Ticker Symbol：2722

Chateau International Development Company Limited and subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2022 and 2021 and Independent Auditors' Review Report

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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 June 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, of changes in equity, and of cash flows for the six 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 June 30, 2021 and 2020, its consolidated financial performance for the three months ended June 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the six months then ended June 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

August 10, 2022

Chateau International Development Company Limited and Subsidiaries

Consolidated Balance Sheet

(In Thousands of New Taiwan Dollars)

Code	Assets	June 30, 2022 (Reviewed) 金額	%	December 31, 2021 (Audited) 金額	%	June 30, 2021 (Reviewed) 金額	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	$ 205,027	8	$ 120,257	4	$ 87,002	3
1120	Current financial assets at fair value through other comprehensive income (Note 7 and 12)						
	Current financial assets at amortized cost (Notes 8 and 29)	208,771	8	339,227	13	475,336	17
1136	Accounts receivable, net (Notes 9 and 28)	17,708	1	33,267	1	27,213	1
1170	Other receivables	8,605	-	13,030	1	2,127	-
1200	Current inventories	5	-	206	-	38	-
130X	Prepayments (Note 10)	10,750	-	11,820	-	10,827	-
1410	Other current assets (Note 18)	12,427	-	12,730	1	11,744	1
1470	Total current assets	658	-	177	-	220	-
11XX	Cash and cash equivalents (Note 6)	463,951	17	530,714	20	614,507	22
	Non-current assets						
1535	Non-current financial assets at amortized cost (Notes 8 and 29)	11,000	1	11,000	-	11,000	-
1550	Investments accounted for using equity method (Note 12)	53,505	2	3,574	-	3,979	-
1600	Property, plant and equipment (Notes 13, 28 and 29)	1,201,383	45	1,173,886	44	1,176,667	42
1755	Right-of-use assets (Note 14)	50,531	2	56,236	2	64,847	2
1760	Investment property (Notes 15 and 29)	589,768	22	589,820	22	576,092	21
1780	Intangible assets (Note 16)	973	-	562	-	1,126	-
1791	Franchising (Note 16)	271,347	10	292,928	11	315,203	11
1840	Deferred tax assets (Note 4)	3,317	-	3,207	-	2,801	-
1952	Prepayment for Land Purchases	29,367	1	25,388	1	25,388	1
1990	Fund for improvements and expansions (Note 17)	7,486	-	7,764	-	12,943	1
15XX	Other non-current assets (Notes 18 and 28)	2,218,677	83	2,164,365	80	2,190,046	78
1XXX	Total assets	$ 2,682,628	100	$ 2,695,079	100	$ 2,804,553	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)	91,293	3	90,322	3	64,782	2
2130	Current contract liabilities (Note 23)	39,357	2	32,720	1	19,066	1
2150	Notes payable	530	-	-	-	393	-
2170	Accounts payable (note 28)	16,879	1	30,740	1	10,974	-
2219	Other payables (Notes 20 and 28)	61,117	2	71,941	3	71,596	3
2216	Dividend payable	22,305	1	-	-	55,762	2
2230	Current tax liabilities	8,683	-	20,203	1	18,204	1
2280	Current lease liabilities (Note 4 and 28)	17,746	1	16,983	1	17,428	1
2320	Long-term liabilities, current portion (Notes 19 and 29)	77,083	3	72,033	3	68,105	2
2399	Other current liabilities, others (Notes 20 and 28)	56,904	2	64,187	2	64,001	2
21XX	Total current liabilities	421,897	16	429,129	16	420,311	15
	Non-current liabilities						
2540	Non-current portion of non-current borrowings (Notes 19 and 29)	315,417	12	207,500	8	190,000	7
2570	Deferred tax liabilities (Note 4)	1,118	-	1,118	-	1,118	-
2580	Non-current lease liabilities (note 14 and 28)	28,419	1	34,237	1	41,215	2
2640	Net defined benefit liability, non-current (Note 4)	8,929	-	9,084	-	8,605	-
2645	Guarantee deposits received	421	-	421	-	421	-
25XX	Total non-current liabilities	354,304	13	252,360	9	241,359	9
2XXX	Total liabilities	776,201	29	681,489	25	661,670	24
	Equity attributable to the owners of the parent (Note 22)						
	Share capital						
3110	Ordinary share	1,115,229	41	1,115,229	41	1,115,229	40
3200	Capital surplus	170,663	6	170,663	6	170,663	6
	Retained earnings						
3310	Legal reserve	158,816	6	156,829	6	156,829	6
3320	Special reserve	230,362	9	226,387	8	226,387	8
3350	Unappropriated retained earnings (accumulated deficit)	84,942	3	93,085	4	54,302	2
3300	Total retained earnings	474,120	18	476,301	18	437,518	16
3400	Total other equity interest	21,315	1	122,172	5	287,879	10
31XX	Total equity attributable to owners of parent	1,781,327	66	1,884,365	70	2,011,289	72
36XX	Non-controlling interests	125,100	5	129,225	5	131,594	4
3XXX	Total equity	1,906,427	71	2,013,590	75	2,142,883	76
	Total liabilities and equity	$ 2,682,628	100	$ 2,695,079	100	$ 2,804,553	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 June 30				Six Months Ended June 30			
		2022		2021		2022		2021	
Code		Amount	%	Amount	%	Amount	%	Amount	%
4000	Total operating revenue (Note 23 and 28)	$ 156,890	100	$ 100,862	100	$ 332,926	100	$ 273,157	100
5000	Total operating costs (Note 10, 24 and 28)	86,478	55	81,560	81	188,613	57	186,322	69
5900	Gross profit (loss) from operations	70,412	45	19,302	19	144,313	43	86,835	31
	Operating expenses (Notes 24 and 28)								
6100	Selling expenses	7,414	5	7,482	7	15,369	5	14,627	5
6200	Administrative expenses	50,543	32	45,363	45	101,567	30	95,111	35
6000	Total operating expenses	57,957	37	52,845	52	116,936	35	109,738	40
6510	Other income (Note 24)	(2)	-	71	-	(2)	-	15	-
6900	Net operating income (loss)	12,453	8	(33,472)	(33)	27,375	8	(22,888)	(9)
	Non-operating income and expenses (Note 24 and 28)								
7100	Interest income	34	-	18	-	43	-	31	-
7010	Other income	1,871	1	5,903	6	4,681	1	7,341	3
7030	Other gains and losses	-	-	-	-	(4)	-	(46)	-
7050	Financial costs	(2,205)	(1)	(1,229)	(1)	(3,983)	(1)	(2,460)	(1)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	(429)	-	(67)	-	(657)	-	(503)	-
7590	Miscellaneous disbursements	(926)	(1)	(902)	(1)	(1,816)	-	(1,897)	(1)
7000	Total non-operating income and expenses	(1,655)	(1)	3,723	4	(1,736)	-	2,466	1
7900	Profit (loss) from continuing operations before tax	10,798	7	(29,749)	(29)	25,639	8	(20,422)	(8)

