Stock Code:2724

# ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. AND SUBSIDIARIES (FORMER NAME: FX HOTELS GROUP INC. AND SUBSIDIARIES)

**Consolidated Financial Statements**

**With Independent Auditors' Report**
**For the Years Ended December 31, 2024 and 2023**

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# Independent Auditors' Report

To the Board of Directors of ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (Former Name: FX Hotels Group Inc.):

## Opinion

We have audited the consolidated financial statements of ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (Former Name: FX Hotels Group Inc.) and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2024, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

## Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this report are as follows:

1. Selling real estate properties revenue recognition

   Refer to Note 4(n) for the accounting policies on revenue recognition; Note 6(q)"Revenues from contracts with customers" for revenue recognition.

Description of key audit matter:

As the total contract price and estimated total cost of construction contracts are highly related to the subjectively judgments of the managements, inaccuracy estimations for total construction income may lead to significant changes in profit or loss of the financial reports. Therefore, there is a significant risk involved. In addition, the Group recognized construction contract revenue and cost under the percentage completion method, and degree of completion is based on the how much incurred cost accounted for the estimated total contract cost as of financial reporting date. However, such errors in the aforementioned treatment may result in material differences between the recognition timing of profit or loss and the current financial statements.

How the matter was addressed in our audit:The principal audit procedures for the above key audit matter by the accountant include: Testing the internal control and operational effectiveness of the contract acquisition and payment collection; obtaining an additional breakdown of the total contract price of the various projects for the current period, and sample checking the external documents such as contract, agreement,incoming letters from owners,in addition of the valuation details of each period and the acceptance and payment of the owners; to conduct sample assessment on the procedures for drawing up the construction budget by the management and sample testing on the effectiveness of its internal control system operation; to sample check and verify the documents such as project invoice, contracts and weekly construction reports, receipts and construction budget and compared against the construction budget to confirm the validity on accumulation of the construction accounts; to sample check the valuation information of each period and to confirm the calculation of percentage of completion; and to test on cut-off for contribut or the period before and after the balance sheet date through sampling check.

**Other Matter**

The consolidated financial statements of the Group for the year ended December 31, 2023 was audited by other auditors, and an unmodified opinion with other matter paragraph was issued on March 13, 2024.

**Responsibilities of Management and Those Charged with Governance for 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 with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chih, Shih-Chin and Huang, Hsin-Ting.

KPMG

Taipei, Taiwan (Republic of China)
March 13, 2025

**Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

**ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (FORMER NAME: FX HOTELS GROUP INC.) AND SUBSIDIARIES**

## Consolidated Balance Sheets

**December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

| | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|
| | **Assets** | **Amount** | **%** | **Amount** | **%** |
| | **Current assets:** | | | | |
| 1100 | Cash and cash equivalents (Note 6(a)) | $ 324,040 | 55 | 193,977 | 33 |
| 1137 | Current financial assets at amortised cost (Note 6(b)) | - | - | 3 | - |
| 1150 | Notes receivable, net (Notes 6(c) and (q)) | 488 | - | - | - |
| 1170 | Accounts receivable, net (Notes 6(c) and (q)) | 10,200 | 2 | 222 | - |
| 1180 | Accounts receivable due from related parties, net (Notes 6(c) and (q)) | 60,270 | 10 | 39,853 | 7 |
| 1200 | Other receivables, net | - | - | 2,642 | - |
| 1210 | Other receivables due from related parties, net | - | - | 115 | - |
| 1300 | Inventories, net (Note 6(d)) | 81,400 | 14 | 1 | - |
| 1410 | Prepayments | 8,931 | 2 | 3,008 | 1 |
| 1479 | Other current assets, others | 414 | - | 1,611 | - |
| 1482 | Current assets recognised from costs to fulfil contracts with customers (Note 6(d)) | 76,708 | 13 | 38,558 | 7 |
| | | 562,451 | 96 | 279,990 | 48 |
| | **Non-current assets:** | | | | |
| 1600 | Property, plant and equipment (Note 6(f)) | 5,278 | 1 | 6,738 | 1 |
| 1755 | Right-of-use assets (Note 6(g)) | 12,065 | 2 | 15,763 | 3 |
| 1760 | Investment property, net (Note 6(h)) | - | - | 238,948 | 41 |
| 1780 | Intangible assets | 337 | - | 167 | - |
| 1840 | Deferred tax assets (Note 6(n)) | 14 | - | 11,508 | 2 |
| 1990 | Other non-current assets, others (Note 6(i)) | 7,021 | 1 | 29,293 | 5 |
| | | 24,715 | 4 | 302,417 | 52 |
| | **Total assets** | **$ 587,166** | **100** | **582,407** | **100** |

| | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|
| | **Liabilities and Equity** | **Amount** | **%** | **Amount** | **%** |
| | **Current liabilities:** | | | | |
| 2130 | Current contract liabilities (Note 6(q)) | $ 2,734 | - | 3,686 | 1 |
| 2150 | Notes payable | 7 | - | 7,101 | 1 |
| 2160 | Notes payable to related parties | - | - | 115 | - |
| 2170 | Accounts payable | 15,699 | 3 | 2,053 | - |
| 2180 | Accounts payable to related parties | 292 | - | - | - |
| 2200 | Other payables (Note 6(j)) | 19,242 | 3 | 15,519 | 3 |
| 2220 | Other payables to related parties | 25,020 | 4 | 86 | - |
| 2230 | Current tax liabilities | 49,970 | 9 | 9,234 | 2 |
| 2280 | Current lease liabilities (Note 6(k)) | 7,836 | 2 | 100,274 | 17 |
| 2399 | Other current liabilities, others | 489 | - | 3,363 | - |
| | | 121,289 | 21 | 141,431 | 24 |
| | **Non-Current liabilities:** | | | | |
| 2580 | Non-current lease liabilities (Note 6(k)) | 4,351 | 1 | 202,707 | 35 |
| 2573 | Deferred tax liabilities, others (Note 6(n)) | 1,913 | - | - | - |
| 2645 | Guarantee deposits received | 200 | - | 12,903 | 2 |
| | | 6,464 | 1 | 215,610 | 37 |
| | **Total liabilities** | 127,753 | 22 | 357,041 | 61 |
| | **Equity attributable to owners of parent:(Note 6(o))** | | | | |
| 3100 | Capital stock | 596,564 | 102 | 596,564 | 103 |
| | **Retained earnings:** | | | | |
| 3310 | Legal reserve | 5,143 | 1 | 5,143 | 1 |
| 3350 | Unappropriated retained earnings (accumulated deficit) | (132,822) | (23) | (309,643) | (53) |
| | | (127,679) | (22) | (304,500) | (52) |
| 3400 | Other equity interest | (9,472) | (2) | (66,698) | (12) |
| | **Total equity** | 459,413 | 78 | 225,366 | 39 |
| | **Total liabilities and equity** | **$ 587,166** | **100** | **582,407** | **100** |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (FORMER NAME: FX HOTELS GROUP INC.) AND SUBSIDIARIES**

## Consolidated Statements of Comprehensive Income

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

| | | 2024 | | | 2023 | |
|---|---|---|---|---|---|---|
| | | | Amount | % | Amount | % |
| 4000 | Operating revenue (Note 6(q)) | $ | 539,391 | 100 | 145,839 | 100 |
| 5000 | Operating costs (Notes 6(d) and (m)) | | 236,473 | 44 | 47,353 | 33 |
| | **Gross profit from operations** | | 302,918 | 56 | 98,486 | 67 |
| | **Operating expenses:** | | | | | |
| 6100 | Selling expenses (Note 6(m)) | | 9,352 | 2 | 46,846 | 32 |
| 6200 | Administrative expenses (Note 6(m)) | | 38,250 | 7 | 34,453 | 24 |
| 6450 | Expected credit loss (gain) (Notes 6(c) and (t)) | | 1,016 | - | 423 | - |
| | **Total operating expenses** | | 48,618 | 9 | 81,722 | 56 |
| | **Net operating income** | | 254,300 | 47 | 16,764 | 11 |
| | **Non-operating income and expenses:** | | | | | |
| 7100 | Interest income (Note 6(s)) | | 1,406 | - | 3,368 | 2 |
| 7010 | Other income (Notes 6(l)and (s)) | | 31,851 | 6 | 98,486 | 67 |
| 7020 | Other gains and losses, net (Notes 6(e), (k) and (s)) | | (42,990) | (8) | (76,240) | (52) |
| 7050 | Finance costs, net (Notes 6(k)and (s)) | | (2,680) | - | (10,559) | (7) |
| | **Total non-operating income and expenses** | | (12,413) | (2) | 15,055 | 10 |
| 7900 | **Profit from continuing operations before tax** | | 241,887 | 45 | 31,819 | 21 |
| 7950 | Less: Income tax expenses (Note 6(n)) | | 65,066 | 12 | 7,437 | 5 |
| | **Profit** | | 176,821 | 33 | 24,382 | 16 |
| 8300 | **Other comprehensive income:** | | | | | |
| 8360 | **Components of other comprehensive income (loss) that will be reclassified to profit or loss** | | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | | 57,226 | 10 | (415) | - |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss | | - | - | - | - |
| | Components of other comprehensive income that will be reclassified to profit or loss | | 57,226 | 10 | (415) | - |
| 8300 | **Other comprehensive income** | | 57,226 | 10 | (415) | - |
| | **Total comprehensive income** | **$** | **234,047** | **43** | **23,967** | **16** |
| | **Profit, attributable to:** | | | | | |
| | Profit, attributable to owners of parent | $ | 176,821 | 33 | (3,785) | (3) |
| | Profit, attributable to former owner of business combination under common control | | - | - | 28,167 | 19 |
| | | **$** | **176,821** | **33** | **24,382** | **16** |
| | **Comprehensive income attributable to:** | | | | | |
| | Comprehensive income, attributable to owners of parent | $ | 234,047 | 43 | (4,200) | (3) |
| | Comprehensive income, attributable to former owner of business combination under common control | | - | - | 28,167 | 19 |
| | | $ | 234,047 | **43** | 23,967 | 16 |
| | **Basic earnings (loss) per share** | | | | | |
| 9750 | **Basic earnings (loss) per share (Note 6(p))** | **$** | | **2.96** | | **(0.06)** |
| 9810 | **Diluted earnings (loss) per share** | **$** | | **2.96** | | **(0.06)** |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (FORMER NAME: FX HOTELS GROUP INC.) AND SUBSIDIARIES**

## Consolidated Statements of Changes in Equity

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

| | Equity attributable to owners of parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Retained earnings | | | Total other equity interest | | | |
| | Ordinary shares | Legal reserve | Unappropriated retained earnings | Total retained earnings | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income | Equity attributable to former owner of business combination under common control | Total equity |
| **Balance at January 1, 2023** | $ 596,564 | 5,143 | (297,599) | (292,456) | (56,811) | (9,472) | 81,206 | 319,031 |
| Profit (loss) | - | - | (3,785) | (3,785) | - | - | 28,167 | 24,382 |
| Other comprehensive income | - | - | - | - | (415) | - | - | (415) |
| Total comprehensive income | - | - | (3,785) | (3,785) | (415) | - | 28,167 | 23,967 |
| Recognition of changes in the equity of subsidiaries | - | - | (8,259) | (8,259) | - | - | (93,741) | (102,000) |
| Cash dividends received from a former owner of business combination under common control | - | - | - | - | - | - | (15,632) | (15,632) |
| Balance at December 31, 2023 | 596,564 | 5,143 | (309,643) | (304,500) | (57,226) | (9,472) | - | 225,366 |
| Profit (loss) | - | - | 176,821 | 176,821 | - | - | - | 176,821 |
| Other comprehensive income | - | - | - | - | 57,226 | - | - | 57,226 |
| Total comprehensive income | - | - | 176,821 | 176,821 | 57,226 | - | - | 234,047 |
| **Balance at December 31, 2024** | **$ 596,564** | **5,143** | **(132,822)** | **(127,679)** | **-** | **(9,472)** | **-** | **459,413** |

See accompanying notes to consolidated financial statements.

