 20 and 28)	400,672	15	413,796	16	442,671	17
	Non-current liabilities						
2540	Non-current portion of non-current borrowings (Notes 19 and 30)	210,000	8	122,033	5	145,075	6
2570	Deferred tax liabilities (Note 4)	1,118	-	1,118	-	1,118	-
2580	Non-current lease liabilities (note 14)	34,755	1	51,572	2	49,913	2
2640	Net defined benefit liability, non-current (Note 4)	8,526	-	9,036	-	8,284	-
2645	Guarantee deposits received	421	-	421	-	421	-
25XX	Total non-current liabilities	254,820	9	184,180	7	204,811	8
2XXX	Total liabilities	655,492	24	597,976	23	647,482	25
	Equity attributable to the owners of the parent (Note 22)						
	Share capital						
3110	Ordinary share	1,115,229	42	1,115,229	43	1,115,229	44
3200	Capital surplus	170,663	6	170,663	7	170,663	7
	Retained earnings						
3310	Legal reserve	156,829	6	148,136	6	148,136	6
3320	Special reserve	226,387	9	236,201	9	236,201	9
3350	Unappropriated retained earnings (accumulated deficit)	58,921	2	127,852	5	111,843	4
3300	Total retained earnings	442,137	17	512,189	20	496,180	19
3400	Total other equity interest	163,112	6	40,673	2	(7,821)	-
31XX	Total equity attributable to owners of parent	1,891,141	71	1,838,754	72	1,774,251	70
36XX	Non-controlling interests	129,551	5	134,070	5	134,440	5
3XXX	Total equity	2,020,692	76	1,972,824	77	1,908,691	75
	Total liabilities and equity	$ 2,676,184	100	$ 2,570,800	100	$ 2,556,173	100

The attached notes are part of this consolidated financial statement

Chateau International Development Company Limited and subsidiaries

Consolidated Statement of Comprehensive Income

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)
(Reviewed, Not Audited)

		Three Months Ended September 30				Nine Months Ended September 30			
		2021		2020		2021		2020	
Code		**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
4000	Total operating revenue (Note 23 and 28)	$116,182	100	$278,131	100	$389,339	100	$558,005	100
5000	Total operating costs (Note 10, 24 and 28)	80,735	69	111,963	40	267,057	69	310,180	56
5900	Gross profit (loss) from operations	35,447	31	166,168	60	122,282	31	247,825	44
	Operating expenses (Notes 24 and 28)								
6100	Selling expenses	6,330	6	9,152	3	20,957	5	23,460	4
6200	Administrative expenses	45,435	39	60,374	22	140,546	36	157,765	28
6000	Total operating expenses	51,765	45	69,526	25	161,503	41	181,225	32
6510	Other income (Note 24)	(11)	-	-	-	4	-	-	-
6900	Net operating income (loss)	(16,329)	(14)	96,642	35	(39,217)	(10)	66,600	12
	Non-operating income and expenses (Note 12, 24 and 28)								
7100	Interest income	7	-	9	-	38	-	58	-
7010	Other income	21,301	18	2,103	1	28,642	7	23,403	4
7030	Other gains and losses	-	-	-	-	(46)	-	-	-
7050	Financial costs	(1,517)	(1)	(1,524)	(1)	(3,977)	(1)	(4,745)	(1)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	(179)	-	-	-	(683)	-	-	-
7590	Miscellaneous disbursements	(803)	(1)	(721)	-	(2,699)	(1)	(2,579)	-
7000	Total non-operating income and expenses	18,809	16	(133)	-	21,275	5	16,137	3

(Next page)

(Continued from the previous page)

Code		Three Months Ended September 30				Nine Months Ended September 30			
		2021		2020		2021		2020	
		Amount	%	Amount	%	Amount	%	Amount	%
7900	Profit (loss) from continuing operations before tax	$ 2,480	2	$ 96,509	35	($ 17,942)	(5)	$ 82,737	15
7950	Total tax expense (income) (Notes 4 and 25)	(96)	-	13,499	5	867	-	14,010	3
8200	Profit (loss) from continuing operations	2,576	2	83,010	30	(18,809)	(5)	68,727	12
	Other comprehensive income								
8310	Items not reclassified to profit or loss:								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(124,767)	(107)	2,718	1	122,439	32	19,379	4
8500	Total comprehensive income	($122,191)	(105)	$ 85,728	31	$103,630	27	$ 88,106	16
	Profit (loss), attributed to：								
8610	Shareholders of the parent	$ 4,619	4	$ 83,034	30	($ 14,290)	(4)	$ 70,919	13
8620	Non-controlling interests	(2,043)	(2)	(24)	-	(4,519)	(1)	(2,192)	(1)
8600		$ 2,576	2	$ 83,010	30	($ 18,809)	(5)	$ 68,727	12
	Comprehensive income attributable to：								
8710	Shareholders of the parent	($120,148)	(103)	$ 85,752	31	$108,149	28	$ 90,298	16
8720	Non-controlling interests	(2,043)	(2)	(24)	-	(4,519)	(1)	(2,192)	-
8700		($122,191)	(105)	$ 85,728	31	$103,630	27	$ 88,106	16
	Net profit per Share NT$, Note 26)								
9750	Basic net profit per share	$ 0.04		$ 0.74		($ 0.13)		$ 0.64	
9850	Diluted net profit per share	0.04		0.74		(0.13)		0.64	

The attached notes are part of this consolidated financial statement.

Chateau International Development Company Limited and subsidiaries

Consolidated Statement of Changes In Equity

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

		Equity attributable to Shareholders of parent								
				Retained earnings Special reserve			Other equity			
Code		Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total equity attributable to owners of parent	Non-controlling interests	Total Equity
A1	Balance as of January 1, 2021	$ 1,115,229	$ 170,663	$ 148,136	$ 236,201	$ 127,852	$ 40,673	$ 1,838,754	$ 134,070	$ 1,972,824
	Earnings Appropriation and Distribution in 2020 (Note 22)									
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)	-	(55,762)
D1	Profit (loss) for the six months ended September 30, 2021	-	-	-	-	(14,290)	-	(14,290)	(4,519)	(18,809)
D3	Other comprehensive income for the six months ended September 30, 2021	-	-	-	-	-	122,439	122,439	-	122,439
D5	Total comprehensive income for the six months ended September 30, 2021	-	-	-	-	(14,290)	122,439	108,149	(4,519)	103,630
Z1	Balance as of September 30, 2021	$ 1,115,229	$ 170,663	$ 156,829	$ 226,387	$ 58,921	$ 163,112	$ 1,891,141	$ 129,551	$ 2,020,692
A1	Balance as of January 1, 2020	$ 1,115,229	$ 170,663	$ 144,136	$ 212,747	$ 90,683	($ 27,200)	$ 1,706,258	$ 136,632	$ 1,842,890
	Earnings Appropriation and Distribution in 2019 (Note 22)									
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)	-	(22,305)
D1	Profit (loss) for the six months ended September 30, 2020	-	-	-	-	70,919	-	70,919	(2,192)	68,727
D3	Other comprehensive income for the nine months ended September 30, 2020	-	-	-	-	-	19,379	19,379	-	19,379
D5	Total comprehensive income for the nine months ended September 30, 2020	-	-	-	-	70,919	19,379	90,298	(2,192)	88,106
Z1	Balance as of September 30, 2020	$ 1,115,229	$ 170,663	$ 148,136	$ 236,201	$ 111,843	($ 7,821)	$ 1,774,251	$ 134,440	$ 1,908,691

The attached notes are part of this consolidated financial statement.