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Code		Three Months Ended June 30				Six Months Ended June 30			
		2022		2021		2022		2021	
		Amount	%	Amount	%	Amount	%	Amount	%
7950	Total tax expense (income) (Notes 4 and 25)	$ 3,325	2	($ 1,000)	(1)	$ 6,689	2	$ 963	-
8200	Profit (loss) from continuing operations	7,473	5	(28,749)	(28)	18,950	6	(21,385)	(8)
	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 comprehens-ive income (loss)	(96,556)	(62)	249,569	247	(103,808)	(31)	247,206	91
8500	Total comprehensive income	($ 89,083)	(57)	$ 220,820	219	($ 84,858)	(25)	$ 225,821	83
	Profit (loss), attributed to：								
8610	Shareholders of the parent	$ 10,319	7	($ 26,531)	(26)	$ 23,075	7	($ 18,909)	(7)
8620	Non-controlling interests	(2,846)	(2)	(2,218)	(2)	(4,125)	(1)	(2,476)	(1)
8600		$ 7,473	5	($ 28,749)	(28)	$ 18,950	6	($ 21,385)	(8)
	Comprehensive income attributable to：								
8710	Shareholders of the parent	($ 86,237)	(55)	$ 223,038	221	($ 80,733)	(24)	$ 228,297	84
8720	Non-controlling interests	(2,846)	(2)	(2,218)	(2)	(4,125)	(1)	(2,476)	(1)
8700		($ 89,083)	(57)	$ 220,820	219	($ 84,858)	(25)	$ 225,821	83
	Net profit per Share NT$, Note 26)								
9750	Basic net profit per share	$ 0.09		($ 0.24)		$ 0.21		($ 0.17)	
9850	Diluted net profit per share	0.09		(0.24)		0.21		(0.17)	

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, 2022	$ 1,115,229	$ 170,663	$ 156,829	$ 226,387	$ 93,085	$ 122,172	$ 1,884,365	$ 129,225	$ 2,013,590
	Earnings Appropriation and Distribution in 2021 (Note 22)									
B1	Legal reserve appropriated	-	-	1,987	-	(1,987)	-	-	-	-
B3	Special reserve appropriated	-	-	-	3,975	(3,975)	-	-	-	-
B5	Cash dividends of ordinary share	-	-	-	-	(22,305)	-	(22,305)	-	(22,305)
D1	Profit (loss) for the six months ended June 30, 2022	-	-	-	-	23,075	-	23,075	(4,125)	18,950
D3	Other comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	(103,808)	(103,808)	-	(103,808)
D5	Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	23,075	(103,808)	(80,733)	(4,125)	(84,858)
Q1	Disposal of investments in equity instruments at fair value through other comprehensive profit or loss	-	-	-	-	(2,951)	2,951	-	-	-
Z1	Balance as of June 30, 2022	$ 1,115,229	$ 170,663	$ 158,816	$ 230,362	$ 84,942	$ 21,315	$ 1,781,327	$ 125,100	$ 1,906,427
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 June 30, 2021	-	-	-	-	(18,909)	-	(18,909)	(2,476)	(21,385)
D3	Other comprehensive income for the six months ended June 30, 2021	-	-	-	-	-	247,206	247,206	-	247,206
D5	Total comprehensive income for the six months ended June 30, 2021	-	-	-	-	(18,909)	247,206	228,297	(2,476)	225,821
Z1	Balance as of June 30, 2021	$ 1,115,229	$ 170,663	$ 156,829	$ 226,387	$ 54,302	$ 287,879	$ 2,011,289	$ 131,594	$ 2,142,883

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		Six Months Ended June 30 2022	2021
	Cash flows from (used in) operating activities, indirect method		
A10000	Profit (loss) before tax	$ 25,639	($ 20,422)
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	36,360	35,894
A20200	Amortization expense	23,812	24,377
A20900	Interest expense	3,983	2,460
A21200	Interest income	(43)	(31)
A22400	Share of loss (profit) of associates and joint ventures accounted for using equity method	657	503
A22500	Loss (gain) on disposal of property, plan and equipment	2	(15)
A22800	Loss (gain) on disposal of intangible assets	4	46
A30000	Changes in operating assets and liabilities		
A31150	Decrease (increase) in accounts receivable	4,425	11,808
A31180	Decrease (increase) in other receivable	201	(32)
A31200	Adjustments for decrease (increase) in inventories	1,070	265
A31230	Decrease (increase) in prepayments	303	1,172
A31240	Adjustments for decrease (increase) in other current assets	(481)	(93)
A32125	Increase (decrease) in contract liabilities	6,637	(9,157)
A32130	Increase (decrease) in notes payable	530	393
A32150	Increase (decrease) in accounts liabilities	(13,861)	(15,043)
A32180	Increase (decrease) in other payable	(10,948)	(4,201)
A32230	Adjustments for increase (decrease) in other current liabilities	(7,283)	8,364
A32240	Increase (decrease) in net defined benefit liability	(155)	(431)
A33000	Cash inflow (outflow) generated from operations	70,852	35,857
A33500	Income tax paid	(18,319)	(8,577)
AAAA	Net cash flows from (used in) operating activities	52,533	27,280
	Cash flows from (used in) investing activities		
B00040	Acquisition of financial assets at amortized cost	-	(8,691)

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Code		Six Months Ended June 30 2022	2021
B00050	disposal of financial assets at amortized cost	$ 15,559	$ -
B00100	Acquisition of financial assets at fair value through profit or loss	(23,940)	(49,406)
B07100	Increase in prepayments for business facilities	(2,112)	(5,246)
B02700	Acquisition of property, plant and equipment	(50,610)	(26,866)
B02800	Proceeds from disposal of property, plant and equipment	-	76
B05400	Acquisition of Investment property	-	(27,000)
B04500	Acquisition of intangible assets	(2,646)	(1,361)
B06700	Increase in other non-current assets	(730)	(177)
B07500	Interest received	39	31
B09900	Increase in Fund for improvements and expansions	(3,975)	(17,386)
BBBB	Net cash flows from (used in) investing activities	(68,415)	(136,026)
	Cash flows from (used in) financing activities		
C00500	Increase in short-term notes and bills payable	303,500	126,000
C00600	Decrease in short-term notes and bills payable	(302,500)	(122,000)
C01600	Proceeds from long-term debt	210,000	90,000
C01700	Repayments of long-term debt	(97,033)	(47,696)
C04020	Payments of lease liabilities	(9,353)	(9,300)
C05600	Interest paid	(3,962)	(2,434)
CCCC	Net cash flows from (used in) financing activities	100,652	34,570
EEEE	Net increase (decrease) in cash and cash equivalents	84,770	(74,176)
E00100	Cash and cash equivalents at beginning of period	120,257	161,178
E00200	Cash and cash equivalents at end of period	$ 205,027	$ 87,002

The attached notes are part of this consolidated financial statement.

