

Stock Code: 2707



Formosa International Hotels  
Corporation

**2024**  
**Annual Report**

**Company website: <https://www.silkshotelgroup.com/tw/>**  
**Website for annual report: <https://mops.twse.com.tw>**  
**Printed on April 21, 2025**

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- ◎ Certified Public Accountant for Financial Statement of Most Recent Year:  
Accounting Firm: PricewaterhouseCoopers (PwC) Taiwan  
Name of CPAs: CPAs Chin-Lien Huang and Hsiu-Ling Li  
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- ◎ 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
- ◎ Company's website: <https://www.silkshotelgroup.com/tw/>

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## One. Letter to Shareholders

Dear Shareholders,

With the steady return of international business and leisure travelers, Regent Taipei's room revenue in 2024 has surpassed pre-pandemic levels. The growing demand for dining and banquets, along with the opening of new restaurants such as Spice Market, Bando Club, and Mihan Beitou outside the hotels, has propelled the food and beverage department to achieve new monthly revenue records. In addition, the continued strong performance of Regent Galleria has contributed to increased rental income from the shopping mall, resulting in outstanding overall hotel revenue.

Silks Place Tainan, despite the current popularity of outbound tourism, has maintained its performance by integrating local culture into innovative services. Wellspring by Silks Beitou, which began trial operations in mid-September last year, has injected fresh momentum into the brand. Following a nine-month suspension due to the April 3 Earthquake in Hualien, Silks Place Taroko reopened in mid-January 2025 after recalibrating its facilities and services. The hotel is now operating steadily, with gradually increasing revenue.

I. The 2024 Business Outcome Report of the Company is as follows:

(I) Business Report:

1. Rooms: In 2024, the Company's consolidated guest room departments accommodated a total of 818,018 guests, representing a decrease of 64,208 guests or 7.28% compared to 882,226 guests in 2023. This decline is primarily attributed to the temporary closure of Silks Place Taroko following the April 3 Earthquake and the closure of Just Sleep Taipei Linsen due to lease expiration. Occupancy rates were as follows: Regent Taipei – 77.65%, Silks Place Tainan – 80.05%, Wellspring by Silks Jiaoxi – 70.67%, Wellspring by Silks Beitou – 62.97%, Just Sleep Taipei NTU – 70.62%, Just Sleep Taipei Ximending – 87.70%, and Just Sleep Yilan Jiaoxi – 76.20%. Total rooms revenue amounted to NT\$2,278,963 thousand, down NT\$296,264 thousand or 11.50% from NT\$2,575,227 thousand in 2023. This decrease was mainly due to the suspension of operations at Silks Place Taroko, which was caused by the April 3 Earthquake.
2. Food and beverage: The total revenue from food and beverage operations in 2024 was NT\$3,176,987 thousand, a decrease of NT\$122,627 thousand or 3.72% compared to NT\$3,299,614 thousand in 2023. From January to December 2024, the total number of food and beverage customers was 1,934,786, representing a 9.32% decrease from 2,133,572 in 2023. This decline was primarily due to the temporary closure of Silks Place Taroko, which was affected by the April 3 Earthquake, and a reduction in the number of off-site restaurants.

(II) Financial Report:

1. Net worth of Assets and liabilities:

As of December 31, 2024, the Company's consolidated total assets stood at NT\$10,950,343 thousand. Total liabilities amounted to NT\$6,113,667 thousand, accounting for 55.83% of total assets. Net worth was NT\$4,836,676 thousand, accounting for 44.17% of total assets. The high liability ratio was largely due to the adoption of IFRS 16 in 2019, which resulted in lease liabilities of NT\$3,269,901 thousand for the reporting period.

2. Profit and loss:

In 2024, the Company reported consolidated revenue (including operating and non-operating) of NT\$6,535,600 thousand, and total expenses of NT\$4,871,390 thousand, resulting in a pre-tax profit of NT\$1,664,210 thousand. Net profit attributable to the parent company was NT\$1,346,033 thousand, a decrease of NT\$69,522 thousand or 4.91% from NT\$1,415,555 thousand in 2023, mainly due to the suspension of Silks Place Taroko's operations, which was caused by the April 3 Earthquake.

(III) Budget implementation status:

The Company did not disclose budget implementation information for 2024, as it is not required to publish financial forecasts under the "Regulations Governing the Publication of Financial Forecasts of Public Companies."

II. 2025 Business Plans and Development Strategies:

2025 is expected to be a year of active market engagement. After completing the renovation of standard guest rooms, we will proceed with upgrades to the executive Taipan floors, the renewal of the Taipan Lounge, and improvements to conference facilities. All Group hotels have received the Japan Healthy Travel Certification. In addition to ongoing service enhancements, we will welcome guests with a focus on health and wellness.

Banquet services are seeing increased demand for high-quality conference and incentive travel offerings. To capture these opportunities, the Company completed its 5G integration and innovation initiative in late 2024, incorporating electronic invitations, 3D modeling, real-time simulations, and immersive visual experiences to create sustainable, high-value banquet environments. These upgrades are already yielding positive results in 2025 and are expected to deliver considerable benefits.

In the food and beverage segment, chefs will continue utilizing seasonal, locally sourced ingredients. A food safety laboratory has been established to ensure food quality and consumer health. The culinary team will continue to invite Michelin-starred chefs to Taiwan, presenting global gourmet trends to local audiences while showcasing Taiwanese cuisine to the world.

Regarding brand expansion, Wellspring by Silks Beitou officially commenced operations

in Q3 2024. In the next two years, the Group plans to open additional hotels: Silks X Linkou, Just Sleep Linkou, Just Sleep Kenting, and Wellspring by Silks Toucheng, further expanding its footprint.

III. External Environment, Legal Factors, and Market Competition:

In November 2023, the Company became Taiwan’s first member of EarthCheck, a global sustainable travel certification body. We achieved Bronze Certification in April 2024 and Silver Certification in October, with all staff actively contributing to sustainability efforts including greenhouse gas reduction, energy efficiency, and talent development. Despite multiple electricity price hikes in 2024, we will continue investing in energy-saving equipment to manage operating costs.

Amid uncertainty in U.S. tariff policy, the Company will consolidate Group purchasing power to mitigate cost increases. In human resource management, we are committed to occupational health and safety, enhancing talent recruitment, retention, development, and building an inclusive, rights-respecting workplace. Our achievements have been recognized with the “Happy Enterprise Gold Award” from 1111 Job Bank for three consecutive years. According to Tourism Bureau statistics, Taiwan welcomed approximately 7.86 million visitors in 2024, down 34% from pre-pandemic levels. The Company actively supports national tourism policies by enhancing service standards, promoting brand value, and delivering heartfelt, high-quality hospitality, thereby driving a sustainable cycle of guest satisfaction and business growth.

We sincerely thank all shareholders for your ongoing support and invaluable feedback.

Chairman:  
Steven Pan

Managerial officer:  
Wei-Cheng Wu

Accounting Officer:  
Chien-Nan Tsao

## Two. Corporate Governance Report

### I. Information of Directors, the President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches:

#### (I) Information of Directors-1

April 21, 2025

Title	Nationality or Place of Registration	Name	Gender Age	Date of election (appointment) 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 Ching Cheng Investment Co., Ltd.: Steven Pan	Male 60~70 years old	2024.06.13	3 years	2009.06.10	NA		302,743	0.24%	-	-	-	-	UC Berkeley, Graduate Institute of Columbia University	Director of Nan Feng Hsing Enterprise Co., Ltd. and institutional director representative of Grand Formosa Taroko, Qing Cheng Corp., Formosa International Development Corp., and Silks Palace At National Palace Museum Corp.	Director	Yi-Hui Chiang Kong-Wen Li	Spouse Relatives by marriage
Director	United States	Representative of Ching Cheng Investment Co., Ltd.: Yi-Hui Chiang	Female 60~70 years old	2024.06.13	3 years	2009.06.10			-	-	302,743	0.24%	-	-	UC Berkeley	-	Chairman	Steven Pan Kong-Wen Li	Spouse Relatives by marriage
Director	Republic of China	Representative of Ching Cheng Investment Co., Ltd.: Rung-Wei Wang	Female 70~80 years old	2024.06.13	3 years	2009.06.10			-	-	-	-	-	-	Department of Library and Information Science, Graduate Institute of Business Administration, National Taiwan University	President of JRV Co., Ltd.	None	None	None
Director	Republic of China	Representative of Ching Cheng Investment Co., Ltd.: Se-Chen Lai	Female 70~80 years old	2024.06.13	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
Director	Republic of China	Ching Cheng Investment Co., Ltd.	-	2024.06.13	3 years	2009.06.10		11,015,923	8.65%	11,015,923	8.65%	-	-	-	-	-	-	-	-

Title	Nationality or Place of Registration	Name	Gender Age	Date of election (appointment) 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.: Kong-Wen Li	Male 70~80 years old	2024.06.13	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); Linghang Composite Technology (Huizhou) Co., Ltd.; Honorary 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
Director	Republic of China	Representative of Formosa International Development Corp.: Chi-Shang Kao	Male 70~80 years old	2024.06.13	3 years	2002.06.11	NA		58,775	0.05%	73,746	0.06%	-	-	Master of Public Administration, University of San Francisco	Chairman, I-Mei Foods 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.	-	2024.06.13	3 years	2000.06.27	2,351,222	1.85%	2,351,222	1.85%	-	-	-	-	-	-	-	-	-
Independent Director	Republic of China	Kuo-Chun Chang	Male 60~70 years old	2024.06.13	3 years	2015.06.17	-	-	-	-	-	-	-	-	MBA, Columbia University; Department of Sociology, National Taiwan University	Chairman of Guofeng Media	None	None	None
Independent Director	Republic of China	Wen-Jie Wang	Male 70~80 years old	2024.06.13	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
Independent Director	Republic of China	Wei Wang	Male 60~70 years old	2024.06.13	3 years	2024.06.13	-	-	-	-	-	-	-	-	MBA, Harvard University, USA Master of Engineering, Carnegie Mellon University, USA	Chairman and CEO, Sercomm Corporation	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 21, 2025

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 21, 2025

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	MBA, Columbia University, USA; Chairman, Silks Hotel Group; equipped with outstanding management and financial strategic planning expertise, and achievements in global brand management in Taiwan. Does not meet the conditions specified in Article 30 of the Company Act.	<ol style="list-style-type: none"> <li>(1) Not an employee of the Company or any of its affiliated enterprises.</li> <li>(2) Not a natural-person shareholder who, either individually or together with their spouse, minor children, or shares held under others' names, holds 1% or more of the Company's total issued shares or ranks among the top ten shareholders.</li> <li>(3) Not a director, supervisor, or employee of another company whose majority of seats or voting shares are controlled by the same person.</li> <li>(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.</li> <li>(5) Not a director, supervisor, managerial officer, or shareholder holding more than 5% of shares of any company or institution that has a financial or business relationship with the Company.</li> <li>(6) 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.</li> </ol>	0
Director Yi-Hui Chiang	Graduated from the University of California, Berkeley, USA; served as a professional director for a long time, supervised and provided operational management advice, and actively participated in the events of the entrepreneur organization, international Taiwanese chambers of commerce, and Ivy League alumni events. Does not meet the conditions specified in Article 30 of the Company Act.	<ol style="list-style-type: none"> <li>(1) Not an employee of the Company or any of its affiliated enterprises.</li> <li>(2) Not a director or supervisor of the Company or any of its affiliated enterprises.</li> <li>(3) Not a natural-person shareholder who, either individually or together with their spouse, minor children, or shares held under others' names, holds 1% or more of the Company's total issued shares or ranks among the top ten shareholders.</li> <li>(4) Not a director, supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number</li> </ol>	0

Criteria Name	Professional qualifications and experience	Independence	Number of concurrent independent director posts to other public companies
		<p>of issued shares of the company, or of a corporate shareholder that ranks among the top five in shareholdings, or of a proxy appointed according to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act.</p> <p>(5) Not a director, supervisor, or employee of another company whose majority of seats or voting shares are controlled by the same person.</p> <p>(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.</p> <p>(7) Not a director, supervisor, managerial officer, or shareholder holding more than 5% of shares of any company or institution that has a financial or business relationship with the Company.</p> <p>(8) 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.</p>	
<p>Director Rong-Wei Wang</p>	<p>Possess at least 5 years of working experience required for the Company's business operations. Currently, acting as the President of JRV Co., Ltd., and equipped with expertise in leading corporate brand image establishment. Does not meet the conditions specified in Article 30 of the Company Act.</p>	<p>(1) Not an employee of the Company or any of its affiliated enterprises.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliated enterprises.</p> <p>(3) Not a natural-person shareholder who, either individually or together with their spouse, minor children, or shares held under others' names, holds 1% or more of the Company's total issued shares or ranks among the top ten shareholders.</p> <p>(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).</p> <p>(5) Not a director, supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or of a corporate shareholder that ranks among</p>	<p>0</p>

Criteria Name	Professional qualifications and experience	Independence	Number of concurrent independent director posts to other public companies
		<p>the top five in shareholdings, or of a proxy appointed according to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act.</p> <p>(6) Not a director, supervisor, or employee of another company whose majority of seats or voting shares are controlled by the same person.</p> <p>(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.</p> <p>(8) Not a director, supervisor, managerial officer, or shareholder holding more than 5% of shares of any company or institution that has a financial or business relationship with the Company.</p> <p>(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.</p> <p>(10) Not a spouse or relative within the second degree of kinship to any other director.</p>	
Director Se-Chen Lai	<p>Possess at least 5 years of working experience required for the Company's business operations. Currently acting as the Chairman of Taiwan Tourism Exchange Association, and equipped with extensive experience in catering, tourism, personnel related affairs and talent cultivation.</p> <p>Does not meet the conditions specified in Article 30 of the Company Act.</p>	<p>(1) Not an employee of the Company or any of its affiliated enterprises.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliated enterprises.</p> <p>(3) Not a natural-person shareholder who, either individually or together with their spouse, minor children, or shares held under others' names, holds 1% or more of the Company's total issued shares or ranks among the top ten shareholders.</p> <p>(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).</p> <p>(5) Not a director, supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or of a</p>	1

Criteria Name	Professional qualifications and experience	Independence	Number of concurrent independent director posts to other public companies
		<p>corporate shareholder that ranks among the top five in shareholdings, or of a proxy appointed according to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act.</p> <p>(6) Not a director, supervisor, or employee of another company whose majority of seats or voting shares are controlled by the same person.</p> <p>(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.</p> <p>(8) Not a director, supervisor, managerial officer, or shareholder holding more than 5% of shares of any company or institution that has a financial or business relationship with the Company.</p> <p>(9) Not a professional, sole proprietor, partnership, company, institution owner, partner, director, supervisor, managerial officer or their spouse 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.</p> <p>(10) Not a spouse or relative within the second degree of kinship to any other director.</p>	
Director Kong-Wen Li	<p>Honorary Doctorate of National Pingtung University of Science and Technology and equipped with profound experience in finance and accounting. 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.</p>	<p>(1) Not an employee of the Company or any of its affiliated enterprises.</p> <p>(2) Not a natural-person shareholder who, either individually or together with their spouse, minor children, or shares held under others' names, holds 1% or more of the Company's total issued shares or ranks among the top ten shareholders.</p> <p>(3) Not a director, supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or of a corporate shareholder that ranks among the top five in shareholdings, or of a proxy appointed according to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act.</p> <p>(4) Not a director, supervisor, or employee of another company whose majority of seats or voting shares are controlled by the same person.</p> <p>(5) Not a director, supervisor, or employee of any other company or institution where the Chairman, President, or</p>	0

Criteria Name	Professional qualifications and experience	Independence	Number of concurrent independent director posts to other public companies
		<p>someone with an equivalent position is the same person or spouse.</p> <p>(6) Not a director, supervisor, managerial officer, or shareholder holding more than 5% of shares of any company or institution that has a financial or business relationship with the Company.</p> <p>(7) 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.</p>	
<p>Director Chi-Shang Kao</p>	<p>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.</p>	<p>(1) Not an employee of the Company or any of its affiliated enterprises.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliated enterprises.</p> <p>(3) Not a natural-person shareholder who, either individually or together with their spouse, minor children, or shares held under others' names, holds 1% or more of the Company's total issued shares or ranks among the top ten shareholders.</p> <p>(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).</p> <p>(5) Not a director, supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or of a corporate shareholder that ranks among the top five in shareholdings, or of a proxy appointed according to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act.</p> <p>(6) Not a director, supervisor, or employee of another company whose majority of seats or voting shares are controlled by the same person.</p> <p>(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.</p>	<p>0</p>