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**

**ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (FORMER NAME: FX HOTELS GROUP INC.) AND SUBSIDIARIES**

## Consolidated Statements of Cash Flows

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

| | | 2024 | 2023 |
|---|---|---|---|
| **Cash flows from (used in) operating activities:** | | | |
| **Profit before tax** | $ | 241,887 | 31,819 |
| **Adjustments:** | | | |
| **Adjustments to reconcile profit (loss):** | | | |
| Depreciation expense | | 36,525 | 92,047 |
| Amortization expense | | 141 | 1,331 |
| Expected credit loss | | 1,016 | 423 |
| Interest expense | | 2,680 | 10,559 |
| Interest income | | (1,406) | (3,368) |
| Gains on lease modifications | | (22,222) | (15,494) |
| Gains from rent concessions | | - | (7,426) |
| Loss on disposal of property, plan and equipment | | 3,529 | 3,284 |
| Gains on disposal of intangible assets | | (2,712) | - |
| Loss on disposal of investments | | 33,720 | - |
| **Total adjustments to reconcile profit (loss)** | | 51,271 | 81,356 |
| **Changes in operating assets and liabilities:** | | | |
| Increase in notes receivable | | (488) | - |
| Increase (decrease) in accounts receivable | | (10,446) | 3,184 |
| Increase in accounts receivable due from related parties | | (20,417) | (33,399) |
| Decrease in other receivable (including related parties) | | 2,642 | 1,225 |
| Decrease (increase) in inventories | | (81,399) | 4 |
| Increase in prepaid expenses | | (8,655) | (888) |
| Decrease (increase) in other current assets | | 1,202 | (20,030) |
| Increase in assets recognised from costs to fulfil contracts with customers | | (38,150) | - |
| **Total changes in operating assets** | | (155,711) | (49,904) |
| Increase in contract liabilities | | 2,522 | 3,465 |
| Decrease in notes payable | | (7,094) | (5,319) |
| Decrease (increase) in notes payable to related parties | | (115) | 115 |
| Increase (decrease) in accounts payable (including related parties) | | 14,779 | (1,904) |
| Increase (decrease) in other payable | | 18,536 | (6,468) |
| Decrease in other current liabilities | | (2,872) | (655) |
| **Total changes in operating liabilities** | | 25,756 | (10,766) |
| **Total changes in operating assets and liabilities** | | (129,955) | (60,670) |
| **Total adjustments** | | (78,684) | 20,686 |
| Cash inflow generated from operations | | 163,203 | 52,505 |
| Interest received | | 1,406 | 3,368 |
| Interest paid | | (2,680) | (10,559) |
| Income taxes paid | | (13,914) | (5,466) |
| **Net cash flows from operating activities** | | 148,015 | 39,848 |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (FORMER NAME: FX HOTELS GROUP INC.) AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

| | 2024 | 2023 |
|---|---|---|
| **Cash flows from (used in) investing activities:** | | |
| Proceeds from disposal of financial assets at amortised cost | 3 | 220,000 |
| Acquisition of property, plant and equipment | (5,067) | (867) |
| Proceeds from disposal of property, plant and equipment | 31 | - |
| Acquisition of intangible assets | (311) | (123) |
| Disposal of subsidiaries | (13,310) | - |
| Decrease (increase) in other non-current assets | 11,339 | (26) |
| **Net cash flows (used in) from investing activities** | (7,315) | 218,984 |
| **Cash flows from (used in) financing activities:** | | |
| Decrease (increase) in guarantee deposits received | (6) | 10,587 |
| Repayments of lease liabilities | (35,064) | (98,795) |
| Increase in other payables to related parties | 25,000 | - |
| Cash dividends received from a former owner of business combination under common control | - | (15,632) |
| Acquisition of ownership interests in subsidiaries | - | (102,000) |
| **Net cash flows used in financing activities** | (10,070) | (205,840) |
| **Effect of exchange rate changes on cash and cash equivalents** | (567) | (868) |
| **Net increase in cash and cash equivalents** | 130,063 | 52,124 |
| **Cash and cash equivalents at beginning of period** | 193,977 | 141,853 |
| **Cash and cash equivalents at end of period** | $ 324,040 | 193,977 |

See accompanying notes to consolidated financial statements.

## (1) Company history

ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (former name: FX Hotels Group Inc.) (the "Company") was incorporated in the Cayman Islands in January 2002. In May 2008, the Company officially changed its name to FX Hotels Group Inc. as a holding company for the organisation restructuring in order to apply for listing on the Taipei Exchange. The holding company has branches over operating entities that are not professional in investment. The Company was officially listed on the Taipei Exchange in May 2012.

The shareholders of the Company resolved to change the company name from FX Hotels Group Inc. to 'Architectural Aesthetics Global Development CO., LTD' at their special meeting on October 26, 2023. The change had been registered in Cayman on November 6, 2023 and in Taiwan on November 15, 2023.

The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in providing operating international business hotel accommodation, property consignment, hotel management, to commission construction companies for the construction of national housing and commercial building for rental leases and sales.

## (2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on March 13, 2025.

## (3) New standards, amendments and interpretations adopted:

(a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 "Lack of Exchangeability"

(Continued)

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

| **Standards or Interpretations** | **Content of amendment** | **Effective date per IASB** |
|---|---|---|
| IFRS 18 "Presentation and Disclosure in Financial Statements" | The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.<br>● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities.<br>● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.<br>● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. | January 1, 2027 |

(Continued)

**ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (FORMER NAME: FX HOTELS GROUP INC.) AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

**(4) Summary of material accounting policies:**

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations” ) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (altogether referred to “ IFRS Accounting Standards” endorsed by the “FSC”).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial assets at fair value through other comprehensive income are measured at fair value;

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company’ s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements:

| | | | Shareholding | | |
|---|---|---|---|---|---|
| **Name investor** | **Name of investee** | **Pricipal activity** | **December 31, 2024** | **December 31, 2023** | **Description** |
| The Company | YI SHE CO.,LTD. (Former name: Taiwan FX Hotels Company Limited) (FX Taiwan) | International business hotel | 100.00 % | 100.00 % | Note 3 |
| The Company | China Capital Management Group Inc. (China Capital) | Hotel management | - % | 100.00 % | Note 1 |
| The Company | China Artix Hotel Management and Development (BJ) Co., Ltd (China Artix) | Hotel management | - % | 100.00 % | Note 1 |

(Continued)

# ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (FORMER NAME: FX HOTELS GROUP INC.) AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

| | | | Shareholding | | |
|---|---|---|---|---|---|
| Name investor | Name of investee | Pricipal activity | December 31, 2024 | December 31, 2023 | Description |
| YI SHE CO.,LTD. (FX Taiwan) | YI SHE CO.,LTD.(YI SHE) (extinguished company) | Property consignment | - % | 100.00 % | Note 2 and 3 |

Note 1:The Group planned to sell all the shares in the subsidiaries, China Capital and China Artix, to non-related parties considering its future operational plan as resolved by the Board of Directors on March 13, 2024. The company recognized a disposal loss of NT$33,720 thousand on March 31, 2024, due to the aforementioned equity transaction. This loss is recorded under "Other Gains and Losses." For more details regarding the disposal of the subsidiary, please refer to Note 6(e).

Note 2:The subsidiary of the Group, FX Taiwan, acquired the proceeds from the capital increase of YI SHE amounting to $12,750 thousand with a shareholding ratio of 20% on January 1, 2023 and the 80% of outstanding shares in YI SHE from the related party, LIH SHINN HSIN Investment, for $102,000 thousandon November 1, 2023 considering the future operational plan. FX Taiwan became the immediate parent which wholly-owned YI SHE after the acquisition. However, the financial statements in prior years were restated as the transaction pertained to a reorganization.

Note 3:The subsidiary of the Group, former FX Taiwan and the sub-subsidiary, YI SHE, decided to integrate group resources through a simplified merger approved by the board of directors on October 29, 2024. The merger's effective date was December 31, 2024. After the merger, FX Taiwan became the surviving company, and YI SHE was extinguished. The merged entity was renamed " YI SHE CO.,LTD." The merger and renaming procedures were completed on February 3, 2025.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(iv) Changes in the number of subsidiaries: Refer to Note 4 (c)(2).

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non current.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non current.

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group' s cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(Continued)

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI )

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some trade receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group, therefore, those receivables are measured at FVOCI. However, they are included in the ‘ trade receivables’ line item.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, trade receivables and notes receivable, other receivable, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due. The Group considers a financial asset to be in default when the financial asset is more than 120 days past due or the customer is unlikely to pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

(Continued)

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

(i) Selling

Contract costs

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria: the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and the costs are expected to be recovered.

(Continued)

General and administrative costs, costs of wasted materials, labor or other resources to fulfill the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially s ligations), the Group recognizes these costs as expenses when incurred.

(ii) Construction

The cost of inventories shall comprise all costs of purchase and other costs incurred in bring the inventories to their present location and condition. The real estate development costs include construction costs, land costs, borrowing costs, and project costs incurred during the development period. When completion, construction in progress is carried over to buildings and land held for sale. Then, it is amortized over either by income approach or built-up area approach (units of ping). The real estate development costs proportionate to the sale are carried forward to the operating cost. Subsequently, measure the lower of cost and net realizable value. When the cost of inventories is higher than the net realizable value, it should be offset against the cost to net realizable value, and the amount of inventory should be recognized as cost of goods sold in the current period.Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The measurements of net realizable value are as below:

1) Construction Site: Net realizable value is by referring to the estimate made by the competent authorities in accordance with the prevailing market conditions.

2) Construction in progress: Net realizable value is the estimated selling price (based on current market condition) in the ordinary course of business, less the estimated costs of sales, as well as cost and selling expenses for completion of work.

3) Buildings and land held for sale: the net realizable value is the estimated price (based on the market condition), less, the estimated selling expenses during the sales.

(i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

| | | |
|---|---|---|
| 1) | Office equipment | 1～5 years |
| 2) | Business facilities | 2～10 years |
| 3) | Transportation equipment | 3 years |
| 4) | Leasehold improvements | 1～10 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases ofoffice equipment and office that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a leasor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income’.

(l) Intangible assets

(i) Recognition and measurement

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

| | | |
|---|---|---|
| 1) | Software | 1～5 years |

Amortization methods, useful lives and residual values are reviewed at each reporting dateand adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units（CGUs）. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

(n) Revenue from contracts with customers

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group’s main types of revenue are explained below.

1) Revenue from service rendered- Hotel

The Group mainly provides food and beverage services, guest room accommodation, and brand authorization and other related services. If the services rendered exceed the payment, a trade receivable is recognized. If the payments exceed the services rendered, a contract liability is recognized

A. Food and beverage services are recognized when the Group sells a merchandise to the customer. Payment of the transaction price is due immediately when the customer purchases the merchandise.

