Stock Code: 2707

Formosa International Hotels Corporation

2022

Annual Report

Company website: https://www.silkshotelgroup.com/tw/
Website for annual report: http://mops.twse.com.tw
Printed on April 17, 2023

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◎ CPAs of the financial statements in the most recent year:
Name of Firm: PwC Taiwan
Name of CPAs: CPAs Chin-Lien Huang and Chao-Ming Wang
Address: 27F, No. 333, Sec. 1, Keelung Rd., Taipei City
Tel.: (02)2729-6666
Website: https://www.pwc.com.tw/

◎Name of any exchange where the Company's securities are traded offshore, and the method by which information about the offshore securities may be accessed: None

◎Website of the Company: https://www.silkshotelgroup.com/tw/

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One.Letter to Shareholders

Dear Shareholders,

Since the outbreak of the COVID-19 pandemic in 2020, the tourism industry has been significantly impacted by border control measures. In the middle of 2021, restrictions imposed on indoor dining further affected the food and beverage business. In response to these rapidly changing market conditions, the Company has implemented various sales and marketing activities that have been widely accepted by the market, despite the difficult circumstances.

Starting from 2022, countries gradually opened their borders and relaxed quarantine rules, which has led to a rebound in international travel. Hotel occupancy and average rate have been improved since. The slowdown of pandemic has also been reflected in revenue increase from restaurants, retail and year-end parties.

According to the annual statistical data published by the Taiwan Tourism Bureau, Regent Taipei has been listed as the top performer for consecutive years in terms of total revenues. The operating performances of other hotels in the Group also led in each geographic respective area.

I. The 2022 Business Outcome Report of the Company is as follows:

(I) Business Report:

1. Hotel guestrooms: The Company's consolidated number of guests received by the Guestroom departments in 2022 was 782,200 persons, an increase of 159,862 persons or 25.69%, compared to the same period in 2021 at 622,338 persons. Out of all the hotel guests, domestic guests stand at 93.6%, guests from Japan at 0.9%, Hong Kong and Macau region at 0.2%, mainland China region at 0.1%, Southeast Asia at 1.4%, Korea at 0.5%, USA and Canada at 1.1%, European region at 0.4% and other regions at 1.8%. The guest room occupancy rates are as follows: The Regent Taipei at 60.71%, Silks Place Taroko at 71.90%, Silks Place Tainan at 76.57%, Wellspring by Silks at 72.07%, Just Sleep Taipei Linsen at 55.51%, Just Sleep Taipei Ximending at 69.42%, Just Sleep Yilan Jiaoxi at 73.05%. The total revenue of the guestroom departments was NT$1,895,224 thousand, an increase of NT$518,812 thousand at 37.69% from NT$1,376,412 thousand in the same period of 2021. This is mainly due to the opening up of borders as the pandemic has slowed down.
2. Food and beverage: the Company's consolidated total revenue for the entire year 2022 of the food and beverage departments was NT$2,871,215 thousand, a reduction of NT$(-22,824) thousand at (-0.79%) compared to NT$2,894,039 thousand of the same period in 2021. The total number of food and beverage consumers between January to December 2022 was 1,863,905 persons, an

increase of 470,841 persons (+33.80%) compared to 1,393,064 persons of the same period in 2021. This is mainly due to the recovery of consumer willingness to dine out after the pandemic slowed down and the government gradually relaxed the restrictions.

(II) Financial Report:

1. Net worth of Assets and liabilities:

   As of December 31, 2022, the Company’s consolidated total assets was NT$10,488,953 thousand, of which, the total liabilities was NT$5,783,159 thousand, accounting for 55% of the total assets; total net worth was NT$4,705,794 thousand, accounting for 45% of the total assets. The percentage of liabilities to total assets was higher. This is mainly due to the implementation of IFRS16 in 2019 resulting in the lease liabilities in the current period for NT$2,755,678 thousand.

2. Profit and loss

   For the period from January to December 2022, the Company’s consolidated operating and non-operating revenue totaled NT$5,741,456 thousand, the operating and non-operating expenses totaled NT$4,437,268 thousand, profit before tax was NT$1,304,188 thousand, profit after tax was NT$1,015,703 thousand, a reduction of (NT$-1,224,076 thousand) (-54.65%) compared to the NT$2,239,779 thousand in 2021. Net profit margin was 18%. The profit after tax has reduced mainly due to the recognized disposal of equity of subsidiary Domino’s Pizza Co., Ltd. for a one time profit of NT$1,636,636 thousand in 2021.

(III) Budget implementation status:

There is no 2022 budget implementation information of the Company. This is because it is not required of the Company to publicize its 2022 financial forecast information in accordance with the Regulations Governing the Publication of Financial Forecasts of Public Companies.

II. 2023 Business plan overview and future company development strategies:

We are proud to announce the opening of our first overseas location for our design hotel brand, "Just Sleep," in Shinsaibashi, Osaka, Japan on March 1, 2023. This marks a significant milestone in our internationalization efforts, with Just Sleep's 10th location and the 16th hotel under the Silks Hotel Group brand portfolio. We also have several exciting pipeline projects, including Wellspring by Silks in Beitou and Toucheng, Just Sleep Kenting, SILKS X Linkou, and Just Sleep Linkou.

Despite pandemic challenges, we have demonstrated adaptability and developed diverse employee competencies, turning these challenges into opportunities. We are now fully prepared to welcome the rebound of global tourism. Going forward, we will continue to improve our commercial strategies and organizational efficiency to ensure valuable returns for our shareholders. We are also focused on expanding our brand portfolios under Regent, Just Sleep, Silks Place, and others.

III. Impact of the external competition, legal and overall business environments:

In 2022, the slowdown of pandemic has led to a notable uptick in domestic travel. Supported by the gradual reopening of borders and easing of quarantine regulations by governments worldwide, we have seen improvement in hotel sales performance. Further we experienced steady growth in food and beverage service sales due to the willingness of consumers to dine out and corporations resuming their end-of-year company parties.

Despite the pandemic challenges, we have successfully transformed them into opportunities that have strengthened and better prepared us for the future. We are committed to utilizing the innovative operations concepts and diverse employee competencies gained during the pandemic to drive sales performance for guest rooms, food and beverage, and boutique offerings as we enter the post-pandemic era in 2023, ensuring valuable returns for our shareholders.

As borders gradually reopen and international flights resume operations, we remain determined to integrate our overseas and domestic brand resources to accelerate sales performance growth and actively secure our market share in the recovering tourism market. Our brand essence remains bringing the best of Taiwan to the world and the best of the world to Taiwan.

Finally, we would like to take this opportunity to express our gratitude to each of our shareholders for your long-term support.

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

Two.Company Profile

I. Date of incorporation: July 7, 1976

II. General information:

1. The company was founded on July 7, 1976 by former U.S. Secretary of the Treasury, Mr. Robert Andersen, and wealthy individuals such as Hsiao-Rui Pan, Ya-Hsien Huang, and Bing-Tu Chang with aid from overseas Chinese. The original authorized capital was NT$227,700,000, and NT$78,000,000 was received in advance, and the contract of surface right was signed with the Taipei City Government to actively prepare for the construction of the International Tourist Hotel.
2. In July 1978, the rated and paid-in capital was increased to NT$227,700,000 in order to compensate for the demolition and relocation of legal houses on the square before the hotel was built.
3. Capital increase in cash of NT$93,470,000 in May 1979. The authorized capital was NT$371,500,000 and the paid-in capital was increased to NT$321,170,000.
4. In April 1984, in order to start the hotel construction, a capital increase in cash of NT$168,830,000 was arranged, and the rated and paid-in capital amounted to NT$490,000,000.
5. Tong Cloud Co., Ltd. participated in the investment in the Company in July 1984, and made a cash capitalization of NT$10,000,000 in October 1984, and the accumulated rated and paid-in capital amounted to NT$500,000,000.
6. In December 1986, in order to meet the capital demand for the construction of the hotel, the registered capital was increased to NT$650,000,000, and a capital increase of NT$86,000,000 was completed, and the paid-in capital was NT$586,000,000.
7. In June 1988, a capital increase of NT$614,000,000 in cash was made to meet the funding requirement for the hotel construction project, and the cumulative rated and paid-in capital amounted to NT$1,200,000,000.
8. Capital increase in cash of NT$800,000,000 in August 1990, and the rated and paid-in capital amounted to NT$2,000,000,000.
9. Regent Taipei was officially opened on September 25, 1990.
10. In 1991, UK-based “Executive Travel Magazine” selected Regent Taipei as the world’s “Best Hotel 1991” based on its reader survey.
11. In 1993, “Business & Pleasure - The Best of Asia” selected Regent Taipei as the most representative “Business Hotel of Taipei” in its publication.
12. In 1992 and 1993, the US-based “Prestige” magazine listed the Regent Taipei as the most luxurious hotel in the Asia Pacific region.
13. The Platinum Card members of American Express in Taiwan selected Regent Taipei for the selection of “1993 Fine Hotels & Resorts”.
14. Changed name to “Formosa International Hotels Corporation” in July 1994.
15. Readers of Asia Pacific Business Traveller chose the most ideal hotels in terms of service, facilities, decoration, location, food, and value. After the evaluation, Regent Taipei was ranked among the top hotels and won the title of “Best Hotel in Taipei 1994”, “Best Hotel in Taipei 1995” and “Best Hotel in Taipei

1996” in a row.

16. Upon resolution of the shareholders’ meeting on May 9, 1995, the Company issued 50,000,000 new shares through capitalization of undistributed earnings of NT$500,000,000 under the approval by the MOF official letter (84) Tai-Cai-Cheng (I) No. 35982 issued on June 17, 1995, and the change of registration was completed on September 1, 1995.
17. Upon resolution of the shareholders’ meeting on March 27, 1996, the Company issued 50,000,000 new shares through capitalization of undistributed earnings of NT$500,000,000 under the approval by the MOF official letter (85) Tai-Cai-Cheng (I) No. 53778 issued on September 3, 1996, and the change of registration was completed on October 17, 1996.
18. Upon resolution of the shareholders’ meeting on April 21, 1997, the Company issued 75,000,000 new shares through capitalization of undistributed earnings of NT$750,000,000 under the approval by the SFC of MOF official letter (85) Tai-Cai-Cheng (I) No. 69705 issued on August 9, 1997, and the change of registration was completed on October 15, 1997.
19. For the Company’s application for listing of the 375,000,000 shares of its common stocks that were issued to the public, which was approved by TWSE to be listed as a stock in accordance with the “Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings”, which was reported to SFC of MOF via the official letter Tai-Zheng (86) Shang-Zi No. 36599 on November 15, 1997 and was approved by (86) Tai-Cai-Zheng (1) No. 86119 issued on November 27, 1997. The Company’s shares have been listed for trading at TWSE since March 9, 1998.
20. Upon resolution of the shareholders’ meeting on May 20, 1998, the Company issued 56,250,000 new shares through capitalization of undistributed earnings of NT$562,500,000 under the approval by the SFC of MOF official letter (87) Tai-Cai-Cheng (I) No. 51378 issued on June 12, 1998, and the change of registration was completed on July 27, 1998.
21. The readers of “Asia Pacific Business Traveller” voted Regent Taipei as one of the “1998 Best Hotel in Asia Pacific” and “1998 Best Hotel in Taipei” which was rare for winning both titles.
22. Regent Taipei was once again awarded the “Best Hotel in Taipei” by the aforementioned magazines in 1999, and was ranked in 36 Among the hundreds of well-known enterprises in hundred product categories, the “First Award in the Hotel Category in Taiwan” was presented to Regent Taipei.
23. In Conde Nast Traveler’s “Readers’ Choice 2000” award, Regent Taipei was ranked as one of the best hotels in Asia and the only hotel in Taipei on the list.
24. In 2001 the hotel was voted among the “Best Business Hotel in Asia” by the readers of Business Asia magazine.
25. The hotel was voted the “Best Business Hotel in Taipei” by the readers of Global Finance Magazine in 2002.
26. Upon resolution of the shareholders’ meeting on June 11, 2002, the Company reduced cash capital by 50% by reducing 215,625,000 under the approval by the SFC of MOF official letter (91) Tai-Cai-Cheng (I) No. 0910134002 issued on August 20, 2002, and the change of registration was completed on September 9, 2002.
27. In 2003, the hotel was voted the best luxury hotel in the 5th Travel Diamond Awards by the readers of Travelcom.

28. In 2004, the hotel was awarded the Gold Award for Best Hotel in Taiwan by Reader's Digest's Asian Amazing Brands Survey.
29. In 2004, the Company was awarded the Best Service Award by Next Media Magazine of the hotel category.
30. In 2004, the Company was awarded the "Excellence" in safety protection by Tourist Hotel in Taipei City.
31. In 2004, the Company was voted among the top 50 hotels in Asia by Conde Nast Traveler readers, and ranked the first in Taiwan.
32. In 2002, 2003 and 2005, the hotel was voted by the readers of Conde Nast Traveler as one of the World's 700 Best Hotels Gold List, and ranked first among the hotels included in the list in Taiwan.
33. The hotel was awarded the title of "Taiwan's Leading Hotel" in 2005 by the World Travel Awards.
34. In 2005, the Company was awarded the Best Service Award by Next Media Magazine in the hotel category.
35. In 2006, the Company won the first prize in the 5-star hotel category of the 4th Global Views Excellent Service Award held by Global Views Monthly.
36. In 2006, the Company won the first prize in the "5-star hotel" category of the 3rd Top Service Award organized by "Next Media Magazine."
37. In 2006, the hotel was selected as the first place in the corporate hotel category by Common Wealth.
38. In 2006, the hotel was awarded the Gold Award for Best Hotel in Taiwan by Reader's Digest's Asian Unusual Brand Survey.
39. In 2006, the hotel was voted the best business hotel in Taiwan by the readers of Asia Business Magazine in the Best Business Hotel in Asia contest.
40. Upon resolution of the extraordinary shareholders' meeting on October 5, 2006, the Company reduced cash capital by 72.1739% by reducing 155,625,000 under the approval by the FSC official letter Jin-Guan-Cheng-Yi Zi No. 0950148220 issued on November 21, 2006, and the change of registration was completed on December 14, 2006.
41. In March 2007, the hotel was voted the best business hotel in Taiwan by the readers of Asia Business Magazine in the Best Business Hotel in Asia.
42. In April 2007, the hotel was awarded the Gold Award for Best Hotel in Taiwan by Reader 's Digest's Asian Unusual Brand Survey.
43. In November 2007, the Company won the first prize in the 5-star hotel category of the 4th Top Service Award organized by Next Media Magazine.
44. In April 2008, the hotel was awarded the Gold Award for Best Hotel in Taiwan by Reader 's Digest's Asian Unusual Brand Survey.
45. At the shareholders' meeting held on May 27, 2008, it was resolved that 6,000,000 common stocks would be allocated for capitalization of capital surplus, and the change registration was completed on August 28, 2008.
46. In September 2008, the hotel was voted the Best City Hotel in Taipei by the readers of TTG Asia, TTG China, TTG MICE and TTG-BT MICE China, an authoritative travel magazine group.
47. In September 2008, the hotel was voted by SmartTrevelAsia.Com readers as Top 25-Business Hotels in Asia and Top 25-Conference Hotels in Asia.
48. In November 2008, the Company won the first prize in the 5-star hotel

category of the 5th Top Service Award organized by Next Media Magazine.

49. In December 2008, the Company was awarded the top prize in the hotel category of the first “Best Brand” survey of business people by Business Today Magazine.
50. After the Company’s annual shareholders’ meeting held on June 10, 2009, it was resolved to allocate 6,600,000 common shares for capitalization of capital surplus, and the change registration was completed on August 10, 2009.
51. In September 2009, the hotel was voted one of the Top 25-Business Hotels in Asia and the Top 25-Conference Hotel in Asia by SmartTravelAsia.Com readers.
52. The Company won the first prize in the 5-star hotel category of the 6th Top Service Award organized by Next Media Magazine in October 2009.
53. In November 2009, the Company was awarded the first place in the hotel category of the 2nd Business Today Magazine’s “Best Brand Survey” for business people.
54. In 2009, Regent’s hotel group, “Just Sleep”, was officially opened to welcome the guests. Ximending Branch opened its doors in November, while Lin Sen Branch opened its doors in December.
55. In January 2010, the hotel was voted among the top 25 hotels in Asia (Hong Kong, Macau, and Taiwan) by the travelers of “Trip Advisor” (TripAdvisor.com).
56. On April 16, 2010, the Company’s board of directors approved the acquisition of the trademark and license of the global REGENT from the US-based CARLSON Group. There are 17 hotels under management or under construction in Europe, Asia, the Americas, and the Middle East, with a total of 4,000 rooms in total. Regent also owns the brand license for Regent Seven Seas Cruises in the Caribbean rights.
57. After the Company’s annual shareholders’ meeting held on June 25, 2010, it was resolved that 7,260,000 common shares would be allocated for capital increase by recapitalization of capital surplus, and the change registration had been completed on September 2, 2010.
58. In September 2010, the hotel was voted as one of the Top 25-Business Hotels in Asia and the Top 25-Conference Hotel in Asia by SmartTravelAsia.Com readers.
59. In October 2010, the Company won the first prize in the 5-star hotel category of the 7th Top Service Award organized by Next Media Magazine.
60. In October 2010, the hotel was selected as the first place in the corporate hotel category by Common Wealth.
61. In November 2010, the Company was awarded the top prize in the hotel category of the 3rd Business Today Magazine Best Brand Survey.
62. At the Company’s annual shareholders’ meeting held on June 24, 2011, it was resolved that 7,986,000 common shares would be allocated for capital increase by recapitalization of capital surplus, and the change registration had been completed on September 23, 2011.
63. In July 2011, the hotel was selected as one of Taiwan’s Top 100 Brands, and was the only hotel in Taiwan to be listed.
64. In September 2011, the hotel was voted one of the Top 25-Business Hotels in Asia and the Top 10-Conference Hotel in Asia by SmartTravelAsia.Com

readers.

65. The Company was ranked among the top 20 in the 2011 Taiwan Innovative Enterprise Survey organized by the Industrial Development Bureau, Ministry of Economic Affairs in November 2011.
66. In November 2011, the Company won the first prize in the 5-star hotel category of the 8th Top Service Award organized by Next Media Magazine.
67. In November 2011, the Company was awarded the first prize in the hotel category in the 4th Business Today Magazine Best Brand Award for business people.
68. In 2011, the hotel was voted among the top 125 hotels in Asia by Conde Naste Traveler readers and ranked first in Taiwan.
69. In 2011, the hotel was awarded the "Best Business Hotel of 2011" by the "Travel & Leisure, China" (2011) Travel Awards, and is the only hotel in Taiwan to be listed.
70. In January 2012, the hotel was voted by the travelers of "Trip Advisor" (TripAdvisor.com) as one of the top 10 most luxurious hotels in Taiwan and ranked first.
71. In January 2012, the hotel was voted among the Conde Nast Traveler Gold List by readers.
72. According to the resolution of the Company's annual shareholders' meeting held on June 21, 2012, 8,784,600 common shares were allocated for capital increase by recapitalization of capital surplus, and the change registration was completed on September 26, 2012.
73. In October 2012, the Company was elected as the first place in the tourism hotel category of "Taiwan's Most Reputable Enterprises" by Common Wealth.
74. The hotel was awarded the honor of "Insiders' Select" by Expedia in 2012.
75. In 2012, the hotel won the World's Travel Award and was ranked among the best hotels in Taiwan.
76. In September 2012, the hotel was voted one of the Top 25-Business Hotels in Asia and Top 25-Conference Hotel in Asia by SmartTravelAsia.Com readers.
77. In November 2012, the Company was awarded the first place in the hotel category of the 5th Business Today Magazine's "Best Brand Survey".
78. At the shareholders' meeting held on June 28, 2013, a resolution of 9,663,060 common shares were issued for capitalization of capital surplus and the change of registration was completed on September 12, 2013.
79. In June 2013, Just Sleep Taipei NTU the third branch of "Just Sleep", the Honorable Mention, was officially opened.
80. In August 2013, the hotel was voted among the Top 25 Business Hotels in Asia and the Top 25 Conference Hotels in Asia by SmartTravelAsia.Com readers.
81. In February 2014, the hotel was voted among the most luxurious hotels in Taiwan by the travelers of "Trip Advisor" (TripAdvisor.com).
82. In May 2014, the Company won the first prize in the hotel category of the "Influential Brand Award of the Year" by "Manager Today".
83. Received Service Award at HIS Kansai Hotel Awards 2014.
84. In 2014, the hotel was awarded the 1st place among the star-rated hotels in northern China in the annual luxury brand survey conducted by Wealth

Magazine.

85. At the shareholders' meeting held on June 17, 2014, a resolution of 10,629,366 common shares were allocated for capitalization of capital surplus, and the change registration was completed on August 26, 2014.
86. In September 2014, Regent Tainan, a brand new location under the Regent brand under the Regent Hotel Group, was officially opened in southern Taiwan.
87. In September 2014, the hotel was voted among the Top 25-Business Hotels in Asia and the Top 25-Conference Hotel in Asia by SmartTravelAsia.Com readers.
88. In October 2014, the Company was elected as the "Most Reputable and Benchmarking Company" by Common Wealth in the first place in the tourism hotel industry.
89. In November 2014, the Company was awarded the first prize in the hotel category of the 7th Business Today Magazine Survey of Best Brands for Businessmen.
90. The Company was awarded the "Top Customer Review" by Ctrip in December 2014.
91. In 2015, the hotel was awarded the Best Top-Class and Best Luxury Hotel in the "2015 Travellers' Choice" category by "TripAdvisor".
92. In March 2015, the hotel won the first prize in the Business Hotel category of the "Manager Today" Influential Brand of the Year Award.
93. In June 2015, the "Just Sleep" brand was introduced to the outskirts of the city for the first time - Yilan Jiaoxi Branch.
94. At the shareholders' meeting held on June 17, 2015, a resolution of 9,822,743 common shares were issued for capitalization of capital surplus, and the change registration was completed on September 3, 2015.
95. In September 2015, the hotel was voted one of the Top 25 Conference Hotels in Asia and the Best Hotel in Taipei by SmartTravelAsia.Com readers.
96. In November 2015, the hotel was voted among the Top 3 Gold Business Hotels in Taipei by Business Traveller Asia Pacific readers.
97. In January 2016, the hotel was selected by the "Trip Advisor" (TripAdvisor.com) as one of the most luxurious hotels in Taiwan.
98. In January 2016, the hotel was voted the Most Popular 5-Star Hotel in Taiwan by "Financial News Weekly" and won several championships in the category of hotels in northern Taiwan.
99. "Taiwan's Best Hotel Spa 2016 and 2019" by World Spa Awards.
100. Just Grill won the Gold Medal in the service industry in 2016 Taiwan Service Industry Review.
101. The hotel was selected as the Most Luxury Hotel in Taiwan by "Trip Advisor" Travelers' Choice - 2016.
102. Received 2017 Asian Excellence Award.
103. Won the 2017 World Brand Award.
104. Just Grill was awarded three stars at the 2017 Asia Pacific AA Gourmet Awards by the Food Additives Association.
105. In order to expand the global territory of Regent hotels, the Company's board of directors approved the transfer of some of Regent Global's subsidiaries to IHG for joint development of Regent hotels on March 14, 2018. Global brand

licensing business.

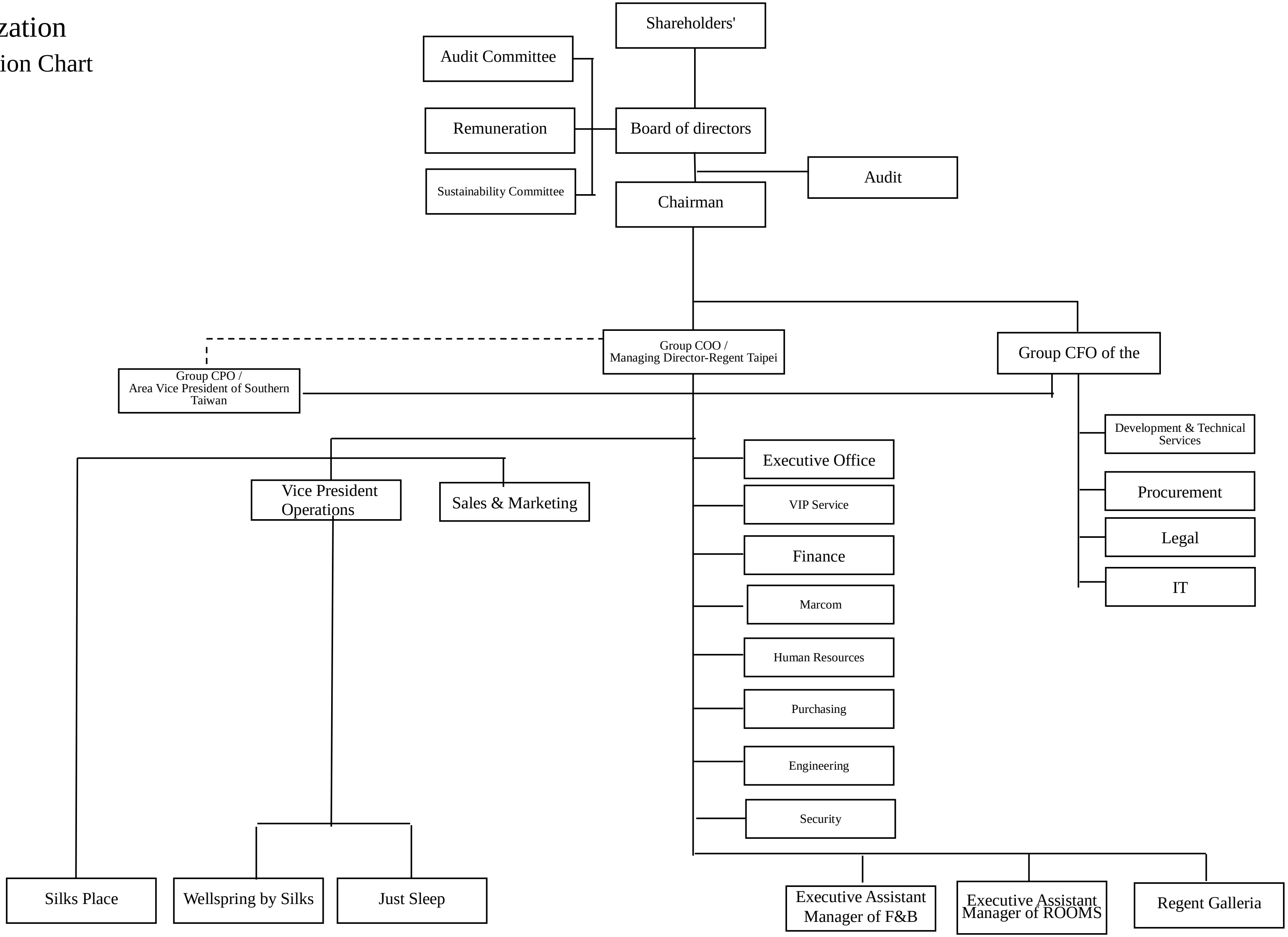
106. Awarded with the Best Business Hotel in Taiwan by World Travel Awards 2018 and 2019.
107. In 2019, Mulan Spa was awarded four stars by the “Forbes Travel Guide.”
108. Voted among the top 25 business hotels in Asia by SmartTravelAsia.Com readers in 2020.
109. Won the 4th Black Award in the “Michelin Guide Taipei Taichung 2020” hotel evaluation.
110. In 2020, Regent Taipei was awarded four stars by the “Forbes Travel Guide” for four consecutive years.
111. In 2021, Mulan Spa won the “Taiwan’s Best Hotel SPA Award” at the “World SPA Award” for six consecutive years.
112. In 2022, Regent Taipei was awarded four stars by the “Forbes Travel Guide” for five consecutive years.
113. 2022 Mulan Spa Awarded “Forbes Travel Guide” Four-star award.
114. In 2022, the SPA won the “Taiwan’s Best Hotel SPA Award” of the “World SPA Award” for seven consecutive years.

Mergers and acquisitions, investments in affiliated enterprises, reorganizations, major transfer or replacement of shares held by directors, supervisors, or major shareholders with more than 10% ownership interest, change of management, Major changes in the method of operation or business activities and other events that are likely to affect shareholders’ equity: None.

Three.Corporate Governance Report

I. Organization

(I) Organization Chart



(II) Business scope of major departments

Department	Businesses
Purchasing	- Purchasing of food & beverage and general supplies - Negotiating and establishing contracts with contractors and suppliers
Accounting	- Receiving, storage, and cost control of goods - Analyzing and publishing of financial statements and reports - Processing and management of payroll - Auditing guest credit rating and collection of overdue receivables - Processing of accounts payable transactions
Human Resources	- Recruiting and training of new hires and human resources planning - Implementation of labor and health insurance and pension related activities - Facilitation of employee relations and resolving of any human resource issues - Management of staff cafeteria, lounge, changing rooms, and infirmary
Engineering	- Maintaining and repairing of malfunctions in mechanical or electrical systems and other equipment - Planning and execution of hotel expansion and remodeling projects
Marketing & Communications	- Developing and implementing of advertising campaigns - Handling of public relations issues - Overseeing of Art Creation department - Planning of sales and other promotional activities - Maintaining of hotel website and coordination of e-commerce and social media activities
Food & Beverage	- Managing of all F&B operations - Executing of F&B sales promotional activities - Designing of new exceptional menus - Executing of banquets, conferences, and other events - Welcoming and addressing of guest needs - Overseeing of Flower Shop department
Rooms	- Managing of guest reception and checkout - Arranging of transportation and excursions upon visitor request - Overseeing the meeting room - Providing of refreshments services at Tai Pan Lounge Service - Overseeing of laundry operations - Managing of housekeeping services - Increasing and promoting of room sales - Overseeing of hotel security operations - Supervising of outsourced security services operations - Monitoring of hotel fire safety
Security	- Maintaining of the safety of guests, staff, and property - Training of staff in safety procedures

II. Information of Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches:

(I) Information of directors-1

April 17, 2023

Title	Nationality or Place of Registration	Name	Gender and age	On-Board Date	Tenure	Date first elected	Shareholding when Elected		Current shareholdings		Current shareholdings of spouse/minor children		Shareholdings in the name of a third party		Education and experience	Concurrent positions in this and other companies	Other officers, directors or supervisors of the Company who is a spouse or relative within the 2nd degree of kinship under the Civil Code		
							Number of shares	Ownership (%)	Number of shares	Ownership (%)	Number of shares	Ownership (%)	Number of shares	Ownership (%)			Title	Name	Relationship
Chairman	Republic of China	Representative of Qing Cheng Corp.: Steven Pan	Male Age 50~60	2021.08.20	3 years	2009.06.10	NA		302,743	0.24%	-	-	-	-	UC Berkeley, Graduate Institute of Columbia University	Director of Nan Feng Hsing Enterprises and institutional director representative of Grand Formosa Taroko, Qing Cheng, Formosa International Development Company, and Silks Palace At National Palace Museum	Director Director	Yi-Hui Chiang Kong-Wen Li	Spouse Relatives by marriage
Director	United States	Representative of Qing Cheng Corp.: Yi-Hui Chiang	Female Age 50~60	2021.08.20	3 years	2009.06.10	NA		-	-	302,743	0.24%	-	-	UC Berkeley	-	Chairman Director	Steven Pan Kong-Wen Li	Spouse Relatives by marriage
Director	Republic of China	Representative of Qing Cheng Corp.: Rung-Wei Wang	Female Age 70-80	2021.08.20	3 years	2009.06.10	NA		-	-	-	-	-	-	Department of Library and Information Science, Graduate Institute of Business Administration, National Taiwan University	President of JRV Co., Ltd.	None	None	None

Title	Nationality or Place of Registration	Name	Gender and age	On-Board Date	Tenure	Date first elected	Shareholding when Elected		Current shareholdings		Current shareholdings of spouse/minor children		Shareholdings in the name of a third party		Education and experience	Concurrent positions in this and other companies	Other officers, directors or supervisors of the Company who is a spouse or relative within the 2nd degree of kinship under the Civil Code		
							Number of shares	Ownership (%)	Number of shares	Ownership (%)	Number of shares	Ownership (%)	Number of shares	Ownership (%)			Title	Name	Relationship
Director	Republic of China	Representative of Qing Cheng Corp.: Ming-Yue Lin	Male Age 70-80	2021.08.20	3 years	2009.06.10			1,259	-	-	-	-	-	Holiday Hospitality Management School;Hilton International Asia & Australia Training Center	The representative of the corporate director of Grand Formosa Taroko Hotel and Regent Premier Hotel Management (Shanghai) Co., Ltd.; the supervisor of FIHC Property Management Co., Ltd.	None	None	None
Director	Republic of China	Qing Cheng Corp	-	2021.08.20	3 years	2009.06.10	11,015,923	8.65%	11,015,923	8.65%	-	-	-	-	-	-	-	-	-
Director	Republic of China	Representative of Formosa International Development Corp.: Kong-Wen Li	Male Age 70-80	2021.08.20	3 years	2009.06.10	NA		30	-	487,388	0.38%	-	-	Department of Finance and Accounting, Ling Tung University Honorary Doctor of Engineering, National Pingtung University of Science and Technology	O-TA Precision Industry Co., LTD. Jiangxi O-TA Precision Technology Co., Ltd. (Ganzhou, Jiangxi), Chairman, Linghang Composite Technology (Huizhou) Co., Ltd.; Chairman, Hanlon Information Technology Co., Ltd.; Director, Hong Kong Fung Tai International Co., Ltd.	Chairman Director	Steven Pan Yi-Hui Chiang	Relatives by marriage Relatives by marriage

Title	Nationality or Place of Registration	Name	Gender and age	On-Board Date	Tenure	Date first elected	Shareholding when Elected		Current shareholdings		Current shareholdings of spouse/minor children		Shareholdings in the name of a third party		Education and experience	Concurrent positions in this and other companies	Other officers, directors or supervisors of the Company who is a spouse or relative within the 2nd degree of kinship under the Civil Code		
							Number of shares	Ownership (%)	Number of shares	Ownership (%)	Number of shares	Ownership (%)	Number of shares	Ownership (%)			Title	Name	Relationship
Director	Republic of China	Representative of Formosa International Development Corp.: Chi-Shang Kao	Male Age 70-80	2021.08.20	3 years	2002.06.11			58,775	0.05%	73,746	0.06%	-	-	Master of Public Administration, University of San Francisco	Chairman of Yi Mei Food Co., Ltd.; Chairman, Taiwan Association for International Economic Cooperation; Chairman, Taiwan Committee of International Chamber of Commerce; Director, Taishin International Bank	None	None	None
Director	Republic of China	Formosa International Development Corp.	-	2021.08.20	3 years	2000.06.27	2,351,222	1.85%	2,351,222	1.85%	-	-	-	-	-	-	-	-	-
Independent Director	Republic of China	Se-Chen Lai	Female Age 70-80	2021.08.20	3 years	2015.06.17	-		-	-	-	-	-	-	Master of Management Science, National Chiao Tung University; Department of Business Administration, Fu Jen Catholic University	Independent Director, AN-SHIN FOOD SERVICES CO., LTD.	None	None	None
Independent Director	Republic of China	Kuo-Chun Chang	Male Age 60-70	2021.08.20	3 years	2015.06.17	-		-	-	-	-	-	-	MBA, Columbia University; Department of Sociology, National Taiwan University	Chairman of Guofeng Media	None	None	None

Title	Nationality or Place of Registration	Name	Gender and age	On-Board Date	Tenure	Date first elected	Shareholding when Elected		Current shareholdings		Current shareholdings of spouse/minor children		Shareholdings in the name of a third party		Education and experience	Concurrent positions in this and other companies	Other officers, directors or supervisors of the Company who is a spouse or relative within the 2nd degree of kinship under the Civil Code		
							Number of shares	Ownership (%)	Number of shares	Ownership (%)	Number of shares	Ownership (%)	Number of shares	Ownership (%)			Title	Name	Relationship
Independent Director	Republic of China	Wen-Jie Wang	Male Age 70-80	2021.08.20	3 years	2021.08.20	-		-	-	-	-	-	-	Department of Business Administration, National Taiwan University	Chairman, Lion Travel Service Co., Ltd. and Lions United International Travel Service Co., Ltd.	None	None	None

Note: If the Chairman of the Board and the General Manager (or someone with an equivalent position, i.e., the highest-ranking manager) are the same person, spouse, or relative of the first degree of kinship, the reason, legitimacy, necessity, and countermeasures shall be explained (e.g., adding the number of independent directors, and that more than half of the directors are not employees or managers concurrently): None.

Table 1: Major Institutional Shareholders

April 17, 2023

Name of institutional shareholder	Major corporate shareholders and their shareholding percentages	
Formosa International Development Corp.	Nan Feng Hsing Enterprise CO., LTD.	100.00%
Qing Cheng Corp.	Nan Feng Hsing Enterprise CO., LTD.	100.00%

Table 2: Major Shareholders of Institutional Shareholders in Table 1

April 17, 2023

Name of institution	Major shareholders of the juristic person and their shareholding percentages	
Nan Feng Hsing Enterprise CO., LTD.	World Commerce Enterprise Co., Ltd., British Virgin Islands	99.74%

Information of directors-2

1. Information disclosure on the professional qualifications of directors and the independence of independent directors:

Criteria / Name	Professional qualifications and experience	Independence	Number of concurrent independent director posts to other public companies
Chairman Steven Pan	Possess at least 5 years of working experience required for the Company's business operations. Currently, he is the Chairman of the Company. Does not meet the conditions specified in Article 30 of the Company Act.	(1) Not an employee of the Company or any of its affiliated enterprises. (2) Not a natural person shareholder who holds 1% or more of the total number of issued shares of the company in the name of his/her spouse, underage children, or in the name of a third party. (3) Not a director, supervisor, or employee of another company whose majority of seats or voting shares are controlled by the same person. (4) Not a director, supervisor, or employee of any other company or institution where the Chairman, President, or someone with an equivalent position is the same person or spouse. (5) Not a director, supervisor, managerial officer, or shareholder holding more than 5% of shares of any company or institution that has financial or business relationship with the Company. (6) Not a professional, sole proprietor, partnership, company, or institution owner that provides audits or commercial, legal, financial, or accounting-related services for the company or any of its affiliated enterprises for less than NT$500,000 in remuneration in the past two years; Partners, directors, supervisors, managerial officers and their spouses.	0

Criteria / Name	Professional qualifications and experience	Independence	Number of concurrent independent director posts to other public companies
Director Yi-Hui Chiang	Possess at least 5 years of working experience required for the Company's business operations. Does not meet the conditions specified in Article 30 of the Company Act.	(1) Not an employee of the Company or any of its affiliated enterprises. (2) Not a director or supervisor of the Company or any of its affiliated enterprises. (3) Not a natural person shareholder who holds 1% or more of the total number of issued shares of the company in the name of his/her spouse, underage children, or in the name of a third party. (4) Directors who are not corporate shareholders of the Company who directly hold 5% or more of the total number of issued shares of the Company, or who are among the top five shareholding companies, or who have appointed a representative to serve as the Company's directors, supervisors or employees in accordance with Paragraph 1 or Paragraph 2, Article 27 of the Company Act. (5) Not a director, supervisor, or employee of another company whose majority of seats or voting shares are controlled by the same person. (6) Not a director, supervisor, or employee of any other company or institution where the Chairman, President, or someone with an equivalent position is the same person or spouse. (7) Not a director, supervisor, manager, or shareholder holding more than 5% of shares of any company or institution that has financial or business relationship with the Company. (8) Not a professional, sole proprietor, partnership, company, or institution owner that provides audits or commercial, legal, financial, or accounting-related services for the company or any of its affiliated enterprises for less than NT$500,000 in remuneration in the past two years; Partners, directors, supervisors, managers and their spouses.	0

Criteria / Name	Professional qualifications and experience	Independence	Number of concurrent independent director posts to other public companies
Director Rong-Wei Wang	Possess at least 5 years of working experience required for the Company's business operations. Currently, he is the President of JRV Co., Ltd. Does not meet the conditions specified in Article 30 of the Company Act.	(1) Not an employee of the Company or any of its affiliated enterprises. (2) Not a director or supervisor of the Company or any of its affiliated enterprises. (3) Not a natural person shareholder who holds 1% or more of the total number of issued shares of the company in the name of his/her spouse, underage children, or in the name of a third party. (4) Not a managerial officer as specified in (1) nor a spouse, a blood relative at the second degree of kinship under the Civil Code, or a blood relative at the second degree of kinship under the Civil Code as specified in (2) and (3). (5) Directors who are not corporate shareholders of the Company who directly hold 5% or more of the total number of issued shares of the Company, or who are among the top five shareholding companies, or who have appointed a representative to serve as the Company's directors, supervisors or employees in accordance with Paragraph 1 or Paragraph 2, Article 27 of the Company Act. (6) Not a director, supervisor, or employee of another company whose majority of seats or voting shares are controlled by the same person. (7) Not a director, supervisor, or employee of any other company or institution where the Chairman, President, or someone with an equivalent position is the same person or spouse. (8) Not a director, supervisor, manager, or shareholder holding more than 5% of shares of any company or institution that has financial or business relationship with the Company. (9) Not a professional, sole proprietor, partnership, company, or institution owner that provides audits or commercial, legal, financial, or accounting-related services for the company or any of its affiliated enterprises for less than NT$500,000 in remuneration in the past two years; Partners, directors, supervisors, managers and their spouses. (10) Not a spouse or relative within the second degree of kinship to any other director.	0

Criteria / Name	Professional qualifications and experience	Independence	Number of concurrent independent director posts to other public companies
Director Ming-Yueh Lin	Possess at least 5 years of working experience required for the Company's business operations. He used to be the Group Chief Financial Officer of the Company. Does not meet the conditions specified in Article 30 of the Company Act.	(1) Not a natural person shareholder who holds 1% or more of the total number of issued shares of the company in the name of his/her spouse, underage children, or in the name of a third party. (2) Directors who are not corporate shareholders of the Company who directly hold 5% or more of the total number of issued shares of the Company, or who are among the top five shareholding companies, or who have appointed a representative to serve as the Company's directors, supervisors or employees in accordance with Paragraph 1 or Paragraph 2, Article 27 of the Company Act. (3) Not a director, supervisor, or employee of another company whose majority of seats or voting shares are controlled by the same person. (4) Not a director, supervisor, or employee of any other company or institution where the Chairman, President, or someone with an equivalent position is the same person or spouse. (5) Not a director, supervisor, manager, or shareholder holding more than 5% of shares of any company or institution that has financial or business relationship with the Company. (6) Not a professional, sole proprietor, partnership, company, or institution owner that provides audits or commercial, legal, financial, or accounting-related services for the company or any of its affiliated enterprises for less than NT$500,000 in remuneration in the past two years; Partners, directors, supervisors, managers and their spouses. (7) Not a spouse or relative within the second degree of kinship to any other director.	0

Criteria / Name	Professional qualifications and experience	Independence	Number of concurrent independent director posts to other public companies
Director Kong-Wen Li	Possess at least 5 years of working experience required for the Company's business operations. Currently, he is the Chairman of O-TA Precision Industry Co., LTD. Does not meet the conditions specified in Article 30 of the Company Act.	(1) Not an employee of the Company or any of its affiliated enterprises. (2) Not a natural person shareholder who holds 1% or more of the total number of issued shares of the company in the name of his/her spouse, underage children, or in the name of a third party. (3) Directors who are not corporate shareholders of the Company who directly hold 5% or more of the total number of issued shares of the Company, or who are among the top five shareholding companies, or who have appointed a representative to serve as the Company's directors, supervisors or employees in accordance with Paragraph 1 or Paragraph 2, Article 27 of the Company Act. (4) Not a director, supervisor, or employee of another company whose majority of seats or voting shares are controlled by the same person. (5) Not a director, supervisor, or employee of any other company or institution where the Chairman, President, or someone with an equivalent position is the same person or spouse. (6) Not a director, supervisor, manager, or shareholder holding more than 5% of shares of any company or institution that has financial or business relationship with the Company. (7) Not a professional, sole proprietor, partnership, company, or institution owner that provides audits or commercial, legal, financial, or accounting-related services for the company or any of its affiliated enterprises for less than NT$500,000 in remuneration in the past two years; Partners, directors, supervisors, managers and their spouses.	0

Criteria / Name	Professional qualifications and experience	Independence	Number of concurrent independent director posts to other public companies
Director Zhi-Shang Kao	Possess at least 5 years of working experience required for the Company's business operations. Currently, he is the Chairman of Yi Mei Food Co., Ltd. Does not meet the conditions specified in Article 30 of the Company Act.	(1) Not an employee of the Company or any of its affiliated enterprises. (2) Not a director or supervisor of the Company or any of its affiliated enterprises. (3) Not a natural person shareholder who holds 1% or more of the total number of issued shares of the company in the name of his/her spouse, underage children, or in the name of a third party. (4) Not a managerial officer as specified in (1) nor a spouse, a blood relative at the second degree of kinship under the Civil Code, or a blood relative at the second degree of kinship under the Civil Code as specified in (2) and (3). (5) Directors who are not corporate shareholders of the Company who directly hold 5% or more of the total number of issued shares of the Company, or who are among the top five shareholding companies, or who have appointed a representative to serve as the Company's directors, supervisors or employees in accordance with Paragraph 1 or Paragraph 2, Article 27 of the Company Act. (6) Not a director, supervisor, or employee of another company whose majority of seats or voting shares are controlled by the same person. (7) Not a director, supervisor, or employee of any other company or institution where the Chairman, President, or someone with an equivalent position is the same person or spouse. (8) Not a director, supervisor, manager, or shareholder holding more than 5% of shares of any company or institution that has financial or business relationship with the Company. (9) Not a professional, sole proprietor, partnership, company, or institution owner that provides audits or commercial, legal, financial, or accounting-related services for the company or any of its affiliated enterprises for less than NT$500,000 in remuneration in the past two years; Partners, directors, supervisors, managers and their spouses. (10) Not a spouse or relative within the second degree of kinship to any other director.	0
Independent Director Se-Chen Lai	Possess at least 5 years of working experience required for the Company's business operations. He is currently the Chairman of Taiwan Tourism Exchange Association. Does not meet the conditions specified in Article 30 of the Company Act.	(1) Not an employee of the Company or any of its affiliated enterprises. (2) Not a director or supervisor of the Company or any of its affiliated enterprises. (3) Not a natural person shareholder who holds 1% or more of the total number of issued	1

Criteria / Name	Professional qualifications and experience	Independence	Number of concurrent independent director posts to other public companies
Independent Director Kuo-Chun Chang	Possess at least 5 years of working experience required for the Company's business operations. Graduated from MBA/Business School of Columbia University, and currently serves as the Chairman of Guofeng Media. Does not meet the conditions specified in Article 30 of the Company Act.	shares of the company in the name of his/her spouse, underage children, or in the name of a third party. (4) Not a managerial officer as specified in (1) nor a spouse, a blood relative at the second degree of kinship under the Civil Code, or a blood relative at the second degree of kinship under the Civil Code as specified in (2) and (3). (5) Directors who are not corporate shareholders of the Company who directly hold 5% or more of the total number of issued shares of the Company, or who are among the top five shareholding companies, or who have appointed a representative to serve as the Company's directors, supervisors or employees in accordance with Paragraph 1 or Paragraph 2, Article 27 of the Company Act. (6) Not a director, supervisor, or employee of another company whose majority of seats or voting shares are controlled by the same person. (7) Not a director, supervisor, or employee of any other company or institution where the Chairman, President, or someone with an equivalent position is the same person or spouse. (8) Not a director, supervisor, manager, or shareholder holding more than 5% of shares of any company or institution that has financial or business relationship with the Company. (9) Not a professional, sole proprietor, partnership, company, or institution owner that provides audits or commercial, legal, financial, or accounting-related services for the company or any of its affiliated enterprises for less than NT$500,000 in remuneration in the past two years; Partners, directors, supervisors, managers and their spouses. (10) Not a spouse or relative within the second degree of kinship to any other director. (11) Not elected according to Article 27 of the Company Act is a government, institution, or its representative.	0
Independent Director Wen-Jie Wang	Possess at least 5 years of working experience required for the Company's business operations. Currently, he is the Chairman of Lion Travel Service Co., Ltd. Does not meet the conditions specified in Article 30 of the Company Act.		0

2. Board diversity and independence

(1) Diversity of Board of Directors

The Company clearly stipulates that the composition of the Board of Directors should be diversified in the "Corporate Governance Best-Practice Principles", and formulates an appropriate diversity policy based on the Company's own operations, business types, and development needs, including but not limited to the following two major standards:

I. Basic requirements and values: Gender, age, nationality, and culture.

II. Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience.

The Company's 22nd Board of Directors was reelected in 2021 in accordance with the policy of diversity. The members have rich experience and professionalism in the fields of finance, commerce, and management. In addition, the proportion of independent directors is 33%. The Company also pays attention to gender equality in the composition of the Board of Directors. The target ratio of female directors is over 30%. Currently, there are 9 directors, including 3 female directors, with a ratio of 33%. The implementation of diversity among directors is as follows:

Diversified projects / Name of Director	Nationality	Gender	Length of term of independent director	Operational judgment	Accounting and Finance	Crisis management	Knowledge to Industries	International market perspective	Leadership decision making
Director: Representative of Qing Cheng Corp.: S-Liang Pan	Republic of China	Male		✓	✓	✓	✓	✓	✓
Director: Representative of Qing Cheng Corp.: Yi-Hui Chiang	United States	Female		✓		✓		✓	✓
Director: Representative of Qing Cheng Corp.: Wang Rong-Wei	Republic of China	Female		✓		✓	✓	✓	✓
Director: Representative of Qing Cheng Corp.: Ming-Yueh Lin	Republic of China	Male		✓	✓	✓	✓	✓	✓
Director: Representative of Formosa International Development Corp.: Kong-Wen Li	Republic of China	Male		✓	✓	✓		✓	✓
Director: Representative of Formosa International Development Corp.: Chi-Shang Kao	Republic of China	Male		✓	✓	✓	✓	✓	✓
Independent Director: Se-Chen Lai	Republic of China	Female	7-9 years	✓		✓	✓	✓	✓
Independent Director: Guo-Jun Chang	Republic of China	Male	7-9 years	✓	✓	✓		✓	✓
Independent Director: Wen-Chieh Wang	Republic of China	Male	1-3 years	✓	✓	✓	✓	✓	✓

(2) Independence of the Board of Directors

The Company's Board of Directors currently consists of 9 members, including 3 independent directors (33.33% of all directors). So far, all independent directors have complied with the requirements of the Financial Supervisory Commission on independent directors, and there is no requirement of Item 3 and Item 4 of Article 26-3 of the Securities and Exchange Act between each director and independent director. Please refer to pages 13~16 (Information on Directors-1) of the Company's members.

(II) Information on the President, Vice Presidents, Assistant Vice Presidents, and heads of various departments and branches:

April 17, 2023

Title	Nationality	Name	Gender	Elected/On-Board Date	Current shareholdings		Current shareholdings of spouse/minor children		Shareholdings in the name of a third party		Education and experience	Concurrent positions in other companies	Managerial officers of the Company who is a spouse or relative within the 2nd degree of kinship under the Civil Code		
					Number of shares	Ownership (%)	Number of shares	Ownership (%)	Number of shares	Ownership (%)			Title	Name	Relationship
General Manager	Republic of China	Wei-Cheng Wu	Male	2013.03.01	945	-	-	-	-	-	Los Angeles Culinary Institute	The institutional director representative of Silks Palace At National Palace Museum Corp.	None	None	None
General Manager	Republic of China	Hui-Fang Chen	Female	2011.03.07	670	-	-	-	-	-	Department of Tourism, Chinese Culture University	None	None	None	None
General Manager	Republic of China	Jing-wen Li	Female	2021.04.01	5,002	-	-	-	-	-	Doctor of Business Administration, Macau University of Science and Technology EMBA, National Chengchi University	Independent Director, U-TECH Media Corporation	None	None	None
Financial Officer	Republic of China	Shang-Fei Wu	Male	2022.07.01	-	-	-	-	-	-	Department of Business Administration, San Francisco State University	Supervisor of Grand Formosa Taroko Hotel Corp.	None	None	None
Accounting Officer	Republic of China	Jian-nan, Tsao	Male	2022.07.27	-	-	-	-	-	-	Master of Management, Fu Jen Catholic University	Institutional supervisor representative of Silks Palace At National Palace Museum Corp.	None	None	None

Note: Where the General manager (or someone with an equivalent position, i.e. the highest-ranking manager) and the Chairman are the same person, spouse, or relative of the first degree of kinship, the cause, legitimacy, necessity, and countermeasures must be disclosed (e.g. adding the number of independent directors and more than half of the directors are not employees or managers concurrently): None.