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

1. General

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

Quintain Steel Co., Ltd. had 29.43% of the company's comprehensive shareholding ratio as of June 30, 2022, December 31, 2021, and June 30, 2021, 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 August 10, 2022.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(1) For the first time, it is applicable to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations and SIC Interpretations (hereinafter referred to as "IFRSs") recognized and issued by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

(2) The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by FSC with effective date starting 2022

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	January 1, 2023（note 1）
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023（note 2）
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023（note 3）

Note 1：This amendment applies for annual reporting periods beginning after January 1, 2023.

Note 2：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 3: 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.

(3) The application of the revised FSC approved and issued effective IFRSs will not cause major changes in the accounting policies of the consolidated company:

New, Revised or Amended Standards and Interpretations	Effective date issued by the IASB (Note)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 "Insurance Contract"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial application of IFRS 17 and IFRS 9 - comparative information”	January 1, 2023
Amendment to IAS 1 "Classification of liabilities as current or non-current"	January 1, 2023

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

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, even if the non-controlling interests thus become the balance of losses.

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 2021 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 2021 consolidated financial report.

6. Cash and cash equivalents

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand and working fund	$ 2,451	$ 5,250	$ 2,462
Bank cheques and demand deposits	202,576	115,007	84,540
	$ 205,027	$ 120,257	$ 87,002

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

	June 30, 2022	December 31, 2021	June 30, 2021
Investment of equity instruments－Domestic investment			
Listed stocks			
Quintain Steel Co., Ltd.	$ 181,981	$ 275,040	$ 442,546
Luxe Electric Co., Ltd.(note)	-	37,397	-
Unlisted (counter) stocks			
Smokey Joe's Co., Ltd.	26,790	26,790	32,790
	$ 208,771	$ 339,227	$ 475,336

Note: Renamed as Luxe Green Energy Technology Co., Ltd. (Luxe Green Energy Co., Ltd.) from July 14, 2022, and refer to Note 12 for instructions.

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 afore mentioned 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

	June 30, 2022	December 31, 2021	June 30, 2021
Current			
Domestic investment			
Trust account (1)	$ 17,708	$ 33,267	$ 27,213
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 June 30, 2022, December 31, 2020 and June 30, 2021, the amounts that are collected in advance due to the issuance of gift certificates and should be delivered to the Cathay United Bank Trust are 9,882 (In Thousands of NTD), 19,263(In Thousands of NTD), and 21,338 (In Thousands of NTD).

(2) As of June 30, 2022, December 31, 2020 and June 30, 2021, 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

	June 30, 2022	December 31, 2021	June 30, 2021
Accounts receivable			
Measured by amortized cost			
Total carrying amount	$ 8,605	$ 13,030	$ 2,127

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:

June 30, 2022

	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%	18.1%	0.8%	0.9%	22.2%	
Total carrying amount	$ 7,486	$ 1,015	$ 104	$ -	$ -	$ 8,605
loss allowance （Lifetime expected credit losses）	-	-	-	-	-	-
amortized cost	$ 7,486	$ 1,015	$ 104	$ -	$ -	$ 8,605

December 31, 2021

	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	$ 11,594	$ 870	$ 565	$ 1	$ -	$ 13,030
loss allowance （Lifetime expected credit losses）	-	-	-	-	-	-
amortized cost	$ 11,594	$ 870	$ 565	$ 1	$ -	$ 13,030

June 30, 2021

	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	$ 1,925	$ 202	$ -	$ -	$ -	$ 2,127
loss allowance （Lifetime expected credit losses）	-	-	-	-	-	-
amortized cost	$ 1,925	$ 202	$ -	$ -	$ -	$ 2,127

10.Inventory

	June 30, 2022	December 31, 2021	June 30, 2021
Room equipment and other	$ 6,616	$ 6,929	$ 7,043
Ingredients and beverages	3,895	4,585	3,404
Commodity	239	306	380
	$ 10,750	$ 11,820	$ 10,827

April 1 to June 30, 2022 and 2021 and January 1 to June 30, 2022 and 2021, the hotel's operating, room catering and leisure costs and other related costs are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Food and beverage costs	$ 43,431	$ 39,207	$ 97,475	$ 93,063
Room cost	37,989	36,370	80,237	79,978
Other costs	5,058	5,983	10,901	13,281
	$ 86,478	$ 81,560	$ 188,613	$ 186,322

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（%） June 30, 2022	December 31, 2021	June 30, 2021	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 June 30, 2022	December 31, 2021	June 30, 2021
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.

	Profit and loss allocated to non-controlling interests			
	Three Months Ended June 30		Six Months Ended June 30	
Name of subsidiary	2022	2021	2022	2021
Chateau Fulang Hotel Co., Ltd.	($ 2,846)	($ 2,218)	($ 4,125)	($ 2,476)

Name of subsidiary	Non-controlling interests June 30, 2022	December 31, 2021	June 30, 2021
Chateau Fulang Hotel Co., Ltd.	$ 125,100	$ 129,225	$ 131,594

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.