B. Guest room accommodation is recognized in the accounting period in which the services are rendered. The customer pays at the time specified in the payment schedule.

C. Brand licensing pertained to the Group entering into a contract with a customer to grant a licence of brand to be used by customers. Given the licence is distinct from other promised goods or services in the contract, the Group recognizes the revenue from licencing at a point in time or over time based on the nature of the licence granted.

2) Revenue from service rendered- Consignment

The Group engaged in real estate sales and brokerage and recognized related revenue during the financial reporting period for the provision of services. Fixed price contracts recognized revenue based on the actual service provided per the contract as of the reporting date. The consideration promised in the contract includes fixed and variable amounts. The customer pays the fixed amount based on a payment schedule. Certain variable considerations are estimated by the most probable amount (such as bonus for higher closing price). The Group recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

The customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

(Continued)

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period tances that give rise to the revision become known by management.

3) Revenue from contracts with customers - Construction

The Group develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer and the transfer of properties to the customer is complete. If the Group only meets one of the two criteria at the reporting date, the revenue is recognized as well.

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is, therefore not adjusted for the effects of a significant financing component. For pre-selling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties to the customer. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized property has been transferred to the customer.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period in which employees render services. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Earnings per share

The Group discloses the Company' s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Lease term

The Group determines the lease term as the non-cancellable period of the lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably not to exercise that option. In assessing whether a lessee is reasonably to exercise the options, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee. The Group reassesses whether it is reasonably certain to exercise an extension option or not to exercise the option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. If there is a change in the lease term, the Group recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Please refer to note 6(g).

(Continued)

(b) Identifying a lease

The Group leases superficies, land lot of the construction and housings. The contract involves an identified asset, so the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use. The Group has the right to direct the use of the identified asset throughout the period of use. Accordingly, the Group recognize the said contract as lease. The Group recognizes a right of use a the lease commencement date. For the details, please refer to Note 6(g).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Impairment of Account receivable

The Group has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to Note 6(c).

(b) Inventory valuation

As inventories are stated at the lower of cost or net realizable value, The Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. Due to the rapid industrial transformation, and impacts of politics, economics, and reform of house and land transactions income tax system, there may be significant changes in the net realizable value of inventories, which is estimated on the basis of Refer to Note 6(d) for further description of the valuation of inventories.

(c) Recognition of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. The Group assesses the realization of deferred income tax assets based on assumptions such as expected future revenue growth, profit margin, tax exemption period, available income tax offsets and tax planning. Changes in the economic environment, industry trends, and relevant laws and regulations may result in adjustments to the deferred tax assets. Refer to Note 6(n) for further description of the estimation of deferred tax assets.

Valuation procedure
The Group uses the observable market data to evaluate its assets and liabilities. The different inputs of levels of fair value hierarchy in determination of fair value are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Cash on hand and petty cash | $ 500 | 388 |
| Demand deposits | 323,533 | 93,375 |
| Checking account deposits | 7 | 214 |
| Time deposits | - | 100,000 |
| Cash and cash equivalents in the consolidated statement of cash flows | **$ 324,040** | **193,977** |

Please refer to note 6(t) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets measured at amortized cost

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Trust bank deposits | **$ -** | **3** |

As of December 31, 2024 and 2023, the financial assets measured at amortized costs of the Group had been pledged as collateral. Please refer to note 8.

(c) Notes and accounts receivables

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Notes receivable from operating activities | $ 488 | - |
| Accounts receivable–measured as amortized cost | 10,628 | 222 |
| Accounts receivable due from related parties measured at amortized cost | 60,270 | 39,853 |
| Less: Loss allowance | (428) | - |
| | **$ 70,958** | **40,075** |

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions in Taiwan were determined as follows:：

| | December 31, 2024 | | |
|---|---|---|---|
| | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Current | $ 71,386 | 0.60% | 428 |

| | December 31, 2023 | | |
|---|---|---|---|
| | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Current | $ 40,075 | -% | - |

The movements in the allowance for trade receivables and notes receivable were as follows:

| | For the years ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Balance at January 1 | $ - | 809 |
| Impairment losses (gains) | 428 | (1,211) |
| Reclassify | - | 405 |
| Foreign exchange losses | - | (3) |
| Balance at December 31 | $ 428 | - |

Notes receivable and accounts receivable had not been pledged as collateral.

(d) Inventories/Selling costs

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Hotel: | | |
| Inventories | $ - | 1 |
| Construction industry: | | |
| Prepayment for land purchases | 81,400 | - |
| Subtotal | $ 81,400 | 1 |
| Selling: | | |
| Costs to fulfill a contract | $ 76,708 | 38,558 |

(i) Inventories had not pledged as collateral, as of December 31, 2024 and 2023.

(ii) For the years ended December 31, 2024 and 2023the cost of inventory recognized as the cost of goods sold and expenses amounted to $236,473 thousand and $47,353 thousand, respectively.

(e) Loss control of subsidiaries

(i) The Group had sold 100%of its shares in China Capital Management Group Inc. (China Capital) to a third party and lost control over it on March 31, 2024. The disposal price was RMB 9,558 thousand. The Group derecognized the assets, liabilities and the related equity components of China Capital, and recognized a loss on disposal of $33,720 thousand, and recorded it as net other gains and losses.

The carrying amount of assets and liabilities of China Capital on the date of disposal was as follow:

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 11,964 |
| Other receivables | | 45,208 |
| Prepayments | | 22 |
| Intangible assets | | 2,712 |
| Other payables | | (10,904) |
| Contract liabilities | | (5) |
| Other current liabilities | | (3) |
| Deferred tax liabilities | | (5,405) |
| Carrying amount of net assets (liabilities) | **$** | **43,589** |

(ii) The Group had sold 100% of its shares in China Artix Hotel Management and Development (BJ) Co., Ltd (China Artix) to a third party nd lost control over it on March 31, 2024.The disposal price was RMB 0 thousand. The Group derecognized the assets, liabilities and the related equity components of China Artix, and recognized a loss on disposal of $33,720 thousand, and recorded it as net other gains and losses.

The carrying amount of assets and liabilities of China Artix on the date of disposal was as follow:

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 1,346 |
| Notes receivables | | 40 |
| Other receivables | | 2,307 |
| Property, plant and equipment | | 911 |
| Investment property | | 65,410 |
| Other non-current assets | | 11,201 |
| Deferred tax assets | | 8,503 |
| Accounts payables | | (862) |
| Other payables | | (5,605) |
| Contract liabilities | | (3,557) |
| Current lease liabilities | | (46,945) |
| Other non-current liabilities | | (13,009) |
| Non-current lease liabilities | | (44,374) |
| Carrying amount of net assets (liabilities) | **$** | **(24,634)** |

(Continued)

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2024 and 2023, were as follows:

| | | Office equipment | Business facilities | Transportation equipment | Leasehold improvements | Unfinished construction and equipment under acceptance | Total |
|---|---|---|---|---|---|---|---|
| Cost or deemed cost: | | | | | | | |
| Balance on January 1, 2024 | $ | 4,986 | 72,974 | - | 60,892 | - | 138,852 |
| Additions | | 55 | 44 | 250 | 4,718 | - | 5,067 |
| Disposal | | (3,752) | (60,173) | - | (329) | - | (64,254) |
| Effect of loss of control of subsidiary | | (624) | (12,634) | - | (61,162) | - | (74,420) |
| Effect of movements in exchange rates | | 16 | 303 | - | 1,466 | - | 1,785 |
| Balance on December 31, 2024 | $ | **681** | **514** | **250** | **5,585** | **-** | **7,030** |
| Balance on January 1, 2023 | $ | 6,712 | 82,717 | - | 139,528 | 3,084 | 232,041 |
| Additions | | - | - | - | 867 | - | 867 |
| Disposal | | (1,708) | (9,452) | - | (77,975) | (3,020) | (92,155) |
| Effect of movements in exchange rates | | (18) | (291) | - | (1,528) | (64) | (1,901) |
| Balance on December 31, 2023 | $ | **4,986** | **72,974** | **-** | **60,892** | **-** | **138,852** |
| Depreciation and impairment losses: | | | | | | | |
| Balance on January 1, 2024 | $ | 4,879 | 67,618 | - | 59,617 | - | 132,114 |
| Depreciation | | 55 | 1,060 | 28 | 939 | - | 2,082 |
| Disposal | | (3,744) | (56,621) | - | (329) | - | (60,694) |
| Effect of loss of control of subsidiary | | (615) | (12,138) | - | (60,756) | - | (73,509) |
| Effect of movements in exchange rates | | 15 | 290 | - | 1,454 | - | 1,759 |
| Balance on December 31, 2024 | $ | **590** | **209** | **28** | **925** | **-** | **1,752** |
| Balance on January 1, 2023 | $ | 6,435 | 74,039 | - | 133,209 | 3,084 | 216,767 |
| Depreciation | | 104 | 2,767 | - | 3,203 | - | 6,074 |
| Disposal | | (1,642) | (8,910) | - | (75,299) | (3,020) | (88,871) |
| Effect of movements in exchange rates | | (18) | (278) | - | (1,496) | (64) | (1,856) |
| Balance on December 31, 2023 | $ | **4,879** | **67,618** | **-** | **59,617** | **-** | **132,114** |
| Book value: | | | | | | | |
| Balance on December 31, 2024 | $ | **91** | **305** | **222** | **4,660** | **-** | **5,278** |
| Balance on January 1, 2023 | $ | **277** | **8,678** | **-** | **6,319** | **-** | **15,274** |
| Balance on December 31, 2023 | $ | **107** | **5,356** | **-** | **1,275** | **-** | **6,738** |

(i) Property, plant and equipment had not pledged as collateral, as of December 31, 2024 and 2023.

(ii) The Group derecognized property, plant and equipment due to loss of control of subsidiary in 2024. Please refer to note 6(e).

**ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (FORMER NAME: FX HOTELS GROUP INC.) AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(g) Right-of-use assets

The Group leases many assets including land and buildings. Information about leases for which the Group is a lessee was presented below:

| | Land | Building | Total |
|---|---|---|---|
| Cost | | | |
| Balance on January 1, 2024 | $ 4,767 | 13,503 | 18,270 |
| Additions | - | 4,133 | 4,133 |
| Early termination of the contract | - | (512) | (512) |
| Maturity year | (867) | - | (867) |
| Balance on December 31, 2024 | **$ 3,900** | **17,124** | **21,024** |
| Balance on January 1, 2023 | $ - | - | - |
| Additions | 4,767 | 13,582 | 18,349 |
| Early termination of the contract | - | (79) | (79) |
| Balance on December 31, 2023 | **$ 4,767** | **13,503** | **18,270** |
| Depreciation and impairment losses: | | | |
| Balance on January 1, 2024 | $ 2,131 | 376 | 2,507 |
| Depreciation for the year | 1,266 | 6,266 | 7,532 |
| Early termination of the contract | - | (213) | (213) |
| Maturity year | (867) | - | (867) |
| Balance on December 31, 2024 | **$ 2,530** | **6,429** | **8,959** |
| Balance on January 1, 2023 | $ - | - | - |
| Depreciation for the year | 2,131 | 415 | 2,546 |
| Early termination of the contract | - | (39) | (39) |
| Balance on December 31, 2023 | **$ 2,131** | **376** | **2,507** |
| Book value: | | | |
| Balance on December 31, 2024 | **$ 1,370** | **10,695** | **12,065** |
| Balance on January 1, 2023 | **$ 2,636** | **13,127** | **15,763** |
| Balance on December 31, 2023 | **$ -** | **-** | **-** |

(h) Investment property

Investment property comprises office hotels that are leased to third parties including properties that are held as right-of-use assets that are owned by the Group.

**ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (FORMER NAME: FX HOTELS GROUP INC.) AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

The cost and accumulated depreciation of the investment property for the years ended December 31, 2024 and 2023, were as follows:

| | Right-of-use assets |
|---|---|
| | **Buildings** |
| Cost: | |
| Balance on January 1, 2024 | $ 624,552 |
| Modification | (389,549) |
| Effect of loss of control of subsidiary | (240,775) |
| Effect of changes in foreign exchange rates | 5,772 |
| Balance on December 31, 2024 | **$ -** |
| Balance on January 1, 2023 | $ 719,977 |
| Modification | (90,449) |
| Effect of changes in foreign exchange rates | (4,976) |
| Balance on December 31, 2023 | **$ 624,552** |
| Depreciation and impairment losses: | |
| Balance on January 1, 2024 | $ 385,604 |
| Modification | (241,261) |
| Depreciation for the year | 26,911 |
| Effect of loss of control of subsidiary | (175,365) |
| Effect of changes in foreign exchange rates | 4,111 |
| Balance on January 1, 2024 | **$ -** |
| Balance on December 31, 2024 | $ 341,771 |
| Modification | (36,279) |
| Depreciation for the year | 83,427 |
| Effect of changes in foreign exchange rates | (3,315) |
| Balance on January 1, 2023 | **$ 385,604** |
| Book value: | |
| Balance on December 31, 2024 | **$ -** |
| Balance on January 1, 2023 | **$ 378,206** |
| Balance on December 31, 2023 | **$ 238,948** |

(i) Investment property had not pledged as collateral, as of December 31, 2024 and 2023.

(ii) There was no significant difference between the fair value and the book value of the Group's investment property on December 31, 2023.

(Continued)

(iii) The Group derecognized investment property due to loss of control of subsidiary in 2024. Please refer to note 6(e).

(iv) For information regarding lease modifications for the year ended December 31, 2024 and 2023, please refer to note 6(k).

(i) Other non-current assets

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Guarantee deposits paid | $ | 7,021 | 29,293 |
| Overdue receivables | | 55,414 | 134,961 |
| Less: Allowance for uncollectible accounts | | (55,414) | (134,961) |
| | **$** | **7,021** | **29,293** |

(j) Other payables

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Wages and salaries payable | $ | 13,576 | 7,878 |
| Utilities expense payable | | 102 | 353 |
| Payable on property management fee | | - | 833 |
| Taxes payable | | 2,061 | 346 |
| Others | | 3,503 | 6,109 |
| | **$** | **19,242** | **15,519** |

(k) Lease liabilities

Lease liabilities of the Group were as follows:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Current | **$** | **7,836** | **100,274** |
| Non-current financial assets | **$** | **4,351** | **202,707** |

For the maturity analysis, please refer to note 6(t).

The amounts recognized in profit or loss was as follows:

| | | For the years ended December 31 | |
|---|---|---|---|
| | | 2024 | 2023 |
| Interest on lease liabilities | **$** | **2,628** | **10,468** |
| Expenses relating to short-term leases and low-value assets | **$** | **3,812** | **1,236** |

(Continued)

The amounts recognized in the statement of cash flows by the Group were as follows:

| | For the years ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Total cash outflow for leases | $ 41,504 | 110,499 |

(i) The subsidiary, YI SHE CO.,LTD. (Former name: FX Taiwan), reached an agreement to terminate the contract for lease of buildings with Hou Yong Du Social Welfare and Charity Foundation on February 10, 2024. Therefore, the subsidiary, YI SHE CO., LTD. (Former name: FX Taiwan), decreased investment properties by $11,105 thousand, accumulated depreciation by $4,486 thousand and lease liabilities by $8,369 thousand, respectively, and recognized gain on lease modification of $1,750 thousand.

(ii) The subsidiary, YI SHE CO.,LTD. (Former name: FX Taiwan), reached an agreement to terminate the contract for lease of buildings with CHINA AIRLINES in May, 2024. Therefore, the subsidiary, YI SHE CO., LTD. (Former name: FX Taiwan), decreased investment properties by $378,444 thousand, accumulated depreciation by $236,775 thousand and lease liabilities by $162,141 thousand, respectively, and recognized gain on lease modification of $20,472 thousand.

(iii) The subsidiary, YI SHE CO.,LTD. (Former name: FX Taiwan), received a notice from CHINA AIRLINES on April 19, 2023.Monthly rent shall be adjusted based on the content of the lease contract between the two parties from January 1, 2023. The investment properties and lease liabilities increased by $12,230 thousand and $12,230 thousand for the year ended December 31, 2023, respectively.

(iv) The subsidiary, China Artix, entered into a supplemental agreement with Shanghai Liansen Construction Labor Services Ltd in July 2023. Monthly rent shall be adjusted based on the content of the lease contract between the two parties from January 1, 2023. The investment properties and lease liabilities decreased by RMB 2,235 (approximately NT$9,829 thousand) and RMB 2,235 thousand (approximately NT$9,829 thousand) for the year ended December 31, 2023, respectively.

(v) The subsidiary, YI SHE CO.,LTD. (Former name: FX Taiwan), reached an agreement to terminate the contract for lease of buildings with LIPPO Co., Ltd on December 10, 2023. Therefore, the subsidiary, YI SHE CO.,LTD. (Former name: FX Taiwan), decreased investment properties by $92,850 thousand, accumulated depreciation by $36,279 thousand and lease liabilities by $72,065 thousand, respectively, and recognized gain on lease modification of $15,494 thousand.

The Group also leases photocopiers, coffee machines and on-site offices with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.◦

(l) Operating lease

The Group leases out its investment property and some machinery. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(h) that sets out information about the operating leases of investment property.

The contracts for subleasing are as follows:

(i) The subsidiary, YI SHE CO.,LTD. (Former name: FX Taiwan) entered into a franchise and lease contract with Aquinas Company. Starting from October 1, 2020, the subsidiary, YI SHE CO.,LTD. (Former name: FX Taiwan) subleased the building space currently leased to Aquinas Company, and was commissioned to operate and manage those building space at the same time. FX Taiwan would collect franchise income of $31,200 thousand (tax included) and sublease income of $64,885 thousand (tax included) annually from Aquinas Company. The franchise and sublease period were both one year. The contract would be automatically extended for another one year if no objections are filed from the two parties when the contract is due every year. Starting from October 1, 2022, the annual franchise income was adjusted to $6,000 thousand (tax included). Additionally, the franchise and lease agreements were mutually terminated in 2024.

(ii) The subsidiary, China Capital Xujiahui entered into a sublease operating contract with Shanghai Chengyi Company. Starting from April 1, 2021, China Capital Xujiahui subleased the currently leased building space to Shanghai Chengyi Company. The sublease period was one year. The free rent period was April 2021 to May 2021. China Capital Xujiahui would collect sublease income of RMB520 thousand (tax included) (approximately NTD $2,287 thousand) monthly. The contract had been renewed in 2023. The sublease period was from April 1, 2023 to March 31, 2024. Two months of deposits amounting to RMB1,040 thousand (approximately NTD$4,575 thousand) were additionally collected. The remaining terms were the same as the original lease contract.

For the years ended December 31, 2024 and 2023, the rental income from investment properties recognized as other income amounted to $28,475 thousand and $90,511 thousand, respectively.

(m) Employee benefits

(i) Defined contribution plans

The Company allocates 6% of each employee’s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $1,501 thousand and $1,446 thousand for the years ended December 31, 2024 and 2023, respectively.

The Company's subsidiaries registered in the People's Republic of China have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2024 and 2023, was both 16%. Other than the monthly contributions, the Group has no further obligations.◦ The Group recognized pension costs of $83 thousand and $393 thousand for the years ended December 31, 2024 and 2023, respectively.

(n) Income tax

Income taxes expense

The components of income tax in the years 2024 and 2023 were as follows:

| | For the years ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Current tax expense | | |
| Current period | $ 54,673 | 7,182 |
| Adjustment for prior periods | 10 | - |
| | 54,683 | 7,182 |
| Deferred tax expense | | |
| Origination and reversal of temporary differences | 10,383 | 255 |
| Income tax expense from continuing operations | **$ 65,066** | **7,437** |

Reconciliation of income tax and profit before tax for 2024 and 2023 is as follows.

| | For the years ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Profit excluding income tax | **$ 241,887** | **31,819** |
| Income tax using the Company's domestic tax rate | $ 48,377 | 6,364 |
| Non-deductible expenses | 40 | - |
| Loss carryforward | (2,051) | - |
| Change in unrecognized temporary differences | - | 3,040 |
| Change in deductible temporary differences | 8,421 | (1,857) |
| Change in provision in prior periods | 10 | - |
| Others | 10,269 | (110) |
| Income taxes expense | **$ 65,066** | **7,437** |

(Continued)

(ii) Deferred tax assets and liabilities

1) Recognized deferred tax assets

Changes in the amount of deferred tax assets for 2024 and 2023 were as follows:

| | Loss carryforward | Rents payable/ book-tax difference on lease | Payable for unused compensated absence | Deferred membership revenue | Total |
|---|---|---|---|---|---|
| **Balance on January 1, 2024** | $ 2,475 | 8,294 | 677 | 62 | 11,508 |
| Recognized in profit or loss | - | (7,931) | (539) | - | (8,470) |
| Loss control of subsidiaries | (2,536) | (372) | (137) | (53) | (3,098) |
| Foreign currency translation differences for foreign operations | 61 | 9 | 3 | 1 | 74 |
| **Balance on December 31, 2024** | **$ -** | **-** | **4** | **10** | **14** |
| **Balance on January 1, 2023** | $ 2,527 | 8,572 | 665 | 63 | 11,827 |
| Recognized in profit or loss | - | (270) | 15 | - | (255) |
| Foreign currency translation differences for foreign operations | (52) | (8) | (3) | (1) | (64) |
| **Balance on December 31, 2023** | **$ 2,475** | **8,294** | **677** | **62** | **11,508** |

2) Recognized deferred tax liabilities

Changes in the amount of deferred tax liabilities for 2024 were as follows:

| | Selling costs temporary difference |
|---|---|
| **Balance on January 1, 2024** | $ - |
| Recognized in profit or loss | 1,913 |
| **Balance on December 31, 2024** | **$ 1,913** |

3) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| The carryforward of unused tax losses | **$ 44,168** | **46,289** |

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.
Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2024, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

| Year of loss | Unused tax loss | Expiry date |
|---|---|---|
| 2016 | $ 12,184 | 2026 |
| 2017 | 55,505 | 2027 |
| 2018 | 53,535 | 2028 |
| 2019 | 26,107 | 2029 |
| 2020 | 73,512 | 2030 |
| | $ 220,843 | |

(ii) The approved income tax returns of the Group by the Tax Authority were as follow:

| | Year of approval |
|---|---|
| YI SHE CO.,LTD. (Former name: FX Taiwan) | 2022 |
| YI SHE CO.,LTD. (extinguished company) | 2022 |

(o) Capital and other equity

As of December 31, 2024 and 2023, the number of authorized ordinary shares were 150,000 thousand shares with par value of $10 per share, amounting to 1,500,000 thousand. All issued shares were paid up upon issuance. Out of these shares, 59,656thousand shares were issued and outstanding. All issued shares were paid up upon issuance.