III. Remuneration paid to directors, supervisors, president, and vice presidents in the latest year:

1. Remuneration to general directors and independent directors

Unit: NT$ thousands; December 31, 2022

Title	Name	Remuneration of Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income		Relevant remuneration received by directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+G) to net income		Compensation paid to directors from an invested company other than the company's subsidiary
		Base Compensation (A)		Retirement Pension (B)		Remuneration of directors (C)		Service execution expenses (D) (Note: 1)				Salaries, Bonus and Special Expenditure (E)		Severance Pay (F)		Employee Compensation (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
																Cash amount	Stock amount	Cash amount	Stock amount			
Director	Representatives of Qing Cheng Corp.: S-Liang Pan, Yi-Hui Chiang, Rong-Wei Wang, Ming-Yue Lin Representatives of Formosa International Development Corp.:Kong-wen Li, Chi-shang Kao	2,295	2,655	-	-	4,490	4,490	2,179	2,200	8,964 0.993%	9,345 1.035%	3,944	3,944	160	160	215	0	215	0	13,283 1.471%	13,664 1.513%	None
Independent Director	Se-Chen Lai Kuo-Chun Chang Wen-Jie Wang	-	-	-	-	1,382	1,382	24	24	1,406 0.156%	1,406 0.156%	-	-	-	-	-	-	-	-	1,406 0.156%	1,406 0.156%	None

1. The remuneration policy, system, standards and structure of the Company's directors and independent directors, and the relevance of the remuneration to the amount of remuneration based on the responsibilities, risks, investment time and other factors: The Company's Articles of Association stipulate the principles of payment of directors' remuneration, which authorizes the board of directors to determined it according to the extent of their engagement in the Company's operations and the value of their contributions, and by taking reference to the standards among the industry. The Articles of Association also clearly stipulate that 0.5% of annual profit upmost shall be used as directors' remuneration.

2. Remuneration received by directors for services provided in the most recent year, other than those disclosed in the above table: None

Note 1: Cost price is $673 thousand for vehicles; $1,440 thousand for house rent is expense; remuneration to drivers is $622 thousand

Range of Remunerations

Range of Remunerations of Directors	Name of Director			
	Total of A+B+C+D		Total of A+B+C+D+E+F+G	
	The Company	Information of all companies included in the financial statements	The Company	All companies included in the financial statements I
under 1,000,000	Yi-Hui Chiang, Rong-Wei Wang, Kong-Wen Lee, Zhi-Shang Kao, Se-Chen Lai, Guo-Jun Chang, Wen-Jie Wang	Same as left	Yi-Hui Chiang, Rong-Wei Wang, Kong-Wen Lee, Zhi-Shang Kao, Se-Chen Lai, Guo-Jun Chang, Wen-Jie Wang	Same as left
NTD 1,000,000 (inclusive) - NTD 2,000,000 (exclusive)	Ming-Yueh Lin	Same as left	-	-
NTD 2,000,000 (inclusive) - NTD 3,500,000 (exclusive)	-	-	-	-
NTD 3,500,000 (inclusive) - NTD 5,000,000 (exclusive)	-	-	-	-
NTD 5,000,000 (inclusive) - NTD 10,000,000 (exclusive)	Steven Pan	Same as left	Steven Pan and Ming-Yueh Lin	Same as left
NTD 10,000,000 (inclusive) - NTD 15,000,000 (exclusive)	-	-	-	-
NTD 15,000,000 (inclusive) - NTD 30,000,000 (exclusive)	-	-	-	-
NTD 30,000,000 (inclusive) - NTD 50,000,000 (exclusive)	-	-	-	-
NTD 50,000,000 (inclusive) - NTD 100,000,000 (exclusive)	-	-	-	-
over 100,000,000	-	-	-	-
Total	9	9	9	9

2. Remuneration to supervisors: Not applicable

3. Remuneration to the President and Vice Presidents

Unit: NT$ thousands; December 31, 2022

Title	Name	Salary (A)		Retirement Pension (B)		Bonus and Special Expenditure (C)		Employee remuneration (D)				Sum of A, B, C, and D and their percentage in net income (%)		Compensation paid to directors from an invested company other than the company's subsidiary
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Wei-Cheng Wu	19,131	19,131	378	378	-	-	2,254	0	2,254	0	21,763 2.41%	21,763 2.41%	None
General Manager	Hui-Fang Chen													
General Manager	Jing-wen Li													
Chief Financial Officer of the Group	Shang-Fei Wu (Note)													

Note: CFO Shang-Fei Wu took office on July 1, 2022

Range of Remunerations

Range of General Managers' and Vice Presidents' Remuneration	Name of General Manager and Vice President	
	The Company	All companies included in the financial statements
under 1,000,000		
NTD 1,000,000 (inclusive) - NTD 2,000,000 (exclusive)		
NTD 2,000,000 (inclusive) - NTD 3,500,000 (exclusive)	Shang-Fei Wu	Shang-Fei Wu
NTD 3,500,000 (inclusive) - NTD 5,000,000 (exclusive)		
NTD 5,000,000 (inclusive) - NTD 10,000,000 (exclusive)	Wei-Cheng Wu , Hui-Fang Chen, and Ching-Wen Li	Wei-Cheng Wu , Hui-Fang Chen, and Ching-Wen Li
NTD 10,000,000 (inclusive) - NTD 15,000,000 (exclusive)		
NTD 15,000,000 (inclusive) - NTD 30,000,000 (exclusive)		
NTD 30,000,000 (inclusive) - NTD 50,000,000 (exclusive)		
NTD 50,000,000 (inclusive) - NTD 100,000,000 (exclusive)		
over 100,000,000		
Total	4	4

3-1. Remunerations of top 5 executives of TWSE/TPEX listed companies: Not applicable.

4. Names of managerial officers who received employee remuneration and the status of distribution

December 31, 2022

	Title	Name	Stock amount	Cash (in thousands)	Total (NTD thousand)	% in net earnings after tax
Managerial Officer	General Manager	Wei-Cheng Wu	-	2,460	2,460	0.27
	General Manager	Hui-Fang Chen				
	General Manager	Jing-wen Li				
	Financial Officer	Shang-Fei Wu				
	Accounting Officer	Jian-nan, Tsao				

5. A comparative description and an analysis of the ratios of the total remuneration paid to the directors, president, and vice presidents of the Company in the most recent 2 years by the Company and all companies included in the consolidated financial statements as a percentage of after-tax earnings indicated in the entity financial statement, and a description of the policies, standards, and Remuneration package, procedures for determining remuneration, and the correlation between business performance and future risks.

A. Analysis of the total remunerations paid to the Company's directors, general managers, and vice general managers in the most recent two years by the Company and all companies included in the consolidated financial statements as a percentage of after-tax earnings indicated in the entity financial report:

Title	2021		2022	
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Director	1.024%	1.025%	1.627%	1.669%
General Manager and Deputy General Managers	1.14%	1.14%	2.41%	2.41%

Director's remuneration includes transportation, compensation, and director's fees. Regarding transportation expenses, payment will be made according to Article 22 and Article 28 of the company's bylaws, based on the director's personal attendance at the board meetings. Regarding compensation, payment will be made according to Article 22-1 and Article 28-1 of the company's bylaws. Regarding director's fees, payment will be made according to Article 30 of the company's bylaws. If the company is profitable for the year, 5% should be set aside for employee remuneration, and not more than 0.5% for director's fees. The decision must be made by the board of directors with the attendance of at least two-third of the directors, and more than half agreeing to the decision, and reported to the shareholders' meeting. Remuneration to the President and Vice Presidents includes salaries, bonuses, dormitory, car and employee bonuses, and is determined in accordance with the positions and responsibilities assumed.

B. Procedures for determining remuneration: In order to evaluate the compensation and remuneration of directors and managerial officers on a regular basis, the remuneration is based on the evaluation results of the Company's "Board of Directors Performance Evaluation Policy" and the "Performance Appraisal Policy" applicable to managerial officers and employees. Based on the level of participation and contribution to the Company's operations, and the achievement rate of work targets, the salaries of managerial officers are determined with reference to the salary level in the same industry in order to maintain the overall competitiveness of human resources and ensure the Company's operational performance.
The degree of participation in and contribution to the company's operations as referred to above is highly correlated with the goal achievement rate and performance evaluation, and includes financial indicators (such as the company's profitability) and non-financial indicators (such as operational safety management, customer satisfaction and the implementation of quality assurance and management-related performance targets).
The remuneration of directors and managerial officers is regularly assessed and determined by the Remuneration Committee, and is submitted to the Board of Directors for approval.

C. Correlation with business performance and future risks:
The review of the payment standards and system related to the Company's remuneration policy is mainly based on the overall operating status of the Company, and determine payment standards based on the performance attainment rate and contribution to improve the overall

organizational team effectiveness of the Board of Directors and managerial officers. Remuneration to directors is related to the Company's operating performance, and the Remuneration Committee regularly evaluates the reasonableness of the connection between the performance of individual directors and managers and the Company's operating performance and future risks in order to determine their remuneration.

IV. Status of Corporate Governance

(I) Operation of the board of director

In 2022, the Board of Directors convened 4 meetings (A) , and the attendance of directors is as follows :

Title	Name	Actual attendance rate (B)	Attendances by proxy	Actual attendance rate (%) (B/A)	Remark
Chairman	Qing Chent Corp. Representative: Steven Pan	4	0	100%	
Director	Qing Chent Corp. Representative: Yi-Hui Chiang	4	0	100%	
Director	Qing Chent Corp. Representative: Rong-Wei Wang	4	0	100%	
Director	Qing Chent Corp. Representative: Ming-Yueh Lin	4	0	100%	
Director	Formosa International Development Corp. Representative: Kung-Wen Li	3	0	75%	
Director	Formosa International Development Corp. Representative: Chi-Shang Kao	4	0	100%	
Independent Director	Se-Chen Lai	4	0	100%	
Independent Director	Kuo-Chun Chang	4	0	100%	
Independent Director	Wen-Jie Wang	4	0	100%	

Other information required for disclosure:

I. For board of directors meetings that meet any of the following conditions, state the date, session, motions, opinions of all independent directors, and how the company has responded to the opinions of the independent directors :

(I) Listed in Article 14-3 of the Securities and Exchange Act: Not applicable. The Company has established an Audit Committee. The requirements of Article 14-3 of the Securities and Exchange Act are not applicable. For related information, please refer to pages 32-33 of the annual report Operation of the Audit Committee.

(II) Any other documented objections or qualified opinions raised by independent directors against board resolutions other than those referred to above: None.

II. For the execution of avoidance of interest-conflicting motions, the name of the director, the content of the motion, the reason for the avoidance of conflicts of interest, and the participation in the voting process shall be described: none.

III. Information on the evaluation cycle, duration, scope, method, and content of self-evaluation (or peer evaluation) of the Board of Directors:

Assessment cycle	Assessment duration	Scope of assessment	Assessment methods	Assessment contents
Conduct once a year	2022.01.01~ 2022.12.31	Performance evaluation of the Board of Directors, individual board members, and functional committees	The Board of Directors' internal self-assessment Self-Evaluation of the Directors	(I) Performance evaluation of the Board of Directors: 1. Participation in the Company's operations 2. Improving the quality of board of directors' decision making 3. Composition and structure of the Board of Directors 4. Election and continuing education of directors 5. Internal control (II) Performance evaluation of directors 1. Alignment of the Company's goals and missions 2. Awareness of the duties of directors 3. Participation in the Company's operations 4. Internal relationship management and communication 5. Election and continuing education of directors 6. Internal control (III) Performance evaluation of functional committees 1. Participation in the Company's operations 2. Awareness of the duties of the functional committee 3. Decision-making quality of the functional committee 4. Composition of functional committees and election of members 5. Internal control

IV. Enhancement of the functions of the Board of Directors in the current year and the most recent year (such as the establishment of an Audit Committee and the improvement of information transparency, etc.), and the implementation evaluation:

(I) The Company established an Audit Committee to replace supervisors after the general shareholders' meeting held on August 20, 2021 for re-election of directors to strengthen the functions of the Board.
(II) Proactively assisting the Directors in participating in courses related to the Company's industry in accordance with the Company's corporate governance regulations, in order to improve the functions of the members of the Board of Directors.

(II) Operation of the Audit Committee:

The Audit Committee held 4 meetings in 2022 (A). The attendance record of independent directors is as follows:

Title	Name	Actual attendance (B)	Attendances by proxy	Actual attendance rate (%) (B/A)	Remark
Independent Director	Kuo-Chun Chang	4	0	100%	
Independent Director	Se-Chen Lai	4	0	100%	
Independent Director	Wen-Jie Wang	4	0	100%	

The Company established an Audit Committee on August 20, 2021, consisting of 3 independent directors. A total of 4 meetings were convened in 2022. The main tasks and contents of the review are as follows:

1. Financial statements certified or reviewed by CPAs.
2. Earnings distribution.
3. Formulate or amend the internal control system and internal audit implementation rules.
4. Review the audit plan for the following year.
5. Partially revised "Procedures for the Acquisition and Disposal of Assets."
6. Changes of the financial officer, accounting officer, and spokesperson.

Other information required for disclosure:

I. In the event of any of the following in the operation of the Audit Committee, state the date and session of the Audit Committee meeting, the contents of the agenda, dissenting opinions, qualified opinions, or major recommendations of the independent directors, the Audit Committee's resolution results, and the Company's response to the Audit Committee's handling of opinions.

(I) Matters specified in Article 14.5 of the Securities and Exchange Act:

Audit Committee	Motion content and follow-up actions	Dissenting opinions, qualified opinions, or major recommendations of independent directors	Resolution of the Audit Committee	The Company's response to the opinions of the Audit Committee
The 2nd session of the 1st Term (2022.03.23)	2021 Business Report and Financial Statements	None	Unanimously approved by all present committee members	Unanimously approved by the present directors
	2021 Earnings Distribution Proposal			
	Amendments to the "Guidelines for Handling Acquisition and Disposal of Assets"			
	2021 Internal Control System Statement			
The 3rd session of the 1st Term (2022.05.09)	Due to internal organizational adjustment, the CPA firm changed its CPAs	None	Unanimously approved by all present committee members	Unanimously approved by the present directors
	2022 first quarter consolidated financial statements			
	2022 first quarter earnings appropriation			
The 4th session of the 1st term (2022.08.08)	Changes of the Chief Financial Officer, Chief Accounting Officer, and Spokesperson	None	Unanimously approved by all present committee members	Unanimously approved by the present directors
	2022 second quarter consolidated financial statements			
	2022 second quarter earnings			

	appropriation			
The 5th session of the 1st term (2022.11.11)	2022 third quarter consolidated financial statements	None	Unanimously approved by all present committee members	Unanimously approved by the present directors
	2022 third quarter earnings appropriation			
	Amendment to the "internal control system"			
	2023 Annual Audit Plan			

(II) Other than those referred to above, other resolutions that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors: No such situation.

II. In the case of recusal of conflicts of interest among independent directors, the name of the independent director, the content of the proposal, the reason for the recusal, and the participation in voting of the independent directors shall be described: None.

III. Communication between independent directors and the internal audit head and accountants (including major issues, methods, and results of communication on the company's financial and business status).

(I) The communication between independent directors and the chief audit officer is as follows:

Internal auditors conduct monthly audits according to the annual audit plan and submit audit reports to independent directors, and the audit supervisor also reports on important audit business to the independent directors on a quarterly basis, and the audit committee held a meeting on November 11, 2022 to review and approve the audit plan for the next year. Independent directors may discuss the operation of the Company's internal control system with the internal audit supervisor at any time; if the internal audit supervisor finds abnormal conditions, he will report to the independent directors at any time.

(II) Communication between independent directors and CPAs is as follows:

The Company's CPAs communicated with independent directors in writing or by way of meetings on governance matters during the annual audit. When independent directors have questions about the Company's financial status or internal control system, they may contact the CPAs for inquiry and discussion at any time.

CPAs participated in the Audit Committee on March 23, 2022, communicated with independent directors, and reported the audit results of the 2021 financial statements.

(III) Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies:

Indicator	Operations			Difference from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	Summary	
I. Has the Company established and disclosed its corporate governance principles in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Company has established its Corporate Governance Best-Practice Principles in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and discloses the principles on the Market Observation Post System and the Company's website.	Compliance with Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
II. The shareholding structure of the Company and shareholders' rights and interests (I) Does the company stipulate internal operating procedures to process matters in regard to the shareholders' recommendations, doubts, disputes and litigation, and conduct implementation based on these procedures? (II) Does the Company have a list of major shareholders who actually control the company and a list of shareholders who ultimately control these major shareholders? (III) Does the Company create and implement risk control and firewall mechanism with the related companies? (IV) Does the Company stipulate internal regulations that prohibit insiders from buying and selling securities with the unpublished information on the market?	✓		(I) The Company has appointed a spokesperson and an acting spokesperson to handle related matters; any disputes will be handled by the Company's legal advisors. (II) The Company keeps track of it according to the roster of shareholders provided by the stock registrar and as required by the competent authority, and applies to Jiho on a quarterly basis the information on shareholders with shareholdings of at least 5%. (III) The Company establishes the "Regulations Governing the Supervision of Subsidiaries" to establish risk control and firewall mechanisms for the affiliated enterprises, and the audit personnel regularly supervise their implementation. (IV) The Company has established the "Insider Trading Prevention Management Procedure" to prohibit the insiders from utilizing the undisclosed information to trade securities.	Compliance with Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
III. Composition and responsibilities of the board of directors (I) Does the Board of Directors have the diversity policy formulated and specific management goals implemented?	✓		(I) The Company has established the "Corporate Governance Best-Practice Principles" and stipulated the policy of diversity in Chapter 3 "Enhancing the Functions of the Board of Directors". The composition of the Company's Board of Directors emphasizes the elements of diversity, and the members of the Board of Directors of the	Compliance with Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

Indicator	Operations			Difference from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	Summary	
			Company generally possess the necessary knowledge to perform their duties, skills and literacy, and the diversity policy and implementation, please refer to pages 18-19.	
(II) Other than the establishment of Remuneration Committee and Audit Committee which are required by law, does the Company plan to set up other functional committees?		✓	(II) The Company has set up the Remuneration Committee and the Audit Committee, but has not yet set up other functional committees. In the future, the committee will be set up as needed.	Compliance with Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
(III) Does the Company stipulate performance assessment regulations and assessment methods for the board of directors and conduct the performance assessment on a yearly basis, and was the result of performance assessment reported to the board of directors for the reference of individual directors' salary and nomination of reappointment?	✓		(III) The Company has established the "Regulations Governing the Evaluation of the Performance of the Board of Directors", and the results of the performance evaluation of the Board of Directors shall be the reference for the selection or nomination of directors, and the performance evaluation of individual directors shall be the reference for determining the compensation and remuneration of individual directors. The Company also evaluates the performance of functional committees (including the Audit Committee and the Remuneration Committee). The 2022 Board of Directors Performance Evaluation Report was submitted to the Board of Directors on March 20, 2023. The evaluation results were all "significantly exceeding the standards."	
(IV) Does the company regularly evaluate its certified public accountant's independence?	✓		(IV) To establish relevant evaluation criteria in accordance with Article 47 of the Certified Public Accountant Act and No. 10 of "Integrity, Objectivity, and Independence" of the Certified Public Accountant Code of Ethics of the Republic of China, and evaluate the independence of CPAs on a regular basis every year. The independence assessment of CPAs for this year was approved by the audit committee on March 20, 2023 and submitted to the board of directors for resolution. After the assessment, the independence and suitability of the two CPAs were satisfactory, and the statement of independence and "Audit Quality Indicators (AQIs)" were issued. The criteria for assessing the independence of the CPAs	

Indicator	Operations			Difference from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons
	Yes	No	Summary	
			are as follows: Indicator 1. Does not have any direct or material indirect financial interest relationship with the Company or any of its affiliated enterprises. 2. There is no loaning of funds with the Company or any of its affiliated enterprises. 3. Not currently employed by the Company as a regular employee receiving a fixed salary or serving as a director. 4. Not a spouse, direct relative by blood, direct relative by-in-law, or collateral blood within the second degree of kinship with the Company’s management. 5. Not concurrently operating other businesses that may lose its independence. 6. No business-related commissions were collected. 7. Not having a material or close business relationship with the Company or any of its affiliates. 8. No audit service has been provided to the Company for seven consecutive years. 9. Management functions that do not involve decision-making by the Company or any of its affiliated enterprises.	
IV. Does the listed or OTC company have qualified and suitable number of corporate governance personnel, and does the company appoint a corporate governance officer to be responsible for matters regarding corporate governance (including but not limited to providing directors and supervisors with information required for the implementation of business operations, assisting directors and supervisors to comply with laws and regulations, processing the matters regarding the board of directors meeting and shareholders meeting, and preparing meeting minutes for the board of directors meeting and shareholders meeting, etc.)?		✓	The Company will appoint a corporate governance supervisor before the end of June 2023. Currently, the Finance Department is responsible for corporate governance-related matters. The major tasks include handling matters related to the meetings of the board of directors and shareholders’ meetings in accordance with the law, preparing minutes of the board of directors and shareholders’ meetings, and assisting directors in taking office and their continuing education, providing directors with information required for executing their works, and assisting directors in complying with laws and regulations.	No significant difference.

Indicator	Operations			Difference from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	Summary	
V. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), set up a page especially for stakeholders on the company's website, and appropriately responded to the important corporate social responsibility issues of concern to stakeholders?	✓		There is a contact area on the Company's website where any stakeholder may exchange opinions with the Company at any time. A link to the stakeholder questionnaire is also available in the area to collect information on relevant issues. The Sustainability Committee reports the status of communication with stakeholders to the Board of Directors at least once a year. The status of communication with stakeholders in 2022 was reported to the Board of Directors on November 11, 2022. Please refer to pages 39~40 (Note 1) for details on the communication channels with stakeholders.	Compliance with Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
VI. Does the Company entrust a professional shareholder services agency to conduct matters regarding the shareholders meeting?	✓		The Company has commissioned a professional share registrar named "Shares Registration Department, Taishin Securities" to handle matters related to shareholders' meetings and share affairs.	Compliance with Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
VII. Information disclosure (I) Does the Company create a website to disclose information regarding its finance, business operations and corporate governance? (II) Does the Company adopt other methodology of information disclosure (such as creating an English website, appointing a dedicated person to be responsible for the collection and disclosure of the Company's information, implementing the spokesperson system, and uploading videos of the investor conferences on the company's website)? (III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, third quarter financial reports and the monthly operation status earlier than the specified deadline?	✓ ✓	 ✓	(I) The Company's website: https://www.silkshotelgroup.com/tw/ (II) The Company has a designated person responsible for the disclosure of material information of the Company, and discloses information on the MOPS and the Company's website on time. A spokesperson system has also been implemented as required. These are uploaded to MOPS and the Company's official site. (III) The Company announces and declares its annual financial statements, the first, second and third quarterly financial statements and the operation status of each month well in advance. com.tw/)	Compliance with Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
VIII. Does the Company have other important information that can help in gaining a better understanding about the operations of corporate governance (including but not limited to the employees' rights, employee care, investor relations, supplier relation, rights of interested parties, training status of directors and supervisors,	✓		1. Employee rights: The Company protects the rights and interests of its employees in accordance with the Labor Standards Act. 2. Employee care: The Company provides a sound welfare system and education and training (such as employee trips, health checkups, etc.) to build mutual trust with employees.	Compliance with Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

<table>
<tr><th rowspan="2">Indicator</th><th colspan="3">Operations</th><th rowspan="2">Difference from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>implementation status of risk management policies and standards of risk measurement, the implementation of customer policies, the purchase of liability insurance for directors and supervisors by the Company, etc.)?</td><td></td><td></td><td>3. Investor relations: There is a dedicated service and stock affairs unit to handle shareholder affairs.
4. Supplier relations: The Company evaluates suppliers on a regular basis, and the two sides have maintained good relations with suppliers through sufficient communication.
5. Stakeholders’ rights: Stakeholders may communicate with and make suggestions to the Company in order to protect their legitimate rights and interests.
6. Implementation of customer policy: The Company maintains stable and good relationship with its customers to create corporate profits.
7. The Company has purchased liability insurance for directors and has reported to the board of directors.</td><td></td></tr>
<tr><td colspan="5">IX. Please explain the improvement status of the corporate governance assessment results issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year and propose improvement measures for those matters that have not been improved.
The Company will propose enhancement priorities and improvement measures for the following projects:
1. The Company intends to submit the 2023 interim financial report to the Board of Directors for discussion and resolution.
2. Since 2023, the Company has obtained AQI information from CPAs for assessment of the independence and suitability of CPAs.
3. The Company will upload the English version of the meeting notice and the agenda handbook 30 days before the ordinary shareholders’ meeting.
4. The English version of the annual report will be uploaded 16 days prior to the regular session.</td></tr>
</table>

Note 1: Communication channels with stakeholders:

Stakeholders	**Issues of Concern**	**Frequency and method of communication**	**Communication Performance in 2022**
Employees	Employee compensation and benefits Labor regulations and government decree advocacy Occupational safety and health Annual training and education plan Pandemic Risk Management and Response Strategies	Occasional announcements on the bulletin board, Silks University APP, HR consultation Employee satisfaction survey Regular employee welfare committee meetings, labor-management meetings, and occupational safety and health meetings Annual training plan	Execution labor-management meetings, Occupational Safety and Health Committee meetings, employee welfare committee meetings, management and training courses, 6,519 person-times and 11,429 person-hours
Investor/Shareholder	Corporate Governance and Sustainable Development ESG risk management Ethics and integrity Innovative products and services Customer Health and Safety Pandemic Risk Management and Response Strategies	Board of Directors and General Meeting of Shareholders, Issuance of Annual Report, and Perpetuity Report Institutional investor conference and investment forum Market Observation Post System Company official site, complaint hotline	5 Board of Directors meetings and 1 shareholders' meeting Held 2 institutional investor conferences Released 19 pieces of material information Publication of annual sustainability report
Customer/Tenant	Customer Health and Safety Products and services Customer privacy Epidemic risk management measures	Corporate website, Sustainability Report Customer satisfaction survey Social media, press releases Telephone, E-mail Club Membership Bulletin	Publication of annual sustainability report Customer Satisfaction Score: 83.6 Enhance information security systems Epidemic risk management measures
Partner suppliers	Food safety and health Supply chain management and supply quality Ethics and integrity, compliance Pandemic risk management and strategies	Non-scheduled supplier meetings Regular supplier audit and evaluation Unscheduled vendor visits Number and mailbox for reporting ethical violations	Conducted a total of 45 supplier interviews and annual evaluation of 12 suppliers. As a result, there were no failures below 60 points and no reports of violations of business ethics by suppliers.

Community Media	Business performance Products and services Brand marketing Pandemic risk management and strategies	Unscheduled Press Conference Unscheduled press releases, exclusive interviews Hotline, E-mail	Monthly/quarterly business performance press release
Government agency	Corporate Governance, ESG Sustainability Food safety and health Environmental policy, energy conservation Labor relations, compliance	Periodic regulatory review Market Observation Post System Advocacy of relevant policies and laws of the competent authority	Complete the publication of the annual product disclosure sustainability report in accordance with the government's food safety regulations
Community	Code of Ethical Conduct Legal compliance Community Caring and Engagement in Public Welfare Pandemic risk management and strategies	Responding to social welfare activities and initiatives of different organizations Publication of annual sustainability report Meeting with villagers Telephone, email, letter communication	Adoption at No. 4 Park Plaza, Zhongshan District Silks House X Sinasera 24 Charity Dinner Continued hosting of the 7th Charity Cooking event Sponsored the charity meal and event venue for the Love of Food

(IV) Composition and operation of the Remuneration Committee:

The responsibilities of the Remuneration Committee shall be with the care of a good administrator, faithfully performing the following functions and powers, and shall submit its suggestions to the Board of Directors for discussion:

a. Regularly review the organizational procedures and propose amendments.

b. Formulate and periodically review the annual and long-term performance goals and compensation and remuneration policies, systems, standards, and structures for the Company’s directors and managerial officers.

c. Regularly evaluate the achievement of the performance targets of the Company’s directors and managerial officers, and set the content and amount of individual compensation and remuneration.

(1) Information of Remuneration Committee members December 31, 2022

<table>
<tr><th>Identity</th><th>Criteria
Name</th><th>Professional qualifications and experience</th><th>Independence</th><th>Number of concurrent remuneration committee member posts to other public companies</th></tr>
<tr><td>Convener and Independent Director</td><td>Kuo-Chun Chang</td><td rowspan="2">Please refer to pages 17-18 for information on the disclosure of directors’ professional qualifications and independent director independence.</td><td rowspan="2">(1) Not an employee of the Company or any of its affiliated enterprises.
(2) Not a director or supervisor of the Company or any of its affiliated enterprises.
(3) Holding more than 1% of the outstanding shares issued by the company or among the</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Se-Chen Lai</td><td>1</td></tr>
</table>

Independent Director	Wen-Jie Wang		top 10 natural person shareholders by the person or his/her spouse or underage children, or in the name of a third party. (4) Not a managerial officer as specified in (1) nor a spouse, a blood relative at the second degree of kinship under the Civil Code, or a blood relative at the second degree of kinship under the Civil Code as specified in (2) and (3). (5) Directors who are not corporate shareholders of the Company who directly hold 5% or more of the total number of issued shares of the Company, or who are among the top five shareholding companies, or who have appointed a representative to serve as the Company's directors, supervisors or employees in accordance with Paragraph 1 or Paragraph 2, Article 27 of the Company Act. (6) Not a director, supervisor, or employee of another company whose majority of seats or voting shares are controlled by the same person. (7) Not a director, supervisor, or employee of any other company or institution that is the same person or spouse as the chairman, general manager, or someone with equivalent position of the company. (8) Not a director, supervisor, managerial officer, or shareholder with more than 5% ownership interest in any companies or institutions that have financial or business dealings with the Company. (9) Not a professional individual, nor an owner, partner, director, supervisor, nor managerial officer of a sole proprietorship, partnership, company, nor institution that provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting, or related services to the company or any affiliate of the company for which the provider has received cumulative compensation exceeding NT$500,000 in the past 2 years, nor a spouse thereof, provided this restriction does not apply to a compensation committee member, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or the Business Mergers and Acquisitions Act or related laws or regulations.	0

(2) Information on the operation of the Remuneration Committee

I. The Company's Remuneration Committee consists of 3 members.

II. The tenure of the current members is from November 12, 2021 to August 19, 2024. The Remuneration Committee held 3 meetings (A) in 2022. The qualifications and attendance of members are as follows:

Title	Name	Actual attendance (B)	Attendances by proxy	Actual attendance rate (%) (B/A) (Note)	Remark
Convener	Kuo-Chun Chang	3	0	100%	
Committee member	Se-Chen Lai	3	0	100%	
Committee member	Wen-Jie Wang	3	0	100%	
Other information required for disclosure: I. When BOD rejects or modifies the recommendations made by the Remuneration Committee, please state the date and session of board meeting, the proposal, BOD resolutions, and settlement on the opinions of Remuneration Committee members (if the salary and compensation approved by BOD are superior to that recommended by the Remuneration Committee, please specify the differences and causes): NA. II. For resolutions made by the Remuneration Committee, if any member has objections or reservations that are recorded or stated in writing, the date of the Remuneration Committee, the session, the content of the proposal, and the handling of the opinions of all members and the opinions of the members should be described: No such situation.					

III. Discussions and resolutions of the Compensation Committee in the latest year, and the Company's response to members' opinions:

The Committee shall abide by the following principles in the performance of its functions and powers:

1. Ensure that the Company's compensation arrangement complies with relevant laws and regulations and is sufficient to attract outstanding talents.
2. The performance evaluation and remuneration of directors and managerial officers shall be made with reference to the general level of payment in the same industry, and shall also take into account the time invested, responsibilities, achievement of personal goals, performance in other positions, and equivalent positions offered by the Company in recent years The achievement of the Company's short-term and long-term business goals and the financial status of the Company shall assess the reasonableness of the connection between individual performance and the Company's operating performance and future risks.
3. Directors and managerial officers shall not be induced to engage in behaviors that exceed the Company's risk appetite in pursuit of compensation.
4. The percentage of short-term performance bonus paid to directors and senior managerial officers and the timing of payment of some of the variable salaries shall be decided in consideration of industry characteristics and the nature of the Company's business.
5. Members of the Committee are not allowed to participate in the discussion and voting of their own salary and remuneration.

The Company's Remuneration Committee held meetings and reviewed and assessed the information on the Company's remuneration in the last year as follows:

Remuneration Committee	Discussion of proposal	Resolution	The Company's account to suggestion made by the Remuneration Committee
The 1st session in 2022 2022.03.23	Considered the distribution of remuneration to employees and directors 2021 of the Company.	Unanimously approved by all present committee members	Unanimously approved by the present directors
The 2nd session in 2022 2022.08.08	Adjustment to the remuneration of the financial officer, accounting officer, and spokesperson.	Unanimously approved by all present committee members	Unanimously approved by the present directors
The 3rd session in 2022 2022.11.11	Reviewed the compensation and remuneration items to be implemented by the Company in 2023.	Unanimously approved by all present committee members	Unanimously approved by the present directors

(V) Implementation of sustainable development and deviations from the Sustainable Development Best-Practice Principles for TPEx-Listed Companies and the causes

Promoting items	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development unit with Board of Directors authorization for senior management, which is supervised by the Board of Directors?	✓		The Company established the CSR Committee in 2014 and changed its name to the “Sustainable Development Committee” in 2021. The Chairman serves as the general convener and the Chief Financial Officer serves as the vice convener. It is a cross-departmental communication platform. The head of each department serves as the executive member of the committee. Through the four steps of identification, sorting, confirmation, and inspection, the major issues that stakeholders are concerned about are identified, and the strategic development and improvement management policies. The cross-departmental coordination committee is divided into six groups: Corporate Governance, Environmental Sustainability, Human Resources and Social Affairs, Food Safety, Supply Chain Management, and Public Relations. Regular work meetings are held to formulate annual work plans and corresponding risk strategies. Furthermore, on November 11, 2022, the board of directors reported on the implementation performance of sustainable development works of 2022. The board of directors will also evaluate the possibility of successful achievement of these policies to ensure continuous breakthroughs and innovations at the operational, economic, environmental and social aspects while pursuing sustainable operations and profits, and strive to become an enterprise with sustainable operating value.	No significant difference
II. Does the Company conduct risk assessment on environmental, social and corporate governance issues that are relevant to its	✓		The Company conducted an analysis based on the materiality principle in the sustainability report, communicated with stakeholders, and integrated the assessment data of various departments to assess material ESG issues and	No significant difference

<table>
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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>operations and stipulate risk management policies or strategies based on principles of materiality?</td><td></td><td></td><td>formulate related risk control strategies. The descriptions are as follows:
<table>
<tr><th>ESG</th><th>Risk category</th><th>Risk management strategies</th></tr>
<tr><td rowspan="2">Environmental aspect</td><td>Environmental impact</td><td>The environmental sustainability team is responsible for assessing environmental impact risks, establishing preventive measures against environmental hazards, and supervising and executing daily operations. Committed to improving the energy efficiency of in-house equipment, strengthening the performance inspection and evaluation of important equipment, and focusing on the elimination of energy-consuming and old equipment. Improve the overall hotel power factor and reduce waste of reactive power. Reduce the use of single-use bath and cleaning supplies packaging containers, replace them with large-capacity pressurized bottles, and purchase equipment that bears the environmental label. Implement environmentally friendly and green procurement to achieve the goal of reducing greenhouse gas emissions year by year.</td></tr>
<tr><td>Climate Change</td><td>The Company follows the proposed framework for the disclosure of climate-related financial information published by TCFD to identify the risks and opportunities of climate change, establish indicators based on the identification results, and perform management by targets .</td></tr>
<tr><td>Social aspect</td><td>Food safety</td><td>Establish a sound food safety control system, and the HACCP control team is responsible for the implementation of food safety standard operating procedures and the management and supervision of the sanitary environment to ensure timely and effective monitoring to ensure food safety. Screen high-quality</td></tr>
</table></td><td></td></tr>
</table>

Promoting items	Implementation Status				Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary		
				suppliers, improve supply quality, and establish a supplier evaluation system. If the evaluation result is unsatisfactory, the cooperation will be terminated.	
			Labor rights Employee benefits	The Company establishes personnel management policies in accordance with the relevant laws and regulations to protect the rights and interests of employees, and provides labor insurance, national health insurance, employee welfare committees, and employee stock trusts as required by law to reward employees for their savings and investments. Regular labor-management meetings are held to discuss various benefits and systems. The talent development plan is implemented in three main directions, namely talent recruitment, employee functional enhancement, and the development of future successors. Occupational safety The Occupational Safety Committee implements occupational safety and health management, and regularly reviews the effectiveness of the four major prevention programs for evaluation and improvement.	
			Community care	It has been more than 20 years since the Company adopted the No. 4 Park Plaza facility in Zhongshan District. The Company has been responsible for the cleaning and maintenance of the venue, plant greening, artistic lighting, etc., and cooperated with shopping mall tenants or local artists to install artworks to provide the surrounding residents with greenery The public spaces in the neighborhood are decorated according to different festivals to create a festive atmosphere, so that neighborhood	

Promoting items	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
				residents can also experience the various festivals held every year. In addition, we continue to provide meals to low-income households and seniors living alone in the neighborhood through the mayor's arrangement, and spare no effort to sponsor food and refreshments and manpower assistance for community events. We uphold the spirit of what is good for others and advocate the concept of "what is taken from the society and what is given back to the society", and let the society have more positive energy with the spirit of giving back.	

		residents can also experience the various festivals held every year. In addition, we continue to provide meals to low-income households and seniors living alone in the neighborhood through the mayor's arrangement, and spare no effort to sponsor food and refreshments and manpower assistance for community events. We uphold the spirit of what is good for others and advocate the concept of "what is taken from the society and what is given back to the society", and let the society have more positive energy with the spirit of giving back.
Governance	Operation of the Board of Directors	- Information transparency - Establishment of financial policies and responsive measures in compliance with laws and regulations - Procedures for evaluating the performance of the Board of Directors and determining the remuneration of directors - Evaluate the effectiveness of the design and implementation of the internal control system in accordance with the "Regulations Governing the Establishment of Internal Control Systems by Public Companies"
	Operational performance	-Monitoring the market environment and analyzing consumption trends, and implementing operational risk control mechanisms for each department - Establishment of crisis management team to deal with market crisis immediately - Evaluation and development of corporate

<table>
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<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td></td><td>transformation to diversify operational risks</td></tr>
<tr><td></td><td>Notifiable Communicable Diseases</td><td>Epidemic risk response measures: The Company adjusts its standard operating procedures for epidemic prevention in a timely manner in accordance with laws and regulations, reduces the risk of infection for employees, and improves the quality of accommodation and food safety and health standards.</td></tr>
<tr><td></td><td>Information security</td><td>Establishment of computer network system information security control mechanism
Information security training</td></tr>
<tr><td></td><td>Stakeholder Communication</td><td>Attach importance to the interests and expectations of stakeholders, formulate business strategies and optimize products and services based on the results of communication and identification.</td></tr>
</table></td><td></td></tr>
<tr><td>III. Environmental Issues
(I) Has the Company set up an Environmental management system suitable to industry characteristics?</td><td>✓</td><td></td><td>Although the Company does not have an environmental management system in place, it has established a monitoring process for environmental sustainability. The Environmental Sustainability Team of the Engineering Department is responsible for assessing environmental risks, establishing preventive measures against environmental hazards, and supervising and executing daily operations.</td><td>No significant difference</td></tr>
<tr><td>(II) Is the Company committed to enhancing the energy efficiency and using renewable materials that have low impact on the environment?</td><td>✓</td><td></td><td><u>Energy consumption</u>
With a capacity exceeding 800GW, the Company is an energy user under the Energy Management Act. Over the years, we have made great efforts to improve the energy efficiency of our equipment and strengthen the inspection and evaluation of important equipment to eliminate outdated, low-efficiency and energy-consuming equipment.</td><td>No significant difference</td></tr>
</table>

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	Yes	No	Summary	
			The company mainly uses purchased electricity and natural gas, and purchases a small amount of diesel for emergency generators. For electricity, air conditioning and lighting equipment are the largest energy-consuming items, accounting for about 70%. Specific daily energy management measures include the replacement of interior and exterior lighting in guest rooms, aisles, and banquet halls. The halogen lamps that consume more energy are gradually replaced with energy-saving LED lamps, in order to improve the overall power factor of the hotel and reduce waste of reactive power. At the same time reduce the cost of manpower maintenance. Replace air extraction equipment based on their service years, and replace ice water pumps, regional water pumps, and heating pumps with high-efficiency pumps. It is also planned to replace three heat pump sets with low efficiency in 2023. After the replacement of oil-fired boilers with natural gas boilers, the Company has installed a microbial filter in addition to the existing fume water washer to improve the energy-saving benefits of equipment and environmental pollution protection, which can more effectively block odors in the air to purify the surrounding air. We encourage employees to implement energy-saving practices in their daily operations, and install air-conditioning monitoring equipment and water savers to join the energy conservation and carbon reduction effort. The Engineering Department, which is responsible for energy management, reviews the statistical data of various equipment and facilities on a daily basis to control the energy usage. The collected information can provide a reference for the optimization of energy management and achieve the effect of saving energy consumption.	

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			<u>Green procurement, friendly environment</u> Regent Taipei has since 2019 started to gradually replace the packaging and containers of disposable bath and cleaning products on a floor-by-floor basis. So far, the implementation rate has reached more than 80%. The replacement of all floors in 2023 will be completed to reduce the amount of plastic packaging materials used. The Group's hotels, such as Regent, Silks, and Just Sleep, have taken concrete actions to implement environmental protection. They choose seasonal and local products whenever possible to reduce the energy required for transportation and storage, and reduce the amount of purchased items. Whether it is food, clothing, housing, transportation or product packaging, the principle of reusability is the principle, and the goal is to reduce resource consumption and the underlying environmental cost. In order to implement sustainable environmental protection and donate to environmental charity activities, Just Sleep continues to launch the "Just Sleep Earth-Loving Eco-Housing Project". Only large towels, bath cream, and shampoo are provided in the guest rooms; no one-time accessories are provided, encourage travelers to bring their own personal toiletry, and do not change bed linen, duvet covers, towels and disposable slippers during consecutive stays; also donate NT$10 per room per night to the Environmental Quality Cultural and Educational Foundation to reduce the cost of spare parts. Use the fund for the promotion of environmental education. All proceeds from the washing machine installation are donated to social welfare organizations. We encourage tenants to use the water	

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			dispenser on the floor to fetch water to reduce the consumption of bottled water. In order to create a friendly environment for energy conservation and carbon reduction, the Group’s photocopier equipment has also been converted to environmentally friendly machines that bear the energy label. The purchased photocopy paper materials bear the KHAN-NA label. The production of toilet paper and toilet paper is also certified by the Forest Stewardship Council. We all work together to create an Environmental Friendly environment. The success of the energy conservation policy also inspires every employee of the Company to continue their efforts in environmental protection.	
(III) Does the Company assess potential risks and opportunities associated with climate change and undertake measures in response to climate issues?	✓		In 2022, the world is still affected by the spread of Covid-19, which greatly affects the daily life of the world and makes the issue of climate change more urgent and pressing. The energy management team of the Sustainability Committee of the Company is responsible for identifying potential climate change risks and opportunities, and has implemented the framework proposed for the disclosure of climate-related financial information published by the Task Force on Climate-Related Financial Disclosures (TCFD). The guidelines identify climate risks and opportunities in principle, so that stakeholders and decision-makers can understand the major risks faced by the Company, and collect forward-looking financial impact information that is helpful for decision-making. In addition , indicators are established based on the identification results and management by objectives is carried out. A total of 5 key risk management issues were identified from the perspectives of “Transition Risks” related to a low-carbon economy and “Physical Risks” related to climate change impacts. Including environmental regulations and policies,	No significant difference

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			increases in the cost of low-carbon energy, shortage and price rise of raw materials, changes in consumer preferences, and transformation of products and services. Accordingly, assess the indicators and targets of each risk , formulate risk management measures, and implement the climate change response strategy and risk management goals. Governance: Issues related to climate change are discussed in the sustainability meeting held every quarter. Based on the results of the discussion, the management evaluates and approves the indicators and goals of the climate change response strategy and related risks, and reports the implementation results to the Board of Directors on a regular basis every year. Strategy: Formulate response strategies based on the 5 key risk management issues based on the identified risks and opportunities related to climate change and actions such as compliance, resource recovery and reuse, improvement of operational efficiency, energy conservation and carbon reduction, diversification of low-carbon products, and planning of emission reduction measures, etc., in order to mitigate the impact of the extreme climate worldwide. Risk management: • Use a risk matrix to assess major climate change events and their degree of impact. • Identify the entity and transition risks that we will focus on with priority and the financial impact. • Implement risk monitoring mechanisms. • Cooperate with the authority’s energy conservation and carbon reduction policies.	

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<tr><td></td><td></td><td></td><td>Goals and Indicators:
• Improve energy efficiency and aim to reduce energy consumption by 1% year by year.
• Procurement of green electricity accounted for 5% of the total in 2025.
• Changes in products and services: increase of low-carbon and carbon footprint products by 5%.</td><td></td></tr>
<tr><td>(IV) Has the Company compiled statistics on greenhouse gas emissions, water consumption, and total volume of waste in the past two years, and formulated policies for greenhouse gas reduction, water consumption, or other waste management?</td><td>✓</td><td></td><td><u>Greenhouse gas emissions</u>
In 2022, Regent Taipei had a total electricity consumption of 19,532,000 KWH and a gas consumption of 1,397,225 KWH. Due to the reduced energy consumption of restaurants in 2021, the energy consumption in 2022 was higher than that in 2021, resulting in an increase in carbon emissions from energy sources. 12,494 tonnes, a 10% increase from 2021. The hotel continues to implement the energy-saving plan in daily operations to contribute to the prevention of global warming and air pollution.
Greenhouse gas emissions in the past two years:
<table>
<tr><th>Classification</th><th>Unit</th><th>2021</th><th>2022</th></tr>
<tr><td>Category 1
Direct emissions</td><td>tonnes CO2e</td><td>2,248.277</td><td>2,665.092</td></tr>
<tr><td>Scope 2
Indirect emissions</td><td>tonnes CO2e</td><td>9,026.306</td><td>9,852.591</td></tr>
<tr><td>Total</td><td>tonnes CO2e</td><td>11,274.583</td><td>12,517.683</td></tr>
</table>
<u>Water resource management</u>
Intensify employee awareness campaigns on water conservation, inspect water usage at work sites regularly, and install pressure reducing valves in water supply</td><td>No significant difference</td></tr>
</table>

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<tr><td>Yes</td><td>No</td><td>Summary</td></tr>
<tr><td></td><td></td><td></td><td>pipelines to effectively adjust the water supply to sanitary facilities. Wastewater from the swimming pool is recycled to the chiller for reuse.
In addition to the long-standing “Green Leaf certificate” that encourages guests to pay attention to environmental issues, and does not change towels and bed sheets every day for consecutive nights to reduce waste of water; the promotion has achieved outstanding results over the years and has won the response and support of many guests. It saves considerable water resources and the usage of detergents, and also achieves the effect of energy saving and carbon reduction. More importantly, it allows tenants to join us in responding to the wish of protecting the earth.
<table>
<tr><td>Item</td><td>Unit</td><td>2021</td><td>2022</td></tr>
<tr><td>Water consumption</td><td>KWh</td><td>314,798</td><td>408,154</td></tr>
</table>
<u>Waste management</u>
Waste management follows the “ Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste” and “Permit Management Regulations for Public or Private Waste Clearance and Disposal Organizations”. Waste generated on a daily basis is carefully classified, and related waste information is communicated to various departments from time to time. For the reduction, recycling and sorting measures, in addition to the daily waste weight registration by the Catering Department, waste reduction results and effectiveness evaluations are recorded in the meeting minutes.
The Company’s waste is divided into three categories: general waste, recycling</td><td></td></tr>
</table>

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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>waste, and waste edible oil. Waste is transported by qualified professional waste disposal operators registered with the government by category, and declared according to laws, in order to reduce the possible increase in the load on the environment and achieve the effect of resource reuse.
In 2022, the Company produced 1,520.77 tonnes of general waste, 380.88 tonnes of food waste, 113.57 tonnes of paper, 10.68 tonnes of bottles and cans, and 8.55 tonnes of waste edible oil.
<table><tr><th>Item</th><th>General waste</th><th>Leftover</th><th>Recycling materials (paper/bottles and cans)</th><th>Waste food oil</th></tr><tr><td>Recycling frequency</td><td>Once a day</td><td>Once a day</td><td>Once a day</td><td>Once a week</td></tr><tr><td>2021 output</td><td>1,228.75 tons</td><td>213.81 tons</td><td>84.0/8.96 tons</td><td>8.694 tons</td></tr><tr><td>2022 output</td><td>1,520.77 tons</td><td>380.88 tons</td><td>113.57/10.68 tons</td><td>8.55 tons</td></tr></table></td><td></td></tr>
<tr><td>IV. Social issues
(I) Has the Company established relevant management policies and procedures in accordance with applicable laws and international conventions on human rights?</td><td>✓</td><td></td><td>In order to fulfill corporate social responsibilities and protect and protect basic human rights, the Company supports and complies with the “Universal Declaration of Human Rights”, “United Nations Global Compact” and “International Labor Convention” to respect and protect human rights. We have established a “Human Rights Policy” and published it on the Company’s website.
The Company organizes a committee meeting on material issues, statistics, and questionnaires to review its operations, value chain, and other related activities every year to identify and assess risk groups and potential human rights risks, and to formulate human rights risk mitigation measures. We will continue to supervise and improve the results of the implementation of the plan.
The summary of the Company’s human rights management policies and specific</td><td>No significant difference</td></tr>
</table>

Promoting items	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			plans is as follows: Provision of a safe and healthy work environment: Please refer to the "Workplace and employee safety protective measures" section of Labor relations on pages 102~104 . Assist employees in maintaining physical and mental health and work-life balance: Organize various professional development courses, such as nurturing professionals in the hotel and catering industry, special professional knowledge and skill training, English, Japanese, professional hair and make-up, diversified arts, financial concepts, health and wellness, spiritual upgrade, etc. Prohibition of forced labor and compliance with local labor laws and regulations: Implementing the leave system to encourage employees to pay attention to work-life balance . In 2022, the Company also organized human rights protection training for its employees, with a total of 6,224 participants and 10,165 hours of training.	
(II) Does the Company establish and implement reasonable employee welfare measures (including remuneration, leave of absence, and other benefits), and appropriately reflect the business performance or results in the employee's remuneration?	✓		The Company's Articles of Association stipulates that 5% of the profit should be allocated as employee remuneration. In addition, to inspire colleagues to actively create company profits and reward employees' efforts, the "Performance Bonus Policy" has been established. Performance bonus is calculated by multiplying the after-tax profit or loss by the bonus contribution rate. The reward and punishment system is combined for evaluation to encourage employees to perform well. It is distributed to all employees through three sections. Business performance or results are appropriately reflected in employee remuneration. Year-end bonus is paid based on the Company's business performance and individual performance. Employees are encouraged to join the shareholder committee meeting, which not	No significant difference

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	Yes	No	Summary	
			only provides them with subsidies, but also benefits from bonus sharing with other shareholders. The Company's relevant employee welfare measures (including leave and other benefits) are in compliance with laws and regulations, and various allowances are provided according to shifts and duties. nursing room facilities, maternity leave and maternity exam leave, parental leave without pay, discounts on childcare facilities, and other parent-friendly measures. In order to ensure the diversity and equality of the workplace, and realize equal pay and equal promotion opportunities for men and women, the ratio of men to women in management was 48:52 and that of management was 48:52 in FY2022.	
(III) Does the Company provide employees with a safe and healthy work environment and provide employees with regular safety and health education?	✓		The Company conducts regular numerical monitoring of the operating environment in accordance with laws, organizes annual employee health examinations, and conducts safety and health education on a regular basis. (See pages 102~104: Workplace and employee safety protective measures) There were 25 occupational disasters in 2022. 25 employees to total employees: 25/1062 = 2.35% Related improvement measures 1. Traffic accidents: There is an increasing trend of accidents on the way to and from work in 2022. Apart from promoting the traffic safety precautions, employees are reminded to pay attention to the movement of oncoming vehicles. 2. Falls and collisions: Employees should always pay attention to the people, events, and things around them when walking or using carts during operation to prevent falls or collisions. 3. Gas explosion accident: remind colleagues to follow standard operating procedures and be alert at all times when operating gas equipment; equipment damage or failure should be repaired immediately to avoid subsequent hazards	No significant difference

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	Yes	No	Summary	
			due to incomplete maintenance; review facilities, and issue a purchase requisition for maintenance; add the bus switch to reduce the hazard caused by incorrect operation.	
(IV) Has the Company established effective career development training plans?	✓		In response to the future development trend of the industry, the Company has invested a lot of resources in training programs and continued to optimize service quality. The career development plan is based on three major directions, namely talent recruitment, employee functional enhancement, and future successor development and meet the needs of operations and customers. The Company will also make use of the Group's strengths and combine the resources of its sister hotels to hold large-scale recruitment activities or participate in government job fairs to attract new employees, second-time employees, or job changers to meet the needs of different positions. In addition, campus seminars, visits, and company-specific classes are used to enable supervisors to pass on professionalism and ethics to their students in advance. Industry-academia collaboration can increase students' employment opportunities and improve their adaptability in the workplace. The Company regularly organizes education and training courses for employees in professional skills, management, language, labor safety and health, self-development, digital marketing, etc. At the same time, during the COVID-19 pandemic, to strengthen the basic knowledge and skills of all employees, online courses are held in small class sizes, so that every employee can develop career development with the second skill. A total of 6,519 people participated in the	No significant difference

Promoting items	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
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			2022 career training, with a total of 11,429 man-hours.	
(V) Does the Company comply with relevant laws and international principles with regards to issues of customers' health, safety and privacy and marketing and labeling of products and services and stipulate relevant consumer or customer protection policies and complaint procedures?	✓		Customer Health and Safety The Company has established a sound food safety control system, including food safety and sanitation practices, promotion of ingredient traceability management, avoidance of high-risk ingredients, the establishment of independent laboratories and outsourced inspections, and the implementation of raw material supplier management and audits. The catering department strictly enforces food hygiene management, and strictly controls the procurement, inspection, preparation, and serving of food in compliance with food safety policies and specifications. Food safety risk management is under the responsibility of the food safety management team. The team is led by the President and includes the health manager, food and beverage department supervisor, and executive chef. The "Standard Operating Procedures for Food Safety and Sanitation" stipulated by HACCP) is the control standard for self-management and internal audit. The HACCP control team is responsible for the implementation of food safety standard operating procedures and related management and supervision of the sanitary environment. Based on the HACCP principle, we analyze the hazards and important control points of the provided meals, and conduct real-time and effective monitoring to ensure food safety and to take the strictest control over the health and safety of our customers. Customer privacy The Company has established an information management team to implement the	No significant difference

Promoting items	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			establishment and operation of customers’ personal information protection management system and to implement the information security policy. In addition to improving various internal information security management mechanisms and regularly promoting information security and employee information security education and training, information security training courses are also used to raise employees’ information security awareness and personal information laws and regulations. If the customer is at risk of hacking or fraud, the Company will take immediate countermeasures and improve related operating procedures to ensure customer privacy and personal information security. <u>Marketing and Labeling</u> The Company follows the Food Labeling and Advertising Management Regulations of the Food Sanitation Act, and requires customized retail products to be labeled with the traceable source, including the manufacturer’s name, telephone number, and address. The telephone number and address shall be reported to the competent authority of the respective jurisdiction. All raw materials are purchased according to the date of purchase and labeled with the expiry date to facilitate tracking of suppliers and batch numbers of ingredients. <u>Grievance procedure</u> In order to protect the rights and interests of consumers, the Company has set up the opinion section on its official website to provide an effective and complete channel for consumers to complain and communicate about the Company’s products and services. Customers are also encouraged to scan the QR Code of the opinion questionnaire and ask for a stay or meal the valuable opinions received, and implement effective communication as the driving force for the Company to	

Promoting items	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			improve products and services.	
(VI) Does the Company implement a supplier management policy that requires suppliers to comply with policies with respect to environmental protection, occupational safety and health or workers'/human rights issues, and what is the implementation status?	✓		We strictly control the quality of our suppliers through supplier management and evaluation system. We strictly comply with relevant food safety laws and regulations, and require all suppliers to provide government-approved profit-seeking business registration or factory registration and food trade number and other legal documents, and the information is reviewed on a yearly basis. New suppliers need to sign the Supplier Guidelines, which contains supply regulations, CSR, integrity, social human rights and related clauses, and provide product inspection reports that meet the requirements for legal supply and product certification (including TQF, CAS, TAP, HACCP, ISO and other certifications), integrity management, and reputable suppliers can become the company's long-term partners and jointly commit to the goal of a sustainable supply chain. Regent's Taipei Main Branch evaluates The procurement department, the health and safety department, and the catering department are jointly responsible for the frequency of audits and the results of the assessment. We have also included CSR-related issues in the assessment system, including labor rights, environmental protection, and sustainable resources. Is the supplier fulfilling its social responsibilities? Suppliers who are rated as unqualified twice in a row, or who have violated social responsibilities or laws or have serious food safety concerns, will be removed from the supplier list immediately after confirmation by the evaluation team, and the cooperation with the supplier will be terminated.	No significant difference

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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>There were no failed suppliers with a total score below 60 in the 2022 supplier assessment of Regent Taipei.</td><td></td></tr>
<tr><td>V. Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company? Does the preceding report obtain verification or opinions from a third-party authentication unit?</td><td>✓</td><td></td><td>The Company’s sustainability report is prepared with reference to the “GRI Standards” (core options) of the Global Reporting Initiative (GRI), was compiled in accordance with the GRI Sustainability Reporting Standards and the Statement of Assurance No. 1 “Audit or Review of Non-historical Financial Information” “Matters of Integrity”, the CPA shall make the conclusion and pass the limited assurance audit and obtain the assurance report.</td><td>No significant difference</td></tr>
<tr><td colspan="5">VI. If the Company has established its own sustainability best practice principles in accordance with the “Practice Principles for Sustainable Development of TWSE/GTSM Listed Companies,” please describe the current practices and any deviations from the principles: The Company has established the “Sustainable Development Best Practice Principles.” to promote the fulfillment of various social responsibilities, and the actual operation is not materially different.</td></tr>
<tr><td colspan="5">VII. Other important information that helps in understanding the implementation status of promoting sustainable development:
Upholding the spirit of good for society, Regent’s hotels are deeply involved in local caring and charity events, advocating the concept of “giving back to the society” and imbuing the society with more positive energy with a spirit of giving back . We strive to It combines internal resources and like-minded people to help people in need in society. Engagement and communication with stakeholders through participation in each event has given me a profound understanding of how a sustainable company can create value with other stakeholders in the society, in addition to creating value for the economy and shareholders.
<u>Silks House X Sinasera 24 Charity Dinner</u>
On September 26, 2022, Silks House and Sinasera 24 in Taitung jointly launched a charity dinner party. In addition to coming to the coast of Taitung, the chef of Silks House also went to the campus to share and communicate with students, so as to allow kids interested in cuisine to get in touch with and develop different perspectives. Local ingredients are selected for charity meals to demonstrate the connection between culture and culture, and delicious cuisines are served on every plate. All profits from the charity meal were donated to Nagahama Junior High School for nurturing knowledge and skills in catering. Through this charity meal, we hope to contribute to the support of students in remote areas.
<u>Sponsored the charity meal and event venue for the Love of Food</u>
On September 29, 2022, several famous chefs and staff of famous restaurants in the culinary industry held the “CSR: Serving Food for Love Charity Dinner”, and Silks banquet hall</td></tr>
</table>

Promoting items	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	

provided the venue for the charity event.

