



2022

Annual Report

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Château

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Château

夏都酒店集團



Spokesperson

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Title: General Manager

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Phone: 886-6-292-4567

Cheng Zhi Cheng Yue Branch

Address: 2F, No. 47, Xinjian Rd., South Dist., Tainan City

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Address: No. 114, Chenggong Rd., North Dist., Tainan City

Phone: 886-6-222-1168

Stock Transfer Agent

Name: President Securities Corp.

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Phone: 886-2-2746-3797

Website: <https://www.uni-psg.com>

Financial Report Auditors

Auditors: LI, CHI-CHEN, YANG, CHAO-CHIN

Accounting Firm: Deloitte & Touche Taiwan

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Phone: 886-6-213-9988

Website: <https://www2.deloitte.com/tw>

Overseas Securities Exchange: None

Chateau Website: <https://www.chateau-hotels.com.tw>

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01.Letter to Shareholders

2022 Business report

With the increase in vaccination rate, sufficient medical and material preparations, and under control of the epidemic, taking into account both economic development and the normal life of the people, the government has taken the challenge of co-existing with the virus. The government announced the relaxation of border controls on March 7, 2022, taking the first step in unblocking and co-existing. According to statistics from the Tourism Bureau, the number of tourists going abroad and visiting Taiwan in 2022 increased by 311.92% and 537.79% compared with the same period. In 2022, the room occupancy rate increased by 14.47% compared with the same period, the average room price increased by NT\$412, and the total operating income increased by 34.97%. Thanks to the efforts of all staff, the company's consolidated annual room occupancy rate increased by 12.39%, the average room rate increased by NT\$998, and the total operating income increased by 42.19%.

I. We would like to report our business results for the year 2022 as follows:

(I) Business Plan Implementation Results

1. Guest rooms:

The Company's consolidated guest room division received 292,563 visitors in 2022, a increase of 52,625 visitors or 21.93% compared to 2021. The room occupancy rate was 71.44% for Château Beach Resort, 64.69% for Hotel Château Anping and 47.13% for Château Rich Hotel, a subsidiary of the Company. Total revenue for the Rooms Division was NT\$637,002 thousand, a increase of NT\$208,288 thousand or 48.58% compared to 2021.

2. Restaurants:

The Company's consolidated restaurant division reported revenue of NT\$191,119 thousand in 2022, a increase of NT\$38,963 thousand or 25.61% compared to 2021.

3. Operating Revenue:

The Company's consolidated annual revenue for 2022 totaled NT\$835,940 thousand, a increase of NT\$248,022 thousand or 42.19% compared to 2021.

(II) Budget Performance Report:

There are no public financial predictions for the year 2021, therefore, they are not applicable.

(III) Financial Reporting

1. Net Assets and Liabilities:

As of December 31, 2022, the Company had total consolidated assets of NT\$2,786,229 thousand, total consolidated liabilities of NT\$736,962 thousand, or 26.45% of total assets, and total consolidated equity of NT\$2,049,267 thousand, or 73.55% of total consolidated assets.

2. Profit and Loss:

In 2022, the Company's consolidated operating and non-operating revenues amounted to NT\$853,537 thousand, consolidated operating and non-operating expenses amounted to NT\$667,323 thousand, and consolidated net income before tax amounted to NT\$186,214 thousand.

(IV) Financial Income and Expenses and Profitability

Item	2022	2021
Operating revenue	835,940	587,918
Operating margin	434,904	219,716
Net profit or loss	148,732	15,537

(V) Research Development Status: Not applicable.

II. Outline of 2023 business plan and future development strategy

Starting from the blue brimless ocean of Kenting, the bright sunshine has nurtured the friendly character of Château Hotels & Resorts conveying a touching feel. In 2018, the company launched a new brand "Hotel Chateau", with the main axis of "roaming around the new city with you", providing all travelers with a "comfortable, enjoyable and friendly" accommodation experience. The first stop is located in Tainan Castle Town, which is full of history, culture and humanity. The hotel combines the leisure atmosphere of the Château Hotels & Resorts with the cultural and scenic features of Castle Town to create 104 comfortable rooms, diversified dining spaces and new living complexes, fusing humanity and fashion, and sensing the new experience of multi-level energy-saving and carbon-reducing green energy.

In addition to adding the ancient city of Tainan and culinary tours to provide more diversified choices for our guests, our company continues to make efforts to combine the local characteristics of culture and natural resources by participating in the special activities in Kenting organized by the Kenting National Park Administration and cooperating with various community development associations in Hengchun to promote eco-tourism itineraries; we also actively cooperate with the Pingtung Forestry Administration of the Pingtung County Forestry Bureau to promote the special ecology of the Hengchun Peninsula and In the promotion of eco-education policy. Through the Shuangliu Nature Education Center of the Forestry Bureau, we integrate the ecological and humanistic environment, conduct eco-tourism study activities, train internal lecturers, and promote environmental and ecological conservation; actively use "tourism" as an "integration platform", and strengthen the results of cross-region and cross-industry integration links through cross-region, integration, linkage, and alliance, and develop in-depth value-added tourism.

In order to receive tourists with a new look, the subsidiary, Château Rich Hotel, has been renovated in 2021 and is scheduled to open in the third quarter of 2023. Mainly for the renovation of the guest rooms, addition of the bakery department, the coffee bar and the recreation room (gym). The number of rooms has been increased from 54 to 93 and 61 beds have been added for backpackers, offering a wide range of rooms at low, medium and high prices. In order to increase the added value of the hotel and the source of revenue from food and beverage, a bakery department,

a coffee bar and a recreation room (gym) are planned to be added, hoping that the hotel will become the first choice when left off at Tainan Railway Station (Tainan Chihkan Cultural Zone) in the future.

III. The effect on the company from external competitive environment, regulatory environment and overall business environment

According to the latest forecast released by the Taiwan Economic Research Institute (TEI) in January 2023, the domestic economic growth rate in 2023 was 2.58%. Due to the impact of mutant virus, Russia-Ukraine war, high inflation and climate change, domestic interest rates have been raised several times to combat inflation, and the weakening economic growth will continue until 2024. Fortunately, the scale of the government's public construction budget is at a record high, coupled with the strong private consumption, and benefiting from the continuous relaxation of domestic epidemic prevention control measures and the opening of borders, Chinese consumption is expected to increase significantly.

IV. Future Development Strategy

On the basis of sustainable development and SDGs, sustainable tourism has become one of the key themes. The tourism industry is known as a no-smoke industry, but before the epidemic, the dense flow of travelers and rapid growth also caused carbon emissions and various environmental pollution. When the epidemic is becoming normal and the world's borders are gradually opening up, sustainable tourism is once again being valued.

We believe that the most important value of sustainability is the mentality and behavior that can be imagined for the future, and it is also a gift that you and I can leave behind. In order to cooperate with the government's people-oriented and create a balanced development of LOHAS home, we experience local culture and food through in-depth tourism. It is hoped that through local tourism, ecotourism and green tourism, re-empowering tourism will become a positive action.

In the future, while striving to generate greater profits, the company will continue to uphold the spirit of giving back to the community by participating in community development and charity-related activities. We believe that with the efforts of our management team, we will be able to achieve our goals. Once again, we thank our shareholders for their long-term support and guidance.

02. Company Profile

2.1. Date of Incorporation: Sep. 27, 1995

2.2. Company History: Major Milestones of the Company and its Subsidiaries

YEAR	MILESTONES
SEP. 1995	Established JinHai Development Co., Ltd., invested in the operation of leisure and recreation industry and facility.
DEC. 1995	Obtained the right of management from Forestry Bureau for the Coastal Area in Kenting Forest Recreation Area.
MAY 1998	Established Pingtung Branch Company to carry out the renovation construction for Phase 1 in Coastal Area, Kenting Forest Recreation Area, Forestry Bureau; that is, currently it is the Château Beach Resort Kenting.
OCT. 1998	Château Beach Resort Kenting had officially opened to the public and operated.
APR. 1999	Reported to Forestry Bureau for the development and planning for the Coastal Area in Kenting Forest Recreation Area Phase II.
JUN. 2002	Completed the modification of original Kenting Bathing Beach, and operated as the Chantilly Beach Resort and Dawan Bathing Beach.
JUL. 2003	Completed the guest rooms and recreation facilities (swimming pool for adults, spa pools, beach bar and BBQ area) of No. 2 Hall (Marbella Hall) for Château Beach Resort Kenting.
SEP. 2005	Building No. 3 Hall (Positano Hall) for Château Beach Resort Kenting.
MAR. 2006	Tourism and Recreation Area in front of Margaret Temple completed and in operation.
JAN. 2007	Company name has changed from “JinHai Development Co., Ltd.” into “Château International Development Co., Ltd.”.
FEB. 2007	Château Beach Resort Kenting 3rd Hall (Positano Hall) completed and in operation officially.
AUG. 2009	Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan, granted this company’s stock to be listed publicly.
SEP. 2009	Taipei Exchange granted this company’s stock to be trading at emerging stock market, and officially listed on September 17.
JAN. 2012	Taiwan Stock Exchange and Financial Supervisory Commission, Executive Yuan had granted and approved this Company to be listed publicly.
MAR. 2012	This Company’s stock has officially traded in the public market.
AUG. 2012	Obtained SGS QualiCert Service Quality Certification Tag.

YEAR	MILESTONES
OCT. 2012	Château Beach Resort Kenting has received the honor of “5-star Hotel Certification”, the top notch tourist hotels, from Taiwan Tourism Bureau.
APR. 2018	Hotel Château Anping opened to the public and operated.
JUL. 2018	The Company acquires a majority of director seats of Fulang, and thus, has substantive control over the Company and is included in the compilation of the Chateau’s consolidated statements.
JUN. 2019	Château Beach Resort Kenting has received the honor of “5-star Hotel Certification”, the top notch tourist hotels, from Taiwan Tourism Bureau.

2.3.Merger and acquisition activities; strategic investments in affiliated enterprises; corporate reorganization during the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report: None.

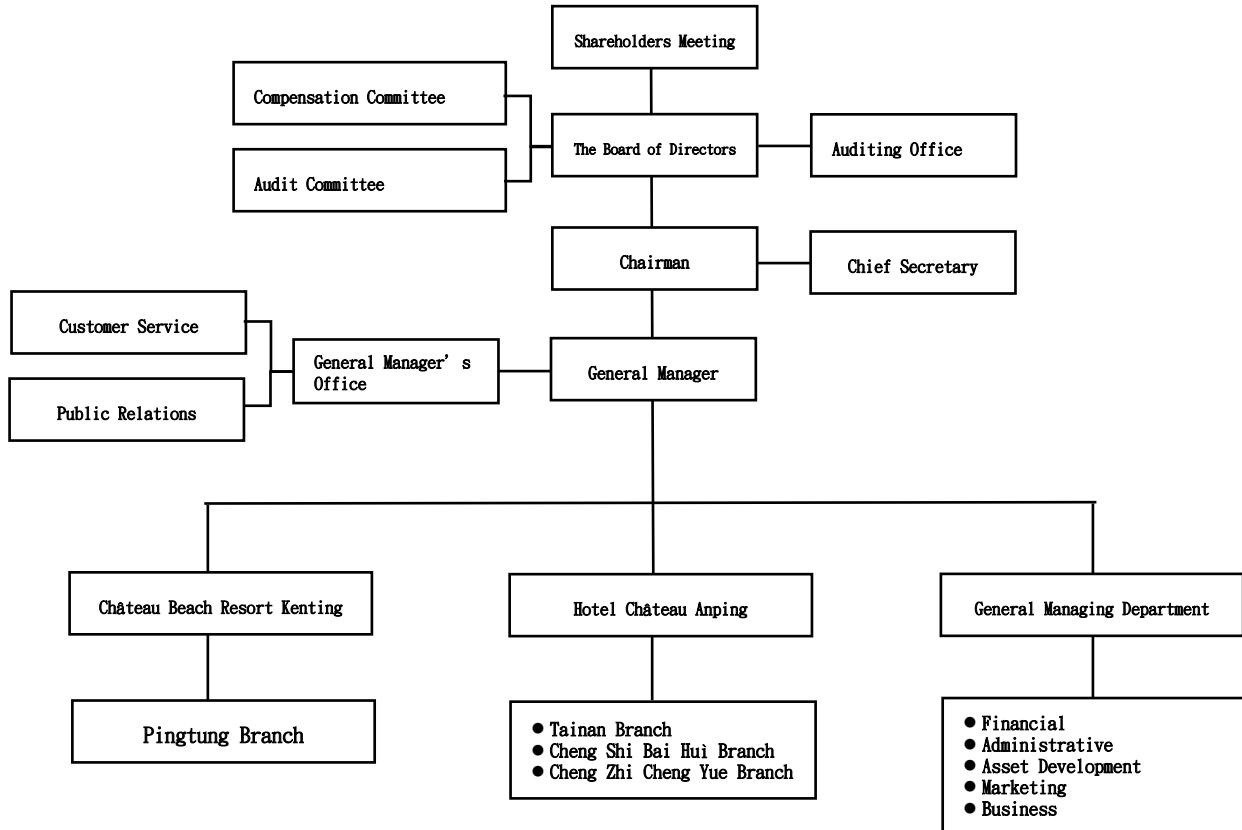
2.4.Instances in which a major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10 percent stake in the company is transferred or otherwise changes hands during the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report: None.

2.5.Any change in managerial control; any material change in operating methods or type of business; and any other matters of material significance that could affect shareholders’ equity during the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report: None.

03. Corporate Governance Report

3.1 Organization Structure

(I) Organizational Chart:



(II) Major Corporate Functions:

Department	Functions
General Manager's Office	1. Decision-making management of company-wide operation strategy and direction. 2. Company-wide medium- and long-term development planning, integration and promotion. 3. Supervision of company-wide operation management and overall business performance achievement.
Business Managing Department	1. Responsible for business promotion and customer service in each region, market information and competitor information collection, sales target setting and sales forecast planning. 2. Responsible for international business development, foreign visitor reception and wedding business development.
Asset Development Managing Department	1. Coordinate and manage the acquisition, disposal, revitalization and leasing of the Company's land and building assets. 2. Coordinate and manage the planning, design, tendering and construction management of the company's new construction projects. 3. Responsible for all of the company's public construction projects involving government and private participation.
Marketing Planning Department	1. Corporate brand image planning and enhancement. 2. Planning, integration, coordination and execution of company-wide marketing planning strategies and performance evaluation. 3. Planning and integration of company-wide advertising and publicity related business.
Administrative Managing department	1. Procurement: (1) Company-wide procurement management system development and integration. (2) Large-scale renovation, major equipment renewal projects and bulk materials and other project procurement operations. (3) Supervise and manage the planning, execution and evaluation of procurement business of each branch. 2. Human Resources: (1) Development, analysis and management of personnel, education and labor management systems. (2) Supervise and manage the operation of the personnel units of each branch. 3. Information: (1) Establish company-wide strategies for information security and orderly use of information. (2) Plan the most suitable information solutions in line with the company's development strategy. (3) Supervise and manage the operation of the information units of each branch.

Department	Functions
Financial Managing Department	1. Financial Management: (1) Planning, implementation and evaluation of company-wide accounting and financial management system. (2) Financial tax planning and reporting. (3) Manage company-wide budgeting, expense control, accounting and reporting compilation and tracking analysis. (4) Supervise and manage the execution of the accounting department of each branch. (5) Analysis and comparison of capital deployment and fund raising tools and their implementation. 2. Shareholders' meeting management and shareholder services. 3. Operations of Functional Committees: (1) Manage the operation of the Board of Directors. (2) Manage the operation of Remuneration Committee. (3) Manage the operation of Audit Committee.
Auditing Office	1. Audit of the company-wide internal control system and its actual implementation. 2. Assess internal control and operational deficiencies, and propose solutions for on-site improvement. 3. Reasonably ensure the continuous and effective implementation of the internal control system. 4. Report on audits and deficiencies to the Board of Directors.
Customer Service Center	1. Conduct customer satisfaction surveys and statistics, and compile and forward them to each responsible unit. 2. Customer feedback and customer relationship management.
Public Relations Office	1. Planning and execution of public relations activities. 2. Development and establishment of government, industry, associations, societies and media. 3. Press release writing and media benefits tracking and collation.

3.2 Directors, Supervisors, General Manager, Deputy General Manager, Associates, Departments and Branches Officer Information

(I) Directors and Supervisors:

1. Information on Directors and Supervisors (1):

April 01, 2023

Title	Nationality or Registration Place	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position in the Company and other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship (Note 1)			Remarks (Note 1)
							shares	%	shares	%	shares	%	shares	%			Title	Name	Relation	
Chairman	Taiwan	Guantian Investment Development Co., Ltd.	Not applicable	2022.05.25	3	1998.06.20	32,824,581	29.43%	32,832,581	29.44%	Not applicable		0	0	Not applicable	Not applicable	Not applicable			Not applicable
	Taiwan	Representative: CHEN, SIE-TONG	Male 71~80	2022.05.25	3	2008.06.18	304,362	0.27%	304,362	0.27%	797,345	0.71%	0	0	Department of Business Administration, Kuochi Vocational High School of Commerce and Technology Director, Chia Chi Sdy Enterprise Co., Ltd. Chairman, Fu Lang Development Co., Ltd.	Chairman, Chateau International Development Company Limited Director, Chia Chi Sdy Enterprise Co., Ltd. Chairman, Fu Lang Development Co., Ltd.	(Note 2)			None
Deputy Chairman	Taiwan	CHEN, CHUNG-HSIEN	Male 41~50	2022.05.25	3	2007.05.09	1,599,084	1.43%	1,599,084	1.43%	0	0	0	0	Department of Economics, University of California EMBA, National Cheng Kung University Deputy General Manager, Quintain Steel Co., Ltd.	Deputy Chairman, Chateau International Development Company Limited Deputy Chairman, Quintain Steel Co., Ltd. Director, Guantian Investment Development Co., Ltd. Supervisor, Kunbao Industrial Co., Ltd. Chairman, Wise Co., Ltd. Director, Chateau International Development Company Limited Chairman, Asahi Enterprises Corp. Director, Launcher International Corporation Director, Hsin-shih Textile Co., Ltd.	(Note 2)			None
																Not applicable	Not applicable			
Director	Taiwan	Guantian Investment Development Co., Ltd.	Not applicable	2022.05.25	3	1998.06.20	32,824,581	29.43%	32,832,581	29.44%	Not applicable		0	0	Not applicable	Not applicable	Not applicable			Not applicable
	Taiwan	Representative: YOU, GUO-FANG	Male 51~60	2022.05.25	3	2008.03.01	0	0	0	0	432,620	0.38%	0	0	Masters' Degree, New York Institute of Technology Confidential Secretary of Chairman, Taiwan Power Company	Executive Director, Chateau International Development Company Limited Director, Luxe Green Energy Technology Co., Ltd.	None			None
Director	Taiwan	Zhongxin Development Co., Ltd.	Not applicable	2022.05.25	3s	2011.02.06	22,491,623	20.17%	22,491,623	20.17%	Not applicable		0	0	Not applicable	Not applicable	Not applicable			Not applicable
	Taiwan	Representative: CHANG, HUEI-RU	Female 51~60	2022.05.25	2	2020.06.01	0	0	0	0	0	0	0	0	Department of Business Administration, National Cheng Kung University Administrator, Management Division, Zhongxin Development Co., Ltd. Director, Business Planning Division, Zhongxin Development Co., Ltd. Chief Financial Officer, KHH Arena Corporation	Director, Chateau International Development Company Limited Supervisor, Zhongxin Japan Co., Ltd. Director, Business Planning Division, Zhongxin Development Co., Ltd. Chief Financial Officer, KHH Arena Corporation Director, Qun Xin Properties Co., Ltd.	None			None
Director	Taiwan	Zhongjia International Investment Co., Ltd.	Not applicable	2022.05.25	3	2013.05.23	5,928,269	5.32%	5,928,269	5.31%	Not applicable		0	0	Not applicable	Not applicable	Not applicable			Not applicable

Title	Nationality or Registration Place	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position in the Company and other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		Remarks (Note 1)
							shares	%	shares	%	shares	%	shares	%			Title	Relation	
Director	Taiwan	CHEN, PIN-CHUN	Female 31-40	2022.05.25	3	2013.05.23	812,723	0.73%	812,723	0.72%	0	0	0	0	Department of Political Sciences, National Cheng Kung University MBA, University of San Francisco Futures Department, Concord International Securities Co., Ltd.	Director, Chateau International Development Company Limited Director, Concord International Securities Co., Ltd. Special Assistant of Chairman of Concord International Securities Co., Ltd. Supervisor, Chia Chi Sdy Enterprise Co., Ltd. Director, Chin Lai International Development Co., Ltd. Supervisor, Polydo Investment Co., Ltd. Director, Qun Li Energy Co., Ltd. Director, Luxe Green Energy Technology Co., Ltd. Supervisor, Luxe Solar Co., Ltd. Director, Senxin Energy Co., Ltd. Director, Lehua Investment Co., Ltd. Supervisor, Case Energy Co., Ltd. Director, Wan Chuan Construction Co., Ltd.	(Note 2)	None	None
							0	0	0	0	0	0	0	0	Mathematics, Fu Jen University Director General Manager, Zhangpu Minrong Aquatic Products Development Co., Ltd. Independent Director, Zhuzhou Kibing Group Co., Ltd. Independent Director, Chateau International Development Company Limited	Director, Chateau International Development Company Limited Director/General Manager, Zhangpu Minrong Aquatic Products Development Co., Ltd.			
							144,727	0.13%	117,727	0.10%	Not applicable		0	0	Not applicable	Not applicable			
Director	Taiwan	Representative: CHEN, MI-JYUAN (Note 3)	Female 41-50	2022.05.25	3	2018.10.12	1,104,551	0.99%	1,104,551	0.99%	0	0	0	0	Department of International Relations, University of Southern California Executive Officer, Mortgage Department, Washington Mutual, US Supervisor, Chateau International Development Company	Director, Chateau International Development Company Limited Deputy Chairman, Chateau Fulang Hotel Development Co., Ltd. Chairman, Polydo Investment Co., Ltd. Chairman, Launcher International Corporation Deputy Chairman, Asahi Enterprises Corp. Supervisor, Jayuan Investment Development Co., Ltd. Deputy Chairman, Concord International Securities Co., Ltd. Deputy Chairman, Smokey Joe's Co., Ltd. Supervisor, Park Ave Coworking Space Co., Ltd. Director, Hsin-shih Textile Co., Ltd. Supervisor, Ming Qi Co., Ltd.	(Note 2)	None	None
							0	0	0	0	Not applicable		0	0	Not applicable	Not applicable			
							0	0	0	0	Not applicable		0	0	Not applicable	Not applicable			
Independent Director	Taiwan	WANG, HONG-CYUAN	Male 51-60	2022.05.25	3	2010.11.09	875,613	0.79%	871,613	0.78%	0	0	0	0	Department of History, Tankang University Manager, FURNITURE MALL Secretary, Atlanta Taiwanese Chamber of Commerce Supervisor, Chateau International Development Company Limited	Director, Chateau International Development Company Limited	None	None	None
							0	0	0	0	Not applicable		0	0	Department of Geomatics, National Cheng Kung University EMBA, National Cheng Kung University Chairman, Futeng Construction Co., Ltd. Chairman, Li Song Contractor Co., Ltd. Chairman, Fei-hwan Co., Ltd.	Independent Director, Chateau International Development Company Limited Chairman, Futeng Construction Co., Ltd. Chairman, Fei-hwan Co., Ltd. Independent Director, Qintian Steel Co., Ltd.			
							0	0	0	0	Not applicable		0	0	Institute of Business Administration, Zhongxing University Branch Manager, Farmers Bank of China Branch Manager, Taiwan Cooperative Bank Compensation Committee, Qintian Steel Co., Ltd.	Independent Director, Chateau International Development Company Limited Independent Director, Concord International Securities Co., Ltd. Independent Director, Qintian Steel Co., Ltd.			

Title	Nationality or Registration Place	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position in the Company and other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 1)
							shares	%	shares	%	shares	%	shares	%			Title	Name	Relation	
Independent Director	Taiwan	Jian, Han-Ru (Note 3)	Female 31~40	2022.05.25	3	2022.05.25	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor of Economics and Law, National Kaohsiung University Master of Finance, National Cheng Kung University Attorney, KingStone Attorneys At Law Attorney, RueShin Attorneys At Law Attorney, GCT Attorneys At Law Attorney, JIAN HAN-RU Attorneys At Law Lawyer and Examiner, Legal Aid Foundation Tainan Branch Support	Independent Director, Chateau International Development Company Limited Director, JIAN, HAN-RU Attorneys At Law Independent Director, Quintain Steel Co., Ltd.	None	None	None	
Director	Taiwan	TSAI, TE-HSIANG (Note 3)	Male 61~70	2019.05.17	3	2019.05.17	1,936	0.00%	1,036	0.00%	0	0.00%	0	0.00%	Department of Economics, National Chengchi University General Manager, Risheng Securities Co., Ltd. Director, Chateau International Development Company Limited	Chief Secretary of Chairman Office, Chateau International Development Company Limited	None	None	None	
Independent Director	Taiwan	CHEN, LONG-FONG (Note 3)	Male 61~70	2019.05.17	3	2013.05.23	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Mathematics, Fu Jen University Director/General Manager, Zhangpu Minrong Aquatic Products Development Co., Ltd. Independent Director, Zhuzhou Kibing Group Co., Ltd. Independent Director, Chateau International Development Company Limited	Director/General Manager, Zhangpu Minrong Aquatic Products Development Co., Ltd. Director, Chateau International Development Company Limited	None	None	None	
	Taiwan	Hsin-shih Textile Co., Ltd. (Note 3)	Not applicable	2019.05.17	3	-	144,727	0.13%	117,727	0.10%	Not applicable		0	0.00%	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
Supervisor	Taiwan	Representative: CHEN, MI-JYUAN (Note 3)	Female 41~50	2019.05.17	3	2018.10.12	1,104,551	0.99%	1,104,551	0.99%	0	0.00%	0	0.00%	Department of International Relations, University of Southern California Executive Officer, Mortgage Department, Washington Mutual, US Supervisor, Chateau International Development Company Limited	Director, Chateau International Development Company Limited Deputy Chairman, Chateau Fulang Hotel Development Co., Ltd. Chairman, Polydo Investment Co., Ltd. Chairman, Launcher International Corporation Deputy Chairman, Asahi Enterprises Corp Supervisor, Jiayuan Investment Development Co., Ltd. Deputy Chairman, Concord International Securities Co., Ltd Deputy Chairman, Smokey Joe's Co., Ltd. Supervisor, Park Ave Coworking Space Co., Ltd. Director, Hsin-shih Textile Co., Ltd. Supervisor, Ming Qi Co., Ltd.	(Note 2)	None	None	
Supervisor	Taiwan	DU, CIOU-PING (Note 3)	Female 61~70	2019.05.17	3	2010.11.09	875,613	0.79%	871,613	0.78%	0	0.00%	0	0.00%	Department of History, Tamkang University Manager, FURNITURE MALL Secretary, Atlanta Taiwanese Chamber of Commerce Supervisor, Chateau International Development Company Limited	Director, Chateau International Development Company Limited	None	None	None	
Supervisor	Taiwan	CHEN, RUEI-SEN (Note 3)	Male 21~30	2019.05.17	3	2019.05.17	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Mathematics, National Chung Cheng University Administrator, Peiyuan Technology, Ltd. Supervisor, Chateau International Development Company Limited	CIM engineer, Hanns Touch Solution Incorporated	None	None	None	

Note 1: If the chairman of the board of directors and the president or equivalent (top manager) are the same person, spouses or relatives of one another, the reasons, reasonableness, necessity, and relevant information on the measures to be taken shall be stated.

Note 2: The Chairman of the Board, CHEN, SIE-FONG, is related to the Director, CHEN, CHUNG-HSIEN, CHEN, PIN-CHUN, and the representative of the Director, Hsin-shih Textile Co., Ltd. CHEN, PIN-CHUN, as first-degree relatives.

Note 3: The company's board of directors will be re-elected on May 25, 2022, and two independent directors (Wei, Fu-Quan and Jian, Han-Ru) will be added. Supervisors CHEN, MI-JYUAN, DU, CIOU-PING, CHEN, RUEI-SEN and director TSAL, TE-HSIANG were dismissed, and CHEN, LONG-FONG, CHEN, MI-JYUAN and DU, CIOU-PING were newly appointed as directors.

Note 4: The shareholding ratios in this table are rounded to the second decimal place.

2. Major shareholders of the institutional shareholders:

Table 1: Major shareholders of the institutional shareholders

April 01, 2023	
Name of the Institutional Shareholders (Note 1)	Major shareholders of the institutional shareholders (Note 2)
Guantian Investment Development Co., Ltd.	Quintain Steel Co., Ltd.
Zhongxin Development Co., Ltd.	China Steel Corporation (99.99%)
Hsin-shih Textile Co., Ltd.	Polydo Investment Co., Ltd.(67.72%), Guantian Investment Development Co., Ltd.(9.77%)
Zhongjia International Investment Co., Ltd.	CMC Magnetics Corporation (100.00%)

Note 1: The registration information on the shareholders' roster of the Company as of the last closing date (2023/4/1).

Note 2: The source of the information is the 2021 annual report of the corporate shareholder or the company registration information of the Department of Commerce, Ministry of Economic Affairs.

Table 2: Major shareholders of the Company's major institutional shareholders

April 01, 2023

Name of Institutional Shareholders	Major shareholders of the juristic persons
Quintain Steel Co., Ltd.	Polydo Investment Co., Ltd. (15.57%), Concord International Securities Co., Ltd. (9.84%), Taiwan steel co., Ltd. (8.74%), Asahi Enterprises Corp. (5.42%), Chateau International Development Company Limited (4.03%), Chia Chi Sdry Enterprise Co., Ltd. (3.45%), CHEN, CHUNG-HSIEN (3.24%), CHEN, SIE-TONG (1.84%), CHEN, MI-JYUAN (1.81%), SYUE, NIAN-JHEN (1.65%)

Name of Institutional Shareholders	Major shareholders of the juristic persons
China Steel Corporation	Ministry of Economic Affairs (20%), Employee's Stock Trust of China Steel Corporation under the custody of Mega International Commercial Bank Co., Ltd. (2.53%), Fubon Life Insurance Co., Ltd (2.50%), Transglory Investment Corporation (1.63%), Labor Pension Fund (1.47%), Labor Retirement Fund (1.10%), Vanguard Emerging Markets Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch (1.08%), Winning Investment Corporation (1.01%), Vanguard Total International Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch (1.01%), Public Service Pension Fund Management Board (0.74%)
Polydo Investment Co., Ltd.	SHIH, YU-HUI (21.51%), Jiayuan Investment Development Co., Ltd. (15.34%), CHEN, CHUNG-HSIEN (15.13%), CHEN, PIN-CHUN (11.60%), CHEN, MI-JYUAN(11.35%), SYUE, NIAN-JHEN(5.56%), CHEN,SIE-TONG (4.74%), Quintain Steel Co., Ltd. (4.47%), Chia Chi Sdry Enterprise Co., Ltd.(2.48%), DENG,CHUN-XIANG (2.04%)
Guantian Investment Development Co., Ltd.	Quintain Steel Co., Ltd. (100.00%)
CMC Magnetix Co., Ltd.	WENG, MING-HSIEN (7.94%), YANG, LI-JUNG (2.55%), Concord International Securities Co., Ltd. (2.53%), JPMorgan Chase Bank in custody of JP Morgan Co., Ltd Investment Account (1.59%), Tsai, Ruel-Rong (1.33%), JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund (1.22%), JPMorgan Chase Bank N.A. Escrow Advanced Starlight Advanced Aggregate International Share Index (1.14%), Citibank in custody of Polunin Emerging Markets Fund Investment Account (0.95%), YANG, YA-HSIU (0.83%), Citi (Taiwan) Commercial Bank Trust DFA Investment Diversified Group (0.58%)

Note: The source of the information is the 2021 annual report of the corporate shareholder or the company registration information of the Department of Commerce, Ministry of Economic Affairs.

3. Information on Directors (2):

(1) Professional qualifications of directors and independence of independent directors

April 01, 2023

Criteria Name	Professional qualifications and experience	Independence situation	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director: Guantian Investment Development Co., Ltd. Representative: CHEN, SIE-TONG	1. Expertise: Board Leadership Experience, Professional (Commercial), Relevant industry experience (retail/securities finance) 2. Education: Department of Business Administration, Kuochi Vocational High School of Commerce and Technology 3. Experience: Director, Chia Chi Sdry Enterprise Co., Ltd. 4. Main positions in the group: Chairman, Chateau International Development Company Limited, Chairman, Fu Lang Development Co., Ltd. 5. Other main duties: Director, Chia Chi Sdry Enterprise Co., Ltd. 6. There are no circumstances under Article 30 of the Company Law.	The Chairman of the Board, CHEN, SIE-TONG, is related to the Director, CHEN, CHUNG-HSIEN, CHEN, PIN-CHUN, and the representative of the Director, Hsin-shih Textile Co., Ltd. CHEN, PIN-CHUN, as first-degree relatives.	0
Director: Guantian Investment Development Co., Ltd. Representative: YOU, GUO-FANG	1. Expertise: Professional (Government Relations) 2. Education: Masters' Degree, New York Institute of Technology 3. Experience: Confidential Secretary of Chairman, Taiwan Power Company 4. Main positions in the group: Executive Director, Chateau International Development Company Limited 5. Other main duties: Director, Luxe Green Energy Technology Co., Ltd. 6. There are no circumstances under Article 30 of the Company Law.		0
Director: CHEN, CHUNG-HSIEN	1. Expertise: Board Leadership Experience, Professional (Commercial), Relevant industry experience (retail/ securities finance/ steel) 2. Education: Department of Economics, University of California, EMBA, National Cheng Kung University 3. Experience: Deputy General Manager, Quintain Steel Co., Ltd. 4. Main positions in the group: Deputy Chairman, Chateau International Development Company Limited, Deputy Chairman, Quintain Steel Co., Ltd. 5. Other main duties: Chairman, Wise Co., Ltd., Chairman, Asahi Enterprises Corp. 6. There are no circumstances under Article 30 of the Company Law.	The Chairman of the Board, CHEN, SIE-TONG, is related to the Director, CHEN, CHUNG-HSIEN, CHEN, PIN-CHUN, and the representative of the Director, Hsin-shih Textile Co., Ltd. CHEN, PIN-CHUN, as first-degree relatives.	0
Director: Zhongxin Development Co., Ltd. Representative: CHANG, HUEL-RU	1. Expertise: Reinvestment and real estate development, Professional (Commercial/ Accounting), Relevant industry experience (reinvestment / real estate development) 2. Education: Department of Business Administration, National Cheng Kung University 3. Experience: Administrator, Management Division, Zhongxin Development Co., Ltd. 4. Main positions in the group: Director, Chateau International Development Company Limited 5. Other main duties: Supervisor, Zhongxin Japan Co., Ltd., Director, Business Planning Division, Zhongxin Development Co., Ltd., Chief Financial Officer, KHH Arena Corporation 6. There are no circumstances under Article 30 of the Company Law.		0

Criteria Name	Professional qualifications and experience	Independence situation	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director: CHEN, PIN-CHUN	1. Expertise: Professional (Commercial), Relevant industry experience (retail/securities finance) 2. Education: Department of Political Sciences, National Cheng Kung University, MBA, University of San Francisco 3. Experience: Futures Department, Concord International Securities Co., Ltd. 4. Main positions in the group: Director, Chateau International Development Company Limited, Supervisor, Fu Lang Development Co., Ltd. 5. Other main duties: Director, Concord International Securities Co., Ltd., Supervisor, Chia Chi Sdry Enterprise Co., Ltd., Supervisor, Smokey Joe's Co., Ltd., 6. There are no circumstances under Article 30 of the Company Law.	The Chairman of the Board, CHEN, SIE-TONG, is related to the Director, CHEN, CHUNG-HSIEN, CHEN, PIN-CHUN, and the representative of the Director, Hsin-shih Textile Co., Ltd. CHEN, PIN-CHUN, as first-degree relatives..	0
Director: Zhongjia International Investment Co., Ltd.	Not applicable	Not applicable	-
Director: CHEN, LONG-FONG	1. Expertise: Professional (Government Relations / Commercial), Relevant industry experience (aquatic products) 2. Education: Mathematics, Fu Jen University 3. Experience: Director/General Manager, Zhangpu Minrong Aquatic Products Development Co., Ltd., Independent Director, Zhuzhou Kibing Group Co., Ltd. 4. Main positions in the group: Independent Director, Chateau International Development Company Limited 5. Other main duties: Director/General Manager, Zhangpu Minrong Aquatic Products Development Co., Ltd. 6. There are no circumstances under Article 30 of the Company Law.	1. Not elected by the government, legal person or its representative under Article 27 of the Company Law.	0
Director: DU, CIOU-PING	1. Expertise: Professional (Commercial) 2. Education: Department of History, Tamkang University 3. Experience: Manager, FURNITURE MALL, Secretary, Atlanta Taiwanese Chamber of Commerce 4. Main positions in the group: Supervisor, Chateau International Development Company Limited 5. Other main duties: N/A 6. There are no circumstances under Article 30 of the Company Law.	Not elected by the government, legal person or its representative under Article 27 of the Company Law.	0
Director: HSIN-SHIH TEXTILE CO., LTD. Representative: CHEN, MI-JYUAN	1. Expertise: Board Leadership Experience, Professional (Commercial), Relevant industry experience (Catering/ Securities Finance) 2. Education: Department of International Relations, University of Southern California 3. Experience: Executive Officer, Mortgage Department, Washington Mutual, US 4. Main positions in the group: Supervisor, Chateau International Development Company Limited, Deputy Chairman, Chateau Fulang Hotel Development Co., Ltd. 5. Other main duties: Chairman, Polydo Investment Co., Ltd., Deputy Chairman, Asahi Enterprises Corp., Deputy Chairman, Concord International Securities Co., Ltd., Deputy Chairman, Smokey Joe's Co., Ltd. 6. There are no circumstances under Article 30 of the Company Law.	The Chairman of the Board, Mr. CHEN, SIE-TONG, is related to the Director, Mr. CHEN, CHUNG-HSIEN, Director, Mr. CHEN, PIN-CHUN, and the representative of the Supervisor, Hsin-shih Textile Co., Ltd. Mr. CHEN, PIN-CHUN, as first degree relatives.	0

Criteria Name	Professional qualifications and experience	Independence situation	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director: WANG, HONG-CYUAN	1. Expertise: Build and repair, Professional (Commercial), Relevant industry experience (Build and repair) 2. Education: Department of Geomatics, National Cheng Kung University, EMBA, National Cheng Kung University 3. Experience: Chairman, Futeng Construction Co., Ltd., Li Song Contractor Co., Ltd., Fei-hwan Co., Ltd. 4. Main positions in the group: Independent Director, Chateau International Development Company Limited and Quintain Steel Co., Ltd. 5. Other main duties: Chairman, Futeng Construction Co., Ltd., Fei-hwan Co., Ltd. 6. There are no circumstances under Article 30 of the Company Law.	1. Not elected by the government, legal person or its representative under Article 27 of the Company Law. 2. The independent director himself and his spouse, children, lineal blood relatives within the second or third degree of kinship, have not had any of the following situations in the two years before the election and during the term of office : (1) Work as a director, supervisor or employee of the company, affiliated companies, or the top five legal person shareholders who hold more than 5% of the company's shares. (2) Directors, supervisors, managers or shareholders holding 5% of the company's financial or business relationship. (3) Professionals, organizations, or business owners, partners, directors, supervisors, managers, and their spouses who provide business, legal, accounting and other services to companies or related enterprises. 3. Amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years: 0.	1

Criteria Name	Professional qualifications and experience	Independence situation	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director: WEL, FU-QUAN	1. Expertise: Commercial and Finance, Relevant industry experience (Finance) 2. Education: Institute of Business Administration, Zhongxing University 3. Experience: Branch Manager, Farmers Bank of China, Branch Manager, Taiwan Cooperative Bank, Compensation Committee, Quintain Steel Co., Ltd. 4. Main positions in the group: Independent Director, Chateau International Development Company Limited and Quintain Steel Co., Ltd. 5. Other main duties: Independent Director, Concord International Securities Co., Ltd., 6. There are no circumstances under Article 30 of the Company Law.	1. Not elected by the government, legal person or its representative under Article 27 of the Company Law. 2. The independent director himself and his spouse, children, lineal blood relatives within the second or third degree of kinship, have not had any of the following situations in the two years before the election and during the term of office : (1) Work as a director, supervisor or employee of the company, affiliated companies, or the top five legal person shareholders who hold more than 5% of the company's shares. (2) Directors, supervisors, managers or shareholders holding 5% of the company's financial or business relationship. (3) Professionals, organizations, or business owners, partners, directors, supervisors, managers, and their spouses who provide business, legal, accounting and other services to companies or related enterprises. 3. Amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years: 0.	2

Criteria Name	Professional qualifications and experience	Independence situation	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director: JIAN, HAN-RU	1. Expertise: Law, Relevant industry experience (Law) 2. Education: Bachelor of Economics and Law, National Kaohsiung University, Master of Finance, National Cheng Kung University 3. Experience: Attorney, KingStone Attorneys At Law, Attorney, RuelShin Attorneys At Law, Attorney, GCT Attorneys At Law, Attorney, JIAN,HAN-RU Attorneys At Law, 4. Main positions in the group: Independent Director, Chateau International Development Company Limited and Quintain Steel Co., Ltd. 5. Other main duties: Director, JIAN,HAN-RU Attorneys At Law 6. There are no circumstances under Article 30 of the Company Law.	1. Not elected by the government, legal person or its representative under Article 27 of the Company Law. 2. The independent director himself and his spouse, children, lineal blood relatives within the second or third degree of kinship, have not had any of the following situations in the two years before the election and during the term of office : (1) Work as a director, supervisor or employee of the company, affiliated companies, or the top five legal person shareholders who hold more than 5% of the company's shares. (2) Directors, supervisors, managers or shareholders holding 5% of the company's financial or business relationship. (3) Professionals, organizations, or business owners, partners, directors, supervisors, managers, and their spouses who provide business, legal, accounting and other services to companies or related enterprises. 3. Amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years: 0.	2

(2) Diversity of the board of directors:

A 、 Diversity and independence of the board of directors

Article 20 (Competence of the Board of Directors as a whole) of the Company's "Corporate Governance Best Practice Principles" stipulates that the composition of the Board of Directors should take into account diversity. The Company should formulate an appropriate diversity policy with respect to its operation, business model and development needs, including basic conditions, business management capabilities, crisis management capabilities, leadership capabilities, industry knowledge, international market outlook, and financial analysis capabilities.

Of the 12 current members of the Company's Board of Directors:

The company's directors with employee status accounted for 25.00%, and independent directors accounted for 25.00%. There are 5 female board members, with women accounting for 41.67% of all board members and 58.33% of male members. There are 2 and 1 independent directors who have served for less than 3 years and less than 6-9 years. The age distribution of the directors of the company is as follows: 4 are under 50 years old, 3 are 51-60 years old, 2 are 61-70 years old, and 3 are 71-80 years old.

The company pays attention to gender equality in the composition of the board of directors. The target for the proportion of female directors is more than 30%. In 2022, the tenth board of directors has increased the number of female directors to achieve the goal.

The overall capabilities of the board members and the implementation of diversity are detailed in the table below.

Item		Basic Requirement										Professional Competence					
		Country	Gender	Staff	Age				Independent Director Term			Management	Crisis Management	Leadership	Industry Knowledge	International Market View	Financial Analysis
					50↓	51~60	61~70	71~80	3↓	3~9	9↑						
Name		TWN	M	✓				✓				✓	✓	✓	✓	✓	✓
President	CHEN, XIE-TONG	TWN	M	✓									✓	✓	✓		
Director	YU, GAO-FAN	TWN	M	✓		✓							✓	✓	✓		
Vice President	CHEN, CHONG-HSIEN	TWN	M	✓	✓								✓	✓	✓		
Director	CHANG, HUEI-R	TWN	F			✓						✓	✓	✓	✓	✓	✓
Director	CHEN, PIN-CHUN	TWN	F		✓								✓	✓			
Director	WONG, MING-SIAN	TWN	M					✓				✓	✓	✓	✓		✓
Director	DU, CIOU-PING	TWN	F					✓									
Director	CHEN, MI-JYUAN	TWN	F		✓								✓	✓			
Director	CHEN, LONG-FONG	TWN	M					✓					✓	✓			
Independent Director	WANG, HONG-CYUAN	TWN	M			✓					✓		✓	✓			
Independent Director	WEI, FU-QUAN	TWN	M						✓		✓		✓	✓		✓	✓
Independent Director	JIAN, HAN-RU	TWN	F	✓							✓		✓	✓			✓

B 、 Independence of the board of directors

- (a) Review the provisions of Article 26-3 Items 3 and 4 of the Securities and Exchange Act: The Chairman of the Board, Mr. CHEN, SIE-TONG, is related to the Director, Mr. CHEN, CHUNG-HSIEN, Director, Mr. CHEN, PIN-CHUN, and the representative of the Director, Hsin-shih Textile Co., Ltd. Mr. CHEN, PIN-CHUN, as first-degree relatives.
- (b) Proportion of independent directors: The company's independent directors accounted for 25%.
- (c) Independence of independent directors: Article 24 of the company's "Code of Practice on Corporate Governance" has clearly stated that the company should set up two or more independent directors in accordance with the provisions of the articles of association, and the number of directors should not be less than one-third. Independent directors should not serve more than three consecutive terms. The independent directors

of the 10th board of directors have one and two tenures with a term of 0-3 years and 3-6 years. And in accordance with the requirements of the listing rules, the company has obtained a written statement from each independent director confirming the independence of itself and its immediate family members from the company.

(d) Overall independence of the board: The 10th board of directors of the company consists of three directors who are also managers of the company, accounting for 25%. Overall assessment The board of directors of the company is independent.