Chateau International Development Company Limited and subsidiaries

Consolidated Cash Flow Statement

(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

Code		Nine Months Ended September 30 2021	2020
	Cash flows from (used in) operating activities, indirect method		
A10000	Profit (loss) before tax	($ 17,942)	$ 82,737
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	53,662	61,001
A20200	Amortization expense	36,356	37,654
A20900	Interest expense	3,977	4,745
A21200	Interest income	(38)	(58)
A21300	Dividend income	(4,136)	-
A22300	Share of loss (profit) of associates and joint ventures accounted for using equity method	683	-
A22500	Loss (gain) on disposal of property, plan and equipment	(4)	-
A22800	Loss (gain) on disposal of intangible assets	46	-
A29900	Loss (gain) on disposal of Right-of-use assets	-	(2)
A30000	Changes in operating assets and liabilities		
A31150	Decrease (increase) in accounts receivable	6,773	(11,258)
A31180	Decrease (increase) in other receivable	(696)	888
A31200	Adjustments for decrease (increase) in inventories	318	(996)
A31230	Decrease (increase) in prepayments	(1,680)	(1,605)
A31240	Adjustments for decrease (increase) in other current assets	(3)	2,744
A32125	Increase (decrease) in contract liabilities	(6,939)	7,173
A32130	Increase (decrease) in notes payable	-	369
A32150	Increase (decrease) in accounts liabilities	(5,899)	3,257
A32180	Increase (decrease) in other payable	3,800	2,604
A32230	Adjustments for increase (decrease) in other current liabilities	4,474	(13,706)
A32240	Increase (decrease) in net defined benefit liability	(510)	(235)
A33000	Cash inflow (outflow) generated from operations	72,242	175,312
A33500	Income tax paid	(8,578)	-
AAAA	Net cash flows from (used in) operating activities	63,664	175,312
	Cash flows from (used in) investing activities		
B00040	Acquisition of financial assets at amortized cost	(5,215)	-
B00050	disposal of financial assets at amortized cost	-	8,850

（Next page）

（Continued from the previous page）

Code		Nine Months Ended September 30 2021	2020
B00100	Acquisition of financial assets at fair value through profit or loss	(49,406)	-
B01800	Acquisition of investments accounted for using equity method	-	(4,500)
B02700	Acquisition of property, plant and equipment	(41,864)	(27,029)
B02800	Proceeds from disposal of property, plant and equipment	$ 76	$ 110
B05400	Acquisition of Investment property	(27,000)	-
B04500	Acquisition of intangible assets	(1,873)	(2,957)
B05350	Acquisition of use-of-right assets	-	(3,233)
B06700	Decrease in other non-current assets	216	(87)
B07100	Decrease in prepayments for business facilities	1,476	(755)
B07500	Interest received	38	58
B07600	Dividends received	4,136	-
B09900	Increase in Fund for improvements and expansions	(17,386)	(8,000)
BBBB	Net cash flows from (used in) investing activities	(136,802)	(37,543)
	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	202,500	199,000
C00600	Decrease in short-term notes and bills payable	(190,000)	(156,000)
C01600	Proceeds from long-term debt	150,000	270,000
C01700	Repayments of long-term debt	(80,726)	(336,430)
C04020	Payments of lease liabilities	(11,166)	(16,347)
C04300	Increase in other non-current liabilities	-	121
C04500	Cash dividends paid	(55,762)	(22,305)
C05600	Interest paid	(3,920)	(4,969)
CCCC	Net cash flows from (used in) financing activities	10,926	(66,930)
EEEE	Net increase (decrease) in cash and cash equivalents	(62,212)	70,839
E00100	Cash and cash equivalents at beginning of period	161,178	94,958
E00200	Cash and cash equivalents at end of period	$ 98,966	$ 165,797

The attached notes are part of this consolidated financial statement.

Chateau International Development Company Limited and subsidiaries

Notes to the Consolidated Financial Statement
For The Nine Months Ended September 30, 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%, 29.43% and 30.77% of the company's comprehensive shareholding ratio as of September 30, 2021, December 31,2020 and September 30, 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 November 5, 2021.

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.

Note3: 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 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 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.

4. Summary Of Significant Accounting Policies

(1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting,” endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs endorsed and issued into effect by the FSC (collectively, “Taiwan-IFRSs”).

(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 consolidated 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.

(3) Basis of Consolidation

This consolidated financial statement includes the financial reports of the company and the entities (subsidiaries) controlled by the company. The financial reports of the subsidiaries have been adjusted to make their accounting policies consistent with the accounting policies of the consolidated company. When preparing the consolidated financial statement, all transactions, account balances, income and expenses between each entity have been eliminated. The total consolidated profit and loss of the subsidiary is attributable to the owners and non-controlling interests of the company, e

For details of subsidiaries, shareholding ratios and business items, please refer to Note 11 and Attached Table 3.

(4) Other Significant Accounting Policies

Except for the following explanations, Please refer to the summary of significant accounting policies in the 2020 consolidated financial report.

1. **Retirement Benefits**

   Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year. Adjust the major market fluctuations and major plan amendments, settlements or other major one-off events during the current period.

2. **Taxation**

   Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings; that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

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

When the combined 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 combined 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.

Please refer to the explanation of major sources of uncertainties in major accounting judgments, estimates and assumptions in the 2020 consolidated financial report.

6. Cash and cash equivalents

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand and working fund	$ 1,915	$ 3,559	$ 3,906
Bank cheques and demand deposits	97,051	157,619	161,891
	$ 98,966	$ 161,178	$ 165,797

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

	September 30, 2021	December 31, 2020	September 30, 2020
Investment of equity instruments－Domestic investment			
Listed stocks			
Quintain Steel Co., Ltd.	$ 317,779	$ 145,934	$ 98,550
Unlisted (counter) stocks			
Smokey Joe's Co., Ltd.	32,790	32,790	31,680
	$ 350,569	$ 178,724	$ 130,230

The combined 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 combined 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

	September 30, 2021	December 31, 2020	September 30, 2020
Current			
Domestic investment			
Trust account (1)	$ 23,737	$ 18,522	$ 22,418
Non-current			
Domestic investment			
Pledged time deposits with the original expiry date more than 3 months (2)	$ 11,000	$ 11,000	$ 11,000

(1) Since October 2017, the combined company has established the trust account of Cathay United Bank in accordance with the law. As of September 30, 2021, December 31, 2019 and September 30, 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 are15,762 (In Thousands of NTD), 11,167(In Thousands of NTD), and 10,313 (In Thousands of NTD).

(2) As of September 30, 2021, December 31, 2019 and September 30, 2020, the annual interest rate of the pledged time deposit interest rate range for the original expiry date more than 3 months is 0.18%.