(i) Ordinary shares

On February 1, 2021 and August 16, 2021, the Company's Board of Directors resolved to conduct the private placement of 11,140 thousand and 20,000 thousand ordinary shares amounting to $111,404 thousand and $200,000 thousand, respectively, with $10 (in dollars) per share. All proceeds from shares issued have been collected on March 30, 2021 and November 22, 2021. The related registration procedures were completed.

The aforementioned private placement of ordinary shares and the transfer of any subsequently obtained bonus shares would be subject to section 43(8) requirements under the Securities and Exchange Act. The Company can only apply for these shares to be traded on the Taiwan Stock Exchange after a three-year period has elapsed from the delivery date of the private placement securities (3 November 2024), and after applying for a public offering with the Financial Supervisory Commission.

In order to improve the financial structure, a resolution was passed during the general meeting of shareholders held on 25 June 2024 for the reduction of capital to offset losses. The planned capital reduction amount is NT$208,797 thousand, with a reduction ratio of 35%. As of the reporting date, the aforementioned capital reduction to offset losses has not yet been submitted to the competent authority for review.

In order to enhance operating funds, a resolution was passed during the general meeting of shareholders held on 25 June 2024 for the issuance of ordinary shares for cash within a year under private placement, with the number of shares issued to not exceed 6,000 thousand. As of the reporting date, the price and the base date for the capital increase have not yet been determined.

(ii) Capital surplus

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

Each year the dividend must not be less than 10% of earnings. The dividend and bonus can be distributed in cash or shares, among which the cash dividend must not be less than 50% of the appropriated dividend.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(Continued)

3) Earnings distribution

The deficit compensations for the years ended December 31, 2023 and 2022 were passed during the general meeting of shareholders held on 25 June 2024 and 27 June 2023, respectively.

(iv) Other comprehensive income accumulated in reserves, net of tax

| | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Total |
|---|---|---|---|
| Balance at January 1, 2024 | $ (57,226) | (9,472) | (66,698) |
| Exchange differences on translation of foreign financial statements | 452 | - | 452 |
| Loss control of subsidiaries | 56,774 | - | 56,774 |
| Balance at December 31, 2024 | **$ -** | **(9,472)** | **(9,472)** |
| Balance at January 1, 2023 | $ (56,811) | (9,472) | (66,283) |
| Exchange differences on translation of foreign financial statements | (415) | - | (415) |
| Balance at December 31, 2023 | **$ (57,226)** | **(9,472)** | **(66,698)** |

(p) Earnings per share

The basic earnings(losses) per share were calculated as follows:

| | For the years ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| **Basic earnings per share** | | |
| Profit (Loss) attributable to ordinary shareholders of the Company | **$ 176,821** | **(3,785)** |
| Weighted-average number of outstanding ordinary shares at December 31 | **59,656** | **59,656** |
| | **$ 2.96** | **(0.06)** |
| **Diluted earnings per share** | | |
| Profit (Loss) attributable to ordinary shareholders of the Company | **$ 176,821** | **(3,785)** |
| Weighted average number of ordinary shares outstanding (basic) | **59,656** | **59,656** |
| | **$ 2.96** | **(0.06)** |

**ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (FORMER NAME: FX HOTELS GROUP INC.) AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

| | For the year ended December 31, 2024 | | |
|---|---|---|---|
| | 2024 | | |
| | Sales segment | Other | Total |
| Primary geographical markets | | | |
| Taiwan | $ 530,395 | 3,081 | 533,476 |
| Other | - | 5,915 | 5,915 |
| | **$ 530,395** | **8,996** | **539,391** |
| Major products/services lines | | | |
| Service revenue | $ 530,395 | - | 530,395 |
| Franchise service | - | 8,996 | 8,996 |
| | **$ 530,395** | **8,996** | **539,391** |
| Timing of revenuerecognition: | | | |
| Products or servicestransferred at a pointin time | $ 530,395 | - | 530,395 |
| Labor transferred overtime | - | 8,996 | 8,996 |
| | **$ 530,395** | **8,996** | **539,391** |

| | For the year ended December 31, 2024 | | |
|---|---|---|---|
| | 2023 | | |
| | Sales segment | Other | Total |
| Primary geographical markets | | | |
| Taiwan | $ 117,564 | 9,872 | 127,436 |
| Other | - | 18,403 | 18,403 |
| | **$ 117,564** | **28,275** | **145,839** |
| Major products/services lines | | | |
| Service revenue | $ 117,564 | - | 117,564 |
| Franchise service | - | 28,275 | 28,275 |
| | **$ 117,564** | **28,275** | **145,839** |
| Timing of revenuerecognition: | | | |
| Products or servicestransferred at a pointin time | $ 117,564 | - | 117,564 |
| Labor transferred overtime | - | 28,275 | 28,275 |
| Total | **$ 117,564** | **28,275** | **145,839** |

(Continued)

(ii) Contract balances

| | December 31, 2024 | December 31, 2023 | January 1, 2023 |
|---|---|---|---|
| Notes receivables | $ 488 | - | - |
| Accounts receivables (including related parties) | 70,898 | 40,075 | 8,654 |
| Less: Loss allowance | (428) | - | - |
| Total | **$ 70,958** | **40,075** | **8,654** |
| Contract liabilities- service | **$ 2,734** | **3,686** | **286** |

For details on notes receivables ,trade receivables and loss allowance, please refer to note 6(c).

For the years ended December 31, 2024 and 2023, the beginning contract liabilities recognized as revenue amounted to $138 thousand and $281 thousand, respectively.

The major change in the balance of accounts receivables and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received for the years ended December 31, 2024 and 2023.

(r) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's subsidiaries who meet certain conditions.

Due to accumulated losses in 2024 and 2023, the Group did not allocate remuneration for employees and directors' and supervisors. Related information would be available at the Market Observation Post System website.

(s) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

| | For the years ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Interest income from bank deposits | $ 1,352 | 1,590 |
| Interest income from financial assets measured at amortized cost | - | 1,678 |
| Other interest income | 54 | 100 |
| | **$ 1,406** | **3,368** |

(Continued)

(ii) Other income

The details of other income were as follows:

| | For the years ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Rental revenue | $ 28,475 | 90,511 |
| Gains on rent concessions | - | 7,426 |
| Other income | 3,376 | 549 |
| | **$ 31,851** | **98,486** |

(iii) Other gains and losses

The details of other gains and losses were as follows:

| | For the years ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Losses on disposals of property, plant and equipment | $ (3,529) | (3,284) |
| Profit from lease modification | 22,222 | 15,494 |
| Foreign exchange gains (losses) | 609 | (606) |
| Gains on disposals of intangible assets | 2,712 | - |
| Loss on disposals of investment | (33,720) | - |
| Depreciation charge on investment property | (26,911) | (83,427) |
| Depreciation charges on property, plant andequipment | (1,245) | (4,368) |
| Miscellaneous disbursements | (3,128) | (49) |
| | **$ (42,990)** | **(76,240)** |

(iv) Finance costs

The details of finance costs were as follows:

| | For the years ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Lease liability interest expense | $ 2,628 | 10,468 |
| Other | 52 | 91 |
| | **$ 2,680** | **10,559** |

(t) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The majority of the Group's customers are mostly those in the construction industry. In order to reduce accounts receivable credit risk, the Group continuously assesses the financial condition of its customers. If it is necessary, the Group will ask for guarantees or warranties. The Group still regularly assesses the likelihood of collectability of accounts receivable and sets aside allowance for losses (bad debts), based on the result of management’s evaluation of the overall amounts of bad debts. As of December 31, 2024 and 2023, the Group’ s major customers consisted of five and two customers which are both accounted for 100% and 99%, respectively, of accounts receivable so that management believes there was no concentration of credit risk.

3) Receivables and debt securities

For the information regarding credit risk exposure of notes and accounts receivables, please refer to Note 6(c).

Other financial assets carried at amortized costs included other receivables and overdue receivables.

All of these financial assets are considered to be low risk, and thus the impairment provision recognized during the period was limited to 12 months expected losses.

The loss allowances were determined as follows:

| | Other receivables | Overdue receivables | Total |
|---|---|---|---|
| Balance on January 1, 2024 | $ 574 | 134,961 | 135,535 |
| Impairment loss recognized | 588 | - | 588 |
| Amounts written off | - | (300) | (300) |
| Reclassification | (975) | 975 | - |
| Effect of movements in exchange rates | 8 | 1,727 | 1,735 |
| Effect of loss of control of subsidiary | (195) | (81,949) | (82,144) |
| Balance on December 31, 2024 | **$ -** | **55,414** | **55,414** |

| | Other receivables | Overdue receivables | Total |
|---|---|---|---|
| Balance on January 1, 2023 | $ - | 135,940 | 135,940 |
| Impairment loss recognized | 1,634 | - | 1,634 |
| Reclassification | (1,049) | 644 | (405) |
| Effect of movements in exchange rates | (11) | (1,623) | (1,634) |
| Balance on December 31, 2023 | $ 574 | 134,961 | 135,535 |

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

| | Carrying amount | Contractual cash flow | Within 1 year | 1-2 years | 4-5 years | Over 5 years |
|---|---|---|---|---|---|---|
| **December 31, 2024** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Lease liabilities (including within 1 year) | $ 12,187 | 12,361 | 7,979 | 4,382 | - | - |
| Unsecured loans | 35,460 | 35,460 | 35,460 | - | - | - |
| Secured loans | 25,000 | 25,875 | 25,875 | - | - | - |
| | $ 72,647 | 73,696 | 69,314 | 4,382 | - | - |
| **December 31, 2023** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Lease liabilities (including within 1 year) | $ 302,981 | 316,046 | 107,000 | 97,537 | 86,997 | 24,512 |
| Unsecured loans | 37,777 | 37,777 | 37,777 | - | - | - |
| | $ 340,758 | 353,823 | 144,777 | 97,537 | 86,997 | 24,512 |

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk : None.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

| | December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | | Fair Value | | | |
| | **Book Value** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Financial assets measured at amortized cost | | | | | |
| Cash and cash equivalents | $ 324,040 | - | - | - | - |
| Account receivables and notes receivable (including related parties) | 70,958 | - | - | - | - |
| Guarantee deposits paid (recognized as non-current assets) | 7,021 | - | - | - | - |
| Total | **$ 402,019** | **-** | **-** | **-** | **-** |
| Financial liabilities at amortized cost | | | | | |
| Notes and accounts payables (including related parties) | $ 15,998 | - | - | - | - |
| Other payables (including related parties) | 44,262 | - | - | - | - |
| Lease liabilities (including within 1 year) | 12,187 | - | - | - | - |
| Guarantee deposits | 200 | - | - | - | - |
| Total | **$ 72,647** | **-** | **-** | **-** | **-** |

| | December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | | Fair Value | | | |
| | **Book Value** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Financial assets measured at amortized cost | | | | | |
| Cash and cash equivalents | $ 193,977 | - | - | - | - |
| Financial assets measured at amortized cost | 3 | - | - | - | - |
| Accounts receivables and notes receivable (including related parties) | 40,075 | - | - | - | - |
| Other receivables (including related parties) | 2,757 | - | - | - | - |
| Guarantee deposits paid (recognized as non-current assets) | 29,293 | - | - | - | - |
| Total | **$ 266,105** | **-** | **-** | **-** | **-** |

(Continued)

| | December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | | Fair Value | | | |
| | **Book Value** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Financial liabilities at amortized cost | | | | | |
| Notes and accounts payables (including related parties) | $ 9,269 | - | - | - | - |
| Other payables (including related parties) | 15,605 | - | - | - | - |
| Lease liabilities (including within 1 year) | 302,981 | - | - | - | - |
| Guarantee deposits | 12,903 | - | - | - | - |
| Total | **$ 340,758** | **-** | **-** | **-** | **-** |

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

A. Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

B. Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(u) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Group' s finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The internal auditors of the Group continue with the review of the amount of the risk exposure in accordance with the Group's policies and the risk management policies and procedures. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group' s receivables from customers and investments in debt securities.