This event cared for and helped stray animal welfare groups in Taiwan. With the culinary influence of “Star-rated Vegetable Cuisine”, we appealed to the public to create a social environment that is friendly to stray animals. All proceeds from the event, after deducting the cost, will be donated in full to help build an environment that is more friendly to stray animals. As soon as the news of the banquet was announced, it received an enthusiastic response and brought more warmth and positive force to the society.

The 7th Charity Cooking Event

The charity cooking event celebrated its seventh year on December 12, 2022. The event was also held in Hualien again. ROBIN’S Teppanyaki Executive Chef Chun-sheng Chen was still the commander-in-chief with more than 80 chefs from all over Taiwan. , good friends, and social elites for two days and one night’s seven-star chef volunteer service in the rural areas.

Like-minded volunteers came to Hualien New Dawn Education and Nursing Institution one day in advance to gather and prepare ingredients. Under Chef Chen’s planning, the menu changes every year. This year, we also consulted local organic farmers to select seasonal fruits and vegetables, and sponsorship from suppliers was also provided. Chef Tseng of Regent’s Pastry Restaurant, well-known tapas chef in Miaoli, Luo Tung Business Principal, teachers and students of Bakery Club, and supervisors of Fubon Financial Holding Co., Ltd. Customers entered the kitchen “hand-made soup” and cut shredded ginger and chili with a knife to give back to the society. On the same day, they cooked the classic Lunghwa Abalone with five flavors, Wang’s traditional Taiwanese braised dish, seafood salad, hand-made truffle siu mai, roast prawns with cheese, braised meatballs, steamed sea bass, Pan-fried prime American flat iron steak with mushroom gravy, steamed chicken with Cordyceps flower, and mocktails, among other delicacies, served by Rotarians for more than 300 teachers, students and employees of New Dawn Institution to taste the Christmas feast in advance, and the onsite atmosphere was lively and joyful. CEO Liang from New Dawn presented the certificate with a certificate of appreciation, who also looked forward to the 8th charity cooking event next year, which will be expanded to be held in New Dawn Park under construction to be completed next year.

Neighborhood

The Company has adopted the facilities at No. 4 Park Plaza in Zhongshan District for more than 20 years. We have been responsible for the cleaning and maintenance of the venues, green plants, artistic lightings, etc., and cooperated with shopping mall brands or local artists to create art installations to provide the surrounding residents with greenery. The public spaces of the neighborhood will be furnished with seasonal decorations according to different festivals to create a festive atmosphere, so that neighborhood residents can also experience the various festivals held every year.

In addition, we continue to provide meals to low-income households and the elderly living alone in the neighborhood through the mayor’s arrangement, and sponsor many community events with refreshments or manpower assistance.

(VI) Ethical corporate management practices and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the causes thereof:

Indicator	Operations			Difference from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	Summary	
I. Establishment of Business Conduct and Ethics Policy and Implementation Measures (I) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its business conduct and ethics policy and measures, and the commitment regarding implementation of such policy from the Board of Directors and the senior management team? (II) Whether the Company formulated an assessment mechanism for the risk of unethical conducts, regularly analyzes and evaluates the business activities with higher risks of unethical conducts within the business scope, and formulates the prevention plans against Measures to prevent the conducts specified in Paragraph 2, Article 7 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies? (III) Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?	✓		(I) The Company has formulated the "Best Practice Principles for Ethical Corporate Management" and "Code of Ethical Conduct" to regulate the matters needing attention when conducting business for all employees, including directors and managerial officers. (II) The Company has formulated the "Best Practice Principles for Ethical Corporate Management" and "Code of Ethical Conduct", which contain relevant regulations on ethics and integrity, avoidance of conflicts of interest, and hospitality; establish a risk assessment mechanism against unethical practices, and organize relevant education and training from time to time or the test can be adopted to promote employee awareness and implement the ethical corporate management policy. (III) The Company has stipulated the "Regulations Governing the Code of Ethical Behaviors" with the clauses and the code of conduct regarding conflicts of interest, seeking of private gain, confidentiality, and fair trade, which are promoted via education to allow the full understanding and compliance of directors, managerial	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Indicator	Operations			Difference from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	Summary	
			officers and employees.	
II. Ethic Management Practice (I) Does the company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts? (II) Does the Company create a dedicated unit under the board of directors to promote corporate ethical management and regularly (at least once a year) report to the board of directors about the ethical management policy and implementation status of the prevention plan for misconduct? (III) Does the company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	✓		(I) The Company conducts business activities in a fair and transparent manner, and before conducting business transactions, it considers the legitimacy of its suppliers, travel agencies, customers, or other business counterparts, and whether there is any record of dishonesty, and avoids contacting trading with a record of unethical practices. When entering into a contract with another party, the content should include the principle of good faith and a clause that the contract may be terminated or rescinded at any time if the counterparty engages in unethical practices. (II) The Human Resource Department is responsible for the planning, implementation and implementation of the ethical corporate management policy of the Company. The implementation status was reported to the Board of Directors on November 11, 2022. (III) The Company has established the "Ethical Corporate Management Best Practice Principles" to prevent conflicts of interest and provide appropriate communication channels" (for example: telephone numbers and emails provided in the "stakeholder section" of the Company's official site). In addition, the "Regulations Governing Procedure for Board of Directors Meetings" of the Company stipulates the	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Indicator	Operations			Difference from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	Summary	
(IV) Does the company establish an effective accounting system and internal control system for practical implementation of ethical corporate management, and is the system regularly audited by the internal auditing unit, and does the unit propose relevant audit plans based on the assessment results of the risk of misconduct for auditing the implementation status of the prevention plan for misconduct, or entrusted to an accountant for auditing? (V) Does the company provide internal and external ethical conduct training programs on a regular basis?	✓		recusal of interest for directors. If a director has a conflict of interest with himself or the corporate entity it represents, The director shall not participate in the discussion and voting when it is at risk of conflicting interests, and shall avoid any discussion or voting, and shall not exercise the voting right of other directors on behalf of other directors. (IV) The Company has established a sound accounting system and internal control system. Internal audits shall be conducted in accordance with the internal audit plan and the internal audit implementation rules. If any material irregularity is found, the internal audit will immediately report to the Chairman and report to the Board of Directors. (V) The Company conducts managerial meetings to promote the ethical corporate management philosophy and regulations to employees and make them clearly understand the ethical corporate management philosophy and regulations. Education and training are also provided to new employees upon arrival to ensure that each new employee understands and abides by the principles. The Company arranges educational training for new recruits and makes relevant information available on the internal digital learning platform of the Company for easy reference at any time. In 2022, the Company provided 230 person-hours of	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Indicator	Operations			Difference from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons
	Yes	No	Summary	
			education and training on integrity management courses, material insider information handling, and insider trading prevention for 460 employees.	
III. Implementation of Whistleblowing Procedures (I) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received? (II) Does the company stipulate the standard operating procedures, the follow-up measures should be taken after the investigation and relevant confidentiality mechanism for the reported matters? (III) Does the company adopt proper measures to prevent a whistleblower from retaliation for his/her reporting?	✓		(I) The “Best-Practice Principles for Corporate Governance”, “Best Practice Principles for Ethical Corporate Management”, and “Procedure and Code of Conduct for Ethical Corporate Management” have established specific reporting policies to proactively prevent unethical practices. The Stakeholders section of the Company’s website provides an effective means of communication between employees, shareholders, stakeholders and outsiders, while a whistleblower protection system has been established. We protect the confidentiality of all information and protect whistleblowers from any mistreatment. (II) The Company has established standard procedures and confidentiality measures for handling reported misconducts. (III) The Company treats the reported cases in a confidential manner to ensure the confidentiality of the informants’ identities, so that the informants will not suffer undue treatment due to whistleblowing.	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
IV. Enhanced Information Disclosure Does the company disclose its guidelines on business conduct and ethics as well as information about implementation of such guidelines	✓		In addition to disclosing the content of the Ethical Corporate Management Best Practice Principles on the Company’s website and the Market Observation Post System, the	Compliance with Ethical Corporate Management Best Practice Principles for

<table>
<tr><th rowspan="2">Indicator</th><th colspan="3">Operations</th><th rowspan="2">Difference from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>on its website and Market Observation Post System (“MOPS”)?</td><td></td><td></td><td>Company also discloses related information such as assumed effectiveness in the annual report and sustainability report.</td><td>TWSE/GTSM Listed Companies</td></tr>
<tr><td colspan="5">V. If the company has established its own ethical corporate management code of conduct in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies”, please describe the current practices and any deviations from the code of conduct: The “Ethical Corporate Management Best Practice Principles” establishes a corporate culture of ethical corporate management and serves as the basis for directors, managerial officers, and employees to abide by. There is no difference.</td></tr>
<tr><td colspan="5">VI. Other important information that is helpful to understand the operation of the Company’s ethical corporate management (such as the Company’s review and amendment of the ethical corporate management best practice principles established by the company):
Operational Integrity: In order to establish a corporate culture of ethical management, the Company has formulated the “Best Practice Principles for Ethical Corporate Management” and the “Ethical Code of Conduct,” which are the responsibilities of all directors, managers, and employees.</td></tr>
</table>

(VII) If the Company has established Corporate Governance Best Practice Principles and related regulations, the methods of accessing them shall be disclosed:

Please visit the corporate governance section of the "Investor Relations" section of the Company's website (**https://www.silkshotelgroup.com/tw/**) or the Market Observation Post System (http://mops.twse.com.tw/). See "Corporate Governance Regulations" under "Corporate Governance."

(VIII) Other information material to the understanding of the Company's corporate governance: None.

(IX) Implementation of internal control policies

1. Internal Control Statement

Formosa International Hotels Corporation

Declaration of Internal Control System

Date: March 20, 2023

The following declaration has been made based on the 2022 self-assessment of the Company's internal control system:

I. The Company acknowledges and understands that establishment, implementation and maintenance of the internal control system are the responsibility of the board and managers and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security, etc), reliable, timely and transparent financial reporting, and regulatory compliance.

II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, internal control system of the Company features a self-monitoring mechanism that enables immediate rectification of deficiencies upon discovery.

III. The Company evaluates the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether or not the existing policies continue to be effective. Assessment criteria introduced by "The Governing Principles" consisted of five main elements, each representing a different stage of internal control: 1. Control environment; 2. Risk evaluation and response; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to "The Governing Principles" for more details.

IV. The Company has adopted the above-mentioned criteria to validate the effectiveness of its internal control system design and execution.

V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2022. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's operational results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.

VI. This statement shall form an integral part of the Company's annual report and prospectus and shall be disclosed to the public. Any illegal misrepresentation or concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement was approved by the Company's board of directors on March 20, 2023. Among the 9 directors present, 0 had objection, and the other agreed with the content herein.

Formosa International Hotels Corporation

Chairman: Signature & Seal of Steven Pan

President: Signature/Seal of Wei-Cheng Wu

2. If the internal control system is reviewed by a CPA on an ad hoc basis, the CPA's review report shall be disclosed: None.

(X) In the most recent year and up to the publication date of this annual report, the company and its internal personnel have been punished according to law, or the company's internal personnel have been punished for violating the internal control system, and the result of the punishment may have a significant impact on shareholders' equity or securities prices, details of penalties, major deficiencies, and improvements: None

(XI) Major resolutions reached in shareholders' meetings and board of directors' meetings in the most recent year, up till the publication date of this annual report:

1. Shareholders' Meeting

Date of shareholders' meeting	Summary of important proposals	Implementation Status
2022.06.14	2021 Business Report and Financial Statements.	The proposal was approved as proposed.
	2021 Earnings Distribution Proposal.	The proposal was approved as proposed. The cash dividend was NT$12.3925 per share and was distributed on July 7, 2022.
	Amendment to partial provisions of the Company's "Articles of Association."	The proposal was approved as proposed and has been registered with the Ministry of Economic Affairs.
	Partially revised "Procedures for Handling Acquisition and Disposal of Assets".	The agenda was approved as proposed and implemented accordingly.

2. Board of Directors

Date	Major Resolutions of the Shareholders' Meetings
2022.03.23	•Approved the change of supervisor. •Approved the Company's 2022 business plan and budget. •Approved the Company's 2022 capital expenditure budget. •Approved the evaluation of the independence of CPAs of the Company. •Approved the distribution of remuneration to employees and directors for 2021. •Approved the Company's 2021 Business Report and Financial Statements. •Approved the Company's 2021 earnings appropriation. •Approved the distribution of cash dividends from the Company's 2021 earnings. •Approved the partial amendments to the "Articles of Association" of the Company. •Passed the Company's amendments to partial provisions of the "Procedures for Acquisition and Disposal of Assets". •Approved the revision of partial provisions of the "Corporate Social

Date	Major Resolutions of the Shareholders' Meetings
	Responsibility Best Practice Principles" and the change of name to the "Sustainable Development Best-Practice Principles." •Approved the convening of the Company's 2022 regular shareholders' meeting by the Company. •Approved the proposal to apply for the extension of the borrowing and guarantee amount with the bank. •Approved the remuneration to directors and managerial officers for the year 2022 reviewed by the Company's Remuneration Committee. •Approved the Company's "Internal Control System Declaration Form 2021".
2022.05.09	•Approved the change of supervisor. •Approved the Company's application to the bank for the extension of the borrowing and guarantee amount. •Approved the change of CPAs of the CPA firm appointed by the Company due to internal organizational adjustment. •Approved the Company's 2022 first quarter earnings appropriation. •Passed amendments to partial provisions of the Company's "Corporate Governance Best-Practice Principles."
2022.08.08	•Approved the change of supervisor. •Approved the changes of the financial officer, accounting officer and spokesperson. •Approved the Company's application to the bank for the extension of the borrowing and guarantee amount. •Passed the Company's 2nd quarter earnings appropriation 2022.
2022.11.11	•Approved the change of supervisor. •Approved the Bank's application for bank loan and extension of guarantee amount. •Passed the Company's earnings appropriation for the first three quarters of 2022. •Approved the Company's 2023 business plan and budget. •Approved the Company's 2023 capital expenditure budget. •Approved the discussion of the remuneration of directors and managerial officers for the year 2023 by the Remuneration Committee of the Company. •Passed amendments to partial provisions of the "Rules of Procedure for Board of Directors Meetings." •Passed amendments to partial provisions of the Company's "Guidelines for Evaluation of the Performance of the Board of Directors." •Passed amendments to partial provisions of the Company's "Procedures for Handling Material Internal Information." •Passed amendments to the Company's "internal control system." •Passed the Company's 2023 annual audit plan.
2023.03.20	•Passed organizational adjustment. •Approved the change of supervisor. •Approved the 2022 business report and financial statements. •Approved the allocation of remuneration to employees and directors for 2022. •Passed 2022 earnings appropriation. •Passed distribution of cash dividends from earnings 2022. •Approved the change of CPAs appointed by the Company due to internal organizational adjustment. •Passed the appointment and remuneration of CPAs in 2023. •Approved the pre-approval of the CPAs and their firm to provide non-assurance services to the Company and its subsidiaries. •Passed amendments to partial provisions of the "Rules of Procedure for Shareholders' Meetings."

Date	Major Resolutions of the Shareholders' Meetings
	•Passed amendments to partial provisions of the "Corporate Governance Best-Practice Principles." •Approved the convening of the Company's 2023 General Shareholders' Meeting. •Passed the issuance of the Company's "Declaration of Internal Control System" 2022

(XII) In the most recent year, up until the publication date of this annual report, any director or supervisor who has a different opinion on the important resolutions of the Board of Directors with documented or declared dissent: None

(XIII) Resignation and dismissal of the Chairman, President, head of accounting, head of finance, head of internal audit, head of corporate governance, and head of R&D in the most recent year up till the publication date of this annual report: April 17, 2023

Title	Name	On-board date	Date of resignation or dismissal	Summary of resignation or dismissal
Head of Finance, Accounting and Spokesperson	Ming-Yueh Lin	2003.04.07	2022.07.01	Retired

V. Information on professional fee of CPAs

(expressed in NT$ thousand)

CPA Firm	Name of CPA	Audit Period	Audit Fee	Non-Audit Fee (Note)	Total	Note
PwC Taiwan	Chin-Lien Huang	2022	4,800	410	5,210	
	Chao-Ming Wang					

Note: Non-audit fees were NT$410 thousand, of which NT$380 thousand was CSR public fees and NT$30 thousand was audited advances.

1. The CPA firm is changed and the audit fee paid in the fiscal year of the change is less than the audit fee paid in the previous year: Not applicable.
2. The audit fee is reduced by more than 10% from the previous year: Not applicable.

VI. Information on change of CPAs: N/A.

VII. The Company's Chairman, President, or any managerial officer in charge of finance or accounting affairs has worked in the accounting firm or any of its affiliated enterprises in the most recent year: None.

VIII. Changes in the transfer or pledge of shares by directors, managerial officers, and shareholders holding over 10% of the outstanding shares in the preceding year and by the date of report publication:

1. Changes in shareholdings of directors, supervisors, managerial officers, and major shareholders:

Title	Name	2022		As of April 17 of the current year	
		Increase (decrease) in shareholdings	Increase (decrease) in pledged shares	Increase (decrease) in shareholdings	Increase (decrease) in pledged shares
Director	Qing Cheng Corp.	-	-	-	-
Chairman	Qing Cheng Corp. (Representative: Steven Pan)	(5,000)	-	-	-
Director	Qing Cheng Corp. (Representatives: Yi-Hui Chiang, Rong-Wei Wang, and Ming-Yueh Lin)	-	-	-	-
Director	Formosa International Development Corp. (Representatives: Kong-Wen Li and Chi-Shang Kao)	-	-	-	-
Independent Director	Se-Chen Lai	-	-	-	-
Independent Director	Kuo-Chun Chang	-	-	-	-
Independent Director	Wen-Jie Wang	-	-	-	-
General Manager	Wei-Cheng Wu	-	-	(8,000)	-
General Manager	Hui-Fang Chen	(6,000)	-	-	-
General Manager	Jing-wen Li				
Head of Finance Department	Shang-Fei Wu	-	-	-	-
Head of Accounting Department	Jian-nan, Tsao				
Major shareholder	Nan Feng Hsing Enterprise Co., Ltd.	-	-	-	-

2. Information on share transfer: Not applicable.
3. Information on equity pledge: Not applicable.

IX. Information of top ten shareholders with mutual relationship of related parties, spouse, or relatives in the 2nd degree:

Relationship among the top ten shareholders: Unit: shares; April 17, 2023

Name	Principal's shareholding		Current shareholdings of spouse/minor children		Shareholdings in the name of a third party		Company Name/Name of related parties, spouse, or relatives in the 2nd degree to top ten shareholders	
	Number of shares	Ownership (%)	Number of shares	Ownership (%)	Number of shares	Ownership (%)	Name (or name of natural person)	Relationship
Nan Feng Hsing Enterprise Co., Ltd. Responsible person: Steven Pan	45,361,129 302,743	35.60% 0.24%	- -	- -	- -	- -	Qing Cheng Corp. Formosa International Development Corp.	Same person in-charge
Qing Cheng Corp. Responsible person: Steven Pan	11,015,923 302,743	8.65% 0.24%	-	-	-	-	Nan Feng Hsing Enterprise Co., Ltd. Formosa International Development Corp.	Same person in-charge
Pan's Strategic Holdings Co., Ltd.	8,806,705	6.91%	-	-	-	-	-	-
Citibank Taiwan is entrusted for custody to Norges Bank	2,516,909	1.98%	-	-	-	-	-	-
New Labor Pension Fund	2,404,203	1.89%	-	-	-	-	-	-
Formosa International Development Corp. Responsible person: Steven Pan	2,351,222 302,743	1.85% 0.24%	-	-	-	-	Nan Feng Hsing Enterprise Co., Ltd. Qing Cheng Corp.	Same person in-charge
Public Service Pension Fund Supervisory Board	1,282,000	1.01%	-	-	-	-	-	-
Original version of Labor Pension Fund	1,009,986	0.79%	-	-	-	-	-	-
BNP Investment Custodian and SNC Investment Account held by Citibank	1,000,863	0.79%	-	-	-	-	-	-
JPMorgan Chase Bank, Taipei Branch in custody for the Vanguard Total International Equity Index Fund, a series of Vanguard Star Funds	867,756	0.68%	-	-	-	-	-	-

X. The number of shares held by the Company, the Company's directors, supervisors, managerial officers, and enterprises directly or indirectly controlled by the Company in the same reinvestment business, and calculating the comprehensive shareholding ratio:

Comprehensive shareholding ratio

As of December 31, 2022; unit: thousand shares

Investment business (Note)	Shareholding of the Company		Shareholding of directors and supervisors, and managerial officers or investees under direct or indirect control		Syndicated Shareholdings	
	Number of shares	Ownership held by the Company	Number of shares	Ownership held by the Company	Number of shares	Ownership held by the Company
Grand Formosa Taroko Hotel Corporation	24,898	55%	0	0	24,898	55%
Silks International Investment Inc.	-	100%	0	0	-	100%
Silks Palace At National Palace Museum Corporation	20,122	100%	0	0	20,122	100%
FIHC Property Management Corporation	1,000	50.01%	0	0	1,000	50.01%
Silks Global Holding, Limited	11,839	100%	0	0	11,839	100%

Note: This is a long-term investment using equity method adopted by the company.

Four.Capital Raising

I. Capital and shares:

(I) Source of capital stock

Unit: share/NTD

Year Month	Issue price (par value per share)	Authorized capital		Paid-in Capital		Remark	
		Number of shares	Amount	Number of shares	Amount	Equity sources	Others
1976.07	$ 10	22,770,000	$227,700,000	7,800,000	$78,000,000	Founding	None
1978.07	10	22,770,000	227,700,000	22,770,000	227,700,000	Capital increase in cash NT$149,700,000	〃
1979.05	10	37,150,000	371,500,000	32,117,000	321,170,000	Capital increase in cash NT$93,470,000	〃
1984.05	10	49,000,000	490,000,000	49,000,000	490,000,000	Capital increase in cash NT$168,830,000	〃
1984.12	10	50,000,000	500,000,000	50,000,000	500,000,000	Capital increase in cash NT$10,000,000	〃
1987.02	10	65,000,000	650,000,000	58,600,000	586,000,000	Capital increase in cash NT$86,000,000	〃
1988.09	10	120,000,000	1,200,000,000	120,000,000	1,200,000,000	Capital increase in cash NT$614,000,000	Approved by the Securities and Exchange Commission with official letter (76) Tai-Cai-Cheng-(I)-Zi-01168 dated November 26, 1987
1990.08	10	200,000,000	2,000,000,000	200,000,000	2,000,000,000	Capital increase in cash NT$800,000,000	Approved by the Securities and Exchange Commission with official letter (79) Tai-Cai-Cheng-(I)-Zi-32238 dated February 23, 1990
1995.09	10	250,000,000	2,500,000,000	250,000,000	2,500,000,000	Capitalization increase in earnings NT$500,000,000	Approved by the Securities and Exchange Commission with official letter (84) Tai-Cai-Cheng-(I)-Zi-35982 dated June 17, 1995
1996.10	10	300,000,000	3,000,000,000	300,000,000	3,000,000,000	Capitalization increase in earnings NT$500,000,000	Approved by the Securities and Exchange Commission with official letter (85) Tai-Cai-Cheng-(I)-Zi-53778 dated September 3, 1996
1997.09	10	500,000,000	5,000,000,000	375,000,000	3,750,000,000	Capitalization of earnings NT$750,000,000	Approved by the Securities and Exchange Commission with official letter (86) Tai-Cai-Cheng-(I)-Zi-69705 dated August 9, 1997
1998.05	10	500,000,000	5,000,000,000	431,250,000	4,312,500,000	Capitalization increase in earnings NT$$562,500,000	Approved by the Securities and Exchange Commission with official letter (87) Tai-Cai-Cheng-(I)-Zi-51378 dated June 12, 1998

Year Month	Issue price (par value per share)	Authorized capital		Paid-in Capital		Remark	
		Number of shares	Amount	Number of shares	Amount	Equity sources	Others
2002.08	10	500,000,000	5,000,000,000	215,625,000	2,156,250,000	Decrease in cash NT$2,156,250,000	Approved by Securities and Futures Commission in SFC with official letter(91)-Tai-Cai-Zheng-Yi-Zi-0910134002 dated August 20, 2002
2006.11	10	500,000,000	5,000,000,000	60,000,000	600,000,000	Decrease in cash NT$1,556,250,000	Approved by the Securities and Futures Bureau with official letter Jin-Guan-Zheng-(1)-Zi-0950148220 dated November 21, 2006
2008.06	10	500,000,000	5,000,000,000	66,000,000	660,000,000	Capital increase in reserve transferred NT$60,000,000	Effective upon official letter Jin-Guan-Zheng-Yi-Zi No. 0970032154 dated June 27, 2008 from Securities and Futures Bureau
2009.06	10	500,000,000	5,000,000,000	72,600,000	726,000,000	Capital increase in reserve transferred NT$66,000,000	Effective upon official letter Jin-Guan-Zheng-Fa-Zi No. 0980031287 dated June 23, 2009 from Securities and Futures Bureau
2010.07	10	500,000,000	5,000,000,000	79,860,000	798,600,000	Capital increase in reserve transferred NT$72,600,000	Effective upon official letter Jin-Guan-Zheng-Fa-Zi No. 0990036538 dated July 14, 2010 from Securities and Futures Bureau
2011.08	10	500,000,000	5,000,000,000	87,846,000	878,460,000	Capital increase in reserve transferred NT$79,860,000	Effective upon official letter Jin-Guan-Zheng-Fa-Zi No. 1000036168 dated August 3, 2011 from the Securities and Futures Bureau
2012.08	10	500,000,000	5,000,000,000	96,630,600	966,306,000	Capital increase in reserve transferred NT$87,846,000	Effective upon FSC official letter Jin-Guan-Zheng-Fa-Zi No. 1010034025 dated August 1, 2012
2013.07	10	500,000,000	5,000,000,000	106,293,660	1,062,936,600	Capital increase in reserve transferred NT$96,630,600	Effective upon FSC official letter Jin-Guan-Zheng-Fa-Zi No. 1020028231 dated July 19, 2013
2014.07	10	500,000,000	5,000,000,000	116,923,026	1,169,230,260	Capital increase in reserve transferred NT$106,293,660	Effective upon FSC official letter Jin-Guan-Zheng-Fa-Zi No. 1030026190 dated July 10, 2014
2015.07	10	500,000,000	5,000,000,000	126,745,769	1,267,457,690	Capital increase in reserve transferred NT$98,227,430	Effective upon FSC official letter Jin-Guan-Zheng-Fa-Zi No. 1040027236 dated July 20, 2015
2019.08	Corporate bond conversion price NT$178.6	500,000,000	5,000,000,000	127,401,972	1,274,019,720	Capital increase in convertible bonds NT$6,562,030	Approved by the Ministry of Economic Affairs with official letter Shushang-Zi No. 10801101460 dated August 6, 2019
2021.04	Corporate bond conversion price NT$157.9	500,000,000	5,000,000,000	127,403,238	1,274,032,380	Capital increase in convertible bonds NT$12,660	Approved by the Ministry of Economic Affairs with official letter Shushang-Zi No. 11001161150 dated October 7, 2021

Note: So far, no assets other than cash have been used to offset share payments.

Type of shares	Authorized capital			Remark
	Issued shares	Un-issued shares	Total	
Common stock	127,403,238	372,596,762	500,000,000	Listed share

Information on the general reporting system: None

(II) Shareholder structure

April 17, 2023

Structure of shareholdings / Amount	Government Agencies	Financial Institutions	Other Juridical Persons	Individuals	Foreign institutions and individuals	Total
Number of shareholders	6	65	100	14,731	166	15,068
Quantity of shareholdings	6,338,215	7,084,078	63,321,559	29,538,333	21,121,053	127,403,238
Ownership held by the Company	4.98%	5.56%	49.70%	23.18%	16.58%	100%

(III) Diversification of shareholdings

April 17, 2023

Ranking of Shareholdings	Number of Shareholders	Quantity of shareholdings	Ownership held by the Company
1-999	6,577	1,088,948	0.86%
1,000-5,000	7,354	12,971,948	10.18%
5,001-10,000	591	4,450,722	3.49%
10,001-15,000	165	2,089,556	1.64%
15,001-20,000	80	1,458,442	1.14%
20,001-30,000	83	2,089,430	1.64%
30,001-40,000	41	1,464,088	1.15%
40,001-50,000	27	1,246,242	0.98%
50,001-100,000	63	4,271,762	3.35%
100,001-200,000	43	6,064,025	4.76%
200,001-400,000	22	5,991,608	4.70%
400,001-600,000	6	3,084,901	2.42%
600,001-800,000	3	1,997,870	1.57%
800,001-1,000,000	4	3,384,756	2.66%
1,000,001 and above	9	75,748,940	59.46%
Total	15,068	127,403,238	100.00%

Preferred shares: None

(IV) List of major shareholders

April 17, 2023

Shares / Name of major shareholders	Quantity of shareholdings	Ownership held by the Company
Nan Feng Hsing Enterprise Co., Ltd.	45,361,129	35.60%
Qing Cheng Corp.	11,015,923	8.65%
Pan’s Strategic Holdings Co., Ltd.	8,806,705	6.91%
Citibank Taiwan is entrusted for custody to Norges Bank	2,516,909	1.98%
New Labor Pension Fund	2,404,203	1.89%
Formosa International Development Corp.	2,351,222	1.85%
Public Service Pension Fund Supervisory Board	1,282,000	1.01%
Original version of Labor Pension Fund	1,009,986	0.79%
BNP Investment Custodian and SNC Investment Account held by Citibank	1,000,863	0.79%
JPMorgan Chase Bank, Taipei Branch in custody for the Vanguard Total International Equity Index Fund, a series of Vanguard Star Funds	867,756	0.68%

(V) Information on the market price, net worth, earnings, and dividends per share in the most recent two years:

<table>
<tr><td colspan="3">Year
Item</td><td>2021</td><td>2022</td><td>As of April 17, 2023 (Note 8)</td></tr>
<tr><td rowspan="3">Price per share (Note 1)</td><td colspan="2">Highest</td><td>162.00</td><td>278.00</td><td>338.50</td></tr>
<tr><td colspan="2">Lowest</td><td>124.50</td><td>143.00</td><td>232.50</td></tr>
<tr><td colspan="2">Average</td><td>146.33</td><td>178.84</td><td>280.65</td></tr>
<tr><td rowspan="2">Net worth per share (Note 2)</td><td colspan="2">Before allocation</td><td>38.06</td><td>34.07</td><td rowspan="13">NA</td></tr>
<tr><td colspan="2">After allocation</td><td>25.67</td><td>Not allocated yet</td></tr>
<tr><td rowspan="3">Earning per share</td><td colspan="2">Weighted average number of shares</td><td>127,403,238</td><td>127,403,238</td></tr>
<tr><td rowspan="2">Earning per share (Note 3)</td><td>Before adjustment</td><td>17.09</td><td>7.09</td></tr>
<tr><td>After adjustment</td><td>17.09</td><td>Not allocated yet</td></tr>
<tr><td rowspan="4">Dividend per share</td><td colspan="2">Cash dividend</td><td>12.3925</td><td>Not allocated yet</td></tr>
<tr><td rowspan="2">Stock grants</td><td>From retained earnings</td><td>-</td><td>-</td></tr>
<tr><td>From capital reserve</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Accumulated unappropriated dividends (Note 4)</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">Analysis on return on investment</td><td colspan="2">Price-earnings ratio (Note 5)</td><td>8.56</td><td>25.22</td></tr>
<tr><td colspan="2">Price-dividend ratio (Note 6)</td><td>11.81</td><td>Not allocated yet</td></tr>
<tr><td colspan="2">Cash dividend yield (Note 7)</td><td>8.47</td><td>Not allocated yet</td></tr>
</table>

*After a capital increase or stock grant with retained earnings or capital reserve, disclose information regarding the reversely adjusted market price and cash dividends based on the number of shares granted.

Note 1: Disclose the highest and lowest market prices of ordinary shares in each year and calculate the average market price based on the transaction value and transaction volume in each year.

Note 2: Please refer to the number of outstanding shares at the end of the year and fill in according to the resolution of the Board of Directors or the shareholders' meeting of the following year.

Note 3: When reverse adjustment is required for stock grants, disclose the EPS before and after the adjustment.

Note 4: When the accumulation of undistributed dividends of the year until the year when there is profit for distribution is a condition for the issue of equity securities, disclose the undistributed dividends by the year of report publication.

Note 5: P/E Ratio = Average closing price per share over the year / earnings per share.

Note 6: Price/Dividend Ratio = Average closing price per share over the year / cash dividend per share.

Note 7: Cash Dividend Yield = Cash Dividend per Share / Average closing price per share over the year

Note 8: For fields of net value per share and earning per share, shall fill in information audited (reviewed) by CPA in most recent quarter as of the date of report publication; and fill in information of the year as of the date of report publication, for the rest of the other fields.

(VI) Dividend policy and implementation

1. Dividend policy stipulated in the Articles of Association:

Earnings are allocated or deficits are covered at the end of each quarter.

If there is earnings in the final settlement of the Company every quarter, before distributing the earnings, the tax payable shall be estimated and retained to make up the accumulated losses in accordance with the law, and 10% of the estimated retained employee and director remuneration shall be allocated as legal reserve; The special reserve shall be appropriated or reversed as required by law or as required by the competent authority. In the case of the board of directors' proposal for distribution of new shares, such proposal shall be resolved by the shareholders' meeting in accordance with the regulations; if the proposal is made in the form of cash, it shall be resolved by the board of directors for distribution.

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

(1) Allocate 10% as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply.

(2) When necessary, allocate or reversal of special reserve according to the laws and regulations.

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

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

The Company's lifecycle is in a stable growth stage and will observe the changes to the internal and external environment in search of sustainable operations and long term development. It will consider the company's future capital expense budget and needs while sustaining the stability of dividends distribution. During each quarter and every year when the Company distributes its cash dividends, it allocates more than 50% of the accumulated distributable earnings as shareholders bonus. Of which cash dividends must not be lower than 10% of the shareholders bonus.

2. Proposed 2022 dividend distribution:
   The Company's Board of Directors has on March 20, 2023 resolved to pass the 2022 appropriation of earnings proposal, distributing cash dividends at NT$1,147,559,186 (NT$9.0073 per share) and the Board of Directors is authorized to determine the ex-dividends date and to process the cash dividends distribution matter.

(VII) Impacts of the stock dividends proposed in the current shareholders' meeting on the Company's business performance and earnings per share:

Not applicable.

(VIII) Remuneration to employees, directors and supervisors:

1. The percentage or range of remuneration to employees, directors, and supervisors stated in the Articles of Association: If the Company has a profit for the year, it shall allocate 5% as the remuneration to employees and no more than 0.5% of the remuneration to directors. If there is any accumulated deficit, reserve the amount to offset the deficit.
2. The basis for estimating the amount of remuneration to employees, directors, and supervisors, the basis for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment for any discrepancy between the actual distributed amount and the estimated amount:
   The Company's estimated remunerations for employees and directors are provided in accordance with the Articles of Association. However, if the Board of Directors later resolves that the actual distribution amount differs from the estimated amount, it will be deemed as a change in accounting estimate and will be recognized as profit or loss in the year of actual distribution.
3. Distribution of remuneration approved by the Board of Directors:
   (1) Employees' remuneration and directors'/supervisors' remuneration distributed in cash or shares:

Expressed in thousands of NTD

Item	Amount recognized as expense	Resolution of the Board of Directors Distribution amount	Differences	Distribution method
Employees' payroll and bonus payable	58,718	58,718	-	Cash
Remunerations of Directors	5,872	5,872	-	Cash

   (2) The amount of employees' remuneration distributed in shares and their ratio to the after-tax income and the total amount of employees' remuneration as stated in the entity or individual financial statements for the current period: Not applicable.

4. Actual distribution of employees', directors' and supervisors' remuneration in the previous year:

Expressed in thousands of NTD

Item	Amount recognized as expense	Actual amount distributed	Differences
Employees' payroll and bonus payable	121,341	121,341	-
Remunerations of Directors	12,134	12,134	-

(IX) Shares repurchased by the Company: None.

II. Status of corporate bonds: None.

III. Processing of preferred shares: None.

IV. Overseas depository receipts: None.

V. Employee stock options and employee restricted shares: None.

VI. Mergers and acquisitions or transfer of shares of other companies to the issuance of new shares: None.

VII. Execution of capital utilization plan: None.

Five.Operational overview

I. Business activities

(I) Business scope:

1. The Company's main business activities are as follows:
   (1) Management of international tourist hotels and general tourist hotels.
   (2) Operation of Chinese and western restaurants, coffee shops, night clubs, bars, conference rooms, laundries, gyms, saunas, shops (sales of daily necessities, books, cigarettes, flowers, handicrafts, souvenirs, etc.) and parking lots.
   (3) Hotel management consulting service.
   (4) Consultation, diagnosis, analysis and consultation for the management of various recreational and entertainment facilities.
   (5) All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
2. Weight of business:

Item	Percentage in 2022 operating revenue
Food and beverage revenue	50.55%
Room revenue	33.88%
Technical service revenue	3.84%
Other service revenue	1.97%
Lease revenue	9.76%

3. The Company's current products (services) and new products (services) planned to be developed:

A. Dining: Includes the following characteristic restaurants and bars, providing a variety of delicious cuisines and high-level service quality.

(1) Mihan Honke: A collection of shabu-shabu, sukiyaki, and selected Japanese cuisines in one, with the decoration style of ancient Kyoto, Japan, to create a Japanese cuisine feast full of Japanese style.

(2) azie: Guests can listen to live music and enjoy innovative Chinese, Western, and Japanese à la carte cuisines in an elegant atmosphere.

(3) Brasserie: The all-day sumptuous and exquisite buffet cuisine. Floor-to-ceiling windows with garden views making it possible to enjoy delicacies in one space.

(4) Emporio and Noble House: Banquet and meeting venues designed in the

form of a top-notch private guest house where guests can enjoy tailor-made feasts.

(5) Robin's Grill: Simple cuisine that faithfully presents the authentic taste of top-grade beef, delicious seafood, and exquisite salad bar.

(6) Robin's Teppanyaki: The delicacy of top-grade beef and fresh and tender seafood are elegantly presented under the skillful technique of teppanyaki.

(7) Gallery: Surrounded by the grand views and melodious music, guests can enjoy a variety of beverages, bartending, and light meals while chatting or relaxing. It is a leisurely promenade where guests can rest in the midst of busy life.

(8) Silks House: Serving authentic Cantonese cuisines, Hong Kong-style refreshments, unique decorations, and attentive service, it has naturally become a representative restaurant in Regent's hotels.

(9) Avance Gym and Health Club: It integrates professional services and management of international standards, and provide guests, members and their families with top-class Chinese dining, meeting venues, health consultation, fitness, beauty salon, sauna, and swimming pool. It is an ideal place for high-ranking people to socialize and entertain.

(10) Conference rooms and banquet halls: One large banquet hall and nine elegant and multi-functional conference halls are suitable for holding festive banquets or social events for 800 to 1,000 people. The lighting and video equipment are readily available.

(11) Room service: 24-hour room service of dining.

(12) Spice Market : The only Thai seafood buffet restaurant in Taiwan. Located on the 6th floor of Eslite Xinyi Branch, visitors can enjoy classic Thai cuisines with hot and sour flavors in a resort atmosphere.

(13) Just Italian: Located on the 2nd floor of Just Sleep Taipei NTU, it serves a sumptuous and exquisite Italian buffet to satisfy the demand and expectation of the five-star cuisine in Gongguan commercial district.

(14) Just Grill: Located on the 6th floor of Eslite Xinyi Branch, it serves top-quality steaks and seafood paired with colorful salads and exclusive red and white wines. The windows of the restaurant face directly onto the Taipei 101, presenting a casual yet elegant dining ambience.

(15) Mihan Jiaoxi: Located on the 11th floor of Wellsprings by Silks, featuring carefully selected local seafood in Yilan, hot spring vegetables unique to Lanyang, and exquisite cooking techniques of star chefs to create top-quality cuisines for customers' eyes and taste treats.

B. Guest rooms: There are 538 spacious and luxurious rooms, including 60 suites.

C. Wellspring SPA: There are ten spacious aromatherapy suites covering a large area. Attentive service is provided by the exclusive aromatherapists. It has won the World SPA Award for best hotel SPA in Taiwan for many years, providing five-star pampering services.

D. Other services and facilities:

(1) Executive Floor (Executive) - With a small premium, guests can enjoy the advanced and complete facilities and services in this elegant and convenient club, including buffet breakfast, exclusive business center and service center, and free use of meeting rooms... and other VIP privileges to help travelers grasp business opportunities easily.

(2) Limousine service - Limousine services are available at the airport and in various commercial or tourist areas.

(3) Boutique shopping street - Regent Galleria of world-class brands are gathered here for visitors to enjoy shopping to the fullest.

(4) Parking lots - 250 parking spaces in total.

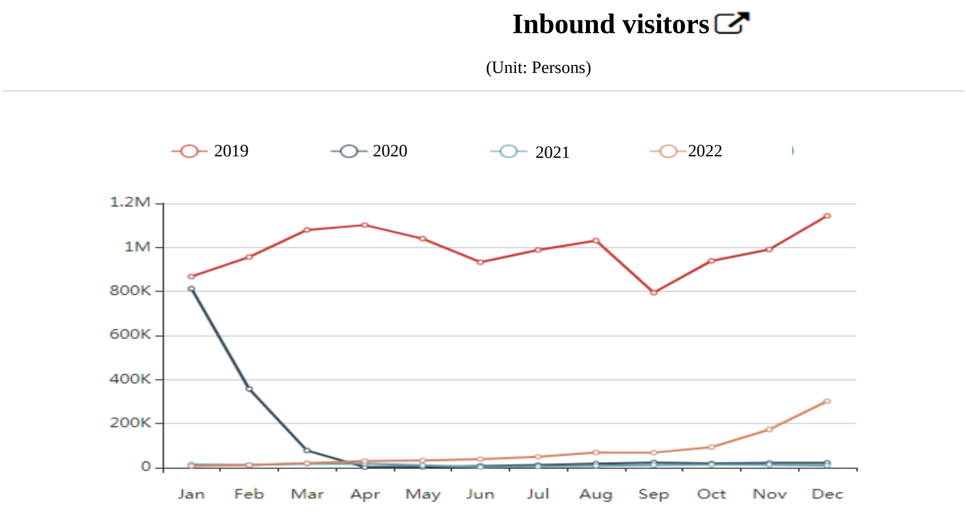
(5) Heated rooftop pool- A 20-meter-long outdoor pool exclusively used by tenants and club members.

(II) Industry overview:

1. Status and development of the industry

Top feeder markets such as Singapore, South Korea, the United States and Canada has recovered with the exception of Japan. Japanese without receiving three-dose of vaccines returning the country from abroad are required to take PCR at the airport immediately. Further weak currency and a lack of airline seats availability greatly reduced Japanese’s willingness to travel. Give that Japan used to be the top feeder market of Regent Taipei, as a result, this may result in an inevitably change the nationality mix of the Hotel.

The tourism market is dominated by foreign tourists who come to Taiwan for leisure and business trips. After Taiwan’s national gates were reopened in mid-October 2022, the number of foreign tourists entering Taiwan has yet meet the expectation. If the demand for tourist hotels is to recover significantly in the second half of the year to regain the level of visitors to Taiwan in the past, it is expected to recover at least 50%. The Regent Hotel has maintained an average occupancy rate of 50% during the three-year pandemic period, thanks to the government’s active efforts to improve tourism resources in various regions and the hotel's promotion of diversified guest room projects. This indicates that the investment in tourism resources has clearly driven the growth of domestic tourism. In the new normal after the pandemic, the hotel will continue to leverage local resources and the adjacent shopping districts as selling point to attract tourists.



Total from January to

Visitor arrivals in

January-December 2022

895,962

Source: Tourism and Hotel Information System, Ministry of Transportation and Communications, Tourism Bureau

Visitor Arrivals by Purpose of Visit

Unit: Persons

Year	Total	Business	Pleasure	Visit Relatives	Conference	Study	Commercial	Business/ Pleasure	Vacation	Exhibition	Medical Treatment	Others	Unstated
2019	11,864,105	746,115	8,444,024	478,220	76,308	80,630	-	-	-	18,320	55,937	1,964,551	-
2020	1,377,861	81,324	654,187	79,882	3,831	19,489	-	-	-	745	8,191	490,212	-
2021	140,479	11,937	156	6,542	102	7,644	-	-	-	29	808	113,261	-
2022	895,962	96,620	254,686	85,921	5,893	14,269	-	-	-	1,666	2,015	434,892	-

Source: Tourism and Hotel Information System, Ministry of Transportation and Communications, Tourism Bureau

Average Occupancy Rate and Average Room Price of International Tourist Hotel, 2019-2022

Unit: %; NTD

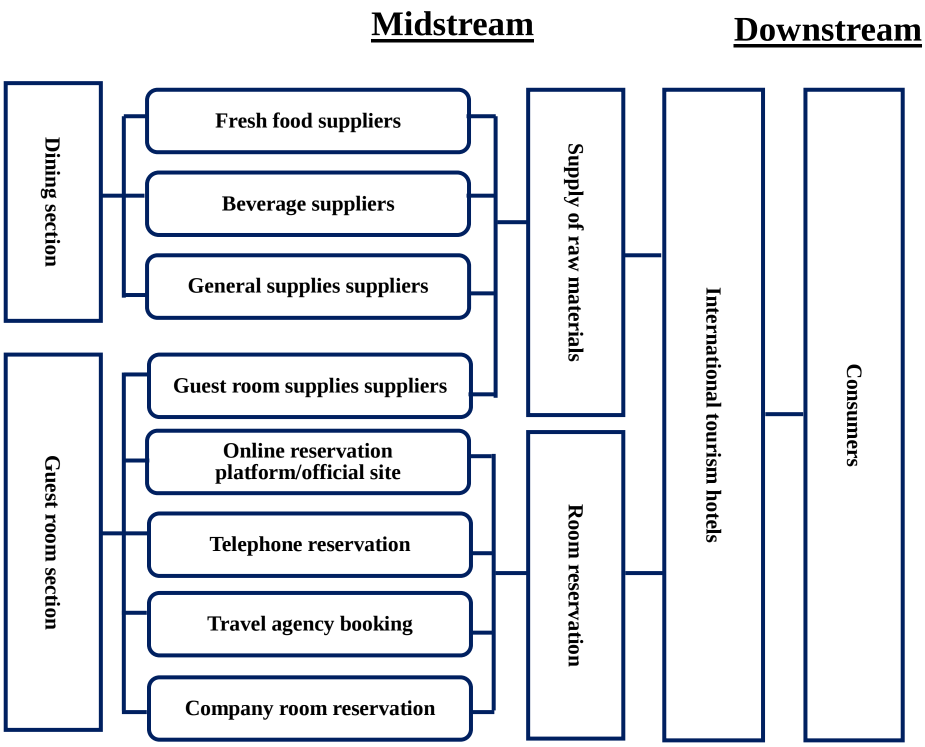
Year	All of Taiwan		Taipei area	
	Average occupancy rate	Average house price	Average occupancy rate	Average house price
2019	68.49	3,930	74.70	4,612
2020	40.23	3,766	27.41	3,542
2021	33.59	3,783	24.90	3,333
2022	48.06	4,195	43.02	3,778

Source: Tourism and Hotel Information System, Ministry of Transportation and Communications, Tourism Bureau

2. Correlation among the up-stream, mid-stream and down-stream of the industry

The Company primarily operates international tourist hotels and provides dining, recreational and recreational facilities, meeting venues, and shopping services. In terms of the relevance of the overall tourist hotel industry, the Company belongs to the middle reaches of the industry. The Company’s main operating income sources are catering and housing income. The catering part is to purchase fresh food, beverages, and general supplies from upstream suppliers and provide delicious delicacies to downstream end consumers such as individual customers or tour groups; and guest rooms In some cases, the Company accepts online room reservations, individuals, travel agencies, or corporate groups, and purchases room related supplies from upstream suppliers to enable travelers to enjoy comfortable and high-quality housing services.