(3) For information on pledge of financial assets measured at amortized cost, please refer to Note 29.

9. Current financial assets at amortized cost

	September 30, 2021	December 31, 2020	September 30, 2020
Accounts receivable			
Measured by amortized cost			
Total carrying amount	$ 7,162	$ 13,935	$ 21,630

The average credit period of the combined company's accounts receivable is within 30 days. The policy adopted by the combined company is to only conduct transactions with individuals and corporate organizations with good credit, and the combined 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 combined 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 combined 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 combined company measures the loss allowance of accounts receivable according to the provision matrix as follows:

<u>September 30, 2021</u>

	Not overdue	Overdue 1～60 days	Overdue 61～90 days	Overdue 91～120 days	Overdue more than 120 days	Total
Rate of expected credit losses	0%	0%	0%～0.1%	0.1%～0.5%	0.5%～1%	
Total carrying amount	$ 6,056	$ 1,094	$ 12	$ -	$ -	$ 7,162
loss allowance （Lifetime expected credit losses）	-	-	-	-	-	-
amortized cost	$ 6,056	$ 1,094	$ 12	$ -	$ -	$ 7,162

<u>December 31, 2020</u>

	Not overdue	Overdue 1～60 days	Overdue 61～90 days	Overdue 91～120 days	Overdue more than 120 days	Total
Rate of expected credit losses	0%	0%	0%～0.1%	0.1%～0.5%	0.5%～1%	
Total carrying amount	$ 7,987	$ 567	$ 2,472	$ 2,804	$ 105	$ 13,935
loss allowance （Lifetime expected credit losses）	-	-	-	-	-	-
amortized cost	$ 7,987	$ 567	$ 2,472	$ 2,804	$ 105	$ 13,935

<u>September 30, 2020</u>

	Not overdue	Overdue 1～60 days	Overdue 61～90 days	Overdue 91～120 days	Overdue more than 120 days	Total
Rate of expected credit losses	0%	0%	0%～0.1%	0.1%～0.5%	0.5%～1%	
Total carrying amount	$ 12,556	$ 4,087	$ 3,120	$ 1,785	$ 82	$ 21,630
loss allowance （Lifetime expected credit losses）	-	-	-	-	-	-
amortized cost	$ 12,556	$ 4,087	$ 3,120	$ 1,785	$ 82	$ 21,630

10.Inventory

	September 30, 2021	December 31, 2020	September 30, 2020
Room equipment and other	$ 6,496	$ 6,674	$ 6,862
Ingredients and beverages	3,937	4,042	4,493
Commodity	341	376	440
	$ 10,774	$ 11,092	$ 11,795

July 1 to September 30, 2021 and 2020 and January 1 to September 30, 2021 and 2020, the hotel's operating, room catering and leisure costs and other related costs are as follows:

	Three Months Ended September 30		Six Months Ended September 30	
	2021	2020	2021	2020
Food and beverage costs	$ 39,700	$ 60,732	$ 132,763	$ 157,063
Room cost	35,553	44,118	115,531	131,480
Other costs	5,482	7,113	18,763	21,637
	$ 80,735	$ 111,963	$ 267,057	$ 310,180

11.Subsidiary

(1) Subsidiaries included in consolidated financial statements

The compilation of this consolidated financial statement is as follows:

The name of the investment company	Name of subsidiary	Business nature	Percentage of equity held (%) September 30, 2021	December 31, 2020	September 30, 2020	Explanation
The company	Chateau Fulang Hotel Co., Ltd.	Engaged in the operation of hotels and restaurants	47	47	47	-

(2) Information on subsidiaries with significant non-controlling interests

Name of subsidiary	The proportion of equity held and voting rights of non-controlling interests		
	September 30, 2021	December 31, 2020	September 30, 2020
Chateau Fulang Hotel Co., Ltd.	53%	53%	53%

Please refer to Attached Table 3 for the main business place and country information of company registration.

Name of subsidiary	Profit and loss allocated to non-controlling interests			
	Three Months Ended September 30		Six Months Ended September 30	
	2021	2020	2021	2020
Chateau Fulang Hotel Co., Ltd.	($ 2,043)	($ 24)	($ 4,519)	($ 2,192)

Name of subsidiary	Non-controlling interests		
	September 30, 2021	December 31, 2020	September 30, 2020
Chateau Fulang Hotel Co., Ltd.	$ 129,551	$ 134,070	$ 134,440

The summary financial information of the following subsidiaries is compiled based on the amount before the elimination of inter-company transactions:

Chateau Fulang Hotel Co., Ltd.

	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	$ 8,902	$ 27,968	$ 10,971
Non-current assets	348,897	325,744	323,828
Current liabilities	(107,525)	(94,911)	(75,300)
Non-current liabilities	(1,439)	(1,439)	(1,439)
Equity	$ 248,835	$ 257,362	$ 258,060
Equity attributed to:			
Owner of the company	$ 119,284	$ 123,292	$ 123,620
Non-controlling interests	129,551	134,070	134,440
	$ 248,835	$ 257,362	$ 258,060

	Three Months Ended September 30		Six Months Ended September 30	
	2021	2020	2021	2020
Operating income	$ 3,463	$ 6,796	$ 15,175	$ 14,787
Net loss and total comprehensive profit and loss for the period	($ 3,854)	($ 45)	($ 8,526)	($ 4,136)
Net loss and total comprehensive profit and loss attributed to：	($ 1,811)	($ 21)	($ 4,007)	($ 1,944)
Owner of the company	(2,043)	(24)	(4,519)	(2,192)
Non-controlling interests	($ 3,854)	($ 45)	($ 8,526)	($ 4,136)

	Six Months Ended September 30	
	2021	2020
Cash flow		
Operating activities	($ 1,791)	($ 2,239)
Investment activities	(29,003)	(13,386)
financing activities	12,500	13,000
Net cash outflow	($ 18,294)	($ 2,625)

12.Investments accounted for using equity method

	September 30, 2021	December 31, 2020	September 30, 2020
Investments in Associates			
Individually insignificant associate	$ 3,799	$ 4,482	$ 4,500

The summary information of Individually insignificant associate is as follows:

	Three Months Ended September 30		Six Months Ended September 30	
	2021	2020	2021	2020
The combined company's share				
Net loss this year and total comprehensive profit and loss	($ 179)	$ -	($ 683)	$ -

The combined company obtained an Individually insignificant associate in 2020, and its use of Equity method of associate's profit and loss and other comprehensive income share are recognized based on associate's financial statements that have not been audited by an accountant during the same period. However, the management of the combined company believes that the above-mentioned financial statements of the investee company have not been checked by accountants and have not yet had a significant impact.

13.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 combined company is calculated on a straight-line basis based on the following durability years:

Housing and construction	
Staff dorm	32~50 years
Elevator equipment (Staff dorm)	15 years
Other	3~50 years
Transportation equipment	3~5 years
Office equipment	2~20 years
Hydropower equipment	3~20 years
Landscape gardening	2~15 years
Miscellaneous equipment	2~20 years

The business appliance of the combined 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 real estate, plant and equipment used as loan guarantee, please refer to Note 29.