(II) General Manager, Deputy General Manager, Associates, Departments and Branches Officer:

April 01, 2023

Title	Nationality or Registration Place	Name	Gender	Date Elected	Shareholdings		Spouse & Minor Shareholdings		Shareholding by Nominee Arrangement		Experience (Education)	Other Position in other Companies	Managers who are spouses or within two degrees of kinship			Remarks (Note 1)
					shares	%	shares	%	shares	%			Title	Name	Relation	
General Manager and Manager of Pingtung Branch Company	Taiwan	WANG, CING-CI	Male	2019.06.01	0	0	0	0	0	0	Masters' Degree in Business Administration, National Dong Hwa University General Manager, FarGlory Hotel Co., Ltd Deputy General Manager, Farglory Hotel, Chiao-Hsi General Manager, Qingdao Farglory Hotel	None	None	None		None
Business Managing Department Associates	Taiwan	WU, PEI-CIAN	Female	2017.01.01	1,765	0.00%	0	0	0	0	Department of Industrial Engineering, Da-Yeh University Salesman, The Lees Hotel Assistant Manager/Deputy Manager/Manager of Taichung Department of Business Affairs, Chateau	None	None	None		None
Asset Development Managing Department Deputy General Manager	Taiwan	CHEN, CI-TIAN	Male	2013.11.01	0	0	0	0	0	0	Masters' Degree in School of Management, National Chiayi University Manager, General Manager's Office, Chateau Assistant Manager, Asset Development Managing Department, Chateau	None	None	None		None
Financial Managing Department Financial Officer	Taiwan	CHANG, HSIAO-WEN	Female	2008.07.01	0	0	0	0	0	0	Department of Business Administration, National Cheng Kung University Masters' Degree in Business Administration, National Chung Cheng University Manager of Financial Department, Chateau Assistant Manager/Senior Assistant Manager, Financial Managing Department, Chateau	None	None	None		None

Title	Nationality or Registration Place	Name	Gender	Date Elected	Shareholdings		Spouse & Minor Shareholdings		Shareholding by Nominee Arrangement		Experience (Education)	Other Position in other Companies	Managers who are spouses or within two degrees of kinship			Remarks (Note 1)
					shares	%	shares	%	shares	%			Title	Name	Relation	
Executive Office Deputy General Manager	Taiwan	CIIOU, SIAN-SHUN	Male	2009.06.01	0	0	0	0	0	0	Food Industry Department, National Pingtung University of Science and Technology Chateau/Pingtung Branch Company/Manager of Public Relations Chateau/Pingtung Branch Company/Assistant Manager of Housekeeping Management Department Chateau/Pingtung Branch Company/Deputy General Manager of Housekeeping Management Department	None		None		None
Pingtung Branch Company Executive Deputy General Manager	Taiwan	LIN, SIAN-CHANG	Male	2006.09.01	0	0	0	0	0	0	International Trade, Kuochi Vocational High School of Commerce and Technology Manager of Housekeeping Management Department, Digu Hotel, Kaohsiung Chateau/Pingtung Branch Company/Deputy General Manager	Director of Guantian Investment Development Co., Ltd. Director, Dynex Pneumatic Co., Ltd.		None		None
Pingtung Branch Company Housekeeping Management Department Deputy General Manager	Taiwan	CHEN, YU-PING	Female	2004.05.01	0	0	0	0	0	0	Food Science, Tajen University Chateau/Pingtung Branch Company/Manager of Housekeeping Management Department Chateau/Pingtung Branch Company/Assistant Manager of Housekeeping Management Department	None		None		None
Pingtung Branch Company Restaurant Management Department Deputy General Manager	Taiwan	PAN, SHENG-YANG	Male	2009.02.01	5,000	0.00%	0	0	0	0	Tsoying Senior High School Chateau/Pingtung Branch Company/Manager of Restaurant Management Department Chateau/Pingtung Branch Company/Assistant Manager of Restaurant Management Department	None		None		None
Pingtung Branch Company Work Affairs Department Associates	Taiwan	HSIAO, TSAI-CHING	Male	2006.02.06	13,176	0.01%	0	0	0	0	Electrical Work, Kao-Yuan Vocational High School of Technology & Commerce Chateau/Pingtung Branch Company/Deputy Manager of Work Affairs Department Chateau/Pingtung Branch Company/Manager of Work Affairs Department	None		None		None

Title	Nationality or Registration Place	Name	Gender	Date Elected	Shareholdings		Spouse & Minor Shareholdings		Shareholding by Nominee Arrangement		Experience (Education)	Other Position in other Companies	Managers who are spouses or within two degrees of kinship			Remarks (Note 1)
					shares	%	shares	%	shares	%			Title	Name	Relation	
Pingtung Branch Company Administrative Managing Department Associates	Taiwan	CHOU, SHU-CHUAN	Female	2020.06.18	0	0	0	0	0	0	Yung Ta Institute of Technology & Commerce/Business Management Chateau/Pingtung Branch Company/Associates, Deputy Manager, Manager, Assistant Manager of Accounting Department	None		None		None
Tainan Branch Company Managers	Taiwan	TSAI, TE-HSIANG	Male	2019.06.17	1,036	0.00%	0	0	0	0	Department of Economics, National Chengchi University General Manager, Risheng Securities Co., Ltd.	Director of Chateau International Development Company Limited		None		None
Tainan Branch Company Executive Office Deputy General Manager	Taiwan	TSAI, HUI-HUA	Female	2020.06.18	0	0.00%	0	0	0	0	Masters' Degree in School of Management, National Chiayi University Assistant Manager, Wise Co., Ltd. Senior Assistant Manager, Administrative Managing Division, Chateau Manager, Deputy General Manager, Tainan Branch Company, Chateau Deputy General Manager, Administrative Managing Division, Chateau	None		None		None

Note 1: If the chairman of the board of directors and the president or equivalent (top manager) are the same person, spouses or relatives of one another, the reasons, reasonableness, necessity, and relevant information on the measures to be taken shall be stated.

Note 2: The shareholding ratio disclosure method in this table is unconditionally rounded down to the second decimal place.

Note 3: TSAI, HUI-HUA was transferred to a subsidiary as vice president on February 1, 2023.

(III) Remuneration of Directors, Supervisors, General Manager, and Deputy General Manager in recent years:

1. Remuneration of Directors and Independent Directors (Disclosure of name and remuneration method individually)

Unit: NT\$1000

Title	Name	Directors' Remuneration						Total amount and ratio of Total Remuneration (A+B+C+D) to Net Income (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees						Amount and ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (Note 10)	Compensation Paid to Directors from an Invested Company Other than the Company' s Subsidiary (Note 11)				
		Base Compensation (A)(Note 2)		Severance Pay (B)		Bonus to Directors (C) (Note 3)				Allowances (D) (Note 4)		Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)				Profit Sharing- Employee Bonus (G) (Note 6)			
		The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements (Note 7)	Cash	Stock	Cash	Stock	Cash	Stock			The Company	Companies in the consolidated financial statements (Note 7)		
Chairman	Guantian Investment Development Co., Ltd.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%	None
Chairman	Representative: CHEN, SIE-TONG	0	0	0	0	3	3	0.00%	1,162	0	0	37	0	37	0	1,202	1,202	0.78%	0.78%	None	
Director	Representative: YOU, GUO-FANG	0	0	0	0	27	27	0.02%	975	50	50	20	0	20	0	1,073	1,073	0.70%	0.70%	36	
Deputy Chairman	CHEN, CHUNG-HSIEN	0	0	0	0	27	27	0.02%	408	73	73	5	0	5	0	513	513	0.33%	0.33%	1,890	
Director	Zhongxin Development Co., Ltd.	0	0	8	8	87	87	0.06%	0	0	0	0	0	0	0	95	95	0.06%	0.06%	None	
Director	Representative: CHANG, HUEI-RU	0	0	0	0	0	0	0.00%	0	0	0	0	0	0	0	0	0	0.00%	0.00%	None	

Title	Name	Directors' Remuneration						Total amount and ratio of Total Remuneration (A+B+C+D) to Net Income (Note 10)				Relevant Remuneration Received by Directors Who are Also Employees				Amount and ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (Note 10)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (Note 11)
		Base Compensation (A)(Note 2)	Severance Pay (B)	Bonus to Directors (C) (Note 3)	Allowances (D) (Note 4)	The Company		The Company	Companies in the consolidated financial statements (Note 7)	The Company		Salary, Bonuses, and Allowances (E) (Note 5)	Severance Pay (F)	The Company		The Company	Companies in the consolidated financial statements (Note 7)	
Director	CHEN, PIN-CHUN	0	0	8	84	0	0	8	84	92	0.06%	0	0	0	0	92	0.06%	114e
																	0.06%	
Director	Zhongjia International Investment Co., Ltd.	0	0	8	60	0	0	8	60	68	0.04%	0	0	0	0	68	0.04%	None
Director	Representative: WENG, MING-HSIEN	0	0	0	18	0	0	0	18	18	0.01%	0	0	0	0	18	0.01%	None
Director	HSIN-SHIH TEXTILE CO., LTD. (Note 12)	0	0	8	35	0	0	8	35	43	0.03%	0	0	0	0	43	0.03%	None
Director	Representative: CHEN, MI-JYUAN (Note 12)	0	0	0	18	0	0	0	18	18	0.01%	0	0	0	0	18	0.01%	200
Director	DU, CIOU-PING (Note 12)	0	0	8	53	0	0	8	53	61	0.04%	0	0	0	0	61	0.04%	None
Director	CHEN, LONG-FONG (Note 12)	0	0	8	50	0	0	8	50	58	0.04%	0	0	0	0	58	0.04%	None

Title	Name	Directors' Remuneration				Total amount and ratio of Total Remuneration (A+B+C+D) to Net Income (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees				Amount and ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (Note 10)		Compensation Paid to Directors from an Invested Company Other than the Company' s Subsidiary (Note 11)
		Base Compensation (A)(Note 2)	Severance Pay (B)		Bonus to Directors (C) (Note 3)	Allowances (D) (Note 4)	Salary, Bonuses, and Allowances (E) (Note 5)	Severance Pay (F)	Profit Sharing- Employee Bonus (G) (Note 6)					
			Companies in the consolidated financial statements (Note 7)	The Company					Companies in the consolidated financial statements (Note 7)	The Company	The Company	Companies in the consolidated financial statements (Note 7)	Cash	
Independent Director	WANG, HONG-CYUAN	0	0	0	8	105	113	0	0	0	0	113	0.07%	None
Independent Director	JIAN, HAN-RU (Note 12)	0	0	0	8	68	76	0	0	0	0	76	0.05%	None
Independent Director	WEI, FU-QUAN (Note 12)	0	0	0	8	68	76	0	0	0	0	76	0.05%	None
Director	TSAI, TE-HSIANG (Note 12)	0	0	0	0	9	9	401	24	24	0	434	0.28%	None
Independent Director	CHEN, LONG-FONG (Note 12)	0	0	0	0	37	37	0	0	0	0	37	0.02%	None
1. Please describe the policy, system, criteria and structure for the compensation of independent directors, and the relevance to the amount of compensation paid based on the responsibilities, risks and time commitment: The Company has established the “Regulations Governing the Evaluation of the Performance of the Board of Directors”, which are described as follows: (1) Evaluation methods: “Self-assessment by Board members” and “Evaluation by the Board of Directors”. (2) Evaluation procedure: ① Regularly review the effectiveness of the evaluation process. ② At the end of each year, the Chairman's Office prepares a “Self-Assessment Questionnaire for Board Members” based on the collected “Self-Assessment Questionnaires for Board Members” and the weighted average of the scores set for the implementation of the evaluation indicators, and then submits the scores to the Board of Directors.														

1. Please describe the policy, system, criteria and structure for the compensation of independent directors, and the relevance to the amount of compensation paid based on the responsibilities, risks and time commitment:

The Company has established the "Regulations Governing the Evaluation of the Performance of the Board of Directors", which are described as follows:

(1) Evaluation methods: "Self-assessment by Board members" and "Evaluation by the Board of Directors".

(2) Evaluation procedure:

① Regularly review the effectiveness of the evaluation process.

② At the end of each year, the Chairman's Office prepares a "Self-Assessment Questionnaire for Board Members" based on the collected "Self-Assessment Questionnaires for Board Members" and the weighted average of the scores set for the implementation of the evaluation indicators, and then submits the scores to the Board of Directors.

Title	Directors' Remuneration				Total amount and ratio of Total Remuneration (A+B+C+D) to Net Income (Note 10)	Relevant Remuneration Received by Directors Who are Also Employees				Amount and ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (Note 10)		Compensation Paid to Directors from an Invested Company Other than the Company' s Subsidiary (Note 11)		
	Name	Base Compensation (A)(Note 2)	Severance Pay (B)			Bonus to Directors (C) (Note 3)	Allowances (D) (Note 4)	Salary, Bonuses, and Allowances (E) (Note 5)	Severance Pay (F)	Profit Sharing- Employee Bonus (G) (Note 6)			The Company	Companies in the consolidated financial statements (Note 7)
			The Company	Companies in the consolidated financial statements						Cash	Stock			
		The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	Cash	Stock	
In accordance with Article 23 of the Company's Articles of Incorporation, the percentage of remuneration to directors and supervisors for the year shall be no more than 1% of the Company's profit for the year. In order to regularly evaluate the remuneration of directors and supervisors and to nominate them for reappointment, the Company not only evaluates the results of the annual evaluation of the "Regulations Governing the Evaluation of the Performance of the Board of Directors" and the extent of their participation in the Company's operation and their personal performance and contribution, but also evaluates items such as the occurrence of moral hazard events or other risk events that may adversely affect the Company's image or goodwill, or personnel malpractice, etc., and calculates their remuneration ratio with reference to the achievement of targets, profitability, operational efficiency, contribution, etc. The remuneration ratio is calculated by taking into consideration the achievement of targets, profitability, operational efficiency, contribution, etc., and reasonable compensation is given. The remuneration system for directors and supervisors is reviewed from time to time in light of the actual operating conditions and relevant laws and regulations, as well as for future nominations for reappointment.														
2.Except as disclosed in the above table, the remuneration received by the directors of the company in the most recent year for providing services (such as serving as a consultant for non-employees of the parent company / all companies listed in the financial report / reinvestment enterprises, etc.): 0														

Range of Remuneration

Range of remuneration paid to each of the Company's directors	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	Companies in the consolidated financial statements (Note 9) H	The Company (Note 8)	Companies in the consolidated financial statements (Note 9) I
Under NT\$ 1,000,000	CHEN, SIE-TONG, YOU, GUO-FANG, CHEN, CHUNG-HSIEN, CHANG, HUEI-RU, CHEN, PIN-CHUN, WONG, MING-SIAN, TSAI, TE-HSIANG, CHEN, LONG-FONG, WANG, HONG-CYUAN, JIAN, HAN-RU, WEI, FU-QUAN, CHEN, MI-JYUAN, DU, CIOU-PING	CHEN, SIE-TONG, YOU, GUO-FANG, CHEN, CHUNG-HSIEN, CHANG, HUEI-RU, CHEN, PIN-CHUN, WONG, MING-SIAN, TSAI, TE-HSIANG, CHEN, LONG-FONG, WANG, HONG-CYUAN, JIAN, HAN-RU, WEI, FU-QUAN, CHEN, MI-JYUAN, DU, CIOU-PING	YOU, GUO-FANG, CHANG, HUEI-RU, CHEN, PIN-CHUN, WONG, MING-SIAN, CHEN, LONG-FONG, WANG, HONG-CYUAN, JIAN, HAN-RU, WEI, FU-QUAN, CHEN, MI-JYUAN, DU, CIOU-PING	YOU, GUO-FANG, CHANG, HUEI-RU, CHEN, PIN-CHUN, WONG, MING-SIAN, CHEN, LONG-FONG, WANG, HONG-CYUAN, JIAN, HAN-RU, WEI, FU-QUAN, CHEN, MI-JYUAN, DU, CIOU-PING
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)			CHEN, SIE-TONG, CHEN, CHUNG-HSIEN,	CHEN, SIE-TONG, CHEN, CHUNG-HSIEN
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)				

Range of remuneration paid to each of the Company's directors	Name of Directors			
	The Company (Note 8)	Companies in the consolidated financial statements (Note 9) H	The Company (Note 8)	Companies in the consolidated financial statements (Note 9) I
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)				
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)				
NT\$100,000,000 or over				
Total	13 people	13 people	13 people	13people

Note 1: The names of directors should be listed separately (in case of corporate shareholders and names of corporate shareholders and their representatives are separated), and the general directors and independent directors should be listed separately, and the amount of each payment should be disclosed in aggregate. If a director is also a general manager or vice president, he/she should fill in this table and Table 3 below.

Note 2: This refers to the most recent annual compensation of directors (including directors' salaries, bonuses, severance pay, various bonuses and incentive payments, etc.).

Note 3: The amount of directors' remuneration approved by the board of directors in the most recent year is included.

Note 4: This refers to the latest year's directors' related business execution expenses (including travel expenses, special expenses, various allowances, dormitory, provision of cars, etc.). The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, automobiles and other transportation or personal expenses are provided. If a driver is assigned to the director, please include a note stating that the director, please include a note stating that the company will pay the driver the relevant compensation, but it will not be counted as remuneration.

Note 5: This refers to the salary, salary increment, severance pay, various bonuses, incentive payments, transportation expenses, special expenses, various allowances, dormitory, provision of cars, etc., received by the directors and employees (including concurrent general manager, vice president, other managers and employees) in the most recent year. The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, automobiles and other transportation or personal expenses are provided. If a driver is assigned to the director, please include a note stating that the company will pay the driver the relevant compensation, but it will not be counted as remuneration. Salary expense recognized in accordance with IFRS 2, "Share-based Payment," including the acquisition of employee stock options, new shares with restricted employee rights and participation in cash capital increase to subscribe for shares, should also be included in remuneration.

Note 6: The amount of employee compensation (including stock and cash) received by a director who is also an employee (including also a general manager, vice president, other managers and employees) in the most recent year should be disclosed as approved by the board of directors in the most recent year, and if the amount cannot be estimated, the proposed distribution amount for this year should be calculated in proportion to the actual distribution amount last year, and should also be listed in Table 1 ter.

Note 7: The total amount of each remuneration paid to the Company's directors by all companies in the consolidated report (including the Company) should be disclosed.

Note 8: The total amount of each remuneration paid by the Company to each director is disclosed in the name of the director at the level of vesting.

Note 9: The total amount of each remuneration paid to each director of the Company by all companies in the consolidated report (including the Company) should be disclosed, and the names of the directors should be disclosed at the level to which they belong.

Note 10: The net income after tax refers to the net income after tax of the most recent year for individual or separate financial reports.

Note 11: a. This column should explicitly state the amount of remuneration received by the directors of the Company from businesses other than subsidiaries or from the parent company (if none, please enter "none"). b. If a director of the Company receives remuneration from a subsidiary or a parent company, the remuneration received by the director of the Company from a subsidiary or a parent company should be included in column I of the remuneration scale and the name of the column should be changed to "Parent Company and All Transferred Subsidiaries". c. Remuneration refers to the compensation, remuneration (including remuneration to employees, directors and supervisors) and business execution expenses of the Company's directors in their capacity as directors, supervisors or managers of a business other than a subsidiary or a parent company.

Note 12: The company's board of directors will be re-elected on May 25, 2022, and two independent directors (Wei, Fu-Qian and Jian, Han-Ru) will be added. Supervisors CHEN, MI-JYUAN, DU, CIOU-PING, CHEN, RUEI-SEN and director TSAI, TE-HSIANG were dismissed, and CHEN, LONG-FONG, CHEN, MI-JYUAN and DU, CIOU-PING were newly appointed as directors.

*The compensation disclosed in this table is different from the concept of income under the Income Tax Act, therefore, the purpose of this table is for information disclosure and not for tax purposes.

2. Supervisor's remuneration (aggregated to match the level of disclosure by name):

Unit: NT\$1000

Title	Name	Supervisors' Remuneration						Amount and ratio of Total Remuneration (A+B+C) to Net Income (Note 8)		Compensation Paid to Directors from an Invested Company Other than the Subsidiaries or Parent Company (Note 9)
		Base Compensation (A) (Note 2)		Bonus (B) (Note 3)		Allowances (C) (Note 4)				
		The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	
Supervisor	DU, CIOU-PING	0	0	0	0	34	34	34	34	None
								0.02%	0.02%	
Supervisor	HSIN-SHIH TEXTILE CO., LTD.	0	0	0	0	25	25	25	25	None
								0.02%	0.02%	
	Representative: CHEN, MI-JYUAN	0	189	0	0	9	9	9	198	150
								0.01%	0.13%	
Supervisor	CHEN, RUEI-SEN	0	0	0	0	25	25	25	25	None
								0.02%	0.02%	

Range of Remuneration

Range of remuneration paid to each of the Company's Supervisor	Name of the Supervisors	
	Total of (A+B+C)	
	The Company (Note 6)	Companies in the consolidated financial statements (Note 7) D
Under NT\$ 1,000,000	DU, CIOU-PING, CHEN, MI-JYUAN and CHEN, RUEI-SEN	DU, CIOU-PING, CHEN, MI-JYUAN and CHEN, RUEI-SEN
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)		
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)		
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)		
NT\$100,000,000 or over		
Total	3 people	3 people

Note 1: The names of supervisors should be listed separately (corporate shareholders should list the names of corporate shareholders and their representatives separately), and the amount of each payment should be disclosed in aggregate.

Note 2: This refers to the most recent annual compensation of supervisors (including supervisors' salaries, bonuses, severance pay, various bonuses and incentive payments, etc.).

Note 3: The amount of supervisors' remuneration approved by the board of directors in the most recent year is included.

Note 4: This refers to the latest year's supervisor's related business execution expenses (including travel expenses, special expenses, various allowances, dormitory, provision of cars, etc.). The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, automobiles and other transportation or personal expenses are provided. If a driver is assigned to the director, please include a note stating that the company will pay the driver the relevant compensation, but it will not be counted as remuneration.

Note 5: The total amount of each remuneration paid to the Company's Supervisor by all companies in the consolidated report (including the Company) should be disclosed.

Note 6: The total amount of each remuneration paid by the Company to each director is disclosed in the name of the director at the level of vesting.

Note 7: The total amount of each remuneration paid to each director of the Company by all companies in the consolidated report (including the Company) should be disclosed, and the names of the directors should be disclosed at the level to which they belong.

Note 8: The net income after tax refers to the net income after tax of the most recent year for individual or separate financial reports.

Note 9: a. This column should explicitly state the amount of remuneration received by the Supervisor of the Company from businesses other than subsidiaries or from the parent company (if none, please enter "none"). b. If a director of the Company receives remuneration from a subsidiary or a parent company, the remuneration received by the director of the Company from a subsidiary or a parent company should be included in

column I of the remuneration scale and the name of the column should be changed to "Parent Company and All Transferred Subsidiaries". c. Remuneration refers to the compensation, remuneration (including remuneration to employees, directors and supervisors) and business execution expenses of the Company's directors in their capacity as directors, supervisors or managers of a business other than a subsidiary or a parent company.

Note 10: The company's board of directors will be re-elected on May 25, 2022, and Supervisors CHEN, MI-JYUAN, DU, CIOU-PING, CHEN, RUEI-SEN and director TSAI, TE-HSIANG were dismissed.

*The compensation disclosed in this table is different from the concept of income under the Income Tax Act, therefore, the purpose of this table is for information disclosure and not for tax purposes.

3. General Manager Deputy General Manager's remuneration (aggregated to match the level of disclosure by name):

Unit: NT\$1000

Title	Name	Salary (A) (Note 2)		Severance Pay (B)		Bonus and special allowance, etc. (C) (Note 3)		Employee bonus (D) (Note 4)				Amount and Ratio of Total Remuneration (A+B+C+D) to Net Income (Note 8)		Compensation Paid to Directors from an Invested Company Other than the Subsidiaries or Parent Company (Note 9)
		The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company		Companies in the consolidated financial statements (Note 5)		The Company	Companies in the consolidated financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
General Manager/ Manager of Pingtung Branch Company	WANG, CING-CI	6, 993	6, 993	450	450	1, 428	1, 428	138	0	138	0	9, 008	9, 008	None
Deputy General Manager of Asset Development Managing Department	CHEN, CI-TIAN													
Chief Financial Officer	CHANG, HSIAO-WEN													
Pingtung Branch Company Executive Deputy General Manager	LIN, SIAN-CHANG													
Deputy General Manager of Executive Office of Pingtung Branch Company	CIOU, SIAN-SHUN													
Deputy General Manager of Rooms Management Department of Pingtung Branch Company	CHEN, YU-PING													
Deputy General Manager of Restaurant Management Department of Pingtung Branch Company	PAN, SHENG-YANG											5. 84%	5. 84%	
Manager of Tainan Branch Company	TSAI, TE-HSIANG													
Deputy General Manager of Executive Office of Tainan Branch Company	TSAI, HUI-HUA													

Range of Remuneration

Range of remuneration paid to each of the Company's Supervisor	Name of the Supervisor	
	Total of (A+B+C)	
	The Company (Note 6)	Companies in the consolidated financial statements (Note 7) D
Under NT\$ 1,000,000	CHEN, CI-TIAN, CHANG, HSIAO-WEN, LIN, SIAN-CHANG, CIOU, SIAN-SHUN, CHEN, YU-PING, PAN, SHENG-YANG, TSAI, HUI-HUA	CHEN, CI-TIAN, CHANG, HSIAO-WEN, LIN, SIAN-CHANG, CIOU, SIAN-SHUN, CHEN, YU-PING, PAN, SHENG-YANG, TSAI, HUI-HUA
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	WANG, CING-CI, TSAI, TE-HSIANG	WANG, CING-CI, TSAI, TE-HSIANG
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)		
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)		
NT\$100,000,000 or over		
Total	9 people	9 people

Note 1: The names of the general manager and vice president should be listed separately to disclose the amount of each benefit in a summary manner. If a director is also a general manager or vice president, he/she should fill in this table and the table above.

Note 2: The most recent annual salary, duty increment and severance pay of the president and vice president are included.

Note 3: The amount of bonuses, incentives, transportation expenses, special expenses, allowances, dormitories, provision of cars for the president and vice presidents for the most recent year are included. The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, automobiles and other transportation or personal expenses are provided. If a driver is assigned to the director, please include a note stating that the company will pay the driver the relevant compensation, but it will not be counted as remuneration. Salary expense recognized in accordance with IFRS 2, "Share-based Payment," including the acquisition of employee stock options, new shares with restricted employee rights and participation in cash capital increase to subscribe for shares, should also be included in remuneration.

Note 4: The amount of employee compensation (including stock and cash) for the president and vice president approved by the board of directors in the most recent year is included. If the amount cannot be estimated, the proposed distribution for this year is calculated in proportion to the actual distribution last year, and the following table should also be included.

Note 5: The total amount of each remuneration paid to the Company's General Manager Deputy General Manager by all companies in the consolidated report (including the Company) should be disclosed.

Note 6: The total amount of each remuneration paid by the Company to each director is disclosed in the name of the General Manager Deputy General Manager at the level of vesting.

Note 7: The total amount of each remuneration paid to each General Manager Deputy General Manager of the Company by all companies in the consolidated report (including the Company) should be disclosed, and the names of the General Manager Deputy General Manager should be disclosed at the level to which they belong.

Note 8: The net income after tax refers to the net income after tax of the most recent year for individual or separate financial reports.

Note 9: a. This column should explicitly state the amount of remuneration received by the General Manager Deputy General Manager of the Company from businesses other than subsidiaries or from the parent company (if none, please enter "none").

b. If a director of the Company receives remuneration from a subsidiary or a parent company, the remuneration received by the General Manager Deputy General Manager of the Company from a subsidiary or a parent company should be included in column I of the remuneration scale and the name of the column should be changed to "Parent Company and All Transferred Subsidiaries".

c. Remuneration refers to the compensation, remuneration (including remuneration to employees, directors and supervisors) and business execution expenses of the Company's directors in their capacity as directors, supervisors or managers of a business other than a subsidiary or a parent company.

Note 10: TSAI, HUI-HUA was transferred to a subsidiary as vice president on February 1, 2023.

*The compensation disclosed in this table is different from the concept of income under the Income Tax Act, therefore, the purpose of this table is for information disclosure and not for tax purposes.

4. The names of the manager received the distribution of employee's remuneration and the distribution status

2022

Unit: NT\$1000

	Title	Name	Stock Amount	Cash Amount	Total	Total Employees' Profit Sharing Bonus Paid to Management Team as a % of Net Income
Manager	Chairman	CHEN, SIE-TONG	0	238	238	0.15%
	Deputy Chairman	CHEN, CHUNG-HSIEN				
	Executive Director	YOU, GUO-FANG				
	General Manager/Manager of Pingtung Branch Company	WANG, CING-CI				
	Business Managing Department/Assistant Manager	WU, PEI-CIAN				
	Asset Development Managing Department/Deputy General Manager	CHEN, CI-TIAN				
	Financial Managing Department/Financial Officer	CHANG, HSIAO-WEN				
	Executive Deputy General Manager/Pingtung Branch Company	LIN, SIAN-CHANG				
	Executive Office of Pingtung Branch Company/Deputy General Manager	CIOU, SIAN-SHUN				
	Housekeeping Management Department of Pingtung Branch Company/Deputy General Manager	CHEN, YU-PING				
	Restaurant Management Department of Pingtung Branch Company/Deputy General Manager	PAN, SHENG-YANG				
	Assistant Manager of Work Affairs Department of Pingtung Branch Company	HSIAO, TSAI-CHING				
	Assistant Manager of Administrative Management Department of Pingtung Branch Company	CHOU, SHU-CHUAN				
	Manager of Tainan Branch Company	TSAL, TE-HSIANG				
	Executive Office of Tainan Branch Company/Deputy General Manager	TSAL, HUI-HUA(Note 1)				

Note 1: TSAI, HUI-HUA was transferred to a subsidiary as vice president on February 1, 2023.

5. An analysis of the total compensation paid to the Company's directors, supervisors, general manager and deputy general manager percentage of net income after tax for the most recent two-year period for the Company and all consolidated companies, respectively, and a description of the policy, standard and combination of compensation payments, the process for setting compensation, and the relationship to operating performance and future risks:
- (1) Total remuneration paid to directors, supervisors, general manager and deputy general manager as a percentage of net income after tax for the last two years:
- The ratio of remuneration paid to directors, supervisors, general manager and deputy general manager of the Company to net income after tax of the consolidated financial statements: 8.47% and 8.49% for 2022, 59.71% and 64.49% for 2021, respectively. The difference between the two years is mainly due to the impact of the epidemic in 2021, and the net profit after tax in 2022 will increase by NT\$133,912,000 compared with 2021.
- (2) Policies, standards and combination of remuneration:
- The remuneration policy for directors, general manager and deputy general manager is based on the Company's Articles of Incorporation, which were approved at the shareholders' meeting on May 25, 2022, and the remuneration distribution policy for directors, general manager and deputy general manager is as follows:

A 、Article 23 of Articles of Incorporation:

If there is profit at the end of each fiscal year, 1% of profit of the current year distributable as employees' compensation shall be appropriated. The Compensation Committee shall make recommendations and submit them to the Board of Directors for resolution, and the distribution shall be made in shares or cash with the presence of at least two-thirds of the Directors and the approval of a majority of the Directors present, and shall be limited to the employees of the Company and its domestic and foreign controlled or subordinate companies; the so-called controlled or subordinate companies are defined in accordance with Article 369-2, Article 369-3, Article 369-9, Paragraph 2 and Article 369-11 of the Company Act. The terms and conditions and the method of distribution are authorized to be determined by the Board of Directors. The Company may set aside not more than 1% of the above-mentioned profit amount as remuneration to directors after the Compensation Committee makes a recommendation and sends it to the Board of Directors for resolution, with the attendance of at least two-thirds of the directors and the approval of a majority of the directors present. The remuneration to employees and remuneration to directors and supervisors should be reported to the shareholders' meeting.

However, the Company's accumulated losses shall have been covered first, and then the remuneration to employees and directors should be provided in proportion to the aforementioned amount.

B 、Article 20 of Articles of Incorporation:

The remuneration of all directors is authorized to be determined by the Compensation Committee based on their participation in the Company's operations and the value of their contributions, taking into account industry standards, and then submitted to the Board of Directors for resolution.

C、Article 21 of Articles of Incorporation:

The Company may have several managerial officers. Appointment, discharge and the remuneration of the managerial officers shall be in compliance with Article 29 of the Company Act unless specified herein.

(3) Procedure for establishing remuneration:

In September 2020 and February 2016, the Board of Directors of the Company approved the "Organizational Charter of the Compensation Committee" and "Management of the Operation of the Compensation Committee", and established the Compensation Committee in accordance with the Articles and Regulations. The compensation of the General Manager and Deputy General Manager is based on the salary standard of the "Managerial Compensation Policy and System" of the Company, which is reviewed by the Compensation Committee and approved by the Board of Directors.

(4) Directors' relevance to operating performance and future risks:

The Company holds regular annual board performance evaluations, as described below:

A、Evaluation method:

There are two evaluation methods: self-evaluation by board members and evaluation by the board of directors.

B、Evaluation procedures:

- ① Regularly review the effectiveness of the evaluation process.
- ② At the end of each year, the Chairman's Office prepares a "Self-Assessment Questionnaire for Board Members" based on the collected "Self-Assessment Questionnaires for Board Members" and the weighted average of the scores set for the implementation of the evaluation indicators, and then submits the scores to the Board of Directors.

In accordance with Article 23 of the Company's Articles of Incorporation, the percentage of remuneration to directors for the year shall be no more than 1% of the Company's profit for the year. In order to regularly evaluate the remuneration of directors and supervisors and to nominate them for reappointment, the Company not only evaluates the results of the annual evaluation of the "Regulations Governing the Evaluation of the Performance of the Board of Directors" and the extent of their participation in the Company's operation and their personal performance and contribution, but also evaluates items such as the occurrence of moral hazard events or other risk events that may adversely affect the Company's image or goodwill, or personnel malpractice, etc., and calculates their remuneration ratio with reference to the achievement of targets, profitability, operational efficiency, contribution, etc. The remuneration ratio is calculated by

taking into consideration the achievement of targets, profitability, operational efficiency, contribution, etc., and reasonable compensation is given. The remuneration system for directors and supervisors is reviewed from time to time in light of the actual operating conditions and relevant laws and regulations, as well as for future nominations for reappointment.

The performance of these important decisions will be reflected in the profitability of the Company after weighing various risk factors. The bonus will be calculated based on the achievement and growth rate, riskiness, and performance of each individual, and then sent to the Salary and Compensation Committee for consideration before being submitted to The Board of Directors will approve the bonus. Therefore, the remuneration of directors and supervisors is related to the performance of future risk management.

In order to regularly evaluate the remuneration of directors and supervisors and to nominate them for reappointment, the Company not only evaluates the results of the annual evaluation of the “Regulations Governing the Evaluation of the Performance of the Board of Directors” and the extent of their participation in the Company’s operation and their personal performance and contribution, but also evaluates items such as the occurrence of moral hazard events or other risk events that may adversely affect the Company’s image or goodwill, or personnel malpractice, etc., and calculates their remuneration ratio with reference to the achievement of targets, profitability, operational efficiency, contribution, etc. The remuneration ratio is calculated by taking into consideration the achievement of targets, profitability, operational efficiency, contribution, etc., and reasonable compensation is given. The remuneration system for directors is reviewed from time to time in light of the actual operating conditions and relevant laws and regulations, as well as for future nominations for reappointment.

(5) Relationship between General Manager, Deputy General Manager and Operating Performance and Future Risks:

Important decisions are made by the Company’s management after weighing various risk factors. The performance of these important decisions will be reflected in the profitability of the Company. The bonus will be calculated based on the achievement and growth rates, risk, and performance of each individual and will be submitted to the Compensation Committee for consideration before being submitted to the Board of Directors for approval. Therefore, the compensation of our general manager and executive deputy general manager is related to the performance of future risk management.

3.3 Implementation of Corporate Governance

(I) Information on the operation of Board of Directors:

A total of 8 (A) meetings of the Board of Directors were held in 2022. The attendance of directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Chairman	Guantian Investment Development Co., Ltd. Representative: CHEN, SIE-TONG	1	7	12.50%	
Deputy Chairman	CHEN, CHUNG-HSIEN	8	0	100.00%	
Director	Guantian Investment Development Co., Ltd. Representative: YOU, GUO-FANG	8	0	100.00%	
Director	Zhongxin Development Co., Ltd. Representative: CHANG, HUEI-RU	8	0	100.00%	
Director	Zhongjia International Investment Co., Ltd. Representative: WONG, MING-SIAN	6	2	75.00%	
Director	CHEN, PIN-CHUN	8	0	100.00%	
Director	DU, CIOU-PING	5	0	100.00%	Note
Director	Hsin-shih Textile Co., Ltd. Representative: CHEN, MI-JYUAN	5	0	100.00%	Note
Director	CHEN, LONG-FONG	5	0	100.00%	Note
Director	TSAI, TE-HSIANG	3	0	100.00%	Note
Independent Director	WANG, HONG-CYUAN	8	0	100.00%	
Independent Director	JIAN, HAN-RU	5	0	100.00%	Note
Independent Director	WEI, FU-QUAN	5	0	100.00%	Note
Independent Director	CHEN, LONG-FONG	3	0	100.00%	Note
Supervisor	DU, CIOU-PING	3	0	100.00%	Note
Supervisor	Hsin-shih Textile Co., Ltd. Representative: CHEN, MI-JYUAN	3	0	100.00%	Note
Supervisor	CHEN, RUEI-SEN	0	0	0.00%	Note

Note : The company's board of directors will be re-elected on May 25, 2022, and two independent directors (Wei, Fu-Quan and Jian, Han-Ru) will be added. Supervisors CHEN, MI-JYUAN, DU, CIOU-PING, CHEN, RUEI-SEN and director TSAI, TE-HSIANG were dismissed, and CHEN, LONG-FONG, CHEN, MI-JYUAN and DU, CIOU-PING were newly appointed as directors.

Other mentionable items:

- I. The operation of the Board of Directors with respect to the matters listed in Article 14-3 of the Securities and Exchange Act and the opinions of the independent directors and the Company's handling of the opinions of the independent directors:

The independent directors of the Company had no objection or reserved opinion regarding the matters listed in Article 14-3 of the Securities and Exchange Act during the operation of the Board of Directors' meeting in the year 2022. Please refer to the Company's website for the contents of the important resolutions of the Board of Directors of the Company and the

matters listed in Article 14-3 of the Securities and Exchange Act: <https://www.chateau-hotels.com.tw/investors/resolution.php>.

II. Status of implementation on recusal of directors from proposals related to their interests:

Date	Motion	Directors who should withdraw and have withdrawn (Note)										Independent Directors who should withdraw and have withdrawn (Note)				Resolution result
		A	B	C	D	E	F	G	H	I	J	K	L	M	I	
2022/2/23	Review the 2021 year-end bonus proposal for the company's managers.	V	V	V				-	-	-	V		-	-		Directors except those who have withdrawn agree to pass
2022/2/23	Review of staff compensation proposals for 2021	V	V	V	V	V	V	-	-	-	V		-	-		Directors except those who have withdrawn agree to pass
2022/2/23	Review of the 2021 Directors' and Supervisors' Remuneration	V	V	V	V	V	V	-	-	-	V		-	-		Directors except those who have withdrawn agree to pass
2022/2/23	Review of independent director remuneration for 2021							-	-	-		V	-	-	V	Directors except those who have withdrawn agree to pass
2022/4/13	Supplementary Appointment of Members of the Fourth Salary and Remuneration Committee							-	-	-	V		-	-		Directors except those who have withdrawn agree to pass
2022/6/7	Appointment of director Mr. YOU, GUO-FANG as executive director of the company			V							-				-	Directors except those who have withdrawn agree to pass
2022/6/7	Appointment of Members of the Fifth Salary and Remuneration Committee										-	V	V	V	-	Directors except those who have withdrawn agree to pass
2022/8/10	Deliberation on the tenth 2022 directors' attendance fee and monthly travel expenses	V	V	V	V	V	V	V	V		-				-	Directors except those who have withdrawn agree to pass
2022/8/10	Deliberation on the tenth 2022 annual independent director attendance fee and monthly travel expenses										-	V	V	V	-	Directors except those who have withdrawn agree to pass
2023/2/24	Deliberation on the 2022 year-end bonus case for managers	V	V	V							-				-	Directors except those who have withdrawn agree to pass
2023/2/24	Consideration of the 2022 employee compensation proposal	V	V	V							-				-	Directors except those who have withdrawn agree to pass
2023/2/24	Proposal for the 10th 2022 Directors' Remuneration Proposal	V	V	V	V	V	V	V	V	V	-				-	Directors except those who have withdrawn agree to pass
2023/2/24	Review of the 10th 11th annual independent director remuneration										-	V	V	V	-	Directors except those who have withdrawn agree to pass
2023/2/24	Consider the subsidiary's plan to participate in the real estate auction								V		-				-	Directors except those who have withdrawn agree to pass
2023/2/24	Review the subsidiary's plan to handle cash capital increase and the company's plan to participate in the capital increase								V		-				-	Directors except those who have withdrawn agree to pass

Date	Motion	Directors who should withdraw and have withdrawn (Note)										Independent Directors who should withdraw and have withdrawn (Note)				Resolution result
		A	B	C	D	E	F	G	H	I	J	K	L	M	I	
2023/2/24	Reviewing the disposal of real estate by subsidiaries to related parties								V		-				-	Directors except those who have withdrawn agree to pass
2023/2/24	Deliberation on the 10th 2023 annual directors' attendance fee and monthly travel expenses	V	V	V	V	V	V	V	V	V	-					Directors except those who have withdrawn agree to pass
2023/2/24	Deliberation on the tenth 2023 annual independent director attendance fee and monthly travel expenses										-	V	V	V		Directors except those who have withdrawn agree to pass

Note: Directors CHEN, SIE-TONG, CHEN, CHUNG-HSIEN, YOU, GUO-FANG, CHANG, HUEI-RU, WONG, MING-SIAN, CHEN, PIN-CHUN, DU, CIOU-PING, CHEN, MI-JYUAN, CHEN, LONG-FONG, TSAI, TE-HSIANG, WANG, HONG-CYUAN, JIAN, HAN-RU, and WEI, FU-QUAN are represented by codes A, B, C, D, E, F, G, H, I, J, K, L and M respectively.

III. Status of implementation on the evaluation of the Board of Directors:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation methods	Evaluation contents
Executed once a year	2022/1~2022/12	The Board of Directors	Self-evaluation by the members	The company's objectives and tasks, the directors' awareness of their responsibilities, their involvement in the company's operations, internal relations and communication, the directors' professional and continuing education, and internal control.
		Compensation Committee	Self-evaluation by the members	Participation in the company's operations, awareness of compensation committee responsibilities, improvement of the quality of compensation committee decisions, composition and selection of compensation committee members, and internal control.
		The Audit Committee	Self-evaluation by the members	Participation in the company's operations, awareness of the audit committee responsibilities, improvement of the quality of the audit committee decisions, composition and selection of the audit committee members, and internal control.
		Board of Directors and Functional Committees	Evaluation on the meeting units	Participation in the Company's operations, enhancement of the quality of board decisions, board composition and structure, selection and continuing education of directors, and internal control.

IV. Assessment of the current and most recent year's goals for enhancing the functions of the Board of Directors and their implementation:

1. The Company's board of directors operates in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" and holds board meetings in accordance with these regulations to implement corporate governance and enhance information transparency, which are well implemented.
2. After the Board of Directors' meeting, the Company announced and reported all important resolutions on the Market Observation Post System and the Company's website in accordance with the law, in order to achieve full disclosure of information and protect the interests of shareholders.
3. The Company arranges refresher courses for directors so that they can obtain the latest information in real time to maintain their professional strengths and abilities.
4. The company was established an audit committee after the comprehensive re-election of directors in May 25, 2022.

V. Communications among independent directors, internal audit supervisors and the CPAs:

Date	Participants	Reports and matters for discussion
2022/2/23	Independent Director WANG, HONG-CYUAN Independent Director CHEN, LONG-FONG Audit Supervisor PAN, SU-CHEN Accountant LEE, CHI-CHEN	1. The audit supervisor and the accountant regularly review the internal control system and the actual implementation. 2. Key Audit Matters discussion. 3. Discuss on the self-prepared financial report. 4. Recent law update seminar 5. 2022 Corporate Governance Evaluation Indicators Discussion.
2022/11/9	Independent Director WANG, HONG-CYUAN Independent Director JIAN, HAN-RU Independent Director WEI, FU-QUAN Audit Supervisor PAN, SU-CHEN Accountant LEE, CHI-CHEN	1. The audit supervisor and the accountant regularly review the internal control system and the actual implementation. 2. Key Audit Matters discussion. 3. Discuss on the self-prepared financial report. 4. Recent law update seminar 5. Introduction of AQI and Explanation of Audit Committee Interpretation of AQI. 6. Sharing of sustainable development trends.

(II) Operation of the Audit Committee or Supervisors' Participation in the Board of Directors:

1. Information on the Participation of Supervisors at Board Meetings:

A total of 3 (A) meetings of the Board of Directors were held before the establishment of the audit committee in 2022. The attendance is as follows:

Title	Name	Attendance in Person (B)	Attendance Rate (%) [B/A]	Remarks
Supervisor	DU, CIOU-PING	3	100.00%	
Supervisor	Hsin-shih Textile Co., Ltd. Representative: CHEN, MI-JYUAN	3	100.00%	
Supervisor	CHEN, RUEI-SEN	0	0.00%	

Other mentionable items:

I. Composition and responsibilities of supervisors:

(I) Communications between supervisors and the Company's employees and shareholders (e.g. communication channels and methods, etc.):

A "Shareholder Service Area" is available on the Company's website. Shareholders and employees of the Company can exchange opinions with the Supervisor at any time through the mailbox (chateau.stock@ktchateau.com.tw).

(II) Communications between supervisors and the Company's chief internal auditor and CPA:

1. The audit supervisor submits an audit report to the supervisor in the month following the completion of the audit project, and the supervisor has no objections.
2. The audit supervisor attended the board of directors' meeting and gave a report on audit operations, and the supervisor has no objections.
3. The Company's financial statements are reported to the board of directors on a quarterly basis, and the supervisor will communicate with the accountant if he/she has any questions.

II. If a supervisor expresses an opinion during a meeting of the Board of Directors, the dates of the meetings, sessions, contents of motion, resolutions of the directors' meetings and the company's response to the supervisor's opinion should be specified: None.

2. Information on the implementation status of the Audit Committee: The Company currently does not have an Audit Committee.

- (1) The company has set up an audit committee to replace the powers of the supervisor on May 25, 2022.
- (2) A total of 4 (A) meetings of the Audit Committee were held in 2022. The attendance is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Independent Director	WANG, HONG-CYUAN	4	0	100.00%	
Independent Director	JIAN, HAN-RU	4	0	100.00%	
Independent Director	WEI, FU-QUAN	4	0	100.00%	

Other mentionable items:

- I. In case of any of the following situations in the operation of the audit committee, the audit committee meeting date, period, content of proposals, independent directors' objections, reserved opinions, or content of major proposals, resolution results of the audit committee, and the company's handling of the audit committee's opinions should be stated.