Criteria Name	Professional qualifications and experience	Independence	Number of concurrent independent director posts to other public companies
		<p>(8) Not a director, supervisor, managerial officer, or shareholder holding more than 5% of shares of any company or institution that has a financial or business relationship with the Company.</p> <p>(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.</p> <p>(10) Not a spouse or relative within the second degree of kinship to any other director.</p>	
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, USA; currently acting as the Chairman of Guofeng Media, and equipped with expertise in finance, accounting and corporate governance, and acting as the Convener of the Audit Committee and Remuneration Committee of the Company. Does not meet the conditions specified in Article 30 of the Company Act.	<p>(1) Not an employee of the Company or any of its affiliated enterprises.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliated enterprises.</p> <p>(3) Not a natural-person shareholder who, either individually or together with their spouse, minor children, or shares held under others' names, holds 1% or more of the Company's total issued shares or ranks among the top ten shareholders.</p>	0
Independent Director Wen-Jie Wang	Possess at least 5 years of working experience required for the Company's business operations. Currently acting as the Chairman of Lion Travel Service Co., Ltd., and with dedication in vertical integration of tourism industry. Does not meet the conditions specified in Article 30 of the Company Act.	<p>(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).</p> <p>(5) Not a director, supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or of a corporate shareholder that ranks among the top five in shareholdings, or of a proxy appointed according to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act.</p>	0
Independent Director Wei Wang	Possess at least 5 years of working experience required for the Company's business operations. Currently acting as the Chairman and CEO of Sercomm Cooperation. With nearly 30 years of experience in the technology industry and network communication fields, and profound experience in professional and business management. Does not meet the conditions specified in Article 30 of the Company Act.	<p>(6) Not a director, supervisor, or employee of another company whose majority of seats or voting shares are controlled by the same person.</p> <p>(7) Not a director, supervisor, or employee of any other company or institution where the Chairman, President, or someone with an equivalent position is</p>	0

Criteria Name	Professional qualifications and experience	Independence	Number of concurrent independent director posts to other public companies
		<p>the same person or spouse.</p> <p>(8) Not a director, supervisor, managerial officer, or shareholder holding more than 5% of shares of any company or institution that has a financial or business relationship with the Company.</p> <p>(9) Not a professional, sole proprietor, partnership, company, institution owner, partner, director, supervisor, managerial officer or their spouse 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. Not a spouse or relative within the second degree of kinship to any other director.</p> <p>(10) Not elected according to Article 27 of the Company Act is a government, institution, or its representative.</p>	

## 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 23rd Board of Directors was reelected in 2024 in accordance with the policy of diversity. Its members have rich experience and professionalism in the fields of finance, commerce, and management. In addition, the proportion of independent directors of the Company is 33%. The Company also values 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 and supervisors is as follows:

Diversified projects	Nationality	Gender	Length of term of independent director	Business management Operational judgment	Accounting and Finance	Crisis management	Knowledge to Industries	International market perspective	Leadership decision making
Director: Representative of Qing Cheng Corp.: Steven 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		✓		✓	✓	✓	✓

Diversified projects	Nationality	Gender	Length of term of independent director	Business management Operational judgment	Accounting and Finance	Crisis management	Knowledge to Industries	International market perspective	Leadership decision making
Name of Director									
Director: Representative of Ching Cheng Investment Co., Ltd.: Se-Chen Lai	Republic of China	Female		✓		✓	✓	✓	✓
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: Guo-Jun Chang	Republic of China	Male	9 years and above	✓	✓	✓		✓	✓
Independent Director: Wen-Chieh Wang	Republic of China	Male	3-9 years	✓	✓	✓	✓	✓	✓
Independent Director: Wei Wang	Republic of China	Male	Less than 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). Up to the present day, all independent directors have complied with the requirements of the Financial Supervisory Commission on independent directors. Furthermore, none of the situations specified in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act exist among the directors and independent directors. For details on each director, including their interrelationships, please refer to pages 4 to 5 (Directors' Information - 1).

## (II) Information of President, Vice President, Associate Vice President, Supervisors of Departments and Branches:

April 21, 2025

Title	Nationality	Name	Gender	Date of election (appointment) 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	Supervisor of Grand Formosa Taroko Hotel Corporation, Independent Director of U-TECH Media Corporation	None	None	None
Accounting Officer	Republic of China	Chien-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
Financial Officer	Republic of China	Wen-Yun Wang	Female	2024.03.11	-	-	-	-	-	-	Chinese Culture University	Corporate director representative of Grand Formosa Taroko, and FIHC Property Management Corp.	None	None	None
Corporate Governance Officer	Republic of China	Mei-Fang Lien	Female	2023.06.01	-	-	-	-	-	-	Takming University of Science and Technology	None	None	None	None

Note: If the President (or an equivalent high-ranking managerial officer) and the Chairman are the same person, spouses, or first-degree relatives, the Company must disclose the cause, legitimacy, necessity, and relevant countermeasures (such as increasing the number of independent directors and ensuring that more than half of the directors do not concurrently serve as employees or managers). None.

## II. Remuneration Paid to Directors, the President and Vice Presidents, etc., in the Most Recent Fiscal Year:

### 1. Remunerations of General Directors and Independent Directors

Unit: NTD thousand; December 31, 2024

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)		The Company	All companies included in the financial statements	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	Cash amount	Stock amount	Cash amount	Stock amount			The Company
Director	Representative of Ching Cheng Investment Co., Ltd.: Steven Pan, Yi-Hui Chiang, Rung-Wei Wang, Se-Chen Lai	2,683	2,683	-	-	6,046	6,046	1,524	1,542	10,253 0.762%	10,271 0.763%	-	-	-	-	-	-	-	-	10,253 0.762%	10,271 0.763%	None
	Formosa International Development Corp.: Kong-wen Li, Chi-shang Kao																					
Independent Director	Kuo-Chun Chang	-	-	-	-	2,861	2,861	21	21	2,882 0.214%	2,882 0.214%	-	-	-	-	-	-	-	-	2,882 0.214%	2,882 0.214%	None
	Wen-Jie Wang																					
	Wei Wang																					

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 Incorporation stipulate the principles of payment of directors' remuneration, which authorizes the Board of Directors to determine it according to the extent of their engagement in the Company's operations and the value of their contributions, with reference to industry standards.. The Articles of Association also clearly stipulate that 0.5% of annual profit 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: The house rent of NTS1,440 thousand is the rent expense; the remuneration to the driver is NTS680 thousand.

Range of Remunerations

Range of Remunerations of Directors of the Company	Name of Director			
	Total of A+B+C+D		Total of A+B+C+D+E+F+G	
	The Company	Information on all companies included in the financial statements H	The Company	All companies included in the financial statements I
under 1,000,000	Yi-Hui Chiang, Rong-Wei Wang, Kong-Wen Lee, Chi-Shang Kao, Se-Chen Lai, Wen-Chi, Wen-Chieh Wang, Wei Wang	Same as left	Yi-Hui Chiang, Rong-Wei Wang, Kong-Wen Lee, Chi-Shang Kao, Se-Chen Lai, Wen-Chi, Wen-Chieh Wang, Wei Wang	Same as left
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	Kuo-Chun Chang	Same as left	Kuo-Chun Chang	Same as left
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	-	-	-	-
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	Steven Pan	Same as left	Steven Pan	Same as left
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	-	-	-	-
over 100,000,000	-	-	-	-
Total	9	9	9	9

2. Remuneration to supervisors: Not applicable

3. Remuneration of Presidents and Vice Presidents

Unit: NTD thousand; December 31, 2024

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	23,375	23,375	558	558	-	-	4,223	0	4,223	0	28,156 2.09%	28,156 2.09%	None
General Manager	Hui-Fang Chen													
General Manager	Jing-Wen Li													
Financial Officer	Wen-Yun Wang													
Accounting Officer	Chien-Nan Tsao													
CFO of the Group	Shang-Fei Wu													

Note: Shang-Fei Wu resigned on February 29, 2024.

#### 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	Shang-Fei Wu	Shang-Fei Wu
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	Wen-Yun Wang, Chien-Nan Tsao	Wen-Yun Wang, Chien-Nan Tsao
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	Wei-Cheng Wu, Hui-Fang Chen, and Ching-Wen Li	Wei-Cheng Wu, Hui-Fang Chen, and Ching-Wen Li
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)		
over 100,000,000		
Total	6	6

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, 2024

	Title	Name	Stock amount	Cash (in thousands)	Total (NTD thousand)	% in net earnings after tax
Managerial Officer	General Manager	Wei-Cheng Wu	-	4,223	4,223	0.31
	General Manager	Hui-Fang Chen				
	General Manager	Jing-Wen Li				
	Financial Officer	Chien-Nan Tsao				
	Accounting Officer	Wen-Yun Wang				
	Corporate Governance Officer	Mei-Fang Lien				

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	2023		2024	
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Director	0.975%	1.027%	0.976%	0.977%
General Manager and Deputy General Managers	1.82%	1.82%	2.09%	2.09%
Net Income in the Parent Company Only Financial Statements	NT\$1,415,555 thousand		NT\$1,346,033 thousand	

The remuneration of directors includes transport fees and compensation. The transport fees are processed according to Article 22 of the Company's Articles of Incorporation and are paid to the directors when they attend the Board meeting in person. The compensation is processed according to Article 22-1 of the Company's Articles of Incorporation. 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 Company has established a performance bonus policy in order to inspire colleagues to actively create corporate profits and reward employees for their efforts. Performance bonus is calculated by multiplying the after-tax profit/loss by the bonus appropriation ratio, which is also linked to the profit center's business performance outcome, in order to distribute bonus to managerial officers at the end of each year.

The level 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 remuneration policy related payment standard and system of the Company is mainly based on the overall operation status of the Company, and the payment standard is determined according to the performance achievement rate and contribution level, in order to improve the overall organization and team performance 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.

### III. Status of Corporate Governance

#### (I) Board Meeting Operation Status:

In 2024, the Board of Directors convened 5 meetings (A), and the attendance status of directors is as follows:

Title	Name	Actual attendance rate (B)	Attendances by proxy	Actual attendance rate (%) (B/A)	Remark
Chairman	Representative of Ching Cheng Investment Co., Ltd.: Steven Pan	5	0	100%	Re-elected for consecutive term of office on June 13, 2024
Director	Representative of Ching Cheng Investment Co., Ltd.: Yi-Hui Chiang	5	0	100%	Re-elected for consecutive term of office on June 13, 2024
Director	Representative of Ching Cheng Investment Co., Ltd.: Rung-Wei Wang	4	1	80%	Re-elected for consecutive term of office on June 13, 2024
Director	Representative of Ching Cheng Investment Co., Ltd.: Ming-Yue Lin	2	0	100%	Released from duty on June 13, 2024
Director	Representative of Ching Cheng Investment Co., Ltd.: Se-Chen Lai	5	0	100%	Re-elected for consecutive term of office on June 13, 2024
Director	Representative of Formosa International Development Corp.: Kong-Wen Li	4	0	80%	Re-elected for consecutive term of office on June 13, 2024
Director	Representative of Formosa International Development Corp.: Chi-Shang Kao	4	0	80%	Re-elected for consecutive term of office on June 13, 2024
Independent Director	Kuo-Chun Chang	5	0	100%	Re-elected for consecutive term of office on June 13, 2024
Independent Director	Wen-Jie Wang	4	1	80%	Re-elected for consecutive term of office on June 13, 2024
Independent Director	Wei Wang	3	0	100%	New assumption of position on June 13, 2024

Other information required for disclosure:

I. Where the operation of a Board meeting is subject to one of the following, the Board meeting date, session, proposal content, opinion of all independent directors and Company's handling for the opinions of independent directors shall be described:

(I) Matters specified in Article 14-3 of Securities and Exchange Act: Not applicable. The Company has established the Audit Committee; therefore, the provision of Article 14-3 of the Securities and Exchange Act is not applicable. Please refer to this Annual Report for relevant information on the operation status of the Audit Committee.

(II) Any other resolution(s) passed but with independent directors voicing opposing or qualified opinions on the record or in writing: 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	2024.01.01~2024.12.31	Performance evaluation of the Board of Directors,	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

Assessment cycle	Assessment duration	Scope of assessment	Assessment methods	Assessment contents
		individual Board members, and functional committees		<ol style="list-style-type: none"> <li>2. Improving the quality of Board of Directors' decision making</li> <li>3. Composition and structure of the Board of Directors</li> <li>4. Election and continuing education of directors</li> <li>5. Internal control</li> </ol> (II) Performance evaluation of directors <ol style="list-style-type: none"> <li>1. Alignment of the Company's goals and missions</li> <li>2. Awareness of the duties of directors</li> <li>3. Participation in the Company's operations</li> <li>4. Internal relationship management and communication</li> <li>5. Director's professionalism and continuing education</li> <li>6. Internal control</li> </ol> (III) Performance evaluation of functional committees <ol style="list-style-type: none"> <li>1. Participation in the Company's operations</li> <li>2. Awareness of the duties of the functional committee</li> <li>3. Decision-making quality of the functional committee</li> <li>4. Composition of functional committees and election of members</li> <li>5. Internal control</li> </ol>

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 2024 (A). The attendance status of the 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%	Consecutive assumption of 2nd term committee member
Independent Director	Wen-Jie Wang	3	1	75%	Consecutive assumption of 2nd term committee member
Independent Director	Se-Chen Lai	2	0	100%	1st term committee members released from duty on June 13, 2024, and required number of attendances was 2 times.
Independent Director	Wei Wang	2	0	100%	2nd term committee members assumed position on June 13, 2024, and required number of attendances was 2 times.

The Company's Audit Committee held a total of 4 meetings in 2024. The main tasks and review content are as follows:

1. Financial statements certified or reviewed by CPAs.
2. Earnings distribution.
3. Appointment and remuneration of CPAs.
4. Review the audit plan for the following year.
5. Changes of the financial 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
10th meeting of 1st term (2024.03.11)	2023 Business Report and Financial Statements	None	Unanimously approved by all present committee members	Unanimously approved by the present directors
	2023 Earnings Distribution Proposal			
	Proposal for approval of CPA independence and competency assessment			
	Proposal for change of the financial officer and spokesperson of the Company			
	2023 "Internal Control System Statement"			
11th meeting of 1st term (2024.05.03)	2024 Q1 Consolidated Financial Statements	None	Unanimously approved by all present committee members	Unanimously approved by the present directors
	2024 Q1 Earnings Distribution Proposal			
1st meeting of 2nd term (2024.08.12)	2024 Q2 Consolidated Financial Statements	None	Unanimously approved by all present committee	Unanimously approved by the present directors
	2024 Q2 Earnings Distribution Proposal			

			members	
2nd meeting of 2nd term (2024.11.11)	2024 Q3 Consolidated Financial Statements	None	Unanimously approved by all present committee members	Unanimously approved by the present directors
	2024 Q3 Earnings Distribution Proposal			
	Amendment to the "internal control system"			
	2025 Annual Audit Plan			

(II) In addition to the aforementioned motions, other motions without approval by the Auditing Committee but passed by the Board with two-thirds of the directors: None of such situations.