14.Rental agreement

(1) right-of-use asset

	September 30, 2021	December 31, 2020	September 30, 2020
right-of-use asset Carrying amount			
Land	$ 2,708	$ 3,686	$ 4,012
Building	50,152	60,548	64,015
Transportation equipment	7,049	8,309	9,541
Office equipment	8	88	115
	$ 59,917	$ 72,631	$ 77,683

	Three Months Ended September 30		Six Months Ended September 30	
	2021	2020	2021	2020
Added right-of-use asset			$ 2,313	$ 3,944
depreciation expense of right-of-use asset				
Land	$ 326	$ 326	$ 978	$ 978
Building	3,467	3,528	10,402	10,591
Transportation equipment	1,116	1,232	3,573	3,733
Office equipment	27	25	80	134
	$ 4,936	$ 5,111	$ 15,033	$ 15,436

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 September 30, 2021 and 2020.

(2) lease liability

	September 30, 2021	December 31, 2020	September 30, 2020
lease liability Carrying amount			
Current	$ 22,028	$ 14,058	$ 17,585
Non-current	$ 34,755	$ 51,572	$ 49,913

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

	September 30, 2021	December 31, 2020	September 30, 2020
Land	1.61%	1.61%	1.61%
Building	1.53%～1.61%	1.53%～1.61%	1.53%～1.61%
Transportation equipment	1.53%～1.61%	1.53%～1.61%	1.53%～1.61%
Office equipment	1.50%	1.50%	1.50%

(3) Important lease activities and terms

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

The combined 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

	Three Months Ended September 30		Six Months Ended September 30	
	2021	2020	2021	2020
Short-term lease expenses	$ 294	$ 309	$ 1,079	$ 1,012
Low-value asset lease expenses	$ 335	$ 330	$ 1,020	$ 985
Variable lease payments not included in the measurement of lease liability	$ -	$ -	$ 1,630	$ 1,536
Total cash outflow from lease			$ 15,615	$ 20,756

15.Rental agreement

	September 30, 2021	December 31, 2020	September 30, 2020
Land	$ 571,729	$ 543,729	$ 543,729
Building	4,337	4,414	4,440
	$ 576,066	$ 548,143	$ 548,169

	Land	Building	Total
Cost			
Balance as of January 1,2020	$ 541,153	$ -	$ 541,153
Transferred from Real estate, plant and equipment	2,576	5,235	7,811
Balance as of September 30, 2021	$ 543,729	$ 5,235	$ 548,964
Accumulated Depreciation			
Balance as of January 1, 2020	$ -	$ -	$ -
Transferred from Real estate, plant and equipment	-	(718)	(718)
depreciation expense	-	(77)	(77)
Balance as of September 30, 2020	$ -	($ 795)	($ 795)
Net as of September 30, 2020	$ 543,729	$ 4,440	$ 548,169
Cost			
Balance as of January 1, 2021	$ 543,729	$ 5,235	$ 548,964
Added	28,000	-	28,000
Balance as of September 30, 2021	$ 571,729	$ 5,235	$ 576,964
Accumulated Depreciation			
Balance as of January 1,2021	$ -	($ 821)	($ 821)
depreciation expense	-	(77)	(77)
Balance as of September 30,2021	$ -	($ 898)	($ 898)
Net as of December 31, 2020 and January 1,2021	$ 543,729	$ 4,414	$ 548,143
Net as of September 30,2021	$ 571,729	$ 4,337	$ 576,066

The Investment Property of the combined company did not undergo any material additions, dispositions and impairment from January 1 to September 30, 2021 and 2020.

The fair value of the Investment Property of the combined company on December 31, 2018 was 971,009 (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. On September 30, 2021, December 31, 2020, and September 30, 2020, the management of the combined company evaluated that there was no price drop. The fair value has not been evaluated by an independent evaluator. It is only evaluated by the management of the combined company using the evaluation model commonly used by market participants. The evaluation is conducted with reference to market evidence of similar real estate transaction prices.

The subsidiary of the combined company leases out the Investment Property owned by it in 2020, and the lease period is 5-10 years. The rent is calculated with reference to the rent of the neighboring shopping mall and adjusted according to the agreement of the lease contract, and the rent is collected on a monthly basis. The lessee does not have the right of bargain purchase of Investment Property at the end of the lease term. The fair value of the Investment Property was approximately 13,937 and 15,975 (In Thousands of NTD) as of September 30, 2021 and 2020. The combined company's management has assessed that there is no price drop. The fair value has not been evaluated by an independent evaluator and is only evaluated by the combined company's management, considering the transaction situation of real estate.

The combined company leases out Investment Property under operating lease and will receive the following total lease payments in the future:

	September 30, 2021
Year 1	$ 1,870
Year 2	1,769
Year 3	670
Year 4	670
Year 5	670
More than 5 years	2,231
	$ 7,880

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

16.Intangible asset

	September 30, 2021	December 31, 2020	September 30, 2020
Franchising	$ 304,037	$ 337,513	$ 349,153
Computer software license	825	1,878	2,065
	$ 304,862	$ 339,391	$ 351,218

	Franchising	Computer software license	Other	Total
Cost				
Balance as of January 1, 2020	$ 1,093,309	$ 5,933	$ 124	$ 1,099,366
Additions	2,705	252	-	2,957
Disposal	(815)	-	-	(815)
Balance as of September 30, 2020	$ 1,095,199	$ 6,185	$ 124	$ 1,101,508
Accumulated amortization				
Balance as of January 1, 2020	($ 710,333)	($ 2,994)	($ 124)	($ 713,451)
Amortization expense	(36,528)	(1,126)	-	(37,654)
Disposal	815	-	-	815
Balance as of September 30, 2020	($ 746,046)	($ 4,120)	($ 124)	($ 750,290)
Net as of September 30, 2020	$ 349,153	$ 2,065	$ -	$ 351,218
Cost				
Balance as of January 1, 2021	$ 1,094,994	$ 6,391	$ 124	$ 1,101,509
Additions	1,836	37	-	1,873
Disposal	(304)	-	-	(304)
Balance as of September 30, 2021	$ 1,096,526	$ 6,428	$ 124	$ 1,103,078
Accumulated amortization				
Balance as of January 1, 2021	($ 757,481)	($ 4,513)	($ 124)	($ 762,118)
Amortization expense	(35,266)	(1,090)	-	(36,356)
Disposal	258	-	-	258
Balance as of September 30, 2021	($ 792,489)	($ 5,603)	($ 124)	($ 798,216)
Net as of December 31, 2020 and January 1, 2021	$ 337,513	$ 1,878	$ -	$ 339,391
Net as of September 30, 2021	$ 304,037	$ 825	$ -	$ 304,862

The investment and management contract for the recreational facility area in the seaside area of the Kenting Forest Recreation Area signed by the combined 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 combined 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 amortization expense based on the following useful life on a straight-line basis:

Franchising	2 to 30 years
Computer software license	4 years
Other intangible asset	5 years

17.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 September 30, 2021, December 31, 2020, and September 30, 2020, the carrying amount of funds for improvement and expansion is 25,388 (In Thousands of NTD), 8,002 (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:

	Nine Months Ended September 30	
	2021	2020
Initial balance	$ 8,002	$ 2
Purchase property, plant and equipment	17,386	8,000
Provision	$ 25,388	$ 8,002

18.Other assets

	September 30, 2021	December 31, 2020	September 30, 2020
Current			
Temporary payments	$ 130	$ 127	$ 188
Non-current			
Prepayments for equipment	$ 2,045	$ 3,521	$ 755
Refundable deposits	3,783	3,999	4,401
	$ 5,828	$ 7,520	$ 5,156

Refundable deposits are mainly vehicle deposits required for leasing operations.