1) Accounts and other receivables

The policy adopted by the Group is to deal only with reputable parties and, where necessary, obtain collateral to mitigate the risk of financial losses arising from default. The Group will rate the major customers using other publicly available financial information and mutual transaction records.

The Group did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group expects the counterparties above to meet their obligations; hence, there is no significant credit risk arising from these counterparties.

3) Guarantees

Please refer to Notes 13 (b).2 for details of the subsidiaries' endorsements and guarantees provided by the Group as of December 31, 2024 and 2023.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group' s approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(Continued)

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The principal functional currency of the Group's receivables a NTD and is therefore not materially affected by exchange rate fluctuations.

2) Interest rate risk

The Group had no short-term or long-term borrowings. As of 2024 December 31, the Group had no debt affected by interest rates.

3) Credit risk

Credit risk means the potential loss of the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group' s operation activities (mainly accounts and notes receivable) and financial activities (mainly bank deposits and various financial instruments).

(v) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabiltiies.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

The capital management strategy for the years endedDecember 31, 2024 and 2023 are the same for the Group. The Group's debt-to-equity ratios at the end of the reporting periods were as follows:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Total liabilities | $ 127,753 | 357,041 |
| Less: cash and cash equivalents | 324,040 | 193,977 |
| Net debt | **$ (196,287)** | **163,064** |
| Total equity | **$ 459,413** | **225,366** |
| Debt-to-equity ratio at 31 December | **(42.73)%** | **72.36 %** |

(Continued)

The debt-to-equity ratio was reduced drastically on December 31, 2024, due to the strong sales performance of the consignment business during this period, resulting in a substantial increase in cash and cash equivalents compared to last year.

(w) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in theyears ended December 31, 2024 and 2023, were as follows:

Reconciliation of liabilities arising from financing activities weas as follows:

| | January 1,2024 | Cash flows | Non-cash changes Acquisition | Foreign exchange movement | Disposal of subsidiaries | Changes in lease payment | Profit from lease modification | Non-cash changes | December 31, 2024 |
|---|---|---|---|---|---|---|---|---|---|
| Lease liabilities | $ 302,981 | (35,064) | 4,133 | 2,267 | (91,319) | (148,589) | (22,222) | - | 12,187 |

| | January 1,2023 | Cash flows | Non-cash changes Acquisition | Foreign exchange movement | Disposal of subsidiaries | Changes in lease payment | Profit from lease modification | Non-cash changes | December 31, 2023 |
|---|---|---|---|---|---|---|---|---|---|
| Lease liabilities | $ 476,797 | (98,795) | 18,309 | (2,231) | - | (54,170) | (22,920) | (14,009) | 302,981 |

## (7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

| Name of related party | Relationship with the Group |
|---|---|
| Furama Hotels International Management Inc. (Furama) | The entity with significant influence over the Group |
| LIH SHINN HSIN Investment CO., LTD. | Same president as the Company |
| LIH SHINN CONSTRUCTION CO., LTD. | 〃 |
| LIH SHINN WEI YEH CO., LTD. | The director of this entity is the second immediate family of the chairman of the Company |
| LIH SHINN ASSETS MANAGEMENT CO., LTD. | The entity's chairman is the second immediate family of the chairman of the Company |
| LIH SHINN GENERAL CONTRACTOR CO., LTD. | The director of this entity is the director of the Group |
| SHOU SHIN SECUREITY CO., LTD. | The chairman of the entity is the Group chairman's spouse |
| LAI,YUN-HSIN | The Group chairman |

(b) Significant transactions with related parties

(i) Sales revenue

The amounts of significant sales by the Group to related parties were as follows:

| | | For the years ended December 31 | |
|---|---|---|---|
| **Item** | **Relationship** | **2024** | **2023** |
| Revenue from service renderedper contract | Other related parties： | | |
| | LIH SHINN CONSTRUCTION CO., LTD. | $ 409,047 | 78,224 |
| | LIH SHINN GENERAL CONTRACTOR CO., LTD. | 80,628 | - |
| | LIH SHINN WEI YEH CO., LTD. | 8,682 | - |
| | LIH SHINN ASSETS MANAGEMENT CO., LTD. | 6,696 | 39,340 |
| | | $ 505,053 | 117,564 |

1) There were no significant differences in the purchasing prices and trading terms between related parties and other vendors on the service contract provided by the Group. The collection terms are also comparable to those of other companies.

2) The details of the individual marketing planning contracts signed by the Group and other related parties are as follows:

| Name of project | The signing date of selling agreement | Sales period |
|---|---|---|
| W-Moden | 2024.05.24 | May 15, 2024 ~ Complete sell-out |
| Sky Bright | 2022.06.28 | June 28, 2022 ~ Complete sell-out |
| Stand Above All | 2024.03.05 | March 1, 2024 ~ Complete sell-out |
| SHOU, FU | 2024.07.24 | August 1, 2024 ~ Complete sell-out |
| Zhuzhou Liqueur | 2024.03.19 | April 1, 2024 ~ Complete sell-out |
| Royal Scenery | 2021.03.28 | March 28, 2022 ~ Complete sell-out |
| CHING, LANG | 2024.06.06 | June 15, 2024 ~ Complete sell-out |
| Twin Stars | 2024.01.31 | April 1, 2024 ~ Complete sell-out |
| Garden Center | 2022.04.03 | April 3, 2022 ~ Complete sell-out (already sold out in 2024) |

**ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (FORMER NAME: FX HOTELS GROUP INC.) AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(ii) Receivables from related parties

The details of the Group's receivables from related parties were as follows:

| Account | Relationship | December 31, 2024 | December 31, 2023 |
| --- | --- | --- | --- |
| Accounts receivable due from related parties | Other related parties： | | |
| | LIH SHINN GENERAL CONTRACTOR CO., LTD. | $ 20,460 | - |
| | LIH SHINN CONSTRUCTION CO., LTD. | 33,140 | 21,268 |
| | LIH SHINN WEI YEH CO., LTD. | - | 18,585 |
| | LIH SHINN ASSETS MANAGEMENT CO., LTD. | 6,670 | - |
| | | **$ 60,270** | **39,853** |
| Other receivables due from related parties | Other related parties: | | |
| | Furama | **$ -** | **115** |

(iii) Payables to related parties

The details of the Group's payables to related parties were as follows:

| Account | Relationship | December 31, 2024 | December 31, 2023 |
| --- | --- | --- | --- |
| Notes payables to related parties | Other related parties： | | |
| | SHOU SHIN SECUREITY CO., LTD. | **$ -** | **115** |
| Accounts payables to related parties | Other related parties： | | |
| | SHOU SHIN SECUREITY CO., LTD. | **$ 292** | **-** |
| Other payables to related parties | Other related parties: | | |
| | Furama | $ - | 86 |
| | LIH SHINN GENERAL CONTRACTOR CO., LTD. | 12 | - |
| | LIH SHINN CONSTRUCTION CO., LTD. | 8 | - |
| | | **$ 20** | **86** |

(Continued)

**ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (FORMER NAME: FX HOTELS GROUP INC.) AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(iv) Rent expenses

| Relationship | For the years ended December 31 2024 | 2023 |
|---|---|---|
| Other related parties： | | |
| LIH SHINN CONSTRUCTION CO., LTD. | $ 133 | 95 |
| LIH SHINN ASSETS MANAGEMENT CO., LTD. | 629 | 43 |
| | **$ 762** | **138** |

(v) Borrowing from Related Parties

The borrowings from related parties which were recognized as other payables- related parties were as follows:

| Relationship | December 31, 2024 |
|---|---|
| Key management personnel of the parent company | **$ 25,000** |

The interest charged to the Group is calculated based on the interest rate of 3.5% imposed on related parties' borrowings. The interest-bearing borrowings provided from related parties are unsecured. As of the year ended December 31, 2024, interest expense paid was $0.

(vi) Other expenses

| Relationship | For the years ended December 31 2024 | 2023 |
|---|---|---|
| Other related parties： | | |
| SHOU SHIN SECUREITY CO., LTD. | **$ 2,131** | **1,314** |

(vii) Acquisition of securities

The Group acquired the proceeds from the capital increase of YI SHE CO.,LTD. (YI SHE)( extinguished company) amounting to $12,750 thousand with a shareholding ratio of 20% on January 1, 2023 and the 80% of outstanding shares in YI SHE from the related party, LIH SHINN HSIN Investment CO., LTD., for $102,000 thousand on November 1, 2023.

(c) Key management personnel compensation

Key management personnel compensation comprised:

| | For the years ended December 31 2024 | 2023 |
|---|---|---|
| Short-term employee benefits | $ 22,487 | 11,670 |
| Post-employment benefits | 384 | 754 |
| | **$ 22,871** | **12,424** |

**(8) Assets pledged as security:**

The carrying values of assets pledged as security were as follows:

| Pledged assets | Object | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Current financial assets at amortized cost | Trust accounts for performance guarantees of standard form contract for gift certificates | $ - | 3 |

**(9) Significant Commitments and contingencies:**

(a) Contingencies

(i) FX Taiwan originally signed an agreement for consulting and planning services with Hou, Tsun Ren, the representative of Kinmen Resort Co., Ltd. Hou, Tsun-Chung, the former representative FX Taiwan, signed a termination agreement on behalf of FX Taiwan after resigning, agreeing that FX Taiwan will voluntarily refund the commission remuneration of $4,400, instructed Tai, Yin-Hsiung to remit $2,000 and the remaining $2,400 was ten checks issued by Hou, Tsun-Chung representing FX Taiwan, each with a face value of $240. Hou, Tsun-Chung claimed that FX Taiwan had issued three paper checks, each with a face value of $240, to Kinmen Resort Co., Ltd., which were deposited to FX Taiwan deposit account in the form of personal cash withdrawal, so as to prevent FX Taiwan from bouncing a check. Because of this, FX Taiwan received the benefit of being exempted from paying off the check debt. On January 11, 2018, Hou, Tsun-Chung filed an appeal to the Taipei District Court asking FX Taiwan to return the unjustified enrichment. However, the three checks mentioned were actually forged, issued and also paid by Hou, Tsun-Chung himself, the request of asking FX Taiwan to return the unjustified enrichment is unreasonable. On December 26, 2018, the Taipei District Court rejected the request of Hou, Tsun-Chung in the “2018-Su-Tzu No. 222”. Hou, Tsun-Chung has filed an appeal and was dismissed by the Taiwan High Court on December 24, 2019, with the judgment of “2019 Shang-Yi-Tzu No. 349”. FX Taiwan sued Kinmen Resort Co., Ltd., Hou, Tsun-Chung, Hou, Tsun-Ren and Dai, Ying-Syong for confirmation that the creditor’s rights of the aforementioned ten checks did not exist and for joint and several damages. The Taipei District Court ruled that Kinmen Resort Co., Ltd. shall pay FX Taiwan $2,000 on November 18, 2020 with “2019 Chung-Su-Tzu No. 1027”. Both the Company and Kinmen Resort Co., Ltd. appealed against the first instance, and on November 15, 2011, the Taiwan High Court further confirmed that the creditor’ s rights of the aforementioned ten checks did not exist in accordance with “2021 Chong-Shang-Zi No. 12”. In addition, Kinmen Resort Co., Ltd. should pay $2,243 to FX Taiwan, Hou, Tsun-Chung and Hou, Tsun-Ren should jointly compensate $2,000 of it. Kinmen Resort Co., Ltd., Hou, Tsun-Chung and Hou, Tsun-Ren appealed against the second instance. Subsequently, the Supreme Court remanded the case for retrial, and it is currently under trials in the Taiwan High Court under “2024 Chong-Shang-Geng-Yi-Zi No. 58”.