(I) Matters listed in Article 14-5 of the Securities and Exchange Act:

Session period	Motion content	Results of Audit Committee Resolutions	The company's handling of the audit committee's opinion
The first time of the first session (2022/6/7)	1、Appointment of director Mr. YOU, GUO-FANG as executive director of the company. 2、Review of the appointment of accountants and accountants' public expenses in 2022. 3、Deliberation on the Amendment to "Implementation Key Points of Directors' Training".	Approved by all members present	Submit to the board of directors for discussion according to the resolution of the audit committee
The second time of the first session (2022/8/10)	1、Consideration of the Second Quarter 2022 Financial Statements. 2、Review the revision of the "Internal Control System Self-Assessment Procedures". 3、Review of the revision of the "Code of Practice on Corporate Governance". 4、Review proposals for capital loans to subsidiaries.	Approved by all members present	Submit to the board of directors for discussion according to the resolution of the audit committee
The third time of the first session (2022/11/9)	1、Consideration of the third Quarter 2022 Financial Statements. 2、Deliberation on the revision of the "Standards of Procedures of the Board of Directors". 3、Review the revision of the "Procedures for Internal Material Information Processing Operations". 4、Review the 2023 annual audit plan.	Approved by all members present	Submit to the board of directors for discussion according to the resolution of the audit committee
The fourth time of the first session (11/12/22)	1、Review of revisions to the "Code of Practice on Corporate Governance". 2、Review of the appointment of accountants and accountants' public expenses in 2023. 3、Review the bidding plan. 4、Review the 2023 annual audit plan.	Approved by all members present	Submit to the board of directors for discussion according to the resolution of the audit committee

(II) Except for the above-mentioned matters, other resolution matters that have not been approved by the Audit Committee and approved by more than two-thirds of all directors: None.

II. Execution of independent directors' recusal of interest-related proposals. The independent director's name, content of the proposal, reasons for recusal of interests, and participation in voting shall be stated: None.

III. Communications among independent directors, internal audit supervisors and the CPAs:

Date	Participants	Reports and matters for discussion
2022/2/23	Independent Director: WANG, HONG-CYUAN CHEN, LONG-FONG Audit Supervisor: PAN, SU-CHEN Accountant: LEE, CHI-CHEN	1. The audit supervisor and the accountant regularly review the internal control system and the actual implementation. 2. Key Audit Matters discussion. 3. Discuss on the self-prepared financial report. 4. Recent law update seminar 5. 2022 Corporate Governance Evaluation Indicators Discussion.
2022/11/9	Independent Director: WANG, HONG-CYUAN JIAN, HAN-RU WEI, FU-QUAN Audit Supervisor: PAN, SU-CHEN Accountant: LEE, CHI-CHEN	1. The audit supervisor and the accountant regularly review the internal control system and the actual implementation. 2. Key Audit Matters discussion. 3. Discuss on the self-prepared financial report. 4. Recent law update seminar 5. Introduction of AQI and Explanation of Audit Committee Interpretation of AQI. 6. Sharing of sustainable development trends.

(III) The Company and the Subsidiaries' Corporate Governance Status, Deviations from "the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons :

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best Practice Principles" and Reasons
	Yes	No	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company established Corporate Governance Best Practice Principles in accordance with "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and disclosed it on the Company's website and Market Observation Post System.
2. Shareholding structure & shareholders' rights (1) Has the Company established internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedures?	V		The Company has a spokesperson, a proxy spokesperson and a shareholder affairs unit to handle shareholder suggestions, questions, disputes and litigation matters.
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		The Company keeps track of the major shareholders and their ultimate controllers based on the shareholder register of the share agent, and regularly reports changes in insider ownership.
(3) Has the Company established and implemented risk management and firewall mechanisms with its affiliates?	V		All transactions between the Company and its affiliates are conducted in accordance with the laws and regulations, and the relevant regulations are established in the internal control system in accordance with the law.

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best Practice Principles” and Reasons
	Yes	No	
(4) Has the Company established internal rules against insiders trading with undisclosed information?	V		The company has approved the establishment of “Procedures for Handling Material Internal Information”, which is applicable to directors, supervisors, managers and employees of the Company, and prohibits insiders from trading marketable securities using undisclosed information in the market. Disclosure on the company’s website: insiders such as directors or employees are prohibited from trading stocks during the closed period of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report.
3. Composition and responsibilities of the Board of Directors (1) Has the Board developed and implemented a policy, specific management objectives for the composition of its members?	V		Article 20 (Competence of the Board of Directors as a whole) of the Company’s “Corporate Governance Best Practice Principles” stipulates that the composition of the Board of Directors should take into account diversity. The Company should formulate an appropriate diversity policy with respect to its operation, business model and development needs, including basic conditions, business management capabilities, crisis management capabilities, leadership capabilities, industry knowledge, international market outlook, and financial analysis capabilities. Of the 12 current members of the Company’s Board of Directors: 1. The company’s directors with employee status accounted for 25.00%, and independent directors accounted for 25.00%. There are 5 female board members, with women accounting for 41.67% of all board members and 58.33% of male members. There are 2 and 1 independent directors who have served for less than 3 years and less than 6-9 years. The age distribution of the directors of the company is as follows: 4 are under 50 years old, 3 are 51-60 years old, 2 are 61-70 years old, and 3 are 71-80 years old. 2. The competence of the Board of Directors and the implementation of diversification are detailed (page 18).

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best Practice Principles” and Reasons																																																				
	Yes	No																																																					
			Abstract Illustration																																																				
			The composition of the tenth board of directors of the company are as follows: <table> <tr> <th>Project/ Board Sessions</th><th>the 10th</th><th>the 9th</th><th>Compare</th></tr> <tr> <td>director with Employee Status</td><td>3, 25%</td><td>4, 44.44%</td><td>-1, -19.445</td></tr> <tr> <td>independent director</td><td>3, 25%</td><td>2, 22.22%</td><td>+1, +2.78%</td></tr> <tr> <td>gender</td><td></td><td></td><td></td></tr> <tr> <td>female</td><td>5, 41.67%</td><td>2, 22.22%</td><td>+3, +19.45%</td></tr> <tr> <td>male</td><td>7, 58.33%</td><td>7, 77.78%</td><td>0, -19.45%</td></tr> <tr> <td>Term of</td><td></td><td></td><td></td></tr> <tr> <td>Independent</td><td>2</td><td>1</td><td></td></tr> <tr> <td>Director</td><td>1</td><td></td><td></td></tr> <tr> <td>The Audit</td><td></td><td></td><td></td></tr> <tr> <td>Committee</td><td>0</td><td>1</td><td></td></tr> <tr> <td>Financial</td><td></td><td></td><td></td></tr> <tr> <td>analysis ability</td><td>V</td><td></td><td></td></tr> </table>	Project/ Board Sessions	the 10th	the 9th	Compare	director with Employee Status	3, 25%	4, 44.44%	-1, -19.445	independent director	3, 25%	2, 22.22%	+1, +2.78%	gender				female	5, 41.67%	2, 22.22%	+3, +19.45%	male	7, 58.33%	7, 77.78%	0, -19.45%	Term of				Independent	2	1		Director	1			The Audit				Committee	0	1		Financial				analysis ability	V		
Project/ Board Sessions	the 10th	the 9th	Compare																																																				
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The Audit																																																							
Committee	0	1																																																					
Financial																																																							
analysis ability	V																																																						
(2) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		In addition to setting up the "Compensation Committee" and "Audit Committee", the company currently does not have other functional committees.																																																				
(3) Does the Company establish a standard to measure the performance of the Board, and implement it annual?	V		The Company has established the "Regulations Governing the Evaluation of the Performance of the Board of Directors", which is evaluated by two methods: "self-evaluation of board members" and "evaluation on the board of directors". At the beginning of each year, a performance self-assessment questionnaire is sent to all directors and supervisors. After the questionnaires are collected, the Board of Directors will conduct statistical and analytical analysis and submit the results to the Board of Directors to make suggestions for improvement and use them as reference for individual director's salary compensation and nomination for reappointment. Based on the self-evaluation of directors and the performance evaluation of the board of directors in 2022, the overall performance of the board of directors and the board of directors was above 4 (with the highest score of 5 for individual indicators), which shows																																																				

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best Practice Principles” and Reasons
	Yes	No	
			Abstract Illustration
			that the overall performance of the board of directors and the board of directors is very good. Please refer to (Note 1) for details. In accordance with Article 23 of the Company's Articles of Incorporation, the percentage of remuneration to directors for the year shall be no more than 1% of the Company's profit for the year. In order to regularly evaluate the remuneration of directors and to nominate them for reappointment, the Company not only evaluates the results of the annual evaluation of the “Regulations Governing the Evaluation of the Performance of the Board of Directors” and the extent of their participation in the Company's operation and their personal performance and contribution, but also evaluates items such as the occurrence of moral hazard events or other risk events that may adversely affect the Company's image or goodwill, or personnel malpractice, etc., and calculates their remuneration ratio with reference to the achievement of targets, profitability, operational efficiency, contribution, etc. The remuneration ratio is calculated by taking into consideration the achievement of targets, profitability, operational efficiency, contribution, etc., and reasonable compensation is given. The remuneration system for directors is reviewed from time to time in light of the actual operating conditions and relevant laws and regulations, as well as for future nominations for reappointment.
(4) Does the Company regularly evaluate the independence of CPAs?	V		The financial management department of the company evaluates the independence and suitability of accountants with reference to the audit quality index (AQIs), and submits the results to the audit committee for review and then to the board of directors for discussion and approval. The financial management office of the Company has assessed that the accountants, LI, CHI-CHEN and YANG, CHAO-CHIN, both of whom are certified public accountants of Deloitte & Touche, meet the Company's independence and suitability standards and are qualified to serve as the Company's certified public accountants. Please refer to (Note 2) for the audit quality index (AQIs) assessment of the independence and competence of accountants.
4. Has the TWSE/TPEX listed company set up a dedication (or concurrent) corporate governance unit or appointed personnel responsible for corporate	V		The Company has established the Financial Management Office as a part-time corporate governance unit, which is responsible for corporate governance-related matters. At the 3rd board meeting of the 9th Board of Directors on August 9, 2019, the Company approved the appointment of CFO, CHANG, HSIAO-WEN as the head of corporate governance, who has been engaged in financial accounting and corporate governance related duties for more than 12 years.

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best Practice Principles” and Reasons
	Yes	No	
governance related matters (including but not limited to providing the directors and supervisors with required information to carry out their business, handling corporate registration and change of corporate registration related matters and taking the minutes of meetings)?			For more information on the refreshing courses in 2022 and the related promotion of the implementation of the corporate governance unit (Note 3) and page 118 (C).
5. Has the Company established communication channels and dedicated sections for stakeholder (including but not limited to the shareholders, employees, clients and suppliers) on its website to respond to important issues of corporate social responsibility concerns?			1. The Company has a spokesperson and proxy spokesperson system, and a professional investor relations window to set up an investor relations hotline and an investor relations website to establish a good communication channel with our stakeholders. 2. The Company regularly announces financial information in accordance with regulations so that investors, banks, or other creditors can understand the operating condition. 3. Our company has a professional human resources department so that employees can fully reflect their opinions. 4. Our company has a customer service hotline and a customer service mailbox to facilitate smooth communication with consumers. 5. The Company prepares an annual CSR report to communicate with stakeholders on important CSR issues. 6. Communication channels with stakeholders include the stakeholder area are set up on the company's website; other stakeholders, including but not limited to employees, customers, suppliers, etc., also have dedicated windows to respond appropriately to important CSR issues of concern to stakeholders. 7. The Company's Corporate Integrity and Social Responsibility Promotion Committee follows the management operation of “Planning - Implementation - Effectiveness”, identifies issues related to stakeholders, and reports to the Board of Directors in the first quarter of each year on the implementation and effectiveness of each aspect. The performance for the year 2022 was reported to the Board of Directors by the Chairman on February 24, 2023.

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best Practice Principles” and Reasons
	Yes	No	
6. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	V		The Company appoints a professional stock agent, PSC Stock Agency Department, to conduct shareholder meetings. None.
7. Disclosure of information (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	V		The Company maintains an official website (https://www.chateau-hotels.com.tw) to disclose information related to financial operations and corporate governance. None.
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information on collection and disclosure, creating a spokesperson system, webcasting investor conferences)?	V		The Company also adopts other means of information disclosure, including: 1. The Company has set up an English website (https://www.chateau-hotels.com.tw/en/) to disclose information related to our financial operations and corporate governance. 2. The Company has a spokesperson and an acting spokesperson who are responsible for the communication of the Company's external relations. The Financial Management Division is assigned to disclose the Company's information on the Market Observation Post System (MOPS) in accordance with the law, and is responsible for the collection and disclosure of the Company's information, the implementation of the spokesperson system, and the posting of information related to the corporate presentation on the Company's website to ensure that information that may affect shareholders' and stakeholders' decisions is timely and transparent. None.
(3) Did the Company announce and declare the annual financial statement within two months at the end of the accounting year and announce and declare the Q1, Q2 and Q3 financial statement and monthly operational status prior to the deadline in the	V		1. The company's 2022 annual financial report has been announced on February 24, 2023. 2. The first, second and third quarter financial reports of the company in 2022 shall be submitted to the board of directors before the prescribed announcement period. 3. The operation of the company in each month shall be reported in accordance with the regulations. None.

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best Practice Principles” and Reasons
	Yes	No	
regulation?			
8. Is there any other important information to facilitate a better understanding of the Company’s corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		Other important information about the Company that is useful in understanding the operation of corporate governance: I. Employee rights and benefits, employee care: In addition to the statutory protection, the Company has the following employee welfare measures (for details, please refer to the Sustainability Report). 1. Employee education and training: The Company has established relevant management rules (including the management rules for education and training, the management rules for employee training subsidies, and the rules for employee on-the-job training incentives) to strengthen employees’ pre-employment and on-the-job training, and to encourage employees to pursue further training to enhance their job skills. 2. Employee welfare: The Company attaches great importance to labor safety and welfare, and has established an Employee Welfare Committee and a Labor-Management Coordination Committee, as well as relevant management practices to protect the rights and interests of employees. Please refer to (Note 4) for our employee benefits: II. Investors relation: The Company has a spokesperson and an acting spokesperson who are responsible for the communication of the Company’s external relations. The Financial Management Division is assigned to disclose the Company’s information on the Market Observation Post System (MOPS) in accordance with the law, and is responsible for the collection and disclosure of the Company’s information, the implementation of the spokesperson system, and the posting of information related to the corporate presentation on the Company’s website to ensure that information that may affect shareholders’ and stakeholders’ decisions is timely and transparent. III. Stakeholder’s rights: The Company’s website has set up a stakeholder communication area (https://www.chateau-hotels.com.tw/sustainability/index.php?index_id=30) to provide multiple channels of communication and information disclosure to maintain good dialogue and communication with stakeholders. We also collect the issues of concern to our stakeholders. Please refer to our CSR report and website for details of stakeholder negotiations, issues of concern and our response. IV. Supplier relations: The Company maintains good relations with its suppliers to ensure

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best Practice Principles” and Reasons
	Yes	No	
			Abstract Illustration smooth procurement and supply, holds regular supplier meetings to review and exchange procurement situations, and follows relevant regulations on environmental protection, safety and health issues, and works together to enhance corporate social responsibility. We also uphold the principle of honesty, trust and mutual benefit in our dealings with them. V. Customer policy implementation: The Company maintains a good relationship with customers based on customer feedback satisfaction surveys and the establishment of a professional customer service team and a customer service area on the Company’s website to provide adequate communication channels. VI. The status of Directors taking refreshing courses: The current directors of the Company have all completed their training hours as stipulated in the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies” (Note 5). VII. Implementation of risk management policy and risk measurement standards: The Company has been actively promoting risk management since 2018. In order to enable all employees to implement the risk management mechanism, the “Risk Management Policy and Procedures” was approved by the Board of Directors on November 10, 2020, and its operation has been regularly reported to the Board of Directors once a year. The Company’s risk response organization is based on the risk management policies and procedures established by the board of directors of the Company and its subsidiaries, with the president as the convener, who directs the promotion and operation of the risk management program, and the management and employees of each department under him/her participate in the promotion and implementation. The implementation situation in 2022 will be reported to the board of directors on February 24, 2023. VIII. The Company purchased liability insurance for directors: The Company completed the renewal of liability insurance for directors and key employees, including the insurance company, the period of insurance, the amount of insurance and the coverage, etc., and reported to the board of directors on November 9, 2022.

Implementation Status			Deviations from “the Corporate Governance Best Practice Principles” and Reasons
Evaluation Item	Abstract Illustration		
	Yes	No	
9. According to the latest result of the Corporate Governance Evaluation System by the Corporate Governance Center of TWSE, explain the amendments or propose the priority measurements to the unimproved items: In response to the announcement of 7th corporate governance evaluation in 2022, which was conducted for the year of 2021, the Company has proposed the explanation for the improvement on the evaluation index for the Company that have not yet scored:			
No.	Evaluation index	Whether improved?	Explanations for not yet improved
1. 8	Does the company upload the annual report 16 days before the regular shareholders meeting?	Yes	The 2021 annual report (for use at the 12022 shareholders meeting) has been uploaded 16 days before the ordinary shareholders meeting.
2. 10	Does the company disclose the annual work focus and operation of the audit committee?	Yes	After the comprehensive re-election of the board of directors on May 25, 2022, the establishment of the audit committee has been completed, and then the annual work priorities and operational status have been disclosed.
2. 24	Has the company established an information security risk management framework, formulated information security policies and specific management plans, and disclosed them on the company website or annual report?	Yes	It has been disclosed on the company website and the 2021 annual report.
3. 15	Does the company's annual report disclose the amount and nature of non-audit public fees paid to certified accountants and their affiliated accounting firms?	Yes	It has been disclosed on the company website and the 2021 annual report.
4. 6	Does the company formulate human rights protection policies and specific management plans with reference to international human rights conventions, and disclose them on the company website or annual report?	Yes	It has been disclosed on the company website and the 2021 annual report.

Note 1: Performance evaluation of the Board of Directors and the functional committee:

2022 Performance Evaluation of Board Members

Evaluation Index	Evaluation Results
A. Understanding of the Company goals and missions	4.5
B. Director's understanding of their duties and responsibilities	4.5
C. Participation in the Company's operation	4.3
D. Internal relation maintenance and communications	4.9
E. Professionalism and continuous training of directors	4.3
E. Internal Control	4.6

2022 Performance Evaluation of Corporate Governance Department

Evaluation Index	Evaluation Results
A. Participation in the Company's operation	4.4
B. Enhancement of the decision quality of the Board of Directors	4.7
C. Composition of the functional committee and the election of committee members	4.4
E. Election and continuous learning of directors	4.2
E. Internal Control	4.6

Based on the self-assessment of the directors and the performance evaluation of the board of directors, the weighted average value of the above indicators is 4 or higher. The results show that the overall performance of the board members and the board of directors is very good.

2022 Performance Evaluation of functional committee members

Evaluation Index	Evaluation Results
A. Participation in the Company's operation	4.8
B. Responsibilities of functional committees	4.8
C. Enhancement of the decision quality of the functional committee	4.8
D. Formation and selection of members of functional committees	4.8
E. Internal Control	4.8

The performance evaluation of the Audit Committee and the Salary and Compensation Committee has been completed; the weighted average calculation of the above-mentioned indicators is all above 4, which shows that the functional committees of the company are performing very well.

Note 2: (1) Refer to "Audit Quality Index (AQIS)" to evaluate the independence and competence of accountants:

Item			Evaluate	Competency
1	Professional	1-1 : audit experience	Accountants have rich auditing experience, and the overall firm is on par with the industry average	Yes
		1-2: training hours	Training hours above industry average	Yes
		1-3: turnover rate	Below the industry average in the past two years	Yes
		1-4: professional support	Comparable to the industry average in the past two years	Yes
2	Quality Control	2-1: accountant load	The proportion of available working hours of accountants: 64~70%	Yes
		2-2: Audit input	Comparable to the industry average	Yes
		2-3: Engagement Quality Control Review (EQCR)	Accountants' EQCR review hours are on par with the industry average	Yes
		2-4: Quality Control Support Capabilities	Slightly higher than the industry average	Yes
3	Independence	3-1: non-audit services	The proportion of non-audit service public expenses is low	Yes
		3-2: customer familiarity	Cumulative years: 10 years	Yes
4	Supervision	4-1: Missing and Punishment of external inspection	Comparable to the industry average	Yes
		4-2: The competent authority issued a letter requesting improvement	Comparable to the industry average	Yes
5	Creativity	5-1: innovative program or initiative	Introduce audit innovation tools, expand audit support center, and introduce cloud audit platform	Yes

(2) The independent assessment by accountants:

Item	Evaluation Results	Independence
1. Whether there is a direct or significant indirect financial relationship with the company	No	Yes
2. Whether there is financing or guarantee behavior with the company or the directors of the company	No	Yes
3. Whether there is a close business relationship and potential employment relationship with the company	No	Yes
4. Whether accountants and their audit team members currently or in the last two years have served as directors or managers of the company or have a significant impact on the audit work	No	Yes
5. Are there any non-audit service items that may directly affect the audit work for the company	No	Yes
6. Whether the accountant has brokered the shares or other securities issued by the company	No	Yes
7. Whether there is a defender of the company or coordination of conflicts with other third parties on behalf of the company	No	Yes
8. Whether there is a family relationship with the company's directors, managers or persons who have a significant influence on the audit case	No	Yes

Note 3: Operation and implementation of concurrent corporate governance units:

Title	Member	Tasks	Work Plan
Financial Officer of Financial Managing Department	CHANG, HSIAO-WEN	1. Registration of company and change of registration. 2. Conduct meetings of the board of directors and shareholders' meetings in accordance with the law, and assist the Company in complying with the relevant laws and regulations of the board of directors and shareholders' meetings.	1. Annual registration of companies and registration of changes. 2. Arrange to hold 2 salary committee meetings, 4 audit committee meetings, 8 board meetings and 1 shareholder regular meeting in 2022.
Deputy manager/assistant manager of Financial Managing Department	LI, SSU-HUI HO, I-TING	3. Preparation of minutes of the Board of Directors' and shareholders' meetings. 4. Provide directors and supervisors with information necessary for the execution of their business and the latest regulatory developments related to the operation of the Company, in order to assist directors and supervisors in complying with the law. 5. Matters related to investor relations.	3. Planned 6 hours of corporate governance education training for directors and corporate governance units for the year 2022. 4. Provide directors and supervisors with information necessary for the execution of their business and the latest regulatory developments related to the operation of the Company. 5. Plan and hold 4 legal seminars in 2022.

Note 4: Employee Benefits Summary:

Unit	Item		Full-time employees	Contractual staff and students
welfare committee	Group Insurance	Insurance Type	Medical Insurance + Accident Insurance	Accident Insurance
		Premium	Staff self-paid: 10% Subsidy from the welfare committee: 20% Borne by the company: 70%	Staff self-paid: 30% Borne by the company: 70%
		Insured content	Life insurance: NT\$200,000 Accidents: NT\$800,000 Diseases and medical care: NT\$20,000 Hospitalization: NT\$1,000/day	Accidents: NT\$1,000,000 Hospitalization: NT\$1,000/day
	Wedding & Funeral	Hospitalization Comfort	NT\$2,000	
		Wedding gift for the staff	NT\$3,200	
		Vegetative aid	NT\$1,600	
		Birthday Bonus	NT\$500	
		Death benefit for family members	NT\$1,500	
		Death Benefit for the staff	NT\$3,100	
		Children's Scholarship	High school or above NT\$1500/person (average score 80 or above) Public or private junior high school NT\$1000/person (average score 95 or above) Public or private elementary school NT\$1000/person (average score 90 or above)	
Company	Wedding & Funeral	Wedding gift for the staff	NT\$3,200	
		Wedding gifts for employees' children	NT\$2,000	

Unit	Item		Full-time employees	Contractual staff and students
		Hospitalization Comfort	NT\$2,000	
		Death benefit for family members	NT\$3,000	
		Death Benefit for the staff	NT\$5,000	
	Health Check	Hold once a year		
	Others	Birthday gift certificate of NT\$500, monthly transportation pass subsidy: 60% of the company		
Company	Room meals Offer	Staff discount of NT\$400 for hotel rooms Staff discount of 80% off for restaurants		
	On-the-job training	Master Graduation Award (Private): NT\$10,000/person		
		Master Graduation Award (Public): NT\$30,000/person		
		PhD Graduation Award (Public): NT\$50,000/person		

Note 5: The status of directors and supervisors taking refreshing courses:

Title	Name	Date	Organizer	Name	People	Hours	Hours
Independent Director	JIAN HAN-RU	2022/06/10	Securities and Futures Market Development Foundation	2022 Insider Trading Prevention Promotion Conference	1	3	3
Independent Director	JIAN HAN-RU	2022/07/07	Taiwan Stock Exchange	Sustainable Development Roadmap Industry Theme Publicity Conference	1	2	2
Independent Director	JIAN HAN-RU	2022/10/19	Securities and Futures Market Development Foundation	2022 Insider Equity Transaction Legal Compliance Publicity Explanation Session	1	3	3
Independent Director	WANG, ONG-CYUAN	2022/10/04	TAIWAN SECURITIES ASSOCIATION	Treating Customers Fairly and Preventing Money Laundering	3	3	9
	JIAN HAN-RU WEI FU-QUAN	2022/10/04	TAIWAN SECURITIES ASSOCIATION	Competitiveness vs Viability under ESG Trends and Strategies	3	3	9
Director	CHEN, SIE-TONG CHEN, CHUNG-HSIEN YOU, GUO-FANG CHEN, PIN-CHUN CHANG, HUEI-RU DU, CIOU-PING CHEN, MI-JYUAN CHEN, LONG-FONG	2022/10/04	TAIWAN SECURITIES ASSOCIATION	Treating Customers Fairly and Preventing Money Laundering	8	3	24
		2022/10/04	TAIWAN SECURITIES ASSOCIATION	Competitiveness vs Viability under ESG Trends and Strategies	8	3	24
	CHANG, HUEI-RU	2022/10/07	Taiwan Stock Exchange	Release of reference guidelines for independent directors and audit committees to exercise their powers and directors and supervisors promotion meeting	1	3	3
	CHEN, LONG-FONG	2022/10/12	Taiwan Stock Exchange	2022 Insider Equity Trading Act compliance publicity briefing	1	3	3
	WENG, MING-HSIEN	2022/11/10	Chinese Corporate Governance Association	Protection of business secrets and practice of fraud detection and prevention	1	3	3
					28		83

(IV) Composition, Responsibilities and Operations of the Remuneration Committee:

1. Information on Remuneration Committee Members:

Criteria		Professional qualifications and experience	Independence situation	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Title	Name			
Independent Director Convener	WANG, HONG-CYUAN	Please refer to page 16 for professional qualifications and experience of independent directors	Please refer to page 16 for the independence of independent directors	1
Independent Director	CHEN, LONG-FONG	Please refer to page 15 for professional qualifications and experience of independent directors	Please refer to page 15 for the independence of independent directors	0
Others	TSAI, TE-HSIANG	-	-	0
Independent Director	JIAN, HAN-RU	Please refer to page 18 for professional qualifications and experience of independent directors	Please refer to page 18 for the independence of independent directors	1
Independent Director	WEI, FU-QUAN	Please refer to page 17 for professional qualifications and experience of independent directors	Please refer to page 17 for the independence of independent directors	2

Note 1: The company's board of directors has be re-elected on May 25, 2022, and two independent directors (Wei, Fu-Quan and Jian, Han-Ru) has be added. Director TSAI, TE-HSIANG was dismissed, and CHEN, LONG-FONG was newly appointed as director.

Note 2: Huang Chih-Nan was dismissed due to his death, and Tsai, Te-Hsiang was replaced as a member on April 13, 2022.

2. Attendance of Members at Remuneration Committee Meetings:

- (1) There are 3 members in the Remuneration Committee.
- (2) Terms of Office of the current members: The fourth term is from May 27, 2019 to May 16, 2022. Because the general meeting of shareholders will re-elect directors on May 25, 2022, the fifth term will be from June 7, 2022 to May 24, 2025. A total of 2 (A) Remuneration Committee meetings were held in the recent period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Convener	WANG, HONG-CYUAN	2	0	100.00%	
Committee Member	CHEN, LONG-FONG	1	0	100.00%	
Committee Member	TSAL, TE-HSIANG	0	0	-	Note 1,2
Committee Member	JIAN, HAN-RU	1	0	100.00%	
Committee Member	WEI, FU-QUAN	1	0	100.00%	

Note 1: The company's board of directors has been re-elected on May 25, 2022, and two independent directors (Wei, Fu-Quan and Jian, Han-Ru) have been added. Director TSAL, TE-HSIANG was dismissed, and CHEN, LONG-FONG was newly appointed as director.

Note 2: Huang Chih-Nan was dismissed due to his death, and Tsai, Te-Hsiang was replaced as a member on April 13, 2022, and no meeting was held during his tenure.

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion: In the most recent year, there were no cases in which the Board of Directors did not adopt or amend the recommendations of the Remuneration Committee.
2. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: In the most recent year, no member of the Remuneration Committee had any objection or reservation to the resolution of the Remuneration Committee.

3. Proposals reviewed by Remuneration Committee

Committee No.	Content of the proposal and follow-up handling	Resolution	The Company's Handling of the Opinions of Remuneration Committee
4th Committee 2022 first meeting (2022/2/23)	1.The Company Manager's 2021 year-end bonus. 2.The Company's employee compensation proposal for the year 2021. 3.The Company's director and supervisor compensation proposal for the year 2021.	All members present agreed to approve	Submitted to the board of directors and approved by all directors present
5th Committee 2023 first meeting (2023/8/10)	1.Election of the Chairman of the Fifth Salary and Compensation Committee. 2.Proposal for the attendance fee and monthly travel fee for the 10th 2022 annual directors. 3.Proposal for the attendance fee and monthly travel fee for the 10th 2022 consultant. 4.The Company's employee compensation proposal for the year 2020. 5.The company's 2021 annual manager three-section bonus proposal. 6.Proposal for the attendance fee and monthly travel fee for the 9th 2021 annual directors and supervisors of the Company.	All members present agreed to approve	Submitted to the board of directors and approved by all directors present

(V) Fulfillment of promotion in sustainable development by the Company and its subsidiaries and Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons:

Evaluation Item	Implementation Status		Deviations from "the Corporate Social Responsibility Best Practice Principles" and Reasons
	Yes	No	
1. Has the company established a governance structure to promote sustainable development and set up a special (concurrent) unit to promote sustainable development, which is authorized by the board of directors to be handled by senior management, and is the board of directors supervising the situation?	V		1. In order to effectively promote sustainable development, the Company's Board of Directors authorized the President to form the "Corporate Integrity Management and Sustainable Development Promotion Committee" (formerly known as the "Corporate Integrity Management and Social Responsibility Promotion Committee") in 2016, with the President as the chairman and the members being the head of the General Management Office and the head of the management of each branch office, to form the "Environmental Development", "Social Participation", "Employee Care" and "Corporate Governance" groups respectively to assist the President in policy formulation and implementation. 2. The establishment and implementation of the "Corporate Integrity Management and Sustainable Development Promotion Committee" of the Company are described as follows: (1) The Board of Directors of the Company authorized the President to form the "Corporate Integrity and Sustainable Development Promotion Committee" in 2016. (2) In the first quarter of each year, the chairman of the Committee reports to the directors on the implementation of the previous year's promotion. The performance for 2022 was reported at the first board meeting of the 9th Board of Directors on February 24, 2023. The report mainly covers the strategic framework, short-, medium- and long-term goals for sustainable development, and the status of implementation. 3. The Company's Board of Directors receives regular reports from the management team on an annual basis. The management team must propose corporate strategies to the Board of Directors, and the Board of Directors must evaluate the likelihood of success of these strategies and must frequently review the progress of the strategies and urge the management team to make adjustment when necessary.

Evaluation Item	Implementation Status		Deviations from “the Corporate Social Responsibility Best Practice Principles” and Reasons
	Yes	No	
2. Has the Company set up a dedicated (or concurrent) corporate social responsibility promotion unit which is authorized by the board of directors to be managed by the high-level management and reports to the board of directors?	V	1. Risk Boundary: This disclosure covers the Company's sustainable development performance in its major operating locations from January 2022 to December 2022. The risk assessment boundary is mainly based on the Company, which includes two locations, the Chateau Beach Resort in Kenting and the Hotel Chateau Anping. The subsidiary (Chateau Rich Hotel) is not included in the scope based on its relevance to the operation of the business and the degree of impact on major themes. 2. Establishment of Risk Management Policy: The "Corporate Integrity Management and Sustainable Development Promotion Committee" conducts analysis based on the materiality principle of the sustainability report, communicates with internal and external stakeholders, and evaluates ESG issues of materiality by reviewing domestic and international research reports, literature and integrating evaluation information from various departments and subsidiaries, and formulates risk management policies and takes specific action plans for effective identification, measurement, evaluation, monitoring and control in order to reduce the impact of related risks. Please refer to Note 1 for the strategic framework, short-, medium- and long-term goals for promoting sustainable development and the status of promotion.	None.
3. Environment issues (1) Has the Company established an appropriate environmental management system according to its industrial characteristics?	V	Enterprises seek for sustainable development while Chateau emphasizes the importance of protecting the ecological environment. The development of a green and sustainable environment is a matter of great urgency, and our company has established the following environmental management policies: 1. Comply with the relevant environmental protection laws and regulations: We do comply with environmental protection laws and policies to create a green environment without pollution. 2. Pollution prevention: We strengthen the promotion of the importance of pollution prevention and encourage employees to actively participate in and implement the responsibility of environmental protection. 3. Sustainable environmental construction: To protect the ecology of the national	None.

Evaluation Item	Implementation Status		Deviations from “the Corporate Social Responsibility Best Practice Principles” and Reasons								
	Yes	No									
			Abstract Illustration park, native tree species are widely planted and cultivated, and greening and planting maintenance are strengthened, so that the green coverage of the whole area reaches more than 50%. 4. Promotion of green building: To slow down global warming and reduce carbon emissions, the hotel was renovated with green building materials and natural lighting design, and the boiler equipment was changed to a heat pump system to reduce the use of diesel fuel in order to achieve the effect of energy saving and carbon reduction.								
(2) Is the Company committed to improving the efficiency in the use of resources, and the use of recycled materials with low environmental impact?	V		None. The Company is committed to enhancing the reuse of resources: 1. Implement green procurement: use environmentally friendly packaging materials and tableware, reduce the use of plastic materials, increase the use of soy ink in printed materials, and use FSC certified toilet paper. The company's waste is removed and recycled by an organization with a professional waste removal license. 2. Water Resource Recycling: (1) All domestic wastewater is recycled and reused as water for irrigation, washing and other miscellaneous uses. 91,202 tons of wastewater were recycled in 2022. <table border="1"> <thead> <tr> <th>Year</th><th>2020</th><th>2021</th><th>2022</th></tr> </thead> <tbody> <tr> <td>tons of wastewater</td><td>93,094</td><td>74,094</td><td>91,202</td></tr> </tbody> </table> (2) The water for swimming pool and SPA is recycled and filtered by automatic filtration system. (3) The roofs of the buildings in the park are used to set up a rainwater recovery and storage system to collect rainwater and discharge it into rainwater collection and storage tanks through the roof drainage holes to provide watering for green areas and trees in the whole area. 3. Promotion of green buildings and energy-saving equipment: (1) To slow down global warming and reduce carbon emissions, the company implemented an air-conditioning improvement project at the Chateau Beach Resort in Kenting and changed the boiler equipment to a heat pump system to reduce the amount of diesel fuel used. (2) Hotel Chateau Anping adopts a green building concept, using heat pump	Year	2020	2021	2022	tons of wastewater	93,094	74,094	91,202
Year	2020	2021	2022								
tons of wastewater	93,094	74,094	91,202								

Evaluation Item	Implementation Status		Deviations from "the Corporate Social Responsibility Best Practice Principles" and Reasons
	Yes	No	
			Abstract Illustration systems for air conditioning and natural gas and electricity for kitchen equipment, replacing diesel equipment with cleaner energy sources.
(3) Has the Company assessed the current and future potential risks and opportunities to the enterprise due to climate change and adopted countermeasures on issues related to the climate?	V		The Environmental Development Group of the "Corporate Integrity and Sustainable Change risks and opportunities, and following the "Climate Related Financial Disclosure Proposal" issued by the Task Force on Climate Change Related Financial Disclosure (TCFD), the Company discloses the identification, assessment and management of climate change risk issues in four major areas: governance, strategy, risk management, and indicators and targets. The risk management system is used to report significant climate issues to the company's management in order to effectively grasp climate change risks and opportunities and potential financial impacts, and to formulate countermeasures. Please also read the latest sustainability report and official website for details.
(4) Has the Company conducted statistics on the emission of greenhouse gas, water consumption volume and the total waste weight in the past two years and developed policies for energy-saving, reduction on greenhouse gas, water consumption volume or management of other wastes?	V		1. Energy saving and carbon reduction and greenhouse gas reduction policy: (1) Policies: ● changing diesel boilers to heat pump systems ● promoting energy conservation and turning off power at will ● managing air-conditioning turn-on times in guest rooms ● managing air-conditioning temperatures in public spaces of hotels ● increasing forest planting in the park to protect the natural ecology (2) Target: Set a reduction target of 1% of carbon emissions compared to the previous year. (3) Corporate greenhouse gas emission reduction plans: ● We plan to upgrade the air conditioning equipment year by year to improve efficiency. ● The garden lighting equipment was retrofitted with [automatic energy-saving devices]. ● Turn off the lights when leaving the office, turn off the lights during lunch break and make an inspection for lights off during off hours. ● Hotel public areas and offices are air-conditioned to set the temperature (26-28 degrees).

Evaluation Item	Implementation Status		Deviations from “the Corporate Social Responsibility Best Practice Principles” and Reasons																																																																
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				Abstract Illustration																																																															
		● Promote waste separation and resource recycling. ● Office photocopying reuses recycled paper as much as possible. ● Strengthen the implementation of paperless meeting operations and announcement operations to electronic instead of paper. ● Add heat pump energy saving equipment to replace boiler equipment. ● The hotel lighting fixtures were changed to energy-saving fixtures. ● The water from the wastewater treatment plant is recycled and used for watering trees in the park. (4) Carbon reduction results for customers or consumers in the last three years: <table><tr><td>Items/Year</td><td>2019</td><td>2020</td><td>2021</td><td>2022</td></tr><tr><td>Diesel CO2 emissions/metric tons</td><td>193.8</td><td>194.0</td><td>119.8</td><td>145.9</td></tr><tr><td>Gas CO2 emissions/metric tons</td><td>152.7</td><td>112.4</td><td>92.5</td><td>156.6</td></tr><tr><td>Natural gas CO2 emissions/metric tons</td><td>186.8</td><td>218.8</td><td>186.0</td><td>149.4</td></tr><tr><td>Electricity CO2 emissions/metric tons</td><td>4,408.0</td><td>4,249.0</td><td>3,744.0</td><td>4210.2</td></tr><tr><td>Water CO2 emissions/metric tons</td><td>28.5</td><td>29.2</td><td>22.2</td><td>26.7</td></tr><tr><td>Total CO2 emissions/metric tons</td><td>4,969.8</td><td>4783.4</td><td>4,164.5</td><td>4,688.9</td></tr><tr><td>Increase (decrease) from the previous year</td><td>(392.7)</td><td>(186.4)</td><td>(618.9)</td><td>524.4</td></tr><tr><td>Percentage</td><td>-7.32%</td><td>-3.75%</td><td>-12.93%</td><td>12.6%</td></tr><tr><td>Total in the last three years</td><td>NA</td><td>15,115.7</td><td>13,917.7</td><td>13,636.8</td></tr><tr><td>The average of the last three years</td><td>NA</td><td>5,038.6</td><td>4,639.2</td><td>4,545.6</td></tr><tr><td>Increase (decrease) compared with the previous three years</td><td>NA</td><td>NA</td><td>(399.4)</td><td>(93.6)</td></tr><tr><td>Percentage</td><td>NA</td><td>NA</td><td>-7.93%</td><td>-2.02%</td></tr></table> The degree of impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the number of tourists received in the whole year will increase by 50,565 (+22.93%) compared with 2021. The average annual emissions decreased by 93.6 metric tons (-2.02%) compared to the previous cycle. 2. Waste management policy: The main goal is to reduce the amount of garbage, and the target is to reduce the amount of garbage by 5% in a three-year period. (1) Kenting Château Beach Resort	Items/Year	2019	2020	2021	2022	Diesel CO2 emissions/metric tons	193.8	194.0	119.8	145.9	Gas CO2 emissions/metric tons	152.7	112.4	92.5	156.6	Natural gas CO2 emissions/metric tons	186.8	218.8	186.0	149.4	Electricity CO2 emissions/metric tons	4,408.0	4,249.0	3,744.0	4210.2	Water CO2 emissions/metric tons	28.5	29.2	22.2	26.7	Total CO2 emissions/metric tons	4,969.8	4783.4	4,164.5	4,688.9	Increase (decrease) from the previous year	(392.7)	(186.4)	(618.9)	524.4	Percentage	-7.32%	-3.75%	-12.93%	12.6%	Total in the last three years	NA	15,115.7	13,917.7	13,636.8	The average of the last three years	NA	5,038.6	4,639.2	4,545.6	Increase (decrease) compared with the previous three years	NA	NA	(399.4)	(93.6)	Percentage	NA	NA	-7.93%	-2.02%
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			Recyclable garbage is sold, while non-recyclable garbage (e.g. ceramics, bricks, glass, wood) and used cooking oil are collected daily at the garbage collection site and removed in accordance with the regulations of the Environmental Protection Bureau. The food waste generated daily is transported by the cleaning staff to the refrigerated food waste recycling room at the landfill to avoid the breeding of flies and mosquitoes due to the hot weather, and all the food waste is treated and reused by the food waste removal company. (2)Hotel Château Anping: The garbage is collected daily and sorted at the centralized garbage collection site. After sorting, the garbage is removed by a different qualified transportation company in accordance with the regulations of the Environmental Protection Bureau. (3)Waste removal volume for the last 3 years: <table><tr><th>Items/ Year</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th></tr><tr><td>Wastes generated from professional activities</td><td>127.37</td><td>83.58</td><td>81.5</td><td>86.38</td></tr><tr><td>Food waste</td><td>101.24</td><td>81.48</td><td>35.43</td><td>97.99</td></tr><tr><td>Waste cooking oil</td><td>1.7</td><td>1.3</td><td>1.03</td><td>1.63</td></tr><tr><td>Pottery/ Porcelain/ Brick/ Tile</td><td>2.6</td><td>1.3</td><td>4.26</td><td>0.30</td></tr><tr><td>Sludge</td><td>21.9</td><td>24.59</td><td>15.03</td><td>17.77</td></tr><tr><td>Total waste production (metric tons)</td><td>254.81</td><td>192.25</td><td>137.3</td><td>204.07</td></tr><tr><td>Increase (decrease) from the previous year</td><td>29.9</td><td>(62.56)</td><td>(54.95)</td><td>66.77</td></tr><tr><td>Percentage</td><td>13.29%</td><td>-24.55%</td><td>-28.58%</td><td>48.63%</td></tr><tr><td>Total in the last three years</td><td>NA</td><td>504.71</td><td>584.36</td><td>533.62</td></tr><tr><td>The average of the last three years</td><td>NA</td><td>168.24</td><td>194.79</td><td>177.87</td></tr><tr><td>Increase (decrease) compared with the previous three years</td><td>NA</td><td>NA</td><td>26.55</td><td>(16.92)</td></tr><tr><td>Percentage</td><td>NA</td><td>NA</td><td>15.78%</td><td>-8.69%</td></tr></table>	Items/ Year	2019	2020	2021	2022	Wastes generated from professional activities	127.37	83.58	81.5	86.38	Food waste	101.24	81.48	35.43	97.99	Waste cooking oil	1.7	1.3	1.03	1.63	Pottery/ Porcelain/ Brick/ Tile	2.6	1.3	4.26	0.30	Sludge	21.9	24.59	15.03	17.77	Total waste production (metric tons)	254.81	192.25	137.3	204.07	Increase (decrease) from the previous year	29.9	(62.56)	(54.95)	66.77	Percentage	13.29%	-24.55%	-28.58%	48.63%	Total in the last three years	NA	504.71	584.36	533.62	The average of the last three years	NA	168.24	194.79	177.87	Increase (decrease) compared with the previous three years	NA	NA	26.55	(16.92)	Percentage	NA	NA	15.78%	-8.69%
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Evaluation Item	Implementation Status		Deviations from “the Corporate Social Responsibility Best Practice Principles” and Reasons																																								
	Yes	No																																									
				Abstract Illustration																																							
		3. Water Resource Recycle Policy: (1) Policy: ● A “wastewater treatment system” has been set up with dedicated staff to manage wastewater treatment operations and recycle and reuse all business and domestic wastewater. ● The pool water recycling system is set up to effectively recycle and filter the water before reuse to avoid wasting water resources. ● A rainwater recycling and storage system is set up to collect rainwater for watering the green areas of the park. ● The Company’s water management policy is to save 3% of water in each cycle, every 3 years. (2) Water consumption for the last 3 years:<table><tr><th>Items / Year</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th></tr><tr><td>Water consumption</td><td>176,478</td><td>182,673</td><td>146,409</td><td>166,020</td></tr><tr><td>Increase (decrease) from the previous year</td><td>10,910</td><td>6,195</td><td>(36,264)</td><td>19,611</td></tr><tr><td>Percentage</td><td>6.59%</td><td>3.51%</td><td>-19.85%</td><td>13.39%</td></tr><tr><td>Total in the last three years</td><td>NA</td><td>534,719</td><td>505,560</td><td>495,102</td></tr><tr><td>The average of the last three years</td><td>NA</td><td>178,240</td><td>168,520</td><td>165,034</td></tr><tr><td>Increase (decrease) compared with the previous three years</td><td>NA</td><td>NA</td><td>(9,720)</td><td>(3,486)</td></tr><tr><td>Percentage</td><td>NA</td><td>NA</td><td>-5.45%</td><td>-2.07%</td></tr></table> ● Château Beach Resort: To effectively utilize the business waste water, the waste water is treated by the “sewage treatment system” and then used for watering trees and turf in the park. ● Hotel Château Anping: The business waste water is discharged to the sewer. (3) The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the number of tourists received in the whole year will increase by 50,565 (+22.93%) compared with 2021, and the total increase in 2022 will be 19,6112 degrees (+13.39%) compared with 2021. The average water consumption in the last three years has decreased by 3,486 degrees (-2.07%)	Items / Year	2019	2020	2021	2022	Water consumption	176,478	182,673	146,409	166,020	Increase (decrease) from the previous year	10,910	6,195	(36,264)	19,611	Percentage	6.59%	3.51%	-19.85%	13.39%	Total in the last three years	NA	534,719	505,560	495,102	The average of the last three years	NA	178,240	168,520	165,034	Increase (decrease) compared with the previous three years	NA	NA	(9,720)	(3,486)	Percentage	NA	NA	-5.45%	-2.07%	
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Evaluation Item	Implementation Status		Deviations from “the Corporate Social Responsibility Best Practice Principles” and Reasons								
	Yes	No									
		Abstract Illustration									
		compared with the previous cycle, and the target water saving rate (-3%) has not yet been achieved.									
4. Social issues (1) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V	In addition to following the Labor Standards Law of Taiwan, we also take into consideration internationally recognized human rights standards such as the International Bill of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the Ten Principles of the United Nations Global Compact, and take actions consistent with the Code of Conduct for Responsible Business, treating all employees, contracted and temporary employees, and interns with dignity and respect. We treat all employees, contracted and temporary staff, and interns with dignity and respect. We implement our human rights policy in accordance with the following implementation guidelines, and have established a Supplier Management Policy that requires suppliers to follow the same standards. <table><tr><th>Human Rights Management Policy</th><th>Specific Solutions</th></tr><tr><td>Provide a safe and healthy working environment.</td><td>For details, please refer to "Occupational Safety and Health Management" and "Work Environment and Employee Safety Protection Measures" on page 120~121 of the Annual Report on Labor Relations.</td></tr><tr><td>Assist employees to maintain physical and mental health and work-life balance.</td><td>In 2022, the human rights assurance-related training for employees: (1) Labor Standards Law Seminar, 8 hours. (2) Public institutions will set up a breastfeeding room and childcare service briefing session, 4 hours. (3) Health Promotion Forum on Occupational Accident Prevention, 8 hours. (4) Sincerely guarding you, Anwei family education and training, 4 hours.</td></tr><tr><td>Prohibition of forced labor and compliance with local government labor laws</td><td>Implement a leave system to encourage colleagues to focus on work-life balance.</td></tr></table>	Human Rights Management Policy	Specific Solutions	Provide a safe and healthy working environment.	For details, please refer to "Occupational Safety and Health Management" and "Work Environment and Employee Safety Protection Measures" on page 120~121 of the Annual Report on Labor Relations.	Assist employees to maintain physical and mental health and work-life balance.	In 2022, the human rights assurance-related training for employees: (1) Labor Standards Law Seminar, 8 hours. (2) Public institutions will set up a breastfeeding room and childcare service briefing session, 4 hours. (3) Health Promotion Forum on Occupational Accident Prevention, 8 hours. (4) Sincerely guarding you, Anwei family education and training, 4 hours.	Prohibition of forced labor and compliance with local government labor laws	Implement a leave system to encourage colleagues to focus on work-life balance.	None.
Human Rights Management Policy	Specific Solutions										
Provide a safe and healthy working environment.	For details, please refer to "Occupational Safety and Health Management" and "Work Environment and Employee Safety Protection Measures" on page 120~121 of the Annual Report on Labor Relations.										
Assist employees to maintain physical and mental health and work-life balance.	In 2022, the human rights assurance-related training for employees: (1) Labor Standards Law Seminar, 8 hours. (2) Public institutions will set up a breastfeeding room and childcare service briefing session, 4 hours. (3) Health Promotion Forum on Occupational Accident Prevention, 8 hours. (4) Sincerely guarding you, Anwei family education and training, 4 hours.										
Prohibition of forced labor and compliance with local government labor laws	Implement a leave system to encourage colleagues to focus on work-life balance.										