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. Also, the audit supervisor reports on important audit business to the independent directors on a quarterly basis, and the audit committee held a meeting on November 11, 2024 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 11, 2024, communicated with independent directors, and reported the audit results of the 2023 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 this based on the roster of shareholders provided by the stock registrar and as required by the competent authority, and applies to the TDCC 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 diversity and generally reflects the knowledge, skills, and professionalism	




Indicator	Operations			Difference from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary	
(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?		✓	required to fulfill their duties. For details on the diversity policy and its implementation, please refer to pages 13-14.	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?	✓		(II) The Company has established the Remuneration Committee, Audit Committee and Sustainable Development Committee, but has not yet set up other functional committees. In the future, further functional committees will be set up as needed. (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 2024 Board of Directors Performance Evaluation Report was submitted to the Board of Directors on March 10, 2024. 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 10, 2025 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 are as follows:	





Indicator	Operations			Difference from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary	
			<p>Indicator</p> <ol style="list-style-type: none"> <li>1. Does not have any direct or material indirect financial interest relationship with the Company or any of its affiliated enterprises.</li> <li>2. There is no loaning of funds with the Company or any of its affiliated enterprises.</li> <li>3. Not currently employed by the Company as a regular employee receiving a fixed salary or serving as a director.</li> <li>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.</li> <li>5. Not concurrently operating other businesses that may lose its independence.</li> <li>6. No business-related commissions were collected.</li> <li>7. Not having a material or close business relationship with the Company or any of its affiliates.</li> <li>8. No audit service has been provided to the Company for seven consecutive years.</li> <li>9. Management functions that do not involve decision-making by the Company or any of its affiliated enterprises.</li> </ol>	
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 Board of Directors of the Company has appointed the Corporate Governance Officer on June 1, 2023, and the job duties of the Corporate Governance Officer include handling affairs 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 them in complying with laws and regulations.	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	
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 on the status of communication with stakeholders to the Board of Directors at least once a year. The status of communication with stakeholders in 2024 was reported to the Board of Directors on November 11, 2024. Please refer to pages 30~32 (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: <a href="https://www.silkshotelgroup.com/tw/">https://www.silkshotelgroup.com/tw/</a>  (II) The Company has set up 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 and was 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,	✓		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	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	
investor relations, supplier relation, rights of interested parties, training status of directors and supervisors, 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.)?			<p>system and education and training (such as employee trips, health checkups, etc.) to build mutual trust with employees.</p> <p>3. Investor relations: There is a dedicated service and stock affairs unit to handle shareholder affairs.</p> <p>4. Supplier relations: The Company evaluates suppliers on a regular basis, and the two sides have maintained good relations with suppliers through sufficient communication.</p> <p>5. Stakeholders' rights: Stakeholders may communicate with and make suggestions to the Company in order to protect their legitimate rights and interests.</p> <p>6. Implementation of customer policy: The Company maintains stable and good relationship with its customers to create corporate profits.</p> <p>7. The Company has purchased liability insurance for directors and has reported to the Board of Directors.</p>	
<p>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.</p> <p>The Company will propose enhancement priorities and improvement measures for the following projects:</p> <ol style="list-style-type: none"> <li>1. To help investors understand the content of the shareholders' meeting in a diversified manner, the Company is holding video-assisted shareholders' meetings since 2023.</li> <li>2. In order to provide investors with real-time and accurate information, the Company has reported changes in the shareholdings of insiders before the 10th day of each month since 2023.</li> <li>3. To facilitate foreign institutions to access the relevant information, the Company has disclosed the interim financial reports in both English and Chinese since 2024.</li> </ol>				

Note 1: Communication channels with stakeholders:

Stakeholders	Impact issue	Frequency and method of communication	Important achievements in 2024
 Employees	Talent recruitment and retention Human rights protection and diversity with inclusion Personal information protection and information security Occupational safety and health Food safety and health	<ul style="list-style-type: none"> <li>- Occasional announcements on the bulletin board, Silks University APP, HR consultation</li> <li>- Employee satisfaction survey, employee complaints</li> <li>- Regular employee welfare committee meetings, labor-management meetings, and occupational safety and health meetings</li> <li>- Annual training plan</li> </ul>	<ul style="list-style-type: none"> <li>- Regular labor-management meetings, and occupational safety and health meetings</li> <li>*For the implementation of on-job training, 11,622 people participated in the training, and the total number of training hours was 67,204 hours. For human rights protection related training, 5,099 people participated in the training, and the total number of training hours was 9,432 hours.</li> </ul>
 Shareholders/ investors	Sustainable development strategy Food safety and health Talent cultivation and career development Innovation and customer service Business performance	Board of Directors' Meeting and General Shareholders' Meeting (annually), Issuance of Annual Report, and Sustainability Report (annually) Financial statements (quarterly) Institutional investor conference and investment forum Market Observation Post System Company's site, complaint hotline, e-mail	<ul style="list-style-type: none"> <li>*Convened 5 Board meetings and 1 shareholders' meeting</li> <li>*Held 3 investor conferences</li> <li>*Released 28 material information</li> <li>*Published annual sustainability report</li> </ul>
 Customers/ consumers and shopping mall tenants	Food safety and health Innovation and customer service Personal information protection and information security Occupational safety and health	Corporate website, Sustainability Report Customer satisfaction survey, complaint hotline Social media, press releases Telephone, E-mail Club Membership Bulletin	<ul style="list-style-type: none"> <li>*Published annual sustainability report</li> <li>*Customer satisfaction score: 86 points</li> </ul>

Stakeholders	Impact issue	Frequency and method of communication	Important achievements in 2024
 <p>Strategic partners (e.g. suppliers, contractors)</p>	<p>Human rights protection, diversity with inclusion, food safety and health Supply chain management Occupational safety and health Personal information protection and information security</p>	<p>Non-scheduled supplier meetings Supplier written evaluation, once annually Supplier field audit and evaluation, at least once annually Irregular (new) supplier visits Telephone and e-mail reporting of unethical conducts</p>	<p>*Conducted written review for a total of 129 suppliers and contractors, and a field audit for 20 suppliers and contractors. The evaluation result indicated that there were no suppliers with a total score of less than 60 points. *There has been no reporting of improper conduct violating integrity or ethical requirements.</p>
 <p>Media/ Internet community</p>	<p>Community care and public welfare Human rights protection and diversity with inclusion Occupational safety and health Corporate governance</p>	<p>Unscheduled Press Conference Unscheduled press releases, exclusive interviews Hotline, E-mail</p>	<p>23 sessions of press conferences 9 newsletters/month Social media push (anytime)</p>
 <p>Government agencies</p>	<p>Human rights protection and diversity with inclusion Occupational safety and health Personal information protection and information security Food safety and health</p>	<p>Periodic regulatory review Market Observation Post System Advocacy of relevant policies and laws of the competent authority</p>	<p>*Completed product disclosure and publication of annual sustainability report in accordance with the government's food safety regulations *Cyber security management system</p>
 <p>Community and non-profits</p>	<p>Community care and public welfare Environmental protection, waste, effluents and air pollution treatment</p>	<p>Responding to social welfare activities and initiatives of different organizations Publication of annual sustainability report Meeting with villagers Telephone, email, letter communication</p>	<p>The Group's subsidiaries, including Regent Taipei, Silks Place Tainan, Silks Place Taroko, Wellspring by Silks</p>

Stakeholders	Impact issue	Frequency and method of communication	Important achievements in 2024
organization	methods	customerservice@regenttaiwan.com	Jiaoxi, and Just Sleep organized a series of year-end charity events.

(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, 2024

Identity	Criteria	Professional qualifications and experience	Independence	Number of concurrent remuneration committee member posts to other public companies
	Name			
Convener and Independent Director	Kuo-Chun Chang	Please refer to pages 7-13 for information disclosure on the professional qualifications of directors and the independence of independent directors.	(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 together with their spouse, minor children, or shares held under others' names, holds 1% or more of the total number of issued shares of the company or ranks as one of its top ten shareholders. (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) Not a director, supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, of a corporate shareholder that ranks among the top five in shareholdings, or of a proxy appointed according to Paragraph	0
Independent Director	Wen-Jie Wang		0	

Identity	Criteria Name	Professional qualifications and experience	Independence	Number of concurrent remuneration committee member posts to other public companies
Independent Director	Wei Wang		<p>1 or Paragraph 2 of Article 27 of the Company Act.</p> <p>(6) Not a director, supervisor, or employee of another company whose majority of seats or voting shares are controlled by the same person.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>	0

(2) Operation Status of Remuneration Committee

- I. The Company's Remuneration Committee consists of 3 members.
- II. Term of office of the current Committee members: From June 17, 2024 to June 12, 2027. The Remuneration Committee held 3 meetings (A) in 2024, and details of members' eligibility and attendance are as follows:

Title	Name	Actual attendance (B)	Attendances by proxy	Actual attendance rate (%) (B/A) (Note)	Remark
Convener	Kuo-Chun Chang	2	0	100%	
Committee member	Wen-Jie Wang	1	1	50%	
Committee member	Se-Chen Lai	1	0	100%	Released from duty on June 17, 2024
Committee member	Wei Wang	1	0	100%	Assumed position on June 17, 2024

Other information required for disclosure:

- I. When the Board of Directors rejects or modifies the recommendations made by the Remuneration Committee, please state the date and session of board meeting, the proposal, resolutions, and settlement on the opinions of Remuneration Committee members (if the salary and compensation approved by the Board of Directors 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 officer 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 (meeting convention date)	Discussion of proposal	Resolution	The Company's account to suggestion made by the Remuneration Committee
1st meeting in 2024 2024.03.11	Reviewed the distribution of 2023 remunerations of employees and directors of the Company. Proposal for change of the financial officer and spokesperson.	Approved by all members of the Committee.	Reported to the Board and approved by all attending directors of the Board.
2nd meeting in 2024 2024.11.11	Reviewed the compensation and remuneration items to be implemented by the Company in 2025.	Approved by all members of the Committee.	Reported to the Board and approved by all attending directors of the Board.

(V) Discrepancies of the Company’s implementation of sustainable development status from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause:

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?	✓		<p>The Company has established the “Sustainable Development Committee” with the Chairman acting as the Convener, the Group's COO and the Regent Taipei's Director and General Manager acting as the Deputy Convener. In addition, the full-time position of Sustainable Development Assistant Vice President is set up to manage ESG sustainable development related matters. In addition, the Committee has also linked the resources of the Group's cross-brand and cross-department resources. The Committee members include: Group’s Vice President of the Public Relation, Group’s Vice President of the Development and Finance Department, Group’s Vice President of Guest Room Operation, Executive Vice President of Guest Room Department, Assistant Vice President of Procurement, Assistant Vice President of Human Resources, Chief Accounting Officer, Deputy Chief Engineer, Assistant Vice President of Sustainable Development, etc.</p> <p>The Committee convenes ESG sustainability meetings at least once a month. During the meeting, the Committee members discuss and improve sustainable development strategies and actions. The Committee also reviews the stakeholder identification and communication process in accordance with the international standard AA1000 SES (AA1000 Stakeholder Engagement Standard), in order to manage issues related to sustainable development concerned by the stakeholders. The Company has reported sustainable development actions to the Board of Directors on November 11, 2024. During the meeting, the strategies and goals of the Company were reported to the Board of Directors, and feedback of the Board of Directors was obtained in order to supervise and manage relevant progress.</p>	No significant difference						
II. Does the Company conduct risk assessment on environmental, social and corporate governance issues that are relevant to its operations and stipulate risk management policies or strategies based on principles of materiality?	✓		<p>According to the international sustainability trend and examples, the Company has included the material sustainability issues in the 2024 sustainability report stakeholder questionnaire. In addition, according to the results of the questionnaire, relevant risk control strategies are assessed and established as follows:</p> <table border="1" data-bbox="958 1225 1839 1410"> <thead> <tr> <th>ESG</th> <th>Risk category/ description</th> <th>Risk management strategies</th> </tr> </thead> <tbody> <tr> <td>Environmental aspect</td> <td><u>Environmental impact</u> Environmental protection-related laws and regulations are</td> <td>The environmental sustainability team is responsible for assessing environmental impact risks, establishing preventive measures against environmental hazards, and</td> </tr> </tbody> </table>	ESG	Risk category/ description	Risk management strategies	Environmental aspect	<u>Environmental impact</u> Environmental protection-related laws and regulations are	The environmental sustainability team is responsible for assessing environmental impact risks, establishing preventive measures against environmental hazards, and	No significant difference
ESG	Risk category/ description	Risk management strategies								
Environmental aspect	<u>Environmental impact</u> Environmental protection-related laws and regulations are	The environmental sustainability team is responsible for assessing environmental impact risks, establishing preventive measures against environmental hazards, and								

Promoting items	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No	Summary		
			<p>becoming stringent, causing enterprises to face transformation risks, which may affect the corporate operation and financial planning.</p> <p><u>Climate change and environmental protection</u> The risk of extreme weather is becoming more severe, which may cause difficulty in obtaining raw materials or an increase of costs, resulting in the risk of cooperation operation interruption and property losses, and a reduction of operating performance.</p>	<p>supervising the implementation outcome. The Company complies with regulatory requirements to ensure effective operations of the environmental management system. Through public announcements and educational training, etc., the Company incorporates the concept of energy conservation in daily operations, including waste management and reduction, effluents and air pollution control, etc., in order to implement energy saving and carbon reduction policies. The Company is committed to improving the energy efficiency of internal equipment of hotels, enhancing the performance inspection and evaluation of key equipment, and improving the overall power factor of the hotels. Implement environmentally friendly and green procurement to achieve the goal of reducing greenhouse gas emissions year by year.</p> <p>The cross-department energy management committee has been established to manage energy consumption efficiency and greenhouse gas emission reduction goals, to implement energy conservation policies, to strengthen supply chain integration and to seek alternative raw materials, in order to ensure adequate insurance to reduce losses.</p> <ul style="list-style-type: none"> <li>◆ Enhance energy efficiency, upgrade equipment to reduce energy waste, and use high-efficiency lighting and equipment</li> <li>◆ Increase low-carbon and carbon footprint products</li> </ul>	

Promoting items	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No	Summary		
				<ul style="list-style-type: none"> <li>◆ Fully switch to using large pump bottles for cleaning supplies.</li> <li>◆ Research and develop new products with local raw materials</li> <li>◆ Establish corresponding strategies based on changes in consumption patterns, such as transformation of business models for home catering service and meal delivery.</li> </ul>	
			<p>Social aspect (S)</p> <p>Employee care and welfare/talent cultivation and development - Operational risk faced by the labor-intensive tourism industry</p>	<p>The Company establishes a proper working environment and actively protects employees' rights and interest and is committed to enhancing the overall competitiveness and market position of the Company. We also implement diverse and inclusive employment and improve employee benefits and care. 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 cultivation and career development plan is carried out in three key areas: promoting diverse and inclusive hiring, enhancing employee benefits and care, and advancing sustainable talent development strategies.</p>	
			Occupational safety and health	Establish safety and health committee to perform review regularly; implement	

Promoting items	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>- Improper implementation of equipment operation or work environment safety measures, resulting in occupational disasters</p> <p>employee safety and health management; conduct education and training and formulate occupational hazard prevention plans; implement labor safety and health management to reduce the risk of accidents, regularly review the outcome assessment and improvement of the four major prevention plans.</p>	
			<p>Community care and public welfare Issues concerned by stakeholders have expanded from financial performance and profitability to non-financial aspects of corporate sustainable development risks</p> <p>Through public welfare activities and community care plans, we actively participate in community improvement work and directly contribute to sustainable development with respect to the goals of the United Nations. It has been more than 20 years since the Company adopted the No. 4 Park Plaza facility in Zhongshan District for a long term. The Company has handled the cleaning and maintenance of the venue, plant greening, artistic lighting, etc., in order to provide the neighborhood residents with a green recreational space in the neighborhood. We also decorate the site according to different festivals to create a festive atmosphere. Furthermore, with the arrangement of the village chief, we continue to provide meals and care to low-income households and elderlies living alone. Since 2016, we have continued to sponsor the Hualien New Dawn to organize charity cooking events for 9 consecutive years. At the end of each year, our hotels also jointly organize a series of charity and public welfare activities with public welfare organizations, in order to give back to society and care for the disadvantaged.</p>	

Promoting items	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>Governance aspect (G)</p> <p>Corporate governance - Corporate sustainability management risks have become an important subject to the financial aspect of enterprises</p> <p><u>Functions of Board of Directors</u>  - 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"  <u>Operational performance</u>  -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  - Assessment and development of corporate transformation, implementation of product innovation and diversification of operational risks  <u>Stakeholder Communication</u>  Value the interests and expectations of stakeholders, establish business strategies and optimize products and services based on the results of communication and identification with stakeholders.</p> <p>Financial risk  - Potential adverse effect of the market, exchange rate, price, credit and liquidity</p> <p>Handling of the movement and utilization of funds, assurance of creditor's rights on accounts receivable, compliance with and promotion of various laws and regulations, and reliability of financial statements; monitoring</p>	

Promoting items	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No	Summary		
			<p>risks on the Company's financial position and financial performance</p> <p>Operational risk - Due to the impact of geopolitics and extreme climate, rapid changes in the economy and trade as well as inflation have significantly affected the business revenue.</p> <p>Corporate image - Corporate management may cause risks in reputation, finances, regulatory compliance, human rights protection and the supply chain</p> <p>Food safety and health Supply chain management - Food safety incidents may cause damage to the corporate image and indemnification liabilities</p> <p>Personal information protection and Information security - Improper computer operation and use causing disclosure of</p>	<p>of interest rate change, fund movement and utilization; operational performance analysis and risk control</p> <p>Establish the Company's business strategy and assess the operation benefits; adjust sales price in response to the changes in the market price due to inflation and select multiple qualified vendors for cooperation to reduce the impact; establish digital marketing strategies, diversify product development and promotion; assess and develop new business investments to diversify operational risks.</p> <p>Establish a sound internal control system, formulate policies and procedures complying with the law, strengthen supply chain risk assessment and diversify the supply chain; adopt parks, sponsor public welfare organizations, participate in community co-prosperity and development activities, and improve the corporate image.</p> <p>Establish a comprehensive food safety control system, set up a food safety and health team, convene meetings regularly to review and improve food safety and quality management-related matters; screen the supply chain, establish a supplier evaluation system, monitor raw material safety and supply stability, in order to ensure food safety; formulate response measures for regulatory changes.</p> <p>Establish computer network system and transaction security control mechanism Conduct education and training on information security awareness Establish information security reporting procedure</p>	

Promoting items	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			the Company's data and hackers' intrusion, resulting in operational performance loss and corporate image damage.	Regularly perform information security audits Establish customer privacy protection policy
III. Environmental Issues (I) Has the Company set up an Environmental management system suitable to industry characteristics?	✓		The Company has established an effective energy management plan according to the environmental management system, and has set up a monitoring process for environmental sustainability. In addition, 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.	No significant difference
(II) Is the Company committed to enhancing the energy efficiency and using renewable materials that have low impact on the environment?	✓		<u>Energy management</u> With the ESG sustainable development trend, the Company actively improves energy use efficiency and adopts low-environmental-impact renewable materials, and has installed an energy management information system (EMIS) to instantly monitor and collect equipment operation data. In April 2024, the Company replaced a 600-ton water-cooled variable frequency magnetic centrifugal chiller to improve the energy efficiency improvement by 38.2%, and plans to replace another 400-ton chiller in 2025, in order to further improve equipment efficiency. In 2023, Regent Taipei launched the “Sustainable Dining Table” circular economy program, and “Brasserie”, a buffet restaurant of the highest revenue of the Group, served as the demonstrative indicator to active deploy measures, including the introduction of the “AI kitchen waste system” to reduce kitchen waste through modern technology. Up to 2024, it has been able to reduce the amount of waste by 47.3%, a remarkable result. In addition, the Company launched the “EcoMeet Sustainable Meeting” project, with venues set up free of plastic and disposable items. All food ingredients are traceable, paper usage is reduced, and local ingredients are prioritized. In 2024, a total of 141 companies participated in the project, accounting for 21.5% of the total number of meetings held that year. Based on the business philosophy of environmental co-existence and common good, we value food ingredients and respect animal welfare. In 2024, we were committed to using eggs of cage-free chickens in characteristic restaurants in Regent Taipei as our first demonstrative hotel. We plan to introduce such a program to all restaurants under the Group by 2030 in order to actively respond to the sustainable goals of the global	No significant difference