(Continued)

(ii) Kitchen X originally leased space from FX Taiwan to operate the restaurant and provide FX Taiwan breakfast. Due to the unsuccessful rent negotiations between the two parties since November 2015, the lease contract has changed to a non-scheduled lease. Kitchen X has originally returned the restaurant to FX Taiwan for operation in April 2017; yet, Kitchen X took the illegal contract to go on running the restaurant in June 2017 without paying rent to FX Taiwan. FX Taiwan has strictly rejected Kitchen X to run the restaurant and made a lawsuit in the Shilin District Court on June 12, 2018, asking Kitchen X to pay the rent of $5,390 to FX Taiwan. The case was ruled that Kitchen X shall pay the rent of $770 plus interest to FX Taiwan by the Taipei District Court on November 20, 2019 with “2018 Su-Tzu No. 3987”. After that Company appealed the remaining portion, the High Court judged that Kitchen X shall pay FX Taiwan another $4,645 plus interest on March 2, 2021 with “2020 Chung- Shang-Tzu No. 114”. Both the Company and Kitchen X filed appeals against the unfavorable part of the judgment. The Supreme Court judged that the unfavorable parts of the original judgment on both sides should both be reverse and remand to the Taiwan High Court for review with “2023 Chung-Shang-Geng-Yi-Tzu No. 91” on May 25, 2023 with “2022 Tai-Shang-Tzu No. 74”. On March 20, 2024, the Taiwan High Court ruled in“2023 Chong-Shang-Geng-Yi-Zi No. 91” that Kitchen X must pay an additional NT$4,480 thousand plus interest to the FX Taiwan. Currently, the Company had appealed to the Supreme Court regarding Huang Yaoxian's joint liability for the original judgment amount, and Kitchen X had also appealed the unfavorable part of the original judgment. The case is currently under trials in the Supreme Court.

(iii) Hou, Tsun-Chung applied to the Taipei District Court on February 24, 2023 for the issuance of a payment order requesting the Company and FX Taiwan to pay $3,131 respectively. If one of the entities pays, the other entity is exempt from the payment obligation within the scope of payment. The reason for his request is simply that he could claim the Chairman’s salaries from August 2016 to September 15, 2017. However, based on the investigation, neither the Remuneration Committee and the Board of Directors of the Company nor FX Taiwan’s Board of Directors had ever resolved that Hou, Tsun-Chung had any Chairman’s salaries during the abovementioned period and the Company had never recorded any salaries paid to directors in its annual reports since its establishment. The claim of Hou, Tsun-Chung was completely unfounded. Therefore, the Company and FX Taiwan rejected the request of Hou, Tsun-Chung and the case was transferred as a litigation procedure. After the Taipei District Court dismissed Hou Tsun-Chung 's claim in “2023 Su-Tzu No. 2342”, Hou Tsun-Chung continued to appeal. The case has now been transferred to the Taiwan High Court.

(iv) The details of the individual marketing planning contracts signed by the Group as of the year ended December 31, 2024, are as follows:

| Name of project | The signing date of selling sgreement | Sales period |
|---|---|---|
| W-Moden | 2024.05.24 | May 15, 2024 ~ Complete sell-out |
| Sky Bright | 2022.06.28 | June 28, 2022 ~ Complete sell-out |
| Stand Above All | 2024.03.05 | March 1, 2024 ~ Complete sell-out |
| SHOU, FU | 2024.07.24 | August 1, 2024 ~ Complete sell-out |
| Zhuzhou Liqueur | 2024.03.19 | April 1, 2024 ~ Complete sell-out |
| Royal Scenery | 2021.03.28 | March 28, 2022 ~ Complete sell-out |
| CHING, LANG | 2024.06.06 | June 15, 2024 ~ Complete sell-out |
| Twin Stars | 2024.01.31 | April 1, 2024 ~ Complete sell-out |
| Garden Center | 2022.04.03 | April 3, 2022 ~ Complete sell-out (already sold out in 2024) |

(b) Unrecognized contractual commitments

(i) The important lease contract entered into by the Group on December 31, 2023 for operating the international business hotels was as follows:

Lease:

| Subsidiaries | Categoryof leaseitems | Lease term | Leaserest rictions | Calculation of rent |
|---|---|---|---|---|
| Subsidary - Former name: Taiwan FX Hotels Company Limited (Note 1) | Building | 2010.9~2026.12 (free rent periodis 2010.9~2011.11) | None | 1.Guaranteed rent: The rent is calculated in square meters. The monthly rent per square meter varies according to each floor, which between NTD $700~$3,200. It is calculated that the total monthly rent for renting all floors is NTD $3,492 thousand and the rent is adjusted every three years based on the consumer price index. |

**ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (FORMER NAME: FX HOTELS GROUP INC.) AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

| Subsidiaries | Categoryof leaseitems | Lease term | Leaserest rictions | Calculation of rent |
|---|---|---|---|---|
| Subsidary - Former name: Taiwan FX Hotels Company Limited (Note 1) | Building | 2010.9~2026.12 (free rent periodis 2010.9~2011.11) | None | 2.Floating rent: For the tenth to the thirteenth floor rented, the floating rent base is calculated based on data such as the average daily rate, occupancy rate and the number of rooms. The floating rent is calculated at 18.68% of the difference between monthly operating revenue and the floating rent base. If it is below zero, then it is not counted; the floating rent base is also adjusted every three years based on the consumer price index. Starting from January 1, 2023, the total rent wasadjusted to NTD 4,142 thousand. |
| Subsidary - Former name: Taiwan FX Hotels Company Limited (Note 1) | Building | 2013.2~2032.12 (free rent period is 2013.2~2014.1) | None | Starting from January 1, 2023, the rent was adjusted to NTD 467 thousand. |
| Subsidary - Former name: Taiwan FX Hotels Company Limited (Note 1) | Building | 2013.8~2031.8 (free rent period is 2013.8) | None | Due to the reduction in the scope of the lease, the monthly rent was decreased from NTD 926 thousand to NTD 100 thousand starting from December 15, 2023. |
| Subsidary - China Artix (Note 2) | Building | The first phase ofthe lease term is 2008.1~2018.5 (free rent period is2008.1~2008.6) The second phase ofthe lease term is2018.6~2023.6The third phase ofthe lease term is 2023.7~2026.6 | None | Starting from June 15, 2022, the monthly rent was adjusted to RMB911 thousand. |

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**ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (FORMER NAME: FX HOTELS GROUP INC.) AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

Note1：It was subleased to Aquinas Hotels Company Limited since October 1, 2020. Refer to Note 6(l) for details. Additionally, the aforementioned lease agreement was mutually agreed to transfer the rights and obligations of the property lease to Aquinas Hotel Company Limited in 2024. For further details, please refer to Note 6(k).

Note2：It was subleased to Shanghai Chengyi Hotel Management Co., Ltd. since April 1, 2021. Refer to Note 6(l) for details. Additionally, on March 13, 2024, the company's board of directors resolved to sell all shares of the subsidiary, China Artix. Consequently, the related sublease rights and obligations were also terminated.

(ii) Unrecognized contractual commitments

| | December 31, 2024 |
|---|---|
| Acquisition of inventory (Construction Site) | $ 562,791 |

**(10) Losses Due to Major Disasters: None**

**(11) Subsequent Events: None**

**(12) Other**

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

| By funtion / By item | For the year ended December 31 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | | | | 2023 | | | |
| | Cost of Sale | Operating Expense | Other | Total | Cost of Sale | Operating Expense | Other | Total |
| Employee benefits | | | | | | | | |
| Salary | 82,589 | 28,674 | - | 111,263 | 32,075 | 19,124 | - | 51,199 |
| Labor and health insurance | 2,388 | 1,935 | - | 4,323 | 1,566 | 1,776 | - | 3,342 |
| Pension | 568 | 1,016 | - | 1,584 | 856 | 983 | - | 1,839 |
| Others | 1,111 | 1,939 | - | 3,050 | 1,262 | - | - | 1,262 |
| Depreciation | 8,289 | 80 | 28,156 | 36,525 | 3,608 | 644 | 87,795 | 92,047 |
| Depletion | - | - | - | - | - | - | - | - |
| Amortization | - | 141 | - | 141 | - | 1,331 | - | 1,331 |

(b) Seasonality of operations :

The operations of the Group are not affected by seasonal or cyclical factors.

# ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (FORMER NAME: FX HOTELS GROUP INC.) AND SUBSIDIARIES
## Notes to the Consolidated Financial Statements

**(13) Other disclosures:**

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

| Number | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other parties during the period | Ending balance | Actual usage amount during the period | Range of interest rates during the period | Purposes of fund financing for the borrower | Transaction amount for business between two parties | Reasons for short-term financing | Loss allowance | Collateral Item | Collateral Value | Individual funding loan limits | Maximum limit of fund financing |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | YI SHE CO.,LTD.(Former name: Taiwan FX Hotels Company Limited) | YI SHE CO.,LTD.(Extinguished company) | Other receivables | Yes | 100,000 | - | - | - | 2 | - | Business Transactions | - | None | - | 191,542 | 191,542 |

Note1：The total amount of funds loaned to others by the company shall not exceed 40% of the net value for the current period. For subsidiaries that are parent-subsidiary companies with the company, or companies that are 100% owned by the same parent company, the limit is three times the net value of the lending company. The company's loans to subsidiaries that are 100% directly or indirectly owned and the original FX Taiwan's loans to companies within the group shall not exceed 40% of the net value of the lending company for the current period. Loans between foreign subsidiaries that are 100% directly or indirectly owned by the company shall not exceed three times the net value of the lending company for the current period.

Note2：Financing purposes:

(1) Those with business contact, please fill in 1.

(2) Those necessary for short term financing, please fill in 2.

Note3：This financing was approved by the board of directors on December 27, 2023, for a loan amount of NT$100,000 thousand to the subsidiary YI SHE CO., LTD. ( extinguished company). The loan period is one year, starting from January 1, 2024, and can be disbursed in installments or used on a revolving basis.