Evaluation Item	Implementation Status		Deviations from “the Corporate Social Responsibility Best Practice Principles” and Reasons
	Yes	No	
(2) Has the Company established and implemented reasonable employee welfare measures (including remuneration, vacations and other welfares, etc.) and reflected management performances or outcomes on employees’ remuneration?	V		1. Reward system: (1) Overall Compensation Policy: The Company's year-end bonus system is based on the Company's business interests and is distributed to all employees after considering their seniority, annual bonuses and annual performance appraisals, in order to motivate all employees to work together for the Company's goals. The employee bonus is calculated in accordance with the Company's Articles of Incorporation at a rate of not less than 1% of the Company's annual profit. (2) Salary Adjustment and Fair Pay: Each year, the Company makes reference to market salary surveys and makes discretionary adjustments based on market peer salary levels, economic trends, the Ministry of Labor's salary adjustment policy and individual performance in order to maintain overall salary competitiveness. In 2022, there is no significant difference between the annual compensation ratios of female and male employees, regardless of whether they are executives or general employees. 2. Employee welfare measures: (1) Employee stock ownership trust: The Company intends to complete the employee stock ownership trust in 2023. (2) Female Employee Support Program: ● Pregnancy and childbirth: 7 days of pre-maternity leave, 7 days of paternity leave and 56 days of maternity leave. ● Childcare: A flexible system for multiple hours of work, a system that provides better-than-legal childcare retention, and a 67% return rate of childcare retention by 2022. We provide postnatal reinstatement assistance to our employees and offer appropriate work arrangements and flexible workplaces as needed. ● Gender Equality in the Workplace: To achieve equal pay for equal work and equal advancement opportunities for men and women, and to maintain over 30% of women in executive positions to promote

Evaluation Item	Implementation Status		Deviations from “the Corporate Social Responsibility Best Practice Principles” and Reasons
	Yes	No	
			sustainable economic growth. The average percentage of female employees in 2022 is 52.14% and the percentage of female supervisors is 52.27%. 3. Other welfare policies: (1) Establishment of Employee Welfare Committee. (2) Insurance system: The Company has universal health insurance, labor insurance and group insurance for its employees. (3) Pension system: The Company has established the "Employee Retirement Management Act" and employees are required to retire in accordance with the relevant laws and regulations. (4) Other employee benefits: Please refer to Note 4 on page 52 of the Annual Report.
(3) Does the Company provide a safe and healthy working environment for employees and regularly carry out safety and health education for employees?	V		1. Employee Safety: (1) Compliance with laws and regulations: Employees must comply with laws and regulations related to occupational safety and health to provide a safe and healthy working environment. (2) Education and training: Implement safety and health education for employees to improve their safety awareness and self-management ability. (3) Full participation: Encourage the participation of all employees, integrate safety and health into daily operation activities, and implement the function of supervisor supervision. (4) Continuous improvement: The occupational safety staff will arrange monthly random inspections of departments, issue audit reports, and propose improvement plans for review, and continue to track until improvements are made. 2. Employee health: (1) Regular health checkups: Chateau attaches great importance to the health of its employees and conducts regular health checkups every year. All employees, including regular staff and health education students, are required to participate in general employee health checkups, while dietary staff in restaurants participate in special operational health checkups.

Evaluation Item	Implementation Status		Deviations from “the Corporate Social Responsibility Best Practice Principles” and Reasons
	Yes	No	
			Abstract Illustration
			(2) Smoke-free working environment: In line with the government's policy of a smoke-free workplace, we have established smoke control measures, and smoking is banned in all areas of the building. However, smoking areas are set up in the open areas outside the library for employees and customers who have the habit of smoking. 3. In 2022, there were 13 occupational accidents involving 13 employees, accounting for 3.10% of the total number of employees. The main cause of occupational accidents was traffic accidents (9 cases, accounting for 69% of all occupational accidents). In addition to the promotion of safety in commuting to and from work, the company also provides subsidies for public transportation rides. Our company hopes that our employees will be motivated to improve and enrich their skills or profession. Therefore, we have established the “Education and Training Management Regulations,” “Employee Training Subsidy Management Regulations,” and “Employee On-the-job Training Incentive Regulations” in the hope that employees can cultivate diverse functions in accordance with the company's development goals and personal career planning. 1. Internal education and training: including new employee training, common core training, professional functional training and management courses. 2. External education and training: including professional skills of various departments, professional courses, licenses, professional training for accounting supervisors and internal auditors, etc. 3. For details of the education and training in 2022, please refer to the description of “Training and Development” of Labor Relations on page 114 of the Annual Report.
(4) Has the Company developed an effective training program for employees?	V		None.
(5) Whether the company complies with relevant regulations and international standards, and formulates relevant consumer or customer rights protection policies and complaint procedures regarding issues	V		None.

Evaluation Item	Implementation Status		Deviations from “the Corporate Social Responsibility Best Practice Principles” and Reasons
	Yes	No	
such as customer health and safety, customer privacy, marketing and labelling of products and services?			
(6) Has the Company established management policy for suppliers and asked the suppliers to comply with environmental friendly, occupational safety or labor rights and present its implementations?	V	1. The Company has established the “Supplier Management Regulations”, in which the Purchasing Department and the Acceptance Department jointly conduct supplier selection, counseling, evaluation and training, and work together with suppliers to comply with environmental protection, occupational safety and human rights regulations in their daily operations. 2. The company has formulated a supplier corporate social responsibility supplier self-assessment form, requiring suppliers to perform corporate social responsibility supplier self-assessment every year, self-examine employee rights, environmental protection, occupational safety and other issues to follow relevant norms. 3. The supplier is required to ensure that the source of the goods provided complies with the requirements of the law. If the principle of honest operation is violated, the buyer has the right to immediately terminate the contract relationship after being found out, and the seller shall be liable for damages to the buyer's goodwill. 4. Suppliers are required to provide product-related inspection reports (such as pesticide residue inspection reports, animal drug residue reports, microbiological inspection reports, product certificates or reports, etc.). 5. Project contractors are required to complete labor insurance, construction site accident insurance and waste removal agreement, and must provide education and training before the project in accordance with Article 23 of the Labor Safety and Health Law, and assign special personnel to be responsible for vigilance during the project , Pay attention to and implement related matters.	None.

Evaluation Item	Implementation Status		Deviations from “the Corporate Social Responsibility Best Practice Principles” and Reasons
	Yes	No	
5. Has the Company referenced the international principles or guidelines for preparing generalized report to prepare its non-financial reports such as sustainability reports? Has the Company obtained confirmation or guarantee opinions from third-party verification agencies regarding the aforementioned report?	V		Our sustainability report is based on the Global Reporting Initiative (GRI G4), the fourth generation of the Global Sustainability Reporting Institute. In this new edition, we have followed the core project indicators to closely match the industry characteristics and differences, but we have not obtained third-party validation.
6. If the Company has its own corporate social responsibility in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, please describe the difference between its operational and prescribed code: N/A			Our sustainability reports has been prepared in accordance with the establishment criteria, but has not been verified by a third-party verification unit.
7. Other important information to help understand the operation of corporate social responsibility: Please refer to Note 1 on page 71 for the promotion of sustainable development in 2022.			

Note 1: Situation of "Corporate Integrity Management and Sustainable Development Promotion Committee" promoting sustainable development:

A. The governance structure that drives sustainable development:



B. Committee Grouping and Promotion of Strategic Framework:

	Environmental Development Group	Social Engagement Group	Employee Care Group	Corporate Governance Group
Policy Architecture	- Environmental Sustainability Policy - Operational carbon reduction management - Sustainable procurement - Environmental education - Supply Chain Management	- Social care - Community Involvement - Philanthropy strategy planning and execution - Corporate image	- Employee Compensation and Benefits - Functional development and educational training - Labor Relations - Human rights protection - Occupational Safety and Health	- Integrity management - organizational strategy - Risk Management - Law to follow - Shareholders' rights protection - ESG Information Disclosure - internal audit - Stakeholder Communication
Organizer	- Asset Development Managing Department - Administrative Managing department - Administrative Managing Department - Restaurant Management Department - Catering & Kitchen Department	- Administrative Managing department - Administrative Managing Department - Executive Office - Marketing Management Office	- Administrative Managing department - Administrative Managing Department	- Executive Office - Financial Managing Department - Auditing Office
Committee	- CHEN, CI-TIAN - CHOU, SHU-CHUAN - YANG, SHIH-MING - PAN, SHENG-YANG - ZENG, WUN-TAN - SHEN, MING-YU	- CHOU, SHU-CHUAN - YANG, SHIH-MING - CIU, SIAN-SHUN	- CHOU, SHU-CHUAN - YANG, SHIH-MING	- LIN, SIAN-CHANG - TSAI, TE-HSIANG - CHANG, HSIAO-WEN - PAN, SU-JHEN

C. The promotion goal of sustainable development:

	Strategic direction	Short term goals (2022)	Achievement	Medium and long term goals (2023~2024)	United Nations Sustainable Development Goals
Develop sustainable environment	Ecological maintenance, promotion of ecological conservation activities	Promoted day/night adventure in Shirding Park. Promoted the Little Starfish Activity Camp and visit the sand crab ecology. Promoted the October National Day Eagle Watch.	Achieved	Promote sustainable tourism and continue to develop tourism activities based on low carbon, environmental protection and ecology.	
		Jointly and cooperatively handle beach cleaning activities.	Achieved		
	Ecological maintenance, promotion of various non-power and pollution-free leisure and recreational activities.	Promote various unpowered and pollution-free recreational activities, such as archery, canoeing, unpowered double-track sailing, bodyboarding and stand-up paddle skating, etc.	Achieved		
		We became a member of the Forestry Bureau Pingtung Forestry Administration Forest Ecotourism Strategy Alliance to guide the public to fully experience the beauty of the ecology and the wonders of the forest while supporting ecotourism. The Company also cooperates with the two major national forest recreation areas under the Pingtung Forestry Administration to promote a series of forest eco-tourism with housing projects to promote forest eco-tourism.	Achieved		
	Love the earth, commit to energy saving, carbon reduction, water resource recycling and effective waste management.	Promote green procurement: use environmentally friendly packaging materials and tableware, reduce the use of plastic materials, increase the use of soy ink for printed materials, and use FSC certified toilet paper.	Achieved	Increase the annual electricity saving rate by 1%, and continue to introduce electricity saving measures; achieve the goals of reducing waste by 5% per cycle and saving water by 3%.	  
		The main goal of the waste management policy is waste reduction, with a three-year period and a 5% reduction target.	Achieved		
		All domestic sewage is recycled and reused as water for irrigation, cleaning and other miscellaneous water.	Achieved		
		Implement relevant measures such as "energy saving and carbon reduction", and the gas emission reduction target is to reduce carbon emissions by 1% compared with the previous year.	Achieved		

	Strategic direction	Short term goals (2022)	Achievement	Medium and long term goals (2022~2024)	United Nations Sustainable Development Goals
Maintain social welfare	Education support	The selection and appointment of the company's employees is mainly based on localized human resources.	Achieved	Continue to use localized human resources, promote diverse talent recruitment channels, and assist in education resources for children from poor families.	
		Support the Ministry of Education's plan to cultivate high-quality manpower to promote employment, implement school-teaching cooperation and students' in-person internships (industry-university-joint special classes), and implement high-level vocational school overseas Chinese students' construction and education cooperation.	Achieved		
		Sponsored the "Family Support Center" relief program	Achieved		
		Sponsor the book purchase plan of Hengchun remote township library.	Achieved		

	Strategic direction	Short term goals (2022)	Achievement	Medium and long term goals (2022~2024)	
Maintain social welfare	Local public welfare	Sponsored the “Family Support Center” Child Sponsorship Program. Provided assistance to needy families in the Hengchun area.	Achieved	Continuous social participation and care.	
		Established featured Kenting Chateau Post Office. Adopted to take care of a local public toilet.	Achieved		
	Community Development and Local Culture Promotion	Participated in the “Hengchun Ancient City International Su-Ku-Pong Sightseeing and Cultural Activities” to jointly promote Hengchun traditional cultural activities.	Achieved	Connect with local partners, create new value through cross-border cooperation, inherit local art and culture, and promote community development.	 
		In order to create sustainable urban and rural areas, rejuvenate the vitality of the community, enhance the awareness of community organizations on the concept of eco-tourism, and build the ability to develop community-based eco-tourism destinations, support the Pingtung County Community Development Culture Promotion Association, and jointly promote the development of community development at the top of the community.	Achieved		
		Sponsored the Hengchun Peninsula Song Festival. Support peninsula folk songs and promote Taiwan's important traditional intangible cultural assets.	Achieved		
	Safety precautions	In response to the Kenting National Park's “Kenting Bayfront Landscape Improvement Project”, the park spontaneously assisted the Kenting National Park Management Division in maintaining the safety of visitors.	Achieved		

	Strategic direction	Short term goals (2022)	Achievement	Medium and long term goals (2022~2024)	United Nations Sustainable Development Goals
Implement corporate governance	Safeguard the rights and interests of shareholders	The general meeting of shareholders will be held before the end of May.	Achieved	Treat shareholders in a friendly and equal manner, continue to release relevant information in advance, and reduce information asymmetry.	
		Cash dividends will be distributed within 30 days after the ex-dividend base date.	Achieved		
		The shareholders meeting procedure manual and meeting supplementary materials will be uploaded to the Public Information Observatory 30 days before the regular shareholders meeting.	Achieved		
		The English version of the annual report will be uploaded to the Public Information Observatory 16 days before the ordinary shareholders' meeting.	Achieved		
	Strengthen the structure and operation of the board of directors	Completed the internal performance self-assessment of the board of directors and functional committees.	Achieved	Regularly conduct internal and external performance reviews of the Board of Directors and functional committees.	
		Formulate a diversity policy for board members, and disclose specific management objectives and implementation on the website and annual report.	Achieved		
		The target ratio of female directors is 30% or more.	Achieved	Establish an audit committee.	
		Independent directors did not serve more than three consecutive terms, and attended each board meeting in person.	Achieved		
		The actual board attendance target of all directors is above 85%.	Achieved		

	Strategic direction	Short term goals (2022)	Achievement	Medium and long term goals (2022~2024)	United Nations Sustainable Development Goals
Implement corporate governance	Improve information transparency	English version information announcement: (1) Simultaneously release major information in English. (2) Release the English version of the shareholders meeting procedure manual and annual report. (3) Build an English corporate governance website with a structure covering finance, business and corporate governance. (4) English The interim financial report of the edition will be announced within two months after the filing period of the Chinese version. (5) The individual and consolidated English version of the financial report will be announced 16 days before the shareholders' meeting.	Achieved	Treat shareholders in a friendly and equal manner, and continue to release relevant English-language announcements, shareholders' meeting materials and financial reports.	
		Those who do not have the relevant regulations for the verification of major information of listed OTC companies and the handling of public processing procedures and the information reporting operation of listed OTC companies will be punished by relevant liquidated damages.	Achieved	Treat shareholders with kindness and equality, and continue to publish financial reports in advance.	
		Annual individual and consolidated financial reports are published by the end of February of the following year.	Achieved		

D. Activities related to promoting sustainable development:

Category	project	content
Develop a sustainable environment	Ecological maintenance	1. Ecological care/education policy promotion: (1) Promoted day/night adventure in Shirding Park: 331 visits in 2022. (2) Promoted the Little Starfish Activity Camp and visit the sand crab ecology: 40 visits in 2022. (3) Cooperate with the Kenting National Park Management Office to organize the "2022 Kenting National Park Beach Cleanup Activity": a total of 10 person-times.. (4) Promoted the October National Day Eagle Watch. (5) Ecological promotion education fee of NT\$102,540. (6) Ecological environment promotion activities in the two major forest recreation areas. (7) Promoted bird watching, eagle watching and seasonal activities in the National Park: due to the epidemic situation, the promotion of the ecological environment will be mainly carried out, and the government will not enter the national park to carry out ecological activities in 2022. 2. Promotion of various types of non powerful and pollution free leisure and recreational activities policy: The company is committed to promoting various non powered and non polluting recreational activities, such as archery, canoeing, non powered double track sailing, paddle boarding and stand up paddling, etc. The company is committed to promoting non powered recreational activities, adding a number of recreational equipment, such as dragon boat boards, water filming equipment, inflatable rubber boats and water bike. For almost 19 years now, more than 71,893 people have experienced this event. In 2022, there were 2,825 person time. We became a member of the Forestry Bureau Pingtung Forestry Administration Forest Ecotourism Strategy Alliance to guide the public to fully experience the beauty of the ecology and the wonders of the forest while supporting ecotourism. The Company also cooperates with the two major national forest recreation areas under the Pingtung Forestry Administration to promote a series of forest eco-tourism with housing projects to promote forest eco-tourism. 3. Assisted Kenting National Park Administration Kenting National Park beach cleaning activities. 4. Participated in the "Sea and Beach Cleanup Series" organized by the Pingtung County Government. 5. Sponsor the Forest Service to hold a new generation design event, totaling NT\$66,540. 6. Sponsor the Forestry Bureau to hold the South Island forest tour activity, totaling NT\$36,000.

Category	project	content
Develop a sustainable environment	Cultural promotion & community development	1. Sponsored the Hengchun Peninsula Song Festival. Support peninsula folk songs and promote Taiwan's important traditional intangible cultural assets. 2. Promote the inheritance of folk songs in the Hengchun Peninsula, and sponsor a thousand people to sing-Yueqin teaching lecturer fee: NT\$20,000. 3. Participated in the "Hengchun Ancient City International Su-Ku-Pong Sightseeing and Cultural Activities" to jointly promote Hengchun folk culture with unique historical significance. 4. Sponsorship of cultural inheritance of Kenting Ten Drum Team: NT\$10,000. 5. In order to create sustainable urban and rural areas, revive the vitality of the community, enhance the awareness of community organizations on the concept of eco-tourism, and build the ability to develop community-based eco-tourism destinations, support the Pingtung County Community Development Culture Promotion Association, and jointly promote the social community community development. Promoted day/night adventure in Shirding Park: 331 visits in 2022.
	Education support	1. The company's staff selection and appointment was based on local human resources. 2. Supported the Ministry of Education's Youth Employment Navigator Program. 3. Implemented school building and education cooperation and in-person internship for students (industry-academic collaboration). 4. Implemented the cooperation of overseas students in advanced vocational schools to build education. 5. Sponsored Hengchun Township Library, Checheng Township Library and Manzhou Township Library in Pianxiang, totaling NT\$19,668. 6. Sponsor dinner for impoverished children: NT\$28,960. 7. Scholarship and bursary for poor children: NT\$25,000. 8. Promote the inheritance of folk songs in the Hengchun Peninsula, and sponsor a thousand people to sing-Yueqin teaching lecturer fee: NT\$20,000.
Maintain social welfare	Local public welfare	1. Gave back to the local community by offering special meals to the villagers. 2. Invited underprivileged children from the neighborhood to enjoy Christmas in Chateau. 3. Participated in the local food promotion festival organized by Hengchun Township Office. 4. Established featured Kenting Chateau Post Office. 5. Adopted to take care of a local public toilet. 6. Sponsored and participated in the Hengchun Peninsula Song Festival. 7. Winter warming activities for the physically and mentally handicapped in Hengchun Township: NT\$25,000. 8. Thanksgiving dinner for poor families in Hengchun: NT\$5,536. 9. Provided assistance to needy families in the Hengchun area, totaled NT\$240,000. 10. Sponsored the "Family Support Center" Child Sponsorship Lunch Program for NT\$120,000.

Category	project	content
	Safety precautions	1. In response to the Kenting National Park's "Kenting Bayfront Landscape Improvement Project", the park spontaneously assisted the Kenting National Park Management Division in maintaining the safety of visitors.
	Safeguard the rights and interests of shareholders	1. The company's 2021 general meeting of shareholders will be held on 2022/5/25. 2. Cash dividends will be distributed (2022/7/20) within 30 days after the ex-dividend base date (2022/6/30). 3. The shareholders meeting procedure manual and meeting supplementary materials should be uploaded to the MOPS 34 days before the ordinary shareholders meeting. 4. The English version of the annual report will be uploaded to the MOPS 19 days before the regular shareholders' meeting °.
	Strengthen the structure and operation of the board of directors	1. The company has formulated a policy on diversity of board members, and disclosed the specific management objectives and implementation situation on the website and annual report. 2. There are 5 female directors on the board of directors of the company, accounting for 41.67% of all directors. 3. The independent directors of the company have not served more than three consecutive terms, and they will attend each board meeting in person in 2022. 4. In 2022, the actual board attendance rate of all directors of the Company was 89.66%. 5. The "Risk Management Policies and Procedures" formulated by the Company were approved by the Board of Directors in 2020 to disclose the scope of risk management, organizational structure and its operation. The report on the implementation of risk management in 2022 will be completed in the first meeting of the ninth session of the board of directors in 2022 on 2023/2/24.
Implement corporate governance	Improve information transparency	1. Since 2017, the company will simultaneously release major news in English. 2. In 2022, the company will be punished by relevant liquidated damages because it has not handled the verification and public processing procedures for major information of listed OTC companies. 3. In 2022, the company has no relevant regulations on the information declaration of listed companies and will be punished by relevant liquidated damages. 4. The company's 2021 individual and consolidated financial report will be announced on 2022/3/3. 5. The company's 2022 individual and consolidated financial report will be announced on 2023/2/24. 6. The company's 2021 individual and consolidated financial reports in English will be announced 22 days before 111/5/3 (shareholders' meeting 111/5/25) 7. The company's 2022 English version of the interim financial report will be announced within two months after the Chinese version of the reporting period. 8. The company has established an English corporate governance website, the structure includes finance, business and corporate governance. °

(VI) The Company and the Subsidiaries' Ethical Corporate Management Best-Practice, Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons

Evaluation Item	Implementation Status		Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	
1. Establishment of ethical corporate management policies and programs (1) Does the company formulate its ethical corporate management policies approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board and senior management to implement the policies?	V		None.
(2) Does the company establish evaluation system for the risk of unethical conducts, regularly analyze and evaluate the operating activities with the risk of high-potential unethical conducts within its operating scope and formulate prevention programs and precaution measures against unethical conducts or listed activities stated in Article 2,	V		None.

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
Paragraph 7 of the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”? (3) Does the company establish clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, and rules of appeal in its prevention programs against unethical conducts, ensure its implementation, and regularly review and revise the aforementioned programs?				
2. Fulfill ethical management (1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	V		The Company adopted the “Procedures for Ethical Management and Guidelines for Conduct”, which specifies the procedures, conduct guidelines, disciplinary actions and complaint system for non-compliance, and established and implemented the “Procurement Management Regulations, Supplier Management Regulations, and Procedures for Handling Reports of Illegal, Unethical or Dishonest Conduct”. In addition, the Company has established the “Corporate Integrity Management and Sustainable Development Promotion Committee”, responsible for policy formulation, education and training, regular review, and monitoring the implementation of improvement plans.	None.
	V		The Company has established the “Regulations Governing Suppliers” to evaluate the legitimacy of business transactions and the record of any dishonest behavior through basic information of suppliers prior to business transactions. The contracts with the Company’s major suppliers stipulate that any party may terminate or cancel the contracts unconditionally at any time in the event of dishonest conduct in business activities.	None.
(2) Does the company establish an exclusively dedicated unit supervised by the Board to be in charge of the promotion of corporate ethical	V		The Company has established the “Corporate Integrity Management and Sustainable Development Promotion Committee”, with the General Manager as the chairman, and its members are the supervisor of the management division and the supervisor of each branch company to assist the General	None.

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
management, regularly (at least once a year) report its ethical management policies and prevention programs against unethical conducts, and supervise its implementations?			Manager in policy formulation and implementation, and the chairman will report to the Board of Directors in the first quarter on the implementation of the previous year. Please refer to Note 1 on page 71 for the year of 2022 performance plan and status of implementation.	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		The Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" specify policies to prevent conflicts of interest, provide appropriate channels for presentation, and require relevant units of the Company to implement them. For conflict of interest related matters, employees within the company may report to their immediate department supervisor or directly to the relevant member of the general manager's office. In addition, the Company's "Regulations Governing Procedure for Board of Directors Meetings" regulates the recusal of directors, managers and other interested parties attending or participating in the board meetings. The Board of Directors' meetings held in the year of 2022 were conducted in accordance with the Regulations Governing Procedure for Board of Directors Meetings.	None.
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management? Does the company's internal audit unit prepare relevant audit plans based on the evaluation results of risk of the	V		The Company has established an "accounting system" and an "internal control system". The audit office regularly reviews the implementation of the relevant rules and regulations and establishes an internal audit plan based on the assessment results of the risk of dishonest acts. The responsible unit performs all auditing operations in accordance with the audit plan. In case of special circumstances, special audits will be arranged. In addition, we appoint an accountant to perform regular audits every year.	None.

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
unethical conducts from the internal audit unit? Is the compliance of prevention program against unethical conducts audited by either internal auditors or CPAs? (5) Does the company regularly hold internal and external educational trainings on ethical management?				
3. Operation of the company's complaint system (1) Does the company establish both a specific complaint and reward system and a convenient complaint channel? Can the accused be reached by an appropriate person for follow-up?	V		Internal and external training on ethical management is held from time to time. To implement ethical management, the Company held courses on, compliance with laws and regulations, services, accounting system, internal control system, and corporate governance in 2022 (see Note 5 on page 53 and page 114), and 903 people participated in self-organized or external education and training, with 12,307.5 man-training hours.	None.
	V		The Company has established a whistle-blowing and disciplinary system in the “Employee Work Rules”. For all stakeholders (including employees, investors, suppliers, customers, etc.), the Company has set up a dedicated window, telephone number and e-mail address for stakeholders to file complaints, report or exchange opinions. The Company has set up a stakeholder area on the Company's website (https://www.chateau-hotels.com.tw/investors/) for stakeholders to make their complaints.	None.

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company establish standard operating procedures for investigating accusation cases, and follow-up measures and relevant confidential system to be adopted after the completion of the investigation?	V		The Company has established the “Rules for Handling Reports of Illegal, Unethical or Dishonest Conduct” and the “Employee Work Rules” to carry out operations related to the receipt of reports, investigations, follow-up measures to be taken after the completion of investigations, and confidentiality. In addition to reporting to the Board of Directors, the Company shall, if necessary, report to the competent authorities or refer the case to the judicial authorities for investigation, in accordance with the severity of the case.	None.
(3) Does the company provide proper whistleblower protection?	V		The Company has adopted absolute confidentiality measures for whistleblowers in the appeal procedures related to the “Employee Work Rules” to protect whistleblowers from being subjected to improper treatment as a result of whistleblowing.	None.
4. Strengthening information disclosure (1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		The Company discloses its Code of Conduct and promotes its effectiveness on its website (https://www.chateau-hotels.com.tw/) and on the Market Observation Post System.	None.

Evaluation Item	Implementation Status		Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		Abstract Illustration	
5. If the company has established the ethical corporate management policies based on the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the policies and their implementation: None. 6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies: 1. To implement the basics of ethical corporate management policies, the Company operates under the Company Act, Securities and Exchange Act, Businesses Entity Accounting Act, related regulations for TWSE/TPEX-Listed Companies, and other laws and decrees concerning business transactions. 2. The “Rules of Procedures of the Board of Directors” of the Company provides for a system of recusal of directors’ interests. The Board of Directors is not allowed to join in the discussion and vote on the proposals made by the Board of Directors if they have an interest that may be harmful to the Company’s interests, and shall recuse themselves from the discussion and vote. 3. The Company has established the “Management Procedures for Preventing Insider Trading”, which specifies that directors, supervisors, managers, and employees are not allowed to reveal inside information to others or to inquire non-public information that is irrelevant to his/her business scope and shall not disclose to others any material internal information of the Company known not from the course of business that is not disclosed to the public.			

(VII) If Corporate Governance Guidelines and Regulations are established, the Company shall disclose its inquiry methods: The Company established Corporate Governance Best Practice Principles in accordance with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and disclosed it on the Company’s website and Market Observation Post System.

(VIII) Other Important Information for the Enhancing the Understanding of the Company’s Corporate Governance Operations may be disclosed: None.

(IX) Regarding the implementation of internal control system, the following matters shall be disclosed:

1. Statement of Internal Control System

Chateau International Development Co., Ltd.
Statement of Internal Control System

Date: Feb. 24, 2023

The internal control system from January 1 to December 31, 2022, according to the result of self-assessment is thus stated as follows:

1. The Company acknowledges that the implementation and maintenance of internal control system is the responsibility of Board of Directors and management, and the Company has established such system. The internal capital system is aimed to reasonably assure that the goals such as the effectiveness and the efficiency of operations (including profitability, performance and protection of assets), the reliability of financial reporting and the compliance of applicable law and regulations are achieved.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only can accomplish its three stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five constituent elements of managerial internal control: i. control environment, ii. risk assessment, iii. control activities, iv. information and communication, and v. monitoring activities. Each constituent element consists of a number of items. Please refer to the “the Regulations” for the aforementioned items.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the finding of such evaluation, the Company believes that, on December 31, 2022 it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of the Company’s annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement was approved by the board of directors in the meetings held on February 24, 2023, with none of the 12 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Chateau International Development Co., Ltd.

Chairman: CHEN, SIE-TONG

General Manager: WANG, CING-CI

2. In case that a CPA was engaged to conduct a Special Audit of Internal Control System, its audit report shall be provided: None.

(X) For the most recent year and up to the printing date of the annual report, the Company and its internal personnel have been punished by law, the Company has punished its internal personnel for violating the provisions of the internal control system, and the major deficiencies and improvements: None.

(XI) Significant resolutions of the shareholders' meeting and the board of directors for the most recent year and up to the date of printing of the annual report:

1、Important Resolutions and Implementation at Shareholders Meeting:

(1) Important Resolutions and Implementation at 2022 Annual Shareholders Meeting:

Important Resolution	Status of implementation
2021 Schedule of Earnings Distribution.	1. Cash dividend NT\$ 22,304,592 (1) Base date of dividend distribution: June. 30, 2022 (2) Cash Dividend Payment Date: Jul. 20, 2022

(2) Shareholder Recommendations: None.

2、Significant resolutions of the board of directors for the most recent year and up to the date of printing of the annual report:

Date	Important Resolution
2022/2/23	1. The Company's 2021 Annual Report on Business Report and Financial Statements. 2. The Company 2021 Schedule of Earnings Distribution. 3. Revise the name and some texts of the Company's "Code of Practice on Corporate Social Responsibility". 4. Amend some of the articles of the company's "Articles of Association". 5. Revised some provisions of the company's "Acquisition or Disposal of Assets Handling Procedures". 6. The company's directors and supervisors are fully re-elected. 7. The case of lifting the non-compete restriction on new directors. 8. The Company's 2022 General Meeting of Shareholders will be held.
2022/4/13	1. Supplementary Appointment Proposal for Members of the Fourth Salary and Remuneration Committee. 2. Review of the 2011 Appointment of Accountants. 3. Revision of some articles of "Risk Management Policies and Procedures". 4. Revision of some articles of t "Code of Practice on Corporate Governance". 5. Revise some texts of "Code of Integrity Management". 6. Revise some texts of the "Integrity Management Operation Procedures and Behavior Guidelines". 7. Revise some texts of the "Code of Ethical Conduct". 8. Revise some texts of the "Rules of Procedure for the Shareholders' Meeting". 9. Revise some texts of the "Procedures for Loaning Funds to Others". 10. Revise the text of some articles in the "Operational Procedures for Endorsement Guarantee". 11. Review the qualifications of candidates for the tenth session of directors and independent directors. 12. Amendments to the 2011 Annual General Meeting of Shareholders.

Date	Important Resolution
2022/5/10	1. Greenhouse gas inventory plan of the company and its subsidiaries.
2022/5/25	1. The election of the chairman and vice chairman.
2022/6/7	1. Formulate the 2021 cash dividend distribution base date and other related work schedules. 2. Proposed appointment of Mr. You Guo-fang, a director, as the executive director of the company. 3. 2022 Appointment of Accountants and Accountants' Public Expenses. 4. Revised the proposal of "Implementation Key Points of Directors' Training". 5. Appointment of members of the Fifth Salary and Remuneration Committee.
2022/8/10	1. Revise the "Internal Control System Self-Assessment Procedures" proposal. 2. Amendments to the "Corporate Governance Code of Practice". 3. The company plans to extend the capital loan to the subsidiary company. 4. Discussion on the financial statements for the second quarter of 2022.
2022/11/9	1. Discussion on financial statements for the third quarter of 2022. 2. Revise the "Board of Directors' Rules of Procedures" proposal. 3. Revise the "Internal Material Information Processing Procedures" proposal. 4. 2023 Annual Audit Plan Discussion Proposal.
2022/12/22	1. The 2023 organizational structure and manpower budget preparation plan of the company and its subsidiaries. 2. The 2023 budget of the company and its subsidiaries. 3. Revise some texts of the "Corporate Governance Code of Practice". 4. The 2023 annual appointment of accountants and the discussion of accountants' public expenses. 5. The company's bidding discussion proposal. 6. 2023 Annual Audit Plan Discussion Proposal.
2023/2/24	1. 2022 Business Report and Financial Statement Discussion Proposal. 2. The 2022 Annual Surplus Distribution Discussion Proposal. 3. The 2022 annual internal control system statement discussion proposal. 4. Matters concerning the convening of the 2023 shareholders' regular meeting. 5. Revise some texts of the "Corporate Governance Code of Practice". 6. Revise some texts of the "Code of Practice for Sustainable Development". 7. Revise the text of some articles in the "Implementation Key Points of Directors' Training". 8. Revise some texts of the "regulations related to mutual financial business between affiliated enterprises". 9. Formulate the "Review Measures for the Pre-approval of Non-Confidential Services Provided by Visa Accountants". 10. The subsidiary intends to participate in the real estate law auction. 11. The subsidiary intends to handle cash capital increase and

Date	Important Resolution
	the company's participation in the capital increase case. 12. Discussion on the subsidiary's disposal of land and some of its buildings to related parties.

- (XII) For the most recent year and as of the printing date of the annual report, if the directors or supervisors have dissenting opinions on important resolutions passed by the board of directors and there are records or written statements of such dissenting opinions, the main content of which: None.
- (XIII) Summary of the resignation and dismissal of the chairman, president, head of accounting, head of finance, head of internal audit, head of corporate governance, and head of research and development of the Company for the most recent year and as of the date of printing of the annual report: None.

3.4 Information on CPA Professional Fees

Amount Unit: NT\$1000

Accounting firm	Name of Accountant		Audit Period	Non-audit Fee	Total	Remark
Deloitte & Touche	LI, CHI-CHEN	Season 1~4, 2022	1,660	95	1,775	Note
	YANG, CHAO-CHIN					

Note: Non-audit public expenses: typing and printing fees (NT\$65,000), transportation and travel expenses (NT\$23,000), other expenses (NT\$7,000).

- (I) If the proportion of non-audit fees paid to the certified public accountant, the certified public accountant's office, and their affiliates is at least one-fourth of the audit fees, the amount of audit and non-audit fees and the content of non-audit services should be disclosed: None.
- (II) If you change your accounting firm and the audit fee paid in the year of change is less than the audit fee paid in the year before the change, you should disclose the amount, percentage and reason of the decrease. The amount, percentage and reason of the decrease in audit fees should be disclosed: None.
- (III) If the audit fee has decreased by 10% or more from the previous year, the amount, percentage and reason for the decrease in audit fee should be disclosed: None.

3.5 Information on Replacement of Certified Public Accountants

- (I) About the preceding accountant: not applicable.

Date of Change			
Reason and explanation for the change			
Indicate whether the appointment is terminated or not accepted by the appointer or accountant	Parties involved		Name of Accountant
	Situation		Appointer
	Proactive termination of appointment		
	No longer accept (continued) appointment		
Opinions on audit reports issued within the last two years without qualification and reasons			
Is there any disagreement with the issuer?	Yes	Accounting principles or actual practices	
		Financial Statement Disclosure	
		Audit scope or procedure	

			Other
	None		
	Explanation: Not applicable		
Other matters disclosed (Article 10, Subparagraph 6 (1-4) to (1-7) of the Principles should be disclosed)			

(II) About the succeeding accountant

Accounting firm	
Name of Accountant	
Date of Appointment	
Matters and results of consultation on the accounting treatment or accounting principles for specific transactions and on the possible issuance of financial statements prior to the appointment	
Written opinion of the successor accountant on matters on which the predecessor accountant disagreed	

(III) Reply from the previous accountant on the matters set out in Article 10, Subparagraph 6 (1) and (2)-3 of the principles: Not applicable.

3.6 If the chairman, general manager, or manager in charge of financial or accounting matters of the Company has worked in the firm of the certified public accountant or its affiliates within the last year, the name, title, and period of employment in the firm of the certified public accountant or its affiliates should be disclosed: None.

3.7 Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by A Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10 Percent during the Most Recent Year or During the Current Year up to the Date of Publication of the Annual Report:

(If the party to whom the shares are transferred or pledged is a related party, the name of such party, the relationship with the company, directors, supervisors, shareholders holding more than 10% of the shares, and the number of shares acquired or pledged shall be disclosed.)

(I) Changes in shareholdings of directors, supervisors, managers and majority shareholders:

Unit: shares

Title	Name	2022		As of April. 1, 2023	
		Shares Increase (decrease)	Number of pledged shares Increase (decrease)	Shares Increase (decrease)	Number of pledged shares Increase (decrease)
Director	Guantian Investment Development Co., Ltd.	8,000	2,770,000	0	900, 000
Director and Chairman	Representative: CHEN, SIE-TONG	0	0	0	0
Director	Representative: YOU, GUO-FANG	0	0	0	0
Director and Deputy Chairman	CHEN, CHUNG-HSIEN	0	0	0	0
Director	Zhongxin Development Co., Ltd.	0	0	0	0
Director	Representative: CHANG, HUEI-RU	0	0	0	0
Director	CHEN, PIN-CHUN	0	0	0	0
Director	Zhongjia International Investment Co., Ltd.	0	0	0	2, 800, 000
Director	Representative: WENG, MING-HSIEN	0	0	0	0
Director	DU, CIOU-PING (Note 1)	0	0	(2, 000)	0
Director	HSIN-SHIH TEXTILE CO., LTD.	0	0	(27, 000)	0
Director	Representative: CHEN, MI-JYUAN (Note 1)	0	0	0	0
Director	CHEN, LONG-FONG (Note 1)	0	0	0	0
Director and Manager of Tainan Branch Company	TSAI, TE-HSIANG (Note 1)	0	0	(900)	0
Independent Director	CHEN, LONG-FONG (Note 1)	0	0	0	0
Independent Director	WANG, HONG-CYUAN	0	0	0	0
Independent Director	JIAN HAN-RU (Note 1)	0	0	0	0
Independent Director	WEI FU-QUAN (Note 1)	0	0	0	0
Supervisor	DU, CIOU-PING (Note 1)	0	0	0	0
Supervisor	HSIN-SHIH TEXTILE CO., LTD.	0	0	0	0
Supervisor	Representative: CHEN, MI-JYUAN (Note 1)	0	0	0	0
Supervisor	CHEN, RUEI-SEN (Note 1)	0	0	0	0
General Manager and Manager of Pingtung Branch Company	WANG, CING-CI	0	0	0	0
Deputy General Manager of Asset Development Managing Department	CHEN, CI-TIAN	0	0	0	0
Assistant Manager of Business Managing Department	WU, PEI-CIAN	0	0	(2, 000)	0
Executive Deputy General Manager of Pingtung Branch Company	LIN, SIAN-CHANG	0	0	0	0
Deputy General Manager of Executive Office of Pingtung Branch Company	CIOU, SIAN-SHUN	0	0	0	0

Title	Name	2022		As of April. 1, 2023	
		Shares Increase (decrease)	Number of pledged shares Increase (decrease)	Shares Increase (decrease)	Number of pledged shares Increase (decrease)
Deputy General Manager of Rooms Management Department of Pingtung Branch Company	CHEN, YU-PING	0	0	0	0
Deputy General Manager of Restaurant Management Department of Pingtung Branch Company	PAN, SHENG-YANG	0	0	(4,000)	0
Assistant Manager of Work Affairs Department of Pingtung Branch Company	HSIAO, TSAI-CHING	0	0	(10,000)	0
Assistant Manager of Administrative Management Department of Pingtung Branch Company	CHOU, SHU-CHUAN	0	0	0	0
Manager of Tainan Branch Company	TSAI, TE-HSIANG	0	0	0	0
Deputy General Manager of Executive Office of Tainan Branch Company	TSAI, HUI-HUA (Note 2)	0	0	(9,471)	0
Chief Financial Officer of Financial (Accounting) Department	CHANG, HSIAO-WEN	0	0	0	0
Major Shareholder	CMC Magnetics Co., Ltd.	0	0	0	0

Note 1: The company's board of directors will be re-elected on May 25, 2022, and two independent directors (Wei, Fu-Quan and Jian, Han-Ru) will be added. Supervisors CHEN, MI-JYUAN, DU, CIOU-PING, CHEN, RUEI-SEN and director TSAI, TE-HSIANG were dismissed, and CHEN, LONG-FONG, CHEN, MI-JYUAN and DU, CIOU-PING were newly appointed as directors.

Note2: TSAI, HUI-HUA was transferred to a subsidiary as vice president on February 1, 2023.

(II) Transfer of equity information: None.

(III) Equity pledge information: The Company's director, Guantian Investment Development Co., Ltd., is not related parties to the pledge transaction.

3.8 Information on the Relationship between any of the top Ten Shareholders (Related Party, Spouse, or Kinship within the Second Degree)

April. 1, 2023; Unit: shares; %

Name	Own shareholding		Shares held by spouse, minor children		Shareholding by Nominee Arrangement		The names and relationships of the top ten shareholders who are related parties or who are related to each other as spouses or second degree relatives.	Remark
	shares	%	shares	%	shares	%		
Guantian Investment Development Co., Ltd.	32,832,581	29.440	-	-	-	-	Note 1	
Representative: HSIEH, CHENG-CHENG	-	-	-	-	-	-		
Representative: CHEN, SIE-TONG	304,362	0.272	797,345	0.714	-	-	Note 2, 3	
Representative: YOU, GUO-FANG	-	-	432,620	0.387	-	-	Note 4	
Zhongxin Development Co., Ltd.	22,491,623	20.167	-	-	-	-		
Responsible person: ZENG, SI-RU	-	-	-	-	-	-		
Representative: CHANG, HUEI-RU	-	-	-	-	-	-		
CMC Magnetics Co., Ltd.	16,191,421	14.518	-	-	-	-	Note 5	
Responsible person: WONG, MING-SIAN	-	-	-	-	-	-		
Concord International Securities Co., Ltd.	7,341,943	6.583	-	-	-	-	Note 6, 9	
Responsible person: WANG, WUN-CU	-	-	-	-	-	-		
Zhongjia International Investment Co., Ltd.	5,928,269	5.315	-	-	-	-	Note 5	
Responsible person: CHENG, TSUNG-AN	-	-	-	-	-	-		
Chia Chi Sdry Enterprise Co., Ltd.	2,930,563	2.627	-	-	-	-	Note 3, 7	
Responsible person: HSUEH, NIEN-CHEN	1,082,229	0.970	-	-	-	-	Note 1	
Polydo Investment Co., Ltd.	1,668,285	1.495	-	-	-	-	Note 6, 7, 8	
Responsible person: CHEN, MI-JYUAN	1,104,551	0.990	-	-	-	-	Note 2	
Luxe Green Energy Technology Co., Ltd.	1,657,000	1.485					Note 4, 7	
Responsible person: CHEN, JIE-REN	21,589	0.019					Note 10	
CHEN, CHUNG-HSIEN	1,599,084	1.433	-	-	-	-	Note 2	
CHEN, MI-JYUAN	1,104,551	0.990	-	-	-	-	Note 2, 8, 9	

Note 1: HSUEH, NIEN-CHEN is the director of Guantian Investment and Development Co., Ltd. (legal person represented: Guantian Steel Co., Ltd.).