Correlation among the up-stream, mid-stream and down-stream of the industry



3. Product development trends and competition :

During the pandemic, the best-selling housing products have been introduced to drive tourism among the locals; different products have developed into a huge database of family travelers, returnees, and high-end travelers with high unit price. Therefore, the following points can be summarized as the development trend of products after the pandemic.

1) The implementation of sustainable tourism, the promotion of environmental protection, the combination of local culture and the Zhongshan business district, and then emphasizing the support for social and cultural preservation and local economy.
2) In-depth travel combines culture and wellness together. This pandemic is like the Third World War, making people pay attention to their mental and physical health in addition to the original travel needs. If the products focus on the health of the immune system and the packages provided by the accommodation field, it is bound to become a new product trend.
3) With the increase of Regent's membership, the integration of dining and banquet , residents, Regent Galleria and Yafeng Club members into a complete set of information database. Therefore, consumers' preferences

and payment methods can be recorded so that we can follow up and analyze them.

4) With the popularity of mobile devices and social media, everyone is a we-media. They manage their customers and friends in their surroundings and can quickly meet the various needs of customers. In addition to our own strong brand power, maximize the promotion of branded products.
5) The guest room project products extended due to the pandemic in the past three years, the guest rooms on different floors are clearly targeted at various customer segments. In the future, the company will continue to combine with different industries. For example, the discounts on Taiwan's high-speed rail and double-decker sightseeing buses will make housing products full of different characteristics to attract different customers.
6) Recent Japanese brands: JR East Hotel Taipei / 288 rooms (Hotel Metropolitan Premier Taipei), Mitsui Garden Hotel Taipei / 297 rooms, and Hotel Gracery / 240 rooms (Hotel Gracery) , Taipei City's room supply increased by about 850 rooms. Japanese travelers are also very loyal to local brands. In addition to the three hotels mentioned above, there are also 180 nearby and Okura hotels. The four Japanese hotels will drive another wave of supply-demand imbalance and price volatility, especially in Japan. As our main market, we will have to be more vigilant about its impact.

(III) Technology and R&D overview:

The Company mainly operates international tourist hotels and provides dining, meeting venues, and shopping services. The Company emphasizes providing customers with comfortable and high-quality housing services and providing safe and delicious meals. The Company adheres to the spirit of product innovation, develops new customers By introducing new menus, the Company also makes good use of seasonal fresh ingredients and responds to the sustainable environment and the market trend of producing recovered ingredients to improve its dining operational capabilities. The Company's R&D expenses in 2022 amounted to NT$1,227,338.

(IV) Long-term and short-term business development plans:

Long-term plan:

1. Increase the utilization of executive floors and high-priced large rooms to raise average house prices and maintain market leadership.
2. In order to meet the demand for talents and upgrade the skills and competences of internal employees, we plan to promote the potential development plan of the current employees, in order to achieve more

exquisite and comprehensive services and improve customer satisfaction.

3. Maintain friendly relationship with various tourism-related associations in order to acquire more opportunities.

Short-term plans:

1. Make sure that the latest photos/images of the hotel are exposed on various overseas print media/reservation platforms.
2. Participated in overseas international travel exhibitions and conferences organized by the Tourism Bureau/Tourist Association to maintain visibility in the overseas market and maintain connection and visibility with overseas markets.
3. Continue to explore overseas markets other than Japan to reduce the risk of slow recovery (if any) in the Japanese market.
4. Actively seek overseas travel agencies, airline companies, and cruise companies invited by the Tourism Bureau to stay in the hotel.
5. Continue to strive for the venue service and housing opportunities for incentive travel, annual medical associations and international conferences held at the hotel.
6. The hotel facilities continue to upgrade hardware facilities in order to provide better quality products and services and improve product competitiveness.
7. The official website offers the best discounts for hotel reservations, and offers discounts on high-speed rail services based on domestic guests' preference, booking time, and availability.

II. Status of the market and production/sales

(I) Market analysis:

1. Major products and services sold and regions provided

The Company's business activities are mainly based on catering service income, rental income and technical service income. The target audience for the Company's provision of room service can be roughly divided into local tourists and foreign tourists. The sales method and the nationality of the customers in the last two years are as follows:

(1) Type of customers served by the Company in the most recent two years: (Guest room service)

Year	Contracted business travelers	Signed travel agency	Online booking/discounts for Singaporeans	Others	Total
2021	20%	11%	68%	1%	100%
2022	24%	11%	65%	0%	100%

Source of data:Data compiled by the Company on its own

(2) The nationality distribution of foreign Chinese visitors in the most recent two years:

Year	Asia	Americas	Europe	Others	Total
2021	94.7%	1.8%	1.6%	1.9%	100%
2022	91.6%	3.0%	2.3%	3.1%	100%

Source of data:Data compiled by the Company on its own

(3) The distribution ratio of the Company's visitors to Taipei in the most recent two years (from out of town):

Year	North District (North of Taoyuan)	Central	Southern District	Outer Islands	Total
2021	67%	18%	15%	0%	100%
2022	63%	20%	17%	0%	100%

Source of data:Data compiled by the Company on its own

2. Market share

In the market of source market for five-star hotels in Taipei, the group of competitors recognized by Regent Taipei, the Grand Hyatt Taipei, Far Eastern Hotel Taipei, Taipei Marriott Hotel, Okura Jiho W Hotel, Sheraton Taipei Hotel, etc.), and ranked second in terms of the proportion of guests in the source market in 2022 (STR Report). Despite the decline due to the COVID-19 pandemic, it is still much higher than the competitors listed above. The popularity and popularity of Regent Taipei also proves that Regent Taipei has successfully transformed its brand management into an urban resort hotel for many years.

3. Future supply, demand and growth of the market

Regent Taipei has a high market share among five-star hotels in Taipei. However, the tourism market in Taipei continues to face a situation where a hundred schools of thought contend; the Covid-19 pandemic that occurred in 2020 has had a huge economic impact; Taiwan Tourism It is imperative for Taiwan to promote its products overseas to improve its competitiveness with neighboring countries; new tourist attractions or large-scale commercial events/international conventions and exhibitions will increase the necessity of visiting Taiwan. The increase in the number of flights and the reduction of fuel consumption can reduce the cost of overseas travels and attract overseas tourists to Taiwan. It is estimated that the number of arrivals in the second half of 2023 will recover to 50% of the 2019 level.

4. Competitive niches and favorable and unfavorable factors for development prospects and countermeasures

(1) Competitive niche

The Company is located in the commercial center of the West District of Taipei, where internationally renowned boutiques are located next to each other. Shin Kong Mitsukoshi and Eslite shopping areas on Nanjing West Road have been integrated into Zhongshan Linear Park, and Chifeng Street has formed a cluster of businesses. In addition, the hotel has complete and comprehensive facilities and service functions, which is widely recognized by travelers around the world. We have been selected as one of the key staying places for government agencies to receive VIPs. Regent Galleria located in the hotel also utilizes the rich resources of the hotel to combine high-end shopping with dining, as well as housing and tourism, so as to provide top-notch fashion experience. Meanwhile, the convenient transportation network makes it easy for travelers to visit famous sightseeing spots. Whether for business, shopping, or recreation, it is the best choice for international travelers and locals alike.

(2) Favorable factors

1) IHG Hotels & Resorts forges cross-industry alliances to expand the source of high-unit price customers through its hotel reservation platform; and its regional sales departments to promote large convention and exhibition groups.
2) Selected as the annual guest room project of the Fine Hotel & Resorts Program (FHR) under American Express. Limited hotels are screened under strict criteria each year. The high-end travel program is only available for bookings with Platinum spending tier and above cardholders. These members with high spending power are located all over the world. By booking a room at a high price, staying in a hotel, and spending in the hotel at the same time, the overall income is increased. .
3) Owning the international Regent brand, we will continue to pass on the spirit of the Regent brand and build Regent Taipei as the flagship store to enhance the hotel’s reputation and service standards to increase the recognition of the guests.

4) Taiwan’s research and development and manufacturing capacities have been recognized by many multinational enterprises. Projects related to offshore wind power generation and semiconductors are being carried out one after another, and the related customer groups would on average stay in hotels for at least 5 days or longer, which would expand the market share among business travelers.
5) Continue to upgrade the hardware equipment of guest rooms, upgrade the standard of hotel facilities, and improve the overall average room rate of the hotel. “Cloudy Sky Balcony” and “Cloud Sky Corridor” have driven a wave of family market trends, becoming one of the few hotels in Taipei City that can provide four-person rooms. Continue the guest room optimization and upgrade project to provide visitors who love Regent Taipei with a brand-new accommodation experience.
6) Combine the Group’s resources to integrate domestic and foreign sister hotels for joint marketing projects.
7) The first company to combine hotels, boutiques, dining and high-end shopping malls with the business model, leading the trend and differentiating the product market from other competitors.

(3) Unfavorable factors

1) In the past three years, international chain hotels (including Japanese brands and IHG brands) have gradually entered the Taipei tourist hotel market, which is bound to have an impact on the supply and demand of Taipei’s tourism industry market.
2) As the hotel opened up after the pandemic, the number of arrivals was not as good as expected, and hotels in the same industry were attracting customers with low prices; in order to maintain market share, our hotel is bound to acquire customers with flexible prices; this practice affects the increase of the average room rate.
3) Taiwan’s visa issuance is prudent . People from Hong Kong and Macau are facing difficulties in coming to Taiwan, which reduces the number of business trips and sightseeing trips.

(4) Countermeasures

1) Through the overseas sales offices of IHG Hotels & Resorts, the interaction with overseas travel agencies/PR agencies/company offices will be strengthened to increase MICE and annual contract company business.

2) The online room reservation platform enables fast room reservation and allows rooms to be opened and price adjusted flexibly in line with market supply and demand. The cooperation of Rakuten Travel, HIS, and Expedia in the Japanese market is still the opportunity to increase the overseas independent travel market. JTB has also transformed its printed travel guide into an online booking website, which is bound to attract more people who use the Internet to book rooms.
3) By actively maintaining and stabilizing customer relationship in the Japanese market, and local business contact in Japan, the hotel can continue to maintain the proportion of accommodation in the future after the country is opened to foreign countries. Meanwhile, the Company will adjust the quantity and price of busy days to increase its revenue from rooms.
4) In line with government policies, the Company will explore markets in Southeast Asia, New Zealand, and Australia to build partnerships with local travel agencies.
5) Form alliances with credit card companies, airlines, and famous boutiques to offer discounts on accommodation, dining, or flight + wine package tours to increase hotel exposure and sales channels.
6) Integrate the brand marketing resources of the hotel and Regent Galleria, and increase the utilization rate of in-room skincare activities or clothing presentations and exhibitions, thereby increasing the average room rate.
7) Establish a secure cloud-based system database and update it regularly to ensure timely grasp and contact with customers in case of emergency.
8) The long-term cooperation with the tour series of travel agencies in South Korea, the United States and Canada, the designated accommodation can not only precisely control the room volume, but also increase the exposure in the local market.
9) Continue annual appreciation events and the "Secretary Incentive Program" to maintain good interaction with customers and to attract more reservations.
10) Advertising on the Global Reservation System to attract more overseas visitors.

(II) Important uses and production processes of the main products:

The Company’s main product management methods are guest room rental, supply of food and beverage, and provision of conference halls and saunas and other related facilities, all of which aim to maximize customer satisfaction.

(III) Supply situation of major raw materials:

The Company mainly engages in guest room rental and catering services, and the supplies of its main raw materials, consumer supplies and fresh food, are stable.

(IV) Names of customers accounting for more than 10% of total purchases (sales) in any of the past two years, and the reasons for the changes:

The Company's purchase/sales targets are quite dispersed, and there were no suppliers that accounted for more than 10% of the total purchase/sales in the most recent two years.

(V) Production value in the most recent two years:

The Company is mainly engaged in the business of renting guest rooms and catering services. Since it is not a general manufacturing industry, there is no data on the output and sales value. Therefore, only the service items are listed in the output value table for the most recent two years and explained as follows:

Production volume and value for the most recent two years

Expressed in thousands of NTD

Year / Major products	2021		2022	
	Production volume	Value	Production volume	Value
Food and beverage cost	-	$2,315,578	-	$2,291,679
Rooms cost	-	1,058,911	-	1,191,652
Other costs	-	223,972	-	249,375
Total	-	$3,598,461	-	$3,732,706

(VI) Sales volume and value in the past two years:

The Company is mainly engaged in the business of renting guest rooms and catering services. Since it is not a general manufacturing industry and there is no data on the production and sales value, only the service items are listed in the major sales value table in the last two years and the description is as follows:

Sales volume and value in the most recent two years

Expressed in thousands of NTD

Year / Major products	2021		2022	
	Amount	Value	Amount	Value
Food and beverage revenue	-	$2,894,039	-	$2,871,215
Rooms revenue	-	1,376,412	-	1,895,224
Other non-interest income	-	660,243	-	830,884
Total	-	$4,930,694	-	$5,597,323

III. Employees

Employee data for the most recent two years and up to the publication date of this annual report

April 17, 2023

Annual		2021	2022	2023 as of 04/17
Number of employees	Rooms Division	575	590	612
	F&B Division	978	934	1001
	Administration	380	383	384
	Total	1933	1907	1997
Average age		34.06	34.76	34.61
Average years of service		5.18	5.47	5.29
Distribution by academic qualification	Doctorate	0.05%	0.05%	0.05%
	Master	2.9%	3.05%	2.91%
	Associate/ Bachelor Degree	68.31%	67.37%	68.88%
	High School Diploma	23.31%	24.22%	22.99%
	Below High School	5.43%	5.31%	5.17%

Source: Statistical research conducted in-house (excluding part-time employees)

IV. Environmental expenditures

Losses due to environmental pollution in the most recent year and up to the publication date of this annual report: N/A.

Considering that provisions of accommodations and dining are our primary products and services, no severe environmental pollution issues were reported as a result. Cooking emissions from restaurant operations are only released after being filtered through electrostatic precipitators and kitchen exhaust treatment systems, in order to prevent negative impact on the surrounding residents or the environment. Moreover, the waste water generated has also been filtered through an oil trap then recollected to eliminate polluting the sewer systems. Legal manufacturing-designated maintenance and deodorization are routinely performed on the oil trap and septic tank residue. In 2022, environmental protection-related expenditure totaled TWD1,420,000; no environmental pollution or environmental regulatory violation has been cited by related governing bodies.

V. Employee Relations

(I) Policies and actual implementation with regards to employee benefits, continuous professional development, on-the-job training, retirement, and employee relations::

1. Our employees are our greatest asset. Employee rights and benefits are and will continue to be of significant importance to us because we believe that a company's profitability is contingent on employee loyalty and team cohesion. In addition to handling labor and health insurance and establishing Employee Welfare Committee in accordance with government regulations, we have established Employee Stock Ownership Trust with Employee Welfare Committee allocating subsidies proportionate to the amount of shares owned in order to incentivize employees to save and invest. Along with annual employee outings, staff lounges, library, infirmary, and dormitories are provided for employees to rest between shifts or overnight.

2. Training and development

With our mission "Bring the best of the world to Taiwan and the best of Taiwan to the world" in mind, we provide training facilities, knowledge and skills training, professional as well as personal growth training to enhance employees' core competencies and career development. Through "Corporate Integrity Procedures and Guidelines" online training course and assessment, we aim to improve our employees' understanding of confidentiality—its definition and importance, response to suspicious activity or situations, integrity management, and insider trading prevention.

There were two important milestones in 2022. First, after two years in development, we launched "Regent Hotel Academy" app, our in-house designed digital learning platform, which eliminates spatial and time barriers to better meet our employees' needs, while incorporating podcast guest speakers such as our very own managers and directors. Second, Rediscovery Crisis is Opportunity was published to commemorate Regent's 30-year anniversary. Online discussion forums and book clubs offer readings by author Ms. Lin Jing-Yi and Chairman Steven Pan and feedback sharing by employees from various departments, not only allowing our employees to better understand Regent's journey over the years, but also reinforcing learning through interaction.

Training and development courses are categorized as follows:

(1) New-hire training: orientation, service principles and culture, corporate social responsibility, sexual harassment prevention, Corporate Integrity Procedures and Guidelines, etc.

(2) Management training: managerial seminars, Tao of Managers, financial management, human resource management, etc.

(3) Labor safety training: fire safety, food safety, labor health and safety, occupational accident cases seminar, etc.

(4) Professional development training: hotel and hospitality service, specialized or technical knowledge and skills, English and Japanese languages, professional hair and make-up, financial planning, health and mental/spiritual wellbeing, etc.

Summary of trainings conducted in 2022：

Training Category	Number of Sessions	Hours of Training	Number of Participants	Total Training Hours	Ratio
Orientation	121	172	3259	4575	40.03%
Corporate Integrity Procedures and Guidelines	18	9	471	235.5	2.06%
Language training	12	48	285	1140	9.97%
Corporate Social Responsibility	1	16	10	160	1.40%

Specialized/technical knowledge and skills	22	121	159	849	7.43%
Leadership and management	17	66.5	534	726.5	6.36%
Food safety	10	65	385	809	7.08%
Employee safety	51	229.5	1416	2934	25.67%
Total	252	727	6519	11429	100.00%

3. Employee Conduct & Code of Ethics
   (1) In keeping with the Labor Standards Act, our employee handbook details code of conduct, employment, working hours, salary, leave/vacation days, rewards and penalties, tenure calculation, retirement, pension, etc. Such information is also made available to employees via the company intranet bulletin and orientation.
   (2) All employees must read and sign the Employment Agreement on their first day, which details the conditions of employment and confidentiality agreement.
   (3) In accordance with the Sexual Harassment Prevention Act, lodging a sexual harassment complaint and investigation related information are clearly outlined to protect the rights of the victim as well as to ensure gender equality rights in the workplace.

4. Workplace and employee safety protective measures

   To protect our employees from harm, our company's health and safety management continue to observe the following guidelines:

   (1) Management in accordance with government regulations: All health and safety activities and management are carried out by means of risk management and evaluation. Our occupational health and safety management system was established in keeping with ISO45001 requirements.

   Current relevant safety and health certificates are as follows:

License	Holdings
Supervisor in charge of occupational safety and health affairs	1
Labor safety management specialist	1
Labor safety and health management staff	1

Operator of boilers	8
Supervisor in charge of organic solvent operations	3
Supervisor in charge of hypoxia operations	1

(2) To minimize the number of occupational accidents, all employees must attend routine safety related drills and training. In addition, health and safety related knowledge and guidelines are reinforced via the Regent Academy app.

(3) The workplace environment is routinely inspected, and inspection results are made available on the company's training website.

Item	Inspection frequency
High-temperature operations (boiler operations)	Every 3 months
Noise operations (boiler operations)	Every 6 months
Organic solvents operations (painting operations)	Every 6 months
Carbon dioxide detection	Every 6 months

In 2022, inspection results reported two incidents of noise level approaching the acceptable limit, in which case the associated department leaders later worked to improve the workplace environment before the next inspection.

(4) Health protection plan: A safe and healthy work environment is built to ensure sustainable development through the spirit of responsible care. Following the revision of the Occupational Safety and Health Law in recent years, Article 6 expressly requires business units to develop related health protection plans according to their nature and scale, including: maternity protection, overwork prevention, ergonomic engineering improvement, resumption of work and suitable work allocation, and unlawful violations in the workplace. and violence prevention. The main points of the implementation are as follows:

a. health protection plan are adjusted according to implementation requirements and announced.

b. interviews for individual maternity protection cases and workplace provisions.

c. working hours and paid leave actively managed to prevent overwork.

d. workplace improvements and employee health protective measures.

e. management and guidance during doctor's on-site consultation hours .(recorded for future reference)

(5) COVID-19 related measures:

a. implement employee health monitoring plan and COVID cases tracking mechanism

b. ensure employees who test positive stay home and rest
c. allow for remote work
d. make adjustments to the work area to allow for physical distancing; masks must be worn if physical distancing is not possible
e. reduce seating in staff cafeteria to maintain physical distancing; takeaways for administrative/back-office employees
f. cancel group activities during peak pandemic periods; change training to online
g. disseminate health and COVID related updates
h. implement controls and temperature checks at employee entrance
i. disinfect employee areas frequently
j. provide government-subsidized COVID self-testing kits to high-risk employee

5. Safe wrkplace

(1) The infirmary's chief mission is to ensure all employees' physical and mental wellbeing, thereby creating an overall healthier workplace environment and culture and enhancing employee productivity and creativity. The infirmary is equipped with a doctor (stationed on-site once a week) and a certified nurse to provide basic medical aid, medical consultations and referrals, etc.

(2) Occupational medicine specialist and nurse visit once a month to provide consultations regarding:

a. employee health and hygiene related training
b. prevention and treatment of occupational and general injuries/diseases
c. employee vaccinations
d. employee suitability for certain types of work
e. evaluations and management of employee health check records
f. occupational health research and storage of injury/disease records
g. workplace improvements aimed at preventing occupational injuries/diseases
h. accompany labor health and safety officer to inspect the workplace and:

- identify and evaluate the dangers in the workplace environment and operations
- propose improvements to ensure workplace health and safety
- investigate the relationship between employee health and work operations, and conduct health risk assessments for high-risk employees and take necessary preventive measures
- assess returning employees for readiness to return to work, and provide advice and consultation accordingly

(3) In keeping with government policies to encourage breastfeeding, nursing rooms are set up for employees to use.

(4) To provide greater employment stability and minimize work-related accidents and health issues for older workers, appropriate work equipment is made available and work processes improved.

6. Collective bargaining agreement

As a member of the tourism industry, our company is subject to the Labor Standards Act concerning employee attendance, leave, days off, and holidays.

7. Retirement policy

a. Applies to all full-time employees.
b. Eligibility for retirement (must meet one of the following):
    - tenure of 15 years or above and at least 55 years of age
    - tenure of 24 years or above
    - tenure of 10 years or above and at least 60 years of age
c. Employees may be compelled to retire under one of the following circumstances:
    - 65 years of age
    - declared medically unfit for work by an approved hospital
d. Pension payments:
    - For employees opting for the old pension system, pension is calculated as follows:

      For every full year of service, two bases are given, up to 15 years. Hereafter, one base is given for each year of service, with a maximum limit of 45 bases.

      For employees opting for the new pension system, pension is calculated as per monthly salary (average salary 6 months prior to retirement).

- Under the new pension system, pension withdrawal and calculation are as follows:

  monthly pension withdrawals: The amount calculated from the principal and accumulated income of the employee's individual pension account with the average lifespan and interest rate in accordance with the annuity life table as the regular pension. ◦

  one-time pension withdrawal: The one-time pension withdrawal of the principal and accumulated earnings from the Labor Individual Pension Account. The annuity life table, life average, and interest rate and amount calculations referred to above are prepared by the Bureau of Labor Insurance and submitted to the central competent authority for Approval. ◦

  Employees of at least 60 years of age and with a tenure of at least 15 years are subject to monthly pension withdrawals, whereas employees with a tenure of less than 15 years may receive a one-time pension payment.

8. Performance bonus policy: To boost employees productivity and, in turn, company profitability as well as to reward their hard work, performance bonuses are awarded three times a year to all employees.

(II) Losses suffered by the Company due to labor disputes in the most recent year and up to the publication date of this annual report, and disclose the estimated losses that may occur currently and in the future and countermeasures:
According to the latest annual report published on April 17, 2023, there were no incidents of employment related penalties reported in 2022. To improve employee relations, the company continues to actively provide training to help employees and managers better understand and act in accordance with the labor law and regulations.

VI. Cyber security management

(I) Describe the IT security risk management framework, IT security policies, specific management plans, and resources invested in IT security.

1. Cyber communication security risk management framework
   The Information Office is responsible for the information security of the

Company. It is responsible for planning, executing, and promoting information security management matters and promoting information security awareness. The Audit Office is the audit unit of information security supervision. If deficiencies are discovered during the audit, the Audit Office shall immediately request the audited unit to propose relevant improvement plans, and the improvement results are regularly tracked to reduce internal information security risks.

2. Cyber security policy

- Establish information system classification and protection standards to maintain the sustainable operation of each information system.
- Prevent hackers and various viruses from invading and destroying.
- Prevent the leakage of sensitive data with improper intentions by human beings.
- Conduct an internal information security audit once a year.
- Establish an appropriate backup mechanism and plan, and formulate a business continuity plan, including core business backup measures, contingency procedures, and resource allocation.
- Establish appropriate management measures for the security control, personnel access control, environmental maintenance and other items of the computer room and important areas.

3. Information communication security management plan and resources invested in information communication security

(1) Security management of computer equipment

- The Company's computer mainframes and various application servers are installed in dedicated computer rooms, and access records are kept for records.
- The computer room is equipped with independent air-conditioning to maintain the operation of computer equipment under an appropriate temperature environment. Chemical-type fire extinguishers are also installed. These fire extinguishers are suitable for fires caused by general or electrical appliances.
- The equipment room is equipped with an environmental monitoring system to monitor the temperature and humidity of the equipment room. If there is an abnormality, the system will automatically notify the relevant personnel.
- The mainframe in the computer room is equipped with UPS and stabilized voltage equipment to prevent the system from crashing due to unexpected instantaneous power failure. An emergency generator is also provided to

ensure the normal operation of the computer system in the event of a temporary power outage.

(2) Network security management

- The entrance to the external network is equipped with an enterprise-class firewall to prevent illegal invasion by hackers.
- Equipped with online behavior management and filtering equipment to control Internet access, which can block access to harmful or policy-not-allowed network addresses and content, enhance network security, and prevent bandwidth resources from being improperly occupied.

(3) Virus protection and management

- Servers and colleague's terminal computers are equipped with endpoint protection software. The virus pattern is updated automatically to ensure that it can block the latest types of viruses. At the same time, it can detect and prevent the installation of potentially threatening system executable files.
- The e-mail server is equipped with anti-virus and spam filtering mechanisms to prevent viruses or spam from entering the user's PC.

(4) Management of system access control

- Employees need to go through the system permission application process defined internally by the Company. Once approved by the responsible manager, the Information Room will create a system account and authorize the functions and permissions appropriately.
- The password for the account number shall be composed of appropriate number of characters and mixed with special symbols.
- When an employee is dismissed (offered), the Information Office will perform each system based on the notice of dismissal to delete the accounts.
- Regularly review user accounts and permissions, and suspend accounts that have not been used for a long time.

(5) Ensure the sustainable operation of the system

- System backup: Establish an off-site backup system and adopt a daily backup mechanism to ensure the safety of backed up data.
- Disaster recovery drill: Each system is rehearsed once a year. After the restoration date and reference point is selected, the backup media will be restored to the system mainframe, and the correctness of the restored data will be confirmed to ensure the correctness and effectiveness of the backup

media.

(6) Information system or service outsourcing management

- Establishment of security management procedures for information outsourcing, including the relevant regulations on the selection of external contractors, supervision and management, and the termination of outsourcing relations, to ensure that outsourcing vendors have comprehensive information security management measures when performing outsourced operations.
- Define the information security responsibilities and confidentiality requirements of outsourced companies, and specify the service level agreement (SLA), information security requirements, and information security audit rights over the outsourced companies in procurement documents.
- When the Company terminates or terminates the contract, the Company confirms that the data held by the outsourcer is returned, transferred, deleted or destroyed.

(7) Information security advocacy and training

- Information security training: Conduct monthly information security training for new employees to establish basic information security concepts.
- Information security advocacy: Examples of information security are provided to colleagues for reference from time to time.

(II) In the most recent year and up till the publication date of this annual report, if it is impossible to reasonably estimate the losses suffered due to major IT security incidents, the possible impacts and the countermeasures, please explain the facts: None.

VII. Important contract

April 17, 2023

Type of Contract	Client	Contract Term	Description	Limitations
Creation of surface rights contract	Taipei City Government	From May 11, 1984 to May 10, 2034	The Company shall pay the rent to the Taipei City Government at a certain percentage of the announced land value each year. If the agreed rent is less than the amount of land tax paid by the Taipei City Government, the rent shall be adjusted based on the actual amount of land tax paid each year.	Upon the expiry of the contract, the Company shall not demolish the fixtures attached to the building at will, and shall unconditionally turn over the premises together with the fixtures to the Taipei City Government.
Technical services, entrusted management, and affiliation contracts	Rong Chiang International Ltd.	Starting from the date of official opening of the hotel onwards for 20 years	1. Subject matter of contract: Silks Place Yilan 2. Calculation and collection of service fees: Calculate a certain percentage of the operation revenue on a monthly basis	None
Technical services, entrusted management, and affiliation contracts	Yui-Mom Silks Club Co., Ltd.	Starting from the date of official opening of the hotel onwards for 20 years	1. Subject matter of contract: Silks Club 2. Calculation and collection of service fees: Calculate a certain percentage of the operation revenue on a monthly basis	None
Technical services, entrusted management, and affiliation contracts	Ybh International Ltd.	Starting from the date of official opening of the hotel onwards for 20 years	1. Subject matter of contract: Just Sleep Kaohsiung (Zhanqian Branch) 2. Calculation and collection of service fees: Calculate a certain percentage of the operation revenue on a monthly basis	None
Technical services, entrusted management, and affiliation contracts	Ybh International Ltd.	Starting from the date of official opening of the hotel onwards for 20 years	1. Subject matter of contract: Just Sleep Kaohsiung (Chung Cheng Branch) 2. Calculation and collection of service fees: Calculate a certain percentage of the operation revenue on a monthly basis	None
Technical services, entrusted management, and affiliation contracts	Ybh International Ltd.	Starting from the date of official opening of the hotel onwards for 20 years	1. Subject matter of contract: Just Sleep Hualien 2. Calculation and collection of service fees: Calculate a certain percentage of the operation revenue on a monthly basis	None
Technical services, entrusted management, and affiliation contracts	Yuezak Hospitality Management Co., Ltd.	Starting from the date of official opening of the hotel onwards for 20 years	1. Subject matter of the contract: Just Sleep Sanchong Branch 2. Calculation and collection of service fees: Calculate a certain percentage of the operation revenue on a monthly basis	None
Technical services, entrusted management, and	Ten Drum Cultural Creativity And	Starting from the date of official opening of the hotel onwards for 20 years	1. Subject matter of the contract: Just Sleep Tainan Branch 2. Calculation and collection of service fees:	None

Type of Contract	Client	Contract Term	Description	Limitations
affiliation contracts	Hospitality Co., Ltd.		Calculate a certain percentage of the operation revenue on a monthly basis	
Technical services, entrusted management, and affiliation contracts	Hungmao International Development Co., Ltd.	Preparation period	1. Subject matter of the contract: Just Sleep Kenting Branch 2. Calculation and collection of service fees: Collect service revenue based on preparation progress	None
Technical services, entrusted management, and affiliation contracts	Eastern Home Shopping & Leisure Co., Ltd.	Preparation period	1. Subject matter of the contract: Silks X Linkou 2. Calculation and collection of service fees: Collect service revenue based on preparation progress	None
Technical services, entrusted management, and affiliation contracts	Set Studio Park Co., Ltd.	Preparation period	1. Subject matter of contract: Silks Place Taoyuan 2. Calculation and collection of service fees: Collect service revenue based on preparation progress	None
Technical services, entrusted management, and affiliation contracts	Eastern Ocean Hot Spring Hotel Co., Ltd.	Preparation period	1. Subject matter: Toucheng Wellspring by Silk 2. Calculation and collection of service fees: Collect service revenue based on preparation progress	None
Contract for outsourced operation and management	A	Since January 16, 2013 to December 31, 2024, a total of 12 years	1. Subject matter of the contract: A hostel 2. Calculation and collection of service fees: From the trial operation date to the expiration of the commissioned operation period or the termination date of the contract, the company shall pay a fixed amount of premium on a monthly basis, and also pay a certain percentage of operating revenue as operating royalty.	None
Contract for renting shopping malls and operating hotels and restaurants	Company B	From December 1, 2005 to December 31, 2023, 18.1 years	1. Lease subject matter: shopping mall in Area A, 6F, Company B 2. Calculation and collection of rent: Calculation of rent is based on revenue, but guaranteed revenue shall be achieved.	None
Contract for renting shopping malls and operating hotels and restaurants	Company B	From June 1, 2020 to December 31, 2023, 3.6 years	1. Lease subject matter: shopping mall in Area B, 6F, Company B 2. Calculation and collection of rent: Calculation of rent is based on revenue, but guaranteed revenue shall be achieved.	None
Contract for renting shopping	Wanhwa Enterprise	From April 20, 2009 to April 19, 2027, 18 years	1. Lease subject matter: 5F-9F, Wan Hwa Enterprise Building	None

Type of Contract	Client	Contract Term	Description	Limitations
malls and operating hotels and restaurants	Company		2. Calculation and collection of rent: Monthly payment of fixed rent, and an increase of 5% every 3 years	
Contract for renting shopping malls and operating hotels and restaurants	Company H	From October 1, 2019 to September 30, 2028, 9 years	1. Subject matter of lease: Entrance lobby on 1F and 3F~9F, No. 117, Linsen North Road, Taipei City 2. Calculation and collection of rent: Monthly payment of fixed rent, and an increase of 5% every 5 years	None
Contract for renting shopping malls and operating hotels and restaurants	Cathay Life Insurance	From March 12, 2014 to March 11, 2034, 20 years	1. Subject matter of lease: Tainan Cathay Plaza 2. Calculation and collection of rent: Monthly payment of fixed rent, from the 5th year an increase starting each year according to the contract	None
Contract for renting shopping malls and operating hotels and restaurants	Company D	From November 1, 2013 to October 31, 2033, 20 years	1. Subject matter of lease: No. 8 and No. 10, Lane 24, Deyang Road, Jiaoxi Township, Yilan County 2. Calculation and collection of rent: The rent is paid on a monthly basis, subject to an increase of 3% every three years from the fourth year onward, and is calculated based on a certain percentage of the turnover	None
Contract for renting shopping malls and operating hotels and restaurants	Company E	From December 1, 2015 to November 30, 2035, 20 years	1. Subject matter of lease: No. 67, Wenquan Rd., Jiaoxi Township, Yilan County 2. Calculation and collection of rent: The rent is paid on a monthly basis, subject to an increase of 3% every three years from the fourth year onward, and is calculated based on a certain percentage of the turnover	None
Contract for renting shopping malls and operating hotels and restaurants	Company K	Starting from the date of rent (inclusive of the day), a total of 20 years	1. Subject matter of lease: Lot No. 1, 472, 472-1 471, Subsection 471-1, 498-1 of Xinmin Section, Beitou District, Taipei City 2. Calculation and collection of rent: Monthly payment of fixed rent, and an increase of 3% every 5 years	None
Contract for renting shopping malls and operating hotels	Company L	From August 31, 2022 to April 30, 2025, 2.6 years	1. Lease subject matter: Magistrate Residence Living Centre 1F, Meals and Beverages Business Area and Kitchen Area 2. Calculation and collection of rent:	None

Type of Contract	Client	Contract Term	Description	Limitations
and restaurants			Calculation of rent is based on revenue, but guaranteed revenue shall be achieved.	
Lease contract	Taiwan Express Parking Development Co., Ltd.	From November 1, 2020 to October 31, 2025, 5 years	1. Subject matter of lease: B4 and B5 of Regent Hotel 2. Rent calculation and collection instructions: Monthly collection of fixed rent. When the lessee raises the parking fees, the rent shall be adjusted according to the proportion of the parking fee raised.	None
Guaranteed line of credit	Taipei Fubon Bank	From November 6, 2008 to March 11, 2034	The Company established the five-star "Essential Hotel Silk Place" at Tainan Landmark. Therefore, the Company signed a lease contract with Cathay Life and applied to Taipei Fubon Bank for a credit limit of NT$42,654 as a performance guarantee.	None
Guaranteed line of credit	Mega International Commercial Bank	From September 20, 2012 to September 19, 2022	The Company signed an operation entrusted contract with A, and applied to Mega International Commercial Bank for a limit of NT$10,000 as the performance guarantee as agreed in the contract.	None
Guaranteed line of credit	Mega International Commercial Bank	From November 6, 2020 to November 5, 2024	The Company signed a lease contract with K, and applied to Mega International Commercial Bank for a limit of NT$26,965 as the performance guarantee as agreed in the contract.	None
Development and management contract and surface right creation contract	National Palace Museum	25 years from the date of signing the contract for the establishment of superficial rights. If the business performance is assessed to be good, the company may apply for priority entrustment of continued operation along with relevant information as required, but the continued operation period shall not exceed 10 years.	Silks Palace participated in the "Private Participation in the National Palace Museum Food and Beverage Service Center Plan." Silks Palace, thus, has signed and entered into agreement with the National Palace Museum on developing operations and the setting up of superficies A. Development royalties: The payment shall be made in a lump sum 7 days before the construction start date of each investment project specified in the execution plan of the Forbidden City. B. Management royalty: After the operation begins, the royalty is calculated based on the agreed percentage of the total operating revenue of the previous fiscal year audited and verified by the CPAs. The management royalty of the previous	A. The following financial ratios shall be maintained during the development and operation period: a. The current ratio shall not be less than 100%. b. The total liabilities amount shall be less than 1.5 times of the net worth. B. The financial plans of Silks Palace Forbidden City shall be adjusted based on the financial plan proposed after the selection and evaluation. C. Besides obtaining agreement by the National Palace Museum, the Silks Palace shall not make re-

Type of Contract	Client	Contract Term	Description	Limitations
			year has to be paid before August 31 each year. C. Rent: It is calculated based on the "Regulations for Favorable Rentals Regarding Public Land Lease and Superficies in Infrastructure Projects." D. Performance bond: Silks Palace At National Palace Museum provides a performance bond of $5,000 which will be returned 3 months after the completion of all related procedures for assets transfer according to the contract.	investments of other businesses. D. The assets and liabilities acquired by Forbidden City as a result of the operation of this project shall not be imposed any encumbrance; nor may be transferred or leased without the consent of the National Palace Museum.

Six.Financial overview

I. Condensed balance sheet, comprehensive income statement and independent auditor's opinions for the most recent five years

(I) 1. Summarized individual balance sheet - International Financial Reporting Standards

Unit: NT$ thousand

Item \ Year		Financial information for the most recent five years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		1,417,867	1,352,408	1,416,891	2,962,533	2,550,569
Property, plant and equipment (Note 2)		2,172,978	2,053,111	1,866,636	1,627,935	1,476,078
Intangible assets		20,923	20,923	20,923	20,923	20,923
Other assets (Note 2)		3,580,176	7,104,977	6,715,652	5,677,959	5,632,806
Total assets		7,191,944	10,531,419	10,020,102	10,289,350	9,680,376
Current liabilities	Before allocation	2,770,100	2,136,813	3,085,834	2,092,229	2,230,632
	After allocation	4,173,809	3,416,617	3,645,017	3,671,074	Not allocated yet
Non-current liabilities		367,692	5,124,877	3,604,848	3,347,816	3,109,049
Total liabilities	Before allocation	3,137,792	7,261,690	6,690,682	5,440,045	5,339,681
	After allocation	4,541,501	8,541,494	7,249,865	7,018,890	Not allocated yet
Equity attributable to owners of TCFHC		4,054,152	3,269,729	3,329,420	4,849,305	4,340,695
Capital stock		1,267,458	1,274,020	1,274,020	1,274,032	1,274,032
Capital surplus		115,442	222,196	222,196	222,383	222,383
Retained Earnings	Before allocation	2,829,371	1,987,704	2,146,542	3,776,699	3,115,712
	After allocation	1,425,662	707,900	1,587,359	2,197,854	Not allocated yet
Other equity		(158,119)	(214,191)	(313,338)	(423,809)	(271,432)
Treasury stock		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Equity Total amount	Before allocation	4,054,152	3,269,729	3,329,420	4,849,305	4,340,695
	After allocation	2,650,443	1,989,925	2,770,237	3,270,460	Not allocated yet

Note 1: The financial information of each year has been audited by CPAs.
Note 2: No asset revaluation was conducted in the last 5 years.
Note 3: The above-mentioned post-distribution figures are based on the resolutions made by the shareholders' meeting in the following year.
Note 4: The above-mentioned financial information is subject to correction or restatement without notice from the authority.

2. Consolidated summary balance sheet - International Financial Reporting Standards

Unit: NT$ thousand

Item \ Year		Financial information for the most recent five years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		2,561,047	2,787,301	3,334,208	4,063,100	3,766,253
Property, plant and equipment (Note 2)		2,824,132	2,664,508	2,492,767	2,219,658	2,066,655
Intangible assets		32,326	23,459	25,423	20,923	20,923
Other assets (Note 2)		2,483,012	5,856,931	5,101,951	4,707,771	4,635,122
Total assets		7,900,517	11,332,199	10,954,349	11,011,452	10,488,953
Current liabilities	Before allocation	3,202,977	2,578,793	3,616,125	2,474,302	2,654,384
	After allocation	4,606,686	3,858,597	4,175,308	4,053,147	Not allocated yet
Non-current liabilities		383,866	5,195,188	3,688,196	3,374,944	3,128,755
Total liabilities	Before allocation	3,586,843	7,773,981	7,304,321	5,849,246	5,783,159
	After allocation	4,990,552	9,053,785	7,863,504	7,428,091	Not allocated yet
Equity attributable to owners of TCFHC		4,054,152	3,269,729	3,329,420	4,849,305	4,340,695
Capital stock		1,267,458	1,274,020	1,274,020	1,274,032	1,274,032
Capital surplus		115,442	222,196	222,196	222,383	222,383
Retained earnings	Before allocation	2,829,371	1,987,704	2,146,542	3,776,699	3,115,712
	After allocation	1,425,662	707,900	1,587,359	2,197,854	Not allocated yet
Other equity		(158,119)	(214,191)	(313,338)	(423,809)	(271,432)
Treasury stock		0	0	0	0	0
Non-controlling interests		259,522	288,489	320,608	312,901	365,099
Total Equity	Before allocation	4,313,674	3,558,218	3,650,028	5,162,206	4,705,794
	After allocation	2,909,965	2,278,414	3,090,845	3,583,361	Not allocated yet

Note 1: The financial information of each year has been audited by CPAs.
Note 2: No asset revaluation was conducted in the last 5 years.
Note 3: The above-mentioned post-distribution figures are based on the resolutions made by the shareholders' meeting in the following year.
Note 4: The above-mentioned financial information is subject to correction or restatement without notice from the authority.

(II) 1. Individual summarized comprehensive income statement - International Financial Reporting Standards

Unit: NT$ thousand

Item \ Year	Financial information for the most recent five years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	4,926,358	5,012,078	3,930,343	3,598,851	4,680,067
Operating profit margin	1,648,175	1,601,999	925,146	794,776	1,403,209
Operating income (loss)	1,105,081	1,082,218	507,705	323,072	952,164
Non-operating income and expenses	512,260	466,616	252,696	1,970,265	157,614
Profit before tax	1,617,341	1,548,834	760,401	2,293,337	1,109,778
Profit of (loss) for the period from continuing operations	1,368,866	1,344,181	660,058	2,177,298	902,897
Loss of the discontinued business entity	-	-	-	-	-
Net income (loss)	1,368,866	1,344,181	660,058	2,177,298	902,897
Other comprehensive income (losses), net of income tax	34,865	(57,899)	(100,875)	(98,429)	167,338
Total comprehensive income	1,403,731	1,286,282	559,183	2,078,869	1,070,235
Net income attributable to owners of TCFHC	1,368,866	1,344,181	660,058	2,177,298	902,897
Net income attributable to owners of non-controlling interests	-	-	-	-	
Total comprehensive income attributable to owners of TCFHC	1,403,731	1,286,282	559,183	2,078,869	1,070,235
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share (NT$)	10.80	10.58	5.18	17.09	7.09

Note 1: The financial information of each year has been audited by CPAs.

Note 2: The above financial information is subject to correction or restatement without notice from the authority.

2. Consolidated summary of comprehensive income statement - adopting IFRS

Unit: NT$ thousand

Item \ Year	Financial information for the most recent five years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	6,675,944	6,535,609	5,422,910	4,930,694	5,597,323
Operating profit margin	2,251,345	2,188,623	1,530,440	1,332,233	1,864,617
Operating income (loss)	1,133,315	1,263,103	734,073	538,189	1,221,038
Non-operating income and expenses	540,947	367,893	147,062	1,863,346	83,150
Profit before tax	1,674,262	1,630,996	881,135	2,401,535	1,304,188
Profit of (loss) for the period from continuing operations	1,398,003	1,384,865	732,868	2,239,779	1,015,703
Loss of the discontinued business entity	-	-	-	-	-
Net income (loss)	1,398,003	1,384,865	732,868	2,239,779	1,015,703
Other comprehensive income (losses), net of income tax	34,851	(56,835)	(101,227)	(98,120)	167,968
Total comprehensive income	1,432,854	1,328,030	631,641	2,141,659	1,183,671
Net income attributable to owners of TCFHC	1,368,866	1,344,181	660,058	2,177,298	902,897
Net income attributable to owners of non-controlling interests	29,137	40,684	72,810	62,481	112,806
Total comprehensive income attributable to owners of TCFHC	1,403,731	1,286,282	559,183	2,078,869	1,070,235
Total comprehensive income attributable to non-controlling interests	29,123	41,748	72,458	62,790	113,436
Earnings per share (NT$)	10.80	10.58	5.18	17.09	7.09

Note 1: The financial information of each year has been audited by CPAs.

Note 2: The above financial information is subject to correction or restatement without notice from the authority.

(III) Names and audit opinions of CPAs in the most recent five years

Year	Name of CPAs	Opinion	CPA Firm
2018	Tsung-Hsi Lai and Shu-Chung Chang	No qualified opinion.	PwC Taiwan
2019	Chao-Ming Wang and Tsung-Hsi Lai	No qualified opinion.	PwC Taiwan
2020	Chao-Ming Wang and Tsung-Hsi Lai	No qualified opinion.	PwC Taiwan
2021	Tsung-Hsi Lai and Chi-Chiang Wang	No qualified opinion.	PwC Taiwan
2022	Chin-Lien Huang andChao-Ming Wang	No qualified opinion.	PwC Taiwan

II. Financial analysis for the past five years

(1) Parent company only financial analysis - Adoption of International Financial Reporting Standards

Analysis item \ Year			Financial analysis for the last five years				
			2018	2019	2020	2021	2022
Financial structure (%)	Debt to assets ratio		43.63	68.95	66.77	52.87	55.16
	Long-term Fund to Property, Plant and Equipment		203.49	408.87	371.48	503.53	504.70
Ability to repay debts	Current ratio		51.18	63.29	45.92	141.60	114.34
	Quick ratio		48.82	60.74	44.33	139.00	110.76
	Times interest earned (TIE) ratio:		62.79	16.63	9.07	31.38	19.64
Operating ability	Receivables turnover (times)		22.54	26.89	29.16	26.28	29.06
	Days sales outstanding		16.19	13.57	12.52	13.89	12.56
	Average inventory turnover (times)		34.10	40.91	38.53	33.28	32.76
	Average payment turnover (times)		18.35	18.59	13.90	10.04	9.39
	Days sales in inventory		10.70	8.92	9.47	10.96	11.14
	Property, plant and equipment turnover (times)		2.16	2.37	2.01	2.06	3.02
	Total assets turnover (times)		0.71	0.57	0.38	0.35	0.47
Return on investment analysis	Return on total assets (%)		20.16	16.06	7.16	22.04	9.52
	Return on equity (%)		36.11	36.71	20.00	53.24	19.65
	Proportion of paid-in capital (%)	Operation income to capital	87.19	84.95	39.85	25.36	74.74
		Income before tax	127.61	121.57	59.69	180.01	87.11
	Net margin (%)		27.79	26.82	16.79	60.50	19.29
	Earnings per share (NT$)		10.80	10.58	5.18	17.09	7.09
Cash flow	Cash flow ratio (%)		42.67	100.53	27.93	(6.62)	85.35
	Cash flow adequacy ratio (%)		98.45	96.12	99.43	108.51	92.62
	Cash flow reinvestment ratio (%)		4.86	(0.55)	6.57	(9.81)	5.00
Leverage	Operating leverage		2.67	2.72	4.37	6.32	2.81
	Financial leverage		1.02	1.10	1.23	1.30	1.07

Reasons for changes in financial ratios in the most recent two years. (Analysis is waived for changes less than 20%)

1. The decrease in the current ratio and quick ratio for the current period was a result of the decrease in the holding of financial assets measured at fair value through profit or loss for business planning - current.
2. The decrease in the interest coverage multiple was mainly due to the decrease in the net profit before tax due to the gain on the disposal of equity of Domino's recognized in 2021.
3. The increase in property, plant and equipment turnover was a result of the increase in revenue due to the slowdown of the COVID-19 pandemic and the de-accounting of fixed assets when their useful lives expired.
4. The increase in total asset turnover in the current period is mainly due to the increase in revenue due to the slowdown of the COVID-19 pandemic and the reduction of financial assets measured at fair value through profit and loss (FVTPL) due to business planning requirements.
5. The return on equity, the ratio of pre-tax profit to paid-in capital, and the net profit margin, as well as the earnings per share, decreased in the current period mainly because the gain on the sale of equity of Domino's was recognized in 2021 and the net profit decreased in the current period.
6. The increase in the ratio of operating profit to paid-in capital is mainly due to the increase in operating profit due to the increase in revenue.
7. The increase in cash flow ratio for the current period is mainly due to the increase in net cash flow from operating activities and the decrease in financial assets-current held at fair value through profit or loss due to business planning requirements
8. The decrease in operating leverage was mainly a result of the increase in operating profit caused by the increase in revenue.

(2) Consolidated financial analysis - Adoption of International Financial Reporting Standards

Analysis item			2018	2019	2020	2021	2022
Year / Analysis item			Financial analysis for the last five years				
Financial structure (%)	Debt to assets ratio		45.40	68.60	66.68	53.12	55.14
	Long-term Fund to Property, Plant and Equipment		166.34	328.52	294.38	384.62	379.09
Ability to repay debts	Current ratio		79.96	108.09	92.20	164.21	141.89
	Quick ratio		75.74	103.59	88.73	161.23	138.21
	Times interest earned (TIE) ratio:		64.47	17.20	10.18	32.20	22.39
Operating ability	Receivables turnover (times)		20.07	26.07	25.78	25.83	31.50
	Days sales outstanding		18.18	14.00	14.15	14.13	11.58
	Average inventory turnover (times)		12.24	15.77	18.07	22.37	33.06
	Average payment turnover (times)		14.75	15.32	12.52	10.55	9.90
	Days sales in inventory		29.82	23.14	20.19	16.31	11.04
	Property, plant and equipment turnover (times)		2.26	2.38	2.10	2.09	2.61
	Total assets turnover (times)		0.87	0.68	0.49	0.45	0.52
Return on investment analysis	Return on total assets (%)		18.57	15.24	7.27	20.95	9.90
	Return on equity (%)		34.67	35.19	20.33	50.83	20.59
	To paid-in capital ratio (%)	Operation income to capital	89.42	99.14	57.62	42.24	95.84
		Income before tax	132.10	128.02	69.16	188.50	102.37
	Net margin (%)		20.94	21.19	13.51	45.43	18.15
	Earnings per share (NT$)		10.80	10.58	5.18	17.09	7.09
Cash flow	Cash flow ratio (%)		39.17	91.21	28.19	7.07	80.59
	Cash flow adequacy ratio (%)		99.89	100.57	105.37	98.30	102.77
	Cash reinvestment ratio (%)		5.08	2.09	7.43	(4.66)	7.38
Leverage	Operating leverage		3.22	2.83	3.89	4.85	2.63
	Financial leverage		1.02	1.09	1.15	1.17	1.05

Reasons for changes in financial ratios in the most recent two years. (Analysis is waived for changes less than 20%)

1. The decrease in the current ratio and quick ratio for the current period was a result of the decrease in the holding of financial assets measured at fair value through profit or loss for business planning - current.
2. The decrease in the interest coverage multiple was mainly due to the decrease in the net profit before tax due to the gai on the disposal of equity of Domino's recognized in 2021.
3. The increase in receivables turnover and turnover in real estate, plant, and equipment was a result of the increase in revenue due to the slowdown of the COVID-19 pandemic.
4. The increase in inventory turnover and the decrease in average days in sales in the current period are mainly due to the sale of Domino's equity in 2021. Compared with the same period last year, Domino's cost of sales and inventory decreased in this period compared to the same period last year.
5. The return on equity, the ratio of pre-tax profit to paid-in capital, and the net profit margin, as well as the earnings per share, decreased in the current period mainly because the gain on the sale of equity of Domino's was recognized in 2021 and the net profit decreased in the current period.
6. The increase in the ratio of operating profit to paid-in capital is mainly due to the increase in operating profit due to the increase in revenue.
7. The increase in cash flow ratio for the current period is mainly due to the increase in net cash flow from operating activities and the decrease in financial assets-current held at fair value through profit or loss due to business planning requirements

The decrease in operating leverage was mainly a result of the increase in operating profit caused by the increase in revenue.