	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	$ 9,513	$ 11,225	$ 6,836
Non-current assets	342,215	364,494	346,073
Current liabilities	(126,777)	(126,003)	(98,780)
Non-current liabilities	(30,265)	(1,498)	(1,439)
Equity	$ 194,686	$ 248,218	$ 252,690
Equity attributed to:			
Owner of the company	$ 69,586	$ 118,993	$ 121,096
Non-controlling interests	125,100	129,225	131,594
	$ 194,686	$ 248,218	$ 252,690

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Operating income	$ 3,996	$ 3,720	$ 10,525	$ 11,712
Net loss and total comprehensive profit and loss for the period	($ 5,370)	($ 4,186)	($ 7,782)	($ 4,672)
Net loss and total comprehensive profit and loss attributed to：				
Owner of the company	($ 2,524)	($ 1,968)	($ 3,657)	($ 2,196)
Non-controlling interests	(2,846)	(2,218)	(4,125)	(2,476)
	($ 5,370)	($ 4,186)	($ 7,782)	($ 4,672)

	Six Months Ended June 30	
	2022	2021
Cash flow		
Operating activities	($ 4,426)	$ 75
Investment activities	(28,900)	(24,136)
Financing activities	31,000	4,000
Net cash outflow	($ 2,326)	($ 20,061)

12.Investments accounted for using equity method

	June 30, 2022	December 31, 2021	June 30, 2021
Individually insignificant associate	$ 53,505	$ 3,574	$ 3,979

For the business nature, main place of business and country information of the company's registration of the above-mentioned affiliates, please refer to Appendix 3 "Investee Company Information, Location...etc.".

Since June 21, 2022, the combined company has served as a director of Luxe Green Energy Company and has significant influence. Therefore, it will be recognized as financial assets measured at fair value through other comprehensive gains and losses to be evaluated using the equity method.

Investments using the equity method and the combined company's share of profits and losses and other comprehensive profits and losses are recognised in financial statements that have not been reviewed by an accountant. However, the management of the merging company considers that the above-mentioned financial reports of the investee companies have not been reviewed by the accountants and will not have 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	
Main building	48 years
Staff dorm	32~50 years
Other	3~20 years
Transportation equipment	3~5 years
Office equipment	2~14years
Hydropower equipment	3~20 years
Landscape gardening	2~15 years
Miscellaneous equipment	2~20 years

The business appliance of the 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

	June 30, 2022	December 31, 2021	June 30, 2021
right-of-use asset Carrying amount			
Land	$ 1,729	$ 2,381	$ 3,034
Building	39,750	46,685	53,613
Transportation equipment	9,052	7,170	8,165
Office equipment	-	-	35
	$ 50,531	$ 56,236	$ 64,847

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Added right-of-use asset			$ 4,298	$ 2,313
depreciation expense of right-of-use asset				
Land	$ 326	$ 326	$ 652	$ 652
Building	3,467	3,468	6,935	6,935
Transportation equipment	1,198	1,225	2,416	2,457
Office equipment	-	26	-	53
	$ 4,991	$ 5,045	$ 10,003	$ 10,097

(2) lease liability

	June 30, 2022	December 31, 2021	June 30, 2021
lease liability Carrying amount			
Current	$ 17,746	$ 16,983	$ 17,428
Non-current	$ 28,419	$ 34,237	$ 41,215

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

	June 30, 2022	December 31, 2021	June 30, 2021
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.

(3) Other lease information

	Three Months Ended June 30		Six Months Ended June 30	
	2022		2021	
Short-term lease expenses	$ 821	$ 413	$ 1,321	$ 785
Low-value asset lease expenses	$ 33	$ 353	$ 446	$ 685
Variable lease payments not included in the measurement of lease liability	$ -	$ 13	$ 1,630	$ 1,630
Total cash outflow from lease			$ 13,138	$ 12,889

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

15.Investment property

	June 30, 2022	December 31, 2021	June 30, 2021
Land	$ 585,509	$ 585,509	$ 571,729
Building	4,259	4,311	4,363
	$ 589,768	$ 589,820	$ 576,092

	Land	Building	Total
Cost			
Balance as of January 1,2021	$ 543,729	$ 5,235	$ 548,964
Added	28,000	-	28,000
Balance as of June 30, 2021	$ 571,729	$ 5,235	$ 576,964
Accumulated Depreciation			
Balance as of January 1,2021	$ -	$ 821	$ 821
depreciation expense	-	51	51
Balance as of June 30, 2021	$ -	$ 872	$ 872
Balance as of June 30, 2020	$ 571,729	$ 4,363	$ 576,092

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	Land	Building	Total
Cost			
Balance as of January 1, 2022 and June 30, 2020	$ 585,509	$ 5,235	$ 590,744
Accumulated Depreciation			
Balance as of January 1,2022	$ -	$ 924	$ 924
depreciation expense	-	52	52
Balance as of June 30,2022	$ -	$ 976	$ 976
Net as of December 31, 2021 and January 1,2022	$ 585,509	$ 4,311	$ 589,820
Net as of June 30,2022	$ 585,509	$ 4,259	$ 589,768

The Investment Property of the combined company did not undergo any material additions, dispositions and impairment from January 1 to June 30, 2022 and 2021.

The fair value of the Investment Property of the combined company on December 31, 2021 was 1,186,613 (In Thousands of NTD). The fair value is measured by the independent evaluation company Evermore Valuation Firm on the Balance Sheet Date based on the level 3 input value. The evaluation is conducted with reference to market evidence of similar real estate transaction prices. On June 30, 2022 and 2021, 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 34,343 (In Thousands of NTD) as of December 31,2021. 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 June 30, 2022 and 2021, the management of the combined company evaluated that there was 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:

	June 30, 2022
Year 1	$ 1,870
Year 2	870
Year 3	669
Year 4	669
Year 5	669
More than 5 years	1,730
	$ 6,477

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 and Franchising

	June 30, 2022	December 31, 2021	June 30, 2021
Franchising	$ 271,347	$ 292,928	$ 315,203
Computer software license	973	562	1,126
	$ 272,320	$ 293,490	$ 316,329

	Franchising	Computer software license	Other	Total
Cost				
Balance as of January 1, 2021	$ 1,094,994	$ 6,391	$ 124	$ 1,101,509
Additions	1,324	37	-	1,361
Disposal	(304)	-	-	(304)
Balance as of June 30, 2021	$ 1,096,014	$ 6,428	$ 124	$ 1,102,566
Accumulated amortization				
Balance as of January 1, 2021	$ 757,481	$ 4,513	$ 124	$ 762,118
Amortization expense	23,588	789	-	24,377
Disposal	(258)	-	-	(258)
Balance as of June 30, 2021	$ 780,811	$ 5,302	$ 124	$ 786,237
Net as of June 30, 2022	$ 315,203	$ 1,126	$ -	$ 316,329

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	Franchising	Computer software license	Other	Total
Cost				
Balance as of January 1, 2022	$ 1,097,018	$ 6,466	$ 124	$ 1,103,608
Additions	1,835	811	-	2,646
Disposal	(1,473)	-	-	(1,473)
Balance as of June 30, 2022	$ 1,097,380	$ 7,277	$ 124	$ 1,104,781
Accumulated amortization				
Balance as of January 1, 2022	$ 804,090	$ 5,904	$ 124	$ 810,118
Amortization expense	23,412	400	-	23,812
Disposal	(1,469)	-	-	(1,469)
Balance as of June 30, 2022	$ 826,033	$ 6,304	$ 124	$ 832,461
Net as of December 31, 2021 and January 1, 2022	$ 292,928	$ 562	$ -	$ 293,490
Net as of June 30, 2022	$ 271,347	$ 973	$ -	$ 272,320

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 June 30, 2022, December 31, 2020, and June 30, 2021, the carrying amount of funds for improvement and expansion is 29,367 (In Thousands of NTD), 25,388 (In Thousands of NTD) and 25,388 (In Thousands of NTD) mainly invested in bank time deposits.