Note4：The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

| No. | Name of guarantor | Counter-party of guarantee and endorsement: Name | Counter-party of guarantee and endorsement: Relationship with the Company | Limitation on amount of guarantees and endorsements for a specific enterprise | Highest balance for guarantees and endorsements during the period | Balance of guarantees and endorsements as of reporting date | Actual usage amount during the period | Property pledged for guarantees and endorsements (Amount) | Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements | Maximum amount for guarantees and endorsements | Parent company endorsements/ guarantees to third parties on behalf of subsidiary | Subsidiary endorsements/ guarantees to third parties on behalf of parent company | Endorsements/ guarantees to third parties on behalf of companies in Mainland China |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 0 | Architectural Aesthetics Global Development Co., Ltd. | YI SHE CO.,LTD.(Former name: Taiwan FX Hotels Company Limited) | 2 | 689,120 | 10,626 | - | - | - | - % | 689,120 | Y | N | N |

Note1:There are seven conditions in which the Company may have guarantees or endorsements for other parties:

(1)Trading counterparty

(2)The Company holds more than 50% of the voting shares in the entity, directly and indirectly.

(3)The entity holds more than 50% of voting shares in the Company, directly and indirectly.

(4)The Company holds more than 90% of voting shares in the entity, directly and indirectly.

(5)An entity in the construction industry mutually guaranteed pursuant to a project contract.

(6)The stockholders of the Company provide guarantees or endorsements for the entity in proportion to percentage of ownership for joint investment.

(Continued)

# ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (FORMER NAME: FX HOTELS GROUP INC.) AND SUBSIDIARIES
## Notes to the Consolidated Financial Statements

(7)The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for preconstruction homes pursuant to the Consumer Protection Act for each other.

Note2:Architectural Aesthetics Global Development Co., Ltd. . endorsed the operation method for the total amount of guarantee s and the limit for endorsement of a single enterprise; Details are as follows:

(1)For subsidiaries that are 100% directly or indirectly owned by the company, and for endorsements and guarantees between subsidiaries that are 100% directly or indirectly owned by the company, the limit shall not exceed 1.5 times the net value of the Company's most recent financial statements.

(2)The total amount of external endorsements and/or guarantees shall be limited to 1.5 times of the net value of the Company.

(3)The guarantee amount for a single enterprise endorsement shall not exceed 1.5 times of the net value of the Company's most recent financial statements.

Note3:The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

Note4:The amount authorized by the board of directors for the chairman to execute, in accordance with Item 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, refers to the amount executed by the chairman.

(iii) Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

| Name of holder | Category and name of security | Relationship with company | Account title | Ending balance | | | | Highest | Note |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Shares/Units (thousands) | Carrying value | Percentage of ownership (%) | Fair value | Percentage of ownership (%) | |
| YI SHE CO.,LTD. (Former name: Taiwan FX Hotels Company Limited) | Kinmen Resort Co., Ltd. | - | Noncurrent financial assets atfair value through othercomprehensive income | 1,000 | - | 2.63 % | - | | |

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

| Name of company | Name of property | Transaction date | Transaction amount | Status of payment | Counter-party | Relationship with the Company | If the counter-party is a related party, disclose the previous transfer information | | | | References for determining price | Purpose of acquisition and current condition | Others |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Owner | Relationship with the Company | Date of transfer | Amount | | | |
| YI SHE CO.,LTD.(Former name: Taiwan FX Hotels Company Limited) | Eleven parcels of land located in Yong'an Section, Sanxia District, with land number 1746 and others. | 2024.12.24 | 137,617 | As of December 31, 2024, NT$81,400 thousand has been paid. | Chuan He Fa Construction Co., Ltd. | Non-related party | - | - | - | - | Appraisal | Increase Company Revenue and Profit through Development | None |

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

# ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (FORMER NAME: FX HOTELS GROUP INC.) AND SUBSIDIARIES
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(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

| Name of company | Related party | Nature of relationship | Transaction details | | | | Transactions with terms different from others | | Notes/Accounts receivable (payable) | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/Sale | Amount | Percentage of total purchases/sales | Payment terms | Unit price | Payment terms | Ending balance | Percentage of total notes/accounts receivable (payable) | |
| YI SHE CO.,LTD. (Extinguished company) | LIH SHINN CONSTRUCTION CO., LTD. | Same president as the Company | Sale | (409,047) | (77.12)% | Periodical collection per contract | - | Same as regulartransaction | 33,140 | 46.70% | |

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:None

(ix) Trading in derivative instruments:None

(x) Business relationships and significant intercompany transactions:None

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2024 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

| Name of investor | Name of investee | Location | Main businesses and products | Original investment amount | | Balance as of December 31, 2024 | | | Net income (losses) of investee | Share of profits/losses of investee | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2024 | December 31, 2023 | Shares (thousands) | Percentage of wnership | Carrying value | | | |
| the Company | YI SHE CO.,LTD.(Former name: Taiwan FX Hotels Company Limited) | Taiwan | International business hotel, property consignment and construction | 545,000 | 545,000 | 54,500 | 100.00 % | 478,854 | 227,879 | 227,879 | Sub-subsidiary |
| YI SHE CO.,LTD.(Former name: Taiwan FX Hotels Company Limited) | YI SHE CO.,LTD.(Extinguished company) | Taiwan | Property consignment | - | 114,750 | - | - % | 328,981 | 225,864 | 225,864 | Sub-subsidiary (Note 2) |

Note1：The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

Note2：The company will be dissolved after the merger with the subsidiary YI SHE CO.,LTD. (Former name: Taiwan FX Hotels Company Limited) on December 31, 2024.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

| Name of investee | Main businesses and products | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2023 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2024 | Net income (losses) of the investee | Percentage of ownership | Investment income (losses) | Book value | Accumu-lated remittance of earnings in current period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | |
| China Capital Management Group Inc. | Hotel Management | 147,858 | ( 1 ) | 165,937 | - | - | 165,937 | 1,237 | -% | 1,237 | - | - |
| China Artix Hotel Management and Development(BJ) Co., Ltd | Hotel Management | 48,585 | ( 1 ) | - | - | - | - | (973) | -% | (973) | - | - |

Note 1: Investment are divided into the following three types:
(1) Direct investments in Mainland China
(2) Indirect investment Mainland China through an existing company registered in the third region. (Please specify the investor in the third region.)
(3) Other methods

Note 2: The aforementioned equities were sold on March 31, 2024. Therefore, the investment gains and losses for the period from January to March 2024 were recognized based on the self-prepared financial statements.

(ii) Limitation on investment in Mainland China:

| Accumulated Investment in Mainland China as of December 31, 2024 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|---|---|---|
| 165,937 | - | - |

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**ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (FORMER NAME: FX HOTELS GROUP INC.) AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(iii) Significant transactions:None

(d) Major shareholders:

| Shareholding / Shareholder's Name | Shares | Percentage |
|---|---|---|
| LAI,YUN-HSIN | 20,000,000 | 33.52 % |
| CHANG, LI-LING | 15,500,000 | 25.98 % |
| Furama Hotels International Management Inc. | 5,602,575 | 9.39 % |
| LIH SHINN HSIN Investment CO., LTD. | 3,920,000 | 6.57 % |

**(14) Segment information:**

(a) General information

The Group has two reporting segments: real estate selling agency and other, real estate selling agency is engaged in real estate selling operation; other segment is engaged in hotel accommodation and management services on behalf of others and other business.

The Group's reported segments consist of strategic business units which provide essentially different products and services. They offer different products and services, and are managed separately because they require different technological and marketing strategies. Most of the business units were acquired, and the original management teams are still operating.

(b) Reportable segments' profit or loss, assets, liabilities and their measurement and reconciliation

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation.

The internal management report includes profit before taxation, excluding any extraordinary activity and foreign exchange gains or losses, because taxation, extraordinary activity and foreign exchange gains or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant noncash items. The reportable amount is the same as the report used by the chief operating decision maker.

**ARCHITECTURAL AESTHETICS GLOBAL DEVELOPMENT CO.,LTD. (FORMER NAME: FX HOTELS GROUP INC.) AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

The Group's operating segment information and reconciliation are as follows:

| For the year ended December 31, 2024 | Real estate selling segment | Other Divisions | Reconciliation and eliminations | Total |
|---|---|---|---|---|
| Revenue: | | | | |
| Revenue from external customers | 530,395 | 8,996 | - | 539,391 |
| Intersegment revenues | - | - | - | - |
| Total revenue | $ **530,395** | **8,996** | **-** | **539,391** |
| Interest expenses | $ **286** | **2,394** | **-** | **2,680** |
| Depreciation and amortization | $ **8,340** | **28,326** | **-** | **36,666** |
| **Reportable segment profit or loss** | $ **282,460** | **(40,573)** | **-** | **241,887** |
| **Reportable segment assets** | $ **425,624** | **161,542** | **-** | **587,166** |
| **Reportable segment liabilities** | $ **96,644** | **31,109** | **-** | **127,753** |

| For the year ended December 31, 2023 | Real estate selling segment | Other Divisions | Reconciliation and eliminations | Total |
|---|---|---|---|---|
| Revenue: | | | | |
| Revenue from external customers | 117,564 | 28,275 | - | 145,839 |
| Intersegment revenues | - | - | - | - |
| Total revenue | $ **117,564** | **28,275** | **-** | **145,839** |
| Interest expenses | $ **87** | **10,472** | **-** | **10,559** |
| Depreciation and amortization | $ **2,715** | **90,663** | **-** | **93,378** |
| **Reportable segment profit or loss** | $ **35,883** | **(4,064)** | **-** | **31,819** |
| **Reportable segment assets** | $ **142,732** | **439,675** | **-** | **582,407** |
| **Reportable segment liabilities** | $ **39,615** | **317,426** | **-** | **357,041** |

(c) Product and service information

Revenues from external customers are detailed below:

| Products and services | For the years ended December 31 2024 | 2023 |
|---|---|---|
| Service revenue from selling real estates | $ 530,395 | 117,564 |
| Franchise Revenue | 8,996 | 28,275 |
| Total | $ **539,391** | **145,839** |

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

| Geographical information | For the years ended December 31 2024 | 2023 |
|---|---|---|
| Revenue from the external customers: | | |
| Taiwan | $ 533,476 | 127,436 |
| Mainland China | 5,915 | 18,403 |
| Total | **$ 539,391** | **145,839** |

| Geographical information | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Non-current assets: | | |
| Taiwan | $ 17,680 | 188,438 |
| Mainland China | - | 73,178 |
| Total | **$ 17,680** | **261,616** |

Non-current assets include property, plant and equipment, right-of-use assets, investment properties, intangible assets, and other assets. However, they do not include financial instruments, deferred tax assets, and guarantee deposits paid.

(e) Major customer information

Individual customers representing greater than 10% of sales revenues in the consolidated statements of comprehensive income for the years ended December 31, 2024 and 2023 are detailed below:

| | For the years ended December 31 2024 | 2023 |
|---|---|---|
| Customer A from real estate selling, construction and other departments | $ 409,047 | 78,224 |
| Customer B from real estate selling, construction and other departments | 6,696 | 39,340 |
| Customer C from real estate selling, construction and other departments | 80,628 | - |
| | **$ 496,371** | **117,564** |