19.Borrowing

(1) short-term debt

	September 30, 2021	December 31, 2020	September 30, 2020
Collateralized borrowing (Note 29)	$ 30,000	$ 30,000	$ 30,000
Annual interest rate	1.23%	1.50%	1.50%

(2) short-term notes and bills payable（Note 29）

September 30, 2021

Guarantee/ Acceptance Agency	Par value	Discount amount	Carrying amount	Interest rate range	Name of collateral
Commercial paper payable					
IBFC	$ 73,500	$ 188	$ 73,312	0.862%	Property

December 31, 2020

Guarantee/ Acceptance Agency	Par value	Discount amount	Carrying amount	Interest rate range	Name of collateral
Commercial paper payable					
IBFC	$ 61,000	$ 226	$ 60,774	0.862%	Property

September 30, 2020

Guarantee/ Acceptance Agency	Par value	Discount amount	Carrying amount	Interest rate range	Name of collateral
Commercial paper payable					
O-Bank／CBF	$ 30,000	$ 63	$ 29,937	0.35%	－
IBFC	42,000	96	41,904	0.862%	Property
	$ 72,000	$ 159	$ 71,841		

(3) Long-term debt payable

	September 30, 2021	December 31, 2020	September 30, 2020
Collateralized borrowing (Note 1)	$ 5,075	$ 34,135	$ 47,134
Credit loan (Note 2)	280,000	181,666	204,167
	285,075	215,801	251,301
Minus: the part due within one year	75,075	93,768	106,226
	$ 210,000	$ 122,033	$ 145,075

Note 1： Changhua Bank and First Bank guarantee loans are guaranteed by the combined company’s own land and buildings (note 29), which expire in February 2022, and as of September 30, 2021, December 31, 2020, and September 30, 2020, the annual interest rates for 2020 and 2019 are 1.40%, 1.23%~ 1.40% and 1.23%~ 1.40% respectively.

Note 2： Several companies including Taishin Bank and Yuanta Bank will expire before October 2022, as of September 30, 2021, December 31, 2020, and September 30, 2020, with annual interest rates ranging from 1.35%~ 1.46%, 1.30%~ 1.46% and 1.30%~ 1.50%, respectively.

(4) 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 consolidated company has complied with the above financial ratio restrictions in 2020.

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

20. Other payables and other current liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
Other payables			
Salaries and bonuses payable	$ 27,845	$ 31,128	$ 28,491
Royalties payable	15,182	9,513	12,339
Pay in lieu of untaken annual leave	5,959	9,711	9,824
Equipment payment payable	5,811	8,642	7,999
Insurance payable	3,679	4,076	3,672
Utility bills payable	3,295	2,971	3,481
Employee bonus payable	1,804	2,420	2,980
Other	16,966	10,092	15,193
	$ 80,541	$ 78,553	$ 83,979
Other current liabilities			
Accommodation vouchers in advance	$ 46,752	$ 41,125	$ 38,528
Meal coupons in advance	8,293	9,300	9,013
Travel voucher in advance	1,526	1,382	1,382
Other	3,540	3,830	3,488
	$ 60,111	$ 55,637	$ 52,411

21. Retirement benefit plans

Relevant pension expenses for definite benefit plans recognized from July 1 to September 30, 2021 and 2020 and January 1 to September 30, 2021 and 2020 are calculated based on the pension cost rate determined by actuarial calculations on December 31, 2020 and 2019, and the amounts are 26 (In Thousands of NTD), (8) (In Thousands of NTD), 78(In Thousands of NTD), and 82 (In Thousands of NTD).

22. Equity

(1) Share capital of ordinary share

	September 30, 2021	December 31, 2020	September 30, 2020
Authorized shares (in thousands)	120,000	120,000	120,000
Authorized capital	$ 1,200,000	$ 1,200,000	$ 1,200,000
Issued and paid shares (in thousands)	111,523	111,523	111,523
Issued capital	$ 1,115,229	$ 1,115,229	$ 1,115,229

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

	September 30, 2021	December 31, 2020	September 30, 2020
Can be used to make up for losses, distribute cash or allocate share capital (Note)			
Stock issue premium	$ 170,581	$ 170,581	$ 170,581
Can only be used to make up for losses			
Gain on disposal of asset	3	3	3
Expiry share option	79	79	79
	$ 170,663	$ 170,663	$ 170,663

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 24 (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 17 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's regular shareholders' meetings in May 6, 2021 and May 12 2020 resolved and approved the 2020 and 2019 earnings distribution proposals as follows:

	Earnings distribution proposal	
	2020	2019
Legal reserve	$ 8,693	$ 4,000
Self-provision of special surplus reserve	$ 17,386	$ 23,454
Revert the special surplus reserve according to law	($ 27,200)	$ -
Cash dividend	$ 55,762	$ 22,305
Cash dividend per share (NT$)	$ 0.5	$ 0.2

(4) Non-controlling interests

	Nine Months Ended September 30	
	2021	2020
Opening Balance	$ 134,070	$ 136,632
Net loss for the period	(4,519)	(2,192)
Ending balance	$ 129,551	$ 134,440

23.Net Revenue

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Room income	$ 90,115	$ 208,749	$ 283,962	$ 405,487
Catering income	24,820	65,560	100,663	144,546
Other income	1,247	3,822	4,714	7,972
	$ 116,182	$ 278,131	$ 389,339	$ 558,005

Contract balance

	September 30, 2021	December 31, 2020	September 30, 2020	January 1, 2020
Contract liability －Current				
Deposit received in advance	$ 21,284	$ 28,223	$ 27,392	$ 20,219

24.Profit before tax

(1) Other income and net expenses

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Disposal of benefits (losses) of property, plant and equipment	($ 11)	$ -	$ 4	$ -

(2) Interest income

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Bank deposits	$ 4	$ 5	$ 25	$ 41
Other	3	4	13	17
	$ 7	$ 9	$ 38	$ 58

(3) Other income

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Rental income	$ 613	$ 814	$ 2,071	$ 2,171
Dividend income	4,136	-	4,136	-
government grants income (Note 31)	14,600	-	19,040	18,208
Other	1,952	1,289	3,395	3,024
	$ 21,301	$ 2,103	$ 28,642	$ 23,403

(4) Other benefits and losses

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Loss on disposal of intangible assets	$ -	$ -	$ 46	$ -

(5) Miscellaneous expenses

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
depreciation expense	$ 426	$ 438	$ 1,284	$ 1,332
Investment Property related expenses	16	19	57	60
Other	361	264	1,358	1,187
	$ 803	$ 721	$ 2,699	$ 2,579