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	Yes	No	Summary	
			<p>initiatives and to fulfill our responsibilities as global citizens.</p> <p><u>Green procurement, friendly environment</u></p> <p>The Company has completely suspended the use of disposable plastics, and has installed large bottles of bathroom supplies and water dispensers, in order to reduce the use of water plastic bottles. We also provide eco-friendly cards and encourage customers to use the same bed sheets, blankets, and cotton during consecutive nights of staying in our hotels, in order to reduce the use of cleaning agents and the generation of wastewater and pollution. The Company also promotes eco-friendly accommodation programs.</p> <p>Employees are encouraged to use their own insulated cups, in order to achieve the goal of plastic reduction. Silks Place Taroko provides reusable eco-friendly water bottles and eco-friendly raincoats to guests participating in a half-day tour, in order to encourage guests to protect the environment and implement green tourism jointly.</p> <p>The Group's Regent Taipei, Silks Place Tainan, Silks Place Taroko and Wellspring by Silks Jiaoxi have launched the "Sustainable Year-end Dinner Party" program. All dishes presented at the year-end dinner party comply with the principles of "local ingredient", "fresh food", "eco-friendly", and "food waste reduction" in order to fulfill the sustainable goals of co-existence, co-prosperity, and common good.</p>	
(III) Does the Company assess potential risks and opportunities associated with climate change and undertake measures in response to climate issues?	✓		<p>The Energy Management Team of the Sustainable Development Committee is responsible for identifying potential climate change risks and opportunities, and introducing climate-related financial information announced by the Task Force on Climate-Related Financial Disclosures (TCFD) to guide the principle identification of climate risks and opportunities, so that stakeholders and the management are able to understand the significant risks and impacts of climate change and financial impacts on the Company. The management evaluates and approves the response strategies and related risk indicators and targets for climate change risks and opportunities based on the results of the energy management team's discussions, and reports the implementation results to the Board of Directors annually.</p> <p>The Company has established the adaptation strategies for the climate change related risks and opportunities identified, such as compliance with laws and regulations, diversification of low-carbon products and greenhouse gas inventory, and reduction of emissions, in order to mitigate the impact of global extreme weather on the Company's operations, and to gradually incorporate the assessment of the impact on the Company's financial performance.</p>	No significant difference
(IV) Has the Company compiled statistics on greenhouse gas	✓		<u>Greenhouse gas emissions</u>	No significant

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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?			<p>The total electricity consumption of the Group's hotels in 2024 was 38,337,740 KWH, and the gas consumption was 2,298,718 cubic meters.</p> <p>The greenhouse gas inventory inspection implementation status of the Company and a portion of subsidiaries (including the parent company and the subsidiary Silks Place Taroko) is as follows:</p> <table border="1"> <thead> <tr> <th>The Company</th> <th>Classification</th> <th>Unit</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td rowspan="4"></td> <td>Category 1 Direct emissions</td> <td>tonnes CO2e</td> <td>6,719.230</td> <td>6,770.044</td> </tr> <tr> <td>Scope 2 Indirect emissions</td> <td>tonnes CO2e</td> <td>16,858.040</td> <td>17,664.224</td> </tr> <tr> <td>Scope 3 Note</td> <td>tonnes CO2e</td> <td>281.810</td> <td>247.728</td> </tr> <tr> <td>Subtotal</td> <td>tonnes CO2e</td> <td>23,859.080</td> <td>24,681.996</td> </tr> <tr> <td rowspan="4">A portion of subsidiaries included in the consolidated financial statements</td> <td>Category 1 Direct emissions</td> <td>tonnes CO2e</td> <td>1,070.220</td> <td>2,168.860</td> </tr> <tr> <td>Scope 2 Indirect emissions</td> <td>tonnes CO2e</td> <td>2,999.079</td> <td>1,489.374</td> </tr> <tr> <td>Subtotal</td> <td>tonnes CO2e</td> <td>4,069.299</td> <td>3,658.234</td> </tr> <tr> <td>Total</td> <td>tonnes CO2e</td> <td>27,928.379</td> <td>28,340.230</td> </tr> </tbody> </table> <p>The emissions data for 2024 has included the emissions data of the Branch Just Sleep Taipei Ximending not included in the data of 2023, and the emissions data of Wellspring by Silks Beitou enrolled in the business operation in September 2024 has also been included.</p> <p>Note: Scope 3 refers to the statistical data of Regent Taipei.</p> <p><u>Water resource management</u></p>	The Company	Classification	Unit	2023	2024		Category 1 Direct emissions	tonnes CO2e	6,719.230	6,770.044	Scope 2 Indirect emissions	tonnes CO2e	16,858.040	17,664.224	Scope 3 Note	tonnes CO2e	281.810	247.728	Subtotal	tonnes CO2e	23,859.080	24,681.996	A portion of subsidiaries included in the consolidated financial statements	Category 1 Direct emissions	tonnes CO2e	1,070.220	2,168.860	Scope 2 Indirect emissions	tonnes CO2e	2,999.079	1,489.374	Subtotal	tonnes CO2e	4,069.299	3,658.234	Total	tonnes CO2e	27,928.379	28,340.230	difference
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			<p>In terms of water conservation policy, in addition to strengthening the implementation of energy conservation plans and measures among employees, the Company has also established water resource risk control standard operation procedures to monitor and manage water resource consumption. In addition, the Energy Management Team performs inspections of working environment water resource consumption status and water saving performance periodically.</p> <p>Specific management measures:</p> <ul style="list-style-type: none"> <li>◆ Regular inspection: Facilities of water pipes, faucets and bathrooms, etc. are inspected properly. If any abnormality is found in the water gauge or if there is any leakage, the problem is handled in a timely manner.</li> <li>◆ Adjust the water outlet: The bathroom equipment with the water-saving label is installed, and pressure reduction valves are installed on water supply pipelines, in order to effectively regulate the water outlet and to prevent wasting water.</li> <li>◆ Reuse of reclaimed water: Steam pipeline cooling water recovery and reuse are enhanced.</li> <li>◆ The overflow of wastewater from the swimming pool is recovered and reused by the ice water unit as part of the water recovery system, providing reclaimed water for plant irrigation, cooling towers, and toilet flushing.</li> <li>◆ Changes in the chef's use of water for handling ingredients: Ingredients that require soaking are now prepared using multiple short soaks instead of prolonged running water. Similarly, vegetables and fruits are washed in a way that avoids continuous water flow.</li> <li>◆ Water dispensers are set up with a sleep mechanism according to the working hours</li> <li>◆ Water pressure adjustment: Water pressure is adjusted according to the business peak and non-peak periods to prevent wasting water.</li> <li>◆ Wastewater discharge treatment: The Company performs wastewater treatment at hotel job sites in accordance with the local government regulations.</li> <li>◆ Employees are promoted to implement water saving measures properly, and guests are encouraged to participate in making contributions to the conservation of the Earth.</li> </ul> <p>The "Green Leaf Card" is provided to encourage guests to not change their bed sheets and blankets for the sake of water conservation. The "Green Leaf Card" also encourages guests to pay attention to environmental protection awareness. For guests who stay in the same hotel for many days, the "Green Leaf Card" encourages them</p>	

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			<p>to not change their blankets and sheets daily to reduce wasting water. This water conservation program has been implemented for several years, and the energy saving outcome is remarkable. Nearly 40% of water, energy and detergent usage has been saved over the years, thereby achieving the goal of energy conservation and carbon reduction. Most importantly, the program has been recognized and supported by many guests, leading them to join us in protecting the Earth.</p> <p>Water consumption statistics for the Group's hotels in the last three years</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Unit</th> <th>2022</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Water consumption</td> <td>KWh</td> <td>825,527</td> <td>927,448</td> <td>931,389</td> </tr> </tbody> </table> <p><u>Data for 2024 includes the data of Wellspring by Silks Beitou opened for business in 2024</u></p> <p><u>Waste management</u> The Group's main business is in lodging and catering, not producing any waste that would cause significant damage to the environment. The waste generated during the provision of products and services includes general waste, kitchen waste, recyclable waste, and used cooking oil. Our waste management complies with the relevant requirements of the "Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste" and the "Permit Management Regulations for Public or Private Waste Clearance and Disposal Organizations" as well as our "Waste Management Plan". Generated waste is carefully classified on a daily basis, and all departments are informed of relevant waste reduction, recycle and classification measures irregularly. The Food and Beverage Department of each hotel records the weight of waste daily, and the waste reduction results and outcome evaluation are included in the meeting minutes.</p> <p><u>Waste reduction plan</u> The waste management plan refers to the guidelines provided by the Silks Hotel Group for the implementation of a waste control plan, including the four main principles of Plan-Execute-Check-Improve, in order to evaluate the performance of waste management. Plan: Ensure the opportunity to improve one or more processes</p>	Item	Unit	2022	2023	2024	Water consumption	KWh	825,527	927,448	931,389	
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			<p>Execute: Implement confirmed improvements.  Check: Assess the results to ensure the effectiveness of the measures adopted.  Improve: Continue to perform improvement evaluations.  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 2024, all hotels of the Group produced 1915.779 tons of general waste, 584.614 tons of kitchen waste, 186.19 tons of papers, bottles and cans, and an amount of 15.707 tons of waste edible oil was recycled.</p> <table border="1"> <thead> <tr> <th>Item</th> <th>General waste</th> <th>Leftover</th> <th>Recycling materials (papers/bottles and cans)</th> <th>Waste food oil</th> </tr> </thead> <tbody> <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>Output volume/tons in 2024</td> <td>1,915.779</td> <td>584.614</td> <td>186.190</td> <td>15.707</td> </tr> <tr> <td>Output volume/tons in 2023</td> <td>1,911.63</td> <td>742.314</td> <td>174.487</td> <td>14.392</td> </tr> </tbody> </table>	Item	General waste	Leftover	Recycling materials (papers/bottles and cans)	Waste food oil	Recycling frequency	Once a day	Once a day	Once a day	Once a week	Output volume/tons in 2024	1,915.779	584.614	186.190	15.707	Output volume/tons in 2023	1,911.63	742.314	174.487	14.392	
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IV. Social issues (I) Has the Company established relevant management policies and procedures in accordance with applicable laws and international conventions on human rights?	✓		<p>The Global Reporting Initiative (GRI) requires enterprises to disclose human rights policies and due diligence, including the management practices of DEI (Diversity, Equal, Inclusion). DEI is the management culture emphasized by a lot of international enterprises nowadays, and it is also an important indicator for sustainable development.  The Company complies with local government labor regulations, and supports the basic spirit of international conventions on human rights, including “Universal Declaration of Human Rights”, “The United Nations Global Compact”, “The United Nations Corporate and Human Rights Guideline Principles”, and “International Labour Organization Multi-country Enterprise and Social Policy Three-way Principles Declaration”, to establish its human rights management policy in accordance with the guiding principles, in order to prevent any violation and</p>	No significant difference																				

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			<p>infringement of human rights. Furthermore, the Company also regularly reviews the human rights management status in accordance with the aforementioned guidelines and guiding principles, such that relevant personnel is able to receive fair and dignified treatment, thereby achieving the Company's commitment in human rights-related policies.</p> <p><u>Silks Hotel Group's human rights due diligence in 2024 (human rights risk assessment result)</u></p> <p>The Company summarizes relevant human rights risk issues according to the international human rights conventions, relevant guidelines and human rights due diligence reports issued by benchmark enterprises, followed by assessing the human rights risk issues that may occur in the value chain and then incorporating them into the human rights risk assessment process. The Company conducts human rights risk assessments for employees through an online questionnaire survey in the current year. According to the 2024 employee human rights due diligence result, no human rights issues above the moderate risk rating have been identified. The Company will continue to conduct human rights risk assessments and manage prevention and mitigation measures for relevant risks.</p> <p>The summary of the Company's human rights management policies and specific plans is as follows:</p> <p>We have established the “Human Rights Management Policy”, “Employee Remuneration System” and “Regulations for Employee Welfare and Job Promotion” in accordance with relevant regulations. The Company treats all employees and customers with respect and dignity and continues to enhance and improve human rights-related issues management. We also implement a leave system and encourage employees to value their work-life balance. The Company is committed to providing an excellent working environment and opportunities for learning and growth. We aim to establish a diverse, equal, and harmonious workplace.</p> <p>The human rights policy implementation status is reviewed periodically, and we continuously improve and update the policy in accordance with the latest legal and regulatory developments and the best practices. In addition, we also pay attention to material issues, data analysis, and questionnaire surveys to review our 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. We also require long-term cooperating suppliers to sign</p>	

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			<p>labor rights-related regulations and include them in the supply chain evaluations and score rating, in order to implement the protection of human rights jointly with the supply chain.</p> <p>Moreover, in 2024, we organized human rights protection training for our employees, with a total of 5,099 participants and a total training hours of 9,432 hours.</p>	
(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?	✓		<p>The Company's Articles of Association stipulates that 5% of the profit should be allocated as employee remuneration. In addition, to encourage colleagues to actively create company profits and to reward employees' efforts, the Company has established the "Performance Bonus Policy". 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. In addition, business performance and results are appropriately reflected in employee remuneration. Year-end bonuses are provided based on the Company's business performance and individual performance.</p> <p>We encourage employees to join the shareholders' association. In addition to the company subsidies, the employees are entitled to enjoy the same benefits as the general shareholders, in order to assist employees to accumulate wealth and to plan their future retirement life.</p> <p>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. To provide a more friendly working environment, the Company has also established well-equipped nursing room facilities, maternity leave and maternity check-up leave, parental leave without pay, discounts on childcare facilities, and other parent-friendly measures.</p> <p>To ensure the diversity and equality of the workplace, and to realize equal pay and equal promotion opportunities for both men and women, in 2024, the ratio of men to women in the management was 49:51 and the ratio of men to women in the management was 47:53.</p>	No significant difference
(III) Does the Company provide employees with a safe and healthy work environment and provide employees with regular safety and health education?	✓		<p>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 p. 92: Workplace and employee safety protective measures)</p> <p>In 2024, there were 36 occupational disasters, and the occupational injury rate per thousand employees was 20.6067.</p>	No significant difference

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			<p>Relevant improvement measures: (No fire incident occurred in 2024; therefore, there is no relevant improvement measure.)</p> <ol style="list-style-type: none"> <li>1. Traffic accidents: In 2024, accidents showed a significant decline during the commute to and from work. The Company will continue to strengthen the promotion of traffic safety and remind employees to adjust the speed of their vehicles according to the weather and road conditions.</li> <li>2. Cutting injury accidents: Employees must be cautious during the use of cutting tools and other tools at work, to prevent cutting injuries. The storage and preservation of cutting tools shall be handled with care. In addition, the Company also organizes training courses for operators and maintenance of cutting machines to ensure that employees are equipped with proper knowledge and skills.</li> <li>3. Burn and scald injury accidents: Employees working in the kitchen or handling hot meals are likely to come into contact with high temperatures. Before performing work, workers must immediately check if there is any object in the vicinity that is blocking their way. They should remove obstacles properly. If there are none, they must proceed with stable and smooth delivery to the serving or customer area. If unexpected people or objects enter the path, employees should give a verbal warning to prevent accidents such as spills or burns caused by sudden contact.</li> </ol>	
(IV) Has the Company established effective career development training plans?	✓		<p>In response to the industry's development trends, the Company continues to invest resources in the promotion of the cultivation plan to improve service quality. Our career development plan focuses on talent recruitment, strengthening of employee functions, and training of future successors, in order to ensure talent inheritance while satisfying the Company's operational and customer needs. In terms of talent recruitment, we actively participate in the government's job fair to recruit talents with different backgrounds, including new graduates, post-retirement employees, and job transfers, in order to meet the diverse job needs. In addition, we also organize campus seminars, visits, and corporate courses to assist managers to share their professional and ethical knowledge at the workplace. We also promote industry-academia cooperation with students to increase their job opportunities and adapt to the workplace.</p> <p>Our efforts have been recognized internationally, and we have been awarded the “HR Asia Best Companies to Work for in Asia”, demonstrating our dedication in talent cultivation, creation of a happy workplace and efforts in sustainable operation. We will continue to monitor the industry's development trend, and adjust and optimize</p>	No significant difference