Note 2: CHEN, SIE-TONG, CHEN, CHUNG-HSIEN and CHEN, MI-JYUAN are first-degree relatives.

Note 3: CHEN, SIE-TONG is the director of Chia Chi Sdry Enterprise Co., Ltd.

Note 4: YOU, GUO-FANG is the director of Luxe Green Energy Technology Co., Ltd. (legal person represented: Chateau International Development Co., Ltd.

Note 5: CMC Magnetics Co., Ltd. is the legal person director of Zhongjia International Investment Co., Ltd.

Note 6: Polydo Investment Co., Ltd. is the legal person director of Concord International Securities Co., Ltd.

Note 7: Chia Chi Sdry Enterprise Co., Ltd. and Polydo Investment Co., Ltd. are legal person directors of Luxe Green Energy Technology Co., Ltd.

Note 8: CHEN, MI-JYUAN is the chairman of Polydo Investment Co., Ltd.

Note 9: CHEN, MI-JYUAN is the director of Concord International Securities Co., Ltd.

Note 10: CHEN, JIE-REN is the director of Guantian Investment Development Co., Ltd.

Note 11: Except for directors, supervisors, managers and other insiders of the Company, the Company is unable to acquire shares held by their spouses and minor children.

Note 12: The shareholders listed in the preceding paragraph include both legal and natural persons, and the relationships between them should be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Note 13: The shareholding ratio disclosed in this table is unconditionally rounded down to the third place below the decimal point.

3.9 The number of shares held by the Company, its directors, supervisors, managers and businesses directly or indirectly controlled by the Company in the same re-invested business and the consolidated percentage of shareholding are calculated as follows:

April. 1, 2023; Unit: shares; %

Re-invested businesses	The Company's investment		Directors, Supervisors, Managers and Investments in Direct or Indirectly Controlled Businesses		Total investment	
	shares	%	shares	%	shares	%
Chateau Fulang Hotel Co., Ltd.	26,897,691	50.65%	-	-	26,897,691	50.65%
Luxe Green Energy Technology Co., Ltd.	2,761,670	1.90%			2,761,670	1.90%

Note: Investments invested by the Company using the equity method.

04. Capital Overview

4.1 Source of Capital:

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		shares	Amount	shares	Amount	Capital stock sources	Capital Increased by Assets Other than Cash	Other
2007.05	10	49,980,000	499,980,000	41,543,750	415,437,500	Capital increase from retained earnings NT\$54,187,500	None	None
2007.06	10	49,980,000	499,980,000	45,698,125	456,981,250	Capital increase from retained earnings NT\$41,543,750	None	None
2008.04	12	75,000,000	750,000,000	53,923,125	539,231,250	Capital increase by cash NT\$82,250,000	None	Note 1
2008.06	10	75,000,000	750,000,000	56,619,281	566,192,810	Capital increase from retained earnings NT\$26,961,560	None	None
2010.07	10	75,000,000	750,000,000	63,413,595	634,135,950	Capital increase from retained earnings NT\$67,943,140	None	None
2011.07	10	75,000,000	750,000,000	69,754,955	697,549,550	Capital increase from retained earnings NT\$63,413,600	None	None
2012.03	10	120,000,000	1,200,000,000	77,055,955	770,559,550	Capital increase by cash before being listed NT\$73,010,000	None	Note 2
2012.07	10	120,000,000	1,200,000,000	80,908,752	809,087,520	Capital increase from retained earnings NT\$38,527,970	None	None
2013.06	10	120,000,000	1,200,000,000	84,954,189	849,541,890	Capital increase from retained earnings NT\$40,454,370	None	None
2014.05	10	120,000,000	1,200,000,000	89,201,898	892,018,980	Capital increase from retained earnings NT\$42,477,090	None	None
2015.05	10	120,000,000	1,200,000,000	95,446,031	954,460,310	Capital increase from retained earnings NT\$62,441,330	None	None
2016.06	10	120,000,000	1,200,000,000	102,127,253	1,021,272,530	Capital increase from retained earnings NT\$66,812,220	None	None
2017.05	10	120,000,000	1,200,000,000	107,233,616	1,072,336,160	Capital increase from retained earnings NT\$51,063,630	None	None
2018.05	10	120,000,000	1,200,000,000	111,522,961	1,115,229,610	Capital increase from retained earnings NT\$42,893,450	None	None

Note 1: Approved by the decree Ching-Shou-Shang-Tzu No. 09701091980 from Ministry of Economics Affairs on Apr. 28, 2008.

Note 2: Approved by the decree Chin-Kuan-Cheng-Fa-Tzu No. 1000065081 from Financial Supervisory Commission, Executive Yuan on Jan. 10, 2012.

Type of Stock	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total	
Common Stock	111,522,961	8,477,039	210,000,000	Listed

Information about the Shelf Registration Form: Not applicable.

4.2 Status of Shareholders:

April. 1, 2023

Status of Shareholders Items	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	0	25	3,166	13	3,204
Shareholding (shares)	0	0	92,992,232	18,348,828	181,901	111,522,961
%	0	0	83.384%	16.453%	0.163%	100.000%

4.3 Shareholding Distribution Status:

(I) Common Shares

April. 1, 2023

Class of Shareholding	Number of Shareholders	Shareholding (Shares)	%
1 to 999	1,243	196,073	0.176 %
1,000 to 5,000	1,695	3,040,519	2.726 %
5,001 to 10,000	125	1,027,916	0.922 %
10,001 to 15,000	34	444,013	0.398 %
15,001 to 20,000	22	403,184	0.362 %
20,001 to 30,000	17	433,416	0.389 %
30,001 to 40,000	6	213,231	0.191 %
40,001 To 50,000	8	373,682	0.335 %
50,001 to 100,000	18	1,312,992	1.177 %
100,001 to 200,000	8	1,134,872	1.018 %
200,001 to 400,000	9	2,584,737	2.318 %
400,001 to 600,000	2	846,653	0.759 %
600,001 to 800,000	3	2,119,213	1.900 %
800,001 to 1,000,000	3	2,564,911	2.300 %
1,000,001 or over	11	94,827,549	85.030%
Total	3,204	111,522,961	100.000%

(II) Preferred Shares: The Company did not issue Preferred Shares.

4.4 List of Major Shareholders: List of shareholders with a shareholding of 5% or more or the top ten shareholders in terms of shareholding:

April. 1, 2023

Shareholder's Name	Shareholding	Shares	%
Guantian Investment Development Co., Ltd.		32, 832, 581	29. 440
Zhongxin Development Co., Ltd.		22, 491, 623	20. 167
CMC Magnetics Co., Ltd.		16, 191, 421	14. 518
Concord International Securities Co., Ltd.		7, 341, 943	6. 583
Zhongjia International Investment Co., Ltd.		5, 928, 269	5. 315
Chia Chi Sdry Enterprise Co., Ltd.		2, 930, 563	2. 627
Polydo Investment Co., Ltd.		1, 668, 285	1. 495
Luxe Green Energy Technology Co., Ltd.		1, 657, 000	1. 485
CHEN, CHUNG-HSIEN		1, 599, 084	1. 433
CHEN, MI-JYUAN		1, 104, 551	0. 990

Note: The shareholding ratios in this table are rounded to the second decimal place.

4.5 Market Price, Net Worth, Earnings, and Dividends per Share for the past two years:

Item			Year	2021	2022	As of April. 1, 2023
Market price per share (Note 1)	Maximum			39.90	38.90	56. 50
	Minimum			24.25	28.90	32. 00
	Average			30.67	32.31	48. 77
Earnings per share (Note 2)	Before distribution			18.06	18.38	-
	After distribution			17.86	17.78	-
Earnings per share	Weighted Average Shares (thousand shares)			111,523	111,523	-
	Earnings per share (Note 3)	Before adjustment		0.18	1.38	-
		After adjustment		(0.02)	1.38	-
Dividends per Share	Cash Dividends			0.2	0.6	-
	Bonus shares	Dividends from Retained Earnings		-	-	-
		Dividends from Capital Surplus		-	-	-
	Accumulated Undistributed Dividends (Note 4)			-	-	-
Return on Investment Analyze	Price / Earnings Ratio (Note 5)			170.39	23.41	-
	Price / Dividend Ratio (Note 6)			153.35	53.85	-
	Cash Dividend Yield Rate (Note 7)			0.65%	1.86%	-

*In the event of a capital distribution from earnings or capital surplus, information on the market price and cash dividends retroactively adjusted for the number of shares issued should be disclosed.

Note 1: The highest and lowest market prices of common stock for each year are listed, and the average market price for each year is calculated based on the value and volume of transactions for each year.

Note 2: Please refer to the number of issued shares at the end of the year and distribute according to the resolution of the board of directors or the next annual shareholders meeting.

Note 3: If there is a retroactive adjustment due to a no-compensation stock allotment, the earnings per share before and after the adjustment should be shown.

Note 4: If the conditions of issuance of equity securities provide that unpaid dividends for the current year may be accumulated and paid in the year of earnings, the dividends accumulated and unpaid as of the current year should be disclosed separately.

Note 5: The Price / Earnings Ratio = average closing price per share for the year / earnings per share.

Note 6: The Price / Dividend Ratio = average closing price per share for the year / cash dividend per share.

Note 7: The Cash Dividend Yield Rate = cash dividend per share / average closing price per share for the year.

Note 8: The net value per share and earnings per share should be presented as of the most recent quarterly period audited (reviewed) by the accountants as of the printing date of the annual report; the remaining columns should be presented for the current year as of the printing date of the annual report.

4.6 Description of significant changes in the Company's dividend policy and implementation status and expectations:

(I) Dividend Policy of the Company:

The Board of Directors shall determine the amount of dividends or bonuses to be retained or distributed to shareholders in cash when the free cash flow is sufficient to meet the capital requirements of previous dividend payments and repayment of loans when due, and shall maintain a stable and sustainable dividend policy. The amount of dividends or bonuses to shareholders shall be distributed at 50% to 55% of the accumulated available-for-distribution earnings, with no less than 30% of the dividends in cash and no more than 70% in shares. Dividend Policy of the Company in the current Articles of Incorporation:

(II) Circumstances of the proposed dividend distribution at this shareholders' meeting:

Regarding the Schedule of Earnings Distribution, the proposed dividend of NT\$1.2 (cash dividend NT\$0.6 and stock dividend NT\$0.6) was approved by the board of directors and is pending approval by the shareholders at the annual general meeting on May 30, 2023.

(III) There is no significant change in the dividend policy for the coming year.

4.7 The effect of the proposed gratis stock allotment at the shareholders' meeting on the Company's operating results and earnings per share:

The shareholders' meeting proposes that the paid-in capital before distribution is NT\$1,115,230 thousand, and the paid-in capital after distribution will increase to NT\$1,182,143 thousand. The after-tax profit per share in 2022 is NT\$1.38, and the after-tax profit per share after retrospective adjustment is NT\$1.32. The free allotment is in response to the company's future capital needs and long-term financial planning needs. Considering that the company is still in the growth stage, the free allotment is really necessary, and the dilution effect on the company's earnings per share will not have a significant impact on earnings per share.

4.8 Information on Remuneration of Employees and Directors:

(I) The percentage or scope of remuneration for employees and directors as set forth in the Articles of Incorporation:

If there is profit at the end of each fiscal year, 1% of profit of the current year distributable as employees' compensation shall be appropriated. The Compensation Committee shall make recommendations and submit them to the Board of Directors for resolution, and the distribution shall be made in shares or cash with the presence of at least two-thirds of the Directors and the approval of a majority of the Directors present, and shall be limited to the employees of the subordinate companies satisfied a certain criteria. The Company may set aside not more than 1% of the above-mentioned profit amount as remuneration to directors

after the Compensation Committee makes a recommendation and sends it to the Board of Directors for resolution, with the attendance of at least two-thirds of the directors and the approval of a majority of the directors present. The remuneration to employees and remuneration to directors should be reported to the shareholders' meeting. However, the Company's accumulated losses shall have been covered first, and then the remuneration to employees and directors should be provided in proportion to the aforementioned amount.

- (II) The basis for estimating the amount of compensation to employees and directors, the basis for calculating the number of shares for employee compensation distributed in stock, and the accounting treatment if the actual amount of allotment differs from the estimated amount:

If there is any difference between the amount approved in the shareholders' meeting and the amount proposed by the board of directors, or if the actual amount allotted differs from the estimated amount, the difference is accounted for as a change in accounting estimate and adjusted in the following year.

- (III) The Board of Directors approved the distribution of remuneration:

In the year 2022, our employees were paid NT\$1,937,819 and our directors were paid NT\$67,500.

- (IV) The actual allotment of employees', directors' and supervisors' remuneration in the previous year (including the number of shares allotted, the amount and the price of shares), the difference between the allotment and the recognition of employees' bonuses and directors' and supervisors' remuneration, and the amount of the difference, the reasons for the difference and the circumstances under which the difference was handled, should be stated:

The Board of Directors approved the employee compensation of NT\$233,580 and the director and supervisor compensation of NT\$60,000 for the year 2021. There was no difference between the actual allotment amount and the original estimate.

4.9 Buyback of Treasury Stock: There were no repurchases of the Company's shares during the year 2022 and up to the date of printing of the annual report.

4.10 Corporate Bond: None.

4.11 Preferred Shares: None.

4.12 Issuance of Overseas Depositary Receipts: None.

4.13 Employ Stock Warrants: None.

4.14 New Restricted Employee Shares: None.

4.15 Mergers and acquisitions of shares of other companies: The Company had no mergers and acquisitions of shares of other companies in 2022 and as of the date of the annual report.

4.16 Implementation of capital utilization plan:

- (I) As of the quarter preceding the printing date of the annual report, each previous issuance or private placement of marketable securities has not been completed or has been completed within the last three years and the benefits of the plan have not yet been demonstrated: None.
- (II) For each of the purposes of the preceding paragraph, an analysis of the performance of each plan as of the quarter preceding the date of the annual report compared to the original estimated benefits: Not applicable.

05. Operations Profile

5.1 Business Activities:

(I) Business Scope:

1. The principal elements of the Consolidated Company's business operations are as follows:
 - (1) Hotels and Motels
 - (2) Restaurants
 - (3) Management Consulting
 - (4) Athletics and Recreational Sports Stadium
 - (5) Water Recreation Activities Operator
 - (6) All business items that are not prohibited or restricted by law, except those that are subject to special approval.
2. Ratio of Consolidated Operation:

2022

Units: NT\$1000; %

Item	Sales amount	Percentage of sales revenue
Room revenue	637,002	76.20%
Restaurant revenue	191,119	22.86%
Other income	7,819	0.94%
Total	835,940	100.00%

3. Current products (services) of the Consolidated Company and new products (services) planned to be developed:

(1) Kenting Chateau Beach Resort:

A relaxing holiday for vacationers who enjoy the sun, the beach and the ocean. Kenting Chateau Beach Resort applies innovative leisure concept to develop activity instructor system, so that a variety of, fun, vivid, healthy leisure activities and unique and beautiful natural environment are combined for our guests to fully enjoy the relaxation of body, mind and soul, where special water activities can be experienced with deep travel memories.

- 295 guest rooms
- Enjoy exotic delicacies from all over the world at the sea view Chinese and Western restaurants and the garden buffet-style sea/land charcoal grill.
- Enjoy the most relaxing time with friends at the beach bar and waterfront cafe.
- Century beach and garden weddings, where you can exchange vows in front of the blue ocean. Chateau will make your lifelong dream come true.
- Powerless and pollution-free leisure and recreational activities.

(2) Chateau Hotel Anping:

The Chateau Hotel Anping will reserve the best for our far our far-away guests. The hotel offers six type of rooms and two styles, with a total of 104 rooms. The hotel blends the "living culture" and "quality and fashion" to create the most comfortable and comfortable resting place for travelers, hoping that you will find surprises here, experience the local culture, slow down your mind and pace, and explore the scenery of your own journey. With a spacious and stylish dining environment of 100 pings, the City Buffet Restaurant has about 200 seats, satisfying your discerning taste buds with exquisite taste and rich

flavors.

(3) Subsidiary - Chateau Fulang Hotel:

The hotel is located in the cultural park of Fucheng, close to the Tainan Railway Station and the Zhongshan and Minzu Department Store and Shopping District, and near the famous night markets such as Garden and Wusheng. The hotel is designed by a famous design team to create a baroque style of architecture, and has 54 luxurious rooms to provide you with convenient and comfortable business travel needs.

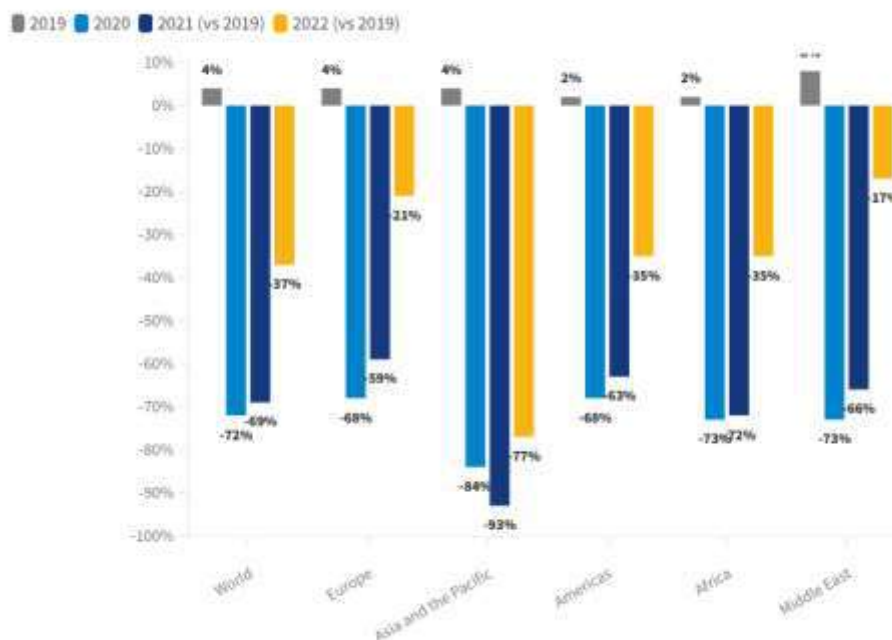
(II) Industry overview:

1. Current status and development of the industry:

(1) Current status of the international tourism industry:

According to new data UNWTO, more than 900 million tourists travelled internationally in 2022 – double the number recorded in 2021 though still 63% of pre-pandemic levels. Every global region recorded notable increases in international tourist numbers. The Middle East enjoyed the strongest relative increase as arrivals climbed to 83% of pre-pandemic numbers. Europe reached nearly 80% of pre-pandemic levels as it welcomed 585 million arrivals in 2022. Africa and the Americas both recovered about 65% of their pre-pandemic visitors, while Asia and the Pacific reached only 23%, due to stronger pandemic-related restrictions which have started to be removed only in recent months. The first UNWTO World Tourism Barometer of 2023 also analyses performance by region and looks at top performers in 2022, including several destinations which have already recovered 2019 levels.

International Tourist Arrivals, World and Regions



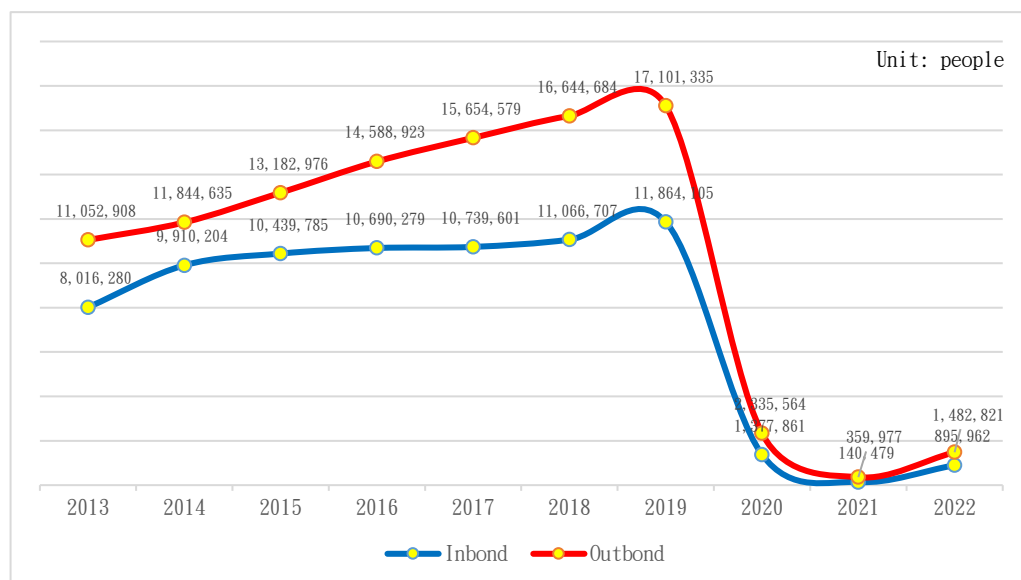
Source: World Tourism Organization / UNWTO Ltd.
Data as collected by UNWTO, January 2023. Published: 17/01/2023

(2) Current status of international travelers coming to Taiwan for sightseeing:

According to the Tourism Bureau of the Ministry of Transportation and Communications, the total number of international

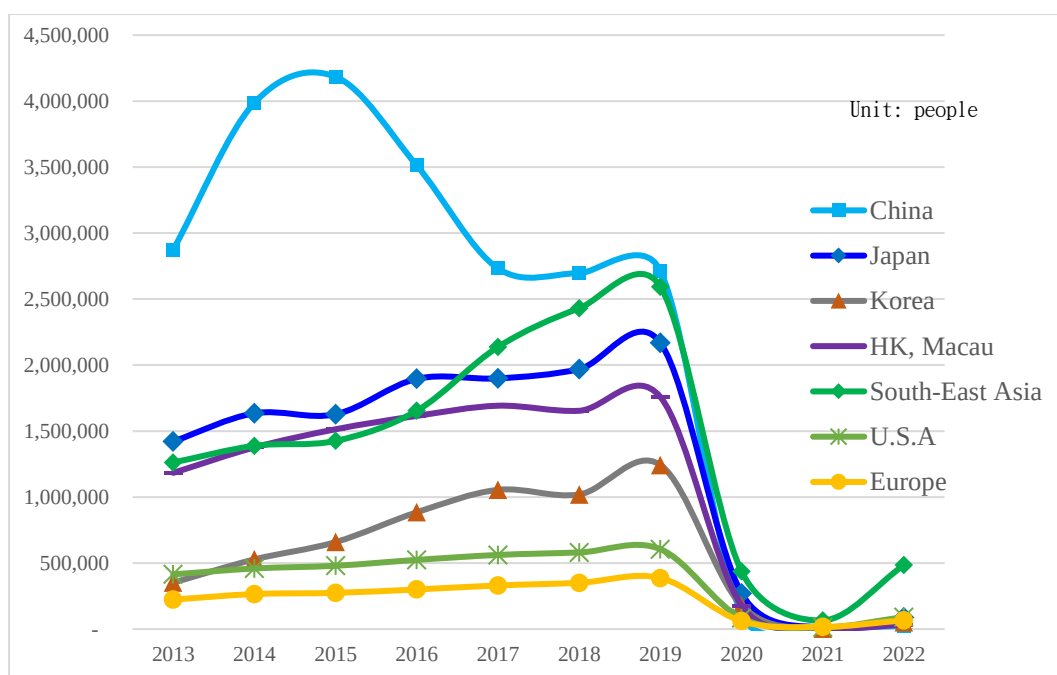
visitors to Taiwan in 2021 was 140,479, which is a new record low since 1979 , and it has increased to 890,000 in 2022. Since 2015, when the first 10 million tourists came to Taiwan, the number of visitors to Taiwan has been growing year by year, but the epidemic has brought international tourists to Taiwan back to 42 years ago, which is 92.45% less than in 2019. (Figure 1 and 2)

Figure 1: Changes in the number of visitors to Taiwan and the number of trips abroad in the past ten years



Source: Tourism Bureau, Ministry of Transportation and Communications

Figure 2: Changes in the number of visitors to Taiwan from major countries in the past ten years



Source: Tourism Bureau, Ministry of Transportation and Communications

The foreign exchange revenue of sightseeing grew from NT\$187.1 billion in 2008 to NT\$445.6 billion in 2019, an increase of 138%. In 2020 and 2021, the impact of COVID-19 will decline by 87.9% and 95.31% compared to 2019 (Table 1).

The ratio of foreign exchange earnings to GDP has also increased year by year, from 1.42% in 2008 to 2.35% in 2019, an increase of 0.93 percentage points, and it fell to 2.03% and 1.29% in 2020 and 2021 (Table 2).

Table 1: Current status of overall tourism revenue in Taiwan

Unit: NT\$ 100 million

Year	Foreign exchange income from sightseeing	Domestic Travel by nationals	Overall Tourism Revenue
2021	209	2,597	2,806
2020	539	3,478	4,017
2019	4,456	3,927	8,383
2018	4,133	3,769	7,902
2017	3,749	4,021	7,770
2016	4,322	3,971	8,293
2015	4,589	3,601	8,190
2014	4,438	3,092	7,530
2013	3,668	2,721	6,389
2012	3,485	2,699	6,184
2011	3,260	3,103	6,363

Source: Tourism Bureau, Ministry of Transportation and Communications

Table 2: Statistics of Tourism Income and Expenditure

Item		2019	2020	2021
Tourism Revenue	Total Amount	NT\$ 838.3 billion	NT\$ 4,017 billion	NT\$ 2,806 billion
	Percentage of GDP	4.43%	2.03%	1.29%
	Visitors to Taiwan	Foreign exchange income from sightseeing	NT\$ 445.6 billion	NT\$539 billion
		Number of Visitors to Taiwan	11,864,105 visits	1,377,861 visits
		Daily consumption per person	US\$ 195.91	Note 1
		Average number of nights per person	6.20 Nights	8.29 Nights
	Domestic Travel	Total domestic travel expenditure	NT\$ 392.7 billion	NT\$ 3,478 billion
		Number of domestic visitors	169.28 million trips	142.97 million trips
		Consumption per person per trip	NT\$2,320	NT\$2,433
Tourism Expenses	Overseas visitors	Travel foreign exchange expenses	NT\$63.4 billion	NT\$9.01 billion
		Total spending on overseas travel	NT\$ 817.5 billion	Note 2
		Outbound passengers	17,101,335 visits	2,335,564 visits
		Consumption per person per trip	NT\$47,802	Note 2

Source: Tourism Bureau, Ministry of Transportation and Communications.

Note 1. Due to the large difference between the number of tourists visiting Taiwan in the first quarter of 2020 (91%) and the number of tourists in the second, third and fourth quarters (only 9% in total), and the strict border control in the second quarter due to the epidemic, Instead, the total tourism expenditure is estimated by the quarterly summation method, but the average daily consumption amount per person in the whole year cannot be calculated by the reverse method.

Note 2. In terms of overseas tourists: In 2020, due to the impact of the COVID-19 epidemic, the number of samples going abroad is insufficient, so the total expenditure on overseas travel for the year and the average travel expenditure per person per visit cannot be estimated.

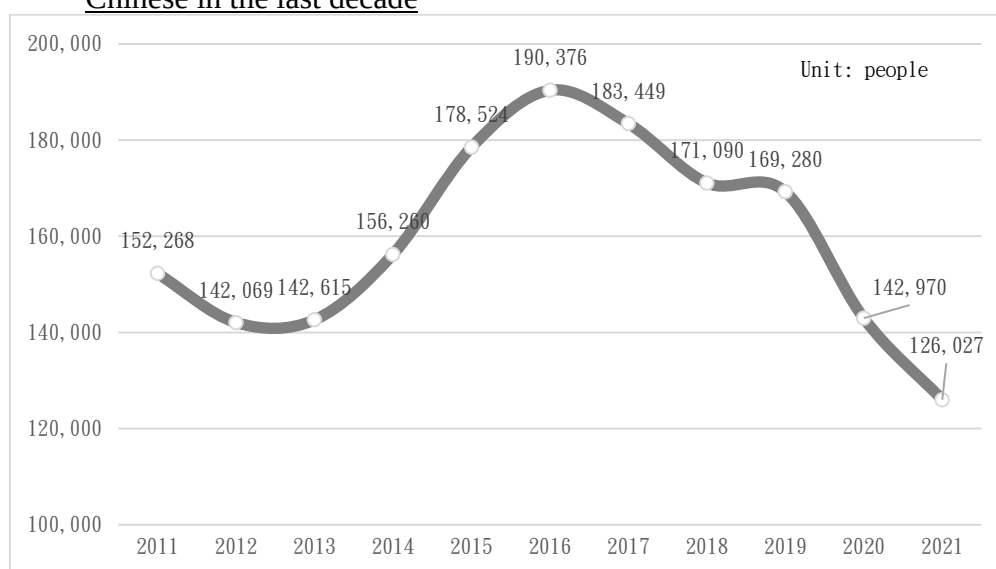
Note 3. Average number of nights of stay: In 2019 and 2020, the calculation is based on the stay of 90 nights by the Immigration Department of the Ministry of the Interior, and in 2021, it is calculated based on the survey sample of 120 nights of stay.

(3) Current status and development of domestic tourism industry:

In the past three years of the global epidemic, the borders of various countries will be closed in 2021. In March 2022, the government announced the relaxation of border control, taking a step towards unblocking and co-existing. In recent years, travel operators and accommodation service providers have shifted their business focus to national tourism. Special itineraries, holidays, and catering services can stimulate the consumption willingness of Chinese tourists.

In response to the rapid growth in the number of tourists visiting Taiwan (Figure 1) and the steady growth in the total number of tourists visiting Taiwan (Figure 3), the hotel industry has been investing in the construction of hotels to meet the demand of tourists. According to the Tourism Bureau, the number of tourist hotels, the average housing rate and the room price have all increased year by year (Table 2), but in 2020 and 2021, the willingness to travel domestically was affected by COVID-19. As the domestic hotel market is becoming saturated, it is expected that the accommodation service industry in China will grow towards a more refined and diversified business approach in the future.

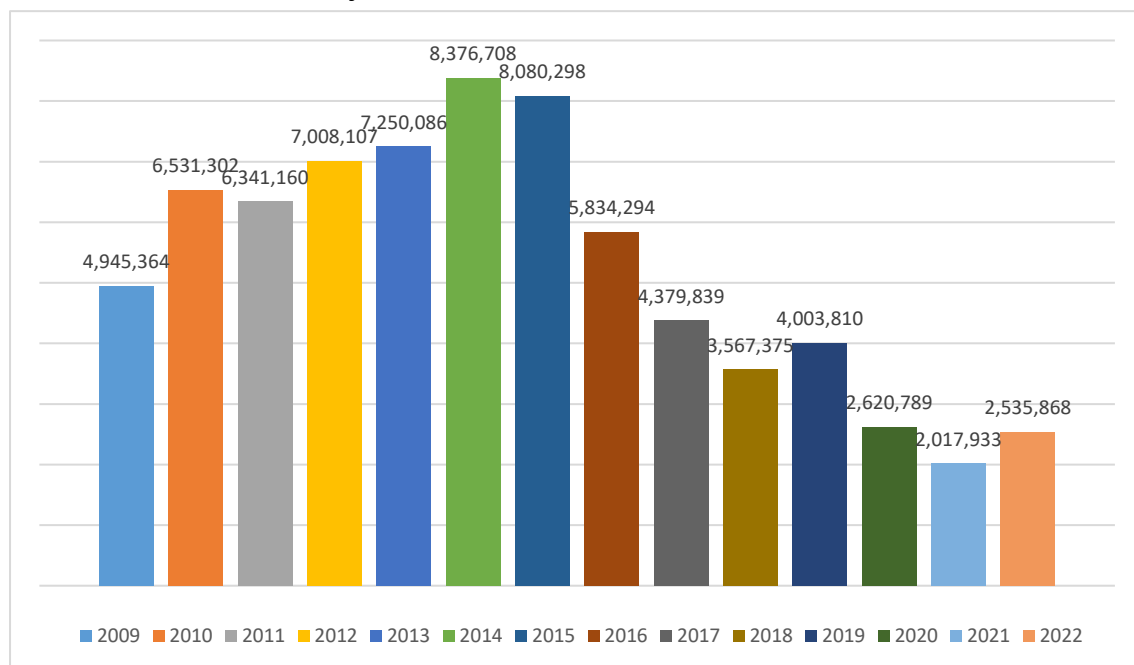
Figure 3: Changes in the total number of domestic trips made by Chinese in the last decade



Source: Tourism Bureau, Ministry of Transportation and Communications

According to the data of Kenting National Park Administration, there were about 4 million visitors to the main recreation area of Hengchun Peninsula in 2019, an increase of 12.23% compared to 2018, and the number of visitors fell to 2.54 million from 2020 to 2022 due to the global epidemic (Figure 4).

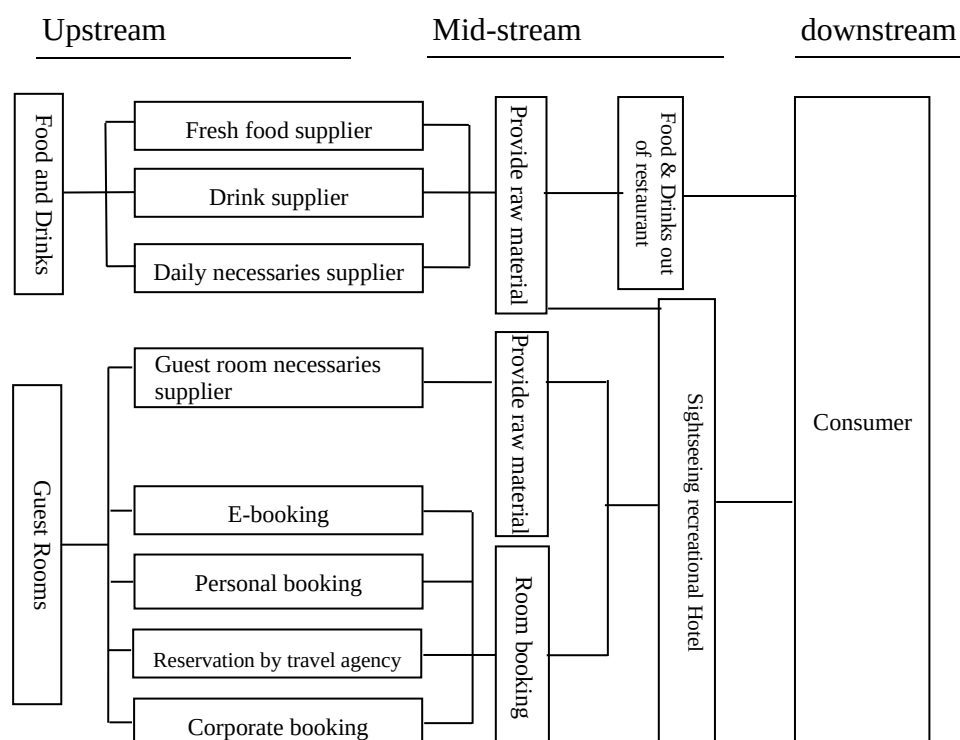
Figure 4: Statistics on the number of visitors to the Hengchun Peninsula over the years



Data Source: Kenting National Park Headquarters

2. Upstream, midstream and downstream industry linkages:

Tourism and leisure hotel operators mainly provide accommodation, dining, vacation, leisure, meeting and sports facilities to meet the diversified needs of tourists. The industry linkages are shown below:



3. Various trends in product development:

(1) Tourism Industry:

A 、 Refined leisure travel:

With the improvement of national living standards, the national people's demand for quality leisure travel is getting higher and higher. The perfection of the leisure facilities, the improvement of the quality of the service personnel and the planning of the surrounding itinerary will require more delicate services, so the refined leisure planning tours will become the main tool for the industry to compete.

B 、 Hotel Chain Operations:

We invest in the construction of new hotels in various scenic spots throughout the country, or acquire the management rights of existing hotels in scenic spots to establish a chain hotel brand and enhance the image of hotels.

C 、 Complex leisure integration:

The new mainstream of destination travel and in-depth travel, the leisure travel industry has started to launch various package itineraries, allowing leisure vacations to be integrated with culture, health, entertainment, food, accommodation, sports, friendship, family activities and other multi-purpose travel. Therefore, the integrated leisure travel will become the trend of future development.

D 、 Allied Services:

Due to the rapid changes in market demand and products, cross-industry alliances have become the trend of development in order to meet the various needs of customers and provide more diversified and complete services.

E 、 Hotel layout urbanization and internationalization:

In the past, most domestic hotel groups invested in new hotels in first-tier cities and scenic areas as their first choice, but now, due to the growing tourism market, the industry is turning to second- and third-tier cities and emerging resort areas. In order to break through the island economy, tourism groups have gone to Taiwan to acquire international hotel brands overseas.

F 、 Internet and technology development:

With Hotels.com, Agoda, Booking.com and other major global booking sites opening their Chinese pages one after another, the proportion of domestic room products sold through online travel channels is gradually increasing. With the maturity of Big Data and other technologies, travel industry players are gradually making use of the huge database on the Internet to launch customized travel products and mobile platform technologies to meet the competition.

(2) Restaurants:

A 、 The importance of food hygiene and safety:

In recent years, there have been successive outbreaks of food hygiene and safety problems in China, such as substandard oil, plasticizers and avian flu, which have dealt a severe blow to consumer confidence and weakened people's willingness to go

out for food and beverage consumption. How to overcome the food safety concerns of consumers has become an important issue for the catering industry.

B 、 Promotion of health and wellness concepts:

While modern people are looking for fast and convenient, they are also paying more and more attention to health and wellness, preferring vegetarian, low-fat, low-salt and organic foods.

C 、 Dining consumption M-shaped into the mainstream

The trend of M-shaped Chinese food and beverage consumption is becoming more and more obvious. The general public, whose spending power falls into the left side of the M-shape, is more sensitive to price and is increasingly concerned about value for money in their spending and choose affordable cuisine. On the other hand, there are also many consumers seeking for higher quality dining experience and dining environment, which makes the award-winning Michelin restaurants and high-end wedding banquets with hardware features and wedding services also become the mainstream of dining consumption.

D 、 Diversification of brands and products

Taiwan's food and beverage industry has gradually moved away from traditional family-style, localized operations to a chain business model developed on a brand concept. Under the influence of factors such as internationalization and the development of Internet information, the demand for and acceptance of specialties and exotic cuisines are also increasing, and consumers are paying more attention to the atmosphere of business venues, the taste of food and beverage, and the quality of service, and in order to meet the diversified choices and needs of consumers, domestic caterers are gradually developing into a complex operation or a single professional operation.

4. Competition status:

(1) Tourism and Hotels:

With the continuous expansion of foreign tourists' tourism market in Taiwan and the growth of Chinese people's domestic travel demand, enterprise groups have invested in the construction of tourist hotels of various grades and specifications. In order to seize business opportunities and expand market share, hotel groups, in addition to continuing to expand their bases, are also diversifying their products. However, due to the impact of the COVID-19 epidemic in the past three years, many hotels have announced to turn off their lights. According to statistics from the Tourism Bureau of the Ministry of Communications, as of 2022, there was a total of 117 tourist hotels in Taiwan, which was 10 fewer than in 2019 before the epidemic.

As the domestic tourist hotel market is becoming saturated, major hotel groups are moving toward multi-brand and multi-faceted operations. With the booming development of off-premise restaurants from corporate groups, such as FIH, Le Meridien, Fleur De Chine, the market for tourist hotels will become even more competitive, and operators will need to rely on unique marketing strategies to seek stable profits from the competitive environment.

(2) Restaurants:

According to the statistics of the Ministry of Finance, the overall number of restaurants in China has shown a trend of yearly growth in the past five years. Benefiting from the increase in the domestic eating out population, the continuous formation of national consumption habits of food and beverage entertainment, and the increase in the number of high temperature days in the domestic climate, the food and beverage delivery consumption mode is flourishing, which is conducive to the continuous growth of the domestic food and beverage industry.

However, in recent years, a number of operators have developed towards the trend of conglomerate and chain, adopting the chain franchise business type or acting as an agent for international specialty restaurant brands to enhance the scale of revenue. In addition, many industry players are optimistic about the development of the take-out market and actively seize business opportunities.

(III) Technology and R&D profile: Not applicable.

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

1. Short-term development plan:

- (1) To increase the value of each room by effectively controlling room inventory, market demand and supply, and selling price.
- (2) To improve the quality of service and actively train hotel management professionals.
- (3) To strengthen the quality of service to maintain the leading brand in the market, in order to consolidate the existing customer base and actively develop new industry customer base.

2. Long term development plan:

- (1) With a diversified business perspective, we are expanding our operations while taking into account local needs and laying a solid foundation to realize our commitment to create a great experience for consumers.
- (2) Provide personalized and exquisite services to enhance customer satisfaction and frequency of use with innovative products and a courteous and convenient living environment.
- (3) Increase the housing ratio and additional spending of leisure travelers to maintain the leading position of higher revenue in the market.
- (4) Continue to search for suitable locations and add branches to provide high-quality accommodation and leisure facilities and dining environment.

5.2 Market and Production Overview:

(I) Market analysis:

1. Analyze the sales (offering) areas of the company's major goods (services)

Unit: NT\$ thousand; %

Item \ Year	2021		2022	
	Amount	Ratio	Amount	Ratio
Domestic Sales	587,918	100.00	835,940	100.00
Total	587,918	100.00	835,940	100.00

2. Market share

The company's Pingtung branch (Kenting Chateau Beach Resort) is located in Kenting National Park, and the main competitors in the same

Pingtung County area are Caesar Park Hotels & Resorts and Howard Beach Resort Kenting. According to the 2022 international tourist hotel business scale in each Pingtung County area in Taiwan, the Pingtung Branch (Kenting Chateau Beach Resort) ranked the first in all Taiwan Pingtung County area tourist hotels according to the Tourism Bureau of the Ministry of Transportation and Communications.

Ranking	Hotel Name	Percentage of revenue size
1	Caesar Park Hotels & Resorts	34.07%
2	Kenting Chateau Beach Resort	32.69%
3	Howard Beach Resort	25.57%
4	Grand Bay Rresort	7.67%
	Total	100.00%

Source: Tourism Bureau, Ministry of Transportation and Communications

3. Future market supply and demand and growth

(1) Tourism and Hotels:

The world has been affected by the COVID-19 epidemic for the past three years, leading countries to implement border controls. Therefore, the number of foreigners entering Taiwan in 2022 has been reduced by 92.45% compared with 2019. The number of tourist hotels in Taiwan has decreased by 10 by the end of 2022 compared to 2019 due to the sharp decline in inbound business, which has led to the closure of many hotels. However, with the increase in vaccination rate and taking into account the economic development and the normal life of the people while the epidemic is under control, the government took the challenge of co-existing with the virus, and announced the relaxation of border controls on March 7, 2022. According to statistics from the Tourism Bureau of the Ministry of Communications, the operating income of tourist hotels in Taiwan will increase by 34.97% in 2022 compared to 2021.

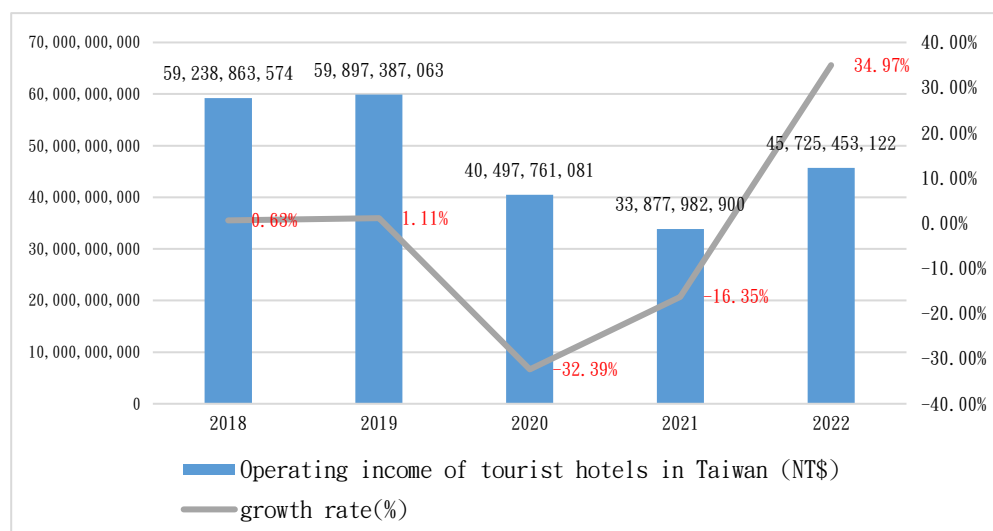
Table 3: Number of tourist hotels, average housing rate and average room price in Taiwan in the past five years

Unit: %; NT\$1.

Year \ Type	International Tourist Hotel			General Tourist Hotel			Total average of Tourist Hotel		
	Number of hotels	Average housing rate	Average room price	Number of hotels	Average housing rate	Average room price	Number of hotels	Average housing rate	Average room price
2017	79	66.53%	3,941	48	59.19%	3,136	127	64.83%	3,772
2018	80	64.86%	3,891	48	58.00%	3,184	128	63.27%	3,741
2019	80	68.49%	3,930	47	60.90%	3,218	127	66.69%	3,776
2020	78	40.23%	3,766	45	34.18%	3,022	123	38.77%	3,608
2021	77	34.21%	3,936	44	31.56%	3,248	121	33.59%	3,783
2022	73	48.55%	4,396	44	46.43%	3,497	117	48.06%	4,195

Source: Tourism Bureau, Ministry of Transportation and Communications

Figure 5: Statistics on Operating Income of Tourist Hotels in Taiwan

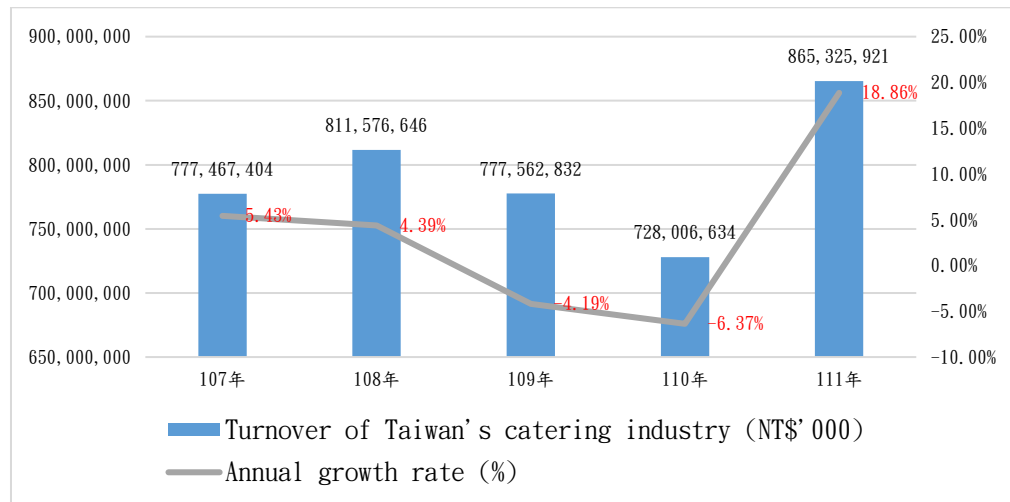


Facing the invasion of the epidemic in the past three years, the tourism industry has already entered a huge structural change. The business model of all links in the tourism supply chain and the travel habits of consumers are constantly undergoing essential changes. If we want to cater to the future With the consumer demand in the epidemic era, "sustainable tourism" has become the key to future consumers' attention.