(6) Financial costs

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
	$ 1,398	$ 1,389	$ 3,582	$ 4,266
Interest on lease liability	232	293	728	914
	1,630	1,682	4,310	5,180
Minus: The amount included in the cost of eligible assets (listed under Real estate, plant and equipment)	(113)	(158)	(333)	(435)
	$ 1,517	$ 1,524	$ 3,977	$ 4,745

The relevant information of capitalization of interest is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
The amount of capitalization of interest	$ 113	$ 158	$ 333	$ 435
The interest rate of capitalization of interest	1.35%～1.46%	1.23%～1.46%	1.23%～1.46%	1.23%～1.46%

(7) Depreciation and amortization

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Investment property	$ 26	$ 25	$ 77	$ 77
Property, plant and equipment	12,806	13,292	38,552	45,488
Intangible assets	11,979	12,255	36,356	37,654
Right-of-use assets	4,936	5,111	15,033	15,436
	$ 29,747	$ 30,683	$ 90,018	$ 98,655
Depreciation expense summarized by function				
Operating cost	$ 13,415	$ 13,578	$ 40,347	$ 46,888
Operating expenses	3,927	4,412	12,031	12,781
Miscellaneous expenses	426	438	1,284	1,332
	$ 17,768	$ 18,428	$ 53,662	$ 61,001
Amortization expense summarized by function				
Operating cost	$ 11,678	$ 11,892	$ 35,266	$ 36,528
Operating expenses	301	363	1,090	1,126
	$ 11,979	$ 12,255	$ 36,356	$ 37,654

(8) Employee benefits expenses

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Short-term employee benefits				
Salary	$ 46,778	$ 55,826	$ 147,642	$ 156,340
Labor and health insurance	5,225	5,392	16,681	16,070
Directors' remuneration	120	120	369	360
Other	2,789	2,847	7,932	8,204
	54,912	64,185	172,624	180,974
Retirement benefit plans				
Defined contribution plans	2,278	2,323	7,135	6,968
Defined benefit plans(Note 21)	26	(8)	78	82
	2,304	2,315	7,213	7,050
	$ 57,216	$ 66,500	$ 179,837	$ 188,024

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Summary by function				
Operating cost	$ 37,082	$ 45,341	$ 122,638	$ 128,930
Operating expenses	20,134	21,159	57,199	59,094
	$ 57,216	$ 66,500	$ 179,837	$ 188,024

(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 pre-tax net loss from January 1 to September 30, 2021, is not assessed for employee compensation.

The estimated employee compensation for the period from January 1 to September 30, 2021 is as follows:

Estimated ratio

	January 1 to September 30, 2020
Remuneration of employee	1%

Amount

	July 1 to September 30, 2020	January 1 to September 30, 2020
Remuneration of employee	$ 858	$ 858

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

The remuneration of employees and the remuneration of directors and supervisors for 2020 and 2019 were paid in cash by the resolutions of the board of directors on February 5, 2021 and February 24, 2020 as follows:

Amount

	2020		2019	
Remuneration of employee	$	1,071	$	444
Remuneration of Directors and Supervisors		48		48

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.

25.Income tax

(1) Income tax recognized in profit and loss

The main components of income tax recognized in profit and loss was as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Current tax expense recognized in the current year				
Income tax adjustments on prior years	$ -	$ 13,609	$ -	$ 13,610
Income tax adjustments on prior years	-	-	15	69
	-	13,609	15	13,679
Deferred tax				
Current tax expense recognized in the current year	(96)	(110)	852	331
Income tax recognized in profit and loss	($ 96)	$ 13,499	$ 867	$ 14,010

(2) Verification situation of income tax

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

26.Net earning(loss) per share

It is used to calculate the net earning (loss) per share and the weighted average number of ordinary shares as follows:

Net profit (loss) for the period

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Net income available to common shareholders of the parent	$ 4,619	$ 83,034	($ 14,290)	$ 70,919

Number of shares

Unit: Thousand shares

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Used to calculate the weighted average number of ordinary shares of basic earnings per share	111,523	111,523	111,523	111,523
The impact of potential ordinary share with dilution effect:				
Remuneration of employee	-	31	-	34
Used to calculate the ordinary share weighted average number of dilutive earnings per share	111,523	111,554	111,523	111,557

If the company of the combined company chooses to issue the remuneration of employees in stocks or cash, when calculating the dilutive earnings(loss) 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(loss) per share. When calculating the dilutive earnings(loss) 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.

From January 1 to September 30, 2021 and 2020, the consolidated company was settled as a net loss. The effect of the anti-dilution effect of employee compensation on potential ordinary shares was not included in the calculation of diluted net loss per share.

27.Financial instruments

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

The combined 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, dividend payable 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

September 30, 2021

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through Other comprehensive income				
Investment of equity instruments				
Domestic listed (counter) stocks	$ 317,779	$ -	$ -	$ 317,779
Domestic unlisted (counter) stocks	-	-	32,790	32,790
	$ 317,779	$ -	$ 32,790	$ 350,569

December 31, 2020

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

September 30, 2020

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through Other comprehensive income				
Investment of equity instruments				
Domestic listed (counter) stocks	$ 98,550	$ -	$ -	$ 98,550
Domestic unlisted (counter) stocks	-	-	31,680	31,680
	$ 98,550	$ -	$ 31,680	$ 130,230

From January 1 to September 30, 2021 and 2020, there will be no transfer between level 1 and level 2 fair value measurement.

2. 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 combined 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

	September 30, 2021	December 31, 2020	September 30, 2020
Financial asset			
Financial assets measured at amortized cost (Note 1)	$ 170,738	$ 216,642	$ 233,304
Financial assets measured at fair value through Other comprehensive income			
Investment of equity instruments	350,569	178,724	130,230
Financial liability			
Measured by amortized cost (Note 2)	489,467	411,566	468,606

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 combined company's main financial instruments include investment of equity instruments, receipts and payables, loans and lease liability, etc. The combined 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 combined 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 combined 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 combined company does not trade financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risk

The combined company's operating activities cause the combined 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 combined company borrows funds at a fixed interest rate and a floating interest rate at the same time, interest rate exposure occurs. The combined 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 combined company subject to interest rate exposure on the balance sheet date are as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
With fair value interest rate risk			
－Financial asset	$ 11,000	$ 11,000	$ 11,000
－Financial liability	130,095	126,404	139,339
With cash flow interest rate risk			
－Financial asset	120,640	175,994	184,162
－Financial liability	315,075	245,801	281,301

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 combined company from January 1 to September 30, 2021 and 2020 will be increased by 1,458 (In Thousands of NTD) and reduced by 729 (In Thousands of NTD), respectively, mainly because of the combined company’s variable interest rate risk exposure of deposits and loans.

(2) Other price risks

As the combined 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 from January 1 to September 30, 2021 and 2020 will increase/decrease by 3,506 (In Thousands of NTD) and 1,302 (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 combined 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 combined 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 combined company are individuals and corporate organizations with good credit, so no significant credit risk is expected.

3. Liquidity risk

The combined company supports the operation of the company by managing and maintaining sufficient cash or liquid financial products. The management of the combined 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 combined company. For the unused financing facility of the combined company, please refer to the description of (2) financing facility below.