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

	Six Months Ended June 30	
	2022	2021
Opening Balance	$ 25,388	$ 8,002
Provision	3,975	17,386
Interest income	4	-
Ending balance	$ 29,367	$ 25,388

18.Other assets

	June 30, 2022	December 31, 2021	June 30, 2021
Prepayments for equipment	$ 2,973	$ 3,981	$ 8,767
Refundable deposits	4,513	3,783	4,176
	$ 7,486	$ 7,764	$ 12,943

Refundable deposits are mainly vehicle deposits required for leasing operations.

19.Borrowing

(1)short-term debt

	June 30, 2022	December 31, 2021	June 30, 2021
Collateralized borrowing (Note 29)	$ 30,000	$ 30,000	$ 30,000
Annual interest rate	1.23%	1.23%	1.23%

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

June 30, 2022

Guarantee/Acceptance Agency	Par value	Discount amount	Carrying amount	Interest rate range	Name of collateral
Commercial paper payable					
IBFC	$ 91,500	$ 207	$ 91,293	1.237%	Property

December 31, 2021

Guarantee/Acceptance Agency	Par value	Discount amount	Carrying amount	Interest rate range	Name of collateral
Commercial paper payable					
IBFC	$ 90,500	$ 178	$ 90,322	0.862%	Property

June 30, 2021

Guarantee/Acceptance Agency	Par value	Discount amount	Carrying amount	Interest rate range	Name of collateral
Commercial paper payable					
IBFC	$ 65,000	$ 218	$ 64,782	0.862%	Property

(3) Long-term debt payable

	June 30, 2022	December 31, 2021	June 30, 2021
Collateralized borrowing (Note 1)	$ 80,000	$ 2,033	$ 8,105
Credit loan (Note 2)	312,500	277,500	250,000
	392,500	279,533	258,105
Minus: the part due within one year	77,083	72,033	68,105
	$ 315,417	$ 207,500	$ 190,000

Note 1：The banks guarantee loans are guaranteed by the combined company's own land and buildings (note 29), which expire in January 2027, and as of June 30, 2022, December 31, 2021, and June 30, 2021, the annual interest rates are 1.46%, 1.40% and 1.23%~ 1.40% respectively.

Note 2： Several companies will expire before September 2024, as of June 30, 2022, December 31, 2021, and June 30, 2021, the effective annual interest rates were 1.35% ~1.73% and 1.35% ~1.46%, and 1.35%~ 1.46%. The combined company has already complied with the above financial ratio restrictions.

20.Other payables and other current liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
Other payables			
Salaries and bonuses payable	$ 21,403	$ 32,445	$ 21,810
Pay in lieu of untaken annual leave	7,657	6,953	5,400
Royalties payable	7,439	5,525	16,645
Equipment payment payable	4,978	4,904	4,868
Insurance payable	3,603	3,986	3,876
Utility bills payable	3,264	2,727	2,632
Employee bonus payable	1,773	1,748	1,804
Other	11,000	13,653	14,561
	$ 61,117	$ 71,941	$ 71,596

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	June 30, 2022	December 31, 2021	June 30, 2021
Other current liabilities			
Accommodation vouchers in advance	$ 43,723	$ 48,193	$ 50,521
Meal coupons in advance	7,557	8,647	8,506
Travel voucher in advance	1,585	1,780	1,568
Other	4,039	5,567	3,406
	$ 56,904	$ 64,187	$ 64,001

21.Retirement benefit plans

Relevant pension expenses for definite benefit plans recognized from April 1 to June 30, 2022 and 2021 and January 1 to June 30, 2022 and 2021 are calculated based on the pension cost rate determined by actuarial calculations on December 31, 2020 and 2019, and the amounts are 25 (In Thousands of NTD), 27 (In Thousands of NTD), 50 (In Thousands of NTD), and 90 (In Thousands of NTD).

22.Equity

(1) Share capital of ordinary share

	June 30, 2022	December 31, 2021	June 30, 2021
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

	June 30, 2022	December 31, 2021	June 30, 2021
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 has made a recommendation based on No. Financial-Supervisory-Securities-Auditing-1010012865, No. Financial-Supervisory-Securities-Auditing-1010047490, No. Financial-Supervisory-Securities-Auditing-1030006415 and "International Financial Reporting Standards (IFRSs)". Questions and Answers on the Application of Special Reserve" and other regulations to mention and transfer the special reserve.

The company's Board of Directors and regular shareholders' meetings in May 25, 2022 and May 6 2021 resolved and approved the 2021 and 2020 earnings distribution proposals as follows:

	Earnings Distribution Proposal	
	2021	2020
Legal reserve	$ 1,987	$ 8,693
Self Set Aside Special Reserve	$ 3,975	$ 17,386
Set Aside Special Surplus Reserve Marketable Notes Reversal Loss by Law	$ -	($ 27,200)
Cash dividend	$ 22,305	$ 55,762
Cash dividend per share (NT$)	$ 0.2	$ 0.5

(4) Non-controlling interests

	Six Months Ended June 30	
	2022	2021
Opening Balance	$ 129,225	$ 134,070
Net loss for the period	(4,125)	(2,476)
Ending balance	$ 125,100	$ 131,594

23.Net Revenue

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Room income	$ 126,006	$ 74,304	$ 254,837	$ 193,847
Catering income	29,299	25,310	74,745	75,843
Other income	1,585	1,248	3,344	3,467
	$ 156,890	$ 100,862	$ 332,926	$ 273,157

Contract balance

	June 30, 2022	December 31, 2021	June 30, 2021	January 1, 2021
Contract liability — Current				
Deposit received in advance	$ 39,357	$ 32,720	$ 19,066	$ 28,223