The formula for calculating the above-mentioned important financial ratio is as follows:

1. Financial structure
   (1) Debt ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant, and equipment = (total equity + non-current liabilities) / net property, plant, and equipment.
2. Liquidity Analysis
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventories - prepaid expenses) / current liabilities.
   (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses.
3. Operating Performance Analysis
   (1) Receivables turnover (including accounts receivable and notes receivable from operating activities) = net sales / average balance of receivables (including accounts receivable and notes receivable from operating activities).
   (2) Days sales outstanding = 365 / receivables turnover.
   (3) Inventory turnover = cost of sales / average inventory.
   (4) Payables turnover (including accounts payable and notes payable from operating activities) = net sales / average balance of receivables (including accounts payable and notes payable from operating activities).
   (5) Days sales in inventory = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
   (7) Total Assets Turnover = Net Sales / Average Total Assets.
4. Profitability Analysis
   (1) Return on total assets = (net income + interest expenses * (1 - tax rate)) / average total assets.
   (2) Return on Equity = Net Income / Average Equity
   (3) Net profit margin = net profit / net sales.
   (4) Earnings per share = (net profit attributable to shareholders of the Parent - preferred stock dividend) / weighted average number of shares outstanding. (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash provided by operating activities / current liabilities.
   (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividends).
   (3) Cash flow reinvestment ratio = (cash provided by operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other noncurrent assets + working capital). (Note 5)
6. Leverage:
   (1) Operating leverage = (net sales - variable cost) / operating income (Note 6).
   (2) Financial leverage = operating income / (Operating income - interest expenses)

III. Audit Committee’s report on the review for the most recent year financial statements

Formosa International Hotels Corporation

Audit Committee’s Report

The Board of Directors has prepared the business report, individual financial statements and consolidated financial statements, and earnings distribution proposal for 2022. The individual financial statements and consolidated financial statements have been audited by CPAs Tsung-Hsi Lai and Chao-Ming Wang of PwC Taiwan, and an audit report was issued. The above-mentioned statements have been reviewed by the Audit Committee and there was no inconsistency identified. We have issued this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Please review

The Company’s 2023 annual general meeting

Convener of the Audit Committee: Kuo-Chun Chang

March 20 , 2023

IV. Financial report for the most recent year

Formosa International Hotels Corporation and Subsidiaries

Statement of Consolidated Financial Statements of Affiliates

The entities to be included in the consolidated financial statements of affiliated enterprises in 2022 (from January 1, 2022 to December 31, 2022) pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those to be included in the consolidated financial statements of the parent company and subsidiaries pursuant to the IAS No. Ten. Further, the related information to be disclosed in the consolidated financial statement of affiliated enterprises has been disclosed in the said consolidated financial statements of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statements of affiliated enterprises separately.

Declared by

Company name: Formosa International Hotels Corporation

Responsible person: Steven Pan

March 20, 2023

Independent Auditor's Report

Letter Reference No. 22004134 issued by the Ministry of Finance (MOF)

Formosa International Hotels Corporation:

Opinion

We have audited the accompanying consolidated financial statements of Formosa International Hotels Corporation and subsidiaries (hereinafter referred to as "FIH Group"), which comprise of the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audit results and audit reports of other accountants (please refer to the paragraph on other matters), the accompanying consolidated financial statements present fairly, in all material respects, the financial position of FIH Group as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee (collectively, "IFRSs") as endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of FIH Group for the year ended December 31, 2022. 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.

Key audit matters of the 2022 consolidated financial statements of FIH Group are as below:

The accuracy of the revenue recognition for hotel and restaurant business

Description of the matter

Regarding the accounting policy for revenue recognition, please refer to Note IV (XXX) of the consolidated financial report; On the explanation of the operating revenue account titles, please refer to Note VI (XXIII) of the consolidated financial report.

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

Audit procedures in response

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

1. We understood and tested the effectiveness of the internal control adopted by FIH Group for its hotel and restaurant operation revenue, including confirmation of consistency between the sales report amount generated from the sales system and the credit entry.
2. We conducted analysis for the various management reports of the hotels and restaurants,

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

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

Accuracy of food and beverage cost carry forward

Description of the matter

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

Audit procedures in response

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

1. We understood and tested the effectiveness of the internal control adopted by FIH Group for its food and beverage and guest rooms, including confirmation of consistency between the cost carry forward amount in the system and the credit entry, and verifying the consistency between the credit entry and the calculation table.
2. Performed the substantive tests. Obtained the various forms and statements of the food and beverage cost carry forward (covering procured goods, direct labor and expenses sharing statements and so on). Sampled and cross-checked the certificates and re-examined the

sharing of expenses to confirm the accuracy of the food and beverage cost carry forward.

Other matters - referenced the audit reports by other independent auditors

The subsidiaries consolidated in FIH Group's financial statements, the financial statements of some of the subsidiaries were not reviewed by us but by other auditors. Therefore, our opinions of the abovementioned financial statements were based on the audit reports by other auditors regarding the listed amounts and relevant information disclosed in Note XIII of the financial statements of the subsidiaries. The total assets of the subsidiaries for December 31, 2022 and 2021 were NT$17,314 thousand and NT$82,942 thousands, which account for 0.17% and 0.75% of the total consolidated assets respectively. The net operating revenue for January 1 to December 31, 2022 and 2021, was NT$0 thousand, which account for 0% of the net consolidated operating revenue.

Other matters - Parent Company Only Financial Statements

We have also audited the parent company only financial statements of Formosa International Hotels Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion and an other-matter paragraph.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 FIH 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 FIH Group, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing FIH 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 auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement can arise from fraud or error 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 auditing standards generally accepted in the Republic of China, we exercise professional judgement 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 to express an opinion on the effectiveness of the FIH 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 FIH 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 auditors' report. However, future events or conditions may cause FIH 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 appropriate audit evidence of the standalone financial information 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 The Norm of Professional Ethics for Certified Public Accountants of the Republic of China regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From matters communicated with the governance unit, we determined an issue that was most significant in the audit of the consolidated financial statements for the year ended December 31, 2022, and is, therefore, the key audit matter. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Chin-Lien Huang

Certified Public Accountant

Chao-Ming Wang

Financial Supervisory Commission
Approved document number: Reference No. 1100348083.
Formerly the Securities & Futures Commission (SFC),
Ministry of Finance (MOF).
Approved document number: Reference No. 65945.

March 20, 2023

Formosa International Hotels Corporation and Subsidiaries
Consolidated Balance Sheet
December 31, 2022 and 2021

Expressed in thousands of NTD

	Assets	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets					
1100	Cash and cash equivalents	VI (I)	$ 453,169	4	$ 392,624	4
1110	Financial assets at fair value through profit or loss - current	VI (II) and VIII	2,379,961	23	2,821,839	26
1136	Financial assets at amortized cost - current	VI (I) (IV) and VIII	644,251	6	603,016	6
1150	Notes receivable, net	VI (V)	9,121	-	4,876	-
1170	Account receivable, net	VI (V)	176,980	2	161,993	1
1200	Other receivables		4,988	-	4,624	-
130X	Inventories	VI (VI)	37,329	-	26,585	-
1410	Prepayments		60,374	1	47,255	-
1470	Other current assets		80	-	288	-
11XX	**Total current assets**		3,766,253	36	4,063,100	37
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income – non-current	VI (III)	500	-	500	-
1535	Financial assets at amortized cost - non-current	VI (I) (IV) and VIII	54,634	-	42,937	-
1550	Investments accounted for using equity method	VI (VII)	1,110,890	11	1,000,323	10
1600	Property, plant and equipment	VI (VIII) (XIII) (XIV) and VIII	2,066,655	20	2,219,658	20
1755	Right-of-use assets	VI (IX)	2,946,668	28	3,189,749	29
1780	Intangible assets	VI (XI)	20,923	-	20,923	-
1840	Deferred tax assets	VI (XXX)	32,357	-	32,549	-
1900	Other non-current assets	VI (XII)	490,073	5	441,713	4
15XX	**Total non-current assets**		6,722,700	64	6,948,352	63
1XXX	**Total assets**		$ 10,488,953	100	$ 11,011,452	100

(Continued)

Formosa International Hotels Corporation and Subsidiaries
Consolidated Balance Sheet
December 31, 2022 and 2021

Expressed in thousands of NTD

Code	Liabilities and Equity	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities					
2100	Short-term borrowings	VI (XIII) and VIII	$ 86,714	1	$ 83,904	1
2130	Contract Liabilities - current	VI (XXIII)	667,670	6	725,265	7
2150	Notes payable	VI (XIX) (XXX)	133,859	1	115,673	1
2170	Accounts payable		281,204	3	223,672	2
2200	Other payables	VI (XV)	935,762	9	913,131	8
2230	Current income tax liabilities		263,676	3	147,749	1
2280	Lease liabilities - current	VI (XVI)	257,687	2	237,352	2
2300	Other current liabilities		27,812	-	27,556	-
21XX	**Total current liabilities**		2,654,384	25	2,474,302	22
	Non-current liabilities					
2527	Contract liabilities－non-current	VI (XXIII)	9,891	-	8,493	-
2530	Bonds payable	VI (XVII)	-	-	-	-
2570	Deferred tax liabilities	VI (XXX)	699	-	-	-
2580	Lease liabilities - non-current	VI (XVI)	2,755,678	26	2,965,815	27
2600	Other non-current liabilities	VI (V) (XVIII) (XIX) (XXX)	362,507	4	400,636	4
25XX	**Total non-current liabilities**		3,128,775	30	3,374,944	31
2XXX	**Total liabilities**		5,783,159	55	5,849,246	53
	Equity attributable to owners of the parent					
	Capital stock	VI (XVII) (XXVII)				
3110	Capital - common stock		1,274,032	12	1,274,032	12
	Capital surplus	VI (XVII) (XXI)				
3200	Capital surplus		222,383	2	222,383	2
	Retained earnings	VI (XXII)				
3310	Legal reserve		1,274,032	12	1,274,020	12
3320	Special reserve		423,809	4	313,338	2
3350	Unappropriated earnings		1,417,871	14	2,189,341	20
	Other equity					
3400	Other equity		(271,432)	(3)	(423,809)	(4)
31XX	**Total equity attributable to shareholders of the parent**		4,340,695	41	4,849,305	44
36XX	**Non-controlling interests**		365,099	4	312,901	3
3XXX	**Total equity**		4,705,794	45	5,162,206	47
	Significant contingent liabilities and unrecognized contractual commitment	(IX)				
	Significant Events After Reporting Period	XI				
3X2X	**TOTAL**		$ 10,488,953	100	$ 11,011,452	100

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

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

Formosa International Hotels Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2022 and 2021

Expressed in thousands of NTD
(Except earnings per share in NTD)

	Item	Note	2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenue	VI (XXIII)	$ 5,597,323	100	$ 4,930,694	100
5000	Operating costs	VI (VI) (XVIII) (XXVIII) (XXIX)	(3,732,706)	(67)	(3,598,461)	(73)
5950	Gross profit		1,864,617	33	1,332,233	27
	Operating expenses	VI (VI) (XVIII) (XXVIII) (XXIX)				
6100	Selling expense		(32,773)	-	(105,340)	(2)
6200	Administrative expense		(610,806)	(11)	(688,704)	(14)
6000	Total operating expenses		(643,579)	(11)	(794,044)	(16)
6900	Operation profit		1,221,038	22	538,189	11
	Non-operating income and expenses					
7100	Interest income	VI (IV) (XXIV)	30,052	-	26,362	-
7010	Other non-interest income	VI (XXV)	52,016	1	183,016	4
7020	Other gains and losses	VI (II) (XXVI)	49,279	1	1,718,397	35
7050	Finance cost	VI (IX) (XXVII)	(60,983)	(1)	(76,981)	(2)
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	VI (VII)	12,786	-	12,552	-
7000	Total non-operating income and expenses		83,150	1	1,863,346	37
7900	**Profit before tax**		1,304,188	23	2,401,535	48
7950	Income tax expense	VI (XXX)	(288,485)	(5)	(161,756)	(3)
8200	**Net income**		$ 1,015,703	18	$ 2,239,779	45

(Continued)

Formosa International Hotels Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2022 and 2021

Expressed in thousands of NTD
(Except earnings per share in NTD)

	Item	Note	2022 Amount	2022 %	2021 Amount	2021 %
	Other comprehensive income of the current period (net)					
	Items not to be reclassified into profit or loss					
8311	Remeasurement of defined benefit plans	VI (XVIII)	$ 19,134	-	$ 15,268	-
8349	Income tax relating to items not for reclassifications	VI (XVIII) (XXX)	(3,550)	-	(2,915)	-
8310	Total for the items not to be reclassified into profit or loss		15,584	-	12,353	-
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on the translation of financial statements of foreign operations		152,384	3	(110,473)	(2)
8360	Total for the items that may be reclassified subsequently to profit or loss		152,384	3	(110,473)	(2)
8300	**Other comprehensive income of the current period (net)**		$ 167,968	3	($ 98,120)	(2)
8500	**Total comprehensive income**		$ 1,183,671	21	$ 2,141,659	43
	Net income attributable to:					
8610	Owners of the parent		$ 902,897	16	$ 2,177,298	44
8620	Non-controlling interests		112,806	2	62,481	1
			$ 1,015,703	18	$ 2,239,779	45
	Total comprehensive income attributable to:					
8710	Owners of the parent		$ 1,070,235	19	$ 2,078,869	42
8720	Non-controlling interests		113,436	2	62,790	1
			$ 1,183,671	21	$ 2,141,659	43
	Earning per share					
9750	Basic earnings per share	VI (XXXI)	$ 7.09		$ 17.09	
9850	Diluted earnings per share	VI (XXXI)	$ 7.07		$ 16.53	

Please also refer to the consolidated financial statement notes attached at the end which is part of the consolidated financial report.

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

Formosa International Hotels Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2022 and 2021

Expressed in thousands of NTD

		Equity attributable to owners of TCFHC									
			Capital surplus		Retained earnings						
	Note	Capital - common stock	Issued at premium	Stock options	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on the translation of financial statements of foreign operations	Total	Non-controlling interests	Total Equity
2021											
Balance as of January 1, 2021		$ 1,274,020	$ 115,409	$ 106,787	$ 1,274,020	$ 214,191	$ 658,331	($ 313,338)	$ 3,329,420	$ 320,608	$ 3,650,028
Net income		-	-	-	-	-	2,177,298	-	2,177,298	62,481	2,239,779
Other comprehensive income of the current period		-	-	-	-	-	12,042	(110,471)	(98,429)	309	(98,120)
Total comprehensive income		-	-	-	-	-	2,189,340	(110,471)	2,078,869	62,790	2,141,659
2020 Appropriation and distribution of retained earnings	VI (XXII)										
Special reserve		-	-	-	-	99,147	(99,147)	-	-	-	-
Cash dividends		-	-	-	-	-	(559,183)	-	(559,183)	-	(559,183)
Conversion of convertible bonds into common stock	VI (XVII)	12	201	(14)	-	-	-	-	199	-	199
Convertible bonds redemption on maturity	VI (XVII)	-	106,773	(106,773)	-	-	-	-	-	-	-
Cash dividends attributable to non-controlling interests		-	-	-	-	-	-	-	-	(70,497)	(70,497)
Balance as of December 31, 2021		$ 1,274,032	$ 222,383	$ -	$ 1,274,020	$ 313,338	$ 2,189,341	($ 423,809)	$ 4,849,305	$ 312,901	$ 5,162,206
2022											
Balance as of January 1, 2022		$ 1,274,032	$ 222,383	$ -	$ 1,274,020	$ 313,338	$ 2,189,341	($ 423,809)	$ 4,849,305	$ 312,901	$ 5,162,206
Net income		-	-	-	-	-	902,897	-	902,897	112,806	1,015,703
Other comprehensive income of the current period		-	-	-	-	-	14,961	152,377	167,338	630	167,968
Total comprehensive income		-	-	-	-	-	917,858	152,377	1,070,235	113,436	1,183,671
2021 Appropriation and distribution of retained earnings	VI (XXII)										
Legal reserve		-	-	-	12	-	(12)	-	-	-	-
Special reserve		-	-	-	-	110,471	(110,471)	-	-	-	-
Cash dividends		-	-	-	-	-	(1,578,845)	-	(1,578,845)	-	(1,578,845)
Cash dividends attributable to non-controlling interests		-	-	-	-	-	-	-	-	(61,238)	(61,238)
Balance as of December 31, 2022		$ 1,274,032	$ 222,383	$ -	$ 1,274,032	$ 423,809	$ 1,417,871	($ 271,432)	$ 4,340,695	$ 365,099	$ 4,705,794

Please also refer to the consolidated financial statement notes attached at the end which is part of the consolidated financial report.

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

Formosa International Hotels Corporation and Subsidiaries
Consolidated statements of cash flows
January 1 to December 31, 2022 and 2021

Expressed in thousands of NTD

	Note	2022	2021
Cash flows from operating activities			
Income before income tax		$ 1,304,188	$ 2,401,535
Adjusted items			
Adjustments to reconcile profit (loss)			
Net (gains) losses on financial assets and liabilities measured at fair value through profit or loss	VI (II) (XXVI)	(8,047)	3,308
Share of profits for the associates using equity method	VI (VII)	(12,786)	(12,552)
Depreciation expense	VI (VIII) (IX) (XXVIII)	590,217	624,234
Business facilities transferred to expenses	VI (VIII)	24,363	17,775
Fixed assets transferred to expenses		-	29
Gain on disposal of property, plant and equipment	VI (XXVI)	(358)	(521)
Disposal of subsidiary profits	VI (XXVI)	-	(1,636,636)
Profit from lease modification	VI (IX) (XXVI)	(151)	-
Transfer of overdue accounts payable to other revenue	VI (XXV)	(3,584)	(11,126)
Amortization expenses	VI (XI) (XXVIII)	-	1,446
Interest expense	VI (IX) (XXVII)	60,983	76,981
Interest income	VI (IV) (XXIV)	(30,052)	(26,362)
Change in operating assets and liabilities			
Changes in operating assets			
Financial assets measured at fair value through profit or loss (FVTPL)		449,925	(1,530,007)
Notes receivable		(4,245)	270
Accounts receivable		(14,376)	(35,019)
Other receivables		(300)	(12,712)
Inventories		(9,722)	10,684
Prepayments		(12,579)	(4,278)
Other current assets		208	(249)
Other non-current assets		-	(7,394)
Changes in operating liabilities			
Contract liabilities		(56,197)	181,979
Notes payable		(24,785)	9,918
Accounts payable		57,532	39,245
Other payables		7,905	177,791
Other current liabilities		256	33,950
Accrued pension liabilities		(9,509)	(9,969)
Other non-current liabilities		(3,725)	(366)
Cash generated from operating activities		2,305,161	291,954
Interest received		22,494	18,784
Dividends received	VI (VII)	11,751	19,781
Interest paid		(61,266)	(65,367)
Income tax paid		(139,100)	(90,162)
Net cash generated by operating activities		2,139,040	174,990

(Continued)

Formosa International Hotels Corporation and Subsidiaries
Consolidated statements of cash flows
January 1 to December 31, 2022 and 2021

Expressed in thousands of NTD

	Note	2022	2021
Cash flows from investing activities			
Increase in Financial assets at amortized cost - current		($ 136,184)	($ 58,785)
Decrease in Financial assets at amortized cost - current		95,498	212,602
Increase in Financial assets at amortized cost - non-current		(12,467)	(820)
Decrease in Financial assets at amortized cost - non-current		770	700
Acquisition of Property, plant and equipment	VI (XXXII)	(176,324)	(158,549)
Disposal of property, plant and equipment		1,286	997
Acquisition of intangible assets	VI (XI)	-	(1,640)
Increase in refundable deposits		(4,561)	(2,740)
Decrease in refundable deposits		1,663	1,570
Increase in prepayments for equipment		(3,704)	(4,595)
Net cash receipts from disposal of subsidiaries	VI (XII) (XXXII)	-	2,040,021
Net cash (outflows) inflows from investing activities		(234,023)	2,028,761
Cash flows from financing activities			
Increase in short-term borrowings	VI (XXXIII)	2,810	48,743
Increase in guarantee deposits received	VI (XXXIII)	6,605	3,837
Decrease in guarantee deposits received	VI (XXXIII)	(5,512)	(13,420)
Redemption of corporate bonds	VI (XVII) (XXXIII)	-	(1,382,600)
Payments of lease liabilities	VI (XXXIII)	(211,661)	(226,777)
Dividends paid	VI (XXII)	(1,578,845)	(559,183)
Dividends paid to non-controlling interests		(61,238)	(70,497)
Net cash used in financing activities		(1,847,841)	(2,199,897)
Effect of exchange rate changes		3,369	(95,055)
Net increase (decrease) in cash and cash equivalents		60,545	(91,201)
Cash and cash equivalents, beginning of the year		392,624	483,825
Cash and cash equivalents, end of the year		$ 453,169	$ 392,624

Please also refer to the consolidated financial statement notes attached at the end which is part of the consolidated financial report.

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

Formosa International Hotels Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
Years Ended December 31, 2022 and 2021
(Expressed in thousands of New Taiwan Dollars, except as otherwise indicated)

I. History and Organization

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

II. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorized for issuance by the Board of Directors on March 20, 2023.

III. Application of New Standards, Amendments and Interpretations

(I) Effect of the adoption of the newly issued and amended IFRSs that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC and became effective from 2022 are listed as follows:

New/revised/amending standards and interpretations	Effective date by International Accounting Standards Board
Amendments to IFRS 3 "Reference to the conceptual framework"	January 1, 2022
Amendment to IAS 16 "Property, plant and equipment: proceeds before intended use"	January 1, 2022
Amendments to IAS 37 "Onerous contracts - cost of fulfilling a contract"	January 1, 2022
Annual improvements between 2018-2020	January 1, 2022

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

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

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

New Standards, Interpretations and Amendments	Effective date by the International Accounting Standards Board

Amendment to IAS 1, “Disclosure of accounting policies”	January 1, 2023
Amendment to IAS 8, “Definition of accounting estimates”	January 1, 2023
Amendment to IAS 12, “Deferred taxes related to assets and liabilities arising from a single transaction”	January 1, 2023

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

(III) Effect of IFRSs issued by the IASB but not yet endorsed by the FSC

The newly issued, amended and revised standards and interpretations of International Financial Reporting Standards (IFRS) issued by the IASB but not yet endorsed by the FSC are listed below:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, “Sale or contribution of assets between an investor and its associate or joint venture”	To be determined by the International Accounting Standards Board (IASB)
Amendments to IFRS 16, “Lease liability in a sale and leaseback”	January 1, 2024
IFRS 17, “Insurance contracts”	January 1, 2023
Amendment to IFRS 17, “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17, “Initial application of IFRS 17 and IFRS 9 - comparative information”	January 1, 2023
Amendment to IAS 1, “Classification of liabilities as current or non-current”	January 1, 2024
Amendment to IAS 1, “Non-current liabilities with covenants”	January 1, 2024

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

IV. Summary of Significant Accounting Policies

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

(I) Compliance Statement

The consolidated financial statements have been prepared in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(II) Basis of Preparation

1. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
   (1) Financial assets at fair value through profit or loss.
   (2) Financial assets at fair value through other comprehensive income.

(3) Defined benefit liabilities recognized based on the net amount of pension fund assets less the net present value of the defined benefit obligation.

2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note V.

(III)Basis of consolidation

1. Basis for preparation of consolidated financial statements:

(1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(3) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if these results in the non-controlling interests having a deficit balance.

(4) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(5) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the association or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

2. Subsidiaries included in the consolidated financial statements:

Investor	Name of subsidiary	Nature of business	Shareholding percentage December 31, 2022	Shareholding percentage December 31, 2021	Remark
Formosa International Hotels Corporation	GRAND FORMOSA TAROKO HOTEL CORPORATION (Grand Formosa Taroko)	Hotel business and scenic area recreation business, tennis court, swimming pool, and further management and consulting for tourism and recreation business	55	55	
Formosa International Hotels Corporation	Silks International Investment Inc. (Silks)	Investment	100	100	Note 8
Formosa International Hotels Corporation	Silks Palace At National Palace Museum (Silks Palace)	Food and beverage service	100	100	
Formosa International Hotels Corporation	Domino's Pizza Co., Ltd. (Domino's)	Sales of various types of pizza food and beverage	-	-	Note 9
Formosa International Hotels Corporation	Regent Apartment Building Management and Maintenance Co., Ltd. (Regent Apartment Building)	Apartment building management services	50.01	50.01	
Formosa International Hotels Corporation	Silks Global Holding, Limited (Silks Global)	Investment	100	100	Note 5 and 7

Investor	Name of subsidiary	Nature of business	Shareholding percentage December 31, 2022	Shareholding percentage December 31, 2021	Remark
Silks International Investment Inc.	Silks Premier Hotel Management (Shanghai) Co., Ltd. (Silks Premier)	Hotel management, property management, and building design consultation	51	51	
Silks Global Holding, Limited	Silks Hospitality (BVI) Limited	Investment	100	100	
Silks Global Holding, Limited	Silks Denmark (BVI) Limited	Investment	100	100	Note 4
Silks Global Holding, Limited	Silks Residences Limited	Investment	100	100	
Silks Global Holding, Limited	FIH Management Limited	Hotel business management	100	100	Note 6
Silks Denmark (BVI) Limited	Silks A/S	Hotel business management	100	100	Note 1, 2, and 3
Silks Hospitality (BVI) Limited	Silks Hospitality, LLC	Cruise ship trademark business	100	100	

Note 1: From January 1 to December 31, 2021, it was audited and verified by other CPAs.

Note 2: From January 1 to October 31, 2022, it was audited and verified by other CPAs.

Note 3: Approved for dissolution of Silks A/S by the Board of Directors on October 17, 2022. The base date for dissolution is October 31, 2022. Related liquidation procedures is in progress.

Note 4: Silks Denmark (BVI) Limited has in October 2022 proceeded with cash capital reduction of US$1,502 thousand. Related capital reduction procedures have been completed on November 14, 2022.

Note 5: Silks Global has in December 2022 proceeded with cash capital reduction of US$1,900 thousand, a total of $58,254 capital stock returned. Related capital reduction procedures have been completed on December 23, 2022.

Note 6: FIH Management Limited has in March 2021 proceeded with cash capital reduction of US$14,000 thousand. Related capital reduction procedures have been completed on April 19, 2021.

Note 7: Silks Global has in April 2021 proceeded with cash capital reduction of US$ 14,000 thousand. Related capital reduction procedures have been completed on April 19, 2021.

Note 8: Silks has in June 2021 proceeded with cash capital reduction of US$213,520. Related capital reduction procedures have been completed on June 8, 2021.

Note 9: Based on operation strategies considerations, the Company has on August 31, 2021 transferred all shares of Domino's Pizza to Domino's Pizza Enterprises Limited Australia to the extent that the Company loses control of this subsidiary. Information relating to gains from disposal of subsidiary and cash flow, please refer to Note VI (XXVI) and Note VI (XXXII)3.

3. Subsidiaries included in the consolidated financial statements: None of such situations.
4. Adjustments and treatment method for the subsidiaries during the accounting period: None of such situations.
5. Significant restrictions: None of such situations.
6. Subsidiaries that have non-controlling interests that are material to the Group: None of such situations.

(IV)Foreign currency translation

Items included in the Group's standalone financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars (NTD), which is the Company's functional presentation currency.

1. Foreign currency and balances
   (1) Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the profit or loss in the period in which they arise.
   (2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the spot exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
   (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the spot exchange rate prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differces are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
   (4) All other foreign exchange gains and losses based on the nature of those transactions are in the statement of comprehensive income within "other gains and losses".
2. Translation from foreign operations
   (1) The operating results and financial position of all group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
      A. Assets and liabilities presented in each balance sheet are translated at the closing rate of the balance sheet date;
      B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of the current period; and
      C. All resulting exchange differences are recognized in other comprehensive

income.

(2) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. However, if the Group still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.

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

1. Assets that meet one of the following criteria are classified as current assets.
   (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
   (2) Assets held mainly for trading purposes;
   (3) Assets that are expected to be realized within twelve months from the balance sheet date.
   (4) Cash or cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

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

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

(VI)Cash equivalents

Cash equivalents refer to the investments that are short-term, highly liquid, subject to a low risk of changes in value, and readily convertible to known amount in cash. Time deposits that meet the above definition and are held for the operational purpose of meeting short-term cash commitments should be recognized as a cash equivalent.

(VII)Financial assets measured at fair value through profit or loss (FVTPL)

1. Financial assets not measured at amortized cost or at fair value through other comprehensive income.
2. On regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
3. Financial assets at fair value through profit or loss are initially recognized at fair value. Associated transaction costs are accounted in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.
4. Dividends income is recognized in profit or loss by the Group, when the right to

receive dividends is established, it is probable that the economic benefits associated with the dividends will flow in and the amount of the dividends can be measured reliably.

(VIII)Financial assets at fair value through other comprehensive income (FVTOCI)

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

(IX)Financial assets measured at amortized cost

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

(X)Accounts and notes receivable

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

(XI)Impairment of Financial Assets

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

(XII)De-recognition of financial assets

The Group derecognizes an asset when its contractual rights to receive cash flows from the financial asset expire.

(XIII)Lease transactions for the lessors - Operating leases

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

(XIV)Inventories

Perpetual inventory system is recorded as acquisition cost as the basis. The cost structure of the Company, Grand Formosa Taroko, and Silks Palace at National Palace Museum adopts the moving average method while Domino’s adopts the weighted average method. Inventory at the end of the period is valued based on the lower amount between cost or net realizable value. The item-by-item approach is employed when evaluating the costs and net realizable value. Net realizable value is the balance of estimated selling price for the normal business process less the estimated cost of sales to complete the sales.

(XV)Using the Equity Method for Investment in Associates

1. Associates are those entities in which the Group has significant influence but no control over them; the Group normally holds, directly or indirectly, more than 20% of voting shares. The Group uses the equity method to account for its investments in associates, which are recognized at cost when acquired.
2. The Group recognizes the share of profit or loss accounted after acquiring an associate under current profit or loss and recognizes the share of other comprehensive income under other comprehensive income. When the Group’s share of losses exceeds its interests (including any other unsecured receivables) in an associate’s, the recognition of further losses is discontinued except to the extent the Group has legal or constructive obligation or has made payments on behalf of the associate.
3. When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group’s ownership percentage of the associate, the Group recognizes the Group’s share of change in equity of the associate in ‘capital surplus’ in proportion to its ownership.
4. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. All amounts previously recognized in other comprehensive income or loss related to the associates are accounted for on the same basis as if the Group had directly disposed of the related assets or liabilities, i.e., if a gain or loss previously recognized in other comprehensive income or loss would be reclassified to profit or loss upon disposal of the related assets or liabilities, the gain or loss is reclassified from equity to profit or loss when control over the associates is lost. If there is a significant influence to the associate, transfer the amount previously recognized in the other

comprehensive income proportionately according to the above-mentioned method.

(XVI) Property, plant and equipment

1. Acquisition cost is the recording basis for property, plant and equipment at the time of acquisition and the related interest is capitalized during the period of purchase and construction.
2. The subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred.
3. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. If each Property, plant and equipment consist of a significant part, it is recognized in depreciation separately.
4. The Group reviews the depreciation methods, useful lives and residual values at the end of each financial year. If the expected values of residual values and useful lives differ from previous estimates, or if there is a significant change in the expected pattern of consumption of future economic benefits embodied in an asset, the change is accounted for in accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors," from the date of the change. The useful life of each asset item is as follows:

Buildings	2 years ~ 43 years
Computers and communication facilities	2 years ~ 8 years
Transportation equipment	5 years
Office equipment	5 years ~ 15 years
Leasehold improvement	5 years ~ 20 years
Other equipment	1 year ~ 28 years

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

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

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

   Interest expense is provided for under the amortized cost method over the lease period using the interest method of subsequent adoption. Lease liabilities are reassessed and right-of-use assets are remeasured when there is a change in the lease period or lease payments that is not a contractual modification.

3. Right-of-use assets are recognized at cost at the inception date of the lease and the cost consists of:
   (1) The original measurement amount of the lease liability;
   (2) Any lease payments made on or before the commencement date;
   (3) The estimated cost of dismantling, removing and restoring the subject asset to its location, or restoring the subject asset to the condition required by the terms and conditions of the lease.

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

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

(XVIII)Intangible assets

1. The Regent brand trademark and franchise for the Taiwan area are recognized at acquisition cost. As the brand trademark and franchise is regarded as continuing to generate cash inflow in the foreseeable future after evaluation, it is treated with uncertain useful life time, not for amortization and the impairment test is to be applied each year on a regular basis.
2. Computer software is recognized in acquisition cost and amortized on a straight-line basis over the estimated useful lives of 4 years.

(XIX)Other non-current assets - others

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

(XX)Impairment of non-financial assets

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

(XXI)Loans

Refers to long-term and short-term loans borrowed from the bank. The loans are measured at their fair value deducting transaction cost on initial recognition. Subsequently, any difference between the amount after the deduction of transaction cost and the redemption value, the resulting amount is recognized as interest expense in profit and interest over the circulation period using the effective interest method in accordance with the amortization procedure.

(XXII)Accounts and notes payable

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

(XXIII)Convertible bonds payable

Convertible bonds payable issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial liability or an equity instrument. Convertible corporate bonds are accounted as follows:

1. Call options and put options embedded: They are recognized initially at net fair value as "financial assets or financial liabilities at fair value through profit or loss." They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as "gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss."
2. Main contract of bonds: Bonds are initially recognized at fair value. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable/ preference share liabilities. Subsequently, recognized over the circulation period using the effective interest method in accordance with the amortization procedure as an adjustment item for finance cost.
3. Conversion options embedded (which meet the definition of an equity instrument): They are initially recognized in "capital surplus – stock options" at the residual amount of total issue price less amounts of "financial assets or financial liabilities at fair value through profit or loss" and "bonds payable" as stated above. Conversion options are not subsequently remeasured.
4. Any transaction costs directly attributable to the issuance are allocated to the liability and equity components in proportion to the allocation of proceeds.
5. When bondholders exercise conversion options, the liability component of the bonds (including "bonds payable" and "financial assets or financial liabilities at fair value through profit or loss") shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the abovementioned liability component plus the book value of capital surplus - stock options.

(XXIV)Derecognition of financial liabilities

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

(XXV)Provisions for liabilities

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

(XXVI) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the non-discounted amount expected to be paid and are recognized as expenses when the related services are rendered.

2. Retirement pension

   (1) Defined contribution plan

   For the defined contribution plan, the amount to be contributed to the pension fund is recognized as pension cost on an accrual basis. Pre-paid contributions are recognized as assets to the extent that they are refundable in cash or reduce future payments.

   (2) Defined benefit plan

   A. The net obligation under a defined benefit plan is calculated by discounting the amount of future benefits earned by employees for current or past service and subtracting the fair value of plan assets from the present value of the defined benefit obligation as of the end of each balance sheet date. Independent actuaries will calculate the net defined benefit obligation using the projected unit credit method every year. The discount rate is based on the market yields of the government bonds (at the balance sheet date) which is consistent with the currency and period of the balance sheet date and defined benefit plan.

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

3. Employees' payroll and bonus payable and director and supervisor remuneration

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

(XXVII) Income tax

1. Income tax expense is comprised of current and deferred tax. Income taxes are recognized in profit or loss, except for those related to items included in other comprehensive income or directly in equity, which are included in other comprehensive income or directly in equity, respectively.
2. The Group has computed the income tax for the current period complying with tax rates that have been enacted or substantively enacted by the balance sheet date in the countries where the Group operates and where taxable income has incurred. Management regularly evaluates the status of income tax returns with respect to applicable income tax regulations and, where applicable, estimates the income tax liability based on the expected tax payments to be made to the tax authorities. Additional income tax is levied on undistributed earnings in accordance with the Income Tax Act. Additional income tax expense on undistributed earnings is recognized when the actual distribution of earnings is approved by the shareholders in the year following the year in which the earnings are generated.
3. Deferred income tax is recognized using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts on the balance sheet. Deferred income tax liabilities generated from the initial

recognition of goodwill is not recognized. The same goes to deferred income tax generated from the initial recognition of assets or liabilities in a transaction (excluding amalgamation of companies) and that the accounting profit or taxable income (tax loss) is not influenced at the time of transaction. Deferred income tax is provided on temporary differences incurred from investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is calculated using the tax rates (and tax laws) that are expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled, if enacted or substantively enacted by the end of each balance sheet date.

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

(XXVIII)Capital stock

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

(XXIX)Dividends

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

(XXX)Revenue

1. The Group mainly provides food and beverage services, guest accommodation, brand licensing, and related services. The excess of service rendered over receivables from customers is presented as a contract asset; oppositely, the excess of receivables from customers over service rendered is presented as a contract liability.
   (1) The food and beverage service is recognized at the point of time when the product is sold to the customer. The transaction price of the sale of goods is collected immediately from customer at the point of time when the customer purchases products.
   (2) Revenue is recognized for guest accommodation when service is provided to customers within the reporting period. Customers make payments based on agreed schedule.
   (3) The brand licensing refers to the signing of contract between the Group and customer for the transfer of the Group's brand to the customer for usage. Since licensing can be differentiated, the licensing revenue is determined based on

its nature for recognition during the licensing period. The calculation of the variable authorization revenue is based on a certain percentage of the customer's turnover and is subsequently recognized in revenue when sales occurred.

2. Financial components

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

(XXXI)Government grants

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

(XXXII)Operating segments

Information on the Group's operating segments and the internal management report provided to key operation decision-makers adopts a consistent method of reporting. The Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments. The Board of directors is identified as the Chief Operating Decision-Maker.

V.Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

(I)Significant judgments in the adoption of accounting policies

None of such situations.

(II)Significant accounting estimates and assumptions

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

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

2. Realizability of deferred income tax assets

Deferred income tax assets are recognized to the extent that it is probable that sufficient future taxable income will be available to allow deductions for temporary differences. The assessment of the realizability of deferred income tax assets requires management to make significant accounting judgments and estimates, including assumptions about expected future sales revenue growth and profitability, availability of income tax credits, and tax planning. Any changes in the global economic environment, industry environment and laws and regulations may result in significant adjustments to deferred income tax assets.

As of December 31, 2022, the Group recognized the deferred tax assets at $32,357.

3. Calculation of net defined benefit liabilities

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

As of December 31, 2022, the carrying amount of the Group's net defined benefit liabilities were $63,999.

VI. Note to Significant Accounting Items

(I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 12,882	$ 13,010
Checking accounts	13,421	13,270
Demand deposit	271,866	256,344
Time deposit	5,000	-
Cash equivalents - Bond repurchase	150,000	110,000
Total	$ 453,169	$ 392,624

1. The Group maintains good credit with various financial institutions to divert credit risks. There are low expectations for the likelihood of contract breaches.
2. The bank deposit that the Group has to deposit into the performance guarantee trust account due to the standard contracts for gift certificates as of December 31, 2022 and 2021 are $166,031 and $172,736, recorded under "Financial assets at amortized cost - current." Please refer to Note VI (IV) and Note VIII for the details.
3. As of December 31, 2022 and 2021, the Group held certificates of deposit - restricted at $481 and $504, recorded in "Financial assets at amortized cost - current." Please refer to Note VI (IV) and Note VIII for details.
4. As of December 31, 2022 and 2021, the Group held time deposits that are maturing at more than three months at $477,739 and $429,776, recorded under "Financial assets at amortized cost - current." Please refer to Note VI (IV) for details.
5. As of December 31, 2022 and 2021, the Group held certificates of deposit - restricted at $54,634 and $42,937, recorded in "Financial assets at amortized cost - non-current." Please refer to Note VI (IV) and Note VIII for details.

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

Item	December 31, 2022	December 31, 2021
Current item:		
Financial assets mandatorily measured at fair		

value through profit or loss		
Beneficiary certificates	$ 2,360,774	$ 2,805,608
Valuation adjustment	19,187	16,231
Total	$ 2,379,961	$ 2,821,839

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

Item	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 8,047	($ 3,308)

2. There have been no arrangements of the Group's financial assets at fair value through profit or loss pledged to others as collateral, please refer to Note VIII.
3. Credit risk information relating to financial assets measured at fair value through profit or loss (FVTPL). Please refer to Note XII (III).

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

Item	December 31, 2022	December 31, 2021
Noncurrent item:		
Equity instruments		
Private company stock	$ 500	$ 500

1. The Group chooses to classify strategic investments as financial assets at fair value through other comprehensive income. The fair values of these investments as of December 31, 2022 and 2021 are $500 for both years.
2. The Group's maximum exposure to credit risk for financial assets measured at fair value through other comprehensive income, before consideration of associated collateral held or other credit enhancements was NT$500 as of December 31, 2022 and 2021, respectively.

(IV)Financial assets measured at amortized cost

Item	December 31, 2022	December 31, 2021
Current item:		
Restricted bank deposit - trust gift certificate	$ 166,031	$ 172,736
Time deposits maturing in more than three months	477,739	429,776
Pledged time certificate of deposit	481	504
Total	$ 644,251	$ 603,016
Noncurrent item:		
Pledged time certificate of deposit	$ 54,634	$ 42,937

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

	2022	2021
Interest income	$ 6,159	$ 1,327

2. The Group's maximum exposure to credit risk for financial assets measured at amortized costs, before consideration of associated collateral held or other credit enhancements was $698,885 and $645,953 as of December 31, 2022 and 2021, respectively.
3. There have been no arrangements of the Group's financial assets at amortized cost pledged to others as collateral, please refer to Note VIII.
4. Credit risk information relating to financial assets measured at amortized cost. Please refer to Note XII (III). The trading counterparts of the Group's investment on the certificates of deposit are financial institutions of excellent credit. The expected possibility of occurrence of violation is fairly low.

(V)Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 9,121	$ 4,876
Accounts receivable	$ 178,166	$ 163,179
Less: Allowance for bad debts	(1,186)	(1,186)
Total	$ 176,980	$ 161,993

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

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 178,166	$ 9,121	$ 163,179	$ 4,876

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

2. As of December 31, 2022 and 2021, and January 1, 2021, the balance for the receivables (including notes receivable) for the contracts between the Group and customers are $187,287, $168,055 and $213,702, respectively.
3. The guarantee deposits for the accounts receivable that the Group held as of December 31, 2022 and 2021 are $170,351 and $169,258 respectively, recorded in "Other non-current liabilities."
4. The Group's maximum exposure to credit risk for accounts receivable, before consideration of associated collateral held or other credit enhancements was $176,980 and $161,993 as of December 31, 2022 and 2021, respectively.
5. Please refer to Note XII (III) for the related credit risk information of the notes and accounts receivable.

(VI)Inventories

	December 31, 2022	December 31, 2021
Food products	$ 29,310	$ 19,534
Beverages (including alcohol drinks)	8,019	7,051
Total	$ 37,329	$ 26,585

The Group's cost of inventories recognized in operating costs and operating expenses for 2022 and 2021 are $1,112,126 and $1,329,655, respectively.

(VII)Investments accounted for using equity method

(1) Details of the investments are as follows:

Name of affiliated enterprise	December 31, 2022	December 31, 2021
Regent Hospitality Worldwide Inc. (RHW)	$ 1,110,890	$ 1,000,323

2. Associates using the Equity Method, their shares as follows:

Name of affiliated enterprise	2022	2021
RHW	$ 12,786	$ 12,552

3. Basic information on the Group's associates as follows:

		Ownership (%)		
Name of company	Main business venue	December 31, 2022	December 31, 2021	Measurement method
RHW	Cayman Islands	49%	49%	Equity method

4. Summary of financial information on the Group’s associates as follows:

Balance Sheet

	RHW	
	December 31, 2022	December 31, 2021
Current assets	$ 19,949	$ 13,133
Non-current assets	446,936	402,839
Current liabilities	(1,135)	(1,036)
Non-current liabilities	(2,638)	(1,850)
Net total assets	$ 463,112	$ 413,086
Share of the net assets of the associates (Note)	$ 226,925	$ 202,412

Note: Differences in the carrying value and recognizable net assets are goodwill.

Statements of Comprehensive Income

	RHW	
	2022	2021
Revenue	$ 24,102	$ 21,662
Profit of (loss) for the period from continuing operations	$ 26,094	$ 25,616
Total comprehensive (loss) income for the current period	$ 26,094	$ 25,616
Dividends received from associates	$ 11,751	$ 19,781

5. RWH owns the Regent overseas brand trademark and franchise. The Group holds 49% equity of the company and joint management with IHG. Expand international market through collaboration with IHG in developing the Regent global hotel brand licensing business.
6. RHW has in October 2019 been approved by the shareholders’ meeting to proceed with capital reduction to cover deficits at US$1,481 thousands. Related capital reduction procedures have been completed on October 31, 2021.
7. The Group does not have circumstances of using equity method investments to provide pledge.

(VIII)Property, plant and equipment

	Land	Buildings	Machinery equipment	Computers and communication facilities	Transportation equipment	Office equipment	Business facilities	Leasehold improvement	Other equipment	Uncompleted engineering	Total
January 1, 2022											
Cost	$273,472	$ 2,681,790	$ -	$ 27,223	$ 17,070	$ 25,933	$168,547	$ 455,304	$1,557,947	$ 11,588	$5,218,874
Accumulated depreciation	-	(1,758,585)	-	(16,374)	(8,305)	(15,633)	-	(177,903)	(1,022,416)	-	(2,999,216)
	$273,472	$ 923,205	$ -	$ 10,849	$ 8,765	$ 10,300	$168,547	$ 277,401	$ 535,531	$ 11,588	$2,219,658
2022											
January 1	$273,472	$ 923,205	$ -	$ 10,849	$ 8,765	$ 10,300	$168,547	$ 277,401	$ 535,531	$ 11,588	$2,219,658
Additions	-	41,066	-	10,414	4,495	177	27,621	285	88,410	21,568	194,036
Disposal	-	-	-	-	(928)	-	-	-	-	-	(928)
Re-classification	-	12,088	-	2,236	-	-	3,303	-	5,680	(20,225)	3,082
Depreciation expense	-	(135,064)	-	(6,151)	(2,635)	(1,966)	-	(26,487)	(152,523)	-	(324,826)
Business facilities transferred to expenses	-	-	-	-	-	-	(24,363)	-	-	-	(24,363)
Net exchange difference	-	-	-	-	-	-	-	-	(4)	-	(4)
December 31	$273,472	$ 841,295	$ -	$ 17,348	$ 9,697	$ 8,511	$175,108	$ 251,199	$ 477,094	$ 12,931	$2,066,655
December 31, 2022											
Cost	$273,472	$ 2,647,150	$ -	$ 30,295	$ 18,024	$ 22,008	$175,108	$ 453,639	$1,240,769	$ 12,931	$4,873,396
Accumulated depreciation	-	(1,805,855)	-	(12,947)	(8,327)	(13,497)	-	(202,440)	(763,675)	-	(2,806,741)
	$273,472	$ 841,295	$ -	$ 17,348	$ 9,697	$ 8,511	$175,108	$ 251,199	$ 477,094	$ 12,931	$2,066,655

	Land	Buildings	Machinery equipment	Computers and communication facilities	Transportation equipment	Office equipment	Business facilities	Leasehold improvement	Other equipment	Uncompleted engineering	Total
January 1, 2021											
Cost	$273,472	$ 2,771,402	$121,196	$ 49,137	$ 44,997	$ 77,525	$168,117	$ 547,381	$1,717,213	$ 8,614	$5,779,054
Accumulated depreciation	-	(1,728,000)	(100,381)	(35,697)	(30,390)	(60,608)	-	(233,918)	(1,097,293)	-	(3,286,287)
	$273,472	$ 1,043,402	$ 20,815	$ 13,440	$ 14,607	$ 16,917	$168,117	$ 313,463	$ 619,920	$ 8,614	$2,492,767
2021											
January 1	$273,472	$ 1,043,402	$ 20,815	$ 13,440	$ 14,607	$ 16,917	$168,117	$ 313,463	$ 619,920	$ 8,614	$2,492,767
Additions	-	19,465	3,436	2,982	7,325	872	15,848	43	59,528	40,313	149,812
Disposal of subsidiary	-	-	(20,120)	-	(7,736)	(3,030)	-	(7,010)	-	-	(37,896)
Disposal	-	-	(14)	-	(446)	-	-	-	(16)	-	(476)
Re-classification	-	5,398	-	509	-	-	2,357	-	31,403	(37,339)	2,328
Depreciation expense	-	(145,060)	(4,117)	(6,082)	(4,985)	(4,459)	-	(29,095)	(175,287)	-	(369,085)
Business facilities transferred to expenses	-	-	-	-	-	-	(17,775)	-	-	-	(17,775)
Net exchange difference	-	-	-	-	-	-	-	-	(17)	-	(17)
December 31	$273,472	$ 923,205	$ -	$ 10,849	$ 8,765	$ 10,300	$168,547	$ 277,401	$ 535,531	$ 11,588	$2,219,658
December 31, 2021											
Cost	$273,472	$ 2,681,790	$ -	$ 27,223	$ 17,070	$ 25,933	$168,547	$ 455,304	$1,557,947	$ 11,588	$5,218,874
Accumulated depreciation	-	(1,758,585)	-	(16,374)	(8,305)	(15,633)	-	(177,903)	(1,022,416)	-	(2,999,216)
Total	$273,472	$ 923,205	$ -	$ 10,849	$ 8,765	$ 10,300	$168,547	$ 277,401	$ 535,531	$ 11,588	$2,219,658

1. The Group is not in the circumstance of capitalizing on interest from property, plant and equipment for the years 2022 and 2021.
2. The Group uses Property, plant and equipment for pledge. Please refer to Note VIII for more details.
3. There have been no significant changes to the depreciation and useful life of the Group’s Property, plant and equipment. Please refer to Note IV (XVI) of the 2022 consolidated financial statements.

(IX)Lease transactions - Lessee

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

	December 31, 2022	December 31, 2021
	Book value	Book value
Land	$ 926,671	$ 1,008,790
Building	2,019,997	2,180,959
Total	$ 2,946,668	$ 3,189,749

	2022	2021
	Depreciation expense	Depreciation expense
Land	$ 64,745	$ 55,743
Building	200,646	199,406
Total	$ 265,391	$ 255,149

2. (1) The Company has signed the contract on establishing the rights of superficies with the Taipei City government in 1976. The retaining period is counted starting from the date of completion (1984) for the registration of the rights of superficies, for a period of 25 years, and extended further for another 25 year for a total of no more than 50 years. During the contract period, the Company shall pay rent to the Taipei City government each year according to a certain percentage of the announced land price. If the agreed rent price is insufficient to cover the land value tax payments to the Taipei City government, adjustments shall be made according to the actual land value tax amount paid each year. When the term expires, the Company shall not arbitrarily dismantle the fixed equipment attached to the building, and shall transfer both the building and the fixed equipment back to the Taipei City government unconditionally.

   (2) After paying the royalties of the superficies of Grand Formosa Taroko to the China Travel Service (Taiwan), set up the superficies with the National Property Administration, MOF. The expiration period is until 2029. The main contents of the contract include:

      A. Each year the land rent is calculated based on a specific percentage of the announced land price (except that if the land price announcement is unspecified, the land price shall be evaluated based on the property).

      B. When the setting up of superficies expires, all of the buildings above ground shall be unconditionally owned by the National Property Administration, MOF.

3. The added right-of-use assets for the Group in 2022 and 2021 are $59,536 and $48,064, respectively.

4. Information on profit and loss item relating to the lease contract is as follows:

	2022	2021
Items with influence to profit and loss for the current period		
Interest expense on lease liabilities	$ 58,503	$ 63,610
Expense on short-term lease contracts	5,393	4,854
Expenses of low value leased assets	312	279
Variable lease payments	20,146	11,378
Profit from lease modification	151	-

5. The lease cash outflow for the Group in 2022 and 2021 are $296,315 and $306,898.
6. Impact of change of lease payment to lease liabilities. Please refer to Note IX (II) 3.
7. The Group adopts the practical expedient of the COVID-19-Related Rent Concessions. The profits of $32,142 and $55,808 from lease payment changes generated by rent concessions in 2022 and 2021 are recognized in the deduction of depreciation expense for right-of-use assets.

(X)Lease transactions - Lessor

1. The Company leases various assets including underground stores and parking lots. Rental contracts are typically made for periods of 2006 to 2028. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
2. The profits recognized by the Group based on the operating lease contracts in 2022 and 2021 are as follows:

	2022	2021
Rental income	$ 223,025	$ 151,267
Rent revenue recognized as variable lease payments	$ 323,555	$ 318,272

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

	December 31, 2022	December 31, 2021
Not later than 1 year	$ 217,772	$ 232,017
More than 1 year but less than 2 years	149,986	128,854
More than 2 years but less than 3 years	81,987	75,230
More than 3 years but less than 4 years	40,505	30,954
More than 4 years but less than 5 years	24,480	9,127
More than 5 years	8,788	9,833
	$ 523,518	$ 486,015

(XI)Intangible assets

	Cost for trademark, franchise and brand management rights
2022	
January 1 and December 31	$ 20,923

	Trademark, franchise and brand management rights	Others	Total
January 1, 2021			
Cost	$ 20,923	$ 10,192	$ 31,115
Accumulated amortization	-	(5,692)	(5,692)
	$ 20,923	$ 4,500	$ 25,423
2021			
January 1	$ 20,923	$ 4,500	$ 25,423
Additions	-	1,640	1,640
Disposal of subsidiary	-	(4,694)	(4,694)
Amortization expenses	-	(1,446)	(1,446)
December 31	$ 20,923	$ -	$ 20,923
December 31, 2021			
Cost	$ 20,923	$ -	$ 20,923
Accumulated amortization	-	-	-
	$ 20,923	$ -	$ 20,923

1. The Company has acquired the Regent trademark and franchise in Taiwan Region in June 2018. Its scope of use is as follows:
   (1) The Company owns the perpetual license for Regent in Taiwan region and it is allowed to expand marketing activities for Regent Taiwan overseas. IHG is also allowed to promote Regent business in Taiwan.
   (2) The Company is not permitted to use the Regent trademark in its overseas marketing, nor for use or licensing of the trademark.
   (3) The Company can only use the Regent Taipei trademark in related retail marketing channel in Taiwan and overseas.
   (4) For the name of the Regent domain name, the Company is limited to using only Regent Taiwan.com, Regent Taipei.com or Regent xxxx.com.tw.
   (5) If the Company has new Regent Hotel establishments in the future, it shall follow the brand standard established by IHG in addition to that of Regent Taipei.