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			<p>our talent cultivation plan, in order to ensure that the Company maintains its leading position in the ever-changing market.</p> <p>At the same time, the Company organizes diverse training courses to improve the professional competence and the service quality of employees. The physical courses cover a wide range of fields, including the “training leadership” series of courses for the leaders, and “employee care series of courses” focusing on the mental health of employees, “SOP operation process training” for strengthening the basic skills of employees in the workplace, and “fire and disaster prevention basic training” for response to related disasters. In addition, the Company also provides specialized training in basic skills such as catering service, customer affairs management, and housekeeping operation, etc., in order to ensure the professional quality and work efficiency of personnel of all departments.</p> <p>In terms of online learning, the Company provides multi-language training courses (including Chinese, English, Japanese, and Indonesian), and all employees at all levels are able to follow the “4DX execution power training” for implementation at work. In addition, the Company has also introduced the “AI co-study” courses that are in line with the market trends, and with the guidance of professional digital tools, the Company aims to assist employees to develop the skills related to AI applications in the digital era.</p> <p>All of these courses are a combination of practical and professional knowledge, and the purpose is to improve the practical skills and overall quality of employees while promoting teamwork and career development, thereby providing further support for the Company's continuous growth and market competitiveness. In 2024, the number of participants in the career training and physical courses was 11,622 people, and the total number of training hours was 67,204 hours. The total number of participants for the online courses was 3,366 people. (Orientation training excluded).</p>	
(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?	✓		<p><u>Customer Health and Safety</u></p> <p>The food safety management team is responsible for the risk management of food safety. The “Food Safety and Health Environment Standard Operating Management Procedure” established in accordance with the food safety management guidelines (GHP) and the key control points system (HACCP) is used as the 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</p>	No significant difference

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			<p>and conduct real-time and effective monitoring to ensure food safety and uphold the highest standards to safeguard the health and safety of our customers.</p> <p>When the government promulgates new food safety regulations or the Ministry of Health and Welfare (MOHW) promulgates food safety-related information, the Company conducts internal promotion and formulates operating standards and optimizes operating procedures immediately. The food safety and health management team also conducts patrol inspections of production sites from time to time in accordance with the annual environmental sanitation cleaning plan. Improvements are made to software and hardware facilities, and the cleaning environment is optimized, in order to ensure the safety storage of raw materials and the food process complies with health and safety requirements. Education and training courses are held regularly to strengthen the professional food safety and health capabilities of employees, and the Company continues to obtain food safety management system related certifications.</p> <p><u>Customer privacy</u></p> <p>The Group is committed to maintaining the security of information systems. To strengthen the protection and management mechanism of information security, and to comply with Article 9 “Relevant Control Operation for Personnel Using Computerized Information System for Processing” of the “Regulations Governing Establishment of Internal Control Systems by Public Companies”, the Group has established information security policies in accordance with the “Cyber Security Management Act and Subsidiaries” published by the Executive Yuan in September 2021 and the “Cyber Security Management Guidelines for TWSE/GTSM Listed Companies” published by the Financial Supervisory Commission. The policies are regularly reviewed and revised and are reported to the Board of Directors.</p> <p>The Company has established an information management team to implement the establishment and implementation of the customer data protection management system. 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. We pay attention to the latest customer privacy protection standards and technological developments, update and improve safety measures in a timely manner, in order to respond to changing safety threats and risks.</p> <p>The Company has implemented specific measures to protect customer privacy,</p>	

Promoting items	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>including a transparent privacy policy, the right to request deletion of personal data, diverse communication channels, data analysis in compliance with legal and regulatory standards, and enhanced information security and privacy protection policies. Our privacy statement provides clear information on the collection, use and deletion of data, and ensures that customers can control their own data at any time. Through diverse communication channels and customer interactions, we use Big Data to improve service quality. We ensure that these activities comply with the highest privacy standards and regulatory requirements through the implementation of data protection management systems.</p> <p><u>Marketing and Labeling</u> In response to the increasingly stringent food safety regulations and to ensure food hygiene and safety, the Group is committed to strengthening raw material source management. All raw materials, semi-finished goods, and finished goods are traceable. From the order and acceptance, to the kitchen's daily operations, we strictly control the raw material procurement and incoming processes.</p> <p>The Company also follows the regulations related to the labeling and advertising management of food specified in the "Act Governing Food Safety and Sanitation", in order to ensure that the labeling of customized retail products clearly displays the traceable information, including the name, telephone number and address of the manufacturer, or the above information is reported to the competent authority of the jurisdiction area, in order to ensure that the traceability and information transparency of procurement is adopted.</p> <p><u>Complaint filing procedures</u></p> <p>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 improve products and services.</p>	
(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	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	
			<p>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.</p> <p>Regent Taipei Main Branch evaluates suppliers based on its own standards, including the "Process and Quality Control Standard Operating Procedures" and the "Supplier Evaluation Record Form". The evaluation criteria, standards, frequency, and results are jointly managed by the Procurement Department, Food Safety Department, and Catering Department. Additionally, the supplier assessment system incorporates corporate sustainability topics such as labor rights, environmental protection, and sustainable resource use.</p> <p>The supplier evaluation results of Regent Taipei and Silks Place Tainan in 2024 indicate no disqualified suppliers with evaluation total scores less than 60 points.</p>	
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?	✓		<p>The Company has prepared the sustainability report in accordance with the generally accepted international reporting standards or guidelines to disclose its non-financial information. After the third-party limited assurance audit is conducted by PwC Taiwan, the assurance report is obtained for disclosure in the appendix of the annual report.</p> <p>The international standards that the Company refers to include:</p> <ul style="list-style-type: none"> <li>• The GRI Standards (Global Reporting Initiative) announced by the GRI Standards;</li> <li>• The "SASB Standards" proposed by the "Sustainability Accounting Standards Board (SASB)", a non-profit sustainability accounting standard institution; and</li> <li>• Task Force on Climate-related Financial Disclosures (TCFD) of the International Financial Stability Board (FSB)</li> </ul>	No significant difference
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.				
VII. Other important information that helps in understanding the implementation status of promoting sustainable development:				

Promoting items	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
<p>Chairman of Silks Hotel Group, Steven Pan, was honored with the Outstanding Person Award at the 2024 “Taiwan Corporate Sustainability Awards (TCSA)”. The Chairman has led Silks Hotel group to face the challenges of the COVID-19 pandemic without laying off employees or reducing their salaries, but to implement transformation actively and promote environmental co-existence, equality and co-prosperity, in order to achieve sustainable development. Accordingly, he has received great recognition from the industry. Silks Hotel Group and its subsidiary, Silks Place Tainan, were awarded the Class I Gold and Class II Bronze in the Service Industry category of the 2024 “Taiwan Corporate Sustainability Awards (TCSA)” for their sustainability reports. We actively promote the UN’s Sustainable Development Goals (SDGs) and improve the governance structure, demonstrating outstanding social responsibility and environmental protection actions. Silks Hotel Group’s Regent Taipei, Silks Place Tainan and Silks Place Taroko were awarded the First Term of Taiwan Tourism Gold Award. Regent Taipei received the Tourism Hotel Organization Award. Silks Place Tainan was awarded the Tourism Hotel Group Award and the Two-Star Rating of Green Travel Label Award, for promoting green travel. Silks Hotel Group was awarded the 2023 Outstanding Hotel and Staff Award by the Taipei City Government. The ceremony was attended by the Taipei City Mayor Wan-An Chiang, as encouragement to Regent Taipei, Just Sleep Taipei Ximending and three outstanding colleagues. Regent Taipei received the Corporate Social Responsibility (CSR) Award at the 2024 BCCT Outstanding Enterprise Contribution Awards. The award recognizes the commitment of the Hotel to various aspects of sustainability, diversity, and community participation. Silks Place Tainan awarded the “Two-Star Rating of Green Travel Mark”, which is an international award that recognizes all employees' efforts. The GTS (Green Travel Seal) review includes comprehensive aspects such as dining, guest rooms, energy, services, and local cultural inheritance. Through the integration of a mature system and the contributions of all staff, the sustainability core value is implemented in various aspects of food, clothing, and accommodation entertainment.</p>				

(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	
<p>I. Establishment of Business Conduct and Ethics Policy and Implementation Measures</p> <p>(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?</p> <p>(II) Whether the Company formulated an assessment mechanism for the risk of unethical conducts, regularly analyzes and evaluates the</p>	✓		<p>(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.</p> <p>(II) The Company has formulated the "Best Practice Principles for Ethical Corporate Management" and "Code of Ethical Conduct", which contain relevant</p>	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	
<p>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?</p> <p>(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?</p>			<p>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.</p> <p>(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 officers and employees.</p>	
<p>II. Ethic Management Practice</p> <p>(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?</p> <p>(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?</p> <p>(III) Does the company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?</p>	✓		<p>(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.</p> <p>(II) The Human Resource Department is responsible for the planning and implementation of the ethical corporate management policy of the Company. The implementation status was reported to the Board of Directors on November 11, 2024.</p> <p>(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</p>	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	
<p>(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?</p> <p>(V) Does the company provide internal and external ethical conduct training programs on a regular basis?</p>	✓		<p>"Regulations Governing Procedure for Board of Directors Meetings" of the Company stipulates the 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.</p> <p>(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.</p> <p>(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.</p> <p>In 2024, the Company provided 183 hours of education and training on integrity management courses, material insider information handling, and insider trading prevention for 366 employees.</p>	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
<p>III. Implementation of Whistleblowing Procedures</p> <p>(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?</p>			<p>(I) The "Best-Practice Principles for Corporate Governance", "Best Practice Principles for Ethical Corporate Management", and "Procedure and Code of</p>	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed

Indicator	Operations			Difference from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and the reasons
	Yes	No	Summary	
<p>(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?</p> <p>(III) Does the company adopt proper measures to prevent a whistleblower from retaliation for his/her reporting?</p>	✓		<p>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.</p> <p>(II) The Company has established standard procedures and confidentiality measures for handling reported misconducts.</p> <p>(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.</p>	Companies
<p>IV. Enhanced Information Disclosure</p> <p>Does the company disclose its guidelines on business conduct and ethics as well as information about implementation of such guidelines on its website and Market Observation Post System ("MOPS")?</p>	✓		<p>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 Company also discloses related information such as assumed effectiveness in the annual report and sustainability report.</p>	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
<p>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.</p>				
<p>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):</p> <p>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, managerial officers, and employees.</p>				

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

(VIII) Implementation of internal control policies

1. Statement of Internal Control: Please refer to the MOPS/Single Company/Corporate Governance/Company Regulations/Internal Control/Statement of Internal Control. <https://mops.twse.com.tw/mops/#/web/t06sg20>
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.

(IX) 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
2024.06.13	2023 Business Report and Financial Statements.	The proposal was approved as proposed.
	2023 Earnings Distribution Proposal.	The proposal was approved as proposed. The distribution of cash dividends was NT\$11.3821 per share, and distribution was made on July 11, 2024.
	Amendment to partial provisions of the Company's "Articles of Association."	The agenda was approved as proposed and implemented accordingly.
	Election of the Company's 23rd term of the Board of Directors	The list of elected directors is as follows: Elected directors: Representative of Ching-Sheng Investment Co., Ltd.: Steven Pan, Yi-Hui Chiang, Rung-Wei Wang, Se-Chen Lai, Representative of Silks International Development Co., Ltd.: Kong-Wen Li, Chi-Shang Kao Independent directors: Kuo-Chun Chang, Wen-Chieh Wang, Wei Wang

2. Board of Directors

Date	Major Resolutions of the Shareholders' Meetings
2024.03.11	<ul style="list-style-type: none"> <li>• Approved the change of supervisor.</li> <li>• Approved the 2023 business report and financial statements.</li> <li>• Approved the allocation of remunerations of employees and directors for 2023.</li> <li>• Passed 2023 earnings appropriation.</li> <li>• Passed distribution of cash dividends from earnings 2023.</li> <li>• Approved the evaluation of the independence of CPAs of the Company.</li> </ul> Election of the Company's 23rd term of Board of Directors <ul style="list-style-type: none"> <li>• Approved the convening of the Company's 2024 Annual General Shareholders' Meeting.</li> <li>• Approved the proposal for the Company to establish a branch company for the</li> </ul>

Date	Major Resolutions of the Shareholders' Meetings
	establishment of Wellspring by Silks Beitou. •Approved the changes of the financial officer, accounting officer and spokesperson. •Passed the issuance of the Company's 2023 “Statement of Internal Control System”.
2024.05.03	•Passed organizational adjustment. •Approved the change of supervisor. •Approved the 2024 Q1 consolidated financial statements. •Approved the 2024 Q1 earnings distribution proposal. •Approved the amendments to parts of the provisions of the “Articles of Association” of the Company. •Approved the convention and meeting agenda of the Company's 2024 Annual General Shareholders' Meeting. •Approved the nomination of candidates for directors and independent directors.
2024.06.17	•Approved the election of the Company's Chairman of the 23rd term of Board of Directors. •Approved the appointment of members of the 6th term of Remuneration Committee. •Approved the proposal for the Company to open a securities account at Citibank.
2024.08.12	•Approved the change of supervisor. •Approved the approval authority adjustment proposal. •Approved the investment of the Company for the establishment of the subsidiary “FIHC Management Consulting Corp.”. •Approved the 2024 Q2 consolidated financial statements. •Approved the 2024 Q2 earnings distribution proposal. •Approved the application to the bank for the extension of the borrowing and guarantee amount. •Approved the 2023 Sustainability Report.
2024.11.11	•Approved the change of supervisor. •Approved the 2024 Q3 consolidated financial statements. •Approved the 2024 Q3 earnings distribution proposal. •Approved the application to the bank for the extension of the borrowing and guarantee amount. •Approved the Company's 2025 business plan and budget. •Approved the Company's 2025 capital expenditure budget. •Approved the change of branch managerial officers. •Approved the discussion of the remuneration of directors and managerial officers for the year 2025 by the Remuneration Committee of the Company. •Approved the amendments to the Company's “internal control system”. •Approved the Company's 2025 annual audit plan.
2025.03.10	•Approved the change of supervisor. •Approved the 2024 business report and financial statements. •Approved the allocation of remunerations of employees and directors for 2024. •Passed 2024 earnings appropriation. •Passed distribution of cash dividends from earnings 2024. •Approved the amendments to parts of the provisions of the “Articles of Association” of the Company. •Approved the evaluation of the independence of CPAs of the Company. •Approved the convening of the Company's 2025 Annual General Shareholders' Meeting. •Approved the issuance of the Company's 2024 “Statement of Internal Control System”.

- (X) In the most recent year, up until the publication date of this annual report, any director Documented opinions or declarations made by directors against Board resolutions in the most recent year and up to the printing date of the annual report: None

#### IV. Information on professional fee of CPAs

##### Information on professional fee of CPAs

(expressed in NTD thousand)

CPA Firm	Name of CPA	Audit Period	Audit Fee	Non-audit fees (Note)	Total	Remark
PwC Taiwan	Chin-Lien Huang	2024	4,920	0	4,920	
	Hsiu-Ling Li					

1. The CPA firm has 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.

#### V. Information on change of CPAs: N/A.

VI. 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.

VII. Changes in share transfers and pledges 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, managerial officers, and major shareholders:

Title	Name	2024		As of April 21 of the current year	
		Increase (decrease) in shareholdings	Increase (decrease) in pledged shares	Increase (decrease) in shareholdings	Increase (decrease) in pledged shares
Corporate director	Qing Cheng Corp.	-	-	-	-
Corporate director representative	Chairman - Steven Pan	-	-	-	-
	Yi-Hui Chiang	-	-	-	-
	Rong-Wei Wang	-	-	-	-
	Se-Chen Lai	-	-	-	-
Corporate director	Formosa International Development Corp.	-	-	-	-
Corporate director representative	Kong-Wen Li	-	-	-	-
	Chi-Shang Kao	-	-	-	-
Independent Director	Kuo-Chun Chang	-	-	-	-
Independent Director	Wen-Jie Wang	-	-	-	-
Independent Director	Wei Wang	-	-	-	-
General Manager	Wei-Cheng Wu	-	-	-	-
General Manager	Hui-Fang Chen	-	-	-	-
General Manager	Jing-Wen Li	-	-	-	-
Head of Finance Department	Wen-Yun Wang	-	-	-	-
Head of Accounting Department	Chien-Nan Tsao	-	-	-	-
Corporate Governance Officer	Mei-Fang Wu	-	-	-	-
Major shareholder	Nan Feng Hsing Enterprise Co., Ltd.	-	-	-	-

2. Information on share transfer: Not applicable.

3. Information on equity pledge: Not applicable.

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

Information on relationship among shareholders of top 10 highest shareholder percentages:

Unit: shares; April 21, 2025

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
Responsible person of Nan Feng Hsing Enterprise Co., Ltd.: Steven Pan	54,167,834 302,743	42.52% 0.24%	- -	- -	- -	- -	Ching Cheng Investment Co., Ltd. Silks International Development Co., Ltd. Ching Ying Investment Co., Ltd. Fan Mei Development Co., Ltd.	Same person in-charge Same person in-charge The person responsible is a relative of second degree of kinship
Responsible person of Ching Cheng Investment Co., Ltd.: Steven Pan	11,015,923 302,743	8.65% 0.24%	- -	- -	- -	- -	Nan Feng Hsing Enterprise Co., Ltd. Silks International Development Co., Ltd. Ching Ying Investment Co., Ltd. Fan Mei Development Co., Ltd.	Same person in-charge Same person in-charge The person responsible is a relative of second degree of kinship
Silks International Development Co., Ltd. Responsible Person: Steven Pan	2,351,222 302,743	1.85% 0.24%	- -	- -	- -	- -	Nan Fung Hsing Enterprise Co., Ltd. Ching Sheng Investment Co., Ltd. Jing Ying Investment Co., Ltd. Fan Mei Development Co., Ltd.	Same responsible person Same responsible person The responsible person is a relative of second degree of kinship
Cathay Life Insurance Co., Ltd. Responsible Person: Ming-He Hsiung	2,220,000	1.74%	-	-	-	-	-	-
Citibank Taiwan entrusted for custody of Norwegian Central Bank	1,163,909	0.91%	-	-	-	-	-	-
Mercuries Life Insurance Co., Ltd. Responsible person: Chao-Hsi Weng	1,050,000	0.82%	-	-	-	-	-	-

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
Business Department of Standard Chartered Bank entrusted for custody of Series of Vanguard Total International Equity Index Fund Investment Account of Vanguard Star Funds	894,756	0.70%	-	-	-	-	-	-
Business Department of Standard Chartered Bank entrusted for custody of Vanguard Emerging Markets Stock Index Fund Investment Account Managed by Vanguard Group	887,000	0.70%	-	-	-	-	-	-
Jing Ying Investment Co., Ltd. Responsible Person: Pi-Ching Pan	850,000 10,508	0.67% 0.01%	-	-	-	-	Nan Fung Hsing Enterprise Co., Ltd. Ching Sheng Investment Co., Ltd. Silks International Development Co., Ltd. Fan Mei Development Co., Ltd.	The responsible person is a relative of second degree of kinship
Fan Mei Development Co., Ltd. Responsible Person: Kuei-Ying Weng	838,000 -	0.66% -	-	-	-	-	Nan Feng Hsing Enterprise Co., Ltd. Ching Cheng Investment Co., Ltd. Silks International Development Co., Ltd. Jing Ying Investment Co., Ltd.	The person responsible is a relative of second degree of kinship

IX. Number of shares held by the company, the company's directors, managerial officers and the number of shares invested in a single company which are held by the entities directly or indirectly controlled by the company, and calculating the consolidated shareholding percentage of the above categories:

Comprehensive shareholding percentage

As of December 31, 2024; Unit: thousand shares

Investment business (Note)	Shareholding of the Company		Investments by directors, managerial officers or any companies controlled either directly or indirectly by the Company		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 Corp.	20,122	100%	0	0	20,122	100%
FIHC Property Management Corp.	1,000	50.01%	0	0	1,000	50.01%
SILKS GLOBAL HOLDING, LIMITED	11,839	100%	0	0	11,839	100%
FIHC Management Consulting Corp.	1,000	100%	0	0	1,000	100%

Note: It refers to the Company's long-term investment accounted for under the equity method.

### Three. Capital Raising

#### I. Capital and shares:

##### (I) Source of share capital

Unit: share/NTD

Year Month	Issue price (face 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	Cash capital increase of 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	Capital increase by surplus 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	Capital increase by surplus 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 (face 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	Capital reduction of 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) List of major shareholders

April 21, 2025

Name of major shareholders	Shares	Quantity of shareholdings	Ownership held by the Company
Nan Feng Hsing Enterprise Co., Ltd.		54,167,834	42.52%
Qing Cheng Corp.		11,015,923	8.65%
Formosa International Development Corp.		2,351,222	1.85%
Cathay Life Insurance Co., Ltd.		2,220,000	1.74%
Citibank Taiwan entrusted for custody of Norwegian Central Bank		1,163,909	0.91%
Mercuries Life Insurance Co., Ltd.		1,050,000	0.82%
Business Department of Standard Chartered Bank entrusted for custody of Series of Vanguard Total International Equity Index Fund Investment Account of Vanguard Star Funds		894,756	0.70%
Business Department of Standard Chartered Bank entrusted for custody of Vanguard Emerging Markets Stock Index Fund Investment Account Managed by Vanguard Group		887,000	0.70%
Jing Ying Investment Co., Ltd.		850,000	0.67%
Fan Mei Development Co., Ltd.		838,000	0.66%

(III) Dividend policy and implementation status

1. Dividend policy stipulated in the Articles of Association:

Earnings are allocated or deficits are covered at the end of each quarter. If there are 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, special reserves may be allocated or reversed in accordance with relevant 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 is currently in a stable growth phase of its lifecycle. It will closely monitor changes to the internal and external environment to ensure 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 shareholder bonuses. Of which cash dividends must not be lower than 10% of the shareholder bonuses.

2. Proposed 2024 dividend distribution:

On March 10, 2025, the Company's Board of Directors approved the 2024 earnings distribution proposal to distribute cash dividends of NT\$1,829,663,382 (NT\$14.3612 per share). The ex-dividends date for the distribution of cash dividends is April 25, 2025, and the cash dividends distribution date is May 13, 2025.

(IV) Impact of the distribution of bonus shares proposed in the present shareholders' meeting on the business performance of the Company and earnings per share:

Not applicable.

(V) Remunerations of employees and directors

1. The percentage or range of remunerations of employees and directors stated in the Articles of Association: If the Company has a profit for the year, it shall allocate 5% as the remuneration of employees and no more than 0.5% for the remuneration of directors. Any accumulated deficit shall be offset with the reserve.

2. The basis for estimating the amount of remunerations of employees and directors, 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 Incorporation. 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' remuneration distributed in cash or shares:

Unit: NTD thousand

Item	Amount recognized as expense	Distribution amount resolved by the Board of Directors	Differences	Distribution method
Employees' payroll and bonus payable	89,073	89,073	-	Cash
Remunerations of Directors	8,907	8,907	-	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 remunerations of employees and directors in the previous year:

Unit: NTD thousand

Item	Amount recognized as expense	Actual amount distributed	Differences
Employees' payroll and bonus payable	91,606	91,606	-
Remunerations of Directors	9,161	9,161	-

(VI) 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.

## Four. Operational Overview

### I. Business content

#### (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. Business weights:

Item	Percentage in 2024 operating revenue
Food and beverage service revenue	50.79%
Guest room service revenue	34.83%
Technical service revenue	2.21%
Other service revenue	1.99%
Lease revenue	10.18%

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

#### Overview of Group's Hotels

##### **Regent Taipei**

Regent Taipei is the only hotel in Taiwan under the most luxurious brand "Regent" of the InterContinental Hotels Group (IHG). With its outstanding services, exquisite design and world-class facilities, it provides customers with an unprecedented lodging experience that combines luxury and comfort.

The hotel has 538 guest rooms, including luxury guest rooms and large suites as well as a Tai Pan executive floor designed for business travelers. The hotel has a total of nine food and beverage restaurants, making it a unique "recreation resort hotel with delicacies". The hotel includes a Cantonese restaurant recommended by Michelin - Silks House and ROBIN'S GRILL Steakhouse & Teppanyaki, the only five-star buffet restaurant in Taipei recommended by CNN - Brasserie, its beef noodles

being awarded the Champion in the Taipei Beef Noodles Festival, and so on.

### **Silks Place/Wellspring by Silks**

“Silks” is a five-star hotel brand under the management of the Silks Hotel Group. Silks hotels are known for their emphasis on humanism, local architecture, and interior design. The hotels also emphasize co-existence with the local culture and aim to become a role model of the local exquisite cuisine. Wellspring by Silks is the hotel brand established under the Silks Hotel Group specialized in premium hot spring resorts. For visitors who prefer urban vacations, quiet places, and accommodation in a unique lodging experience, Wellspring by Silks is a private recreational space that can be fully used for the physical and mental relaxation of visitors, allowing them to temporarily escape from the noise of the city. Currently, all hotels under the brand of “Silks” are in Taiwan, including Silks Place Taroko located at the world-class sightseeing attraction - Taroko National Park, Hualien; Silks Place Tainan located adjacent to the Confucius Temple in Tainan City, demonstrating historical Fucheng culture of Tainan City; and the premium resort hotel Wellspring by Silks located at Jiaoxi and Beitou, well-known hot spring sites in Taiwan.

#### **Silks Place Taroko Hotel**

The hotel is located in the Taroko National Park, Hualien, and it is the only high-end hotel located inside a national park in Taiwan and the only international five-star hotel located at the mountain area in Taiwan. At the neighborhood area of the hotel, there are many recommended Michelin-starred tourist attractions, such as the Xiangde Temple, Taroko Gorge, Swallow Grotto and Shakadang Trail.

The hotel has 160 guest rooms, including 60 executive suites and leisure guest rooms. The interior adopts the New Chinese Style design, with the use of a great number of crude woods to create a natural, spacious and pleasant atmosphere. There are two Chinese and Western restaurants in the hotel, “Wellesley Buffet Restaurant” and “Mei-Yuan Chinese Restaurant”, providing buffet meals and authentic Cantonese and Taiwanese dishes made from local ingredients.

#### **Silks Place Tainan Hotel**

The hotel is located at Zhongxyi District of Tainan City and is adjacent to Shin Kong Mitsukoshi Tainan Department Store and Xiaoximen Business District. The traffic in the area is very convenient.

The hotel has 255 guest rooms that are spacious and comfortable, with sufficient lighting. In addition, the hotel also incorporates the rich local cultural and artistic features of Tainan. The hotel has four restaurants, including ROBINS Steakhouse, ROBINS Japanese Teppanyaki, the

Chinese restaurant “Silks House” and the creative food restaurant “Infinity”. In addition, the hotel also includes “Tbar”, providing Itamae coffee, and a “Glass House” bar by the pool, in order to provide visitors with diversified food and beverage choices.

#### Wellspring by Silks

Wellspring by Silks Jiaoxi is located at the city center of Jiaoxi Township, Yilan County, known for its hot spring. The hotel has 120 guest rooms and three restaurants and provides a sodium bicarbonate hot spring. The design of the entire hotel utilizes earth-color grille to surround the hotel, in order to create a hot spring resort away from the city with the atmosphere of a hidden natural world, thereby providing the unique sensation of different time and space to guests of the hotel.

The hotel of Wellspring by Silks Beitou, officially opened in September 2024, integrates the century-old historical culture of hot springs with humanistic arts and natural landscapes, in order to provide a place with a true interactive and friendly environment where people can enjoy a leisure atmosphere away from the city. The hotel has 94 guest rooms, 6 hot spring spa rooms, and two restaurants of Bando Club and Mihan. The spacious guest room design utilizes warm colors and provides sufficient natural light to create a comfortable atmosphere. The soft and smooth white sulfur hot spring flows calmly, allowing visitors to feel relaxed and to enjoy the comfortable and gentle hot spring time during their journey.

#### Just Sleep

The brand of Just Sleep upholds the philosophy of “stylish and quality travel, fine and delicate service” while emphasizing convenient traffic, delicate service and unique design, in order to provide visitors with the best quality service of a five-star hotel at an affordable and reasonable price.

Just Sleep hotels located in the Taipei area include two branches of **Just Sleep Taipei Ximending** and **Just Sleep Taipei NTU**. Just Sleep Taipei Ximending is located at Ximending Business Circle. It has 143 guest rooms and includes the Just Café restaurant that also provides breakfast for guests. Just Sleep Taipei NTU is located next to the National Taiwan University, with 76 guest rooms and one restaurant of Just Italian. The design of the guest rooms of the hotel integrates a college style to provide guests with comfortable lodging options for campus teaching, internships, research, academic exchanges, meetings and visitors, in order to establish a co-prosperity atmosphere with the university campus.

Just Sleep Yilan Jiaoxi is located at the city center of the Jiaoxi, well-known for hot springs in the area. The hotel has a total of 138 guest rooms and the restaurant of Mihan. The hotel also provides a sodium

bicarbonate hot spring, to ensure that visitors enjoy a relaxing and comfortable stay at the hotel.

(II) Industry overview:

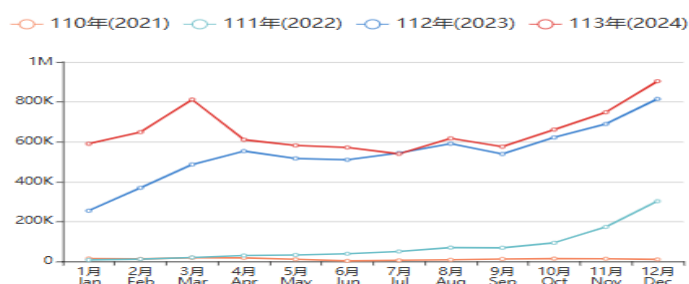
1. Status and development of the industry

- Domestic tourism continues to help many important places to recover, especially those with huge domestic markets, and 42% of the experts have stated that domestic tourism in some places is still recovering. Approximately 77% of the interviewers said that compared to the time before the pandemic, the domestic tourism industry has grown faster (38%) or maintains its growth (39%). Approximately 40% of the experts believe that the domestic tourism industry is beneficial to the recovery of some regions, and 18% of the experts believe that domestic tourism has not made any contribution. This reflects the importance of international tourism in many destinations and the continued recovery of international demand. Due to the COVID-19 pandemic, tourism activities have been low in the past four years. Global tourism is expected to recover in 2025, with a growth rate of 2% compared to 2019, reaching a total of 1.5 billion visitors. The tourism popularity in 2025 will continue from the previous year under the positive impacts of increasing demand for travel and the increase in flight numbers to improve the convenience of travel and the continuous recovery of the Asian market and destinations. The simplified VISA application process and marketing policies in many destinations promote active international tourism development as well.
- The latest survey shows that in terms of an optimistic outlook, 67% of experts expect better performance in 2025 than 2024, and 70% of people believe that the international tourism has reached the level before the pandemic or will achieve better than 2024.
- Despite the optimistic prospect, the global economic and geopolitical tensions pose risks to the global economic and cultural recovery in 2025. The transportation and accommodation prices may continue to rise due to inflation, and the high interest rate will affect the consumer's consumption power and demands. Although luxury travel was expected to grow in 2024, many travelers continued to seek travel plans of higher quality at lower prices in the overall economic environment and chose to travel closer to home.
- It is expected that the number of visitors in various regions of the world will return to the level before the pandemic by 2025 (the Middle East has already recovered in 2024). However, the speed of recovery in the Asia Pacific region is relatively slower, and the recovery depends on the policies and measures of the public and

private sectors to attract visitors, economic factors and confidence level.

### 來臺旅客人次 Inbound Visitors

(單位：人次) (Unit: Persons)



**113年1-12月累計**

Visitor arrivals in  
January-December 2024  
**7,857,686**

**113年12月小計**

Visitor arrivals in  
December 2024  
**903,619**

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

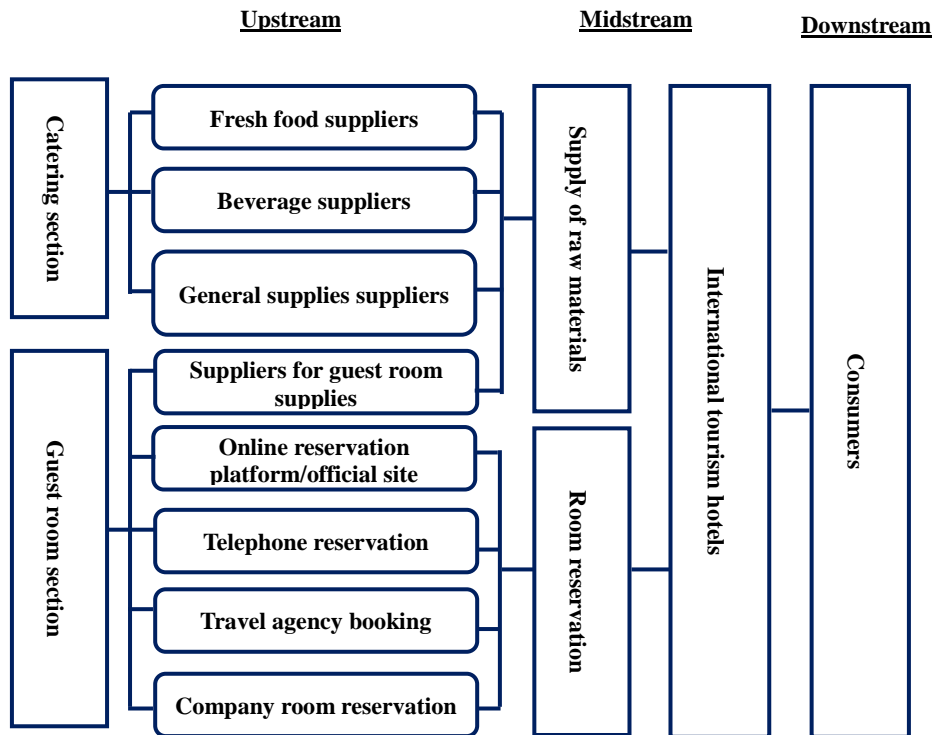
歷年來臺旅客按目的分													單位:人次 Unit: Persons	
Visitor Arrivals by Purpose of Visit														
年度 Year	合計 Total	業務 Business	觀光 Pleasure	探親 Visit Relatives	會議 Conference	求學 Study	工商考察 Commercial	業務與觀光 Business/ Pleasure	渡假 Vacation	展覽 Exhibition	醫療 Medical Treatment	其他 Others	未列明 Unstated	
108年	11,864,105	746,115	8,444,024	478,220	76,308	80,630	-	-	-	18,320	55,937	1,964,551	-	
109年	1,377,861	81,324	694,187	79,882	3,831	19,489	-	-	-	745	8,191	490,212	-	
110年	140,479	11,937	156	6,542	102	7,644	-	-	-	29	808	113,261	-	
111年	895,962	96,620	254,686	85,921	5,893	14,269	-	-	-	1,666	2,015	434,892	-	
112年	6,486,951	435,743	4,316,832	368,437	41,130	43,557	-	-	-	19,943	12,280	1,249,029	-	
113年	7,857,686	507,421	5,376,199	362,461	42,157	57,771	-	-	-	26,157	14,648	1,470,872	-	

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 upstream, midstream and downstream of the industry



3. Product development trends and competition

As border restrictions are lifted after the pandemic, the tourism activities have gradually returned to the level before the pandemic. In 2025, the number of travels planned by the general public is 1 to 2 times annually (63%), which is 57% higher than 2024. However, for the number of overseas trips exceeding 5 times and between 3~4 times, the ratios have declined slightly from last year, meaning that people’s travel plans have become more rational. In addition, based on the economic condition of the greater environment, travel activities are no longer sudden plans due to long-suppressed conditions. Therefore, the following points can be summarized as the development trend of products after the pandemic.