24.Profit before tax

(1) Other income and net expenses

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Disposal of benefits (losses) of property, plant and equipment	($ 2)	$ 71	($ 2)	$ 15

(2) Interest income

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Bank deposits	$ 32	$ 16	$ 36	$ 21
Other	2	2	7	10
	$ 34	$ 18	$ 43	$ 31

(3) Other income

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Rental income	$ 775	$ 670	$ 1,567	$ 1,458
Government grants income	129	4,440	1,163	4,440
Other	967	793	1,951	1,443
	$ 1,871	$ 5,903	$ 4,681	$ 7,341

(4) Other benefits and losses

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Loss on disposal of intangible assets	$ -	$ -	$ 4	$ 46

(5) Miscellaneous expenses

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Depreciation expense	$ 426	$ 428	$ 852	$ 858
Investment Property related expenses	16	23	27	41
Other	484	451	937	998
	$ 926	$ 902	$ 1,816	$ 1,897

(6) Financial costs

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Interest on bank loans	$ 2,043	$ 1,102	$ 3,692	$ 2,184
Interest on lease liability	183	237	388	496
	2,226	1,339	4,080	2,680
Minus: The amount included in the cost of eligible assets (listed under Real estate, plant and equipment)	(21)	(110)	(97)	(220)
	$ 2,205	$ 1,229	$ 3,983	$ 2,460

The relevant information of capitalization of interest is as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
The amount of capitalization of interest	$ 21	$ 110	$ 97	$ 220
The interest rate of capitalization of interest	1.35%～1.73%	1.23%～1.46%	1.21%～1.73%	1.23%～1.46%

(7) Depreciation and amortization

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Investment property	$ 26	$ 25	$ 52	$ 51
Property, plant and equipment	13,099	12,776	26,305	25,746
Right-of-use assets	4,991	5,045	10,003	10,097
Intangible assets	11,781	12,012	23,812	24,377
	$ 29,897	$ 29,858	$ 60,172	$ 60,271

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Depreciation expense summarized by function				
Operating cost	$ 13,691	$ 13,383	$ 27,422	$ 26,932
Operating expenses	3,999	4,035	8,086	8,104
Miscellaneous expenses	426	428	852	858
	$ 18,116	$ 17,846	$ 36,360	$ 35,894
Amortization expense summarized by function				
Operating cost	$ 11,620	$ 11,681	$ 23,412	$ 23,588
Operating expenses	161	331	400	789
	$ 11,781	$ 12,012	$ 23,812	$ 24,377

(8) Employee benefits expenses

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits				
Salary	$ 48,947	$ 47,930	$101,287	$100,864
Labor and health insurance	5,265	5,624	10,804	11,456
Directors' remuneration	145	120	250	249
Other	2,356	2,059	5,372	5,143
	56,713	55,733	117,713	117,712

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Retirement benefit plans				
Defined contribution plans	2,277	2,407	4,621	4,857
Defined benefit plans(Note 21)	25	27	50	52
	2,302	2,434	4,671	4,909
	$ 59,015	$ 58,167	$122,384	$122,621
Summary by function				
Operating cost	$ 39,294	$ 39,819	$ 82,410	$ 85,556
Operating expenses	19,721	18,348	39,974	37,065
	$ 59,015	$ 58,167	$122,384	$122,621

(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 June 30, 2021, is not assessed for employee compensation. The estimated remuneration of employee and director for the period from April 1 to June 30, 2022, and January 1 to June 30, 2022 is as follows:

Estimated ratio

	Six Months Ended June 30
	2022
Remuneration of employee	1%
Remuneration of director	-

Amount

	Three Months Ended June 30	Six Months Ended June 30
	2022	2022
Remuneration of employee	$ 139	$ 302
Remuneration of director	-	-

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 2021 and 2020 were paid in cash by the resolutions of the board of directors on February 23, 2022 and February 5, 2021 as follows:

Estimated ratio

	2021	2020
Remuneration of employee	1%	1%
Remuneration of director	0.2569%	0.0448%

Amount

	2021	2020
Remuneration of employee	$ 234	$ 1,071
Remuneration of director	60	48

There is no difference between the actual allotment amount of remuneration of employees and remuneration of Directors and Supervisors in 2021 and 2020 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 June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Current tax expense recognized in the current year				
Income tax adjustments on prior years	$ 3,361	($ 1,426)	$ 6,713	$ -
Income tax adjustments on prior years	86	15	86	15
	3,447	(1,411)	6,799	15
Deferred tax				
Current tax expense recognized in the current year	(122)	411	(110)	948
Income tax recognized in profit and loss	$ 3,325	($ 1,000)	$ 6,689	$ 963

(2) Verification situation of income tax

The company's and its subsidiaries' profit-making business income tax declarations before 2020 have been approved by the Revenue Service Office.

26.Net profit (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 June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Net income available to common shareholders of the parent	$ 10,319	($ 26,531)	$ 23,075	($ 18,909)

Number of shares

Unit: Thousand shares

	three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
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	9	-	11	-
Used to calculate the ordinary share weighted average number of dilutive earnings per share	111,532	111,523	111,534	111,523

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 June 30, 2021, 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, other 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

June 30, 2022

	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	$ 181,981	$ -	$ -	$ 181,981
Domestic unlisted (counter) stocks	-	-	26,790	26,790
	$ 181,981	$ -	$ 26,790	$ 208,771

December 31, 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	$ 312,437	$ -	$ -	$ 312,437
Domestic unlisted (counter) stocks	-	-	26,790	26,790
	$ 312,437	$ -	$ 26,790	$ 339,227

June 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	$ 442,546	$ -	$ -	$ 442,546
Domestic unlisted (counter) stocks	-	-	32,790	32,790
	$ 442,546	$ -	$ 32,790	$ 475,336

From January 1 to June 30, 2022 and 2021, 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

	June 30, 2022	December 31, 2021	June 30, 2021
Financial asset			
Financial assets measured at amortized cost (Note 1)	$ 275,695	$ 206,931	$ 156,944
Financial assets measured at fair value through Other comprehensive income			
Investment of equity instruments	208,771	339,227	475,336
Financial liability			
Measured by amortized cost (Note 2)	592,740	502,957	436,271

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:

	June 30, 2022	December 31, 2021	June 30, 2021
With fair value interest rate risk			
－Financial asset	$ 11,000	$ 11,000	$ 11,000
－Financial liability	137,458	141,542	123,425
With cash flow interest rate risk			
－Financial asset	220,136	148,123	111,605
－Financial liability	422,500	309,533	288,105