2. Statements of amortization of intangible assets:

	2022	2021
Selling expense	$ -	$ 1,446

(XII)Other non-current assets

	December 31, 2022	December 31, 2021
Long term receivables	$ 393,685	$ 347,822
Refundable deposits	90,177	87,279
Others	6,211	6,612
Total	$ 490,073	$ 441,713

Long term receivables are mainly receivables for the Regent overseas brand trademark and franchise to IHG and the sale of some of the subsidiaries of Regent Global. The amount is US$26,200 thousand. On January 28, 2021, US$13,100 thousand (equivalent to $373,874) are collected. After considering the time value for the remaining amount at US$12,819 thousand (equivalent to $393,685), the amount is expected to be collected in January 2024.

(XIII)Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 86,714	1.68%	Millerful no.1 REIT - Beneficiary certificates

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 83,904	1.05%	Millerful no.1 REIT - Beneficiary certificates

Regarding the collateral provided by the Group’s short-term borrowings, please refer to the details in Note VIII.

(XIV)Short-term notes and bills payable

Regarding the collateral provided by the Group’s short-term notes and bills payable, please refer to the details in Note VIII.

(XV)Other payables

	December 31, 2022	December 31, 2021
Salary and wages payable	$ 342,250	$ 338,249
Insurance expenses payable	83,679	72,731
Equipment payable	39,167	21,455
Sales tax payable	35,974	38,721
Retirement pension payable	29,144	26,044
Property tax payable	18,375	17,585
Advertisement expense payable	11,439	10,985
Utilities expense payable	8,839	7,657
Royalty payable	6,889	3,552
Service charge payable	4,529	6,475
Others	355,477	369,677
Total	$ 935,762	$ 913,131

(XVI)Lease liabilities

Item	December 31, 2022	December 31, 2021
Lease liabilities - current	$ 257,687	$ 237,352
Lease liabilities - non-current	$ 2,755,678	$ 2,965,815

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

(XVII)Bonds payable

1. The Company has in June 2016 issued the second domestic unsecured convertible bond. Its main issuance contents and terms are as below:
   (1) Total face value: NT$1,500,000.
   (2) Issuance period: 5 years, market circulation period is from June 16, 2016 to June 16, 2021.
   (3) Coupon rate: 0%.
   (4) Conversion period: The holder of the convertible bonds from the next day onwards following the three full months after the issuance date of the bond up till the maturity date, besides complying with the laws and regulations for the period of the suspension of bond transfers, the holder may make request to the Company for bond conversion to the Company’s common stock. The rights and obligations of the converted common stock are the same as the common stock to when it was originally issued.
   (5) Conversion price and its adjustment: The conversion price of the convertible bonds is based on the model of setting specified in the terms of conversion. Subsequently, if the conversion price faces the anti-dilution provision situation, it shall be adjusted based on the model of setting according to the terms of conversion. Following on,

on the base date established by the terms, re-define the conversion price using the model of setting specified in the terms of conversion. If the price is higher than the conversion price before re-defining for the year, adjustments is then not required.

(6) Terms for redemption of bonds and selling back:

A: Redemption on maturity: After the issuance period of the bonds matures, the Company shall make one time repayment of the principal.

B. Early redemption: From the day following the 3rd month of issuance of the convertible bonds until 40 days prior to the expiration of the duration, if the closing price of the Company’s common shares exceeds the current conversion price by more than 30% for 30 consecutive business days or if the

balance of the company’s outstanding convertible bonds is lower than the total of the originally issued face value by 10%, the Company may call the bonds outstanding at face value in cash at any time thereafter.

C. Selling back: The holder of the bonds may after the issuance of the Company’s convertible bonds reaches three full years, he/she may request the Company to buyback the convertible bonds held using the face value of the bonds.

D. According to the terms of conversion, all of the bonds that the Company has collected, repaid or converted, these convertible bonds shall be cancelled, and all the rights and obligations attached to them are eliminated along, and are not for issuance anymore.

(7) As of before the convertible bonds matured, the face value of the convertible bonds is $117,400 and those already have converted to common stocks stand at 657 thousand shares (converted in June 2019 and April 2021).

(8) The convertible bonds have matured on June 16, 2021 and all have been redeemed.

2. (1) During the issuance of convertible bonds, the Company follows the IAS 32 regulations separating conversion rights of equity nature and the constituent elements of various liabilities, accounted in “Capital Surplus - Stock option” at $110,766. Embedding of repurchase rights and redemption rights is according to the IAS 39 regulations. Due to them being closely related to the economic characteristics and risks of the debt products in the main contract, they are treated separately. Its net amount is accounted in “Financial assets or liabilities measured at fair value through profit or loss.” The effective interest rate after separation from the main contract’s debts is 1.6990%.

(2) After the convertible bonds mature, related conversion rights become invalid, and they are transferred from “Capital surplus - Stock options” to “Capital surplus - Issued at premium.”

(XVIII)Retirement pension

1. (1) In accordance with the Labor Standards Act, the Company and its domestic subsidiaries have a defined benefit retirement plan that applies to all regular employees’ years of service prior to the implementation of the Labor Standards Act on July 1, 2005, and to employees who elect to continue to be subject to the Labor Standards Act after the implementation of the Labor Standards Act for subsequent years of service. For employees who meet the retirement criteria, pension payments are calculated based on the years of service and the average salary for the six months prior to retirement, with two bases for each year of service up to and including 15 years and one base for each year of service in excess of 15 years, subject to a maximum accumulation limit of 45 bases. The Company and domestic subsidiaries deposit a monthly pension fund of 2% of salaries and wages to a dedicated account in the Bank of Taiwan in the name of the Supervisory Committee of Labor

Retirement Reserve. Before the end of each year, the Company and domestic subsidiaries estimate the balance in the dedicated account of the Labor Retirement Reserve. If the balance is not sufficient to pay the aforementioned amount of pension benefits to employees eligible for retirement in the following year, the Company and domestic subsidiaries will make a lump-sum appropriation for the difference by the end of March of the following year.

(2) Amounts recognized in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	($ 161,997)	($ 190,170)
Fair value of plan assets	97,998	97,528
Net defined benefit liabilities	($ 63,999)	($ 92,642)

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

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
2022			
Balance as of January 1, 2021	($ 190,170)	$ 97,528	($ 92,642)
Service cost for the current period	(2,590)	-	(2,590)
Interest (expenses) revenues	(1,331)	683	(648)
	(194,091)	98,211	(95,880)
Re-measurements:			
Impacts from change in financial assumptions	7,843	-	7,843
Experience adjustments	3,129	8,162	11,291
	10,972	8,162	19,134
Allocate pensions	-	12,747	12,747
Retirement pension payable	21,122	(21,122)	-
Balance as of December 31	($ 161,997)	$ 97,998	($ 63,999)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
2021			
Balance as of January 1, 2021	($ 240,637)	$ 119,802	($ 120,835)
Service cost for the current period	(4,560)	-	(4,560)
Interest (expenses) revenues	(737)	368	(369)
	(245,934)	120,170	(125,764)
Re-measurements:			
Impact from change in demographic assumptions	(161)	-	(161)
Impacts from change in financial assumptions	6,211	-	6,211
Experience adjustments	7,417	1,801	9,218
	13,467	1,801	15,268
Allocate pensions	-	13,840	13,840
Retirement pension payable	24,233	(24,233)	-
Sale of subsidiaries	18,064	(14,050)	4,014
Balance as of December 31	($ 190,170)	$ 97,528	($ 92,642)

(4) The Bank of Taiwan was commissioned to manage the Fund of the Group's defined benefit pension in accordance with Article 6 of the the "Regulations for Revenues, Expenditures, Safeguarding and Utilization of the Labor Retirement Fund" (i.e. Deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate and its securitization products, and so forth) within the proportion and amount scope of the items established in the annual investment and utilization plan for the fund. Related operations situations are monitored and supervised by the Labor Pension Fund Supervisory Committee. The minimum annual earnings to be distributed from the fund shall not be less than the earnings calculated based on the two-year time deposit rate of the local bank. If there is any deficiency, the national treasury shall make up the deficiency after approval by the competent authority. The Company has no right to participate in managing and operating the fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 Paragraph 142. The composition of fair value of the fund's total assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	2022	2021
Discounted rate	1.30%	0.70%
Increase rate of future salaries	2.00%~3.00%	2.00%~3.00%

Estimations for the assumptions of future mortality rates for the years ended December 31, 2022 and 2021 were based on the sixth empirical life tables of the preset Taiwan life insurance industry.
The present value of defined benefit obligation is impacted by the change in the main actuarial assumption adopted. Its analysis is as follows:

	Discounted rate		Increase rate of future salaries	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2022				
Effects of present value of defined benefit obligation	($12,362)	$12,772	$11,046	($10,762)
December 31, 2021				
Effects of present value of defined benefit obligation	($14,390)	$14,892	$12,932	($12,582)

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

(6) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amounts to NT$3,238.

(7) As of December 31, 2022, the weighted average duration of the retirement plan is 8 to 10 years. Analysis of maturity of pension payment as follows:

	December 31, 2022
In the coming 1 year	$ 30,233
In the coming 2 years	10,424
In the coming 3 years	9,078
In the coming 4 years	10,122
In the coming 5 years	10,795
In the coming 6~10 years	45,621
	$ 116,273

2. (1) Effective July 1, 2005, the Company and domestic companies have a defined contribution pension plan under the Labor Pension Act, which is applicable to the Company's domestic employees. The Company and domestic companies make monthly contributions of 6% of salary to the employees' personal accounts at the

Bureau of Labor Insurance for the employees who choose to be subject to the labor pension scheme under the Labor Pension Act. The employees' pensions are paid in the form of monthly pensions or lump-sum pensions depending on the amount of the employees' individual pension accounts and accumulated earnings.

(2) Subsidiaries in Mainland China adopts the pension insurance system according to the regulations of the governments of the People's Republic of China. Each month, a certain percentage of the total salary for the local employee is allocated to the pension insurance system. As of December 31, 2022 and 2021, the allocation percentage made was 20%. The pensions of each employee are managed, coordinated and arranged by the government. The Group does not have further obligations beside making monthly allocations.

(3) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were $55,143 and $55,549 respectively.

3. Silks Global Group adopts the defined contribution plan. Based on the local government regulations, the Group allocates pension on a monthly basis and record it in current expenses. The pension costs under the defined contribution pension plans of the aforesaid company for the years ended December 31, 2022 and 2021 were $69 and $65, respectively.

4. Silks has not hired employees formally. Thus, there is no establishment of the retirement rules.

(XIX)Other non-current liabilities

	December 31, 2022	December 31, 2021
Net defined benefit liabilities	$ 63,999	$ 92,642
Guarantee deposits received	170,351	169,258
Tax payable	95,707	102,561
Decommissioning costs	32,450	32,450
Royalty payable	-	3,622
Others	-	103
Total	$ 362,507	$ 400,636

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

Changes to decommissioning costs:

	Decommissioning costs	
	2022	2021
Balance as of January 1	$ 32,450	$ 34,006
Disposal of subsidiary	-	(1,556)
Balance as of December 31	$ 32,450	$ 32,450

(XX)Capital stock

1. As of December 31, 2022, the Company's authorized capital is $5,000,000 for 500,000 thousands of shares. The face value is $10 and it can be issued by installments. In April 2021, the company's liabilities totaled $200 which have been converted to the Company's common stock of 1 thousand shares, for an amount of $12, including the conversion of shares. The Company's paid-in capital is $1,274,032 for a total of 127,403 thousand shares. The payment for the Company's issued shares has been collected.
2. Adjustments to the number of the Company's outstanding common stock are as follows:

	2022	2021
Balance as of January 1, 2021	127,403 thousand shares	127,402 thousand shares
Conversion of convertible bonds	-	1 thousand shares
Balance as of December 31	127,403 thousand shares	127,403 thousand shares

(XXI)Capital surplus

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

(XXII)Retained earnings

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

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

(1) Allocate 10% as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply.

(2) When necessary, allocate or reversal of special reserve according to the laws and regulations.

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

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

2. The Company's lifecycle is in a stable growth stage and will observe the changes to the internal and external environment in seek of sustainable operation and long term development. It will consider the company's future capital expense budget and need while sustaining the stability of dividends distribution. During each quarter and every year when the Company distributes its cash dividends, it allocates more than 50% of the accumulated distributable earnings as shareholders bonus. Of which cash dividends must not be lower than 10% of the shareholders bonus.

3. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

4. (1) The Company's appropriation of earnings for 2020 has been approved by resolution of the shareholders' meeting via electronic votes (meeting the statutory threshold for passing resolution) on June 14, 2021 as follows:

	2020	
	Amount	Dividend per share (NT$)
Allocated special reserve	$ 99,147	
Cash dividends	559,183	$ 4.3891
Total	$ 658,330	

(2) On June 14, 2022, the Company's shareholders' resolved to approve the 2021 appropriation of earnings plan as follows:

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

(3) On March 20, 2023, the Company's Board proposed the 2022 appropriation of earnings plan as follows:

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

The aforesaid 2022 Appropriation of Earnings has not yet been resolved by the shareholders' meeting as of March 20, 2023.

(XXIII)Operating revenue

	2022	2021
Revenue from contracts with customers		
Food and beverage service revenue	$ 2,829,445	$ 2,857,441
Guest-service revenue	1,896,333	1,378,058
Technical service revenue	214,884	134,993
Other service revenue	110,081	90,663
Subtotal	5,050,743	4,461,155
Lease revenue	546,580	469,539
Total	$ 5,597,323	$ 4,930,694

Note: Other service revenue is listed in Note XIV (III) within the food and beverage department, guest room department, and lease department.

1. Revenue from contracts with customers

2022	Taiwan				Overseas region	
	Food and beverage service	Guest-service	Technical service	Other service	Technical service	Total
Revenue	$ 2,829,928	$ 1,902,370	$ 188,891	$ 110,081	$29,092	$ 5,060,362
Revenue from internal transactions	(483)	(6,037)	(3,099)	-	-	(9,619)
Revenue from contracts with external customers	$ 2,829,445	$ 1,896,333	$ 185,792	$ 110,081	$29,092	$ 5,050,743

2021	Taiwan				Overseas region	
	Food and beverage service	Guest-service	Technical service	Other service	Technical service	Total
Revenue	$ 2,858,167	$ 1,381,767	$90,894	$90,663	$47,328	$4 ,468,819
Revenue from internal transactions	(726)	(3,709)	(3,229)	-	-	(7,664)
Revenue from contracts with external customers	$ 2,857,441	$ 1,378,058	$87,665	$90,663	$47,328	$ 4,461,155

2. Contract assets and contract liabilities

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

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities:			
Contract liabilities - Advance receipts - Current	$ 667,670	$ 725,265	$ 584,061
Contract liabilities - Advance receipts - Non-Current	9,891	8,493	10,421
Total	$ 677,561	$ 733,758	$ 594,482

Contract liabilities at beginning period recognized as revenue in current period

	2022	2021
Contract liabilities balance at beginning of period recognized as revenue in current period		
Advance receipts - Current	$ 434,937	$ 337,331

(XXIV) Interest income

	2022	2021
Other interest income	$ 14,330	$ 16,354
Interests of long term receivables	7,558	7,578
Income of interest from financial assets measured at amortized cost	6,159	1,327
Interest from cash in the bank	2,005	1,103
Total	$ 30,052	$ 26,362

(XXV) Other non-interest income

	2022	2021
Government grants revenue	$ 11,799	$ 110,378
Transfer of overdue accounts payable to other revenue	3,584	11,126
Others	36,633	61,512
Total	$ 52,016	$ 183,016

To assist the Tourist Hotel affected by the COVID-19 pandemic, the Tourism Bureau, MOTC and the Department of Commerce, MOEA provides the necessary working liabilities, employee salary and wages grant, and wedding catering subsidies. The Group has in 2022 and 2021 recognized related government grant revenue at $9,000 and $96,232, respectively.

(XXVI) Other gains and losses

	2022	2021
Net gains (losses) on financial assets measured at fair value through profit or loss	$ 8,047	($ 3,308)
Disposal of subsidiary profits	-	1,636,636
Gain on disposal of property, plant and equipment	358	521
Profit from lease modification	151	-
Net foreign exchange gain	40,853	39,017
Miscellaneous (expense) revenue	(130)	45,531
Total	$ 49,279	$ 1,718,397

Based on the equity purchase agreement signed and entered into between the Company and the Domino's Pizza Enterprises Limited Australia, the total sales price is $1,732,685 which is calculated from the initial price of $1,705,343 plus amounts from related adjusted mechanism. The total sales price is then deducted with the direct related transaction cost and expenses, recognized in the net gains from disposal of subsidiaries at $1,636,636.

(XXVII) Finance cost

	2022	2021
Interest expense:		
Lease liabilities	$ 58,503	$ 63,610
Convertible bonds	-	11,598
Bank borrowings	1,162	587
Others	1,318	1,186
Total	$ 60,983	$ 76,981

(XXVIII) Additional information other than expenses by nature

	2022		
	Cost	Expenses	Total
Employee benefit expense	$ 1,260,211	$ 304,067	$ 1,564,278
Depreciation expense of Property, plant and equipment	311,315	13,511	324,826
Depreciation expense of right-of-use assets	265,177	214	265,391
	$ 1,836,703	$ 317,792	$ 2,154,495

	2021		
	Cost	Expenses	Total
Employee benefit expense	$ 1,090,814	$ 451,571	$ 1,542,385
Depreciation expense of Property, plant and equipment	347,980	21,105	369,085
Depreciation expense of right-of-use assets	244,181	10,968	255,149
Amortization expenses of intangible assets	-	1,446	1,446
	$ 1,682,975	$ 485,090	$ 2,168,065

(XXIX) Employee benefit expense

	2022		
	Cost	Expenses	Total
Wages and salaries	$ 1,060,707	$ 254,404	$ 1,315,111
Labor and health insurance fees	107,916	21,634	129,550
Pension costs	47,657	10,793	58,450
Other personnel expenses	43,931	17,236	61,167
	$ 1,260,211	$ 304,067	$ 1,564,278

	2021		
	Cost	Expenses	Total
Wages and salaries	$ 904,458	$ 389,027	$ 1,293,485
Labor and health insurance fees	102,344	28,640	130,984
Pension costs	45,331	15,212	60,543
Other personnel expenses	38,681	18,692	57,373

	$ 1,090,814	$ 451,571	$ 1,542,385

1. According to the Company's Articles of Incorporation, the Company shall appropriate 5% as profit sharing remuneration for employees and no more than 0.5% as profit sharing remuneration for directors and supervisors of the remainder of the profit for the year, if any, after deducting the accumulated losses from the profit for the current year. The Company's shareholders' meeting has on August 20, 2021 resolved to establish an Audit Committee to replace the supervisor system. Thus, the Company's Articles of Incorporation is amended to that the Company shall appropriate 5% as profit sharing remuneration for employees and no more than 0.5% as profit sharing remuneration for directors of the remainder of the profit for the year, if any, after deducting the accumulated losses from the profit for the current year.
2. The estimated amounts for the Company's employee remuneration in 2022 and 2021 are $58,718 and $121,341, respectively. The estimated amounts for directors and supervisors are $5,872 and $12,134. The aforementioned amounts are accounted under wages and salaries title.
   The estimation uses 5% and 0.5% based on the profits situation for the year 2022. The Board has resolved for the actual distribution to be $58,718 and $5,872, of which the employee remuneration is to be distributed in the form of cash.
   The Board has resolved that the amount for the 2021 employee, and director and supervisor remuneration and of that recognized in the 2021 financial report to be consistent. The aforementioned employee and director and supervisor remuneration will be distributed in the form of cash. As of December 31, 2022, the 2021 employee remuneration has not yet been appropriated.
   Related information on the employee, director, and supervisor remuneration passed by the Company's Board of Directors can be obtained from the MOPS website.

(XXX)Income tax

1. Income tax expense

(1) Components of income tax expense:

	2022	2021
Income tax for current period:		
Income tax generated for the current period	$ 271,059	$ 173,182
Surtax on undistributed retained earnings	21,134	-
Overestimation of income tax for previous years	(1,049)	(12,682)
Total income tax for current period	291,144	160,500
Deferred tax:		
Origin and reversal of temporary differences	1,208	9,693
Tax loss	(3,867)	(8,437)
Total deferred tax	(2,659)	1,256
Income tax expense	$ 288,485	$ 161,756

(2) Income tax amount related to other comprehensive income:

	2022	2021

Re-measurement of defined benefit obligation	($ 3,550)	($ 2,915)

2. Reconciliation between income tax expense and accounting profit

	2022	2021
Income tax calculated based on profit before tax and statutory tax rate	$ 260,838	$ 480,307
Income tax effects of adjusted items under taxation laws	7,562	(305,869)
Overestimation of income tax for previous years	(1,049)	(12,682)
Surtax on undistributed retained earnings	21,134	-
Income tax expense	$ 288,485	$ 161,756

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

	2022					
	January 1	Included in profit or loss	Recognized to other comprehensive income	Sale of subsidiaries	Re-classification	December 31
Deferred tax assets:						
-Temporary differences:						
Pension liabilities	$4,753	($1,902)	($ 3,550)	$ -	$ 699	$ -
Deferred revenue	2,800	456	-	-	-	3,256
Setting up superficies	1,735	(100)	-	-	-	1,635
Other payables	1,122	(66)	-	-	-	1,056
IFRS16 Effects of recognition	1,190	277	-	-	-	1,467
Unrealized exchange loss	3,485	(20)	-	-	-	3,465
Others	1,777	147	-	-	-	1,924
-Tax loss	15,687	3,867	-	-	-	19,554
Subtotal	32,549	2,659	(3,550)	-	699	32,357
Deferred tax liabilities:						
-Temporary differences:						
Pension liabilities	-	-	-	-	(699)	(699)
Subtotal	-	-	-	-	(699)	(699)
Total	$32,549	$2,659	($ 3,550)	$ -	$ -	$ 31,658

	2021					
	January 1	Included in profit or loss	Recognized to other comprehensive income	Sale of subsidiaries	Re-classification	December 31
Deferred tax assets:						
-Temporary differences:						
Pension liabilities	$10,250	($1,939)	($ 2,915)	($ 643)	$ -	$ 4,753
Deferred revenue	4,255	(594)	-	(861)	-	2,800
Setting up superficies	1,835	(100)	-	-	-	1,735
Other payables	8,762	(7,105)	-	(535)	-	1,122
IFRS16 Effects of recognition	913	277	-	-	-	1,190
Unrealized exchange loss	4,478	(991)	-	(2)	-	3,485
Others	1,018	759	-	-	-	1,777
-Tax loss	7,250	8,437	-	-	-	15,687
Subtotal	38,761	(1,256)	(2,915)	(2,041)	-	32,549
Deferred tax liabilities:						
-Temporary differences:						
Unrealized exchange profit	(6)	-	-	6	-	-
Subtotal	(6)	-	-	6	-	-
Total	$38,755	($1,256)	($ 2,915)	($ 2,035)	$ -	$ 32,549

4. Expiration dates of loss carryforward unused by the subsidiaries and amounts of unrecognized deferred tax assets are as follows:

December 31, 2022

Year of event	Number of filings/approvals	Amount not deducted	Unrecognized deferred tax assets	The final year in which the tax deduction is applied
2020	$ 36,251	$ 36,251	$ -	2030
2021	42,183	42,183	-	2031
2022	19,336	19,336	-	2032
	$ 97,770	$ 97,770	$ -	

December 31, 2021

Year of event	Number of filings/approvals	Amount not deducted	Unrecognized deferred tax assets	The final year in which the tax deduction is applied
2017	$ 126	$ -	$ -	2022
2020	36,459	36,251	-	2030
2021	42,183	42,183	-	2031
	$ 78,768	$ 78,434	$ -	

5. The Group has not recognized the taxable temporary differences relating to the Company’s investments of certain subsidiaries in deferred tax liabilities. As of December 31, 2022 and 2021, the temporary differences amount of the deferred tax liabilities that are unrecognized are $765,146 and $574,553.
6. According to the Enterprise Income Tax Law of the People’s Republic of China, the income tax for income Silks International is levied at 25%. If there are losses for the enterprise that incurred in the taxation year, it is allowed to be carried forward to the next year, and use the income for the next year to cover the losses. However, the number of years that can be carried forward is limited to 5 years.
7. The Company’s profit-seeking enterprise income tax has been approved by the tax collection authorities until 2020.
8. To assist taxpayers who are affected by the COVID-19 pandemic, the National Taxation Bureau, Ministry of Finance allows installment payments for the 2019, 2020 and 2021 profit-seeking enterprise income tax. The Company has issued checks. As of December 31, 2022 and 2021, the balances were $156,314 and $120,197, respectively. These are recorded in notes payable according to their liquidity for $83,722 and $61,178, respectively, and in other non-current liabilities for $72,592 and $59,019, respectively.

(XXXI)Earning per share

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

	After-tax amount	2021 Weighted average number of shares outstanding (shares in thousands)	Earnings per share (NT$)
Basic earnings per share			
Current period net income attributable to common shares shareholders of the parent	$2,177,298	127,403	$ 17.09
Diluted earnings per share			
Current period net income attributable to common shares shareholders of the parent	$2,177,298	127,403	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	9,279	4,007	
Employees' payroll and bonus payable	-	860	
Current period net income plus potential effects of common stock attributable to common stock shareholders of the parent	$2,186,577	132,270	$ 16.53

(XXXII)Supplementary information on cash flows

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

	2022	2021
Procurement of Property, plant and equipment	$ 194,036	$ 149,812
Add: Accounts payable - equipment, at the beginning of the period	21,455	30,192
Add: Accounts payable - equipment, at the end of the period	(39,167)	(21,455)
Payments in cash for the current period	$ 176,324	$ 158,549

2. Financing activities that are of no effects to cash flow:

	2020	2021
Conversion of convertible bonds into equity	$ -	$ 199

3. The Company has on August 31, 2021 sold all of its shares of Domino's to a non-related party. As a result the Company loses control of this subsidiary (please refer to Note IV (III) 2. Note 9). Information on the consideration collected for the transaction and related assets and liabilities of this subsidiary are as follows:

	August 31, 2021
Consideration collected	
Cash	$ 1,732,685
Directly related transaction cost and expenses	(15,959)
	$ 1,716,726

	August 31, 2021
Carrying amount of the assets and liabilities of Domino's	
Cash and cash equivalents	$ 50,579
Financial assets at fair value through profit or loss - current	75,007
Financial assets at amortized cost - current	34,091
Account receivable, net	79,956
Other receivables	21,343
Inventories	42,649
Prepayments	3,589
Property, plant and equipment	37,896
Right-of-use assets	71,439
Intangible assets	4,694
Deferred tax assets	2,041
Other non-current assets	12,895
Contract Liabilities - current	(42,703)
Notes payable	(200)
Accounts payable	(80,280)
Other payables	(97,615)
Current income tax liabilities	(21,794)
Lease liabilities - current	(17,869)
Other current liabilities	(35,373)
Deferred tax liabilities	(6)
Lease liabilities - non-current	(54,313)
Other non-current liabilities	(5,936)
Net total assets	$ 80,090

(XXXIII) Changes in liabilities from financing activities

2022	Short-term borrowings	Guarantee deposits received	Bonds payable (Mature within one year)	Lease liabilities	Liabilities from financing activities-gross
January 1	$ 83,904	$169,258	$ -	$3,203,167	$ 3,456,329
Changes in cash flows from financing activities	2,810	1,093	-	(211,661)	(207,758)
Increase in right-of-use assets	-	-	-	59,536	59,536
Decrease in right-of-use assets	-	-	-	(5,235)	(5,235)
Discounted and amortized interest expense	-	-	-	58,503	58,503
Interest paid	-	-	-	(58,803)	(58,803)
IFRS 16 Rent concession benefits	-	-	-	(32,142)	(32,142)
December 31	$ 86,714	$170,351	$ -	$3,013,365	$ 3,270,430

2021	Short-term borrowings	Guarantee deposits received	Bonds payable (Mature within one year)	Lease liabilities	Liabilities from financing activities-gross
January 1	$ 35,161	$180,265	$ 1,371,201	$3,509,870	$ 5,096,497
Changes in cash flows from financing activities	48,743	(9,583)	-	(226,777)	(187,617)
Bonds payable redemption on maturity	-	-	(1,382,600)	-	(1,382,600)
Corporate bond discount payable	-	-	11,598	-	11,598
Corporate bond payable conversion	-	-	(199)	-	(199)
Increase in right-of-use assets	-	-	-	48,064	48,064
Discounted and amortized interest expense	-	-	-	63,610	63,610
Interest paid	-	-	-	(63,610)	(63,610)
IFRS 16 Rent concession benefits	-	-	-	(55,808)	(55,808)
Disposal of subsidiary	-	(1,424)	-	(72,182)	(73,606)
December 31	$ 83,904	$169,258	$ -	$3,203,167	$ 3,456,329

VII. Related Party Transaction

The Group does not have significant related party transaction.

Key management remuneration information

	2022	2021
Wages and salaries and other short-term employee benefits	$ 51,212	$ 52,678
Post-employment benefits	538	713
Total	$ 51,750	$ 53,391

VIII. Pledged Asset

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

	Carrying value		
Asset item	December 31, 2022	December 31, 2021	Guarantee purpose
Financial asset measured at fair value through profit or loss - Current -Beneficiary certificates	$ 144,477	$ 143,911	Short-term borrowings guarantee
Financial assets at amortized cost - current			
Demand deposit	166,031	172,736	Trust account of performance guarantee for standard contracts for gift certificates
- Time deposit	481	504	Guarantee fund for cooperative education
Subtotal	166,512	173,240	
Financial assets at amortized cost - non-current			
- Time deposit	42,654	41,817	Performance bond of leased building
- 〃	11,880	1,020	Guarantee fund for cooperation
- 〃	100	100	Fuel expenses guarantee
Subtotal	54,634	42,937	

	Carrying value		
Asset item	December 31, 2022	December 31, 2021	Guarantee purpose

Property, plant and equipment			
- Lands and buildings	$ 259,225	$ 275,077	Guarantees for term borrowings and amount for short-term notes and bills payable
Total	$ 624,848	$ 635,165	

IX. Significant contingent liabilities and unrecognized contractual commitment

(I) Contingency

None of such situations.

(II) Commitment

Besides the narration of Notes VI (IX), (X), (XI), and (XVI), other major commitments are as follows:

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

Contract counterparty	Contract subject matter	Period	Service expense calculation and collection method
(1) Rong Chiang International Ltd.	Silks Place Yilan	Starting from the date of official opening of the hotel onwards for 20 years	Calculate a certain percentage of the operation revenue on a monthly basis
(2) Yui-Mom Silks Club Co., Ltd.	Silks Club	“	“
(3) Ybh International Ltd.	Just Sleep Kaohsiung Station (front station)	“	“
(4) Ybh International Ltd.	Just Sleep Kaohsiung Station (Zhongzheng)	“	“
(5) Ybh International Ltd.	Just Sleep Hualien	“	“
(6) Silicon Bay Technology Co., Ltd.	Just Sleep Taipei Sanchong	“	“
(7) Shigu Cultural Tourism Co., Ltd.	Just Sleep Tainan	“	“
(8) Hungmao International Development Co., Ltd.	Just Sleep Taipei Kenting	Preparation period	Collect service revenue based on preparation progress

(9) Eastern Home Shopping & Leisure Co., Ltd.	Silks X Linkou	“	“
(10) Set Studio Park Co., Ltd.	Silks Place Taoyuan	“	“
(11) Eastern Ocean Hot Spring Hotel Co., Ltd.	Wellspring by Silk	“	“

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

Contract counterparty	Contract subject matter	Period	Service expense and royalties calculation
A	Hostel	Since January 16, 2013 to December 31, 2024, a total of 12 years	Since the first day of the test operation until the expiration or termination date of the entrustment operation period, the royalties are paid on a fixed and monthly basis. Additionally, a certain percentage of the operating revenue is used to pay the management royalties.

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

Lessor	Lease subject matter	Period	Rent calculation and payment method
(1) Company B	Company B 6F Area A Shopping Mall	Since December 1, 2005 to December 31, 2023, a total of 18.1 years	Calculation of rent is based on revenue, but guaranteed revenue shall be achieved.
(2) Company B	Company B 6F Area B Shopping Mall	Since June 1, 2010 to December 31, 2023, a total of 3.6 years	〃
(3) Wanhwa Enterprise Company	Wanhwa Enterprise Building 5th ~9th Floor	Since April 20, 2009 to April 19, 2027, a total of 18 years	Monthly payment of fixed rent, and an increase of 5% every 3 years
(4) Company H	1F (entrance and lobby), No. 117, Linsen N. Rd., Taipei and 3rd~9th Floors	Since October 1, 2019 to September 30, 2028, a total of 9 years	Monthly payment of fixed rent, and an increase of 5% every 5 years

(5) Cathay Life Insurance Company, Ltd.	Tainan Cathay Plaza	Since March 12, 2014 to March 11, 2034, a total of 20 years	Monthly payment of fixed rent, from the 5th year an increase starting each year according to the contract
(6) Company D	No. 8 and 10, Ln. 24, Deyang Rd., Jiaoxi Township, Yilan County, Taiwan	Since November 1, 2013 to October 31, 2033, a total of 20 years	Monthly payment of fixed rent, an increase of 3% starting from the fourth year for every three years. It is calculated by a certain percentage of one of the operating categories.
(7) Company E	No. 67, Wenquan Rd., Jiaoxi Township, Yilan County	Since December1, 2015 to November 30, 2035, a total of 20 years	〃
(8) Company K	Lot no. 471, 471-1, 498-1, 472, 472-1, Small Section, Xinmin Section, Beitou District, Taipei City	Starting from the date of rent (inclusive of the day), a total of 20 years	Monthly payment of fixed rent, and an increase of 3% every 5 years
(9) Company L	Magistrate Residence Living Centre 1F, Meals and Beverages Business Area and Kitchen Area	Since August 31, 2022 to April 30, 2025, a total of 2.6 years	Calculation of rent is based on revenue, but guaranteed revenue shall be achieved.

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

Lessee	Lease subject matter	Period	Rent calculation and collection method
Taiwan Express Parking Development Co., Ltd.	Underground level 4 and 5 of Regent Taipei	Since November 1, 2020 to October 31, 2025, a total of 5 years	Monthly collection of fixed rent. When the lessee raises the parking fees, the rent shall be adjusted according to the proportion of the parking fee raised.

5. The Company has established the five-star Silks Place Hotel in Tainan City at the Tainan Cathay Plaza. Thus, we have signed and entered into a lease contract with Cathay Life Insurance Company, Ltd.. In accordance with the contract agreement, we have filed for application with the Taipei Fubon Bank the guarantee credit line and submitted a performance bond of $42,654 for the period covering November 6, 2008 to March 11, 2034.
6. On the entrustment contract for operation signed by the Company and A, application of guarantee deposit of $10,000 shall be made to Mega International Commercial Bank for contract fulfilment guarantee according to the contract. The period is from September 20, 2012 to September 19, 2024.
7. On the lease contract signed by the Company and K, application of credit guarantee amount

of $26,965 shall be made to Mega International Commercial Bank for contract fulfilment guarantee according to the contract. The period is from November 6, 2020 to November 5, 2024.

8. Silks Palace participated in the "Private Participation in the National Palace Museum Food and Beverage Service Center Plan." Silks Palace, thus, has signed and entered into agreement with the National Palace Museum on developing operations and the setting up of superficies in December 2005. The main contents of the contracts are as follows:
   (1) Development and operation period: Starting from the day of signing the superficies set up contract onwards for 25 years, if the evaluation results show an operation performance at good standing, application for priority entrustment of continuing management may be submitted attaching relevant information in accordance with relevant regulations. However, continuing management shall not surpass 10 years.
   (2) Royalty, rent and security deposit:
      A. Development royalty: One time payment shall be made 7 days before the beginning of the operation for each of the investment item of the execution plan proposed by The Silks Palace At National Palace Museum.
      B. Management royalty: After the operation begins, the royalty is calculated based on the agreed percentage of the total operating revenue of the previous fiscal year audited and verified by the CPAs. The management royalty of the previous year has to be paid before August 31 each year.
      C. Rent: It is calculated based on the "Regulations for Favorable Rentals Regarding Public Land Lease and Superficies in Infrastructure Projects."
      D. Performance bond: Silks Palace At National Palace Museum provides a performance bond of $5,000 which will be returned 3 months after the completion of all related procedures for assets transfer according to the contract.
   (3) Restrictive terms:
      A. The following financial percentage shall be maintained during the development and operation period:
         a. Current ratio shall be more than 100%.
         b. The total liabilities amount shall be less than 1.5 times of the net worth.
      B. The financial plan of the Silks Palace shall be adjusted based on the proposed financial plan that was selected and judged.
      C. Besides obtaining agreement by the National Palace Museum, the Silks Palace shall not make re-investments of other businesses.
      D. For the assets and liabilities acquired by the Silks Palace due to the operation plan, it shall not set up any burden: The assets and liabilities shall not be transferred or rented without authorization from the National Palace Museum.

9. Operating lease arrangements

   Please refer to Notes VI (IX), (X) and (XVI) for details.

10. The subsidiary - FIH Management Limited (hereinafter referred to as "FML") has signed and entered into a shareholder negotiation agreement with IHG and RHW on July 1, 2018. The contents of the agreement cover future internal management and operation of RHW, related cost and expense distribution, Regent brand development planning and use restrictions, financial audit information and related matters to equity purchase and sale. Of which, it was agreed that the shareholders of both parties for between 2026 to 2033, regarding the 49% RHW equity held by FML, FML has the rights to sell the equity to

IHG, and IHG has the rights to purchase from FML. The transaction price is calculated based on “11 times of the operating revenue after adjustments according to the contract agreement in the previous year before the exercise of rights.”

X. Major Disaster Losses

None of such situations.

XI. Significant Events After Reporting Period

On March 20, 2023, the Company’s Board proposed the 2022 appropriation of earnings plan, please refer to Note VI (XXII) 4. for the explanations.

XII. Others

(I) Other matters

With the continuous impacts from the COVID-19 pandemic, fortunately the situation was under control in Taiwan. The government has gradually relaxed related pandemic prevention rules. The operation locations that were previously closed temporarily have been re-opened for business, subsequently recovering normal operations.

Due to the impacts of the pandemic, the Group is currently engaging many operation adjustment strategic plans, including converting some of the operating locations to become Epidemic Prevention Quarantine Hotel and Healthcare Workers Safe Hotel, investing resources for the construction of new online shopping websites and full efforts in developing take-away meal services and new guest room plans combining guest rooms and take-away meal services. This aids in the development of a new consumption method in maintaining the guestroom operation dynamic. The Group at the same utilizes this period of time to maintain and update various hardware equipment in the hope that after the lifting of pandemic restrictions, a better service quality is ready to be provided to the guests.

On aspects of the operations funds, as of December 31 2022, the Group’s unused loan quota is $2,220,597. The funds are considered sufficient.

(II) Capital management

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

(III) Financial instruments

1. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets measured at fair value through profit or loss (FVTPL)		
Financial assets mandatorily measured at fair value through profit or loss	$ 2,379,961	$ 2,821,839

Financial assets at fair value through other comprehensive income (FVTOCI)		
Designation option for investments in equity instruments	500	500
Financial assets measured at amortized cost		
Cash and cash equivalents	453,169	392,624
Financial assets at amortized cost - current	644,251	603,016
Notes receivable	9,121	4,876
Accounts receivable	176,980	161,993
Other receivables	4,988	4,624
Financial assets at amortized cost - non-current	54,634	42,937
Long term receivables	393,685	347,822
Refundable deposits	90,177	87,279
	$ 4,207,466	$ 4,467,510

	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities measured at amortized cost		
Short-term borrowings	$ 86,714	$ 83,904
Notes payable (current and non-current)	229,566	221,856
Accounts payable	281,204	223,672
Other payables	935,762	913,131
Guarantee deposits received	170,351	169,258
	$ 1,703,597	$ 1,611,821
Lease liabilities - current	$ 257,687	$ 237,352
Lease liabilities - non-current	$ 2,755,678	$ 2,965,815

2. Risk management policy

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

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

3. Nature and extend of significant financial risks

(1) Market risk

Foreign currency exchange rate risk

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

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

	December 31, 2022		
	Foreign currency (in thousand)	Currency exchange rate	Book value (NT$)
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD: NTD	$ 1,900	30.71	$ 58,349
USD: JPY	9,629	132.14	295,707
EUR: USD	1,567	1.0655	51,272
Non-monetary items			
USD: NTD	54,204	30.71	1,664,594
JPY: NTD	1,273,683	0.2324	296,004

	December 31, 2021		
	Foreign currency (in thousand)	Currency exchange rate	Book value (NT$)
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD: JPY	$ 9,509	115.09	$ 263,209
Non-monetary items			
USD: NTD	56,635	27.68	1,567,667
JPY: NTD	1,096,502	0.2405	263,708

C. On the Group's monetary items, foreign currency exchange rate volatility has cast a significant impact on all of the 2022 and 2021 exchange rate gains (inclusive of those realized and unrealized) recognized. The aggregate amounts are $40,853 and $39,017 for 2022 and 2021 respectively.

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

	2022 Sensitivity analysis		
	Range of variation	Effects on profit and loss	Effects to other comprehensive income
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD: NTD	1%	$ 583	$ -
USD: JPY	1%	2,957	-
EUR: USD	1%	513	-
Non-monetary items			
USD: NTD	1%	-	16,646
JPY: NTD	1%	-	2,960

	2021 Sensitivity analysis		
	Range of variation	Effects on profit and loss	Effects to other comprehensive income
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD: JPY	1%	$ 2,632	$ -
Non-monetary items			
USD: NTD	1%	-	15,677
JPY: NTD	1%	-	2,637

Price risks

A. The Group's equity instruments exposed to price risk were the financial assets measured at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

B. The Group mainly invests in domestic open-end funds and close-end funds. The prices of equity instruments is affected by the uncertainty of the future value of investment subject matters. Under the circumstance where other factors remain the same except for the equity instrument price which goes up or down by 1%, the 2022 and 2021 net income derives from the profit or loss of the equity instruments measured at fair value through profit or loss will increase or decrease by $23,800 and $28,218, respectively.

(2) Credit risk

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

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

C. The Group adopts the premise provided by IFRS 9. When the contractual payments overdue from the payment terms for more than 90 days, it is deemed as a breach of contract.

D. The Group adopts the IFRS 9 to provide the assumptions below for judgements on whether the credit risk has significantly increased for financial instruments after initial recognition.

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

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

F. The Group incorporates the business observation report of the Taiwan Institute of Economic Research (TIER) for future forward-looking considerations to estimate the allowance for losses on accounts receivable of customers based on the loss rate of historical and current information for a specific period. The Group’s expected loss rate for accounts receivable that are due and undue as of December 31, 2022 and 2021 are not significant.

G. The allowance for losses of the account receivable which the Group applies the simplified approach is not significant and is not recognized in 2022 and 2021.

(3) Liquidity risk

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

B. When the remaining cash held by all operating entities exceeds the amount needed for the management of the operating funds, the remaining capital shall be invested in the saving deposit with interest, time deposit, currency market, and securities. The chosen instruments have appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As of December 31, 2022 and 2021, the Group holds currency market position at $3,140,089 and $3,474,048 respectively. It is expected to immediately generate cash flow in managing current risk.

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

	December 31, 2022	December 31, 2021
Within 1 year	$ 2,220,597	$ 2,432,590

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

Non-derivative financial liabilities: December 31, 2022	Within 1 year	1 to 2 years	2 years and above
Short-term borrowings	$ 86,714	$ -	$ -
Notes payable (current and non-current)	133,859	72,045	23,662
Accounts payable	281,204	-	-
Other payables	935,762	-	-
Lease liabilities (current and non-current)	305,722	300,661	2,703,782

Non-derivative financial liabilities: December 31, 2021	Within 1 year	1 to 2 years	2 years and above
Short-term borrowings	$ 83,904	$ -	$ -
Notes payable (current and non-current)	115,673	83,145	23,038
Accounts payable	223,672	-	-
Other payables	913,131	-	-
Lease liabilities (current and non-current)	295,808	310,160	2,989,362

(IV) Fair value information

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

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

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

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

2. The Group’s financial instruments not measured at fair value and the carrying amounts of these financial instruments is a reasonable approximation of fair value: Including cash and cash equivalents, notes receivable, accounts receivable, other receivables, financial assets measured at amortized cost, refundable deposits, long-term receivables, short-term borrowings, notes payable, accounts payable, other payables, lease liabilities, and guarantee deposits.

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

(1) Related information on classifications based on the nature of the Group’s assets:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement disclosures				
Financial assets measured at fair value through profit or loss (FVTPL)				
Beneficiary certificates	$2,379,961	$ -	$ -	$2,379,961
Financial assets at fair value through other comprehensive income (FVTOCI)				
Equity securities	$ -	$ -	$ 500	$ 500

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement disclosures				
Financial assets measured at fair value through profit or loss (FVTPL)				
Beneficiary certificates	$2,821,839	$ -	$ -	$2,821,839
Financial assets at fair value through other comprehensive income (FVTOCI)				
Equity securities	$ -	$ -	$ 500	$ 500

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

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

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

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

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

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

E. Since the amount for the equity securities of financial assets at fair value through other comprehensive income (FVTOCI) is not significant, the amount is measured at initial investment cost.

4. There was no transfer between the Level 1 and the Level 2 fair values in 2022 and 2021.
5. There have been no circumstances of transfer in or out for Level 3 in 2022 and 2021.

XIII.Separately Disclosed Items

(I) Information About Significant Transactions

1. Lending of funds to others: None of such situations.
2. Provision of endorsements and guarantees to others: None of such situations.
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and controlling joint ventures): Please refer to Table 1.
4. Aggregate purchases or sales of the same securities reaching NT$300 million or 20% of

paid-in capital or more: Please refer to Table 2.

5. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None of such situations.
6. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None of such situations.
7. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid in capital or more: None of such situations.
8. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None of such situations.
9. Engaging in derivatives trading: None.
10. Business relationships and significant transactions between the parent company and its subsidiaries and among the subsidiaries and amounts: None of such situations.

(II) Related information about reinvestment business

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

(III) Information on Investments in Mainland China

1. Basic profile: Please refer to Table 4.
2. Significant transaction matters incurred for businesses in third area and investee companies in Mainland China through reinvestments, directly or indirectly controlled by the company: None of such situations.

(IV) Information of major shareholders

Information on major shareholders: Please refer to Table 5.

XIV. Segments information

(I) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. There have been no significant changes to the enterprise formation, basis for division of departments and the basis for measurement of the department's information for the current period.

(II) Measurement of department information

The Group makes measurement based on the operation department's revenue and the departmental net operation profit and loss, and as the basis for evaluating performance. It will also eliminate the transaction between departments.

(III) Segments information

Reportable segment information to provide to major operation decision-makers is as follows:

2022

	Food and beverage department	Guestroom department		Technical service and operation management department	Lease department	Investment department	Adjustments and write-off	Consolidated
External revenue	$ 2,871,215	$ 1,895,224	#	$ 214,884	$ 616,000	$ -	$ -	$ 5,597,323
Internal revenue	483	6,037	#	3,099	494	-	(10,113)	-
Departmental revenue	$ 2,871,698	$ 1,901,261		$ 217,983	$ 616,494	$ -	($ 10,113)	$ 5,597,323
Net operating income of departments	$ 312,222	$ 444,823	#	$ 104,436	$ 359,688	($ 131)	$ -	$ 1,221,038
Net operating income of departments includes:								
Depreciation	$ 143,662	$ 403,403	#	$ 1,896	$ 41,221	$ 35	$ -	$ 590,217

2021

	Food and beverage department	Guestroom department		Technical service and operation management department	Lease department	Investment department	Adjustments and write-off	Consolidated
External revenue	$ 2,894,039	$ 1,376,412	#	$ 134,993	$ 525,250	$ -	$ -	$ 4,930,694
Internal revenue	726	3,709	#	3,229	1,316	-	(8,980)	-
Departmental revenue	$ 2,894,765	$ 1,380,121		$ 138,222	$ 526,566	$ -	($ 8,980)	$ 4,930,694
Net operating income of departments	$ 182,247	$ 101,151	#	$ 55,110	$ 199,830	($ 135)	($ 14)	$ 538,189
Net operating income of departments includes:								
Depreciation and amortization	$ 175,377	$ 412,734	#	$ 1,519	$ 36,010	$ 40	$ -	$ 625,680

(IV) Adjustments information on departmental income

For the 2022 and 2021 departmental income and income before tax from continuing operations, the adjustments are as follows:

	2022	2021
Income for segments of the Group which should be reported	$ 1,221,038	$ 538,189
Non-operating income and expenses	83,150	1,863,346
Income before tax from continuing operations	$ 1,304,188	$ 2,401,535

(V) Information on type of product and professional service

External customers revenue mainly comes from hotel and restaurant service, lease and technical service. The statements of revenue are as follow:

	2022	2021
Hotel and restaurant service revenue	$ 4,766,439	$ 4,270,451
Lease revenue	616,000	525,250
Technical service revenue	214,884	134,993
Total	$ 5,597,323	$ 4,930,694

(VI) Regional information

Information on the various regions for 2022 and 2021 area as follows:

	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 5,568,231	$ 5,040,308	$ 4,883,366	$ 5,436,763
Others	29,092	149	47,328	179
Total	$ 5,597,323	$ 5,040,457	$ 4,930,694	$ 5,436,942

(VII) Important customer information

Revenue from every customer did not reach 10% of the total consolidated revenue for 2022 and 2021. Thus, it is not admissible.

V. Parent Company-only Financial Statement for the Most Recent Fiscal Year, Audited and Attested by CPAs

Independent Auditor's Report

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

Formosa International Hotels Corporation:

Opinion

We have audited the accompanying financial statement of Formosa International Hotels Corporation ("the Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audit results and audit reports of other accountants (please refer to the paragraph on other matters), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements of the Company for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and by forming of our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's financial statements for the year ended December 31, 2022 are stated as follows:

The accuracy of the revenue recognition for hotel and restaurant business

<u>Description of the matter</u>

Regarding the accounting policy for revenue recognition, please refer to Note IV (XXVII) of the parent company only financial report; On the explanation of the operating revenue account titles, please refer to Note VI (XX) of the parent company only financial report.

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

Audit procedures in response

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

1. We understood and tested the effectiveness of the internal control adopted by the Company for its hotel and restaurant operation revenue, including confirmation of consistency between the sales report amount generated from the sales system and the credit entry.
2. We conducted analysis for the various management reports of the hotels and restaurants, including analysis of the hotel occupancy rate and room price, pricing of the food and beverages, number of visitors and average spending and other information. This analysis is for assessment of the reasonableness of the revenue amount arising from hotel and restaurant operation.
3. We conducted substantive tests for the following:
   (1) Cross-checked the customer bills and signing records with the credit entry for accuracy.

   (2) Cross-checked the payment records and the original credit entry to ensure that they match.

Accuracy of food and beverage cost carry forward

Description of the matter

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

<u>Audit procedures in response</u>

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

1. We understood and tested the effectiveness of the internal control adopted by Company for its food and beverage and guest rooms, including confirmation of consistency between the cost carry forward amount in the system and the credit entry, and verifying the consistency between the credit entry and the calculation table.
2. Performed the substantive tests. Obtained the various forms and statements of the food and beverage cost carry forward (covering procured goods, direct labor and expenses sharing statements and so on). Sampled and cross-checked the certificates and re-examined the sharing of expenses to confirm the accuracy of the food and beverage cost carry forward.

Other matters - referenced the audit reports by other independent auditors

The investee companies accounted for using equity method in the Company's parent company only financial statements, the financial statements of some of the investee companies were not reviewed by us but by other auditors. Therefore, our opinions of the abovementioned parent company only financial statements were based on the audit reports by other auditors regarding the listed amounts and relevant information disclosed in Note XIII of the financial statements of these companies. As of December 31, 2022 and 2021, the balance of the investments accounted for using equity method are NT$17,277 thousand and NT$82,677 thousand respectively; the comprehensive (loss) income recognized from January 1 to December 31, 2022 and 2021 are NT$(265) thousand and NT$45,771 thousand.

Responsibilities of Management and those Charged with Governance for the Financial Statements

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the 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 to express an opinion on the effectiveness of the Company’s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence of the parent company only financial information within the Company to express an opinion on the parent company only financial statements. We are

responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

The planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with The Norm of Professional Ethics for Certified Public Accountants of the Republic of China regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From matters communicated with those charged with governance, we determined an issue that was most significant in the audit of the parent company only financial statements for the year ended December 31, 2022, and is, therefore, the key audit matter. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Chin-Lien Huang

Certified Public Accountant

Chao-Ming Wang

Financial Supervisory Commission
Approved document number: Reference No. 1100348083.
Formerly the Securities & Futures Commission (SFC),
Ministry of Finance (MOF).
Approved document number: Reference No. 65945.