- 1) The physical and mental well-being: Health care to profound experience  
 As more and more people want to incorporate health and wellness into their travel experience, the number of health and wellness trips is growing. Visitors are increasingly paying attention to the active and preventive health management approach and looking for innovative experiences. In recent years, the awareness of health travel has gradually increased. In order to allow modern people to slow down in their fast and busy lives, and to relieve the pressure of daily life, Regent Taipei has launched a housing project that combines physical and mental balance and health care, including the “Oriental Beauty Tea Therapy Course”, the “Secret Sulfur Valley Trip for Your Health” project and the “Silks LOHOS” project. In addition to providing world-class aromatherapy and beauty care treatment

courses, it also plans a series of physical and mental health promotion and strengthening activities, allowing visitors not only to relax their physical and mental well-being during urban holidays, but also to increase their health awareness and improve their quality of life.

2) Cultural links: How to create local awareness with true experience

The demand for true and meaningful travel experiences increases. These experiences not only promote individual happiness and sustainable development but also deepen the contact with local culture. At Regent Taipei, one of the signature experiences is community connection - guiding guests through the charming alleys and streets of Zhongshan District, where they can discover winding paths and the captivating spirit of local cultural revival. Another standout is the self-driving tour. Driving has long been a beloved way to travel - offering the thrill of scenic routes, the chance to immerse in unfamiliar places, and the freedom to explore hidden gems at your own pace. It's a kind of freedom that's hard to match with other modes of transportation. We hope that visitors can discover another side of Taiwan and see different local landscapes.

3) For sustainable development: Do the right things

We uphold the values of sharing, creating, and being good and healthy, and strive to establish a sustainable enterprise ecology system that is happy, beautiful, healthy, and full of life.

We believe that the power of service can help the prosperous development of human beings, communities and the environment, thus having a positive influence on all generations. To achieve sustainable development, the “2024 Sustainable Dining” program was launched by the Regent Taipei. The buffet restaurant, “Brasserie”, as the highest-grossing restaurant in the hotel, was selected as the demonstration benchmark. In 2024, three active measures will be introduced, including the introduction of the “AI kitchen waste system” to help reduce kitchen waste through modern technology; a “Vanilla Garden” will be built in the restaurant backyard to host a farmer activity and create a friendly ecological environment through planting of spices. At the same time, the “Leftover Food Plan” is launched through cooperation with famous international chefs to turn NG food into delicious dishes, thereby actively fulfilling the United Nations Sustainable Development Goals (SDGs), and allowing consumers to enjoy food while achieving environmental protection and sustainability at the same time.

4) In response to the rapid development of digital technologies, the AI technology of people-oriented hotels must be optimized to keep up with the trends in the tourism and hotel industry. With the support of the Administration for Digital Industries, Ministry of Digital Affairs, Regent Taipei, a leading hotel in the industry that is known for its innovative and leading trends, held the “Regent Taipei 5G Integration Innovation

Application Plan” achievement presentation conference together with the Taiwan Tourism Interchange Association at the grand banquet hall on the third floor of the hotel in 2024. In addition, Hui-Min Chen, Deputy Director of the Administration for Digital Industries, Ministry of Digital Affairs, was also invited to the event to provide guidance. The event was actively participated in and co-organized by the cooperating enterprises of WiAdvance, HwaCom Systems, ChungHwa Telecom, no.X Media Digit, TianYen, Aiello International, and EPSON. The goal was to demonstrate how 5G technology can create a higher value for dining spaces and services of tourism hotels through 3D modeling and environmental shots, which is also an important milestone in the industry's digital transformation. During the event, EPSON’s laser high-end engineering model was specially selected for this event. Its high-efficiency laser light source enhances product durability, and the projection angle is unrestricted, allowing for broader application. Whether projecting onto windows or floors, it offers flexible and powerful performance, delivering a more immersive effect and creating a stunning new visual experience for guests. EPSON has invested a significant number of resources in the research and development of laser high-end engineering models in recent years. In addition to continuously improving the 3LCD technology, to achieve the effect of high luminance and low maintenance cost, innovative technologies are used in this 5G cooperation plan to create greater value.

- 5) High-end brands expected to start in 2024: Park Hyatt Taipei/1,178 guest rooms (Park Hyatt), Andaz Taipei/243 guest rooms, Four Seasons Hotel Taipei/260 guest rooms, and InterContinental Taipei/400 guest rooms, Capella Taipei/88 guest rooms, and the number of guest rooms in Taipei City was increased by 1,168 guest rooms. In the future, the market may face another wave of imbalance and price volatility. With the participation of other high-end brands, the travel and tourism market in Taiwan will undergo certain fluctuation in supply/demand and prices along with changes in talents in the industry.

(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 2024 amounted to NT\$8,964 thousand.

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

Long-term plan:

1. Expand business travelers, increase the utilization of executive floors and high-priced large rooms to raise average house prices and maintain market leadership.
2. Formulate a business training program to improve business negotiation skills and sales strategies and increase the retention rate of talent through the training program.
3. By expanding the database of members, the data of consumers, Regent Galleria members, VIP service and the tenants of various brands, the Company is able to create an exclusive and unique lodging experience through the integration of the three major marketing strategies of housing, dining, and customer service.
4. We will focus on creating a diverse accommodation project for physical and mental balance experience, to enhance market visibility and customer satisfaction.

Short-term plans:

1. Publish the latest photos/images of the hotel for exposure on various overseas print media/reservation platforms.
2. Participate in overseas international travel exhibitions and conferences organized by the Tourism Bureau/Tourist Association to maintain visibility in overseas markets and continue strengthening connections and brand presence abroad.
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. Continue to upgrade hardware facilities of hotels in order to provide better quality products and services and improve product competitiveness.
7. Offer the best discounts for hotel reservations on the Company's website and offer discounts on high-speed rail services based on domestic guests' preferences, 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
2023	35%	15%	50%	0%	100%
2024	28%	20%	52%	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
2023	77.80%	11.20%	4.70%	6.30%	100%
2024	74.26%	12.81%	4.70%	8.23%	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
2023	59%	20%	21%	0%	100%
2024	51%	27%	22%	0%	100%

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

2. Market share

In the source market for five-star hotels in Taipei, Regent Taipei identified its competitors as including the Grand Hyatt Taipei, Far Eastern Hotel Taipei, Taipei Marriott Hotel, the Okura Prestige Taipei, W Taipei and Sheraton Grand Taipei Hotel, etc. The hotel ranked second in terms of the proportion of guests in the source market in 2023 (STR Report), a significant improvement from the ranking of fourth place in the market share before the pandemic (2019). In addition to the COVID-19 pandemic mitigation and border opening, the overall tourism industry has recovered with the momentum of production lines. The average number of Regent Taipei's annual recoveries has exceeded 95% of pre-pandemic levels, and even exceeded the pandemic in the fourth quarter. Building on the advantages developed during the pandemic and the revival of international arrivals, Regent Taipei has actively captured business travel and conference group opportunities. This demonstrates that the brand operation has been successful in Regent Taipei for many years, and that the transformation during the pandemic has successfully transformed the city hotel position.

3. Future supply, demand and growth of the market

The Tourism Administration has been officially established on September 15, 2023, and the agency promised to increase the number of international travelers to Taiwan to 12 million in 2024. According to the

forecast of the Directorate-General of Budget, Accounting and Statistics, the whole-year economic growth rate in 2024 is expected to reach 3.08%. The tourism market in Taiwan will move towards diverse, unique, intelligent and sustainable tourism. Diverse and unique tours will become the trend of travel. In addition to attracting high-end visitors from the higher class of society, the high-end tourism market was also developed to enhance the tourism environment in Taiwan, to improve the competitiveness with neighboring countries, and to close the gap between the tourism hotel prices in other countries after the pandemic. With the support of the government, new landscape sites or large-scale commercial activities are developed, and the government seeks opportunities for organizing international exhibitions, in order to increase the necessity of coming to Taiwan for pleasure and business travels.

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, surrounded by internationally renowned luxury boutiques. Recently, the British magazine “Time Out” selected the “World’s 40 Coolest Neighborhoods” ranking according to personal preference of the general public based on feedback from 12,000 global respondents. With its comprehensive facilities and full-service offerings, the hotel is widely recognized by both domestic and international travelers. 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 a 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 "JTB Lounge" 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) Integrate 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.
- 8) Among the list of "The world's 40 coolest streets in 2023" that were announced by "Time Out", a famous cultural magazine in the UK, "Zhongshan District" in Taipei City was selected for the list. The selection was based on the abundance of entertainment, diversified delicacies and various styles of buildings in "Zhongshan District". The selection also brings global attention to the captivating charm of Taiwan's capital, showcasing it as a city at the forefront of global trends. Zhongshan District is located between the Datung District and

the Xinyi District with Taipei 101 situated in the middle. Zhongshan District is full of fantastic stories about the evolution of Taipei City. It was once a trading center along the banks of the Tamsui River, and now, it is an urban area with lots of skyscrapers. The streets in the area are still filled with heritages from the colonial era, but modern buildings such as the Fuhua Huahe and Miramar Ferris Wheel and others have appeared to occupy the skyline nowadays. Such a harmonious combination allows visitors to explore both the traditional Japanese and Baroque architectures and modern wonders. There are a lot of diverse delicacies in the Zhongshan District: such as Chinese noodles, Italian pasta, and spicy Indian food. The choices are endless. For people who prefer Taiwanese delicious dishes, Section 1 of Chang'an East Road is the place to go.

(3) Unfavorable factors

- 1) In the past three years and for the next two years, international chain hotels (including Japanese brands and luxury high-end 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 border opened after the pandemic, the number of visitors from Japan was less than expected, and hotels in the same industry are attracting Japanese group visitors with low prices. To maintain the 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 businesses.
- 2) The online room reservation platform enables fast room reservation and allows rooms to be opened and prices adjusted flexibly in line with market supply and demand. The cooperation with Rakuten Travel, HIS, and Expedia in the Japanese market still presents an 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) Actively maintain and stabilize customer relationships in the Japanese market, along with local business contacts in Japan. Meanwhile, the Company will adjust the quantity and price of high and low travel seasons, in order to increase the guest room revenue.
- 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 brand activities or exhibitions, thereby increasing the average room rate.
- 7) Establish a safe Cloud system database since data will become the key to optimizing the experience of lodging for travelers. Through data management and analysis, we will further plan customized discounts and promotions, and automatically provide services that are similar to those offered in the past.
- 8) Through long-term cooperation with the tour series of travel agencies in South Korea and Hong Kong, the designated accommodation can not only precisely control the room volume, but also increase the brand exposure in the local market.
- 9) Continue annual appreciation events to maintain good interactions 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.

### III. Employees

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

April 21, 2025

Year		2023	2024	Up to April 21, 2025 for the current year
Number of employees	Guest Room Department	630	551	610
	Food and Beverage Department	981	864	877
	Administration	385	348	337
	Total	1996	1763	1824
Average age		34.76	36.35	36.32
Average years of service		5.47	5.94	5.92
Distribution by academic qualification	Doctorate	0.05%	0.06%	0.05%
	Master	3.26%	3.41%	3.46%
	Associate/Bachelor Degree	69.34%	66.97%	67.09%
	High School Diploma	22.68%	24.74%	24.57%
	Senior High School and Below	4.67%	4.82%	4.83%

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

### IV. Information on Environmental Protection Expense

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, and no environmental pollution or environmental regulatory violation has been cited by related governing bodies.

### V. Labor-Management Relationship

- (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

We are committed to improving the core abilities and professional skills of our employees, and uphold the core philosophy of "common learning, common good, and joint achievement" to promote career development. The training provided by us not only covers the professional knowledge and skills in the workplace, but also the diversified growth courses, to help employees continue to improve and realize themselves outside of work. We are also committed to fulfilling the corporate mission of "bring the best of the world to Taiwan, and bring the best of Taiwan to the world". Such a culture not only strengthens the team's cohesion, but also cultivates outstanding talent with innovative thinking and cooperative spirit.

For orientation of new employees, with the "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. This year, the Company has organized diverse education and training courses, in order to comprehensively improve the professional competence and service quality of employees. The physical courses organized in the current year include the "Coach-type Training" series of training, standardized courses for department operating procedures (such as SOP training for the dining and customer room departments), employee mental health and communication skills training, and basic courses covering fire and disaster prevention and response. In addition, there are professional courses on practical skills, such as equipment maintenance, food and beverage production processes and customer service management standards.

For online courses, the content covers the "4DX execution micro courses", a series of trainings based on the R12 score target set for employee satisfaction surveys, SOP operation procedures for each unit,

and artificial intelligence-related learning items, such as the “AI Common Learning Club” to teach employees how to use digital tools, such as ChatGPT to improve work efficiency. These courses are designed to incorporate modern technology trends and hotel operation needs, to help employees understand new technologies and respond to industry challenges.

These courses not only strengthen the professional skills of employees but also promote cross-department cooperation and digital transformation capabilities, as the foundation for the Company's long-term development and market competitiveness. The Company's education and training courses are categorized into the new employee orientation, management courses, language training, labor safety, food safety, professional growth, and CSR, etc., which are explained in the following:

- (1) New employee orientation: including pre-service training, service principles and culture, illegal infringement at workplace, ethical management, and internal material information processing operation, etc.
- (2) Management training: management seminars, training leadership - effective communication, team consolidation, human resources, diverse genders, and establishment of a gender equality at workplace/sexual harassment handling process at workplace and employer responsibilities.
- (3) Occupational safety courses: including CPR & AED, fire safety, food hygiene and safety, labor safety, fire response procedures and case review, kitchen equipment safety advocacy, etc.
- (4) Professional growth: case study sharing, catering basic service training, training staff club meetings, Champion's professional teaching courses in Spain, using Chat GPT to practice English, allowing technologies to help you produce meeting minutes, use AI to complete Excel works, understand AI image generation tool STYLAR AI, method to introduce unique features of hotels to customers, etc.
- (5) CSR: employee care: high stress state of employees with trauma, self-perception and development: personal physical and mental conditions, employee care techniques for physical and mental symptoms, self-awareness and development: advanced sensitivity training, empathetic communication: creating a communication-friendly environment, empathetic communication: listening skills, feedback techniques, etc.

Summary of trainings conducted:

Training Category	Number of Sessions	Hours of Training	Number of Participants	Total Training Hours	Ratio
Orientation	54	79	1350	1907	19.70%
Corporate Integrity Procedures and Guidelines	12	6	366	183	1.89%
Language training	23	64.5	311	988	10.21%
CSR courses and activities	7	27	108	248	2.56%
Specialized/technical knowledge and skills	45	227.3	491	972.6	10.05%
Leadership and management	20	332	280	978	10.10%
Food safety	8	33	552	1065	11.00%
Employee safety	56	215.5	1749	3339	34.49%
Total	225	984.3	5207	9680.6	100%

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 of legal compliance: The Company's management practices are in compliance with all relevant laws and regulations, including the government's safety and health laws. The Company has properly implemented all safety and health activities and management by following the risk management and evaluation methods. The Company has also continued to establish an occupational safety and health management system that meets the

requirements of the Company in accordance with the requirements of ISO 45001, and continues to promote and improve the management system in order to continuously improve the safety and health of facilities and to perform the self-management function.