(2) Restaurants:

With the accelerated pace of life and work of the Chinese people, coupled with the continuous increase in the number of top customers and singles in the country, the number of people's daily cooking at home has decreased, which has led to an increase in the proportion of Chinese people eating and drinking outside. In addition, the domestic youth group's dining and entertainment consumption habits continue to take shape. Domestic manufacturers have launched cheap restaurant brands one after another, thereby increasing the public's willingness to go out to eat and drink, and further expanding the scale of domestic restaurant consumption population. However, in the past three years, due to the impact of the new crown pneumonia epidemic, the number of tourists coming to Taiwan has decreased and the willingness of Chinese people to go out for dinner has declined. In addition, the cancellation of spring wine gatherings by domestic companies has impacted the operating performance of domestic catering companies, thus affecting the operation of domestic catering companies in 2021. In 2022, when vaccination is popularized and the epidemic is under control, taking into account economic development and the normal life of the people, the government will take the challenge of co-existing with the virus. The turnover of Taiwan's domestic catering industry will increase by 18.86% compared to 2021, and will increase by 6.62% compared to 2019.

Figure 6: Statistics on Operating Income of Catering in Taiwan



4. Competitive niche and development prospect of favorable and unfavorable factors and countermeasures.

(1) Competitive Niche

A. Promote hotel awareness and build brand image

The company's Kenting Chateau Beach Resort has won consumer recognition for its excellent quality service, unique leisure and natural scenery, and sincere customer-focused attitude, providing comfortable, diverse, and friendly high-quality services to create high added We provide comfortable, diversified and intimate high-quality services to create high added tourism value and further build brand image and reputation.

B. Distinctive Products

In addition to developing the hotel in the direction of a marine-themed resort, the company's Kenting Chateau Beach Resort provides consumers with a full range of sophisticated leisure vacations, satisfying travelers who previously had to travel abroad to enjoy the tourism items. The Company has successfully shaped a unique operation method, which is a new innovation to explode the domestic tourism style.

C. Create demand by supply and compete for specific groups by segmenting the market

The company's Kenting Chateau Beach Resort business model provides vacation, meeting, sports, marine activities and leisure and other functions to promote the trend of national tourism, enhance the quality of leisure resort hotel.

In the future, we plan to invest in the construction of new hotels in scenic areas in other locations or to form alliances with other well-known international tourist hotels, and to add other facilities according to the theme of their development, so as to create a situation of separation from other resort centers, which will help to increase the housing rate and revenue, and is one of the Company's competitive advantages. This is one of the Company's competitive niches.

D. Marketing plan

The Company also work with upstream travel companies, airlines, and high-speed trains to offer a variety of product combinations to match the itineraries and attractions around us. In addition to providing tourism information, the company also strengthens mutual cooperation through upstream and downstream integration in order to enjoy the advertising benefits of industry alliances.

E. Implementing food and store hygiene management

With the rise of food safety issues and consumer awareness in the country, there is a sudden increase in the demand for quality of ingredients and sanitary environment. Our company has strict food safety and hygiene requirements, and our food safety and sanitation staff regularly inspect the quality of our food, products, kitchen and store environment, water quality, and raw material manufacturing processes to protect the health and rights of consumers.

(2) Favorable Factors

A. With beautiful sandy beaches and shores, it is located in Southern Taiwan and is suitable for tourism in all seasons:

After the implementation of the two-day week in 2000, the leisure time has increased, and the national people have attached importance to leisure life, which makes the arrangement of leisure activities more flexible and increases many choices, and also makes the scope of activities extend to the whole Taiwan, so that various kinds of leisure activities arise in response, and the demand for leisure resort. The demand for leisure resort hotels has increased. The importance of "scenic beauty" ranked first among the factors that national people consider when they choose to join or plan their travel destinations, and the proportion of "nature appreciation activities" was the highest among the preferred recreational activities. The company has the only 2.8 km long clean shell beach resort in Taiwan, with beautiful scenery of verdant greenery and the sea and sky, and is located in Southern Taiwan, which is suitable for travel in all seasons and meets the needs of different age groups and domestic and foreign consumer groups for leisure vacations, thus enabling its sales to grow steadily.

B. Successful combination of cross-industry marketing methods and brand image enhancement:

The company's Kenting Chateau Beach Resort combines the unique leisure and natural scenery, unique style of various facilities in the hotel with the successful marketing methods of other industries, such as the combination of movies, television programs, product advertising and wedding industry to launch honeymoon projects, etc., to win consumer recognition of the brand image of "Kenting Chateau Beach Resort".

C. The rise of online group purchase consumption model

As international travel fairs and online group meal voucher marketing continue to rise, industry players are offering special prices to induce people to buy group meal vouchers, successfully increasing their willingness to spend on dining out.

D. Changes in food and beverage habits and leave system

With the increase in disposable income and the implementation of

the domestic two-day week and consecutive holiday system, the domestic leisure travel culture is becoming more and more prosperous, effectively driving the booming development of the tourism and food and beverage industries.

(3) Adverse factors and countermeasures

A. Increased operating costs for manufacturers

In addition to fluctuations in the price of key ingredients and pressure on store rentals, domestic basic wages have also increased. As the industry environment continues to develop toward an affordable food and beverage market, the price of meals will be highly competitive, and the increase in costs will cause an increase in operating cost pressure on operators.

Countermeasures:

The Company has established long-term partnerships with our suppliers and are able to achieve both quality and price advantages. In addition, the Company will also exercise more prudent control over costs and expenses to reduce the impact of rising operating costs.

B. Fierce competition in the market

Leisure products are becoming more and more diversified, and the more businesses are put into operation, the more fierce the competition is, and in order to gain customers, the promotion tricks are numerous and only focus on near profits, resulting in poor quality of service for many operators, which greatly reduces consumer confidence and severely affects the development of the industry.

Countermeasures:

Our company insists on good quality service, sincere attitude and unique all-inclusive leisure products to win consumers' affirmation, create the value of being recognized, and further shape the brand image and reputation to stabilize customer base and reduce market risk, and provide better facilities and services with the concept of sustainable management to meet the competitive trend. In order to stabilize customer base, reduce market risk, and provide better facilities and services to meet the competitive trend with the concept of sustainable management.

(II) Important applications and production process of the main products:

The Consolidated Company's main products are room rentals, catering and meeting rooms.

(III) Supply of main raw materials:

The Consolidated Company is mainly engaged in room rental and catering services, the main raw materials of which are customer supplies and fresh food ingredients.

(IV) The names of customers who have accounted for more than 10% of the total purchase (sales) in any of the last two years and the amount and proportion of their purchase (sales), together with the reasons for the increase or decrease:

The Consolidated Company's import and export customers are widely dispersed, and no supplier accounted for more than 10% of total import and export in the last two years.

(V) Consolidated production volume for the last two years: Not applicable because the Company is engaged in hotel and restaurant operations.

(VI) Consolidated sales volume during the recent two years:

Unit: NT\$1,000

Main Products	2021				2022			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Room revenue	Note 2	428,714	Note 2	-	Note 2	637,002	Note 2	-
Restaurant revenue	Note 2	152,156	Note 2	-	Note 2	191,119	Note 2	-
Other income	Note 2	7,048	Note 2	-	Note 2	7,819	Note 2	-
Total	Note 2	587,918	Note 2	-	Note 2	835,940	Note 2	-

Note 1: Since July 2018, the Company has included Chateau Fulang Hotel in the preparation of the Company's consolidated financial statements.

Note 2: The Company is engaged in hotel and restaurant business, so we cannot calculate the sales volume.

5.3 The number of workers, average length of service, average age and education distribution of the employees of the Company and its subsidiaries for the last two years and as of the printing date of the annual report:

(I) Individual company:

Year		2021	2022	April 1, 2023
Number of employees	Level above supervisors	45	46	45
	Service personnel and staff	392	374	356
	Total	437	420	401
Average age		35		
Average Length of Service		5.6		
Percentage of employees at each level	PhD	0.00%	0.00%	0.00%
	Master	2.97%	4.05%	3.57%
	Bachelor	56.98%	53.57%	50.71%
	High school	29.75%	31.19%	29.52%
	below high school	10.30%	11.19%	11.67%

(II) Consolidated company:

Year		2021	2022	April 1, 2023
Number of employees	Level above supervisors	48	49	50
	Service personnel and staff	418	401	384
	Total	466	450	434
Average age		37	36	37
Average Length of Service (month)		1.1	5.64	5.95
Percentage of employees at each level	PhD	0.00%	0.00%	0.00%
	Master	3.00%	4.00%	3.56%
	Bachelor	57.30%	53.56%	51.33%
	High school	28.76%	30.67%	28.89%
	below high school	10.94%	11.78%	12.67%

5.4 Information on environmental expenses:

- (I) In accordance with the provisions of the law, those who should apply for a pollution facility installation permit or a pollution discharge permit, or those who should pay pollution prevention and control fees, or those who should establish a special unit for environmental protection, the application, payment or establishment of the following circumstances are explained:

1. The company has taken the fixed source of pollution settings and operating permits.

Company Name	Restriction No.	Certificate No.	Expiration Date
Pingtung Branch Company	T4503181	Ping-Xian-Huan-Shui-Zhu-Xu-Zhi No. 00010- 01	Feb. 11, 2024
Tainan Branch Company	D28A6575	Nan-Shi-Fu-Huan-Shui-Zhi No. 06053 -00	Drainage was included in the control

2. Specialized environmental protection unit staffing situation:

Company Name	Name	Type of Certificate	Certificate No.
Pingtung Branch Company	Lin, You-Jin	Level B exclusive personnel of waste water	No. GB290156
Pingtung Branch Company	Chen, Ci-tian	Level B exclusive personnel of waste water	No. GB110342
Pingtung Branch Company	Chen, Ci-tian	Level A technician of waste	No. HA260070
Pingtung Branch Company	Lin, You-Jin	Level B technician of waste	No. HB371574
Pingtung Branch Company	Lin, Syun-Jheng	Level B technician of waste	No. HB100748

- (II) For investments in major equipment for the prevention and control of environmental pollution and their uses and potential benefits:

Company Name	Equipment	Purpose	Effectiveness
Pingtung Branch Company	Waste Water Treatment Plant	All wastewater from the Kenting Chateau was treated to meet the EIA commitment and the standards of the Water Pollution Control Law, and all of it was recycled for use as planting spray irrigation in the park to suppress dust.	In line with the storage standards, reclaimed water is recycled and used.
Pingtung Branch Company	Food waste Refrigerator	The best temporary storage mechanism for food waste, effective ice storage for recycling and subsequent use.	Eliminate the possible contamination of food waste.
Pingtung Branch Company	Recyclable Business waste Categorized temporary storage room	The best temporary sorting mechanism for recyclable business waste is in place to facilitate effective sorting for recycling.	Eliminate the possible contamination of food waste.

Company Name	Equipment	Purpose	Effectiveness
Tainan Branch Company	Food waste Refrigerator	The best temporary storage mechanism for food waste, effective ice storage for recycling and subsequent use.	Eliminate the possible contamination of food waste.
Tainan Branch Company	Recyclable Business waste Categorized temporary storage room	The best temporary sorting mechanism for recyclable business waste is in place to facilitate effective sorting for recycling.	Eliminate the possible contamination of food waste.

- (III) The company's history of environmental pollution improvement in the most recent year and up to the date of printing of the annual report; if there is a pollution dispute, the company should state its handling process: None.
- (IV) The loss suffered as a result of pollution of the environment in the most recent year and up to the date of printing of the annual report (including compensation and environmental protection audit results of violations of environmental protection laws and regulations, the date of the penalty, the word number of the penalty, the provisions of the violation, the content of the violation, and the content of the penalty should be listed), and disclose the estimated amount and response measures that may occur at present and in the future, and if it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be stated: None If it is not reasonably estimable, it shall state the fact that it is not reasonably estimable: None.
- (V) Total losses (including compensation) and penalties for environmental pollution in the most recent year and up to the date of printing of the annual report: None.
- (VI) Description of the current pollution situation and the impact of its improvement on the Company's earnings, competitive position and capital expenditures, as well as the estimated significant environmental capital expenditures for the next two years: As of the date of the Company's annual report, no pollution has occurred and the estimated environmental expenditures for the next two years are listed below.

Year Item	2024	2025
Proposed pollution prevention and control equipment or expenses	Costs for maintenance of existing wastewater treatment equipment and disposal of wastes	Costs for maintenance of existing wastewater treatment equipment and disposal of wastes
Expected improvement situation	Comply with environmental regulations	Comply with environmental regulations
Amount	NT\$4,000,000	NT\$4,000,000

5.5 Information on labor relations:

- (I) The Company's various employee welfare measures, training, training and retirement systems and their implementation, as well as the agreements between employees and employers and measures to protect the rights and interests of employees.

1. Salary and Benefits:

Our company has established a manual of work rules and regulations for employees in accordance with the Labor Standards Law to protect the rights and interests of employees and emphasize employee benefits. Each employee's salary does not vary by gender. Salary planning is based on education, professional skills, background, and external industry salary

levels...etc., as a reference for setting the relevant salary system. Therefore, there is no difference in the rights and interests of employees in terms of leave, reward and punishment, promotion, etc.

(1) Establishment of Employee Welfare Committee:

Established the Employee Welfare Committee (Welfare Committee) of Chateau International Development Co. in accordance with the law. The committee members are elected in proportion to the number of employees in the department and hold regular meetings on a quarterly basis. At these meetings, the committee members exercise their powers and responsibilities in accordance with the employees' ideas, decide on employee benefits and plan various employee activities, and promote welfare business in accordance with the relevant resolutions.

(2) Salary and Allowance:

Salaries are adjusted according to the annual performance appraisal of the individual and with reference to the salary level and price index of the industry, and allowances for duties, skills, licenses, and duties are paid.

(3) Insurance system:

The company has universal health insurance, workers' compensation insurance and group insurance for its employees.

(4) Employee bonus:

Employees' bonuses are provided in accordance with the Company's Articles of Incorporation, and bonuses are paid at the end of the year according to the degree of contribution; if there is a cash capital increase, it is carried out in accordance with the "Regulations on Employee Stock Purchase by Cash Capital Increase".

(5) Pension system:

The Company has established the "Employee Retirement Management Regulations" and employees are subject to retirement in accordance with the relevant laws and regulations.

Old system: In accordance with the Labor Standards Law, the Company contributes 2% of the monthly payroll to a pension fund, which is deposited into the Bank of Taiwan in the name of the Labor Retirement Reserve Fund Supervisory Committee.

New system: Effective July 1, 2005, in accordance with the implementation of the new labor pension system, employees and new employees who choose the new system will contribute 6% of their total salaries to the individual pension accounts of the Labor Insurance Bureau.

2. Welfare Committee related benefits: Please refer to Note 5 on page 53 of the Annual Report.

3. Training and Development:

The Company has established relevant management rules (including the management rules for education and training, the management rules for employee training subsidies, and the rules for employee on-the-job training incentives) to strengthen employees' pre-employment and on-the-job training, and to encourage employees to pursue further training to enhance their job skills.

(1) Internal education and training: including new employee training, common core training, professional functional training and management courses.

(A) Our 2022 training courses are divided into three categories, and the status of the courses and execution are as follows.

Type of courses	Class No.	Total students	Hours	Total expenses (NT\$)
Incoming training	12	294	588	8,820

Type of courses	Class No.	Total students	Hours	Total expenses (NT\$)
Common core training	4	800	1,200	12,000
Management Training	12	180	270	9,000
Total	28	1,274	2,058	29,820

(B) The execution status of the subsidiary's 2022 training courses is as follows:

Type of courses	Class No.	Total students	Hours	Total expenses (NT\$)
Management Training	12	60	36	3,600
Total	12	60	36	3,600

(2) External education and training: including professional skills of various departments, professional courses, licenses, professional training for accounting supervisors, internal audit personnel, corporate governance supervisor and other governance personnel, etc.

(A) The Company's financial accounting officers, duty agents, financial statement preparers and accountants:

(a) Financial and Accounting Supervisor:

Title	Name	Date	Organizer	Type	Name of the Course	People	Hours	Hours
Financial and Accounting Supervisor, Duty Agent	CHANG, HSIAO-WEN LI,SSU-HUI	2022/07/21 2022/07/22 2022/08/18 20022/08/19	Department of Accounting, National Cheng Kung University	audit	Audit re-evolution - the impact of information system internal control and information security risk on financial reporting risk	2	3	6
				Corporate Governance	Sustainable Development Trend of Corporate Governance and New Knowledge of Fiscal and Tax Laws	2	3	6
				Finance & Accounting	Relevant Analysis of Controlled Foreign Company System	2	3	6
				Occupational ethics, laws and responsibilities	How to prevent financial abuses such as emptying, insider trading, and benefit transfer	2	3	6
						8		24

(b) Accounting personnel:

Title	Name	Date	Organizer	Type	Name of the Course	People	Hours	Hours
Accounting personnel	Pan,pin-jhen Jhan,Pei-Lin Liang,yan-ping	2022/08/10	Pingtung County Industrial and Commercial Development Investment Strategy Conference	Finance & Accounting	2022 Business Tax and Profit Enterprise Income Tax Seminar	3	2	6

Title	Name	Date	Organizer	Type	Name of the Course	People	Hours	Hours
Accounting personnel	Guo,Ren-Yu	2022/08/19	Pingtung County Industrial and Commercial Development Investment Strategy Conference	Accounting	How to do a good job in the centripetal force strengthening consensus cohesion workshop	1	2	2
Accounting personnel	Guo,Ren-Yu	2022/11/24	Taiwan Stock Exchange	Finance & Accounting	2022 Seminar on Promoting my country's Adoption of International Reporting Standards	1	3	3
Accounting personnel	Guo,Ren-Yu	2022/12/14	Pingtung County Industrial and Commercial Development Investment Strategy Conference	Accounting	2022 Seminar on Declaration of Various Income Withholding (Exemption) Payment Vouchers	1	2	2
						6		13

(B) Internal audit personnel of the Company

Title	Name	Date	Organizer	Type	Name of the Course	People	Hours	Hours
Audit Supervisor	Pan,Su-che	2022/03/01	Taiwan Stock Exchange	Corporate Governance	2022 Corporate Governance Evaluation Promotion Course	1	4	4
Audit Supervisor	Pan,Su-che	2022/07/05	Taiwan Stock Exchange	Sustainable Development	Sustainable Development Roadmap and Information Disclosure Standards for Listed Overseas Companies	1	3	3
Audit Supervisor	Pan,Su-che	2022/07/13	Taiwan Stock Exchange	Sustainable Development	Sustainable Development Roadmap Industry Theme Publicity Conference	1	2	2
Duty agents	Liu, Shu-chen	2022/08/30	TAIWAN SECURITIES ASSOCIATION	Internal audit Internal control	How Auditors Detect Financial Statement Fraud	1	6	6
Audit Supervisor	Pan,Su-che	2022/09/06	Taiwan Stock Exchange	Sustainable Development	Greenhouse Gas Inventory and Verification Promotion Seminar	1	3	3
Audit Supervisor	Pan,Su-che	2022/09/15	TAIWAN SECURITIES ASSOCIATION	Internal audit Internal control	Subsidiary audit practice	1	6	6

Title	Name	Date	Organizer	Type	Name of the Course	People	Hours	Hours
Audit Supervisor	Pan,Su-che	2022/10/14	Taiwan Stock Exchange	Corporate Governance	2022 Insider Trading Prevention Promotion Conference	1	3	3
Audit Supervisor	Pan,Su-che	2022/10/17	Taiwan Stock Exchange	Sustainable Development	Corporate Sustainability Practice Seminar - How to Implement ESG	1	3	3
Audit Supervisor	Pan,Su-che	2022/10/24	TAIWAN SECURITIES ASSOCIATION	Internal audit	Reading Analysis and Application of Financial Statements	1	6	6
Duty agents	Liu, Shu-chen	2022/10/25	TAIWAN SECURITIES ASSOCIATION	Internal control	Labor law knowledge necessary for supervisors at all levels	1	6	3
						11		42

(C) Corporate Governance Supervisor and other governance personnel of the Company:

Title	Name	Date	Organizer	Type	Name of the Course	People	Hours	Title
Supervisor, Participants	Chang, Hsiao-wen Li, Ssu-hui	2022/03/01	Taiwan Stock Exchange	Corporate Governance	2022 Corporate Governance Evaluation Promotion Course	2	4	8
Supervisor	Chang, Hsiao-wen	2022/03/10	Taiwan Stock Exchange	Corporate Governance	On Independent Directors and the 2022 Shareholders' Meeting from an International Perspective	1	1	1
Supervisor	Chang, Hsiao-wen	2022/03/10	Taiwan Stock Exchange	Corporate Governance	International Double Summit Online Forum	1	2	2
Supervisor	Chang, Hsiao-wen	2022/4/22	Taiwan Sustainable Energy Research Foundation	Sustainable Development	Taixin 30 Sustainable Net Zero Summit Forum: Net Zero Transformation and Net Zero Business Opportunities	1	3	3
Participant	Li, Ssu-hui	2022/4/22	Taipei Fubon Bank	Sustainable Development	Taiwan Energy Policy and Sustainable Development Strategy	1	1.5	1.5
Supervisor	Chang, Hsiao-wen	2022/5/12	Accounting Research Development Foundation	Corporate Governance	2022 Greenhouse Gas Inventory and Disclosure Webinar	1	2	2
Supervisor, Participants	Chang, Hsiao-wen Su,ying-ci	2022/06/10	Taiwan Stock Exchange	Corporate Governance	2022 Insider Trading Prevention Promotion Conference	2	3	6
Supervisor, Participants	Chang, Hsiao-wen Su,ying-ci	2022/06/30	Taiwan Stock Exchange	Sustainable Development	Sustainable Development Roadmap	2	2.5	5
Supervisor	Chang, Hsiao-wen	2022/07/07	Taiwan Stock Exchange	Sustainable Development	Sustainable Development Roadmap Industry Theme Publicity Conference	1	2	2

Title	Name	Date	Organizer	Type	Name of the Course	People	Hours	Title
other personnel	Chen, Ci-tian	2022/07/20	Taiwan Stock Exchange	Sustainable Development	Sustainable Development Roadmap Industry Theme Publicity Conference	1	2	2
Supervisor	Chang, Hsiao-wen	2022/09/22	Taipei Fubon Bank	Sustainable Development	Sustainability Megatrend—ESG Sustainability Driving Force	1	3	3
Supervisor, Participants	Chang, Hsiao-wen Li, Ssu-hui	2022/10/04	Securities Business Association	Occupational ethics, laws and responsibilities	Treating Customers Fairly and Preventing Money Laundering	2	3	6
			Securities Business Association	Sustainable Development	Competitiveness vs Viability under ESG Trends and Strategies	2	3	6
Supervisor	Chang, Hsiao-wen	2022/10/07	Taiwan Stock Exchange	Corporate Governance	Release of reference guidelines for independent directors and audit committees to exercise their powers and directors and supervisors promotion meeting	1	3	3
Supervisor, Participants	Chang, Hsiao-wen Li, Ssu-hui	2022/10/26	Taiwan Stock Exchange	Corporate Governance	2022 Insider Equity Trading Act compliance publicity briefing	2	3	6
Supervisor	Chang, Hsiao-wen	2022/11/09	Taiwan Stock Exchange	Sustainable Development	【2022 GCSF】Global Corporate Sustainability Forum	1	3	3
						22		59.5

4. Employee relations and care:

Chateau values human rights at work and harmony between employers and employees, and do not treat people differently on the basis of gender. The communication channels between employees and the company are very diverse. In addition to the mutual communication between supervisors and employees on a regular basis, the communication channels are set up to promote smooth communication between employers and employees and create a harmonious family together.

(1) Complaint communication channel:

Communication channel	Responses and content
Internal Administration System	Individuals who wish to express their opinions should first respond to their immediate supervisor, and if they feel that their opinions have not been properly addressed, they may follow the Company's grievance system.
Staff Welfare Committee	Employee welfare items and rights
Labor Dispute Committee	Labor Rights Matters
Sexual Harassment Complaint Review Committee	In the event of harassment, the victim or his or her representative may file a complaint with the Sexual Harassment Complaint Review Committee in writing or in person.
General Manager Mailbox	Company Initiation
Mailbox for stakeholders	Relevant stakeholder complaints or reporting channels
Administrative Managing Department	Inquiries about personnel, labor insurance, and welfare matters, and coordination of various complaints.

(2) Anti-discrimination and anti-harassment:

We provide equal and fair employment opportunities to our employees without discrimination on the basis of race, sex, age, physical or mental disability, religion, political party or any other basis protected by law.

In addition to the maternity leave granted to female workers in accordance with the Labor Standards Law, the Company also grants 5 days of paid maternity leave and paternity leave in accordance with the Gender Equality Law; female employees are granted 1 day of physiological leave per month if they have difficulty working due to physiological days. In order to maintain gender equality and a service environment free from sexual harassment, we have established sexual harassment prevention and control measures, complaint and disciplinary measures, a sexual harassment prevention and control hotline and mailbox for all employees to follow, and posters for sexual harassment prevention and control in public places.

(3) Take parental leave without pay:

In accordance with the Gender Equality Act and the Child Care Leave Without Pay Act, eligible employees are provided with child care leave without pay to take care of their families. In 2022, the reinstatement rate of childcare leave is 67%, which shows the friendliness of the workplace and the adaptability of colleagues after returning to the workplace.

Year	2020			2021			2022		
Item	Male	Female	Total	Male	Female	Total	Male	Female	Total
Actual number of people applying for parental leave	0	3	3	0	5	5	1	5	6
Total number of employees actually reinstated after parental leave (a)	0	2	2	0	2	2	1	2	3
Total number of employees who should be reinstated after parental leave (b)	0	2	2	0	4	4	2	2	4
Reinstatement rate ($a \div b \times 100\%$)	-	100%	100%	-	50%	50%	50%	100%	75%
The total number of people returning to work on parental leave in the previous year ©	0	1	1	0	0	0	0	3	3
Number of people who have served for one year after applying for reinstatement in the previous year (d)	0	1	1	0	2	2	0	2	2
Retention rate of reinstatement on parental leave ($d \div c \times 100\%$)	-	100%	100%	-	-	-	-	67%	67%

(4) Employee health

(A) Regular health examination:

Chateau attaches great importance to the health of its employees and conducts regular health checkups every year. All employees, including regular staff and health education students, are required to participate in general employee health checkups, while dietary staff in restaurants participate in special operational health checkups.

(B) Smoke-free working environment:

In line with the government's policy of a smoke-free workplace, we have established a smoking control system, with smoking banned in all areas of the building and smoking areas set up in open areas outside the building for employees and customers who have a habit of smoking.

(5) Employment of employees with physical and mental disabilities:

To employ employees with physical and mental disabilities, create a workplace friendly to people with physical and mental disabilities, provide a loving and barrier-free employment environment, and give appropriate friendly support.

5. Occupational Safety and Health Management:

The safety of our employees is the goal of Xanadu's long-term efforts and the common belief of all employees. Our company has established the following occupational safety policy:

- (1) Compliance with laws and regulations: Employees must comply with laws and regulations related to occupational safety and health to provide a safe and healthy working environment.

- (2) Education and training: Implement safety and health education for employees to improve their safety awareness and self-management ability.
- (3) Full participation: Encourage the participation of all employees, integrate safety and health into daily operation activities, and implement the function of supervisor supervision.
- (4) Continuous improvement: The occupational safety staff will arrange monthly random inspections of departments, issue audit reports, and propose improvement plans for review, and continue to track until improvements are made.

6. Work environment and employee safety protection measures:

Item	Content (Note)
Access control and security	1. There is a safety room to control the entrance and exit to maintain the safety of employees and customers. 2. There is a police-citizen link with the police security unit to maintain security.
Maintenance and inspection of all equipment	1. Public safety inspections are conducted every three years in accordance with the Building Public Safety Inspection Visa and Reporting Regulations. 2. In accordance with the Fire Services Law, fire inspections are commissioned annually. 3. In accordance with our "Labor Safety and Health Rules", we maintain and repair high and low voltage electrical equipment, elevators, air conditioning equipment, drinking fountains, fire-fighting equipment and generators on a daily, monthly, semi-annual and annual basis.
Disaster Preparedness and Response	1. We have established "Procedures for Handling Fire, Power and Water Outages", "Standard Operating Procedures for Employee and Customer Injury Accidents", "Code of Conduct for Water Security", "Procedures for Handling Nuclear Disaster Contingency", "Labor Safety and Health Code of Conduct", and other disaster prevention and rescue precautions and accident notification procedures. Each unit shall conduct at least one drill per year. 2. Our company has set up a fire protection team and conducts fire drills twice a year, and hires fire prevention authorities to conduct fire prevention drills and evaluations. 3. In order to maintain employee safety and environmental health, we have a labor safety and health manager and a specialized staff for Class B wastewater treatment.
Employee Physiological health	1. Health checkups: New employees are subject to health checkups, and current employees are subject to regular annual health checkups in accordance with the Labor Safety and Health Law and the Food Sanitation Management Law. 2. Workplace environmental hygiene: The business premises are completely non-smoking in accordance with the regulations, and non-smoking signs are set up. Regularly disinfect the campus once or twice a month.
Psychological health	1. Education and training: stress management, communication skills, CPR training, and dynamic service training courses. 2. Expression of opinions: There are mailboxes for the president and stakeholders to provide employees with the opportunity to express their opinions and vent their emotions.

Item	Content (Note)
Insurance and Medical Assistance	1. The company is legally required to take out labor insurance (including occupational disaster insurance) and health insurance, as well as employer's accident insurance with an insurance company and provide employees with accident insurance and accident medical insurance at a reduced rate. 2. The Company has signed a special medical cooperation agreement with Hengchun Christian Hospital and Nam Mun Hospital to provide employees, their spouses and children with free registration fees.

7. The Company has a Labor-Management Coordination Committee to handle communication between employers and employees, and there was no labor-management agreement in 2022.

(II) The loss suffered as a result of pollution of the environment in the most recent year and up to the date of printing of the annual report (including compensation and environmental protection audit results of violations of environmental protection laws and regulations, the date of the penalty, the word number of the penalty, the provisions of the violation, the content of the violation, and the content of the penalty should be listed), and disclose the estimated amount and response measures that may occur at present and in the future, and if it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be stated:

1. Labor inspection results in violation against the Occupational Safety and Health Act:

Date of Punishment	No. for Punishment	Articles of regulations in violations	Company	Content of regulations in violations	Content of the punishment	Estimated amounts and contingencies as of the current date and the ones likely to occur in the future
2022/07/11	Lao-Chih-Shou-Tzu No. 1110203843	Article 21, Occupational Safety and Health Facilities Regulations Article 6, Paragraph 1 of Occupational Health and Safety Act	Chateau International Development Co., Ltd. Pingtung Branch	The employer fails to maintain a safe state or take necessary preventive measures for the bathroom floor of the guest room in the worker's workplace to prevent the worker from falling.	Fines of NT\$60,000	Improved. Employees are equipped with non-slip shoes to prevent accidental falls in the workplace.
2022/03/22	Lao-Chih-Shou-Tzu No. 1110201472	Article 7, Paragraph 1, Paragraph 1 of Implementation Measures for Labor Operation Environment Monitoring Article 12, Paragraph 3 of Occupational Health and Safety Act	Chateau Fullon Hotel Co., Ltd.	In the hotels on the 1st to 4th floors, for the indoor workplaces of buildings equipped with centrally managed air-conditioning equipment, the carbon dioxide concentration was not monitored more than once every six months.	Fines of NT\$30,000	Improved. Monitoring is performed every six months.

5.6 Information Security Management:

(I) Information Security Policy:

The Company has established this Information Security Management Policy as the basis for all our employees to follow information security to ensure the security of our software, equipment and Internet. The policy is established to avoid improper use or intentional damage to the information system by internal or external personnel, or to respond quickly to the disposal and return to normal operation in the shortest possible time, and to reduce the damage or business interruption that may be caused by the incident when an emergency such as improper use or intentional damage has occurred. This policy applies to all employees of the Company. To reduce the impact of internal human factors on information security, we implement information security training for new employees to increase their awareness and knowledge of information security.

(II) Information Security Management Structure:

1. The Information Department is responsible for coordinating information security, establishing management control procedures, and implementing related matters, and is audited internally by auditors on a regular basis.
2. Active defense against damage caused by intrusion from internal and external network attacks; regularly review the information security and information protection policies to implement the effectiveness of information security management measures.
3. Prevent production losses due to power trips, viruses, and equipment failures.

(III) Specific Management Solutions:

1. Account and password management operations: The company has strict control over computer login and system accounts for employees. Application must be approved by the supervisor before authorization can be granted. All computer privileges are disabled when an employee leaves. A mandatory password update cycle of three months has been established to strengthen information security.
2. Network security management operations: Network equipment is managed by a person who monitors the status of the network at all times. Firewall is established for external network to prevent network intrusion and attack. All computers are protected with antivirus software.
3. Security control of network access: We provide network services and data access for internal personnel. For network services with remote access to the intranet system, a two stage authentication and identification process is performed and a firewall is used for security control.
4. Critical network hardware equipment is equipped with an uninterruptible power supply system to prevent abnormal power failure conditions.
5. The computer host system and its related storage and network connection equipment are located in a dedicated server room with security access control, and the access of personnel is strictly controlled.
6. Daily backup of the ERP system database, annual disaster recovery exercises and the establishment of off-site data backup are in place to ensure that data can be quickly rebuilt back to the system to maintain the normal operation of the company when a disaster occurs.
7. External audit: Deloitte & Touche also conducts audits of the Company's information related practices and information security each year.

(IV) Resources Invested for Information Security Management: New employees are required to complete an information security awareness video.

(V) Risks and Countermeasures for Information Security: The Company has established network and computer-related information security measures, but there is no guarantee against malicious hackers attempting to compromise the Company's network systems with computer viruses or ransomware that could affect the Company's operations and cause losses.

(VI) Material Information Security Incidents: None

5.7 Important Consolidated Company Contracts:

Contract Type	Parties involved	Start/End of the Contract Date	Content	Restrictions
Investment and Business Contract	Bureau of Agricultural Affairs, Executive Yuan	2015.10.01 ~ 2023.09.30	Kenting Forest Recreation Area Waterfront Area's Amusement Facility Investment and Operation	1.The land, facilities and operation rights provided by the Forestry Bureau shall not be subleased, sublet or transferred to others without the written consent of the Forestry Bureau during the term of the contract. 2.The construction of facilities within the land provided by the Forestry Bureau shall be in the name of the Forestry Bureau, and upon completion, all rights shall vest in the Forestry Bureau without compensation, and the so-called facilities include real estate (Provence Hall, Marbella Hall, Positano Hall) that have been constructed. The Company shall unconditionally return all property and items under the ownership of the Forestry Bureau upon the expiration or termination of the commissioning period.
Lease Agreement	Tainan City Marketing Departmen	2008.03.01 ~ 2024.02.28	Chateau Hotel Anping building belongs to the land lease	Do not sublet, sublease or transfer the lease rights to others
Lease Agreement	Tainan City Marketing Department	2019/12/01 ~ 2023/11/30	Chateau Hotel Anping building belongs to the land lease	1. Do not sublet, sublease or transfer the lease rights to others 2. The right of first refusal and the right to set up land shall not be claimed.
Lease Agreement	Tainan City Marketing Department	2020/03/01 ~ 2024/02/29	Chateau Hotel Anping building belongs to the land lease	1. Do not sublet, sublet, sublease or transfer the lease rights to others 2. The right of first refusal and the right to set up land shall not be claimed.

06. Financial Information

6.1 Condensed balance sheet, comprehensive income statement, name of the accountants and their audit opinion for the last five years.

(I) Information on Condensed Balance Sheet:

1. Consolidated Condensed Balance Sheet - Based on IFRS

Unit: NT\$1000

Item \ Year		Financial analysis for the past five years (Note 2)				
		2018	2019	2020	2021	2022
Current assets		293,571	275,676	396,500	503,924	569,509
Property, Plant and Equipment		1,241,276	1,214,104	1,179,382	1,173,886	1,205,654
Intangible assets		433,569	385,915	339,391	293,490	254,095
Other assets		558,922	651,148	665,527	723,779	756,971
Total assets		2,527,338	2,526,843	2,570,800	2,695,079	2,786,229
Current liabilities	Before distribution	440,224	411,742	413,796	429,129	471,273
	After distribution (Note 1)	462,529	434,047	469,557	451,434	538,187
Non-current liabilities		242,311	272,211	184,180	252,360	265,689
Total liabilities	Before distribution	682,535	683,953	597,976	681,489	736,962
	After distribution (Note 1)	704,840	706,258	653,737	703,794	803,876
Equity attributable to shareholders of the parent company		1,704,310	1,706,258	1,838,754	1,884,365	1,925,604
Capital stock		1,115,229	1,115,229	1,115,229	1,115,229	1,115,229
Capital surplus		170,663	170,663	170,663	170,663	170,663
Retained earnings	Before distribution	430,164	447,566	512,189	476,301	606,409
	After distribution (Note 1)	407,859	425,261	456,428	453,996	539,495
Other equity interest		(11,746)	(27,200)	40,673	122,172	33,303
Treasury stock		-	-	-	-	—
Non-controlling interests		140,493	136,632	134,070	129,225	123,663
Total equity	Before distribution	1,844,803	1,842,890	1,972,824	2,013,590	2,049,267
	After distribution (Note 1)	1,822,498	1,820,585	1,917,063	1,991,285	1,982,353

Note 1: The 2021 earnings distribution proposal was approved by the first meeting of the ninth session of the Board of Directors of the Company in 2022, but has not yet been approved by the shareholders' meeting.

Note 2: The aforementioned financial information has been audited and certified by accountants.

2. Condensed Individual Balance Sheet - Based on IFRS

Unit: NT\$1000

Item \ Year	Year	Financial analysis for the past five years (Note 2)				
		2018	2019	2020	2021	2022
Current assets		283,211	261,925	368,727	492,709	557,515
Property, Plant and Equipment		936,731	906,306	874,545	827,108	816,928
Intangible assets		433,504	385,915	339,391	293,490	253,455
Other assets		687,970	770,470	757,913	825,118	855,714
Total assets		2,341,416	2,324,616	2,340,576	2,438,425	2,483,612
Current liabilities	Before distribution	396,113	347,465	319,081	303,139	340,175
	After distribution (Note 1)	418,418	369,770	374,842	325,444	407,089
Non-current liabilities		240,993	270,893	182,741	250,921	217,833
Total liabilities	Before distribution	637,106	618,358	501,822	554,060	558,008
	After distribution (Note 1)	659,411	640,663	557,583	576,365	624,922
Equity attributable to shareholders of the parent company		-	-	-	-	-
Capital stock		1,115,229	1,115,229	1,115,229	1,115,229	1,115,229
Capital surplus		170,663	170,663	170,663	170,663	170,663
Retained earnings	Before distribution	430,164	447,566	512,189	476,301	606,409
	After distribution (Note 1)	407,859	425,261	456,428	453,996	539,495
Other equity interest		(11,746)	(27,200)	40,673	122,172	122,172
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	1,704,310	1,706,258	1,838,754	1,884,365	1,925,604
	After distribution (Note 1)	1,682,005	1,683,953	1,782,993	1,862,060	1,858,690

Note 1: The 2021 earnings distribution proposal was approved by the first meeting of the ninth session of the Board of Directors of the Company in 2022, but has not yet been approved by the shareholders' meeting.

Note 2: The aforementioned financial information has been audited and certified by accountants.

(II) Information on Condensed Comprehensive Income Statement:

1. Consolidated Condensed Comprehensive Income Statement - Based on IFRS

Unit: NT\$1000

Item \ Year	Financial analysis for the past five years (Note 2)				
	2018	2019	2020	2021	2022
Operating revenue	670,301	753,006	736,669	587,918	835,940
Gross profit	230,588	300,426	327,347	219,716	434,904
Operating income	(10,712)	32,838	84,706	(2,271)	182,066
Non-operating income and expenses	36,244	7,249	18,674	20,491	4,4148
Net income from continuing operations before income tax	25,532	40,087	103,380	18,220	186,214
Net income of continuing business units	25,532	40,087	103,380	18,220	186,214
Loss of suspended business unit	-	-	-	-	—
Net income (loss)	20,055	36,140	85,030	15,537	148,732
Other comprehensive income (Income after tax)	(22,433)	(15,748)	67,209	80,991	(90,750)
Total comprehensive income	(2,378)	20,392	152,239	96,528	57,982
Net income attributable to shareholders of the parent company	21,126	40,001	87,592	20,382	154,294
Net income (loss) attributable to non-controlling interests	(1,071)	(3,861)	(2,562)	(4,845)	(5,562)
Comprehensive income attributable to shareholders of the parent company	(1,307)	24,253	154,801	101,373	63,544
Comprehensive income attributable to non-controlling interests	(1,071)	(3,861)	(2,562)	(4,845)	(5,562)
Earnings per share (Note 1)	0.19	0.36	0.79	0.18	1.38

Note 1: The calculation is based on the number of shares after retroactively adjusting the capital increase by retained earnings.

Note 2: The aforementioned financial information has been audited and certified by accountants.

2. Condensed Individual Comprehensive Income Statement - Based on IFRS

Unit: NT\$1000

Item \ Year	Financial analysis for the past five years (Note 2)				
	2018	2019	2020	2021	2022
Operating revenue	661,417	731,280	716,051	566,844	809,019
Gross profit	235,329	293,217	319,743	214,638	426,774
Operating income	(7,913)	41,653	92,224	6,636	190,845
Non-operating income and expenses	34,516	2,295	13,718	16,429	931
Net income from continuing operations before income tax	26,603	43,948	105,942	23,065	191,776
Net income of continuing business units	26,603	43,948	105,942	23,065	191,776
Loss of suspended business unit	-	-	-	-	—
Net income (loss)	21,126	40,001	87,592	20,382	154,294
Other comprehensive income (Income after tax)	(22,433)	(15,748)	67,209	80,991	(90,750)
Total comprehensive income	(1,307)	24,253	154,801	101,373	63,544
Net income attributable to shareholders of the parent company	21,126	40,001	87,592	20,382	154,294
Net income attributable to non-controlling interests	-	-	-	-	—
Comprehensive income attributable to shareholders of the parent company	(1,307)	24,253	154,801	101,373	63,544
Comprehensive income attributable to non-controlling interests	-	-	-	-	—
Earnings per share (Note 1)	0.19	0.36	0.79	0.18	1.38

Note 1: The calculation is based on the number of shares after retroactively adjusting the capital increase by retained earnings.

Note 2: The aforementioned financial information has been audited and certified by accountants.

(III) Name of the accountants and their audit opinion for the last five years

Year	Accounting firm	Name of the CPAs	Audit opinion
2018	Deloitte & Touche	YANG, CHAO-CHIN, LIAO, HONG-RU	Unqualified opinion
2019	Deloitte & Touche	YANG, CHAO-CHIN, LIAO, HONG-RU	Unqualified opinion Add other matters
2020	Deloitte & Touche	YANG, CHAO-CHIN, LI, CHI-CHEN	Unqualified opinion
2021	Deloitte & Touche	LI, CHI-CHEN YANG, CHAO-CHIN,	Unqualified opinion
2022	Deloitte & Touche	LI, CHI-CHEN YANG, CHAO-CHIN,	Unqualified opinion

6.2 Financial analysis for the past five years:

(I) Consolidated Financial Analysis - Based on IFRS

Items (Note 2)		Year (Note 1)	Financial analysis for the past five years				
			2018	2019	2020	2021	2022
Financial structure (%)	Debt to asset ratio		27.01	27.07	23.26	25.29	26.45
	Long term capital to property, plant and equipment ratio		168.14	174.21	182.89	193.03	192.01
Solvency (%)	Current ratio		66.69	66.95	95.82	123.67	120.84
	Quick ratio		61.15	61.04	90.02	117.95	115.56
	Interest coverage ratio		5.36	6.01	16.50	4.06	21.36
Operating capacity	Receivables turnover (times)		53.91	51.15	60.61	43.61	68.79
	Average cash recovery day		6.77	7.13	6.02	8.37	5.30
	Inventory turnover (times)		51.57	44.41	37.4	32.14	34.47
	Accounts receivables turnover (times)		19.03	15.68	15.32	12.97	12.81
	Days sales outstanding		7.08	8.21	9.76	11.35	10.58
	Property, plant and equipment turnover (times)		0.64	0.61	0.62	0.50	0.70
	Total asset turnover (times)		0.29	0.30	0.29	0.22	0.31
Profitability	Return on assets (%)		0.96	1.63	3.53	0.76	5.69
	Return on equity (%)		1.12	1.96	4.46	0.78	7.32
	Pre-tax net profit to paid-in capital ratio (%)		2.29	3.59	9.27	1.63	16.70
	Net profit ratio (%)		2.99	4.80	11.54	2.64	17.79
	Earnings per share (NT\$) (Note 3)		0.19	0.36	0.79	0.18	1.38
Cash flow	Cash flow ratio (%)		25.63	46.45	56.38	34.13	62.20
	Cash flow adequacy ratio		86.76	98.18	101.51	111.99	160.00
	Cash reinvestment ratio (%)		5.20	12.23	11.66	7.37	15.37
Leverage	Operating leverage		(9.81)	5.14	2.53	(51.95)	1.00
	Financial leverage		0.65	1.32	1.09	0.28	1.05

Analysis of financial ratio differences for the year 2021 and the year 2020; not

Comparing the changes in financial ratios in the two years, the increase or decrease of 20% is explained as follows:

Item	Changes %	Explanation
Interest coverage ratio	426.47%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the net profit before tax will increase compared with the previous year.
Average cash recovery day	-36.68%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the operating income will increase significantly compared with the previous year.
Property, plant and equipment turnover (times)	40.62%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the operating income will increase significantly compared with the previous year.
Total asset turnover (times)	36.60%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the operating income will increase significantly compared with the previous year.
Return on assets	650.46%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the net profit before tax will increase compared with the previous year.
Return on equity	839.26%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the net profit before tax will increase compared with the previous year.
Pre-tax net profit to paid-in capital ratio	922.03%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the net profit before tax will increase compared with the previous year.
Net profit ratio	573.25%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the after-tax net profit will increase significantly compared with the previous year.
Earnings per share	666.67%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the after-tax net profit will increase significantly compared with the previous year.
Cash flow ratio	82.28%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the net cash inflow from operating activities will increase significantly compared with the previous year.
Cash flow adequacy ratio	42.87%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the net cash inflow from operating activities will increase significantly compared with the previous year.
Cash reinvestment ratio	108.66%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the net cash inflow from operating activities will increase significantly compared with the previous year.
Operating leverage	-101.92%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the operating income and operating profit will increase significantly compared with the previous year.
Financial leverage	281.51%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the operating profit will increase significantly compared with the previous year.