March 20, 2023

Formosa International Hotels Corporation
Parent Company Only Balance Sheet
December 31, 2022 and 2021

Expressed in thousands of NTD

	Assets	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets					
1100	Cash and cash equivalents	VI (I)	$ 29,895	-	$ 42,735	-
1110	Financial assets at fair value through profit or loss - current	VI (II)	2,053,377	21	2,554,917	25
1136	Financial assets at amortized cost - current	VI (I) (IV) and VIII	216,083	2	160,452	2
1150	Notes receivable, net	VI (V)	9,121	-	4,876	-
1170	Account receivable, net	VI (V)	159,576	2	142,927	2
1180	Accounts receivable due from related parties, net.	VII	1,661	-	1,611	-
1210	Other receivables due from related parties	VII	980	-	658	-
130X	Inventories	VI (VI)	31,409	-	22,307	-
1410	Prepayments		48,467	1	32,050	-
11XX	**Total current assets**		2,550,569	26	2,962,533	29
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income – non-current	VI (III)	500	-	500	-
1535	Financial assets at amortized cost - non-current	VI (I) (IV) and VIII	54,534	1	42,837	-
1550	Investments accounted for using equity method	VI (VII)	2,540,479	26	2,355,723	23
1600	Property, plant and equipment	VI (VIII)	1,476,078	15	1,627,935	16
1755	Right-of-use assets	VI (IX)	2,931,139	31	3,172,229	31
1780	Intangible assets	VI (XI)	20,923	-	20,923	-
1840	Deferred tax assets	VI (XXVII)	12,803	-	16,862	-
1900	Other non-current assets		93,351	1	89,808	1
15XX	**Total non-current assets**		7,129,807	74	7,326,817	71
1XXX	**Total assets**		$ 9,680,376	100	$ 10,289,350	100

(Continued)

Formosa International Hotels Corporation
Parent Company Only Balance Sheet
December 31, 2022 and 2021

Expressed in thousands of NTD

	Liabilities and Equity	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities					
2130	Contract Liabilities - current	VI (XX)	$ 545,737	6	$ 582,786	6
2150	Notes payable	VI (XVI) (XXVII)	130,149	1	110,119	1
2170	Accounts payable		252,167	3	202,062	2
2180	Account payables-related parties	VII	250	-	3,211	-
2200	Other payables	VI (XII)	811,368	8	816,331	8
2220	Other account payables-related parties	VII	3,058	-	-	-
2230	Current income tax liabilities		205,744	2	117,807	1
2280	Lease liabilities - current	VI (XIII)	255,366	3	233,595	2
2300	Other current liabilities		26,793	-	26,318	-
21XX	**Total current liabilities**		2,230,632	23	2,092,229	20
	Non-current liabilities					
2527	Contract liabilities－non-current	VI (XX)	9,891	-	8,493	-
2530	Bonds payable	VI (XIV)	-	-	-	-
2570	Deferred tax liabilities	VI (XXVII)	699	-	-	-
2580	Lease liabilities - non-current	VI (XIII)	2,742,009	28	2,950,288	29
2600	Other non-current liabilities	VI (V) (XV) (XVI) (XXVII)	356,450	4	389,035	4
25XX	**Total non-current liabilities**		3,109,049	32	3,347,816	33
2XXX	**Total liabilities**		5,339,681	55	5,440,045	53
	Equity					
	Capital stock	VI (XIV) (XVII)				
3110	Capital - common stock		1,274,032	13	1,274,032	12
	Capital surplus	VI (XIV) (XVIII)				
3200	Capital surplus		222,383	2	222,383	2
	Retained earnings	VI (XIX)				
3310	Legal reserve		1,274,032	13	1,274,020	12
3320	Special reserve		423,809	5	313,338	3
3350	Unappropriated earnings		1,417,871	15	2,189,341	22
	Other equity					
3400	Other equity		(271,432)	(3)	(423,809)	(4)
3XXX	**Total equity**		4,340,695	45	4,849,305	47
	Significant contingent liabilities and unrecognized contractual commitment	(IX)				
	Significant Events After Reporting Period	XI				
3X2X	**TOTAL**		$ 9,680,376	100	$ 10,289,350	100

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

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

Formosa International Hotels Corporation
Parent Company Only Statements of Comprehensive Income
January 1 to December 31, 2022 and 2021

Expressed in thousands of NTD
(Other than earnings per share in NT$)

	Item	Note	2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenue	VI (XX) and VII	$ 4,680,067	100	$ 3,598,851	100
5000	Operating costs	VI (VI) (XV) (XXV) (XXVI)	(3,276,858)	(70)	(2,804,075)	(78)
5950	Gross profit		1,403,209	30	794,776	22
	Operating expenses	VI (VI) (XV) (XXV) (XXVI)				
6100	Selling expense		(32,772)	(1)	(29,039)	(1)
6200	Administrative expense		(418,273)	(9)	(442,665)	(12)
6000	Total operating expenses		(451,045)	(10)	(471,704)	(13)
6900	Operation profit		952,164	20	323,072	9
	Non-operating income and expenses					
7100	Interest income	VI (IV) (XXI)	10,570	-	13,197	-
7010	Other non-interest income	VI (XXII)	46,758	1	151,059	4
7020	Other gains and losses	VI (II) (XXIII)	7,521	-	1,629,132	45
7050	Finance cost	VI (IX) (XXIV)	(59,529)	(1)	(75,476)	(2)
7070	Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	VI (VII)	152,294	4	252,353	7
7000	Total non-operating income and expenses		157,614	4	1,970,265	54
7900	**Profit before tax**		1,109,778	24	2,293,337	63
7950	Income tax expense	VI (XXVII)	(206,881)	(5)	(116,039)	(3)
8200	**Net income**		$ 902,897	19	$ 2,177,298	60
	Other comprehensive income of the current period (net)					
	Items not to be reclassified into profit or loss					
8311	Remeasurement of defined benefit plans	VI (XV)	$ 17,751	-	$ 14,577	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method - items not to be reclassified into profit or loss		760	-	380	-
8349	Income tax relating to items not for reclassifications	VI (XV) (XXVII)	(3,550)	-	(2,915)	-
8310	Total for the items not to be reclassified into profit or loss		14,961	-	12,042	-
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on the translation of financial statements of foreign operations		152,377	4	(110,471)	(3)
8360	Total for the items that may be reclassified subsequently to profit or loss		152,377	4	(110,471)	(3)
8300	Other comprehensive income of the current period (net)		$ 167,338	4	($ 98,429)	(3)
8500	**Total comprehensive income**		$ 1,070,235	23	$ 2,078,869	57
	Earning per share	VI (XXVIII)				
9750	Basic earnings per share		$	7.09	$	17.09
9850	Diluted earnings per share		$	7.07	$	16.53

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

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

Formosa International Hotels Corporation
Parent Company Only Statements of Changes in Equity
January 1 to December 31, 2022 and 2021

Expressed in thousands of NTD

	Note	Capital - common stock	Capital surplus: Issued at premium	Capital surplus: Stock options	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated earnings	Exchange differences on the translation of financial statements of foreign operations	Total
2021									
Balance as of January 1, 2021		$ 1,274,020	$ 115,409	$ 106,787	$ 1,274,020	$ 214,191	$ 658,331	($ 313,338)	$ 3,329,420
Net income		-	-	-	-	-	2,177,298	-	2,177,298
Other comprehensive income of the current period		-	-	-	-	-	12,042	(110,471)	(98,429)
Total comprehensive income		-	-	-	-	-	2,189,340	(110,471)	2,078,869
2020 Appropriation and distribution of retained earnings	VI (XIX)								
Special reserve		-	-	-	-	99,147	(99,147)	-	-
Cash dividends		-	-	-	-	-	(559,183)	-	(559,183)
Conversion of convertible bonds into common stock	VI (XIV)	12	201	(14)	-	-	-	-	199
Convertible bonds redemption on maturity	VI (XIV)	-	106,773	(106,773)	-	-	-	-	-
Balance as of December 31, 2021		$ 1,274,032	$ 222,383	$ -	$ 1,274,020	$ 313,338	$ 2,189,341	($ 423,809)	$ 4,849,305
2022									
Balance as of January 1, 2022		$ 1,274,032	$ 222,383	$ -	$ 1,274,020	$ 313,338	$ 2,189,341	($ 423,809)	$ 4,849,305
Net income		-	-	-	-	-	902,897	-	902,897
Other comprehensive income of the current period		-	-	-	-	-	14,961	152,377	167,338
Total comprehensive income		-	-	-	-	-	917,858	152,377	1,070,235
2021 Appropriation and distribution of retained earnings	VI (XIX)								
Legal reserve		-	-	-	12	-	(12)	-	-
Special reserve		-	-	-	-	110,471	(110,471)	-	-
Cash dividends		-	-	-	-	-	(1,578,845)	-	(1,578,845)
Balance as of December 31, 2022		$ 1,274,032	$ 222,383	$ -	$ 1,274,032	$ 423,809	$ 1,417,871	($ 271,432)	$ 4,340,695

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

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

Formosa International Hotels Corporation
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2022 and 2021

Expressed in thousands of NTD

	Note	2022	2021
Cash flows from operating activities			
Income before income tax		$ 1,109,778	$ 2,293,337
Adjusted items			
Adjustments to reconcile profit (loss)			
Net (gains) losses on financial assets measured at fair value through profit or loss	VI (II) (XXIII)	(7,404)	3,745
Share of profit or loss of subsidiaries and associates accounted for using equity method	VI (VII)	(152,294)	(252,353)
Depreciation expense	VI (VIII) (IX) (XXV)	533,497	542,701
Business facilities transferred to expenses	VI (VIII)	18,436	14,043
Fixed assets transferred to expenses		-	26
Disposal of subsidiary profits		-	(1,636,636)
Profit from lease modification	VI (IX) (XXIII)	(151)	-
Transfer of overdue accounts payable to other revenue	VI (XXII)	(2,643)	(9,599)
Interest expense	VI (XXIV)	59,529	75,476
Interest income	VI (XXI)	(10,570)	(13,197)
Change in operating assets and liabilities			
Changes in operating assets			
Financial assets measured at fair value through profit or loss (FVTPL)		508,944	(1,576,262)
Notes receivable		(4,245)	270
Accounts receivable		(16,649)	(27,175)
Accounts receivable due from related parties		(50)	(383)
Other receivables due from related parties		(322)	364
Inventories		(9,102)	(4,173)
Prepayments		(16,417)	(1,149)
Changes in operating liabilities			
Contract Liabilities - current		(37,049)	138,540
Notes payable		(22,941)	18,939
Accounts payable		50,105	21,768
Account payables-related parties		(2,961)	3,190
Other payables		(20,915)	166,817
Other account payables-related parties		3,058	(85)
Other current liabilities		475	3,044
Contract liabilities - non-current		1,398	(1,928)
Accrued pension liabilities		(9,509)	(9,698)
Other non-current liabilities		(103)	5,069
Cash inflows (outflows) generated from operating activities		1,971,895	(245,309)
Interest received		10,570	13,197
Dividends received		62,421	205,660
Interest paid		(59,529)	(63,878)
Income tax paid		(81,619)	(48,211)
Net cash inflows (outflows) from operating activities		1,903,738	(138,541)

(Continued)

Formosa International Hotels Corporation
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2022 and 2021

Expressed in thousands of NTD

	Note	2022	2021
Cash flows from investing activities			
(Increase) decrease in Financial assets at amortized cost - current		($ 55,631)	$ 75,339
Increase in Financial assets at amortized cost - non-current		(11,697)	(120)
Proceeds from the capital reduction of investments accounted for using equity method	VI (VII)	58,254	607,620
Acquisition of Property, plant and equipment	VI (XXIX)	(113,944)	(78,112)
Increase in refundable deposits		(4,466)	(1,485)
Decrease in refundable deposits		512	1,513
Increase in prepayments for equipment		(2,682)	(3,826)
Net cash receipts from disposal of subsidiaries		-	1,716,726
Net cash (outflows) inflows from investing activities		(129,654)	2,317,655
Cash flows from financing activities			
Increase in guarantee deposits received	VI (XXX)	6,705	3,837
Decrease in guarantee deposits received	VI (XXX)	(5,073)	(11,777)
Redemption of corporate bonds	VI (XIV) (XXX)	-	(1,382,600)
Payments of lease liabilities	VI (XXX)	(209,711)	(213,173)
Dividends paid	VI (XIX)	(1,578,845)	(559,183)
Net cash used in financing activities		(1,786,924)	(2,162,896)
Net (decrease) increase in cash and cash equivalents		(12,840)	16,218
Cash and cash equivalents, beginning of the year		42,735	26,517
Cash and cash equivalents, end of the year		$ 29,895	$ 42,735

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

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

Formosa International Hotels Corporation
Notes To parent company only Financial Statements
Years Ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars, except as otherwise indicated)

I. History and Organization

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

II. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

This parent company only financial report was authorized for issuance the Board of Directors on March 20, 2023.

III. Application of New Standards, Amendments and Interpretations

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

New standards, interpretations and amendments endorsed by FSC and became effective from 2022 are as follows:

New Standard, Interpretations	Effective date by International Accounting Standards Board (IASB)
Amendments to IFRS 3, "Reference to the conceptual framework"	January 1, 2022
Amendment to IAS 16, "Property, plant and equipment: proceeds before intended use"	January 1, 2022
Amendments to IAS 37 "Onerous contracts - Cost of fulfilling a contract"	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

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

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

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

New Standards, Interpretations and Amendments	Effective date by the International Accounting Standards Board
Amendment to IAS 1, "Disclosure of accounting policies"	January 1, 2023
Amendment to IAS 8, "Definition of accounting estimates"	January 1, 2023
Amendment to IAS 12, "Deferred taxes related to assets and liabilities arising from a single transaction"	January 1, 2023

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (IASB)
Amendments to IFRS 10 and IAS 28, "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined by the International Accounting Standards Board
Amendments to IFRS 16, "Lease liability in a sale and leaseback"	January 1, 2024
IFRS 17, "Insurance contracts"	January 1, 2023
Amendment to IFRS 17, "Insurance contracts"	January 1, 2023
Amendment to IFRS 17, "Initial application of IFRS 17 and IFRS 9 - comparative information"	January 1, 2023
Amendment to IAS 1, "Classification of liabilities as current or non-current"	January 1, 2024
Amendment to IAS 1, "Non-current liabilities with covenants"	January 1, 2024

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

IV. Summary of Significant Accounting Policies

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

(I) Compliance Statement

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

(II) Basis of Preparation

1. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(1) Financial assets at fair value through profit or loss.

(2) Financial assets at fair value through other comprehensive income.

(3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note V.

(III) Foreign currency translation

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

1. Foreign currency and balances

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

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

(3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the spot exchange rate prevailing at the balance sheet date; their translation differences are recognized in profit or loss.

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

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

2. Translation from foreign operations

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

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

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

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

(IV) <u>Classification of Current and Non-current Assets and Liabilities</u>

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

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

(2) Assets held mainly for trading purposes;

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

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

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

2. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(1) Liabilities that are expected to be settled in the normal operating cycle;

(2) Liabilities arising mainly from trading activities;

(3) Liabilities that are to be settled within twelve months from the balance sheet date;

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments

do not affect its classification.

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

(V) Financial assets measured at fair value through profit or loss (FVTPL)

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

(VI) Financial assets at fair value through other comprehensive income (FVTOCI)

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

(VII) Financial assets measured at amortized cost

1. Refer to those that also meet the following criteria:
   (1) Financial assets held under the operating model whose objective is to collect the contractual cash flows.
   (2) The contractual terms of the financial asset generate cash flows at a specific date that are solely for the purpose of paying the principal and the interest on the outstanding principal amount.
2. Trade date accounting is used for financial assets measured at amortized cost in accordance

with trading practice.

3. Financial assets are measured at their fair value plus transaction costs on initial recognition. Interest income and impairment losses are subsequently recognized over the circulation period using the effective interest method in accordance with the amortization procedure, and the gains or losses are recognized in profit or loss when derecognized.
4. The Company holds time deposits that do not meet the definition of cash equivalents. With the short-term nature, the effect of discounting is not significant, so they are measured as an investment.

(VIII) Accounts and notes receivable

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

(IX) Impairment of Financial Assets

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

(X) De-recognition of financial assets

The Company derecognizes an asset when its contractual rights to receive cash flows from the financial asset expire.

(XI) Lease transactions for the lessors - Operating leases

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

(XII) Inventories

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

(XIII) Investments and subsidiaries adopting the equity method.

1. A subsidiary is an entity (including a structured entity) that is controlled by the Company, and the Company controls the entity when the Company is exposed to variable remuneration from its participation in the entity or has rights to such variable remuneration and has the ability to affect such remuneration through its power over the entity.
2. Unrealized gains or losses on transactions between the Company and its subsidiaries have been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company recognizes the share of profit or loss accounted after acquiring a subsidiary under current profit or loss and recognizes the share of other comprehensive income under other comprehensive income. If the share of loss recognized by the Company for the subsidiary is equal to or more than the Company's equity for the subsidiary, it shall continue to be recognized as loss in proportion of the shares held by the Company.
4. Any changes to shareholding of the subsidiary that does not result in the loss of controlling interests (and the non-controlling interests for transactions) will be treated as an equity transaction and regarded as a transaction with the proprietor. The difference between the amount of the adjustment to the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity.
5. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the association or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
6. According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss during the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity

attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

(XIV) Property, plant and equipment

1. Acquisition cost is the recording basis for property, plant and equipment at the time of acquisition and the related interest is capitalized during the period of purchase and construction.
2. The subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred.
3. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. If each Property, plant and equipment consist of a significant part, it is recognized in depreciation separately.
4. The Company reviews the depreciation methods, useful lives and residual values at the end of each financial year. If the expected values of residual values and useful lives differ from previous estimates, or if there is a significant change in the expected pattern of consumption of future economic benefits embodied in an asset, the change is accounted for in accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors," from the date of the change. The useful life of each asset item is as follows:

Buildings	2 years ~ 43 years
Computers and communication facilities	2 years ~ 8 years
Transportation equipment	5 years
Office equipment	7 year ~ 15 years
Leasehold improvement	5 years ~ 20 years
Other equipment	1 year ~ 20 years

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

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

1. On the days the lease assets are provided for use by the Company, these assets are recognized as the right-of-use assets and lease liabilities. When the lease contracts are short-term leases or leases for which the underlying asset is of low value, the lease

payments are recognized as expenses during the lease period using the straight-line method.

2. Lease liabilities are recognized at the lease commencement date by discounting outstanding lease payments at the present value of the Company's incremental borrowing rate, with lease payments consisting of:

   (1) Fixed rental payment deducts any rental incentive collectible.

   (2) Variable lease payments that depend on a particular index or rate.

   Interest expense is provided for under the amortized cost method over the lease period using the interest method of subsequent adoption. Lease liabilities are reassessed and right-of-use assets are remeasured when there is a change in the lease period or lease payments that is not a contractual modification.

3. Right-of-use assets are recognized at cost at the inception date of the lease and the cost consists of:

   (1) The original measurement amount of the lease liability;

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

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

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

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

(XVI) Intangible assets

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

(XVII) Other non-current assets - others

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

(XVIII) Impairment of non-financial assets

1. The Company recognized impairment loss when there is an indication that the recoverable

amount of an asset is less than its carrying amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to dispose of. When the circumstance for recognizing impairment loss for an asset in previous year does not exist or reduce, the impairment loss shall be reversed. The increased carrying amount in an asset due to the reversal of impairment loss shall not exceed the carrying amount of the asset after deducting depreciation or amortization if the impairment loss is not recognized.

2. The Group shall assess on a regular basis the recoverable amount of intangible assets with uncertain useful life. When the recoverable amount is lower than the carrying amount of the asset, it shall be recognized as impairment loss.

(XIX) Accounts and notes payable

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

(XX) Convertible bonds payable

Convertible bonds payable issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company’s common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial liability or an equity instrument. Convertible corporate bonds are accounted as follows:

1. Call options and put options embedded: They are recognized initially at net fair value as “financial assets or financial liabilities at fair value through profit or loss.” They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as “gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss.”
2. Main contract of bonds: Bonds are initially recognized at fair value. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable/ preference share liabilities. Subsequently, recognized over the circulation period using the effective interest method in accordance with the amortization procedure as an adjustment item.
3. Conversion options embedded (which meet the definition of an equity instrument): They are initially recognized in “capital surplus – stock options” at the residual amount of total issue price less amounts of “financial assets or financial liabilities at fair value through profit or loss” and “bonds payable” as stated above. Conversion options are not subsequently remeasured.
4. Any transaction costs directly attributable to the issuance are allocated to the liability and

equity components in proportion to the allocation of proceeds.

5. When bondholders exercise conversion options, the liability component of the bonds (including “bonds payable” and “financial assets or financial liabilities at fair value through profit or loss”) shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the abovementioned liability component plus the book value of capital surplus - stock options.

(XXI) Derecognition of financial liabilities

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

(XXII) Provisions for liabilities

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

(XXIII) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the non-discounted amount expected to be paid and are recognized as expenses when the related services are rendered.

2. Retirement pension

(1) Defined contribution plan

For the defined contribution plan, the amount to be contributed to the pension fund is recognized as pension cost on an accrual basis. Pre-paid contributions are recognized as assets to the extent that they are refundable in cash or reduce future payments.

(2) Defined benefit plan

A. The net obligation under a defined benefit plan is calculated by discounting the amount of future benefits earned by employees for current or past service and subtracting the fair value of plan assets from the present value of the defined benefit obligation as of the end of each balance sheet date. Independent actuaries will calculate the net defined benefit obligation using the projected unit credit method every year. The discount rate is based on the market yields of the government bonds (at the balance sheet date) which is consistent with the currency and period of the balance sheet date and defined benefit plan.

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

3. Employees' payroll and bonus payable and director and supervisor remuneration

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

(XXIV) Income tax

1. Income tax expense is comprised of current and deferred tax. Income taxes are recognized in profit or loss, except for those related to items included in other comprehensive income or directly in equity, which are included in other comprehensive income or directly in equity, respectively.

2. The Company has computed the income tax for the current period complying with tax rates that have been enacted or substantively enacted by the balance sheet date in the countries where the Group operates and where taxable income has incurred. Management regularly evaluates the status of income tax returns with respect to applicable income tax regulations and, where applicable, estimates the income tax liability based on the expected tax payments to be made to the tax authorities. Additional income tax is levied on undistributed earnings in accordance with the Income Tax Act. Additional income tax expense on undistributed earnings is recognized when the actual distribution of earnings is approved by the shareholders in the year following the year in which the earnings are generated.

3. Deferred income tax is recognized using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts on the parent company only balance sheet. Deferred income tax liabilities generated from the initial recognition of goodwill is not recognized. The same goes to deferred income tax generated from the initial recognition of assets or liabilities in a transaction (excluding amalgamation of companies) and that the accounting profit or taxable income (tax loss) is not influenced at the time of transaction. Deferred income tax is provided on temporary differences incurred from investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is calculated using the tax rates (and tax laws) that are expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled, if

enacted or substantively enacted by the end of each balance sheet date.

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

(XXV) Capital stock

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

(XXVI) Dividends

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

(XXVII) Revenue

1. The Company mainly provides food and beverage services, guest accommodation, brand licensing, and related services. The excess of service rendered over receivables from customers is presented as a contract asset; oppositely, the excess of receivables from customers over service rendered is presented as a contract liability.
   (1) The food and beverage service is recognized at the point of time when the product is sold to the customer. The transaction price of the sale of goods is collected immediately from customer at the point of time when the customer purchases products.
   (2) Revenue is recognized for guest accommodation when service is provided to customers within the reporting period. Customers make payments based on agreed schedule.
   (3) The brand licensing refers to the signing of contract between the Company and customer for the transfer of the Company's brand to the customer for usage. Since

licensing can be differentiated, the licensing revenue is determined based on its nature for recognition during the licensing period. The calculation of the variable authorization revenue is based on a certain percentage of the customer's turnover and is subsequently recognized in revenue when sales occurred.

2. Financial components

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

(XXVIII) Government grants

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

V. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

(I) Significant judgments in the adoption of accounting policies

None of such situations.

(II) Significant accounting estimates and assumptions

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

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

2. Calculation of net defined benefit liabilities

To calculate the present value of the defined benefit obligations, the Company must use judgment and estimates to determine the relevant actuarial assumptions as of the end of the reporting period, including discount rates and future salary growth rates. Any changes in actuarial assumptions could materially affect the amount of the Company's net defined benefit liabilities obligation. As of December 31, 2022, the carrying amount of the Company's net defined benefit liabilities were $58,759.

VI. Note to Significant Accounting Items

(I) Cash

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 10,286	$ 10,610
Checking accounts	13,213	13,206
Demand deposit	6,396	18,919
Total	$ 29,895	$ 42,735

1. The Company maintains good credit with various financial institutions to divert credit risks. There are low expectations for the likelihood of contract breaches.
2. The bank deposit that the Company has to deposit into the performance guarantee trust account due to the standard contracts for gift certificates as of December 31, 2022 and 2021 are $157,734 and $160,452, recorded under "Financial assets at amortized cost - current." Please refer to Note VI (IV) and Note VIII for the details.
3. As of December 31, 2022 and 2021, the Company held time deposits that are maturing at more than three months at $58,349 and $0, recorded under "Financial assets at amortized cost - current." Please refer to Note VI (IV) for details.
4. As of December 31, 2022 and 2021, the Group held certificates of deposit - restricted at $54,534 and $42,837, recorded in "Financial assets at amortized cost - non-current." Please refer to Note VI (IV) and Note VIII for details.

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

Item	December 31, 2022	December 31, 2021
Current item:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 2,039,226	$ 2,543,160
Valuation adjustment	14,151	11,757
Total	$ 2,053,377	$ 2,554,917

1. Financial assets measured at fair value through (loss) profit recognized in profit or loss, their

statements are as follows:

Item	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 7,404	($ 3,745)

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

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

Item	December 31, 2022	December 31, 2021
Noncurrent item:		
Equity instruments		
Private company stock	$ 500	$ 500

1. The Company chooses to classify strategic investments as financial assets at fair value through other comprehensive income. The fair values of these investments as of December 31, 2022 and 2021 are $500 for both years.
2. The Company's maximum exposure to credit risk for financial assets measured at fair value through other comprehensive income, before consideration of associated collateral held or other credit enhancements was NT$500 as of December 31, 2022 and 2021, respectively.

(IV) Financial assets measured at amortized cost

Item	December 31, 2022	December 31, 2021
Current item:		
Restricted bank deposit - trust gift certificate	$ 157,734	$ 160,452
Time deposits maturing in more than three months	58,349	-
Total	$ 216,083	$ 160,452
Noncurrent item:		
Pledged time certificate of deposit	$ 54,534	$ 42,837

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

	2022	2021
Interest income	$ 343	$ 262

2. The Company's maximum exposure to credit risk for financial assets measured at amortized costs, before consideration of associated collateral held or other credit enhancements was NT$270,617 and NT$203,289 as of December 31, 2022 and 2021, respectively.
3. There have been no arrangements of the Company's financial assets at amortized cost pledged to others as collateral, please refer to Note VIII.
4. Credit risk information relating to financial assets measured at amortized cost. Please refer to Note XII (III). The trading counterparts of the Company's investment on the certificates of deposit are financial institutions of excellent credit. The expected possibility of occurrence of violation is fairly low.

(V) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 9,121	$ 4,876
Accounts receivable	$ 160,762	$ 144,113
Less: Allowance for bad debts	(1,186)	(1,186)
	$ 159,576	$ 142,927

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

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 160,762	$ 9,121	$ 144,113	$ 4,876

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

2. As of December 31, 2022 and 2021, and January 1, 2021, the balance for the receivables (including notes receivable) for the contracts between the Company and customers are $169,883, $148,989, and $122,084, respectively.
3. The guarantee deposits for the accounts receivable that the Company held as of December 31, 2022 and 2021 are $169,534 and $167,902 respectively, recorded in "Other non-current liabilities."

4. The Company's maximum exposure to credit risk for accounts receivable, before consideration of associated collateral held or other credit enhancements was NT$159,576 and $142,927 as of December 31, 2022 and 2021, respectively.
5. Please refer to Note XII (III) for the related credit risk information of the notes and accounts receivable.

(VI) Inventories

	December 31, 2022	December 31, 2021
Food products	$ 24,857	$ 16,315
Beverages (including alcohol drinks)	6,552	5,992
	$ 31,409	$ 22,307

The cost of inventories recognized in operating costs and operating expenses for 2022 and 2021 are $990,606 and $759,645, respectively.

(VII) Investments accounted for using equity method

1. Statements of investments in subsidiaries are as below:

	December 31, 2022	December 31, 2021
GRAND FORMOSA TAROKO HOTEL CORPORATION (Grand Formosa Taroko)	$ 371,935	$ 326,537
SILKS PALACE AT NATIONAL PALACE MUSEUM CORPORATION (Silks Palace At National Palace Museum)	154,506	168,862
Silks International Investment Inc.(Silks)	296,004	263,708
Regent Apartment Building Management and Maintenance Co., Ltd. (Regent Apartment Building)	53,440	28,949
Silks Global Holding, Limited (Silks Global)	1,664,594	1,567,667
	$ 2,540,479	$ 2,355,723

2. For subsidiaries accounted for using the equity method in 2022 and 2021, the share of profit (loss) recognized in the financial statements audited and verified by the CPAs during the same period are as below:

Investee	2022	2021
Grand Formosa Taroko	$ 102,401	$ 63,828
Silks Palace At National Palace Museum	(14,356)	(30,338)
Silks	40,283	42,801
Domino’s	-	87,170
Regent Apartment Building	29,149	10,351
Silks Global	(5,183)	78,541
	$ 152,294	$ 252,353

3. For information on the Company’s subsidiaries, please refer to the Company’s 2022 Consolidated Financial Statements, Note IV (III).
4. Silks Global has in December 2022 proceeded with cash capital reduction of US$1,900 thousand, a total of $58,254 capital stock returned. Related capital reduction procedures have been completed on December 23, 2022.
5. Silks Global has in April 2021 proceeded with cash capital reduction of US$14,000 thousand, a total of $394,100 capital stock returned. Related capital reduction procedures have been completed on April 19, 2021.
6. Silks has in June 2021 proceeded with cash capital reduction of US$213,520. Related capital reduction procedures have been completed on June 8, 2021.
7. Based on operation strategies consideration, the Company has on August 31, 2021 transferred all shares of Domino’s Pizza to Domino’s Pizza Enterprises Limited Australia. Information relating to gains from disposal of subsidiary, please refer to Note VI (XXIII).
8. The 2022 and 2021 investment income or loss from the investment company Silks A/S of the subsidiary Silks Global is obtained from the financial statements reviewed by other CPAs.

(VIII) Property, plant and equipment

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

	Land	Buildings	Computers and communication facilities	Transportation equipment	Office equipment	Business facilities	Leasehold improvement	Others	Uncompleted engineering	Total
January 1, 2021										
Cost	$ 127,057	$2,045,937	$ 49,005	$ 9,206	$ 26,124	$ 142,358	$ 457,867	$1,123,908	$ 8,093	$3,989,555
Accumulated depreciation	-	(1,283,125)	(35,642)	(4,924)	(13,492)	-	(153,598)	(632,138)	-	(2,122,919)
	$ 127,057	$ 762,812	$ 13,363	$ 4,282	$ 12,632	$ 142,358	$ 304,269	$ 491,770	$ 8,093	$1,866,636
2021										
January 1	$ 127,057	$ 762,812	$ 13,363	$ 4,282	$ 12,632	$ 142,358	$ 304,269	$ 491,770	$ 8,093	$1,866,636
Additions	-	19,465	2,981	4,424	-	10,389	-	27,342	11,914	76,515
Re-classification	-	5,398	510	-	-	2,357	-	7,173	(13,107)	2,331
Depreciation expense	-	(121,667)	(6,050)	(1,860)	(2,331)	-	(26,868)	(144,728)	-	(303,504)
Business facilities transferred to expenses	-	-	-	-	-	(14,043)	-	-	-	(14,043)
December 31	$ 127,057	$ 666,008	$ 10,804	$ 6,846	$ 10,301	$ 141,061	$ 277,401	$ 381,557	$ 6,900	$1,627,935
December 31, 2021										
Cost	$ 127,057	$1,956,325	$ 27,091	$ 13,630	$ 25,933	$ 141,061	$ 455,304	$1,040,225	$ 6,900	$3,793,526
Accumulated depreciation	-	(1,290,317)	(16,287)	(6,784)	(15,632)	-	(177,903)	(658,668)	-	(2,165,591)
	$ 127,057	$ 666,008	$ 10,804	$ 6,846	$ 10,301	$ 141,061	$ 277,401	$ 381,557	$ 6,900	$1,627,935

1. The Company is not in the circumstance of capitalizing on interest from property, plant and equipment for the years 2022 and 2021.
2. For the depreciation and useful life of the Company's Property, plant and equipment, please refer to explanation in Note IV (XIV).

(IX) Lease transactions - Lessee

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

	December 31, 2022 Book value	December 31, 2021 Book value
Land	$ 911,142	$ 991,270
Building	2,019,997	2,180,959
	$ 2,931,139	$ 3,172,229

	2022 Depreciation expense	2021 Depreciation expense
Land	$ 63,798	$ 53,789
Building	200,646	185,408
	$ 264,444	$ 239,197

2. The Company has signed the contract on establishing the rights of superficies with the Taipei City government in 1976. The retaining period is counted starting from the date of completion (1984) for the registration of the rights of superficies, for a period of 25 years, and extended further for another 25 year for a total of no more than 50 years. During the contract period, the Company shall pay rent to the Taipei City government each year according to a certain percentage of the announced land price. If the agreed rent price is insufficient to cover the land value tax payments to the Taipei City government, adjustments shall be made according to the actual land value tax amount paid each year. When the term expires, the Company shall not arbitrarily dismantle the fixed equipment attached to the building, and shall transfer both the building and the fixed equipment back to the Taipei City government unconditionally.
3. The added right-of-use assets for the Company in 2022 and 2021 are $59,536 and $19,430, respectively.

4. Information on profit and loss item relating to the lease contract is as follows:

	2022	2021
Items with influence to profit and loss for the current period		
Interest expense on lease liabilities	$ 58,211	$ 62,534
Expense on short-term lease contracts	3,559	3,547
Expenses of low value leased assets	300	279
Variable lease payments	20,064	11,339
Profit from lease modification	151	-

5. The lease cash outflow for the Company in 2022 and 2021 are $291,845 and $290,872, respectively.
6. Impact of change of lease payment to lease liabilities. Please refer to Note IX (II) 3.
7. The Company adopts the practical expedient of the COVID-19-Related Rent Concessions. The profits of $31,098 and $55,771 from lease payment changes generated by rent concessions in 2022 and 2021, respectively, are recognized in the deduction of depreciation expense for right-of-use assets.

(X) Lease transactions - Lessor

1. The Company leases various assets including underground stores and parking lots. Rental contracts are typically made for periods of 2006 to 2028. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
2. The profits recognized by the Company based on the operating lease contracts in 2022 and 2021 are as follows:

	2022	2021
Rental income	$ 222,228	$ 151,292
Rent revenue recognized as variable lease payments	$ 323,555	$ 318,272

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

	December 31, 2022	December 31, 2021
Not later than 1 year	$ 216,735	$ 230,726
More than 1 year but less than 2 years	149,324	127,817
More than 2 years but less than 3 years	81,571	74,567
More than 3 years but less than 4 years	40,447	30,538
More than 4 years but less than 5 years	24,480	9,070
More than 5 years	8,788	9,833
	$ 521,345	$ 482,551

(XI) Intangible assets

	Trademark and franchise
2022/01/01 and 2022/12/31	
Cost	$ 20,923
Accumulated amortization	-
	$ 20,923

	Trademark and franchise
2021/01/01 and 2021/12/31	
Cost	$ 20,923
Accumulated amortization	-
	$ 20,923

In June 2018, Silks Global sold part of the equity of its subsidiaries to InterContinental Hotels Group plc (hereinafter referred to as “IHG”). Based on the equity transfer agreement between Silks Global and IHG, the brand trademark and franchise is transferred to IHG. In order to accommodate the Company’s future operation strategies, the Company proceeded with equity transfer from the subsidiary of Regent Hospitality Worldwide, Inc. (formerly the Silks Global) with US$700 thousands. Subsequently, the Regent brand trademark and franchise of the Taiwan area was purchased for Silks Global (Investments accounted for using equity method). The scope of use is as follows:

1. The Company owns the perpetual license for Regent in Taiwan region and it is allowed to expand marketing activities for Regent Taiwan overseas. IHG is also allowed to promote Regent business in Taiwan.
2. The Company is not permitted to use the Regent trademark in its overseas marketing, nor for use or licensing of the trademark.

3. The Company can only use Regent Taipei trademark in related retail marketing channel in Taiwan and overseas.
4. For the name of the Regent domain name, the Company is limited to using only Regent Taiwan.com, Regent Taipei.com or Regent xxxx.com.tw.
5. If the Company has new Regent Hotel establishments in the future, it shall follow the brand standard established by IHG in addition to that of Regent Taipei.

(XII) Other payables

	December 31, 2022	December 31, 2021
Salary and wages payable	$ 272,625	$ 285,254
Insurance expenses payable	76,640	67,468
Equipment payable	34,542	15,947
Sales tax payable	30,364	34,185
Retirement pension payable	27,743	24,043
Property tax payable	16,978	16,210
Advertisement expense payable	11,439	10,985
Utilities expense payable	8,350	7,368
Others	332,687	354,871
	$ 811,368	$ 816,331

(XIII)Lease liabilities

Item	December 31, 2022	December 31, 2021
Lease liabilities - current	$ 255,366	$ 233,595
Lease liabilities - non-current	$ 2,742,009	$ 2,950,288

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

(XIV)Bonds payable

1. The Company has in June 2016 issued the second domestic unsecured convertible bond. Its main issuance contents and terms are as below:
   (1) Total face value: NT$1,500,000.
   (2) Issuance period: 5 years, market circulation period is from June 16, 2016 to June 16, 2021.
   (3) Coupon rate: 0%.
   (4) Conversion period: The holder of the convertible bonds from the next day onwards following the three full months after the issuance date of the bond up till the maturity date, besides complying with the laws and regulations for the period of the suspension of bond transfers, the holder may make request to the Company for bond conversion

to the Company's common stock. The rights and obligations of the converted common stock are the same as the common stock to when it was originally issued.

(5) Conversion price and its adjustment: The conversion price of the convertible bonds is based on the model of setting specified in the terms of conversion. Subsequently, if the conversion price faces the anti-dilution provision situation, it shall be adjusted based on the model of setting according to the terms of conversion. Following on, on the base date established by the terms, re-define the conversion price using the model of setting specified in the terms of conversion. If the price is higher than the conversion price before re-defining for the year, adjustments is then not required.

(6) Terms for redemption of bonds and selling back:

A: Redemption on maturity: After the issuance period of the bonds matures, the Company shall make one time repayment of the principal.

B. Early redemption: When the issuance of convertible bonds reaches three full months, from then on until the issuance period matures in forty days, when the closing price of the Company's common stock exceeds the conversion price of that time for more than 30% for thirty consecutive business days, or when the issuance of the Company's convertible bonds reaches three full months, from the next day onwards until forty days before the issuance period matures, the balance of the outstanding convertible bonds is lower than the total face value of the original issuance by 10%, the Company shall recover all of the bonds using the face value of the bonds in cash at any time thereafter.

C. Selling back: The holder of the bonds may after the issuance of the Company's convertible bonds reaches three full years, he/she may request the Company to buyback the convertible bonds held using the face value of the bonds.

D. According to the terms of conversion, all of the bonds that the Company has collected, repaid or converted, these convertible bonds shall be cancelled, and all the rights and obligations attached to them are eliminated along, and are not for issuance anymore.

(7) As of before the convertible bonds matured, the face value of the convertible bonds is $117,400 and those already have converted to common stocks stand at 657 thousand shares (converted in June 2019 and April 2021).

(8) The convertible bonds have matured on June 16, 2021 and all have been redeemed.

2. (1) During the issuance of convertible bonds, the Company follows the IAS 32 regulations separating conversion rights of equity nature and the constituent elements of various liabilities, accounted in "Capital Surplus - Stock option" at $110,766. Embedding of repurchase rights and redemption rights is according to the IAS 39 regulations. Due to them being closely related to the economic characteristics and risks of the debt products in the main contract, they are treated separately. Its net amount is accounted in "Financial assets or liabilities measured at fair value through profit or loss." The effective interest rate after separation from the main contract's debts is 1.6990%.

(2) After the convertible bonds mature, related conversion rights become invalid, and they are transferred from “Capital surplus - Stock options” to “Capital surplus - Issued at premium.”

(XV) Retirement pension

1. (1) In accordance with the Labor Standards Act, the Company have a defined benefit retirement plan that applies to all regular employees’ years of service prior to the implementation of the Labor Standards Act on July 1, 2005, and to employees who elect to continue to be subject to the Labor Standards Act after the implementation of the Labor Standards Act for subsequent years of service. For employees who meet the retirement criteria, pension payments are calculated based on the years of service and the average salary for the six months prior to retirement, with two bases for each year of service up to and including 15 years and one base for each year of service in excess of 15 years, subject to a maximum accumulation limit of 45 bases. The Company deposit a monthly pension fund of 2% of salaries and wages to a dedicated account in the Bank of Taiwan in the name of the Supervisory Committee of Labor Retirement Reserve. Before the end of each year, the Company estimate the balance in the dedicated account of the Labor Retirement Reserve. If the balance is not sufficient to pay the aforementioned amount of pension benefits to employees eligible for retirement in the following year, the Company will make a lump-sum appropriation for the difference by the end of March of the following year.

(2) Amounts recognized in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	($ 141,295)	($ 169,434)
Fair value of plan assets	82,536	83,415
Net defined benefit liabilities	($ 58,759)	($ 86,019)

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

2022	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Balance as of January 1, 2021	($ 169,434)	$ 83,415	($ 86,019)
Service cost for the current period	(2,496)	-	(2,496)
Interest (expenses) revenues	(1,186)	584	(602)
	(173,116)	83,999	(89,117)
Re-measurements:			
Impacts from change in financial assumptions	6,611	-	6,611
Experience adjustments	4,088	7,052	11,140
	10,699	7,052	17,751
Allocate pensions	-	12,607	12,607
Retirement pension payable	21,122	(21,122)	-
Balance as of December 31	($ 141,295)	$ 82,536	($ 58,759)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
2021			
Balance as of January 1, 2021	($ 199,993)	$ 89,699	($ 110,294)
Service cost for the current period	(3,410)	-	(3,410)
Interest (expenses) revenues	(600)	270	(330)
	(204,003)	89,969	(114,034)
Re-measurements:			
Impact from change in demographic assumptions	(124)	-	(124)
Impacts from change in financial assumptions	5,245	-	5,245
Experience adjustments	8,049	1,407	9,456
	13,170	1,407	14,577
Allocate pensions	-	13,438	13,438
Retirement pension payable	21,399	(21,399)	-
Balance as of December 31	($ 169,434)	$ 83,415	($ 86,019)

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

accordance with IAS 19 Paragraph 142. The composition of fair value of the fund's total assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	2022	2021
Discounted rate	1.30%	0.70%
Increase rate of future salaries	3.00%	3.00%

Estimations for the assumptions of future mortality rates for the years ended December 31, 2022 and 2021 were based on the sixth empirical life tables of the preset Taiwan life insurance industry.

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

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

	Discounted rate		Increase rate of future salaries	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2021				
Effects of present value of defined benefit obligation	($12,247)	$12,670	$10,952	($10,659)

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

(6) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2023 amounts to NT$3,098.

(7) As of December 31, 2022, the weighted average duration of the retirement plan is 8

years. Analysis of maturity of pension payment as follows:

In the coming 1 year	$	27,956
In the coming 2 years		9,056
In the coming 3 years		7,892
In the coming 4 years		8,994
In the coming 5 years		10,020
In the coming 6~10 years		39,797
	$	103,715

2. (1) Effective July 1, 2005, the Company have a defined contribution pension plan under the Labor Pension Act, which is applicable to the Company's domestic employees. The Company make monthly contributions of 6% of salary to the employees' personal accounts at the Bureau of Labor Insurance for the employees who choose to be subject to the labor pension scheme under the Labor Pension Act. The employees' pensions are paid in the form of monthly pensions or lump-sum pensions depending on the amount of the employees' individual pension accounts and accumulated earnings.

   (2) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021 were $46,510 and $43,703, respectively.

(XVI)Other non-current liabilities

	December 31, 2022		December 31, 2021	
Net defined benefit liabilities	$	58,759	$	86,019
Guarantee deposits received		169,534		167,902
Tax payable		95,707		102,561
Decommissioning costs		32,450		32,450
Others		-		103
	$	356,450	$	389,035

1. Details of the net defined benefit liabilities, please refer to Note VI (XV).
2. The guarantee deposits is mainly the collection of lease deposit of the shopping street tenants and the membership storage amount.
3. Tax payables are that the National Taxation Bureau, Ministry of Finance supporting taxpayer from the impacts of the COVID-19 pandemic, providing payment installments for those maturing in more than one year of the 2020 and 2021 profit-seeking enterprise income tax, 2021 business tax, and the 2021 and 2022 house tax.

4. According to the announced policy and suitable contract or regulations requirements, the Company has obligations for some of the Property, plant and equipment in their dismantling, removal or restoring the location. Thus, the costs for their dismantling, removal or restoring the location are recognized in the provisions for liabilities (decommissioning liabilities).

   Changes to decommissioning costs:

	Decommissioning costs	
	2022	2021
Balance as of January 1 / Balance as of December 31	$ 32,450	$ 32,450

(XVII)Capital stock

1. As of December 31, 2022, the Company's authorized capital is $5,000,000 for 500,000 thousands of shares. The face value is $10 and it can be issued by installments. In April 2021, the company's liabilities totaled $200 which have been converted to the Company's common stock of 1 thousand shares, for an amount of $12, including the conversion of shares. The Company's paid-in capital is $1,274,032 for a total of 127,403 thousand shares. The payment for the Company's issued shares has been collected.
2. Adjustments to the number of the Company's outstanding common stock are as follows:

	2022	2021
January 1	127,403 thousand shares	127,402 thousand shares
Conversion of convertible bonds	-	1 thousand shares
December 31	127,403 thousand shares	127,403 thousand shares

(XVIII)Capital surplus

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

(XIX) Retained earnings

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

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

   (1) Allocate 10% as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply.

   (2) When necessary, allocate or reversal of special reserve according to the laws and regulations.

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

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

2. The Company's lifecycle is in a stable growth stage and will observe the changes to the internal and external environment in seek of sustainable operation and long term development. It will consider the company's future capital expense budget and need while sustaining the stability of dividends distribution. During each quarter and every year when the Company distributes its cash dividends, it allocates more than 50% of the accumulated distributable earnings as shareholders bonus. Of which cash dividends must not be lower than 10% of the shareholders bonus.

3. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

4. (1) The Company's appropriation of earnings for 2020 has been approved by resolution of the shareholders' meeting via electronic votes (meeting the statutory threshold for passing resolution) on June 14, 2021 as follows:

	2020	
	Amount	Dividend per share (NT$)
Allocated special reserve	$ 99,147	
Cash dividends	559,183	$ 4.3891
Total	$ 658,330	

(2) On June 14, 2022, the Company's shareholders' resolved to approve the 2021 appropriation of earnings plan as follows:

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

(3) On March 20, 2023, the Company's Board proposed the 2022 appropriation of earnings plan as follows:

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

The aforesaid 2022 Appropriation of Earnings has not yet been resolved by the shareholders' meeting as of March 20, 2023.

(XX) Operating revenue

	2022	2021
Revenue from contracts with customers		
Food and beverage service revenue	$ 2,584,768	$ 2,006,165
Guest-service revenue	1,365,798	979,602
Technical service revenue	73,638	52,857
Other service revenue	110,080	90,663
Subtotal	4,134,284	3,129,287
Lease revenue	545,783	469,564
Total	$ 4,680,067	$ 3,598,851

1. Revenue from contracts with customers

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

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

	Taiwan				
2021	Food and beverage service	Guest-service	Technical service	Other service	Total
Revenue from contracts with customers	$ 2,006,165	$ 979,602	$ 52,857	$ 90,663	$ 3,129,287

2. Contract assets and contract liabilities

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

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities:			
Contract liabilities - Advance receipts - Current	$ 545,737	$ 582,786	$ 444,246
Contract liabilities - Advance receipts - Non-Current	9,891	8,493	10,421
Total	$ 555,628	$ 591,279	$ 454,667

Contract liabilities at beginning period recognized as revenue in current period

	2022	2021
Contract liabilities balance at beginning of period recognized as revenue in current period		
Advance receipts - Current	$ 358,351	$ 264,084

(XXI)Interest income

	2022	2021
Other interest income	$ 9,348	$ 12,153
Interest from cash in the bank	879	782
Income of interest from financial assets measured at amortized cost	343	262
Total	$ 10,570	$ 13,197

(XXII)Other non-interest income

	2022	2021
Government grants revenue	$ 10,159	$ 97,000
Transfer of overdue accounts payable to other revenue	2,643	9,599
Others	33,956	44,460
Total	$ 46,758	$ 151,059

To assist the Tourist Hotel affected by the COVID-19 pandemic, the Tourism Bureau, MOTC and the Department of Commerce, MOEA provides the necessary working liabilities, employee salary and wages grant, and wedding catering subsidies. The Company has in 2022 and 2021 recognized related government grant revenue at $7,366 and $83,746, respectively.

(XXIII)Other gains and losses

	2022	2021
Financial assets measured at fair value through profit or loss (FVTPL)		
Net profit (loss)	$ 7,404	($ 3,745)
Disposal of subsidiary profits	-	1,636,636
Profit from lease modification	151	-
Net foreign exchange profit (loss)	96	(3,361)
Miscellaneous expenditure	(130)	(398)
Total	$ 7,521	$ 1,629,132

Based on the equity purchase agreement signed and entered into between the Company and the Domino's Pizza Enterprises Limited Australia, the total sales price is $1,732,685 which is calculated from the initial price of $1,705,343 plus amounts from related adjusted mechanism. The total sales price is then deducted with the direct related transaction cost and expenses, recognized in the net gains from disposal of subsidiaries at $1,636,636.

(XXIV)Finance cost

	2022	2021
Interest expense:		
Lease liabilities	$ 58,211	$ 62,534
Convertible bonds	-	11,598
Bank borrowings	-	160
Others	1,318	1,184
	$ 59,529	$ 75,476

(XXV)Additional information other than expenses by nature

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

	2021		
	Cost	Expenses	Total
Employee benefit expense	$ 917,603	$ 283,346	$ 1,200,949
Depreciation expense of Property, plant and equipment	302,018	1,486	303,504
Depreciation expense of right-of-use assets	239,197	-	239,197
	$ 1,458,818	$ 284,832	$ 1,743,650

(XXVI)Employee benefit expense

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

	2021		
	Cost	Expenses	Total
Wages and salaries	$ 759,661	$ 247,650	$ 1,007,311
Labor and health insurance fees	86,635	14,971	101,606
Pension costs	39,193	8,250	47,443
Other personnel expenses	32,114	12,475	44,589
	$ 917,603	$ 283,346	$ 1,200,949

1. According to the Company's Articles of Incorporation, the Company shall appropriate 5% as profit sharing remuneration for employees and no more than 0.5% as profit sharing remuneration for directors and supervisors of the remainder of the profit for the year, if any, after deducting the accumulated losses from the profit for the current year. The Company's shareholders' meeting has on August 20, 2021 resolved to establish an Audit Committee to replace the supervisor system. Thus, the Company's Articles of Incorporation is amended to that the Company shall appropriate 5% as profit sharing remuneration for employees and no more than 0.5% as profit sharing remuneration for directors of the remainder of the profit for the year, if any, after deducting the accumulated losses from the profit for the current year.
2. The estimated amounts for the Company's employee remuneration in 2022 and 2021 are $58,718 and $121,341, respectively. The estimated amounts for directors and supervisors are $5,872 and $12,134. The aforementioned amounts are accounted under wages and salaries title.

   The estimation uses 5% and 0.5% based on the profits situation for the year 2022. The Board has resolved for the actual distribution to be $58,718 and $5,872, of which the employee remuneration is to be distributed in the form of cash.

   The 2021 employee, and director and supervisor remuneration resolved by the Board of Directors is consistent with the amounts recognized in the 2021 financial statements. The aforementioned employee, and director and supervisor remuneration is distributed in the form of cash. As of December 31, 2022, the 2021 employee remuneration is not yet distributed.

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

(XXVII)Income tax

1. Income tax expense

(1) Components of income tax expense:

	2022	2021
Income tax for current period:		
Income tax generated for the current period	$ 185,591	$ 119,055
5% Surtax on undistributed retained earnings	21,134	-
Overestimation of income tax for previous years	(1,052)	(12,709)
Total income tax for current period	205,673	106,346
Deferred tax:		
Origin and reversal of temporary differences	1,208	9,693
Income tax expense	$ 206,881	$ 116,039

(2) Income tax amount related to other comprehensive income:

	2022	2021
Re-measurement of defined benefit obligation	($ 3,550)	($ 2,915)

2. Reconciliation between income tax expense and accounting profit

	2022	2021
Income tax calculated based on profit before tax and statutory tax rate	$ 221,956	$ 458,667
Income tax effects of adjusted items under taxation laws	(35,157)	(329,919)
Overestimation of income tax for previous years	(1,052)	(12,709)
5% Surtax on unappropriated retained earnings	21,134	-
Income tax expense	$ 206,881	$ 116,039

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

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

	2021				
	January 1	Included in profit or loss	Recognized to other comprehensive income	Re-classification	December 31
Deferred tax assets:					
-Temporary differences:					
Pension liabilities	$ 9,608	($1,940)	($ 2,915)	$ -	$ 4,753
Deferred revenue	3,394	(594)	-	-	2,800
Setting up superficies	1,835	(100)	-	-	1,735
Unrealized exchange (loss) gain	4,475	(990)	-	-	3,485
Other payables	8,227	(7,105)	-	-	1,122
IFRS16 Effects of recognition	913	277	-	-	1,190
Others	1,018	759	-	-	1,777
Total	$29,470	($9,693)	($ 2,915)	$ -	$16,862

4. The Company has not recognized the taxable temporary differences relating to the Company's investments of certain subsidiaries in deferred tax liabilities. As of December 31, 2022 and 2021, the temporary differences amount of the deferred tax liabilities that are unrecognized are $765,146 and $574,553, respectively.
5. The Company's profit-seeking enterprise income tax has been approved by the tax collection authorities until 2020.
6. To assist taxpayers who are affected by the COVID-19 pandemic, the National Taxation Bureau, Ministry of Finance allows installment payments for the 2019, 2020 and 2021 profit-seeking enterprise income tax. The Company has issued checks. As of December 31, 2022 and 2021, the balances were $156,314 and $120,197, respectively. These are recorded in notes payable according to their liquidity for $83,722 and $61,178, respectively, and in other non-current liabilities for $72,592 and $59,019, respectively.