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 and loss before tax of the combined company from January 1 to June 30, 2022 and 2021 will be reduced by 1,012 (In Thousands of NTD) and increased by 883 (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 June 30, 2022 and 2021 will increase/decrease by 2,088 (In Thousands of NTD) and 4,753 (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
June 30, 2022			
Instruments of fixed interest rate	$ 91,500	$ -	$ -
Instruments of floating interest rate	112,174	315,057	9,300
Liabilities without interest	100,301	421	-
lease liability	18,385	21,843	8,041
	$ 322,360	$ 337,321	$ 17,341
December 31, 2021			
Instruments of fixed interest rate	$ 90,500	$ -	$ -
Instruments of floating interest rate	105,430	207,709	-
Liabilities without interest	102,681	421	-
lease liability	18,314	26,692	9,612
	$ 316,925	$ 234,822	$ 9,612
June 30, 2021			
Instruments of fixed interest rate	$ 65,000	$ -	$ -
Instruments of floating interest rate	100,806	190,206	-
Liabilities without interest	138,725	421	-
lease liability	18,193	32,029	11,149
	$ 322,724	$ 222,656	$ 11,149

(2) Loan Commitments

	June 30, 2022	December 31, 2021	June 30, 2021
Credit loan facilities			
Used amount	$ 320,000	$ 280,000	$ 250,000
Unused amount	165,000	125,000	205,000
	$ 485,000	$ 405,000	$ 455,000
Collateralized borrowing facilities			
Used amount	$ 201,500	$ 150,500	$ 125,000
Unused amount	78,500	159,500	105,000
	$ 280,000	$ 310,000	$ 230,000

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
Luxe Green Energy Technology Co., Ltd.	The associate
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)
Quintain Steel Co., Ltd.	The ultimate parent company of the company

(2) Net revenue

		Three Months Ended June 30		Six Months Ended June 30	
Item	Type of related party	2022	2021	2022	2021
Net revenue	The ultimate parent company of the company	$ 359	$ 325	$ 938	$ 743
	The associate	41	-	41	-
	Other related parties	25	25	65	74
		$ 425	$ 350	$ 1,044	$ 817

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

(3) Purchase

		Three Months Ended June 30		Six Months Ended June 30	
Item	Type of related party	2022	2021	2022	2021
Other related parties		$ 977	$ 818	$ 1,843	$ 2,116

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

(4) Receivables from related parties

Item	Type of related party	Three Months Ended June 30		Six Months Ended June 30	
		2022	2021	2022	2021
Receivables from related parties	The ultimate parent company of the company		$ 115	$ 203	$ 109
	The associate		78	-	-
	Other related parties		16	16	17
			$ 209	$ 219	$ 126

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 June 30, 2022 and 2021 is not listed in the loss allowance.

(5) Payables to related parties

Item	Type of related party	Three Months Ended June 30		Six Months Ended June 30	
		2022	2021	2022	2021
Payables to related parties	Other related parties		$ 505	$ 1,616	$ 656
Other payables	The ultimate parent company of the company		$ 345	$ 297	$ 297
	Other related parties		91	-	-
			$ 436	$ 297	$ 297

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

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

(6) Acquisition of property, plant and equipment

Type of related parties／Name	Proceeds Six Months Ended June 30	
	2022	2021
Other related parties	$ 609	$ 603

(7) Lease agreement

Item	Type of related parties／Name	June 30, 2022	December 31, 2021	June 30, 2021
Lease liabilities	Other related parties			
	Polydo Co., Ltd	$ 15,952	$ 17,161	$ 18,359

Type of related parties／Name	Proceeds Six Months Ended June 30			
	2022		2021	
Rental expenses				
Other related parties				
Polydo Co., Ltd.	$ 671	$ 671	$ 1,342	$ 1,342

Lease fees include short-term leases and low-value asset lease fees and variable rents that are not index- and rate-dependent. Please refer to Note 14 for the lease period.

Type of related parties／Name	Proceeds Six Months Ended June 30 2022		Proceeds Six Months Ended June 30 2021	
Interest expense				
Other related parties				
Polydo Co., Ltd.	$ 67	$ 75	$ 134	$ 153

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

Type of related parties	June 30, 2022	December 31, 2021	June 30, 2021
The ultimate parent company of the company	$ 1,900	$ 1,968	$ 1,941
The associate	171	-	-
Other related parties	434	433	453
	$ 2,505	$ 2,401	$ 2,394

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

Type of related parties	June 30, 2022	December 31, 2021	June 30, 2021
Other related parties	$ 156	$ 156	$ 156

(10) Other transactions

Type of related parties	Property	Contract period	Item	Three Months Ended June 30 2021	Three Months Ended June 30 2020	Six Months Ended June 30 2021	Six Months Ended June 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	$ 229	$ 235	$ 458	$ 458
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	216	216	432	432
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	48	96	96
Other related parties	Lease operation premises	The lease term is one year, and the contract is renewed every year	Other income	55	55	109	109

(11) Compensation of key management personnel

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	$ 4,658	$ 3,685	$ 7,962	$ 7,329
Post-employment benefit	233	191	412	380
	$ 4,891	$ 3,876	$ 8,374	$ 7,709

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:

	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets measured at amortized cost （Pledged time deposit and trust account）	$ 28,708	$ 44,267	$ 38,213
Net investment Property	36,836	36,887	36,938
Land	88,214	88,214	88,214
Net building	197,886	182,345	164,078
	$ 351,644	$ 351,713	$ 327,443

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

1. Rent (Note14)

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

2. Royalty

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

   The land, construction and equipment rentals and operating royalties mentioned in the preceding paragraph shall be paid semiannually from the date of conclusion of the contract, and shall be paid before March 31 and September 30 each year.

   The land, building and equipment rent and operating royalties mentioned in the preceding paragraph shall be paid as basic royalties of NT$7,488 (In Thousands of NTD) every six months (March 31 and September 30, respectively) from the date of signing the contract, and the difference will be paid in September of the following year. The recognized premium fees from January 1 to June 30, 2022 and 2021 are NT$ 9,402 (In Thousands of NTD) and NT$ 7,132 (In Thousands of NTD), respectively.

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 June 30, 2022, December 31, 2021 and June 30, 2021, 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 June 30, 2022, December 31, 2021 and June 30, 2021, the combined company has committed to purchase real estate, plant and equipment, and the unpaid amount is 8,460 (In Thousands of NTD), 8,542 (In Thousands of NTD) and 8,378 (In Thousands of NTD).