Since the equity in the capital structure of the combined 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 combined company's agreed repayment period based on the due date and undiscounted due amount:

	Within 1 year		1～5 years		More than 5 years	
September 30, 2021						
Instruments of fixed interest rate	$	73,500	$	-	$	-
Instruments of floating interest rate		108,738		210,923		-
Liabilities without interest		100,659		421		-
lease liability		23,177		26,892		10,381
	$	306,074	$	238,236	$	10,381
December 31, 2020						
Instruments of fixed interest rate	$	61,000	$	-	$	-
Instruments of floating interest rate		125,350		122,037		-
Liabilities without interest		104,570		421		-
lease liability		14,969		41,002		12,685
	$	305,889	$	163,460	$	12,685
September 30, 2020						
Instruments of fixed interest rate	$	72,000	$	-	$	-
Instruments of floating interest rate		138,838		145,104		-
Liabilities without interest		115,043		421		-
lease liability		19,114		39,988		14,125
	$	344,995	$	185,513	$	14,125

(2) Loan Commitments

	September 30, 2021		December 31, 2020		September 30, 2020	
Credit loan facilities						
Used amount	$	280,000	$	210,000	$	260,000
Unused amount		130,000		275,000		225,000
	$	410,000	$	485,000	$	485,000
Collateralized borrowing facilities						
Used amount	$	133,500	$	201,000	$	140,000
Unused amount		176,500		89,000		150,000
	$	310,000	$	290,000	$	290,000

28.Related party transaction

The transactions, account balances, income and expenses between the company and its subsidiaries (which are related parties of the company) are all eliminated at the time of the merger, so they are not disclosed in this Note. Except as disclosed in other Note, the transactions between the combined company and other related parties are as follows:

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

The name of the related party	Related Party Categories
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 person director)
Chia Chi Sdry Enterprise Co., Ltd.	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)

(2) Net revenue

		Three Months Ended September 30		Nine Months Ended September 30	
Item	Type of related party	2021	2020	2021	2020
Net revenue	The ultimate parent company of the company	$ 391	$ 353	$ 1,134	$ 1,225
	Other related parties	25	25	99	77
		$ 416	$ 378	$ 1,233	$ 1,302

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

(3) Purchase

	Three Months Ended September 30		Nine Months Ended September 30	
Type of related parties	2021	2020	2021	2020
Other related parties	$ 485	$ 2,177	$ 2,601	$ 5,278

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

(4) Receivables from related parties

Item	The name of the related party	September 30, 2021	December 31, 2020	September 30, 2020
Receivables from related parties	The ultimate parent company of the company	$ 176	$ 135	$ 176
	Other related parties	16	16	16
		$ 192	$ 151	$ 192

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 from January 1 to September 30, 2021 and 2020 is not listed in the loss allowance.

(5) Payables to related parties

Item	Type of related parties	September 30, 2021	December 31, 2020	September 30, 2020
Payables to related parties	Other related parties	$ 1,032	$ 1,222	$ 1,567
Other payables	The ultimate parent company of the company	$ 297	$ 297	$ 280

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

	Proceeds	
	Nine Months Ended September 30	
Type of related parties／Name	2021	2020
Other related parties	$ 603	$ 1,510

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

Type of related parties	September 30, 2021	December 31, 2020	September 30, 2020
The ultimate parent company of the company	$ 1,956	$ 2,013	$ 2,032
Other related parties	452	473	494
	$ 2,408	$ 2,486	$ 2,526

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

Type of related parties	September 30, 2021	December 31, 2020	September 30, 2020
Other related parties	$ 156	$ 156	$ 156

(9) Other transactions

Type of related parties	Property	Contract period	Item	Three Months Ended September 30 2021	Three Months Ended September 30 2020	Nine Months Ended September 30 2021	Nine Months Ended September 30 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	$ 140	$ 140	$ 418	$ 418
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	217	217	649	649
The ultimate parent company of the company	Lease office	The lease term is one year, and the contract is renewed every year	Administrative expenses	48	-	144	-
Other related parties	Lease operation premises	The lease term is one year, and the contract is renewed every year	Other income	54	54	163	163

(10) Compensation of key management personnel

	Three Months Ended September 30 2021	Three Months Ended September 30 2020	Nine Months Ended September 30 2021	Nine Months Ended September 30 2020
Short-term employee benefits	$ 3,348	$ 4,163	$ 10,677	$ 12,387
Post-employment benefit	179	193	559	602
	$ 3,527	$ 4,356	$ 11,236	$ 12,989

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 Long-term financing, gift certificate performance bond, franchise agreement signing deposit, bank loan and collateral of commercial paper:

	September 30, 2021	December 31, 2020	September 30, 2020
Financial assets measured at amortized cost (Pledged time deposit and trust account)	$ 34,737	$ 29,522	$ 33,418
Net investment Property	36,913	36,990	37,016
Land	88,214	88,214	88,214
Net building	182,602	165,089	166,420
	$ 342,466	$ 319,815	$ 325,068

30. Significant contingent liabilities and unrecognized contractual commitments

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

Significant commitments

(1) The combined 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 11,000 (In Thousands of NTD) shall be paid at the time of signing the contract. The agreed conditions regarding the combined company's rent and royalties are as follows:

1. Rent

   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 NTD$520 million yuan each year, it will be collected at 14,976 (In Thousands of NTD). If it exceeds NT$520 million, it will be calculated on a progressive basis, and the basic royalties will be paid at 7,488 (In Thousands of NTD) yuan every six months, and the difference will be paid in September of the following year.

   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.

   Affected by the novel coronavirus pneumonia pandemic, the Forestry Bureau of the Agriculture Committee of the Executive Yuan agreed to postpone the payment of royalties in March and September 2021 to December 2021.

3. Return of assets

   In accordance with the provisions of Article 5, Article 36 and Article 37 of the contract, the construction of the combined 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 September 30, 2021, December 31, 2019 and September 30, 2020, the combined company has signed related contracts for the repair of franchising equipment, and the unpaid amounts are all 126 (In Thousands of NTD).
(3) As of September 30, 2021, December 31, 2019 and September 30, 2020, the combined company has committed to purchase real estate, plant and equipment, and the unpaid amount is 8,542 (In Thousands of NTD), 8,504 (In Thousands of NTD) and 19,328 (In Thousands of NTD).