(II) Individual Financial Analysis - Based on IFRS

Year (Note 1) Items (Note 2)		Financial analysis for the past five years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to asset ratio	27.21	26.60	21.44	22.72	22.47
	Long term capital to property, plant and equipment ratio	207.67	218.15	231.15	258.16	262.38
Solvency (%)	Current ratio	71.50	75.38	115.56	171.37	163.89
	Quick ratio	67.10	70.36	109.95	165.16	158.60
	Interest coverage ratio	5.72	6.87	19.58	6.28	31.33
Operating capacity	Receivables turnover (times)	54.15	51.29	62.03	44.14	69.26
	Average cash recovery day	6.74	7.12	5.88	8.27	5.27
	Inventory turnover (times)	50.13	43.26	36.56	31.03	33.30
	Accounts receivables turnover (times)	18.55	15.90	15.78	12.88	12.96
	Days sales outstanding	7.28	8.44	9.98	11.76	10.96
	Property, plant and equipment turnover (times)	0.74	0.79	0.80	0.67	0.98
	Total asset turnover (times)	0.30	0.31	0.31	0.24	0.33
Profitability	Return on assets (%)	1.01	1.91	3.93	0.98	6.47
	Return on equity (%)	1.22	2.35	4.94	1.09	8.10
	Pre-tax net profit to paid-in capital ratio (%)	2.39	3.94	9.50	2.07	17.20
	Net profit ratio (%)	3.19	5.47	12.23	3.60	19.07
	Earnings per share (NT\$) (Note 3)	0.19	0.36	0.79	0.18	1.38
Cash flow	Cash flow ratio (%)	29.22	54.15	72.71	47.45	84.50
	Cash flow adequacy ratio	87.10	99.35	103.79	122.59	197.15
	Cash reinvestment ratio (%)	6.81	14.89	13.91	8.50	18.12
Leverage	Operating leverage	-13.18	4.09	2.34	18.04	1.56
	Financial leverage	0.61	1.22	1.07	2.92	1.02

Comparing the changes in financial ratios in the two years, the increase or decrease of 20% is explained as follows:

Item	Changes %	Explanation
Interest coverage ratio	398.48%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the net profit before tax will increase compared with the previous year.
Receivables turnover (times)	56.92%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the operating income will increase significantly compared with the previous year.
Average cash recovery day	-36.27%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the operating income will increase significantly compared with the previous year.
Property, plant and equipment turnover (times)	47.73%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the operating income will increase significantly compared with the previous year.
Total asset turnover (times)	38.58%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the operating income will increase significantly compared with the previous year.
Return on assets	556.95%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the net profit before tax will increase compared with the previous year.
Return on equity	639.75%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the net profit before tax will increase compared with the previous year.
Pre-tax net profit to paid-in capital ratio	731.46%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the net profit before tax will increase compared with the previous year.
Net profit ratio	430.40%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the after-tax net profit will increase significantly compared with the previous year.
Earnings per share	666.67%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the after-tax net profit will increase significantly compared with the previous year.
Cash flow ratio	78.08%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the net cash inflow from operating activities will increase significantly compared with the previous year.
Cash reinvestment ratio	113.30%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the net cash inflow from operating activities will increase significantly compared with the previous year.
Operating leverage	-91.36%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the operating income and operating profit will increase significantly compared with the previous year.
Financial leverage	-64.98%	The impact of the epidemic in 2022 will be significantly reduced compared with 2021, and the operating profit will increase significantly compared with the previous year.

Note 1: The aforementioned financial information has been audited and certified by accountants.

Note 2: The formula of financial ratio is given below:

1. Financial structure

(1) Debt to assets ratio = total liabilities / total assets.

(2) Ratio of long term funds to property, plant, and equipment (total equity + non-current liabilities) / net worth of property, plant and equipment.

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets – inventory – contract property – prepaid items) / current liabilities.

(3) Times interest earned ratio = net income before tax and interest expense / interest expense.

3. Operating capacity

(1) Account receivable turnover (including accounts receivable and notes receivable resulted from business operation) = net sales / average balance of account receivable (including accounts receivable and notes receivable resulted from business operation).

(2) Days sales in account receivable = 365 / account receivable turnover.

(3) Inventory turnover = cost of goods sold / average inventory.

(4) Account payable turnover (including accounts payable and notes payable resulted from business operation) = operating costs / average balance of account payable (including accounts payable and notes payable resulted from business operation).

(5) Average days in sales = 365 / inventory turnover.

(6) Property, plant and equipment turnover = net sales / average net worth of property, plant and equipment.

(7) Total assets turnover = net sales / average total assets.

4. Profitability

(1) Ratio or return on total assets = [net income + interest expense × (1 tax rate)] / average total assets.

(2) Return on equity = net income / average net equity.

(3) Profit ratio = net income / net sales.

(4) Earnings per share = (net income preferred stock dividend) / weighted average stock shares issued (Note 3)

5. Cash flow

(1) Cash flow ratio = net cash flow from operating activity / current liabilities

(2) Cash flow adequacy ratio = (net cash flow from operating activities within five year / (capital expenditure + inventory increase + cash dividend) within five year

(3) Cash reinvestment ratio = (net cash flow from operating activity cash dividend) / (total fixed assets + long term investment + other non-current assets + working capital).

6. Leverage

(1) Operation balance = (net operating income operating variable cost and expense) / operating income.

(2) Financial balance = operating income / (operating income interest expense).

Note 3: The calculation is based on the number of shares after retroactively adjusting the capital increase by retained earnings.

6.3 Audit Committee's Report for the Most Recent Year

Chateau International Development Co., Ltd. Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of Deloitte & Touche was retained to audit TSMC's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and quarterly earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Taiwan Semiconductor Manufacturing Company Limited. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

Chateau International Development Co., Ltd.

Chairman of the Audit Committee:



Sir Wei Fu-Quan

Feb. 24, 2023

- 6.4 Financial statement for the most recent fiscal year: please refer to page 148~204.**
- 6.5 A parent company only financial statement for the most recent fiscal year, certified by a CPA: please refer to page 205~258.**
- 6.6 If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.**

07. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Consolidated financial status:

Unit: NT\$1,000

Items \ Year	2022	2021	Difference	
			Amount	%
Current assets	569,509	503,924	65,585	13.01%
Property, Plant and Equipment	1,205,654	1,173,886	31,768	2.71%
Intangible assets	254,095	293,490	(39,395)	-13.42%
Other assets	756,971	723,779	33,192	4.59%
Total assets	2,786,229	2,695,079	91,150	3.38%
Current liabilities	471,273	429,129	42,144	9.82%
Non-current liabilities	265,689	252,360	13,329	5.28%
Total liabilities	736,962	681,489	55,473	8.14%
Capital stock	1,115,229	1,115,229	0	0.00%
Capital surplus	170,663	170,663	0	0.00%
Retained earnings	606,409	476,301	130,108	27.32%
Other interests	33,303	122,172	(88,869)	-72.74%
Total shareholders' equity	2,049,267	2,013,590	35,677	1.77%

Note 1: The aforementioned financial information of the past two years has been audited and certified by accountants.

Items with major change (change percent reaching 20% and the change amount reaching NT\$10,000 thousand) are explained as below:

- 1、Retained earnings: the net profit after tax in the current period in 2022 will increase significantly compared with the same period.
- 2、Other equity: mainly due to unrealized valuation gains or losses on investments in equity instruments measured at fair value through other comprehensive income.

7.2 Consolidated financial performance:

(I) Comparison and analysis of business results

Unit: NT\$1000

Items \ Year	2022	2021	Increase (decrease) Amount	Changes ratio (%)
Operating revenues	835,940	587,918	248,022	42.19%
Operating costs	401,036	368,202	32,834	8.92%
Gross profit	434,904	219,716	215,188	97.94%
Operating expenses	252,835	221,983	30,852	13.90%
Other income and expenses	(3)	(4)	1	25.00%
Operating net profit	182,066	(2,271)	184,337	8117.00%
Non-operating income and expenses	4,148	20,491	(16,343)	-79.76%
Net income before income tax	186,214	18,220	167,994	922.03%
Net income	148,732	15,537	133,195	857.28%
Other comprehensive income (Income after tax)	(90,750)	80,991	(171,741)	-212.05%
Total comprehensive income	57,982	96,528	(38,546)	-39.93%
Earnings per share	1.38	0.18	1.20	666.67%

Note 1: The aforementioned financial information of the past two years has been audited and certified by accountants.

Items with major change (change percent reaching 20% and the change amount reaching NT\$10,000 thousand) are explained as below:

1. Operating revenues, Gross profit, Operating net profit, Net income before income tax, Net income, Earnings per share: the impact of the epidemic in 2022 will be significantly reduced compared with 2021.
2. Non-operating income and expenses: the government subsidy income in 2022 will decrease by NT\$17,261 (thousand dollars) compared with 2021..
3. Other comprehensive income (net of tax) for the year and total comprehensive income for the period: Mainly due to unrealized valuation gains or losses on investments in equity instruments measured at fair value through other comprehensive income.

(II) The expected sales volume and its basis, the possible impact on the Company's future financial operations and the plan to respond:

1. The development of sustainable tourism:

Facing the invasion of the epidemic in the past three years, the tourism industry has already entered a huge structural change. The business model of all links in the tourism supply chain and the travel habits of consumers are constantly undergoing essential changes. If we want to cater to the future With the consumer demand in the epidemic era, "sustainable tourism" has become the key to future consumers' attention. With the goal of developing sustainable tourism, the company will continue to promote ecological conservation activities and various non-powered and pollution-free leisure and recreational activities. In addition, the company combines sustainable tourism with community development and local cultural promotion to create sustainable urban and rural areas, rejuvenate community vitality, and enhance community organizations' awareness of the concept of ecotourism. Construct the development capacity of community-based ecotourism destinations, support community development cultural associations,

and jointly promote community development.

2. Increase in sales volume

From 2021 to 2023, Chateau Fulang Hotel, a subsidiary company, underwent renovation and planned to increase the number of rooms from 54 to 93 and 61 beds for backpackers, offering a wide range of rooms at low, medium and high prices, making it the first choice when choosing Tainan Railway Station (Tainan Chihkan Cultural Zone).

7.3 Consolidated cash flow:

(I) Liquidity analysis of the last two years

Unit: %

Item \ Year	2022	2021	Increase (decrease) percentage
Cash flow ratio	62.20	34.13	82.24
Cash flow adequacy ratio	160.00	111.99	42.87
Cash reinvestment ratio	15.37	7.37	108.55

Note 1: The aforementioned financial information of the past two years has been audited and certified by accountants.

(II) Improvement plan for liquidity deficiency: The Company has no liquidity deficiency at present, so it is not applicable.

(III) Liquidity analysis for the coming year:

Unit: NT\$1,000

Beginning of Year Cash Balance	Estimated cash flow from the business activities of the whole year	Estimated cash outflow of the whole year	Estimated cash surplus	Remedial measures for estimated cash deficit	
				Investment plans	Financial plans
303,475	263,069	(178,350)	388,194	-	-

1. Analysis on cash flow situation for the coming year:

(1) Operating activities: The estimated net cash inflow from operating activities of the Consolidated Company for the year 2023 is NT\$263,069 thousand.

(2) Investing and financing activities: In the year 2023, the subsidiary (Chateau Fulang Hotel Co., Ltd.) will acquire land and buildings for hotel operation and carry out guest room expansion plans. The total cash outflow will be approximately NT\$172,760,000

2. Analysis on the remedial measures for estimated cash deficit: Not applicable.

7.4 The impact of major capital expenditure in the last year on the financial business:

In the last year, the main capital expenditure of the consolidated company was guest room renovation by the subsidiary. Because the impact of the epidemic in 2022 has slowed down and tourism has increased significantly, the cash inflow from operating activities has increased by 100.17% compared with the previous year. Therefore, large-scale capital expenditures such as room renovation. There is little impact on the financial business of the consolidated company.

7.5 Re-investment policy, major reason for profit/loss of the last year, improvement plan and the investment plan for the coming year:

(I) Re-investment policy, major reason for profit/loss of the last year, improvement plan and the investment plan of recent years:

The Consolidated Company's current investments are mainly in leisure hotel industry. In the year 2022, the Company recognized a loss of NT\$4,463 thousand from subsidiary recognized by the company for direct reinvestment and each invested company that adopts the equity method.

The subsidiary continues to renovate rooms and increase the number of rooms in the year 2023 to provide guests with a variety of room options in order to increase its revenue stream.

(II) Investment plans for the coming year:

In the year 2023, Chateau Fulang Hotel, a subsidiary company, continues to undergo renovation and planned to increase the number of rooms from 54 to 93 and 61 beds for backpackers, offering a wide range of rooms at low, medium and high prices, making it the first choice when choosing Tainan Railway Station (Tainan Chihkan Cultural Zone). In addition, it increases the source of income and recreation room (gym) to increase the value of the hotel.

7.6 Risk items, and the related analysis and evaluation of the recent years and as of the printing date of the annual report:

(I) Status of implementation of risk management:

Since the year 2018, the Company has been actively promoting risk management. In order to enable all employees to implement the risk management mechanism, the “Risk Management Policy and Procedures” was established and approved by the Board of Directors in 2020.

The main risks faced by the Company in respect of each operation are: hazard risk, operational risk, financial risk, strategic risk, compliance/contractual risk, information security risk, climate change risk and other risks. In addition to the original system regulation and handling, we are actively monitoring, evaluating and managing various important risks in order to balance safety and efficiency and to establish a more cost-effective operation model.

The company's risk response organization is based on the risk management policies and procedures established by the board of directors/audit committee of the company and its subsidiaries. The General Manager acts as the convener and directs the promotion and operation of the risk management program and employees of all departments under the convener are involved in the implementation of the plan.

Please refer to the Company's website for details of the organizational structure, processes and execution.

Its operations have been reported to the Board of Directors on a regular basis once a year since 2020 and the main operations are as follows:

Year	Implementation Status
2020	The Company has established “Risk Management Policy and Procedures” which was approved by the Board of Directors in 2020.
2021	On April 13, 2022, the first meeting of the ninth 111-year board of directors has reported the operation of risk management to the board of directors. The main points are as follows: 1. Hazard risk (epidemic infectious disease), operational risk: 2. Information security risks 3. Climate change risk assessment
2022	On February 24, 2023, the first meeting of the 10th session of the board of directors in 2023 has reported the operation of risk management to the board of directors. The main points are as follows: 1. Hazard risk (epidemic infectious disease), operational risk: (1) The Impact of Epidemics Remains an Ongoing Concern. (2) Operational risk of shortage of talents for tourism recovery after the epidemic. 2. Information security risks 3. Climate change risk assessment

(II) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:

1. Effects of Changes in Interest Rates of Recent Years and Future Response Measures:

The Consolidated Company's short-term loans amounted to NT\$30,000 thousand, short-term notes payable amounted to NT\$89,404 thousand, long-term liabilities due within one year or one business cycle amounted to NT\$83,583 thousand, long-term loans amounted to NT\$233,917 thousand, and interest expenses amounted to NT\$8,847 thousand in the year 2022.

The Consolidated Company's interest rate risk mainly arises from supporting operating activities and long-term liabilities. In order to reduce interest rate

- risk, the Consolidated Company allocates long-term and short-term borrowings effectively.
2. Effects of Changes in Foreign Exchange Rates on Corporate Finance of Recent Years, and Future Response Measures:
The Consolidated Company's current operating revenues are 100% domestic, so there is no risk of exchange rate fluctuations.
 3. Effects of Changes in Inflation on Corporate Finance of Recent Years, and Future Response Measures:
The Consolidated Company has taken the risk of inflation into consideration in planning its annual operating plans, continuously monitored changes in market prices, and maintained good interactions with suppliers to hedge the impact of inflation on the Company's profit and loss. The Consolidated Company will continue to monitor changes in market prices and interact with suppliers to hedge the impact of inflation on its profit and loss.
- (III) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions:
1. The Consolidated Company's financial strategy is prudent and conservative, and as of the date of the annual report, it has not engaged in any high-risk, highly leveraged investments or investments in derivative transactions.
 2. Endorsement and guarantee for others: The Company has established "Procedures for Endorsement and Guarantee" and no endorsement and guarantee has been made as of the date of printing of the annual report.
 3. For companies or firms with which the Company has business dealings, the amount of individual loans shall not exceed the amount of business dealings between the two parties; for companies or firms with short-term financing needs, the amount of individual loans shall not exceed 20% of the Company's net worth. The amount of individual loans shall not exceed 20% of the net worth of the Company. In response to the short-term financing needs of the subsidiaries, the Company's third meeting of the 10th board approved a loan of capital to the subsidiaries in the amount of NT\$150,000 thousand in the year 2022. The amount to the subsidiaries was unused in 2022 and as of the date of the annual report.
- (IV) Future Research & Development Projects and Corresponding Budget: The company belongs to the tourism and hotel industry, so it is not applicable.
- (V) Effects and Response to Changes in Domestic and Foreign Policies and Regulations Relating to Corporate Finance and Sales:
The Consolidated Company's operating policies are governed by laws and regulations, and it keeps an eye on important domestic and international policy and legal changes, consulting relevant experts when necessary and taking appropriate measures in response. As of the date of the annual report, the Consolidated Company has not been subject to any significant changes in domestic or foreign policies and laws that would affect its financial operations.
- (VI) Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales :
1. Through seminars held by industry and professional organizations, international tourism exhibitions and local cultural events organized by tourism bureaus and county and city governments, the merged company is able to obtain relevant industry information and keep abreast of the latest market news, and to meet consumer needs with innovative and diversified services, which not only increases the company's profits, but also promotes local culture and effectively drives tourism. The company will not only increase its profits, but also enhance local culture and effectively promote the prosperous development of tourism.
 2. The information security risk assessment, the impact on the Company's financial operations and the measures to address the changes in technology are described below:
In order to ensure a stable and secure environment for the operation and use of our information systems, we have established standard operating

procedures and information security management policies through the implementation steps described in their definitions, which are used as a basis for relevant personnel to follow.

The standard operating procedures cover information systems and networks, including six major areas: information department functions and responsibilities, application development and maintenance management, computer system management, computer operation management, redundancy and recovery operations, and network security management.

To strengthen information security management, in addition to building firewalls, anti-virus software, and backup systems, we are currently evaluating information security protection insurance (including personal data protection) to reduce the risk of information security breaches.

(VII) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures:

The Consolidated Company has been operating under the principles of professionalism, integrity and stability, and has attached great importance to corporate image and risk management, and there has been no significant change in corporate image resulting in corporate crisis management.

In the future, while pursuing the maximization of shareholders' rights, the Company will also fulfill its corporate social responsibility. The Company has been compiling the "Sustainability Report" by year since 2014, which is available on the Company's website and the Market Observation Post System for investors' reference.

(VIII) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.

(IX) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans:

As of the printing date of the Company's most recent annual report, Hotel Château Anping is officially opened for business in April 2018. The subsidiary will carry out guest room decoration and increase the number of guest rooms from 2021 to 2023, in order to increase consolidated operating income and generate investment benefits.

(X) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration:

The Consolidated Company has no over-concentration of imports and sales, and will continue to diversify in the future in order to avoid risks.

(XI) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%:

As of the printing date of the Consolidated Company's most recent annual report, there has been no significant transfer of ownership by directors, supervisors, or substantial shareholders holding more than 10% of the shares.

(XII) Effects of, Risks Relating to and Response to the Changes in Management Rights:

There was no material change in the Company's operating rights for the most recent year ended on the date of printing the annual report.

(XIII) For the contentious or non-contentious events, it shall list the directors, general manager, substantial person in charge, and shareholders with more than 10% shareholding, as well as the major contentious and non continuous events or administrative litigation event related to the affiliates currently or in the past according to the judgment. For those that the result might show substantial influence on the shareholder's equity or price of securities, it shall disclose its fact, target amount, start date of litigation, major involved parties and handling situation until the date of using the annual report: None.

(XIV) Other major risks and countermeasures:

1. Operational risk of shortage of talents for tourism recovery after the epidemic:
After the epidemic is lifted, the domestic tourism industry is short of people and workers

Countermeasures:

- (1) Identify specific training needs and arrange for appropriate learning opportunities or developmental processes
 - (2) Improve employee retention
 - (3) Adjust employee benefits and salaries
 - (4) Expand human resources recruitment channels
 - (5) It is recommended that the government moderately open up the introduction of foreign employees
2. Risks of climate change to companies:
- (1) The epidemic and disasters caused by climate change have made it difficult to import and export goods and caused an increase in the cost of raw materials.

Countermeasures:

Increase the number of suppliers to diversify the risk of supply chain forging. Strictly select local crop suppliers and gradually increase the variety of contracted agricultural products.

- (2) Change in the source of energy supply: With the gradual retirement of coal-fired power plants, only renewable energy plants will be left to operate, as the unit cost of generating electricity from renewable energy sources may be higher than coal-fired generation, and higher tariffs may be required with no change in electricity demand.

Countermeasures:

Set an annual energy saving target of 1% and actively promote various energy saving measures to improve energy consumption and reduce costs.

7.7 The Company will adopt the following objectives and methods of hedge accounting:

The Company's major financial instruments include equity investments, accounts receivable and accounts payable. As of the date of the annual report, the Company has not entered into hedging transactions of financial instruments (including derivative financial instruments) for speculative purposes and is therefore not applicable.

7.8 The basis and foundation of the assessment of the presentation of asset and liability valuation accounts:

(I) Allowance for losses:

Room revenue will be collected in advance by cash or credit card before check-out. For travel agencies and contracting companies that have been working with the Company for a long time, we receive payment after signing the contract.

Receipt of food and beverage revenue is done by cash or credit card. For travel agencies and contracting companies that have been working with the Company for a long time, we receive payment after signing the contract.

With respect to the allowance for losses, the Company assesses that no allowance for losses is necessary because the amount of receivables over 90 days is insignificant and collectible.

(II) Allowance for loss on decline in value of inventories:

The turnover days of the Company's fresh produce inventory are approximately 3 days; the turnover days of the general merchandise inventory are approximately 30 days; therefore, the Company does not have a low inventory loss.

(III) The basis for evaluating the fair value of financial instruments other than stocks and depositary receipts:

As of the printing date of the annual report, the Company has no investments in financial instruments other than stocks and depositary receipts, therefore, it is not applicable.

7.9 Other important matters: None.

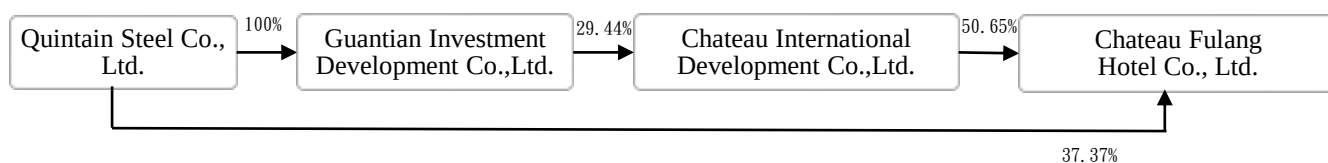
08. Special Disclosure

8.1 Summary of Affiliated Companies:

(I) Consolidated Business Reports of Affiliated Companies:

1. Organizational Chart of Affiliated Companies:

Unit: %; April. 1, 2023



2. Profile of each Affiliated Company:

Unit: NT\$ 1,000; %; April. 1, 2023

Name of the Company	Date of Incorporation	Address	Paid-in Capital	Major Business Items
Chateau Fulang Hotel Co., Ltd.	2012 Dec.	B1 and 1F, 2F, 3F, 4F, 7F-1, 7F-2, 9F-4, No. 114, Chenggong Rd., North Dist., Tainan City	531,000	Hotels and Motels Restaurants

3. Information on the same shareholders presumed to have a relationship of control and subordination: None.

4. The industries covered by the business operated by the affiliates overall: Please refer to Paragraph 2.

5. The names of the directors, supervisors, and general manager of each affiliate and the details of their shareholding or capital contribution in such affiliate:

Unit: share; %; April. 1, 2023

Name of the Company	Title	Name or representative	Shareholdings	
			shares	%
Chateau Fulang Hotel Co., Ltd.	Chairman	CHEN, SIE-TONG (representative of Chateau International Development Company Limited)	26,897,691	50.65%
	Deputy Chairman	CHEN, MI-JYUAN (representative of Polydo Investment Co., Ltd.)	2,242,239	4.22%
	Director(GM)	CHEN, YU-TIEN (representative of Quintain Steel Co., Ltd.)	19,845,175	37.37%
	Director	WU, CHEN-LIANG (representative of Fuming Investment Company)	1,872,656	3.53%
	Director	CHEN, CHIEH-JEN (representative of Chateau International Development Company Limited)	26,897,691	50.65%
	Supervisors	TSAI, TE-HSIANG (Chia Chi Sdry Enterprise Co., Ltd.)	2,242,239	4.22%

6. In terms of operations profile of the affiliated companies, the financial status and operation performance of each affiliated companies should be stated:

Unit: NT\$1,000

Name of the Company	Capital	Total assets	Non-current liabilities	Net value	Operating revenue	Operating profit (loss)	Net income (loss) (after-tax)	Net earnings (loss) per share (NT\$)(after-tax)
Chateau Fulang Hotel Co., Ltd.	201,000	371,207	178,979	192,228	28,064	(8,938)	(9,985)	(0.50)

(II) Consolidated Financial Statements of Affiliated Companies:

The entities that are required to be included in the consolidated financial statements of Chateau International Development Co., Ltd. as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Accounting Standard 10, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Chateau International Development Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

(III) Affiliation Reports:

1. The relationship between the subordinate company and the controlling company:

Unit: share; %; April. 1, 2023

The name of the controlling company	the reasons for the control	details of shareholding and pledges.			Any directors or supervisors appointed to the subordinate company by the controlling company, or controlling company appointees engaged as managerial officers of the subordinate company.	
		Share	%	Pledge	Title	Name
Quintain Steel Co., Ltd.	The ultimate parent company of the company	-	-	-	-	-
Guantian Investment Development Co., Ltd.	The parent company of the company	32,832,581	29.44%	8,320,000	Chairman Executive director	CHEN, SIE-TONG YOU, GUO-FANG

2. Purchase (sale) of goods:

(1) Purchase of goods: None.

(2) Sale of goods: The operating income of the company and the parent company is mainly room income. Since the amount is less than 1% of the company's operating income, it will not be disclosed. The price of transactions with related parties and the payment period are comparable to those of non-related parties.

3. Property transactions: The company has obtained transportation equipment from the parent company in 2022, and the acquisition price is NT\$1,000,000.

4. Financing: None.

5. Asset leasing:

Unit: NT\$1,000

Type	Object		Period	nature	Rent determination	payment method	the comparison with ordinary leasing price level	Total leasing price for the current period	payment status	Other special stipulations
	Name	location								
Lease	Part of the first floor of the hotel Chateau Anping	Tainan	2022/01 ~ 2022/12	Lease of business premises	According to market conditions	Pay within 10 days after monthly checkout	Same as general rent	865	normal	None
Lease	Office on the 4th floor of Chateau Building	Tainan	2022/01 ~ 2022/12	leased office	According to market conditions	Pay within 10 days after monthly checkout	Same as general rent	192	normal	None

6. Endorsements and guarantees: None.

8.2 Private Placement Securities during the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report: None.

8.3 Holding or Disposal of the Company's Shares by Affiliated Companies during the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report: None.

8.4 Other Necessary Supplementary Notes:

- (1) In the event of any matter which has had a significant impact on shareholders rights or the price for the securities referred to Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act during the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report: None.

09. In the event of any matter which has had a significant impact on shareholders rights or the price for the securities referred to Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act during the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report, items should be stated in order: None.

Statement for the consolidated financial statements of affiliated enterprises

The entities that are required to be included in the consolidated financial statements of Chateau International Development Co., Ltd. as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Accounting Standard 10, “Consolidated and Separate Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Chateau International Development Co., Ltd. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours,

Chateau International Development Co., Ltd.
Chairman: CHEN, SIE-TONG

Feb. 24, 2023

Independent Auditors' Report (Consolidated Financial Statements)

The Board of Directors and Shareholders
Chateau International Development Company Limited

Opinion

The Consolidated balance sheet of Chateau International Development Company Limited and its subsidiaries (Château Hotels & Resorts) on December 31, 2021 and 2022, Consolidated statement of comprehensive income, statement of comprehensive income, Consolidated Statement of changes in equity, Consolidated Cash flow statement, and Consolidated Financial Statements or Notes (include a summary of significant policies of accounting) on January 1 to December 31, 2021 and 2022, were audited and completed by the accountant.

According to the opinion of the accountant, the said Consolidated Financial Statements, in all major aspects, was in accordance with the regulations governing the preparation of financial reports by securities issuers and approved by the Financial Supervisory Commission, and issued effective IFRS, IAS, IFRIC Interpretations, and SIC Interpretations, which were able to express the consolidated financial status of Château Hotels & Resorts on December 31, 2021 and 2022, and consolidated financial performance and consolidated cash flow on January 1 to December 31, 2021 and 2022.

Basis of Opinion

The accountant performed the audit work in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing standards. The accountant's responsibilities under these standards will be further explained in the accountant's responsibility section for review of the consolidated financial statements. The personnel of the accountant's subordinate affairs subject to independence regulations have maintained aloof independence from Château Hotels & Resorts in accordance with the accountant's professional ethics and fulfilled other responsibilities under the regulations. The accountant believes that sufficient and appropriate verification evidence has been obtained as a basis for expressing audit opinions.

Key Audit Matter

Key audit matter refers to the most important matters in the audit of Château Hotels & Resorts Consolidated Financial Statements in 2022 according to the professional judgment of the accountant. These matters have been dealt with in the process of reviewing the consolidated financial statements as a whole and forming an audit opinion. The accountant does not express an independent opinion on these matters.

The key audit matter of Château Hotels & Resorts' consolidated financial statements in 2022 is stated as follows:

As stated in Note 23 of the consolidated financial statements, the revenue from guest rooms and food was 828,121 (In Thousands of NTD) in 2022, accounting for 99% of total operating revenue. They are significant to the consolidated financial statements. The room income generated by the reservation of the travel agent usually involves a lot of manual

operations due to the different transaction conditions of the travel agent. Therefore, the accountant lists the authenticity of the income generated by the travel agent as the key audit matter.

Corresponding audit procedures

The accountant has executed the corresponding procedures for the said key audit matter listed as follows:

1. To understand and test the effectiveness of the main internal control design and implementation for the authenticity of revenue.
2. Obtain details of room revenue and catering revenue generated by bookings from travel agencies, and check relevant transaction documents, including passenger registration cards, counter bills, reconciliation calculations of travel agency and contract terms, etc., to test the authenticity of the revenue.
3. Audit the subsequent records of payment received from the travel industry after the review period.

Other items

Chateau International Development Company Limited has prepared individual financial reports for the year 2022 and 2021, and the accountant has issued an unqualified audit report for reference.

Responsibilities of Management and Governing body for consolidated financial statements

The responsibility of management was in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and approved by the Financial Supervisory Commission, and issued effective IFRS, IAS, IFRIC Interpretations, and SIC Interpretations, which were able to express the consolidated financial statements, and maintain the necessary internal control related to the preparation of the consolidated financial statements to ensure that the consolidated financial statements do not contain any material misrepresentation due to fraud or errors.

When preparing the consolidated financial statements, the responsibilities of management also include assessing Château Hotels & Resorts' ability to continue operations, disclosure of related matters, and the adoption of the accounting basis for continued operations, unless the management intends to liquidate Château Hotels & Resorts or cease operations, or there is no practical and feasible plan other than liquidation or suspension of business.

The governing body (including supervisors) of Château Hotels & Resorts is responsible for supervising the financial reporting process.

The accountant's responsibility for auditing the consolidated financial statements

The purpose of this accountant's audit of the consolidated financial statements is to obtain reasonable conviction as to whether the consolidated financial statements as a whole contain any material misrepresentation due to fraud or errors, and to issue an audit report. Reasonable assurance is a high degree of certainty, but the audit work performed in accordance with the auditing standards cannot guarantee that material misrepresentation in the consolidated financial statements will be detected. Misrepresentation may result from fraud or errors. If the untruthful individual amounts or aggregate can be reasonably expected to affect the economic decisions

made by the users of the consolidated financial statements, they are considered significant.

The accountant uses professional judgment and maintains professional suspicion when conducting audits in accordance with the auditing standards generally accepted in the Republic of China. The accountant also performs the following tasks:

1. Identify and evaluate the risks of material misrepresentation in the consolidated financial statements due to fraud or errors; design and implement appropriate countermeasures for the assessed risks; and obtain sufficient and appropriate audit evidence as the basis for audit opinion. Because fraud may involve collusion, forgery, deliberate omission, false statement or violation of internal control, the risk of not detecting material misrepresentation caused by fraud is higher than that caused by errors.
2. Obtain the necessary understanding of the internal control relevant to the audit in order to design an appropriate audit procedure under the circumstances, but its purpose is not to express an opinion on the effectiveness of the internal control of Château Hotels & Resorts.
3. Evaluate the appropriateness of the accounting policies adopted by the management and the reasonableness of accounting estimates and related disclosures.
4. Based on the obtained audit evidence, make a conclusion on the appropriateness of the management's use of the continuing operations of the accounting basis and whether there is significant uncertainty in the event or situation that may cause major doubts about the ability of Château Hotels & Resorts to continue operations. If the accountant believes that there are significant uncertainties in these events or circumstances, he must remind the users of the financial statements in the audit report to pay attention to the relevant disclosures in the consolidated financial statements, or amend the audit opinion when such disclosures are inappropriate. The accountant's conclusion is based on the audit evidence obtained as of the audit report date, but future events or circumstances may cause Château Hotels & Resorts to no longer have the ability to continue operations.
5. Evaluate the overall expression, structure and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements are appropriate to express relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence for the financial information of the constituent entities in Château Hotels & Resorts to express opinions on the consolidated financial statement. The accountant is responsible for the guidance, supervision and execution of the group's audit cases, and is responsible for forming the group's audit opinion.

The matters communicated between the accountant and the governing body include the planned audit scope and time, as well as major audit findings (including significant deficiencies in internal control identified during the audit process).

The accountant also provides the governing body with a statement that the personnel of the accountant's affairs subject to independence regulations have complied with the independence of code of professional ethics, and communicates with the governance unit all relationships and other matters that may be considered to affect the independence of the accountant (including relevant protective measures).

The accountant decided to audit the key audit matter of Château Hotels & Resorts' 2022

financial statements from the matters communicated with the governing body. The accountant states these matters in the audit report, unless the law does not allow specific matters to be disclosed publicly, or in very rare cases, the accountant decides not to communicate specific matters in the audit report because it can be reasonably expected that the negative impact of this communication will be greater than the public interest promoted.

Deloitte & Touche

Accountant LEE, CHI-CHEN

Accountant YANG, CHAO-CHIN

No. approved by Securities and Futures
Commission

No. approved by Financial Supervisory
Commission

No. Taiwan-Financial-Securities-
No.0920123784

No. Financial-Supervisory-Securities-
Auditing- No.1060023872

February 24, 2023

Chateau International Development Company Limited and Subsidiaries
Consolidated Balance Sheet
December 31, 2022 and 2021
(Unit: Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 303,475	11	\$ 120,257	4
1120	Current financial assets at fair value through other comprehensive income (Notes 4 and 7)	202,400	7	312,437	12
1136	Current financial assets at amortized cost (Notes 4, 8 and 30)	25,192	1	33,267	1
1170	Accounts receivable, net (Notes 4, 9 and 29)	11,275	-	13,030	1
1200	Other receivables	3	-	206	-
130X	Current inventories (Notes 4 and 10)	11,452	-	11,820	-
1410	Prepayments	13,458	1	12,730	1
1470	Other current assets (Note 18)	2,254	-	177	-
11XX	Total current assets	569,509	20	503,924	19
	Non-current assets				
1517	Non-current financial assets at fair value through other comprehensive income (Notes 4 and 7)	18,360	1	26,790	1
1535	Non-current financial assets at amortized cost (Notes 4, 8 and 30)	11,000	1	11,000	-
1550	Investments accounted for using equity method (Notes 4 and 12)	53,371	2	3,574	-
1600	Property, plant and equipment (Notes 4, 13, 29 and 30)	1,205,654	43	1,173,886	44
1755	Right-of-use assets (Notes 4 and 14)	44,253	2	56,236	2
1760	Investment property (Note 4, 15 and 30)	589,717	21	589,820	22
1780	Intangible assets (Notes 4 and 16)	934	-	562	-
1791	Franchising (Notes 4, 16 and 31)	253,161	9	292,928	11
1840	Deferred tax assets (Notes 4 and 25)	3,366	-	3,207	-
1952	Fund for improvements and expansions (note 17)	29,395	1	25,388	1
1990	Other non-current assets (Notes 18 and 29)	7,509	-	7,764	-
15XX	Total non-current assets	2,216,720	80	2,191,155	81
1XXX	Total assets	\$ 2,786,229	100	\$ 2,695,079	100
	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Notes 4, 19 and 30)	\$ 30,000	1	\$ 30,000	1
2110	Short-term notes and bills payable (Notes 4, 19 and 30)	89,404	3	90,322	3
2130	Current contract liabilities (notes 4 and 23)	30,928	1	32,720	1
2150	Notes payable	606	-	-	-
2170	Accounts payable (note 29)	31,855	1	30,740	1
2200	Other payables (Notes 20 and 29)	86,899	3	71,941	3
2230	Current tax liabilities (Notes 4 and 25)	39,792	2	20,203	1
2280	Current lease liabilities (notes 4, 14 and 29)	18,301	1	16,983	1
2320	Long-term liabilities, current portion (Notes 4, 19 and 30)	83,583	3	72,033	3
2399	Other current liabilities, others (Notes 20 and 29)	59,905	2	64,187	2
21XX	Total current liabilities	471,273	17	429,129	16
	Non-current liabilities				
2540	Non-current portion of non-current borrowings (Notes 4, 19 and 30)	233,917	8	207,500	8
2570	Deferred tax liabilities (Notes 4 and 25)	1,118	-	1,118	-
2580	Non-current lease liabilities (notes 4, 14 and 29)	22,790	1	34,237	1
2640	Net defined benefit liability, non-current (Note 4 and 21)	7,443	-	9,084	-
2645	Guarantee deposits received	421	-	421	-
25XX	Total non-current liabilities	265,689	9	252,360	9
2XXX	Total liabilities	736,962	26	681,489	25
	Equity attributable to the owners of the parent (Note 22)				
	Share capital				
3110	Ordinary share	1,115,229	40	1,115,229	41
3200	Capital surplus	170,663	6	170,663	6
	Retained earnings				
3310	Legal reserve	158,816	6	156,829	6
3320	Special reserve	230,362	8	226,387	8
3350	Unappropriated retained earnings (accumulated deficit)	217,231	8	93,085	4
3300	Total retained earnings	606,409	22	476,301	18
3400	Total other equity interest	33,303	1	122,172	5
31XX	Total equity attributable to owners of parent	1,925,604	69	1,884,365	70
36XX	Non-controlling interests	123,663	5	129,225	5
3XXX	Total equity	2,049,267	74	2,013,590	75
	Total liabilities and equity	\$ 2,786,229	100	\$ 2,695,079	100

The attached notes are part of this consolidated financial statement.

Chateau International Development Company Limited and subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

(Unit: Thousands of New Taiwan Dollars)

(However, the earnings per share are New Taiwan Dollars)

Code		Year 2022		Year 2021	
		Amount	%	Amount	%
4000	Total operating revenue(Note 4, 23 and 29)	\$ 835,940	100	\$ 587,918	100
5000	Total operating costs(Note 10, 24 and 29)	<u>401,036</u>	<u>48</u>	<u>368,202</u>	<u>62</u>
5900	Gross profit (loss) from operations	<u>434,904</u>	<u>52</u>	<u>219,716</u>	<u>38</u>
	Operating expenses(Notes 24 and 29)				
6100	Selling expenses	32,071	4	28,712	5
6200	Administrative expenses	<u>220,764</u>	<u>26</u>	<u>193,271</u>	<u>33</u>
6000	Total operating expenses	<u>252,835</u>	<u>30</u>	<u>221,983</u>	<u>38</u>
6510	Other income(Note 24)	(<u>3</u>)	-	(<u>4</u>)	-
6900	Net operating income (loss)	<u>182,066</u>	<u>22</u>	(<u>2,271</u>)	-
	Non-operating income and expenses (Note 12, 24 and 29)				
7100	Interest income	412	-	54	-
7010	Other income	17,185	2	31,430	5
7030	Other gains and losses	(13)	-	(51)	-
7050	Financial costs	(8,847)	(1)	(5,511)	(1)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	(274)	-	(908)	-
7590	Miscellaneous disbursements	(<u>4,315</u>)	(<u>1</u>)	(<u>4,523</u>)	(<u>1</u>)
7000	Total non-operating income and expenses	<u>4,148</u>	-	<u>20,491</u>	<u>3</u>
7900	Profit (loss) from continuing operations before tax	186,214	22	18,220	3

(Next page)

Code		Year 2022		Year 2021	
		Amount	%	Amount	%
7950	Total tax expense (income) (Notes 4 and 25)	<u>37,482</u>	<u>4</u>	<u>2,683</u>	<u>1</u>
8200	Profit (loss) from continuing operations	<u>\$ 148,732</u>	<u>18</u>	<u>\$ 15,537</u>	<u>2</u>
	Other comprehensive income				
	Items not reclassified to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 21)	\$ 1,338	-	(\$ 635)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(91,820)	(11)	81,499	14
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit loss (Note 25)	(268)	-	127	-
8300	Other comprehensive income of the year, net of income tax	(90,750)	(11)	80,991	14
8500	Total comprehensive income	<u>\$ 57,982</u>	<u>7</u>	<u>\$ 96,528</u>	<u>16</u>
	Profit (loss), attributed to :				
8610	Shareholders of the parent	\$ 154,294	19	\$ 20,382	4
8620	Non-controlling interests	(5,562)	(1)	(4,845)	(1)
8600		<u>\$ 148,732</u>	<u>18</u>	<u>\$ 15,537</u>	<u>3</u>
	Comprehensive income attributable to :				
8710	Shareholders of the parent	\$ 63,544	8	\$ 101,373	17
8720	Non-controlling interests	(5,562)	(1)	(4,845)	(1)
8700		<u>\$ 57,982</u>	<u>7</u>	<u>\$ 96,528</u>	<u>16</u>
	Earnings per Share(NT\$, Note 26)				
9750	Basic earnings per share	\$ 1.38		\$ 0.18	
9850	Diluted earnings per share	1.38		0.18	

The attached notes are part of this consolidated financial statement.

Chateau International Development Company Limited and subsidiaries
Consolidated Statement of Changes In Equity
January 1 to December 31, 2022 and 2021
(Unit: Thousands of New Taiwan Dollars)

Code	Equity attributable to Shareholders of parent									
	Retained earnings					Other equity				
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total equity attributable to owners of parent	Non-controlling interests	Total Equity	
A1	Balance as of January 1, 2021	\$ 1,115,229	\$ 170,663	\$ 148,136	\$ 236,201	\$ 127,852	\$ 40,673	\$ 1,838,754	\$ 134,070	\$ 1,972,824
Earnings Appropriation and Distribution in 2020 (Note 22)										
B1	Legal reserve appropriated	-	-	8,693	-	(8,693)	-	-	-	-
B3	Special reserve appropriated	-	-	-	(9,814)	9,814	-	-	-	-
B5	Cash dividends of ordinary share	-	-	-	-	(55,762)	-	(55,762)	-	(55,762)
D1	Profit (loss) in 2021	-	-	-	-	20,382	-	20,382	(4,845)	15,537
D3	Other comprehensive income in 2021	-	-	-	-	(508)	81,499	80,991	-	80,991
D5	Total comprehensive income in 2021	-	-	-	-	19,874	81,499	101,373	(4,845)	96,528
Z1	Balance as of December 31, 2021	1,115,229	170,663	156,829	226,387	93,085	122,172	1,884,365	129,225	2,013,590
Earnings Appropriation and Distribution in 2021 (Note 22)										
B1	Legal reserve appropriated	-	-	1,987	-	(1,987)	-	-	-	-
B3	Special reserve appropriated	-	-	-	3,975	(3,975)	-	-	-	-
B5	Cash dividends of ordinary share	-	-	-	-	(22,305)	-	(22,305)	-	(22,305)
D1	Profit (loss) in 2022	-	-	-	-	154,294	-	154,294	(5,562)	148,732
D3	Other comprehensive income in 2022	-	-	-	-	1,070	(91,820)	(90,750)	-	(90,750)
D5	Total comprehensive income in 2022	-	-	-	-	155,364	(91,820)	63,544	(5,562)	57,982
Q1	Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(2,951)	2,951	-	-	-
Z1	Balance as of December 31, 2022	\$ 1,115,229	\$ 170,663	\$ 158,816	\$ 230,362	\$ 217,231	\$ 33,303	\$ 1,925,604	\$ 123,663	\$ 2,049,267

The attached notes are part of this consolidated financial statement.