31.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)

32.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 June 30, 2022				
Revenue from external customers	$ 322,921	$ 10,525	($ 520)	$ 332,926
Departmental benefits (losses)	$ 34,039	($ 6,748)	$ 84	$ 27,375
Interest income				43
Other income				4,681
Other benefits and losses				(4)
Financial costs				(3,983)
Miscellaneous expenses				(1,816)
Share of loss of associates and joint ventures accounted for using equity method				(657)
Profit before tax				$ 25,639
January 1 to June 30, 2021				
Revenue from external customers	$ 261,822	$ 11,712	($ 377)	$ 273,157
Departmental benefits (losses)	($ 18,869)	($ 3,765)	($ 254)	($ 22,888)
Interest income				31
Other income				7,341
Other benefits and losses				(46)
Financial costs				(2,460)
Miscellaneous expenses				(1,897)
Share of loss of associates and joint ventures accounted for using equity method				(503)
Profit before tax				($ 20,422)

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 June 30, 2022
Attached Table 1
Unit: Thousands of New Taiwan Dollars

No.	Financing Company	Entities to which the company may loan funds.	Account subject	Related parties or not	The highest amount in this period	Ending balance	Actual spending amount	Interest rate range (%)	The nature of the loan	Business transaction amount	Reasons why short-term financing is necessary	The amount of allowance and doubtful debts	Collateral		For individual objects Fund loan and limit (Note 1)	Fund loan Total limit (Note 2)
													Name	Value		
0	The company	Chateau Fulang Hotel Co., Ltd	Other receivables－related parties	Yes	$ 150,000	$ 150,000	$ -	1.80%	Short-term financing	$ -	Operating capital	$ -	None	-	$ 356,266	$ 712,531

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 June 30, 2022
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	$ 181,981	4.03	$ 181,981	
The company	Smokey Joe's Co., Ltd.	None	Financial assets measured at fair value through Other comprehensive income－Current	3,000,000	26,790	17.39	26,790	

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

Chateau International Development Company Limited and subsidiaries
Information of the investee company, location... etc.
January 1 to June 30, 2022
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	$ 115,530	($ 7,527)	($ 3,657)	
The Company	Luxe Green Energy Technology Co., Ltd.	Taiwan	Manufacturing and sales of electrical and electronic equipment, design and contracting of solar farms	50,588	-	2,581,000	1.9	50,588	-	-	
Chateau Fulang Hotel Co., Ltd.	Park Ave Shared Space Company	Taiwan	Leisure service industry	4,500	4,500	450,000	45	2,917	(1,459)		註

Note：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
June 30, 2022
Attached Table 4

Name of major shareholder	Shares	
	Number of shares held (shares)	Number of shares held (shares)
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.	8,686,943	7.78%
Zhongjia International Investment Co., Ltd.	5,928,269	5.31%

Chateau International Development Company Limited and subsidiaries
Statement of changes in real estate, plant and equipment
January 1 to June 30, 2022 and 2021
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, 2021	$ 204,388	$ 563,789	$ 3,247	$ 30,386	$ 158,899	$ 70,327	$ 28,926	$ 395,105	$ 77,690	$ 1,532,757
Added	-	220	198	491	-	-	1,087	2,554	18,542	23,092
Disposal	-	-	-	-	-	(29)	-	(1,418)	-	(1,447)
Reclassification	-	1,698	-	(14,379)	-	-	-	22,889	(10,208)	-
Transfer to depreciation expense （Note ）	-	-	-	-	-	-	(850)	-	-	(850)
Balance as of June 30, 2021	$ 204,388	$ 565,707	$ 3,445	$ 16,498	$ 158,899	$ 70,298	$ 29,163	$ 419,130	$ 86,024	$ 1,553,552
Accumulated Depreciation										
Balance as of January 1, 2021	$ -	$ 55,122	$ 1,941	$ 23,032	$ 48,484	$ 51,128	$ -	$ 173,668	$ -	$ 353,375
Disposal	-	-	-	-	-	(29)	-	(1,357)	-	(1,386)
Depreciation	-	7,009	259	512	3,961	1,612	-	11,543	-	24,896
Reclassification	-	-	-	(9,497)	-	-	-	9,497	-	-
Balance as of June 30, 2021	$ -	$ 62,131	$ 2,200	$ 14,047	$ 52,445	$ 52,711	$ -	$ 193,351	$ -	$ 376,885
Net as of June 30, 2021	$ 204,388	$ 503,576	$ 1,245	$ 2,451	$ 106,454	$ 17,587	$ 29,163	$ 225,779	$ 86,024	$ 1,176,667
Cost										
Balance as of January 1, 2022	$ 204,388	$ 609,689	$ 3,445	$ 18,862	$ 158,899	$ 71,364	$ 28,926	$ 422,208	$ 57,951	$ 1,575,732
Added	20,434	1,097	-	179	-	788	1,041	1,233	25,912	50,684
Disposal	-	-	-	-	-	(116)	-	(329)	-	(445)
Reclassification	-	3,120	-	-	-	-	-	-	-	3,120
Transfer to depreciation expense （Note ）	-	-	-	-	-	-	(687)	-	-	(687)
Balance as of June 30, 2022	$ 224,822	$ 613,906	$ 3,445	$ 19,041	$ 158,899	$ 72,036	$ 29,280	$ 423,112	$ 83,863	$ 1,628,404
Accumulated Depreciation										
Balance as of January 1, 2022	$ -	$ 69,617	$ 2,405	$ 14,714	$ 56,346	$ 54,493	$ -	$ 204,271	$ -	$ 401,846
Disposal	-	-	-	-	-	(117)	-	(326)	-	(443)
Depreciation	-	8,026	185	545	3,961	1,723	-	11,178	-	25,618
Balance as of June 30, 2022	$ -	$ 77,643	$ 2,590	$ 15,259	$ 60,307	$ 56,099	$ -	$ 215,123	$ -	$ 427,021
Net as of December 31, 2021 and January 1, 2022	$ 204,388	$ 540,072	$ 1,040	$ 4,148	$ 102,553	$ 16,871	$ 28,926	$ 217,937	$ 57,951	$ 1,173,886
Net as of June 30, 2022	$ 224,822	$ 536,263	$ 855	$ 3,782	$ 98,592	$ 15,937	$ 29,280	$ 207,989	$ 83,863	$ 1,201,383

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