31.Other matters

The combined company was affected by the global and Taiwan pandemic of COVID-19, the company was banned from dining in restaurants, and domestic anti-epidemic policies affected travelers' willingness to book rooms. As a result, operating income from July to September 2021 and January to September 2021 decreased by 58% and 30% respectively from the same period last year. In response to the impact of the epidemic, the combined company has applied for salary and working capital subsidies from the government in 2021 and 2020. And received a subsidy of 19,040 (In Thousands of NTD) and 18,556 (In Thousands of NTD) (Note 24). As of the date of publication of this consolidated financial statement, the combined company continues to evaluate the economic impact of the epidemic on the combined 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)

33.Department Information

The information provided to chief operating decision makers for allocating resources and evaluating departmental performance, focusing on the operating entity of each product or service delivered or provided. The combined company should report the following departments:

Departmental revenue and operating results

The income and operating results of the continuing operations of the combined company are analyzed by the reporting department as follows:

	Chateau International Development Company Limited	Chateau Fulang Hotel Co., Ltd.	Adjustment and write-off	Total
January 1 to September 30, 2021				
Revenue from external customers	$ 374,728	$ 15,175	($ 564)	$ 389,339
Departmental benefits (losses)	($ 30,741)	($ 8,098)	($ 378)	($ 39,217)
Interest income				38
Other income				28,642
Other benefits and losses				(46)
Financial costs				(3,977)
Miscellaneous expenses				(2,699)
Share of loss of associates and joint ventures accounted for using equity method				(683)
Profit (loss)before tax				($ 17,942)

	Chateau International Development Company Limited	Chateau Fulang Hotel Co., Ltd.	Adjustment and write-off	Total
January 1 to September 30, 2020				
Revenue from external customers	$ 543,613	$ 14,787	($ 395)	$ 558,005
Departmental benefits (losses)	$ 72,920	($ 5,938)	($ 382)	$ 66,600
Interest income				58
Other income				23,403
Other benefits and losses				(4,745)
Financial costs				(2,579)
Profit (loss)before tax				$ 82,737

Departmental profit and loss refers to the profit earned by each department, excluding non-operating income and expenses and income tax expense. This measurement amount is provided to the chief operating decision maker to allocate resources to the department and measure its performance.

Chateau International Development Company Limited and subsidiaries
Financings provided
January 1 to September 30, 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	$ -	N/A	-	$ 378,228	$ 756,456

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 and subsidiaries
Marketable securities held
January 1 to September 30, 2021
Attached Table 2
Unit: Thousands of New Taiwan Dollars

Holding company	Marketable Securities Type and Name	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	$ 317,779	4.03	$ 317,779	
The company	Smokey Joe's Co., Ltd.	None	〃	3,000,000	32,790	17.39	32,790	

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 and subsidiaries
Information of the investee company, location... etc.
January 1 to September 30, 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.	Taiwan	Leisure hotel Industry	$ 112,919	$ 112,919	9,447,188	47	$ 120,217	($ 8,145)	($ 3,828)	Note 1
Chateau Fulang Hotel Co., Ltd.	Park Ave Shared Space Company	Taiwan	Leisure service industry	4,500	4,500	450,000	45	3,799	(1,518)		Note 2

Note 1：It is calculated based on the financial statements of the investee company reviewed by an accountant on June 30, 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
September 30, 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.	8,699,943	7.80%
Zhongjia International Investment Co., Ltd.	5,928,269	5.31%

Note 1：The main shareholder information in this table is calculated by TDCC on the last business day of the quarter at the end of the quarter, and the shareholder holding the company’s ordinary shares that have been delivered without physical registration, totaling over 5%. The share capital recorded in the company's consolidated financial statements and the actual number of shares delivered without physical registration may be different or different due to different calculation bases.

Note 2：In the case of the above information, if the shareholder delivers the shares to the trust, it is disclosed in the individual account of the trustee who opened the trust account by the trustee. As for the shareholder’s declaration of shares held by an insider who holds more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. Please refer to the Public Information Observatory for information on insider equity declaration.

Chateau International Development Company Limited and subsidiaries
Statement of changes in real estate, plant and equipment
January 1 to September 30, 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
Cost										
Balance as of January 1, 2020	$ 201,588	$ 548,506	$ 3,247	$ 27,497	$ 158,784	$ 70,327	$ 28,268	$ 393,650	$ 81,521	$ 1,513,388
Added	-	695	-	1,134	115	-	2,426	1,132	13,047	18,549
Disposal	-	-	-	(70)	-	-	-	(271)	(110)	(451)
Reclassification	-	-	-	2,669	-	-	-	68	(2,782)	(45)
Transfer to investment real estate	(2,576)	(5,235)	-	-	-	-	-	-	-	(7,811)
Transfer to depreciation expense （Note ）	-	-	-	-	-	-	(1,760)	-	-	(1,760)
Balance as of September 30, 2020	$ 199,012	$ 543,966	$ 3,247	$ 31,230	$ 158,899	$ 70,327	$ 28,934	$ 394,579	$ 91,676	$ 1,521,870
Accumulated Depreciation										
Balance as of January 1, 2020	$ -	$ 41,531	$ 1,262	$ 22,657	$ 36,784	$ 47,868	$ -	$ 149,182	$ -	$ 299,284
Disposal	-	-	-	(70)	-	-	-	(271)	-	(341)
Depreciation	-	10,899	510	1,066	9,720	2,448	-	19,085	-	43,728
Transfer to investment real estate	-	(718)	-	-	-	-	-	-	-	(718)
Balance as of September 30, 2020	$ -	$ 51,712	$ 1,772	$ 23,653	$ 46,504	$ 50,316	$ -	$ 167,996	$ -	$ 341,953
Net as of September 30, 2020	$ 199,012	$ 492,254	$ 1,475	$ 7,577	$ 112,395	$ 20,011	$ 28,934	$ 226,583	$ 91,676	$ 1,179,917
Cost										
Balance as of January 1, 2021	$ 204,388	$ 563,789	$ 3,247	$ 30,386	$ 158,899	$ 70,327	$ 28,926	$ 395,105	$ 77,690	$ 1,532,757
Added	-	7,937	198	2,694	-	1,067	1,325	2,819	22,993	39,033
Disposal	-	-	-	-	-	(29)	-	(1,599)	-	(1,628)
Reclassification	-	14,354	-	(14,379)	-	-	-	22,889	(22,864)	-
Transfer to depreciation expense （Note ）	-	-	-	-	-	-	(1,160)	-	-	(1,160)
Balance as of September 30, 2021	$ 204,388	$ 586,080	$ 3,445	$ 18,701	$ 158,899	$ 71,365	$ 29,091	$ 419,214	$ 77,819	$ 1,569,002
Accumulated Depreciation										
Balance as of January 1, 2021	$ -	$ 55,122	$ 1,941	$ 23,032	$ 48,484	$ 51,128	$ -	$ 173,668	$ -	$ 353,375
Disposal	-	-	-	-	-	(29)	-	(1,527)	-	(1,556)
Depreciation	-	10,693	364	850	5,882	2,503	-	17,100	-	37,392
Reclassification	-	-	-	(9,497)	-	-	-	9,497	-	-
Balance as of September 30, 2021	$ -	$ 65,815	$ 2,305	$ 14,385	$ 54,366	$ 53,602	$ -	$ 198,738	$ -	$ 389,211
Net as of December 31, 2020 and January 1, 2021	$ 204,388	$ 508,667	$ 1,306	$ 7,354	$ 110,415	$ 19,199	$ 28,926	$ 221,437	$ 77,690	$ 1,179,382
Net as of September 30, 2021	$ 204,388	$ 520,265	$ 1,140	$ 4,316	$ 104,533	$ 17,763	$ 29,091	$ 220,476	$ 77,819	$ 1,179,791

Note ：The business appliance is transferred to the depreciation expense when it is actually damaged.