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) Full participation in safety: The safety and health promotion and training are implemented, allowing all employees to participate in safety and health activities, to achieve the goal of disaster prevention and disaster reduction. The safety and health knowledge is conveyed through the Silks Campus APP, and the safety and health awareness is disseminated to all employees through push messages. The relevant re-training courses are arranged for employees to participate in the training to enhance the safety awareness and disaster prevention and disaster reduction concepts.
- (3) Continuous environmental improvement: Relevant tests are set up in accordance with the Regulations for the Implementation of Labor Work Environment Monitoring, and the monitoring results are announced for employees. The detection frequency is as follows:

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
Carbon dioxide detection	Every 6 months

At the same time, the operating environment is monitored at other sites, and the safety and health management requirements are strengthened for supervisors and employees to comply. The inspection results of 2024 have all met the standards, and we will continue to monitor to ensure safety and maintain a good working environment. In addition, non-slip strips were also additionally installed on the stairs frequently accessed by employees at the

beginning of 2024, in order to reduce the risk of slipping when using the safety ladders.

- (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).
  - f. Participate in the review of repetitive operations of the hotel by external professional teams, and make adjustments based on the review results, aiming to effectively reduce musculoskeletal discomfort among employees during operations.
  - g. Adjust and install relevant monitoring systems according to the type of work and risk characteristics, so that image records can be provided for labor operation.

## 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 staffed with nurses to provide emergency medical rescue, general external injury treatment, basic care, health consultation, medical referral and tracking services.
- (2) Professional medical physician stationing for consultation: The Company has contracted family and occupational medicine physicians of Tucheng Hospital (established under commission of

Chang Gung Medical Foundation) along with occupational safety nurses to provide on-site services every month. The scope of consultation is as follows:

- 1) Employee health and hygiene related training
  - 2) Prevention and treatment of occupational and general injuries/diseases
  - 3) Employee vaccinations
  - 4) Employee suitability for certain types of work
  - 5) Evaluations and management of employee health check records
  - 6) Occupational health research and storage of injury/disease records
  - 7) Workplace improvements aimed at preventing occupational injuries/diseases
  - 8) Others designated by the central competent authority.
  - 9) Accompany labor health and safety officer to inspect the workplace and:
    - a. Identify and evaluate the dangers in the workplace environment and operations
    - b. Propose improvements to ensure workplace health and safety
    - c. Investigate the relationship between employee health and work operations, and conduct health risk assessments for high-risk employees and take necessary preventive measures
    - d. Assess returning employees for readiness to return to work, and provide advice and consultation accordingly
- (3) To encourage breastfeeding and in line with the breastfeeding policy of the Ministry of Health and Welfare and the spirit of the Gender Equality in Employment Act, the Company has established nursing (lactation) rooms for employees.
- (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.
- (5) Gender equality: Gender-friendly toilets are installed for the use of employees. The Company organizes courses for gender equality and diverse gender topics for management and top management, in order to establish a gender equality workplace from top to bottom.
- (6) The Company cooperates with the government's policies, and to protect the health of employees, the Company has set up a station in the workplace to provide public fee influenza vaccination and

Covid-19 vaccination services.

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

(1) Applies to all full-time employees.

(2) Eligibility for retirement (must meet one of the following):

A. tenure of 15 years or above and at least 55 years of age

B. tenure of 24 years or above

C. tenure of 10 years or above and at least 60 years of age

(3) Employees may be compelled to retire under one of the following circumstances:

A. 65 years of age

B. declared medically unfit for work by an approved hospital

(4) Pension payments:

A. For employees opting for the old pension system, pension is calculated as follows:

a. 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.

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

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

a. 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.

b. 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.

c. Employees aged 60 or above who have served for 15 years or more may claim monthly pension. However, those who have worked for less than 15 years shall apply for a lump sum of pension.

8. Performance bonus policy: To boost employees' productivity and, in turn, company profitability as well as to reward their hard work, performance bonuses are distributed to employees at the end of each year.

(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, along with the estimated losses that may occur currently and in the future and countermeasures:

One labor sanction case in 2024: This sanction case was due to the Grand Formosa Taroko Hotel Corporation's violation of Paragraph 2 of Article 13 of the Act of Gender Equality in Employment. Please refer to the particulars of the case as follows: Sanction date: May 3, 2024, Sanction reference number: Fu-Se-Lao-Zi No. 1130081301B, and the content of the violation: The employer did not take immediate effective corrective and remedial measures upon knowing the situation of sexual harassment, and the administrative penalty amount is NT\$100,000.

After the occurrence of this incident, the Company has continued to actively promote and strengthen the gender equality concept of the supervisors and employees, so that all colleagues have a correct attitude and mindset, and understand that each person has their own principles, and it is necessary to respect each employee without infringing others, thereby establishing a harmonious relationship for both genders.

## VI. Cyber security management

(I) Describe the cyber security risk management architecture, cyber security policy, specific management solution and resources invested in cyber security management.

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.

In 2023, the Company established the position of Chief Information Security Officer and a member of information security staff according to the “Regulations Governing Establishment of Internal Control Systems by Public Companies” published by the Financial Supervisory Commission. The Company regularly reviews and establishes information security policies in accordance with the “Information Security Control Guide for TWSE/GTSM Listed Companies” and regularly reports to the Board of Directors to strengthen the Company's information security.

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. Specific management plan and resources invested for cyber 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 employees are resigning (on leave), the information office will delete the system account according to the notice of resignation from the personnel department.
  - 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) For the most recent year and up to the printing date of the annual report, losses due to major cyber security events, possible impacts and countermeasures: None.

## VII. Important Contracts

April 21, 2025

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.	From January 1, 2019 to December 31, 2028, for a total of 10 years	<ol style="list-style-type: none"> <li>1. Subject matter of contract: Silks Place Yilan</li> <li>2. Calculation and collection of service fees: Calculate a certain percentage of the operation revenue on a monthly basis</li> </ol>	None
Technical services, entrusted management, and affiliation contracts	YUI-MOM SILKS CLUB CO., LTD.	From July 15, 2017 to July 14, 2032, for a total of 15 years	<ol style="list-style-type: none"> <li>1. Subject matter of contract: Silks Club</li> <li>2. Calculation and collection of service fees: Calculate a certain percentage of the operation revenue on a monthly basis</li> </ol>	None
Technical services, entrusted management, and affiliation contracts	YBH INTERNATIONAL LTD.	From June 1, 2015 to May 31, 2030, for a total of 15 years	<ol style="list-style-type: none"> <li>1. Subject matter of contract: Just Sleep Kaohsiung (Zhanqian Branch)</li> <li>2. Calculation and collection of service fees: Calculate a certain percentage of the operation revenue on a monthly basis</li> </ol>	None
Technical services, entrusted management, and affiliation contracts	YBH INTERNATIONAL LTD.	From June 1, 2015 to May 31, 2030, for a total of 15 years	<ol style="list-style-type: none"> <li>1. Subject matter of contract: Just Sleep Kaohsiung (Chung Cheng Branch)</li> <li>2. Calculation and collection of service fees: Calculate a certain percentage of the operation revenue on a monthly basis</li> </ol>	None
Technical services, entrusted management, and affiliation contracts	YBH INTERNATIONAL LTD.	From June 1, 2015 to May 31, 2030, for a total of 15 years	<ol style="list-style-type: none"> <li>1. Subject matter of contract: Just Sleep Hualien</li> <li>2. Calculation and collection of service fees: Calculate a certain percentage of the operation revenue on a monthly basis</li> </ol>	None
Technical services, entrusted management, and affiliation contracts	YUEZAK HOSPITALITY MANAGEMENT CO., LTD.	From May 12, 2019 to May 11, 2039, for a total of 20 years	<ol style="list-style-type: none"> <li>1. Subject matter of the contract: Just Sleep Sanchong Branch</li> <li>2. Calculation and collection of service fees: Calculate a certain percentage of the operation revenue on a monthly basis</li> </ol>	None

Type of Contract	Client	Contract Term	Description	Limitations
Technical services, entrusted management, and affiliation contracts	Heya Travel Co., Ltd.	From May 13, 2021 to May 12, 2041, for a total of 20 years	1. Subject matter of the contract: Just Sleep Tainan 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	MINATO CREATE CO., LTD.	From March 1, 2023 to February 28, 2033, for a total of 10 years	1. Contract subject matter: JUST SLEETP OSAKA 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	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
Technical services, entrusted management, and affiliation contracts	Eastern Home Shopping & Leisure Co., Ltd.	Preparation period	1. Contract subject matter: Just Sleep Linkou 2. Calculation and collection of service fees: Collect service revenue based on preparation progress	None
Contract for outsourced operation and management	A	From January 16, 2013 to December 31, 2034, for a total of 22 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	WANHWA ENTERPRISE	From April 20, 2009 to April 19, 2027, 18	1. Lease subject matter: 5F-9F, Wan Hwa Enterprise Building 2. Calculation and collection of rent:	None

Type of Contract	Client	Contract Term	Description	Limitations
malls and operating hotels and restaurants	COMPANY	years	Monthly payment of fixed rent, and an increase of 5% every 3 years	
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, and starting from the 5th year, an increase of the annual rent 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, for a total of 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	From August 25, 2024 to August 24, 2044, for a total of 20 years	1. Lease property: No. 19 and No. 19-1, Quanyuan Rd., Beitou Dist., Taipei City 2. Calculation and collection of rent: The rent is fixed monthly and increases by 3% every 5 years	None
Contract for renting shopping malls and operating hotels and restaurants	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: 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 M	From March 1, 2024 to February 28, 2030, for a total of 6 years	1. Lease property: Shopping Mall, No. 303, Lequn 3rd Rd., Zhongshan Dist., Taipei City 2. Calculation and collection of rent: Calculation of rent is based on revenue, but guaranteed revenue shall be achieved.	None
Lease contract	USPACE TECH CO., LTD.	From August 1, 2023 to July 31, 2028, for a total of 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 March 12, 2024 to March 11, 2025	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	None

Type of Contract	Client	Contract Term	Description	Limitations
			of NT\$45,010 as a performance guarantee.	
Guaranteed line of credit	Mega International Commercial Bank	From January 1, 2025 to December 31, 2026	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, 2024 to November 5, 2025	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.	<p>Silks Palace participated in the “Private Participation in the Silks Palace At National Palace Museum Corp. 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</p> <p>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.</p> <p>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.</p> <p>C. Rent: It is calculated based on the “Regulations for Favorable Rentals Regarding Public Land Lease and Superficies in Infrastructure Projects”.</p> <p>D. Performance bond: Silks Palace at National Palace Museum provides a performance bond of NT\$5,000, which will be returned 3 months after the completion of all related procedures for assets transfer according to the contract.</p>	<p>A. The following financial ratios shall be maintained during the development and operation period:</p> <p>a. The current ratio shall not be less than 100%.</p> <p>b. The total liabilities amount shall be less than 1.5 times of the net worth.</p> <p>B. The financial plans of Regent Palace Forbidden City shall be adjusted based on the financial plan proposed after the selection and evaluation.</p> <p>C. Besides obtaining agreement by the National Palace Museum, the Silks Palace At National Palace Museum Corp. shall not make re-investments of other businesses.</p> <p>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</p>

Type of Contract	Client	Contract Term	Description	Limitations
				the National Palace Museum.

## Five. Review and Analysis of Financial Position and Financial Performance, and Risks

### I. Financial Status

Financial Status Comparison and Analysis Table

Unit: NTD thousand

Item \ Year	2023	2024	Change in Percentage (%)	Description of major changes
Current assets	4,658,780	4,048,945	(-13.09%)	(Variation by more than 20% and amount of NT\$10 million or more) 1. The increase in other assets and non-current liabilities in the current period is mainly due to the increase in the assets leased, and the increase in right-of-use assets and lease liabilities - non-current. 2. The increase in other equities in the current period is due to the effect of the exchange rate and the increase in the exchange gain on the translation of the financial statements of foreign subsidiary. 3. The decrease in non-controlling interests in the current period is mainly due to the decrease in net income of the subsidiary, resulting in a decrease in net income of non-controlling interests.
Property, plant and equipment	1,949,026	2,044,955	4.92%	
Intangible assets	20,923	20,923	0.00%	
Other assets	4,002,464	4,835,520	20.81%	
Total assets	10,631,193	10,950,343	3.00%	
Current liabilities	2,843,138	2,567,435	(-9.70%)	
Non-current liabilities	2,840,127	3,546,232	24.86%	
Total liabilities	5,683,265	6,113,667	7.57%	
Share capital	1,274,032	1,274,032	0.00%	
Capital surplus	222,383	222,383	0.00%	
Retained earnings	3,383,387	3,292,752	(-2.68%)	
Other equity	(292,358)	(189,047)	35.34%	
Equity attributable to owners of the parent	4,587,444	4,600,120	0.28%	
Non-controlling interests	360,484	236,556	(-34.38%)	
Total shareholders' equity	4,947,928	4,836,676	(-2.25%)	

## II. Analysis of Financial Performance

### (I) Comparison and analysis of financial performance table

Unit: NTD thousand

Item	Year 2023	2024	Change in Percentage (%)	Description of major changes
Operating revenue	6,765,042	6,296,962	(-6.92%)	(The percentage of change exceeds 20% and the amount of change exceeds NT\$10 million) 1. The increase in non-operating income and expenses is mainly due to the increase in the exchange rate, which affects foreign currency exchange gain, an increase in insurance claims income, an increase in government grant income, an increase in financial asset disposal and valuation gain, and an increase in interest income.
Operating costs	4,250,900	4,149,679	(-2.38%)	
Operating profit margin	2,514,142	2,147,283	(-14.59%)	
Operating expenses	671,005	667,917	(-0.46%)	
Operation profit	1,843,137	1,479,366	(-19.74%)	
Non-operating income and expenses	65,548	184,844	182.00%	
Income before income tax	1,908,685	1,664,210	(-12.81%)	
Income tax expense	382,012	329,144	(-13.84%)	
Net income	1,526,673	1,335,066	(-12.55%)	

(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:

Item \ Year	2023	2024	Increase (decrease) percentage
Cash flow ratio	64.13%	96.72%	32.59%
Cash flow adequacy ratio	106.20%	117.61%	11.41%
Cash flow reinvestment ratio	6.52%	9.36%	2.84%

Ratio change analysis and explanation: The cash flow ratio increased from the same period of last year, which was mainly due to the increase in net cash flow from operating activities.

(II) Cash liquidity analysis for the coming year:

Unit: NTD thousand

Cash at the beginning of the period Balance (2025.01.01)	Net cash flow from operating activities throughout the year	Annual cash outflow	Cash surplus (deficit) amount	Cash deficit amount remedial measures	
				Investment plan	Financing plan
1,211,948	1,924,925	(2,644,682)	492,191	-	-
Analysis of cash flow changes in the coming year: (1) Operating activities: The main reason is that the operating revenue of the Company's business locations continues to grow, and there are new business locations opened for business. At the same time, the Company effectively controls the operating costs and expenses while developing new customer bases at the same time, in order to increase operating profits. Therefore, it is estimated that net cash inflow from operating activities will be generated. (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 2024 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. 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 have

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:

Unit: NTD thousand

Item	Remark	(Loss) profit recognized in 2024	Main reason for profit or loss	Improvement plan
Grand Formosa Taroko Hotel Corporation		(35,656)	The business was suspended after the April 3rd Earthquake.	-
Silks Palace At National Palace Museum Corp.		(11,941)	Foreign travelers decreased.	-
SILKS INTERNATIONAL INVESTMENT INC.		48,843	Operating is in good condition.	-
FIHC Property Management Corp.		18,068	Operating is in good condition.	-
SILKS GLOBAL HOLDING, LIMITED		67,725	Operating is in good condition.	-
FIHC Management Consulting Corp.		495	Operating is in good condition.	

- (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 2022 to 2024, the ratio of interest expense to operating revenue was 1.09%, 0.76% and 0.85%, 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 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 multiple countries; therefore, 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 units 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, and has established the "Procedures for Acquisition or Disposal of Assets" for compliance. 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 that the R&D expense invested in 2025 will be appropriately equivalent to 0.02% of the revenue.

(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 changes in technology (including cyber security risk) and industry on the financial business of the Company 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. Please refer to (XIII) for details on the cyber security risk.

(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 or major shareholders with shareholding exceeding 10%, and countermeasures: None.
- (XI) Impacts and risks of the change in management on the Company, and countermeasures: None.
- (XII) For major litigations or non-contentious cases, the Company and its directors, 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: None.
- (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.
Food and Beverage Department		Responsible for the R&D and packaging of food and beverage products.
Financial 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	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.

## **Six. Special Notes**

- I. Associate related information: Please refer to the MOPS/Single Company/Electronic File Download/Associate Three Forms Section for details
- II. Private Placement Securities in the Most Recent Years and up to the date of publication of the annual report: None.
- III. Additional information required to be disclosed: None.

**Seven. For the most recent year and up to the printing date of the annual report, occurrence of events having material impact on shareholders' rights and interests or securities prices according to Subparagraph 2 of Paragraph 3 of Article 36 of the Securities and Exchange Act: None.**

Formosa International Hotels Corporation

Chairman Steven Pan