(XXVIII) Earning per share

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

2021	After-tax amount	Weighted average number of shares outstanding (shares in thousands)	Earning per share ($)
Basic earnings per share			
Current period net income attributable to common shares shareholders	$2,177,298	127,403	$ 17.09
Diluted earnings per share			
Current period net income attributable to common shares shareholders	$2,177,298	127,403	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	9,279	4,007	
Employees' payroll and bonus payable	-	860	
Current period net income plus potential effects of common stock attributable to common stock shareholders	$2,186,577	132,270	$ 16.53

(XXIX)Supplementary information on cash flows

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

	2022	2021
Procurement of Property, plant and equipment	$ 132,539	$ 76,515
Add: Accounts payable - equipment, at the beginning of the period	15,947	17,544
Add: Accounts payable - equipment, at the end of the period	(34,542)	(15,947)
Payments in cash for the current period	$ 113,944	$ 78,112

2. Financing activities that are of no effects to cash flow:

	2022	2021
Conversion of convertible bonds into equity	$ -	$ 199

(XXX) Changes in liabilities from financing activities

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

	2021			
	Guarantee deposits received	Bonds payable (Mature within one year)	Lease liabilities	Liabilities from financing activities-gross
January 1	$ 175,842	$ 1,371,201	$ 3,433,397	$ 4,980,440
Changes in cash flows from financing activities	(7,940)	-	(213,173)	(221,113)
Bonds payable redemption on maturity	-	(1,382,600)	-	(1,382,600)
Corporate bond discount payable	-	11,598	-	11,598
Corporate bond payable conversion	-	(199)	-	(199)
Increase in right-of-use assets	-	-	19,430	19,430
Discounted and amortized interest expense	-	-	62,534	62,534
Interest paid	-	-	(62,534)	(62,534)
IFRS 16 Rent concession benefits	-	-	(55,771)	(55,771)
December 31	$ 167,902	$ -	$ 3,183,883	$ 3,351,785

VII. Related Party Transaction

(I) Names and relationships of related parties

Related parties	Relationship with the Company
Grand Formosa Taroko	Subsidiaries
Silks	“
Silks Palace At National Palace Museum	“
Regent Apartment Building	“
Silks Global	“
Domino’s (Note)	“

Note: The Company’s Board of Directors has on June 10, 2021 passed the resolution to transfer the equity of Domino’s Pizza to Domino’s Pizza Enterprises Limited Australia. As a result, the Company loses control of the subsidiary. Related transfer procedures have been completed in August 31, 2021.

(II) Significant transactions with related parties

1. Operating revenue

	2022	2021
Hotel and restaurant service revenue:		
Subsidiaries	$ 1,173	$ 783
Technical service revenue:		
Subsidiaries	8,292	6,589
Lease revenue:		
Subsidiaries	593	1,597
	$ 10,058	$ 8,969

For hotel and restaurant service of the aforesaid transactions of related parties, its transaction price is processed based on general sales criteria and related contracts. For technical service, its transaction price is determined by both parties and with reference to the market price. There have been no significant differences of the aforesaid criteria and transactions of non-related parties. For lease revenue, its rent calculation method is with reference to the market condition for the rent of nearby office buildings and determined by both parties. The lease term is between 1 year and the collection of rent is on a monthly basis as agreed in the lease contract.

2. Accounts receivable

	December 31, 2022	December 31, 2021
Subsidiaries	$ 1,661	$ 1,611

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

(2) Receivables from related parties do not have overdue circumstances as of December 31, 2022 and 2021.

3. Other receivables

	December 31, 2022	December 31, 2021
Subsidiaries	$ 980	$ 658

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

4. Accounts payable

	December 31, 2022	December 31, 2021
Subsidiaries	$ 250	$ 3,211

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

5. Other payables

	December 31, 2022	December 31, 2021
Subsidiaries	$ 3,058	$ -

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

(III) Key management remuneration information

	2022	2021
Wages and salaries and other short-term employee benefits	$ 36,140	$ 39,738
Post-employment benefits	538	713
Total	$ 36,678	$ 40,451

VIII. Pledged Asset

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

Asset item	Carrying value December 31, 2022	Carrying value December 31, 2021	Guarantee purpose
Financial assets at amortized cost - current			
Demand deposit	$ 157,734	$ 160,452	Trust account of performance guarantee for standard contracts for gift certificates
Financial assets at amortized cost - non-current			
- Time deposit	42,654	41,817	Performance bond of leased building
- "	11,880	1,020	Guarantee fund for cooperation
Subtotal	54,534	42,837	
Total	$ 212,268	$ 203,289	

IX. Significant contingent liabilities and unrecognized contractual commitment

(I) Contingency

None of such situations.

(II) Commitment

Besides the narration of Notes VI (IX), (X), (XI), and (XIII), other major commitments are as follows:

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

Contract counterparty	Contract subject matter	Period	Service expense calculation and collection method
(1) RONG CHIANG INTERNATIONAL LTD.	Silks Place Yilan	Starting from the date of official opening of the hotel onwards for 20 years	Calculate a certain percentage of the operation revenue on a monthly basis
(2) YUI-MOM SILKS CLUB CO., LTD.	Silks Club	“	“

Contract counterparty	Contract subject matter	Period	Service expense calculation and collection method
(3) YBH INTERNATIONAL LTD.	Just Sleep Kaohsiung Station (front station)	Starting from the date of official opening of the hotel onwards for 20 years	Calculate a certain percentage of the operation revenue on a monthly basis
(4) YBH INTERNATIONAL LTD.	Just Sleep Kaohsiung Station (Zhongzheng)	〃	〃
(5) YBH INTERNATIONAL LTD.	Just Sleep Hualien	〃	〃
(6) SILICON BAY TECHNOLOGY CO., LTD.	Just Sleep Taipei Sanchong	〃	〃
(7) Shigu Cultural Tourism Co., Ltd.	Just Sleep Tainan	〃	〃
(8) Hungmao International Development Co., Ltd.	Just Sleep Taipei Kenting	Preparation period	Collect service revenue based on preparation progress
(9) Eastern Home Shopping & Leisure Co., Ltd.	Silks X Linkou	〃	〃
(10) SET STUDIO PARK CO., LTD.	Silks Place Taoyuan	〃	〃
(11) Eastern Ocean Hot Spring Hotel Co., Ltd.	Wellspring by Silk	〃	〃

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

Contract counterparty	Contract subject matter	Period	Service expense and royalties calculation
A	Hostel	Since January 16, 2013 to December 31, 2024, a total of 12 years	Since the first day of the test operation until the expiration or termination date of the entrustment operation period, the royalties are paid on a fixed and monthly basis. Additionally, a certain percentage of the operating revenue is used to pay the management royalties.

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

Lessor	Lease subject matter	Period	Rent calculation and payment method
(1) Company B	Company B 6F Area A Shopping Mall	Since December 1, 2005 to December 31, 2023, a total of 18.1 years	Calculation of rent is based on revenue, but guaranteed revenue shall be achieved.
(2) Company B	Company B 6F Area B Shopping Mall	Since June 1, 2010 to December 31, 2023, a total of 3.6 years	〃
(3) WANHWA ENTERPRISE COMPANY	Wanhwa Enterprise Building 5^{th} ~9^{th} Floor	Since April 20, 2009 to April 19, 2027, a total of 18 years	Monthly payment of fixed rent, and an increase of 5% every 3 years
(4) Company H	1F (entrance and lobby), No. 117, Linsen N. Rd., Taipei and 3^{rd}~9^{th} Floors	Since October 1, 2019 to September 30, 2028, a total of 9 years	Monthly payment of fixed rent, and an increase of 5% every 5 years

Lessor	Lease subject matter	Period	Rent calculation and payment method
(5) Cathay Life Insurance Company, Ltd.	Tainan Cathay Plaza	Since March 12, 2014 to March 11, 2034, a total of 20 years	Monthly payment of fixed rent, from the 5th year an increase starting each year according to the contract
(6) Company D	No. 8 and 10, Ln. 24, Deyang Rd., Jiaoxi Township, Yilan County, Taiwan	Since November 1, 2013 to October 31, 2033, a total of 20 years	Monthly payment of fixed rent, an increase of 3% starting from the fourth year for every three years. It is calculated by a certain percentage of one of the operating categories.
(7) Company E	No. 67, Wenquan Rd., Jiaoxi Township, Yilan County	Since December1, 2015 to November 30, 2035, a total of 20 years	〃
(8) Company K	Lot no. 471, 471-1, 498-1, 472, 472-1, Small Section, Xinmin Section, Beitou District, Taipei City	Starting from the date of rent (inclusive of the day), a total of 20 years	Monthly payment of fixed rent, and an increase of 3% every 5 years
(9) Company L	Magistrate Residence Living Centre 1F, Meals and Beverages Business Area and Kitchen Area	Since August 31, 2022 to April 30, 2025, a total of 2.6 years	Calculation of rent is based on revenue, but guaranteed revenue shall be achieved.

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

Lessee	Lease subject matter	Period	Rent calculation and collection method
TAIWAN EXPRESS PARKING DEVELOPMENT CO., LTD.	Underground level 4 and 5 of Regent Taipei	Since November 1, 2020 to October 31, 2025, a total of 5 years	Monthly collection of fixed rent. When the lessee raises the parking fees, the rent shall be adjusted according to the proportion of the parking fee raised.

5. The Company has established the five-star Silks Place Hotel in Tainan City at the Tainan Cathay Plaza. Thus, we have signed and entered into a lease contract with Cathay Life Insurance Company, Ltd. In accordance with the contract agreement, we have filed for application with the Taipei Fubon Bank the guarantee credit line and submitted a performance bond of $42,654 for the period covering November 6, 2008 to March 11, 2034.
6. On the entrustment contract for operation signed by the Company and A, application of guarantee deposit of $10,000 shall be made to Mega International Commercial Bank for

contract fulfilment guarantee according to the contract. The period is from September 20, 2012 to September 19, 2024.

7. On the lease contract signed by the Company and K, application of credit guarantee amount of $26,965 shall be made to Mega International Commercial Bank for contract fulfilment guarantee according to the contract. The period is from November 6, 2020 to November 5, 2024.

8. Operating lease arrangements

   Please refer to Notes VI (IX), (X) and (XIII) for details.

X. Major Disaster Losses

None of such situations.

XI. Significant Events After Reporting Period

On March 20, 2023, the Company's Board proposed the 2022 appropriation of earnings plan, please refer to Note VI (XIX) 4. for the explanations.

XII. Others

(I) Other matters

With the continuous impacts from the COVID-19 pandemic, fortunately the situation was under control in Taiwan. The government has gradually relaxed related pandemic prevention rules. The operation locations that were previously closed temporarily have been re-opened for business, subsequently recovering normal operations.

Due to the impacts of the pandemic, the Company is currently engaged in many strategic operation adjustment plans, including converting some of the operating locations to become Epidemic Prevention Quarantine Hotel and Healthcare Workers Safe Hotel, investing resources for the construction of new online shopping websites and full efforts in developing take-away meal services and new guest room plans combining guest room and take-away meal service. This aid in the development of new consumption method in maintaining the guestroom operation dynamic. The Company at the same utilizes this period of time to maintain and update various hardware equipment in the hope that after the lifting of pandemic restrictions, a better service quality is ready to be provided to the guests.

On aspects of the operations funds, as of December 31 2022, the Company's unused loan quota is $2,207,311. The funds are considered sufficient.

(II) Capital management

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

(III) Financial instruments

1. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets measured at fair value through profit or loss (FVTPL)		
Financial assets mandatorily measured at fair value through profit or loss	$ 2,053,377	$ 2,554,917
Financial assets at fair value through other comprehensive income (FVTOCI)		
Designation option for investments in equity instruments	500	500
Financial assets measured at amortized cost		
Cash and cash equivalents	29,895	42,735
Financial assets at amortized cost - current	216,083	160,452
Notes receivable	9,121	4,876
Accounts receivable	159,576	142,927
Accounts receivable due from related parties	1,661	1,611
Other receivables due from related parties	980	658
Financial assets at amortized cost - non-current	54,534	42,837
Refundable deposits	87,289	83,335
	$ 2,613,016	$ 3,034,848

	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities measured at amortized cost		
Notes payable (current and non-current)	$ 225,856	$ 212,680
Accounts payable	252,167	202,062
Account payables-related parties	250	3,211
Other payables	811,368	816,331
Other account payables-related parties	3,058	-
Guarantee deposits received	169,534	167,902
	$ 1,462,233	$ 1,402,186
Lease liabilities - current	$ 255,366	$ 233,595
Lease liabilities - non-current	$ 2,742,009	$ 2,950,288

2. Risk management policy

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

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

3. Nature and extend of significant financial risks

(1) Market risk

Foreign currency exchange rate risk

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

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

	December 31, 2022		
			Book value
	Foreign currency (in thousand)	Currency exchange rate	(NT$)
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD: NTD	$ 1,900	30.71	$ 58,349
Non-monetary items			
USD: NTD	54,204	30.71	1,664,594
JPY: NTD	1,273,683	0.2324	296,004

	December 31, 2021		
			Book value
	Foreign currency (in thousand)	Currency exchange rate	(NT$)
(Foreign currency: Functional currency)			
Financial assets			
Non-monetary items			
USD: NTD	$ 56,635	27.68	$1,567,667
JPY: NTD	1,096,502	0.2405	263,708

C. On the Company's monetary items, foreign currency exchange rate volatility has cast a significant impact to the 2022 and 2021 all exchange rate gains (losses) (inclusive of those realized and unrealized) recognized. The aggregate amounts are $96 and ($3,361) for 2022 and 2021 respectively.

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

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

		2021	
		Sensitivity analysis	
	Range of variation	Effects on profit and loss	Effects to other comprehensive income
(Foreign currency: Functional currency)			
Financial assets			
Non-monetary items			
USD: NTD	1%	$ -	$ 15,677
JPY: NTD	1%	-	2,637

Price risks

A. The Company's equity instruments exposed to price risk were the financial assets measured at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

B. The Company mainly invests in domestic open-end funds and close-end funds. The prices of equity instruments is affected by the uncertainty of the future value of investment subject matters. Under the circumstance where other factors remain the same except for the equity instrument price which fluctuates by around 1%, the 2022 and 2021 net income derives from the profit or loss of the equity instruments measured at fair value through profit or loss will increase or decrease by $20,534 and $25,549, respectively.

(2) Credit risk

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

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

C. The Company adopts the premise provided by IFRS 9. When the contractual payments overdue from the payment terms for more than 90 days, it is deemed as a breach of contract.

D. The Company adopts the IFRS 9 to provide the assumptions below for judgements on whether the credit risk has significantly increased for financial instruments after initial recognition.

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

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

F. The Company incorporates the business observation report of the Taiwan Institute of Economic Research (TIER) for future forward-looking considerations to estimate the allowance for losses on accounts receivable of customers based on the loss rate of historical and current information for a specific period. The Company's expected loss rate for accounts receivable that are due and undue as of December 31, 2022 and 2021 are not significant.

G. The allowance for losses of the accounts receivable which the Company applies the simplified approach is not significant and is not recognized in 2022 and 2021.

(3) Liquidity risk

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

B. When the remaining cash held by all operating units exceed the amount needed for the management of the operating funds, the remaining capital shall be invested in the saving deposit with interest, time deposit, currency market, and securities. The chosen instruments have appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As of December 31, 2022 and 2021, the Company holds currency market position at $2,118,122 and $2,573,836 respectively. It is expected to immediately generate cash flow in managing current risk.

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

	December 31, 2022	December 31, 2021
Within 1 year	$ 2,207,311	$ 2,416,495

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

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

Non-derivative financial

liabilities:

December 31, 2021	Within 1 year	1 to 2 years	2 years and above
Notes payable (current and non-current)	$ 110,119	$ 79,523	$ 23,038
Accounts payable	202,062	-	-
Account payables-related parties	3,211	-	-
Other payables	816,331	-	-
Lease liabilities (current and non-current)	291,758	308,043	2,974,834

(IV) Fair value information

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

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

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

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

2. The Company's financial instruments not measured at fair value and the carrying amounts of these financial instruments is a reasonable approximation of fair value: Including cash, notes receivable, accounts receivable (including related parties), other receivables (related parties), financial assets measured at amortized cost, refundable deposits, notes payable, accounts payable (including related parties), other payables (including related parties), lease liabilities, and guarantee deposits.

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

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

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

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement disclosures				
Financial assets measured at fair value through profit or loss (FVTPL)				
Beneficiary certificates	$ 2,554,917	$ -	$ -	$ 2,554,917
Financial assets at fair value through other comprehensive income (FVTOCI)				
Equity securities	$ -	$ -	$ 500	$ 500

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

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

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

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

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

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

E. Since the amount for the equity securities of financial assets at fair value through other comprehensive income (FVTOCI) is not significant, the amount is measured at initial investment cost.

4. There was no transfer between the Level 1 and the Level 2 fair values in 2022 and 2021.

5. There have been no circumstances of transfer in or out for Level 3 in 2022 and 2021.

XIII. Separately Disclosed Items

(I) Information About Significant Transactions

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

(II) Related information about reinvestment business

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

(III) Information on Investments in Mainland China

1. Basic profile: Please refer to Table 4.
2. Significant transaction matters incurred for businesses in third area and investee companies in Mainland China through reinvestments, directly or indirectly controlled by the company: None of such situations.

(IV) Information of major shareholders

Information on major shareholders: Please refer to Table 5.

XIV. Operating segments information

Not applicable.

Formosa International Hotels Corporation
Statement of Cash
December 31, 2022

Statement 1 Expressed in thousands of NTD

Item	Summary	Amount	Remark
Cash on hand		$ 10,286	
Cash in banks			
－Checking accounts		13,213	
－Demand deposit	Including EUR 3 thousands, exchange rate $32.72	6,396	
		$ 29,895	

Formosa International Hotels Corporation
Statement of Accounts Receivable
December 31, 2022

Statement 2 Expressed in thousands of NTD

Customer Name	Summary	Amount	Remark
Company B		$ 14,769	
Company J		10,057	
Other sporadic clients		135,936	The balance of every sporadic clients has not exceeded 5% of this account title
		160,762	
Less: Allowance for bad debts		(1,186)	
		$ 159,576	

Formosa International Hotels Corporation
Statement of Changes in Investment Accounted for Under Equity Method
From January 1, 2022 to December 31, 2022

Statement 3

Expressed in thousands of NTD

	Opening balance		Increase in current period		Decrease in current period		Balance as of December 31, 2020			Market value or net worth				
Name	Number of shares (Thousand shares)	Amount	Number of shares (Thousand shares)	Amount	Number of shares (Thousand shares)	Amount	Number of shares (Thousand shares)	Ownership held by the Company	Amount	Unit Price ($)	Gross price	Valuation basis	Pledge or collateral	Remark
GRAND FORMOSA TAROKO HOTEL CORPORATION	24,898	$ 326,537	-	$ 103,161	-	($ 57,763)	24,898	55%	$ 371,935	14.94	$ 371,935	Equity method	None	
SILKS PALACE AT NATIONAL PALACE MUSEUM CORPORATION	20,122	168,862	-	-	-	(14,356)	20,122	100%	154,506	7.68	154,506	〃	〃	
Silks International Investment Inc.	-	263,708	-	40,283	-	(7,987)	-	100%	296,004	-	296,004	〃	〃	
Regent Apartment Building Management and Maintenance Co., Ltd.	1,000	28,949	-	29,149	-	(4,658)	1,000	50.01%	53,440	53.44	53,440	〃	〃	
Silks Global Holding, Limited	11,838	1,567,667	-	160,364	-	(63,437)	11,838	100%	1,664,594	140.61	1,664,594	〃	〃	
		$2,355,723		$ 332,957		($ 148,201)			$2,540,479		$2,540,479			

Note I: Increase in current period refers to the currency exchange differences on the translation of financial statements and shares of the subsidiaries accounted for under equity method.

Note II: Decrease in current period is:

(I) Grand Formosa Taroko and Regent Apartment Building distributing cash dividends at $57,763 and $4,658, respectively.

(II) Silks Global capital reduction by $58,254.

(III) Recognized as adjustment items for shareholder equity of subsidiaries.

(IV) Currency exchange differences on the translation of financial statements.

Formosa International Hotels Corporation
Statement of changes in right-of-use assets and accumulated depreciation
From January 1, 2022 to December 31, 2022

Statement 4

Expressed in thousands of NTD

Item	Opening balance	Increase in current period	Decrease in current period	Balance as of December 31, 2022	Remark
Cost					
Land	$ 1,231,653	$ -	$ -	$ 1,231,653	
Building	2,787,795	59,536	(6,078)	2,841,253	
	$ 4,019,448	$ 59,536	($ 6,078)	$ 4,072,906	
Accumulated depreciation					
Land	($ 240,383)	($ 80,128)	$ -	($ 320,511)	
Building	(606,836)	(215,414)	994	(821,256)	
	(847,219)	($ 295,542)	$ 994	(1,141,767)	
	$ 3,172,229			$ 2,931,139	

Formosa International Hotels Corporation
Statement of Accounts Payable
December 31, 2022

Statement 5 | Expressed in thousands of NTD

Customer Name	Summary	Amount	Remark
Company N		$ 21,859	
Company O		16,267	
Company P		15,226	
Other sporadic clients		198,815	The balance of every sporadic clients has not exceeded 5% of this account title
		$252,167	

Formosa International Hotels Corporation
Statement of Lease Liabilities
December 31, 2022

Statement 6 — Expressed in thousands of NTD

Item	Summary	Lease term	Discounted rate	Amount	Remark
Land		1984/5/11~2034/5/10	1.90%	$ 858,386	
Building		2008/10/1~2035/12/14	1.22%~1.93%	2,138,989	
Subtotal				2,997,375	
Less: Lease liabilities maturing within one year				(255,366)	
Total				$ 2,742,009	

Formosa International Hotels Corporation
Statement of Operating Revenue
From January 1, 2022 to December 31, 2022

Statement 7 Expressed in thousands of NTD

Item	Summary	Amount	Remark
Hotel and restaurant service revenue			
Food and beverage revenue		$ 2,584,768	
Guestrooms revenue		1,365,798	
Gym club revenue		34,589	
Guestroom delivery revenue		1,137	
Guestroom laundry revenue		3,837	
Telephone revenue		49	
Other non-interest income		70,468	
Subtotal		4,060,646	
Lease revenue		545,783	
Technical service revenue		73,638	
Total		$ 4,680,067	

Formosa International Hotels Corporation
Statement of Operating Cost
From January 1, 2022 to December 31, 2022

Statement 8 — Expressed in thousands of NTD

Item	Amount
Hotel and restaurant service cost	
Food and beverage cost	
Beginning inventory	$ 22,307
Add: Current purchase	999,708
Less: Ending inventory	(31,409)
	990,606
Less: Inventory transferred to other cost and expense	
—Entertainment	(9,521)
—Food Stipend	(2,650)
—Guest supplies	(78,648)
—Others	(19,935)
	879,852
Guestroom cost	957,699
Telephone cost	5
Other hotel and restaurant service cost	1,244,934
	3,082,490
Lease cost	194,368
Total	$ 3,276,858

Formosa International Hotels Corporation
Statement of Selling Expenses
From January 1, 2022 to December 31, 2022

Statement 9 Expressed in thousands of NTD

Item	Summary	Amount	Remark
Salary and wages		$ 15,103	
Advertisement		7,899	
Entertainment		1,941	
Insurance		1,428	
Other expenses		6,401	
		$ 32,772	

Formosa International Hotels Corporation
Statement of Administrative and General Affairs Expenses
From January 1, 2022 to December 31, 2022

Statement 10 Expressed in thousands of NTD

Item	Summary	Amount	Remark
Salary and wages		$ 164,753	
Water, electricity, and natural gas expenses		84,800	
Credit card commission		59,003	
Other expenses		109,717	
		$ 418,273	

Formosa International Hotels Corporation
Summary Statement of Current Period Employee Benefits, Depreciation, Depletion and Amortization Expenses by Function
From January 1, 2022 to December 31, 2022

Statement 11 Expressed in thousands of NTD

Function / Nature	2022 Classified as operating cost	2022 Classified as operating expenses	2022 Total	2021 Classified as operating cost	2021 Classified as operating expenses	2021 Total
Employee benefit expense						
Wages and salaries	900,715	169,485	1,070,200	759,661	231,094	990,755
Labor and health insurance fees	92,365	15,254	107,619	86,635	14,971	101,606
Pension costs	41,385	8,223	49,608	39,193	8,250	47,443
Remuneration of Directors	-	10,371	10,371	-	16,556	16,556
Other employee benefit expense	37,003	12,417	49,420	32,114	12,475	44,589
Depreciation expense	532,289	1,208	533,497	541,215	1,486	542,701

Note:

I. The employees of the Company were 1,821 and 1,705 for the years ended 2022 and 2021, respectively, both number of directors who have not served as employees were 9 and 8.

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

1. The average employee benefits expense of current period is NT$ 705 (which is calculated as (total amount of current employee benefits expense - total amount of directors’ remuneration) / (number of employee or current period - number of directors who have not served as an employee).
   The average employee benefits expense of the previous year was NT$ 698 (which was calculated as (total employee benefits expense of the previous year - total directors’ remuneration) / (number of employees of the previous year - number of directors who have not served as employees)).
2. The average employee’s wages and salaries of the current period is NT$ 591 (which is calculated as the total amount of current employee’s wages and salaries / (number of employees of current period - number of directors who have not served as employees).
   The average employee’s wages and salaries of the previous year was NT$ 584 (which was calculated as the total amount of employee’s wages and salaries of the previous year / (number of employees of the previous year - number of directors who have not served as employees).
3. The range of adjustment in average employees’ wages and salaries is 1.20% (which is calculated as (current average employees’ wages and salaries - average employees’ wages and salaries of the previous year) / average employees’ wages and salaries of the previous year).

4. Salary and remuneration policy

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

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

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

Six. In the most recent year, up till the publication date of this annual report, if the Company or any of its affiliated enterprises experienced financial distress, the impacts to the Company's financial position would be: N/A

Seven.Review and Analysis of Financial Position and Financial Performance, and Risks

I. Financial Status

Comparison and Analysis of Financial Performance

Expressed in thousands of NTD

Year / Item	2021	2022	Change in Percentage	Description of major changes
Current assets	4,063,100	3,766,253	(-7.31%)	(Variation by more than 20% and amount of NT$10 million or more) 1.The increase in other equities in the current period is due to the effect of exchange rate, which caused the exchange loss on the translation of the financial statements of foreign subsidiary to decrease.
Property, plant, and equipment	2,219,658	2,066,655	(-6.89%)	
Intangible assets	20,923	20,923	0.00%	
Other assets	4,707,771	4,635,122	(-1.54%)	
Total assets	11,011,452	10,488,953	(-4.75%)	
Current liabilities	2,474,302	2,654,384	7.28%	
Non-current liabilities	3,374,944	3,128,775	(-7.29%)	
Total liabilities	5,849,246	5,783,159	(-1.13%)	
Capital stock	1,274,032	1,274,032	0.00%	
Capital surplus	222,383	222,383	0.00%	
Retained earnings	3,776,699	3,115,712	(-17.50%)	
Other equity	(423,809)	(271,432)	35.95%	
Equity attributable to owners of TCFHC	4,849,305	4,340,695	(-10.49%)	
Non-controlling interests	312,901	365,099	16.68%	
Total shareholders’ equity	5,162,206	4,705,794	(-8.84%)	

II. Analysis of Financial Performance

(I) Comparison and analysis of financial performance

Expressed in thousands of NTD

<table>
<tr><th>Annual / Item</th><th>2021</th><th>2022</th><th>Change in Percentage (%)</th><th>Description of major changes</th></tr>
<tr><td>Operating revenue</td><td>4,930,694</td><td>5,597,323</td><td>13.52%</td><td rowspan="9">(The percentage of change exceeds 20% and the amount of change exceeds NT$10 million)
1. Gross profit and profit increased year-on-year due to the increase in revenue due to the mitigation of the COVID-19 epidemic.
2. The non-operating income and expenses decreased in the current period mainly due to the decrease in the gain recognized on the disposal of Domino’s equity in 2021 (-NT$1,636,636 thousand) and the decrease in pandemic-related subsidies recognized compared to the previous year (-NT$87,232 thousand), which SILKS GLOBAL recovered The amount received decreased from the previous year (-NT$46,065 thousand), the reversed overdue expenses decreased (-NT$7,542 thousand), and the recognition of Chanel fire compensation income decreased (-NT$11,213 thousand), the interest expense decreased from the previous year (-NT$11,598 thousand) from the redemption of convertible corporate bonds, and the gain on financial asset valuation increased by NT$11,355 thousand.
3. The decrease in net income before tax and net profit in the current period is mainly because the gain on disposal of Domino’s equity in 2021 is recognized.</td></tr>
<tr><td>Operating costs</td><td>3,598,461</td><td>3,732,706</td><td>3.73%</td></tr>
<tr><td>Operating profit margin</td><td>1,332,233</td><td>1,864,617</td><td>39.96%</td></tr>
<tr><td>Operating expenses</td><td>794,044</td><td>643,579</td><td>(-18.95%)</td></tr>
<tr><td>Operation income to capital</td><td>538,189</td><td>1,221,038</td><td>126.88%</td></tr>
<tr><td>Non-operating income and expenses</td><td>1,863,346</td><td>83,150</td><td>(-95.54%)</td></tr>
<tr><td>Income before income tax</td><td>2,401,535</td><td>1,304,188</td><td>(-45.69%)</td></tr>
<tr><td>Income tax expense</td><td>161,756</td><td>288,485</td><td>78.35%</td></tr>
<tr><td>Net income</td><td>2,239,779</td><td>1,015,703</td><td>(-54.65%)</td></tr>
</table>

(II) The expected short-term sales volume and the basis thereof, the possible impact on the Company’s future financial operations, and responsive plans:

The Company sets its annual sales targets based on its annual budgets, business plans, and past actual business performance.

III. Cash Flow

(I) Liquidity analysis for the past two years:

Year / Item	2021	2022	Increase (decrease) percentage
Cash flow ratio	7.07%	80.59	73.52%
Cash flow adequacy ratio	98.30%	102.77%	4.47%
Cash flow reinvestment ratio	(4.66%)	7.38%	12.04%
Analysis of the change (increase/decrease) in ratios: Cash flow ratio: The increase compared to the same period last year was a result of the increase in net cash flow from operating activities.			

(II) Cash liquidity analysis for the coming year:

Expressed in thousands of NTD

Cash at beginning of period (2023.1.1)	Net cash flow from operating activities throughout the year	Annual cash outflow	Cash surplus (deficit) amount	Remedies for cash deficits	
				Investment plan	Financing plan
453,169	2,019,924	(1,598,969)	874,124	-	-

Analysis of cash flow changes in the coming year:

(1) Business activities: In the post-pandemic era, the Company continued to introduce the first and only innovative business concept in the industry, launched various high-quality Rooms and F&B marketing activities, and effectively controlled operating costs and expenses to increase business profits. Net cash inflows are expected to be generated from operating activities.

(2) Investment activities: The Company’s main business scope is the operation of international tourist hotels and F&B services. First-class standards. Meanwhile, in order to develop external business bases, the Company also plans to invest in the fixed assets of various operating equipment, resulting in net cash outflow from investing activities.

(3) Financing activities: Net cash outflow from financing activities is expected to arise from the distribution of 2022 cash dividends.

IV. Effects of major capital expenditures on finance and operation in the most recent fiscal year

In order to meet the market demand and improve customer satisfaction, the Company has furnished, refurbished and replaced equipment. It is committed to creating a high-quality and high-standard accommodation and dining environment, and is actively exploring new business locations to achieve the Company's goal of sustainable development. The focus of operations remains the same. The Company focused on the urban resort business and signed a lease agreement with Fubon Life Insurance to develop the Wellspring by Silks of Beitou District, Taipei City, which is currently under preparation. Due to the Company's meticulous financial planning, stable growth of operating income, and sound cooperation and transactions with banks, capital expenditure has no significant impact on financial operations.

V. Reinvestment policy in the most recent year, the main reasons for its profit or loss, improvement plans, and investment plans for the next year

(I) Reinvestment policies in the most recent year:

The Company's reinvestment policy focuses on hotel brands and professional management, but does not rule out BOT or strategic alliances for investment in new development projects. The basic strategy is based on the principle of minimum capital expenditure and maximum profit. The relevant enforcement departments shall follow the "Investment Cycle" and "Procedures for Acquisition or Disposal of Assets" of the internal control system. The above procedures or procedures have also been approved by the board of directors or the shareholders' meeting.

(II) Main reasons for the profit or loss from reinvestment in the most recent year and improvement plans:

Expressed in thousands of NTD

Item \ Remark	2022 Recognition gains (losses)	Main reason for profit or loss	Improvement plan
Grand Formosa Taroko Hotel Corporation	102,401	Operating is in good condition.	-
Silks Palace At National Palace Museum Corporation	(14,356)	Since February 2020, due to the impact of COVID-19, the business has been partially closed.	-
Silks International Investment Inc.	40,283	Operating is in good condition.	-
FIHC Property Management Corporation	29,149	Operating is in good condition.	-
Silks Global Holding, Limited	(5,183)	Decrease in operating revenue due to the impact of COVID-19.	-

(III) Investment plans for the coming year:

The Company has no major long-term equity investment plan in the coming year, but each subsidiary will propose a capital increase plan to the Company depending on the operational needs, and the Company will proceed with the investment evaluation and related approval procedures.

VI. Analysis and evaluation of risk matters in the most recent year and up to the publication date of this annual report

(I) Impacts of changes in interest rates, exchange rates, and inflation to the Company’s profit and loss, and future countermeasures:

1. Risk of changes in interest rate and responsive measures:

   The Bank Loan borrowed by the Company for the needs of business operations are financial instruments with floating interest rates. Therefore, changes in the market interest rate will result in changes in the effective interest rate of the issued debt, resulting in fluctuations in future cash flows. From 2020 to 2022, the percentage of interest expense to operating revenue were 1.77%, 1.56%, and 1.09%, respectively, indicating that changes in interest rates would not have a significant impact on the Company’s profit or loss. In addition, the Company will continue to adjust the use of funds in a timely manner depending on market interest rates in the future, and consider using capital market fundraising tools to reduce the Company’s cost of obtaining funds.

2. Exchange rate fluctuation risk and countermeasures:

   The Company operates in a multinational company, so it is exposed to the exchange rate risk generated by transactions with the functional currency different from the Company and its subsidiaries, which are mainly USD and JPY. The related exchange rate risk comes from future business transactions and recognized assets and liabilities. Risk management is carried out by the Company’s Finance Department in accordance with policies approved by the Board of Directors. The Company’s Finance Department works closely with the Company’s operating Department to identify, evaluate and avoid financial risks.

3. Inflation risk and countermeasures:

   The Company has considered the risk of inflation when planning its annual business plan, and continues to monitor changes in market prices to adjust pricing based on market demand and maintain good interaction with suppliers. The procurement policy is mainly based on Regular price comparisons are conducted by bidding for suppliers to reduce procurement costs. In addition, the Company has a number of qualified alternative suppliers to choose from to cope with the impact of inflation on the Company’s profit and loss.

(II) Policies on engaging in high-risk and high-leverage investments, loans to others, endorsements and guarantees, and derivative transactions, main reasons for profit or loss, and countermeasures in the future:

The Company's financial strategy is based on the principles of prudence and conservation. Therefore, the Company has not engaged in high-risk, high-leverage investments or transactions of derivatives in the most recent year and up to the date of this Annual Report. " In addition, the Company's endorsements and guarantees and loaning of funds to others have been handled in accordance with the "Operating Procedures for Endorsements and Guarantees" and "Operating Procedures for Lending of Funds to Others", and relevant information has been announced as required.

(III) Future R&D plans and R&D expenses expected to be invested: The Company mainly operates international tourist hotels and provides dining, meeting venues, and shopping services. The Company's emphasis is on providing customers with comfortable and high-quality housing services and safe and delicious meals. The Company adheres to the spirit of product innovation and develops new customer sources and new menus. At the same time, it also makes good use of seasonal fresh ingredients and responds to the sustainable environment and the market trend of producing ingredients to improve its catering operation capabilities. The Company expects to invest 0.019%-0.03% of revenue in R&D in 2023.

(IV) Impacts of important domestic and foreign policies and legal changes on the Company's financial operations and countermeasures:

The Company's operating policies are implemented in accordance with the laws and regulations, and it is constantly aware of important policy and legal changes at home and abroad that affect its operations, and consults relevant legal experts when appropriate. As of the publication date of the annual report, the changes in the relevant laws and regulations have no material impact on the Company.

(V) Impacts of technological changes and industry changes on the Company's financial operations and countermeasures:

In response to the booming development of the tourism industry and the increasingly fierce competition, the Company actively strives for diversification and innovation in the marketing business, and also develops sub-brands to expand the scale of operation, and adopts the "Taiwan Based, Global Vision" business strategy to achieve the sustainable development of the Group the goal. In the most recent year and up to the publication date of the annual report, the Company's financial business has not been materially affected by the industrial change.

(VI) Impacts of changes in corporate image on corporate crisis management and countermeasures:

The Company upholds the operating principles of integrity, professionalism, and stability, and places great emphasis on corporate image and risk control. The Company spares no effort to enhance Taiwan's image through park adoption, sponsorship of charity organizations, and cooperation with the Tourism Bureau in organizing domestic and foreign promotional activities to raise the Company's overall image. As of the publication date of the annual report, there has been no significant change of corporate image resulting in corporate crisis management.

(VII) Expected benefits and risks of mergers and acquisitions, and countermeasures:

As of the date the annual report was printed, the Company did not have any mergers and acquisitions plans.

(VIII) Expected benefits and possible risks associated with plant expansion, and countermeasures: Not applicable.

(IX) Risks associated with concentration of purchases or sales and countermeasures:

The Company mainly engages in guest room rental and F&B services. The supplies of its main raw materials, consumer supplies and fresh food, are stable. Both purchases and sales targets are dispersed without excessive concentration of the affair.

(X) Impacts and risks associated with a large-scale transfer or exchange of shareholdings by directors, supervisors, or major shareholders with more than 10% ownership interest, and countermeasures: N /A.

(XI) Impacts and risks of the change in management on the Company, and countermeasures: N /A.

(XII) For major litigations or non-contentious cases, the Company and its directors, supervisors, general managers, person-in-charge, major shareholders with more than 10% ownership interest, and affiliates shall be listed as to which major litigations have been concluded or are pending judgments for non-contentious cases, non-contentious cases, or administrative litigations that may materially affect shareholders' equity or the price of the Company's securities, disclose the facts of the dispute, the amount of money at stake, the date litigation commenced, the main parties involved, and the status of the dispute as of the publication date of the annual report: There is no such situation.

(XIII) Other important risks and countermeasures:

Description of information security risk assessment and analysis:

The Company promotes various information security activities to achieve the goals of the information security policy and protect the Company’s intellectual property. In addition to improving various internal information security management mechanisms and regularly promoting information security and employee information security education and training, various courses are conducted to raise employees’ information security awareness and ensure that information security concepts can be incorporated into daily operations. In addition, the Company has also established an intrusion detection system to convert unknown threats into known defensive signatures to strengthen information security defenses. For the user side, in addition to the comprehensive inventory of the new version of the anti-virus program and malicious tools, we also set up the personal computer to perform mandatory anti-virus scanning on a regular basis. Employees are also trained on information security related to e-mail transmission and reception to reduce the risk of employees accidentally clicking on malicious e-mails. In recent years, information security insurance is still an emerging type of insurance, involving information security level testing institutions, claims identification institutions, and non-claim conditions. Therefore, the Company is currently evaluating whether to purchase information security insurance to strengthen information security.

The risk management units are as follows:

Responsible department	Risk management	Risk management matters
General Manager's Office	Strategic and operational risk	Responsible for formulating the Company's operational policies and evaluating operational effectiveness. Coordinate cross-departmental interaction and communication on risk management.
Development Department		Responsible for the research and development of new businesses.
F&B Department		Responsible for the R&D and packaging of food and beverage products.
Accounting Department	Financial risk Credit risk Liquidity risk	Responsible for the dispatch and utilization of funds, claims of accounts receivable, compliance and promotion of various laws and regulations, and reliability of financial statements.
Human Resources Department	Labor safety risks	Responsible for the establishment, execution, and assessment of the Company's personnel policies, education and training, and occupational hazard prevention plans, implementation of labor safety and health management, and compliance with labor safety regulations to reduce accident risks.
Sales & Marketing Department	Market risk	Responsible for analyzing competitive dynamics and consumption trends, formulating marketing strategies, and promoting product portfolios to reduce operational risks.
IT Department	Information security risk	Responsible for the establishment of the Company's website, system maintenance, and control of network information security.

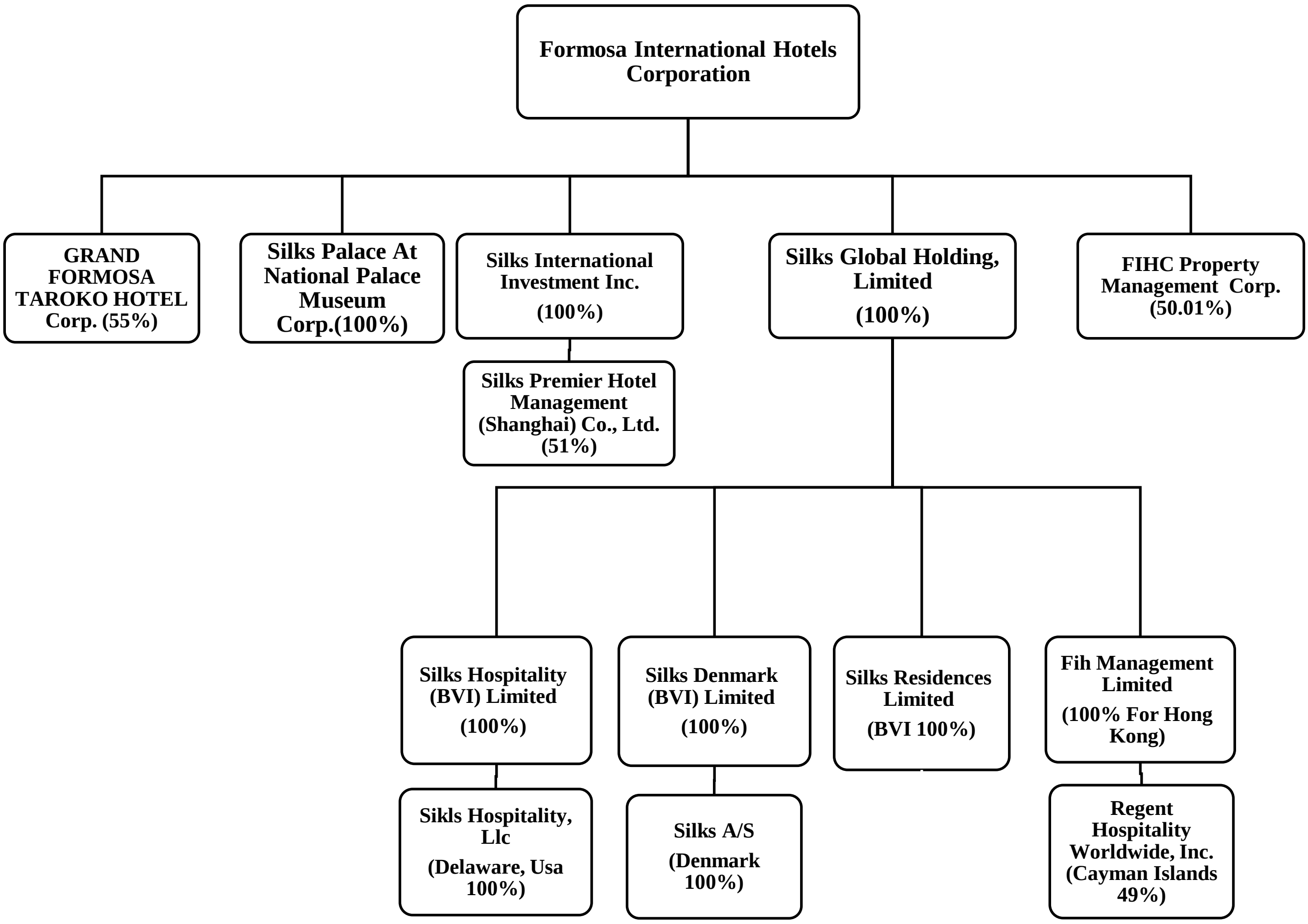
VII. Other important matters: None.

Eight.Special Notes

I. Information on Affiliated Enterprises

(I) Organizational overview of affiliated enterprises

December 31, 2022



(II) Basic information of each affiliated enterprise

Unit: NT$ thousand; December 31, 2022

Name	Date of incorporation	Address	Paid-in capital	Principal business items or production items
GRAND FORMOSA TAROKO HOTEL CORPORATION	1992/4/29	No. 18, Tianxiang Rd., Fushi Village, Xiulin Township, Hualien County	$ 452,720	Management consulting of hotels and recreational businesses such as scenic spots, tennis courts, and swimming pools.
Silks International Investment Inc.	2000/10/06	British Virgin Islands	17 (JPY 54 thousand)	Investment
SILKS PALACE AT NATIONAL PALACE MUSEUM CORPORATION	2005/11/21	6F, No. 21, Lane 45, Section 2, Zhongshan North Road, Zhongshan District, Taipei City	201,221	F&B business
FIHC Property Management Corporation	2009/09/08	5F, No. 21, Lane 45, Section 2, Zhongshan North Road, Zhongshan District, Taipei City	50,000	Apartment building management services
Silks Global Holding, Limited	2010/03/11	British Virgin Islands	355,948 (US$11,838 thousand)	Investment
Silks Premier Hotel Management (Shanghai) Co., Ltd. (Silks Premier)	2008/09/01	Room 2010, No. 101, Nanmatou Road, Pudong New District, Shanghai	5,303 (US$140 thousand)	Hotel management, property management, and building design consultation
Silks Denmark (BVI) Limited	2010/05/18	British Virgin Islands	32 (US$1 thousand)	Investment

Name	Date of incorporation	Address	Paid-in capital	Principal business items or production items
Silks Hospitality (BVI) Limited	2010/05/18	British Virgin Islands	32 (US$1 thousand)	Investment
Silks A/S	2002/11/22	Denmark	21,200 (DKK 4,000 thousand)	Hotel management
Silks Hospitality, LLC	1997/04/24	United States	-	Cruise ship trademark business
Silks Residences Limited	2017/8/25	United States	-	Investment
FIH Management Limited	2018/2/7	Hong Kong	316,698 (US$10,185 thousand)	Hotel management

(III) Information on the same shareholders for presumed controlling and subordinate relationship: None.

(IV) Industries covered by the overall business operations of the affiliated enterprise

1. The business scope of the Company and its affiliated companies includes tourism hotels and general investment businesses.
2. Division of labor in major businesses: There is no division of labor except for the joint promotion of the tourism and hotel industry.

(V) Information of directors, supervisors, and presidents of each affiliated enterprise

December 31, 2022

Unit: NT$ thousand; Share; %

Name	Title	Name or name of representative	Paid-in capital	Current shareholdings	
				Number of shares	Ownership held by the Company
Grand Formosa Taroko Hotel Corporation	Chairman	Formosa International Hotels Corporation Representative: Ming-Yueh Lin	$ 452,720	24,897,933	55.00%
	Director	Formosa International Hotels Corporation Representative: Steven Pan		〃	〃
	Director	Formosa International Hotels Corporation Representative: Chia-Hui Ku		〃	〃
	Director	Formosa International Hotels Corporation Representative: Wen-Yun Wang		〃	〃
	Director	Formosa International Hotels Corporation Representative: Yun Chang		〃	〃
	Director	China Travel Service (Taiwan) Limited Representative: Kang-Hsin Jung		20,372,400	45.00%

Name	Title	Name or name of representative	Paid-in capital	Current shareholdings	
				Number of shares	Ownership held by the Company
	Director	China Travel Service (Taiwan) Limited Representative: Chih-Hong Lin		〃	〃
	Director	China Travel Service (Taiwan) Limited Representative: De-Chen Huang		〃	〃
	Director	China Travel Service (Taiwan) Limited Representative: Tsung-Min Lin		〃	〃
	Supervisor	Shang-Fei Wu		-	-
	Supervisor	Guo-Kue Peng		-	-
Silks International Investment Inc.	Director	Formosa International Hotels Corporation	17 (JPY 54 thousand)	185	100.00%
Silks Palace At National Palace Museum Corporation	Chairman	Formosa International Hotels Corporation Representative: Steven Pan	201,221	20,122,076	100.00%
	Director	Formosa International Hotels Corporation Representative: Hui-man, Yang		〃	〃

Name	Title	Name or name of representative	Paid-in capital	Current shareholdings	
				Number of shares	Ownership held by the Company
	Director	Formosa International Hotels Corporation Representative: Wei-Cheng Wu		〃	〃
	Supervisor	Formosa International Hotels Corporation Representative: Jian-nan Tsao		〃	〃
FIHC Property Management Corporation	Chairman	Formosa International Hotels Corporation Representative: Steven Pan	50,000	1,000,200	50.01%
	Director	Formosa International Hotels Corporation Representative: Wen-Yun Wang		〃	〃
	Director	MILLERFUL CAPITAL PARTNERS LIMITED Representative: Ming-Cheng Weng		3,999,800	49.99%
	Supervisor	Ming-Yueh Lin		-	-
	General Manager	Chao-Hua Lin		-	-

Name	Title	Name or name of representative	Paid-in capital	Current shareholdings	
				Number of shares	Ownership held by the Company
Silks Premier Hotel Management (Shanghai) Co., Ltd. (Silks Premier)	Director	Formosa International Hotels Corporation Representative: Ming-Yueh Lin	5,303 (US$140 thousand)	-	51.00%
Silks Global Holding, Limited	Director	DL/WYW/SP	355,948 (US$11,838)	11,838,820	100.00%
Silks Denmark (Bvi) Limited	Director	DL/WYW	32 (US$1 thousand)	1,000	100.00%
Silks Hospitality (Bvi) Limited	Director	Cavan Assets Limited	32 (US$1 thousand)	1,000	100.00%
Silks A/S	Director	DL/WYW/CNT	21,200 (DKK 4,000 thousand)	4,000	100.00%
Silks Hospitality, Llc	Director	Cavan Assets Limited	-	-	100.00%
Silks Residences Limited	Director	Longford Directors Limited	-	1	100.00%
Fih Management Limited	Director	OMS	316,698 (US$10,185 thousand)	188,646,449	100.00%

(VI) Operational overview

Financial status and results of operations of each affiliate:

December 31, 2022
Expressed in thousands of NTD
(Unless otherwise specified)

Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit (loss)	After-tax profit (loss)	Earnings per share (NT$) (after tax)
Grand Formosa Taroko Hotel Corporation Co., Ltd.	$ 452,720	$ 914,993	$ 238,696	$ 676,297	$ 668,215	$ 228,403	$ 186,198	$ 4.11
Silks International Investment Inc.	17 (JPY 54 thousand)	296,096	92	296,004	-	(131)	40,283	-
Silks Palace At National Palace Museum Corporation Company	201,221	245,353	90,847	154,506	114,809	(21,812)	(14,355)	(0.71)
FIHC Property Management Corporation	50,000	224,502	110,652	113,850	115,252	69,361	58,286	11.66
Silks Global Holding, Limited	355,948 (US$11,838 thousand)	1,664,593	-	1,664,593	-	(1)	(5,184)	-
Premier Regent Hotel Management (Shanghai) Co., Ltd.	5,303 (US$140 thousand)	6,320	5,650	670	-	(228)	(259)	-
Silks Hospitality (Bvi) Limited	32 (US$1 thousand)	434	-	434	-	(1)	(1)	-

Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit (loss)	After-tax profit (loss)	Earnings per share (NT$) (after tax)
Silks Denmark (Bvi) Limited	32 (US$1 thousand)	17,277	-	17,277	-	-	(16,823)	-
Silks Residences Limited	-	10,952	1,972	8,980	24,410	12,434	5,381	-
FIH Management Limited	316,698 (US$10,185 thousand)	1,571,026	5,076	1,565,950	4,682	(18,884)	2,091	-
Silks Hospitality,LLC	-	2,253	-	2,253	-	-	8	-
Silks A/S	21,200 (DKK 4,000 thousand)	17,314	132	17,182	-	(268)	(265)	-

II. Private Placement Securities in the Most Recent Years and up to the date of publication of the annual report: None.

III. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years and up to the date of publication of the annual report: None.

IV. Other necessary supplementary notes: None.

Nine. Any occurrences of events defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the last year up till the publication date of this annual report that significantly impacted shareholders' equity or security prices: None

Formosa International Hotels Corporation

Chairman, Steven Pan