Chateau International Development Company Limited and subsidiaries
Consolidated Cash Flow Statement
January 1 to December 31, 2022 and 2021

(Unit: Thousands of New Taiwan Dollars)

<u>Code</u>		<u>Year 2022</u>	<u>Year 2021</u>
	Cash flows from (used in) operating activities, indirect method		
A10000	Profit (loss) before tax	\$ 186,214	\$ 18,220
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	71,756	71,943
A20200	Amortization expense	43,288	48,301
A20900	Interest expense	8,847	5,511
A21200	Interest income	(412)	(54)
A21300	Dividend income	(8,272)	(4,136)
A22300	Share of loss (profit) of associates and joint ventures accounted for using equity method	275	908
A22500	Loss (gain) on disposal of property, plan and equipment	3	4
A22800	Loss (gain) on disposal of intangible assets	13	51
A30000	Changes in operating assets and liabilities		
A31150	Decrease (increase) in accounts receivable	1,755	905
A31180	Decrease (increase) in other receivable	171	(200)
A31200	Adjustments for decrease (increase) in inventories	368	(728)
A31230	Decrease (increase) in prepayments	(728)	1,096
A31240	Adjustments for decrease (increase) in other current assets	(2,077)	(50)
A32125	Increase (decrease) in contract liabilities	(1,792)	4,497
A32130	Increase (decrease) in notes payable	606	-
A32150	Increase (decrease) in accounts liabilities	1,115	4,723
A32180	Increase (decrease) in other payable	14,923	(3,933)
A32230	Adjustments for increase (decrease) in other current liabilities	(4,282)	8,550
A32240	Increase (decrease) in net defined benefit liability	(303)	(587)
A33000	Cash inflow (outflow) generated from operations	311,468	155,021
A33500	Income tax paid	(18,320)	(8,577)
AAAA	Net cash flows from (used in) operating activities	<u>293,148</u>	<u>146,444</u>
	Cash flows from (used in) investing activities		
B00040	Acquisition of financial assets at amortized cost	-	(14,745)
B00050	Proceeds from financial assets at amortized cost	8,075	-
B00100	Acquisition of financial assets at fair value through profit or loss	(23,941)	(79,004)

(Next page)

<u>Code</u>		<u>Year 2022</u>	<u>Year 2021</u>
B02700	Acquisition of property, plant and equipment	(80,460)	(64,864)
B02800	Proceeds from disposal of property, plant and equipment	-	76
B04500	Acquisition of intangible assets	(3,906)	(2,451)
B05400	Acquisition of investment property	-	(27,000)
B06800	Decrease (increase) in other non-current assets	(3,726)	216
B07100	Increase (decrease) in prepayments for business facilities	\$ 861	(\$ 460)
B07500	Interest received	412	54
B07600	Dividends received	8,788	4,136
B09900	Other investing activities	(<u>3,975</u>)	(<u>17,386</u>)
BBBB	Net cash flows from (used in) investing activities	(<u>97,872</u>)	(<u>201,428</u>)
	Cash flows from (used in) financing activities		
C00500	Increase in short-term notes and bills payable	128,500	363,000
C00600	Decrease in short-term notes and bills payable	(129,500)	(333,500)
C01600	Proceeds from long-term debt	260,000	250,000
C01700	Repayments of long-term debt	(222,033)	(186,268)
C04020	Payments of lease liabilities	(18,138)	(18,002)
C04500	Cash dividends	(22,305)	(55,762)
C05600	Interest paid	(<u>8,582</u>)	(<u>5,405</u>)
CCCC	Net cash flows from (used in) financing activities	(<u>12,058</u>)	<u>14,063</u>
EEEE	Net increase (decrease) in cash and cash equivalents	183,218	(40,921)
E00100	Cash and cash equivalents at beginning of period	<u>120,257</u>	<u>161,178</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 303,475</u>	<u>\$ 120,257</u>

The attached notes are part of this consolidated financial statement.

Chateau International Development Company Limited and subsidiaries

Notes to the Consolidated Financial Statement

January 1 to December 31, 2022 and 2021

(Unless otherwise specified, the amount is in thousands of New Taiwan Dollar)

1. GENERAL

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

Quintain Steel Co., Ltd. had 29.44% and 29.43% of the company's comprehensive shareholding ratio as of the end of December 2022 and 2021, respectively. Because of its substantial control over the company, it is the ultimate parent company of the company.

The company's stock has been listed and traded on the Taiwan Stock Exchange since March 2012.

This consolidated financial statement is expressed in New Taiwan Dollar, the company's functional currency.

2. THE AUTHORIZATION OF FINANCIAL

This consolidated financial report was released on February 24, 2023 after it was approved by the board of directors.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

(2) The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by FSC with effective date starting 2023

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

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

Note 2 : Changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning after January 1, 2023 are applicable to this amendment.

Note 3: Except for the recognition of deferred income tax on temporary differences between lease and decommissioning obligations on January 1, 2022, the amendment is applicable to transactions that occur after January 1, 2022.

As of the date of approval of this consolidated financial report, the consolidated company continues to evaluate the impact of other standards and amendments to the interpretation on the financial status and financial performance, and the relevant impact will be disclosed when the evaluation is completed.

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

New, Revised or Amended Standards and Interpretations	Effective date issued by the IASB (Note)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Lease liabilities in sale and leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contract"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial application of IFRS 17 and IFRS 9 - comparative information"	January 1, 2023
Amendment to IAS 1 "Classification of liabilities as current or non-current"	January 1, 2024
Amendment to IAS 1 "Non-current liabilities with contractual terms"	January 1, 2024

Note 1: Unless otherwise specified, the above newly issued and revised standards and interpretations are effective for the annual reporting period beginning after each date.

Note 2: The seller and lessee shall apply the amendments of IFRS 16 retrospectively to the sale and leaseback transactions signed after the date of initial application of IFRS 16..

As of the date of approval of this consolidated financial report, the consolidated company continues to evaluate the impact of other standards and amendments to the interpretation on the financial status and financial performance, and the relevant impact will be disclosed when the evaluation is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

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

(2) Basis of Preparation

Except for the financial instruments measured at fair value and the current value of the determined benefit obligation minus the net determined benefit liabilities recognized at the fair value of the planned assets, the consolidated financial statement is prepared on the historical cost basis.

The fair value measurement is divided into level 1 to level 3 according to the

observability and importance of the relevant input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in the active market that can be obtained on the measurement date (unadjusted).
2. Level 2 input value: refers to the observable input value of an asset or liability directly (that is, price) or indirectly (that is, derived from price) except for the quotation of the first level.
3. Level 3 input value: refers to the unobservable input value of assets or liabilities.

(3) Standards for distinguishing between current and non-current assets and liabilities

Current assets include

1. Assets that are held mainly for trading purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash (however, it does not include those restricted for the exchange or settlement of liabilities more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held mainly for trading purposes;
2. Liabilities that are due for settlement within 12 months after the balance sheet date; and
3. Liabilities that are not possible to be unconditionally deferred at least 12 months of the settlement period after the balance sheet date.

Those that are not classified as current assets or current liabilities are classified as non-current assets or non-current liabilities.

(4) Combination basis

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

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

(5) Foreign currency

When entities prepare financial reports, transactions in currencies other than the individual's functional currency (foreign currency) shall be converted into functional currency records at the exchange rate on the transaction date.

Monetary items in foreign currencies are translated at the closing exchange rate on each balance sheet date. The exchange difference arising from the delivery of monetary items or the conversion of monetary items is recognized in the profit and loss in the current period.

(6) Inventories

Inventory includes commodities, catering materials and room spare parts, etc. Inventory is measured by the lower of cost and net realizable value. When comparing cost and net realizable value, it is based on individual items except for the same type of inventory. Net realizable value refers to the estimated selling price under normal circumstances after subtracting the estimated cost to be completed and the estimated cost required to complete the sale. The calculation of inventory cost adopts the weighted average method.

(7) Investment in affiliated companies

Affiliated companies refer to companies that have significant influence on the combined company but are not subsidiaries or joint

ventures.

The combined company adopts the Equity method for the investment related companies.

Under the Equity method, investments in Associates were originally recognized at cost, and the future carrying amount obtained will increase or decrease with the associated profit and loss and other comprehensive income share and profit distribution owned by the combined company. In addition, changes in Associate's equity are recognized based on the shareholding ratio.

(8)Property, Plant and Equipment

Property, plant and equipment are recognized at cost, and subsequently measured at the amount of cost minus accumulated depreciation.

Property, plant and equipment under construction are recognized at the cost minus accumulated impairment losses. Cost includes professional service fees and borrowing costs that meet the capitalization conditions. When these assets are completed and reach the expected state of use, they are classified into the appropriate categories of real estate, plant and equipment, and depreciation begins.

Property, plant and equipment—business equipment is transferred to expenses when it is actually damaged and replaced. Property, plant and equipment other than business equipment are depreciated on a straight-line basis within the useful life, and each significant part is separately depreciated. The merging company shall review the estimated useful life, residual value and depreciation method at least at the end of each year, and postpone the impact of changes in applicable accounting estimates.

When Property, plant and equipment are derecognized, the difference between net disposal proceeds and the carrying amount of assets is recognized in profit and loss.

(9) Investment Property

Investment property is the land held for undecided use, so it is regarded as holding for capital appreciation.

The Investment Property held by the combined company is land, originally measured at cost (including transaction costs), and subsequently measured at the amount of cost minus accumulated impairment.

When the investment property is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in the profit and loss.

(10) Operating franchise

1. The company signed a contract with the Forestry Bureau of the Council of Agriculture of the Executive Yuan to obtain the operating rights of the hotel, and the ownership of the houses and facilities invested in the construction is owned by the government (as a consideration provided in the Service Concession Arrangement). Therefore, the cost of building houses and facilities is listed as the cost of obtaining Service Concession Arrangement, and is amortized on a straight-line basis based on the actual service life of the buildings and facilities and the remaining life of the contract, whichever is lower.
2. The company leases land to the Forestry Bureau of the Executive Yuan Committee of Agriculture for business use. The annual rent is a business lease and is recognized as an expense during the lease period, unless another systematic basis is more representative of the time pattern of benefit to users. Under operating leases, contingent rents are recognized as expenses in the period in which they are incurred. The residual value of an intangible asset with a limited useful life is estimated to be zero, and the application of the change in accounting estimate will be postponed.

(11) Intangible asset

1. Obtained separately

Intangible assets with finite useful lives acquired separately are initially measured at cost, and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives. The consolidated company reviews the estimated useful lives, residual values and amortization methods at least at the end of each year, and deferred the impact of changes in accounting estimates.

2. Derecognition

When an intangible asset is delisted, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss for the current period.

(12) Property, plant and equipment, right-of-use asset, intangible asset and assets' impairment related to contract cost.

The combined company assesses whether there are any signs that the real estate, plant and equipment, right-of-use asset and intangible asset may have been impaired on every balance sheet date. If there is any sign of impairment, the amount recoverable of the asset is estimated. If the amount recoverable of an individual asset cannot be estimated, the combined company estimates the amount recoverable of the cash-generating unit to which the asset belongs.

Amount recoverable is the higher of fair value less costs to sell and value in use. If the amount recoverable of an individual asset or cash-generating unit is lower than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its amount recoverable, and the impairment loss is recognized in profit and loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit or contract cost-related asset is adjusted to the revised amount recoverable. However, the carrying amount after the increase does not exceed the carrying amount (deducting amortization or depreciation) determined when the impairment loss is not recognized in the previous year if the asset, cash-generating unit or contract cost-related asset does not exceed the carrying amount. The reversal of the impairment loss is recognized in the profit and loss.

(13) Financial instruments

Financial asset and financial liability are recognized on the Consolidated balance sheet when the combined company becomes one of the contract terms of the tool.

In the original recognition of financial asset and financial liability, if the financial asset or financial liability is not at fair value through profit or loss, it is calculated based on the fair value plus the transaction cost that can be directly attributed to the acquisition or issuance of the financial asset or financial liability. Transaction costs that can be attributed to the acquisition or issuance of the financial asset or financial liability at fair value through profit or loss are immediately recognized as profit or loss / also included in the original recognized amount of financial assets and financial liabilities.

1. Financial asset

Regular way purchase or sale of financial asset is recognized and derecognized by trade date accounting.

(1) Type of measurement

The types of financial assets held by the combined company are financial assets measured at amortized cost and investment of

equity instruments that is measured at fair value through other comprehensive income.

A. Financial assets measured at amortized cost

If the combined company invests in a financial asset that meets the following two conditions, it is classified as financial assets measured at amortized cost:

- a. It is held under a certain business model, the purpose of which is to hold financial assets to receive contractual cash flows; and
- b. The terms of the contract generate cash flows on a specific date, and these cash flows are all interest on the payment of the principal and the amount of principal in circulation.

Financial assets measured at amortized cost (including cash, receivables, other receivables, financial assets measured at amortized cost, fund for improvement and expansion, and refundable deposits (other non-current assets)) are measured by the total carrying amount determined by the Effective interest method minus any impairment loss amortized cost after the original recognition, and any foreign currency exchange gains and losses are recognized in profit and loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial asset.

B. Investment of equity instruments that is measured at fair value through other comprehensive income

At the time of initial recognition, the combined company can make an irrevocable choice to specify Investment of equity instruments that are not held for trading and are not recognized or considered by the merger acquirer through other comprehensive income measured at fair value.

Investment of equity instruments that is measured at fair value through other comprehensive income is measured at fair value, and subsequent changes in fair value are reported in other comprehensive income and accumulated in other equity. At the time of investment disposal, the accumulated profits and losses are directly transferred to retained earnings and are not reclassified as profits and losses.

Investment of equity instruments that is measured at fair value through other comprehensive income. The dividend is recognized in the profit and loss when the combined company's right to receive payments is established, unless the dividend clearly represents part of the investment cost recovery.

(2) Impairment of financial asset

The combined company assesses financial assets measured at amortized cost (including accounts receivable) and investment of equity instruments that is measured at fair value through other comprehensive income on the basis of expected credit losses on each balance sheet date.

Accounts receivable are recognized as allowance losses based on expected credit losses during the duration. For other financial assets, first assess whether the credit risk has increased significantly since the initial recognition. If there is no significant increase, the 12-month expected credit loss is recognized as an allowance loss; if it has increased significantly, it is recognized as a loss allowance based on lifetime expected credit losses.

Expected credit losses are weighted average credit losses based on the risk of default. The 12-month expected credit losses represent the expected credit losses arising from possible defaults of financial instruments within 12 months after the reporting date. Lifetime expected credit losses represent the expected credit losses arising from all possible defaults during the expected life of the financial instruments.

The combined company is for the purpose of internal credit

risk management, and without considering the collateral held, it is determined that the following circumstances represent that the financial asset has defaulted:

- A. There is internal or external information showing that it is impossible for the debtor to pay off the debt.
- B. Overdue for more than 30 days, unless there is reasonable and corroborated information that shows that the delayed default basis is more appropriate.

The impairment loss of all financial assets is reduced by the allowance account to reduce its carrying amount, but the loss allowance of debt instrument investment through other comprehensive income measured at fair value is recognized in other comprehensive income, and its carrying amount is not reduced.

(3) Derecognition of financial asset

The combined company only derecognizes the financial asset when the contractual rights to cash flows from the financial asset lapse, or the financial asset has been transferred and almost all the risks and rewards of the asset's ownership have been transferred to other companies.

When financial assets measured at amortized cost are derecognized as a whole, the difference between the carrying amount and the consideration received is recognized in profit and loss. When investment of equity instrument that is measured at fair value through other comprehensive income are derecognized as a whole, the accumulated profits and losses are directly transferred to retained earnings and are not reclassified as profits and losses.

2. Financial liability

(1) Follow-up measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liability

When the financial liability is derecognized, the difference between the carrying amount and the consideration paid (including any transferred non-cash assets or liabilities assumed) is recognized as profit or loss.

(14) Income recognition

After the customer contract recognizes the performance obligations, the combined company allocates the transaction price to each performance obligation, and recognizes revenue when each performance obligation is met.

(15) Lease

The combined company assesses whether the contract belongs to (or includes) a lease on the date of contract establishment.

The combined company is lessee.

Except for the low-value underlying asset leases and short-term leases that are subject to the applicable recognition exemption, the lease payments are recognized as expenses on a straight-line basis during the lease period, and other leases are recognized as right-of-use asset and lease liability on the lease start date.

Right-of-use asset is originally measured at cost, and subsequently measured at the amount of cost minus accumulated depreciation, and the remeasurement of lease liability is adjusted. The right-of-use asset is separately expressed in the consolidated balance sheet.

Right-of-use asset is depreciated on a straight-line basis from the lease start date to the end of the service life or the expiration of the lease period, whichever is earlier.

Lease liability is originally measured by the present value of lease payments (including fixed payments). If the interest rate implicit in a lease is easy to determine, the lease payment is discounted using this interest rate. If the interest rate is not easy to determine, use lessee's incremental borrowing rate of interest.

Subsequently, lease liability is measured on the basis of an amortized cost using the effective interest method, and the interest expense is amortized during the lease period. If the lease period causes changes in future lease payments, the combined company will then measure the lease liability and adjust the right-of-use asset relatively. However, if the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasurement amount will be recognized in profit and loss. Lease liability is separately expressed in the consolidated balance sheet. The variable rent in the lease agreement that is not dependent on the index or rate is recognized as an expense in the period in which it occurs.

(16) Borrowing cost

The borrowing cost that can be directly attributed to the acquisition, construction, or production of a qualified asset is regarded as a part of the cost of the asset until almost all necessary activities for the asset to reach its intended use or sale status have been completed.

Specific borrowings, such as investment income earned by temporary investments before the occurrence of capital expenditures that meet the requirements, are deducted from the borrowing cost of eligible for capitalization.

Except for the above, all other borrowing costs are recognized as profit or loss in the current period.

(17) Government grants

Government grants will only be recognized when it is reasonably certain that the combined company will comply with the conditions attached to the government grants and will receive the grant.

Government grants are recognized in the profit and loss on a systematic basis during the period when the related costs that they intend to compensate are recognized as expenses by the combined company.

If government grants are used to compensate for expenses or losses incurred, or for the purpose of providing immediate financial support to the combined company without future related costs, they are recognized in profit and loss during the period when they can be collected.

(18) Employee benefits

1. Short-term employee benefits

Related liabilities of short-term employee benefits are measured by the expected non-discounted amount of cash paid in exchange for employee services.

2. Retirement benefits

Determine the retirement fund to be contributed to the retirement plan is to recognize the amount of the retirement fund that should be contributed as an expense during the employee's service period

The defined benefit cost (including service cost, net profit interest and remeasurement) of the defined benefit retirement plan is calculated using the projected unit credit method, and the service cost (including current service cost) and net interest on the net defined benefit liability

are incurred , recognized as employee benefit expenses, remeasurements (including actuarial gains and losses, changes in the impact of asset ceilings and return on plan asset after deduction of interest) are recognized in other comprehensive income and included in retained earnings when they occur, and are not reclassified to profit and loss.

Net defined benefit liability refers to the shortfall in determining the benefit of the retirement plan.

(19) Income tax

Income tax expense is the sum of current income tax and deferred income tax.

1. Current tax

The combined company calculates the recoverable income tax according to the current income (loss) stipulated by each income tax reporting jurisdiction.

The additional income tax on undistributed earnings calculated in accordance with the provisions of my country's Income Tax Law is recognized in the annual resolution of the shareholders meeting.

Adjustments to income tax payable in previous years are included in current income tax.

2. Deferred tax

Deferred income tax is a temporary calculation based on the carrying amount of assets and liabilities in the financial statements and the tax basis for calculating taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when it is likely that taxable income can be used to deduct income tax deductions arising from temporary differences.

Taxable temporary differences related to investment in subsidiaries, affiliates and joint agreements are recognized as deferred income tax liabilities, but if the combined company can control the timing of the reversal of the temporary differences, and the temporary differences are likely to be without reversal in the foreseeable future are excluded. The deductible temporary differences related to this type of investment will be recognized as deferred income tax assets only if it is likely to have sufficient taxable income to realize the temporary differences, and within the scope expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed on each balance sheet date, and the carrying amount is reduced for those that are no longer likely to have sufficient taxable income to recover all or part of their assets. Those who were not previously recognized as deferred tax assets are also reviewed on each balance sheet date, and are likely to generate taxable income in the future for the recovery of all or part of their assets, and increase the carrying amount.

Deferred tax assets and liabilities are measured by the current tax rate for expected liability settlement or asset realization. The tax rate is based on the tax rate and tax law that has been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences arising from the way the combined company expects to recover or settle the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and deferred tax for the year

Current and deferred income taxes are recognized in profit and loss, but the current and deferred income taxes related to items recognized in other comprehensive income or directly included in equity are respectively recognized in other comprehensive income or directly included in equity.

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

When the combined company adopts accounting policies, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors for those who cannot easily obtain relevant information from other sources. Actual results may differ from estimates.

The combined company takes the economic impact caused by the COVID-19 epidemic into consideration in major accounting estimates, and the management will continue to review the estimates and basic assumptions. If the revision of the estimate only affects the current period, it is recognized in the current period of the revision; if the revision of the accounting estimate affects both the current period and the future period, it is recognized in the current period and the future period of the revision.

The accounting policies adopted by the combined company do not involve significant accounting judgments, estimates and assumptions.

6. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and working fund	\$ 2,972	\$ 5,250
Bank cheques and demand deposits	300,503	115,007
	<u>\$ 303,475</u>	<u>\$ 120,257</u>

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

	December 31, 2022	December 31, 2021
<u>Current</u>		
Investment of equity instruments —		
Domestic investment		
Listed stocks		
Quintain Steel Co., Ltd.	\$ 202,400	\$ 275,040
Luxe Green Energy (note)	-	37,397
	<u>\$ 202,400</u>	<u>\$ 312,437</u>
<u>Non-current</u>		
Unlisted (counter) stocks		
Smokey Joe's Co., Ltd.	<u>\$ 18,360</u>	<u>\$ 26,790</u>

Note: Renamed as Luxe Green Energy Technology Co., Ltd. (Luxe Green Energy Co., Ltd.) from July 14, 2022.

Since June 21, 2022, the combined company has served as a director of Lay's Green Energy Company and has significant influence. Therefore, the financial assets recognized as measured at fair value through other comprehensive profit or loss are changed to be valued using the equity method.

The combined company invests in the above-mentioned equity in accordance with strategic purposes and expects to make a profit through the

investment. The management of the combined company believes that if the fair value's fluctuations of these investments are included in the profit and loss, it is inconsistent with the aforementioned investment plan, so they choose to designate these investments as through other comprehensive income measured at fair value.

8. Current financial assets at amortized cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Domestic investment		
Trust account (1)	\$ <u>25,192</u>	\$ <u>33,267</u>
<u>Non-current</u>		
Domestic investment		
Pledged time deposits with the original expiry date more than 3 months (2)	\$ <u>11,000</u>	\$ <u>11,000</u>
(1) Since October 2017, the combined company has established the trust account of Cathay United Bank in accordance with the law to deposit the issued and pre-collected gift certificates.		
(2) As of December 31, 2022 and 2021, the annual interest rate range of the pledged time deposit with an original maturity of more than 3 months is 0.13%, please refer to Note 31 (1).		
(3) For information on pledge of financial assets measured at amortized cost, please refer to Note 30.		

9. Accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Accounts receivable</u>		
Measured by amortized cost		
Total carrying amount	\$ <u>11,275</u>	\$ <u>13,030</u>

The average credit period of the combined company's accounts receivable is within 30 days. The policy adopted by the combined company is to only conduct transactions with individuals and corporate organizations with good credit, and the combined company's customer group is large and unrelated. The concentration of credit risk is not high and is mostly cash transactions, so the risk of financial loss caused by relevant defaults is limited.

The combined company recognizes the loss allowance of accounts receivable according to lifetime expected credit losses. The lifetime expected credit losses are calculated using a provision matrix, which takes into account the past default records of the customer and the current financial situation. According to the credit loss history experience of the combined company, there is no significant difference in the loss patterns of different customer groups. Therefore, the provision matrix does not further differentiate the customer groups, and only sets the rate of expected credit losses based on the accounts receivable overdue days. However, historical experience shows that the average credit period is within 30 days, so the impact of the rate of expected credit losses is limited.

The combined company measures the loss allowance of accounts receivable according to the provision matrix as follows:

December 31, 2022

	Not overdue	Overdue 1~60 days	Overdue 61~90 days	Overdue 91~120 days	Overdue more than 120 days	Total
Rate of expected credit losses	0%	15.42%	0.72%	0.83%	10%	
Total carrying amount	\$ 10,828	\$ 447	\$ -	\$ -	\$ -	\$ 11,275
loss allowance (Lifetime expected credit losses)	-	-	-	-	-	-
amortized cost	<u>\$ 10,828</u>	<u>\$ 447</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,275</u>

December 31, 2021

	Not overdue	Overdue 1~60 days	Overdue 61~90 days	Overdue 91~120 days	Overdue more than 120 days	Total
Rate of expected credit losses	0%	0%	0%~0.1%	0.1%~0.5%	0.5%~1%	
Total carrying amount	\$ 11,594	\$ 870	\$ 565	\$ 1	\$ -	\$ 13,030
loss allowance (Lifetime expected credit losses)	-	-	-	-	-	-
amortized cost	<u>\$ 11,594</u>	<u>\$ 870</u>	<u>\$ 565</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 13,030</u>

10. Inventory

	December 31, 2022	December 31, 2021
Room equipment and other	\$ 6,524	\$ 6,929
Ingredients and beverages	4,705	4,585
Commodity	223	306
	<u>\$ 11,452</u>	<u>\$ 11,820</u>

From January 1 to December 31, 2022 and 2021, the hotel's operating, room catering and leisure costs and other related costs are as follows:

	Year 2022	Year 2021
Food and beverage costs	\$ 216,832	\$ 187,019
Room cost	161,572	156,844
Other costs	22,632	24,339
	<u>\$ 401,036</u>	<u>\$ 368,202</u>

11. Subsidiary

(1) Subsidiaries included in consolidated financial statements

The compilation of this consolidated financial statement is as follows:

The name of the investment company	Name of subsidiary	Business nature	Percentage of equity held (%)		
			December 31, 2022	December 31, 2021	Explanatio
The company	Chateau Fulang Co., Ltd.	Engaged in the operation of hotels and restaurants	47	47	—

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

Name of subsidiary	The proportion of equity held and voting rights of non-controlling interests	
	December 31, 2022	December 31, 2021
Chateau Fulang Co., Ltd.	53%	53%

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

Name of subsidiary	Profit and loss allocated to non-controlling interests	
	Year 2022	Year 2021
Chateau Fulang Co., Ltd.	(\$ 5,562)	(\$ 4,845)

Name of subsidiary	Non-controlling interests	
	December 31, 2022	December 31, 2021
Chateau Fulang Co., Ltd.	\$ 123,663	\$ 129,225

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

Chateau Fulang Co., Ltd.

	December 31, 2022	December 31, 2021
Current assets	\$ 12,108	\$ 11,225
Non-current assets	404,746	364,494
Current liabilities	(131,214)	(126,003)
Non-current liabilities	(47,914)	(1,498)
Equity	<u>\$ 237,726</u>	<u>\$ 248,218</u>
Equity attributed to:		
Owner of the company	\$ 114,063	\$ 118,993
Non-controlling interests	<u>123,663</u>	<u>129,225</u>
	<u>\$ 237,726</u>	<u>\$ 248,218</u>
	Year 2022	Year 2021
Operating income	<u>\$ 28,064</u>	<u>\$ 21,793</u>
Net loss and total comprehensive profit and loss for the period	(\$ 10,494)	(\$ 9,143)
Net loss and total comprehensive profit and loss attributed to :		
Owner of the company	(\$ 4,932)	(\$ 4,298)
Non-controlling interests	(<u>5,562</u>)	(<u>4,845</u>)
	(<u>\$ 10,494</u>)	(<u>\$ 9,143</u>)
Cash flow		
Operating activities	(\$ 77)	\$ 1,064
Investment activities	(49,386)	(46,755)
Financing activities	<u>49,000</u>	<u>29,500</u>
Net cash outflow	(<u>\$ 463</u>)	(<u>\$ 16,191</u>)

12. Investments accounted for using equity method

	December 31, 2022	December 31, 2021
Individually insignificant associate	<u>\$ 53,371</u>	<u>\$ 3,574</u>

The summary information of Individually insignificant associate is as follows:

	Year 2022	Year 2021
The combined company's share		
Net loss this year and total comprehensive profit and loss	(\$ 274)	(\$ 908)

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

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

The share of profits and losses and other comprehensive profits and losses enjoyed by the investment using the equity method and the merged company, except Park Avenue Sharing Space Company, which is recognized in the financial statements that have not been reviewed by accountants, the rest are based on the audited by accountants of each affiliated enterprise Financial reporting recognition. However, the management of the merging company considers that the above-mentioned financial reports of the investee companies have not been reviewed by the accountants and will not have a significant impact.

13. Property, plant and equipment

Statement of changes in Property, plant and equipment is detailed in attached table 5. The depreciation of the Property, plant and equipment of the combined company is calculated on a straight-line basis based on the following durability years:

Housing and construction	
Main building	48 years
Staff dorm	32~50 years
Other	3~20 years
Transportation equipment	3~5 years
Office equipment	2~14 years
Hydropower equipment	3~20 years
Landscape gardening	2~15 years
Miscellaneous equipment	2~20 years

The business appliance of the combined company is recorded at the actual cost when it is acquired, and the cost is transferred when it is actually damaged.

For setting the amount of real estate, plant and equipment used as loan guarantee, please refer to Note 30.

14. Rental agreement

- (1) right-of-use asset

	December 31, 2022	December 31, 2021
right-of-use asset Carrying amount		
Land	\$ 1,077	\$ 2,381
Building	36,100	46,685
Transportation equipment	7,076	7,170
	<u>\$ 44,253</u>	<u>\$ 56,236</u>
	Year 2022	Year 2021
Added right-of-use asset	<u>\$ 8,024</u>	<u>\$ 3,586</u>
depreciation expense of right-of-use asset		
Land	\$ 1,305	\$ 1,305
Building	13,868	13,870
Transportation equipment	4,819	4,725
Office equipment	-	88
	<u>\$ 19,992</u>	<u>\$ 19,988</u>

In addition to the above-mentioned additional and recognized depreciation expenses, the consolidated company's right-of-use assets did not undergo major sublease and depreciation from January 1 to December 31, 2022 and 2021.

(2) lease liability

	December 31, 2022	December 31, 2021
lease liability Carrying amount		
Current	<u>\$ 18,301</u>	<u>\$ 16,983</u>
Non-current	<u>\$ 22,790</u>	<u>\$ 34,237</u>

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

	December 31, 2022	December 31, 2021
Land	1.61%	1.61%
Building	1.53%~1.61%	1.53%~1.61%
Transportation equipment	1.53%~1.61%	1.53%~1.61%
Office equipment	1.50%	1.50%

(3) Important lease activities and terms

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

The combined company also leases certain land and buildings for office and operational use. The lease period is 4-8 years and 2-20 years.

(4) Other lease information

	Year 2022	Year 2021
Short-term lease expenses	<u>\$ 2,544</u>	<u>\$ 2,572</u>
Low-value asset lease expenses	<u>\$ 972</u>	<u>\$ 1,349</u>
Variable lease payments not included in the measurement of lease liability	<u>\$ 95</u>	<u>\$ 1,630</u>
Total cash outflow from lease	<u>\$ 22,479</u>	<u>\$ 24,480</u>

The combined company chooses to apply the recognition exemption to certain office equipment leases that qualify for

short-term leases and leases of low-value assets, and does not recognize related right-of-use asset and lease liability for these leases.

15. Investment property

	December 31, 2022	December 31, 2021
Land	\$ 585,509	\$ 585,509
Building	4,208	4,311
	<u>\$ 589,717</u>	<u>\$ 589,820</u>

	Land	Building	Total
<u>Cost</u>			
Balance as of January 1, 2021	\$ 543,729	\$ 5,235	\$ 548,964
Added	28,000	-	28,000
reclassify	13,780	-	13,780
Balance as of December 31, 2021	<u>\$ 585,509</u>	<u>\$ 5,235</u>	<u>\$ 590,744</u>
<u>Accumulated Depreciation</u>			
Balance as of January 1, 2021	\$ -	(\$ 821)	(\$ 821)
depreciation expense	-	(103)	(103)
Balance as of December 31, 2021	<u>\$ -</u>	<u>(\$ 924)</u>	<u>(\$ 924)</u>
Net as of December 31, 2021	<u>\$ 585,509</u>	<u>\$ 4,311</u>	<u>\$ 589,820</u>
<u>Cost</u>			
Balance as of January 1 and December 31, 2022	<u>\$ 585,509</u>	<u>\$ 5,235</u>	<u>\$ 590,744</u>
<u>Accumulated Depreciation</u>			
Balance as of January 1, 2022	\$ -	(\$ 924)	(\$ 924)
depreciation expense	-	(103)	(103)
Balance as of December 31, 2022	<u>\$ -</u>	<u>(\$ 1,027)</u>	<u>(\$ 1,027)</u>
Net as of December 31, 2022	<u>\$ 585,509</u>	<u>\$ 4,208</u>	<u>\$ 589,717</u>

The Investment Property of the combined company did not undergo any material additions, dispositions and impairment from January 1 to December 31, 2022 and 2021.

The fair value of the Investment Property of the combined company on December 31, 2021 was 1,186,613 (In Thousands of NTD). The fair value is measured by the independent evaluation company Evermore Valuation Firm on the Balance Sheet Date based on the level 3 input value. The evaluation is conducted with reference to market evidence of similar real estate transaction prices. On December 31, 2022, the management of the combined company evaluated that there was no price drop. The fair value has not been evaluated by an independent evaluator. It is only evaluated by the management of the combined company using the evaluation model commonly used by market participants. The evaluation is conducted with reference to market evidence of similar real estate transaction prices.

The subsidiary of the combined company leases out the Investment Property owned by it in 2020, and the lease period is 5-10 years. The rent is calculated with reference to the rent of the neighboring shopping mall and adjusted according to the agreement of the lease contract, and the rent is collected on a monthly basis. The lessee does not have the right of bargain purchase of Investment Property at the end of the lease term. The

fair value of the Investment Property was approximately 34,343 (In Thousands of NTD) as of December 31, 2021. The fair value is measured by the independent evaluation company Evermore Valuation Firm on the Balance Sheet Date based on the level 3 input value. The evaluation is conducted with reference to market evidence of similar real estate transaction prices. On December 31, 2022, the management of the combined company evaluated that there was no price drop. The fair value has not been evaluated by an independent evaluator and is only evaluated by the combined company's management, considering the transaction situation of real estate.

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

	December 31, 2022
Year 1	\$ 1,470
Year 2	670
Year 3	669
Year 4	669
Year 5	669
More than 5 years	1,396
	<u>\$ 5,543</u>

All Investment Property of the combined company is its own equity. For information on Investment Property mortgage, please refer to Note 30.

16.Intangible asset

	December 31, 2022	December 31, 2021
Franchising	\$ 253,161	\$ 292,928
Computer software license	934	562
	<u>\$ 254,095</u>	<u>\$ 293,490</u>

	Franchising	Computer software license	Other	Total
<u>Cost</u>				
Balance as of January 1, 2021	\$ 1,094,994	\$ 6,391	\$ 124	\$ 1,101,509
Additions	2,376	75	-	2,451
Disposal	(352)	-	-	(352)
Balance as of December 31, 2021	<u>\$ 1,097,018</u>	<u>\$ 6,466</u>	<u>\$ 124</u>	<u>\$ 1,103,608</u>
<u>Accumulated amortization</u>				
Balance as of January 1, 2021	(\$ 757,481)	(\$ 4,513)	(\$ 124)	(\$ 762,118)
Additions	(46,910)	(1,391)	-	(48,301)
Disposal	301	-	-	301
Balance as of December 31, 2021	<u>(\$ 804,090)</u>	<u>(\$ 5,904)</u>	<u>(\$ 124)</u>	<u>(\$ 810,118)</u>
Net as of December 31, 2021	<u>\$ 292,928</u>	<u>\$ 562</u>	<u>\$ -</u>	<u>\$ 293,490</u>
<u>Cost</u>				
Balance as of January 1, 2022	\$ 1,097,018	\$ 6,466	\$ 124	\$ 1,103,608
Additions	2,933	973	-	3,906
Disposal	(1,754)	-	-	(1,754)
Balance as of December 31, 2022	<u>\$ 1,098,197</u>	<u>\$ 7,439</u>	<u>\$ 124</u>	<u>\$ 1,105,760</u>

	Franchising	Computer software license	Other	Total
<u>Accumulated amortization</u>				
Balance as of January 1, 2022	(\$ 804,090)	(\$ 5,904)	(\$ 124)	(\$ 810,118)
Additions	(42,687)	(601)	-	(43,288)
Disposal	<u>1,741</u>	<u>-</u>	<u>-</u>	<u>1,741</u>
Balance as of December 31, 2022	(<u>\$ 845,036</u>)	(<u>\$ 6,505</u>)	(<u>\$ 124</u>)	(<u>\$ 851,665</u>)
Net as of December 31, 2022	<u>\$ 253,161</u>	<u>\$ 934</u>	<u>\$ -</u>	<u>\$ 254,095</u>

The investment and management contract for the recreational facility area in the seaside area of the Kenting Forest Recreation Area signed by the combined company and the Forestry Bureau of the Executive Yuan Agriculture Committee clearly stipulates that the ownership of real estate and facilities built on the land of the Forestry Bureau of the Agriculture Committee of the Executive Yuan belongs to Forestry Bureau of the Executive Yuan Agriculture Committee, the relevant agreement is detailed in Note 31. Therefore, the combined company lists the cost of building real estate and facilities as the cost of obtaining franchising.

The above-mentioned intangible asset with limited useful life is calculated the amortization expense based on the following useful life on a straight-line basis:

Franchising	2 to 30 years
Computer software license	1 to 5 years
Other intangible asset	5 years

17. Fund for improvement and expansion

According to the articles of association of the company, the annual net profit will retain 20% of the special reserve as an expansion fund. The funds in the fund account are dedicated to special funds, and are limited to the expansion of new operating bases for building, operating equipment, operating working fund or Bank guarantees and other related operations. As of December 31, 2022 and 2021, the carrying amount of funds for improvement and expansion is 29,395 (In Thousands of NTD) and 25,388 (In Thousands of NTD) mainly invested in bank time deposits.

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

	Year 2022	Year 2021
Opening Balance	\$ 25,388	\$ 8,002
Provision	3,975	17,386
Interest income	<u>32</u>	<u>-</u>
Ending balance	<u>\$ 29,395</u>	<u>\$ 25,388</u>

18. Other assets

	December 31, 2022	December 31, 2021
<u>Current</u>		
Temporary payments	<u>\$ 2,254</u>	<u>\$ 177</u>
<u>Non-current</u>		
Prepayments for equipment	\$ -	\$ 3,981
Refundable deposits	<u>7,509</u>	<u>3,783</u>
	<u>\$ 7,509</u>	<u>\$ 7,764</u>

Refundable deposits are mainly vehicle deposits required for leasing operations.

19. Borrowing

(1) short-term debt

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Collateralized borrowing (Note 30)	<u>\$ 30,000</u>	<u>\$ 30,000</u>

Annual interest rate 1.78% 1.23%

(2) short-term notes and bills payable (Note 30)

December 31, 2022

<u>Guarantee/Accep- tance Agency</u>	<u>Par value</u>	<u>Discount amount</u>	<u>Carrying amount</u>	<u>Interest rate range</u>	<u>Name of collateral</u>
<u>Commercial paper payable</u> IBFC	<u>\$ 89,500</u>	<u>\$ 96</u>	<u>\$ 89,404</u>	1.662%	Property

December 31, 2021

<u>Guarantee/Accep- tance Agency</u>	<u>Par value</u>	<u>Discount amount</u>	<u>Carrying amount</u>	<u>Interest rate range</u>	<u>Name of collateral</u>
<u>Commercial paper payable</u> IBFC	<u>\$ 90,500</u>	<u>\$ 178</u>	<u>\$ 90,322</u>	0.862%	Property

(3) Long-term debt payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Collateralized borrowing (Note 1)	<u>\$ 80,000</u>	<u>\$ 2,033</u>
Credit loan (Note 2)	<u>237,500</u>	<u>277,500</u>
	317,500	279,533
Minus: the part due within one year	<u>83,583</u>	<u>72,033</u>
	<u>\$ 233,917</u>	<u>\$ 207,500</u>

Note 1 : The banks guarantee loans are guaranteed by the combined company's own land and buildings (note 30), which expire in February 2027, and as of December 31, 2022 and 2021, the annual interest rates are 1.71% and 1.40% respectively.

Note 2 : Several companies will expire before December 2029, as of December 31, 2022 and 2021, the effective annual interest rates were 1% ~2.34% and 1.35% ~1.46%. The combined company has already complied with the above financial ratio restrictions.

20. Other payables and other current liabilities

	December 31, 2022	December 31, 2021
<u>Other payables</u>		
Salaries and bonuses payable	\$ 34,954	\$ 32,445
Royalties payable	14,549	5,525
Pay in lieu of untaken annual leave	9,386	6,953
Equipment payment payable	4,756	4,904
Insurance payable	3,173	3,986
Employee bonus payable	2,562	1,748
Utility bills payable	2,846	2,727
Other	14,673	13,653
	<u>\$ 86,899</u>	<u>\$ 71,941</u>
<u>Other current liabilities</u>		
Accommodation vouchers in advance	\$ 45,595	\$ 48,193
Meal coupons in advance	8,479	8,647
Travel voucher in advance	1,682	1,780
Other	4,149	5,567
	<u>\$ 59,905</u>	<u>\$ 64,187</u>

21. Retirement benefit plans

(1) Defined contribution plans

The pension system of the "Labor Pension Act" applicable to the company and its subsidiaries in the company is a government-managed retirement plan. According to 6% of employees' monthly salary, the pension is allocated to the individual account of the Labor Insurance Bureau.

(2) Defined benefit plans

The pension system of the company in the company in accordance with my country's "Labor Standards Law" is a government-managed defined benefit plans. The payment of employee pensions is calculated based on the length of service and the average salary of the 6 months before the approved retirement date. These companies provide retirement pensions based on 2% of the total monthly salary of their employees, which are deposited in a special account of Bank of Taiwan by the Labor Retirement Reserve Supervision Committee in the name of the committee. Before the end of the year, if the estimated balance in the special account is insufficient to pay the workers who are estimated to meet the retirement conditions in the next year, the difference will be paid once before the end of March of the next year. The special account is managed by the Labor Fund Utilization Bureau of the Ministry of Labor, and the company has no right to influence the investment management strategy.

The amounts of defined benefit plans included in the individual balance sheet are listed as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	\$ 12,897	\$ 13,827
Fair value of plan assets	(5,454)	(4,743)
Net defined benefit liability	<u>\$ 7,443</u>	<u>\$ 9,084</u>

The changes in net defined benefit liability are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
January 1, 2021	<u>\$ 13,583</u>	<u>(\$ 4,547)</u>	<u>\$ 9,036</u>
Service cost			
Current service cost	37	-	37
Interest expense (income)	<u>102</u>	<u>(36)</u>	<u>66</u>
Recognized in profit and loss	<u>139</u>	<u>(36)</u>	<u>103</u>
Remeasurements			
Return on plan assets (excluding amounts included in net interest expense)	-	(45)	(45)
Actuarial loss	<u>680</u>	<u>-</u>	<u>680</u>
Recognized in other comprehensive income	<u>680</u>	<u>(45)</u>	<u>635</u>
Employer contributions	<u>-</u>	<u>(690)</u>	<u>(690)</u>
December 31, 2021	<u>13,827</u>	<u>(4,743)</u>	<u>9,084</u>
Service cost			
Current service cost	43	-	43
Interest expense (income)	<u>90</u>	<u>(33)</u>	<u>57</u>
Recognized in profit and loss	<u>133</u>	<u>(33)</u>	<u>100</u>
Remeasurements			
Return on plan assets (excluding amounts included in net interest expense)	-	(384)	(384)
Actuarial loss	<u>(954)</u>	<u>-</u>	<u>(954)</u>
Recognized in othe	<u>(954)</u>	<u>(384)</u>	<u>(1,338)</u>
Employer contributions	<u>-</u>	<u>(403)</u>	<u>(403)</u>
Welfare payment	<u>(109)</u>	<u>109</u>	<u>-</u>
December 31, 2022	<u>\$ 12,897</u>	<u>(\$ 5,454)</u>	<u>\$ 7,443</u>

The company is exposed to the following risks due to the pension system of the " the R.O.C. Labor Standards Law ":

1. Investment risk: The Labor Fund Utilization Bureau of the Ministry of Labor invests labor retirement funds in domestic (foreign) equity securities and debt securities, bank deposits, etc. through its own use and entrusted operations. However, the allocated amount of the planned assets of the company is calculated based on the interest rate not lower than the 2-year fixed deposit rate of the local bank.
2. Interest rate risk: The decline in the interest rate of government bonds/corporate bonds will increase the present value of defined benefit obligation, but the return on debt investment of planned assets will also increase. The two will partially offset the impact of net defined benefit liability .
3. Salary risk: The calculation of the present value of defined benefit obligation refers to the future salary of plan members, so the increase in salary of plan members will increase the present value of defined benefit obligation.

The present value of defined benefit obligation of the combined company is actuarial calculation performed by a qualified actuary. The material assumptions of the measurement date are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount Rate	1.25%	0.65%
Expected salary increase rate	1.50%	1.50%

If the significant actuarial assumptions are subject to reasonably possible changes, the amount of the present value of defined benefit obligation will increase (decrease) as follows, while all other assumptions remain unchanged:

	December 31, 2022	December 31, 2021
Discount Rate		
Decrease 0.25%	\$ 313	\$ 392
Increase 0.25%	(\$ 303)	(\$ 377)
Expected salary increase rate		
Decrease 1.00%	(\$ 1,159)	(\$ 1,427)
Increase 1.00%	\$ 1,312	\$ 1,631

Since actuarial assumptions may be related to each other, it is unlikely that a single assumption will change, so the above sensitivity analysis may not reflect the actual changes in the present value of defined benefit obligation.

	December 31, 2022	December 31, 2021
Contribution amount expected within 1 year	\$ 404	\$ 690
Average maturity period of defined benefit obligation	12 年	13 年

22. Equity

(1) Share capital of ordinary share

	December 31, 2022	December 31, 2021
Authorized shares (in thousands)	120,000	120,000
Authorized capital	\$ 1,200,000	\$ 1,200,000
Issued and paid shares (in thousands)	111,523	111,523
Issued capital	\$ 1,115,229	\$ 1,115,229

Issued ordinary shares have a par value of NT\$10 per share, and each share has one voting right and the right to receive dividends.

(2) Capital surplus

	December 31, 2022	December 31, 2021
<u>Can be used to make up for losses, distribute cash or allocate share capital (Note)</u>		
Stock issue premium	\$ 170,581	\$ 170,581
<u>Can only be used to make up for losses</u>		
Gain on disposal of asset	3	3
Expiry share option	79	79
	\$ 170,663	\$ 170,663

Note: This type of additional paid-in capital can be used to make up for losses. It can also be used to distribute cash or allocate share capital when the company has no losses. However, when the share capital is allocated, it is limited to a certain percentage of the paid-in share capital each year.

(3) Retained earnings and dividend policy

According to the surplus distribution policy of the company's articles of association, if there is a surplus in the annual final accounts, taxes shall be paid in accordance with the law, and after the accumulated losses are made up,

another 10% will be set as the legal reserve, and the rest shall be listed or transferred to the Special reserve according to laws and regulations and the articles of association; If there is a balance, and with the accumulated undistributed earnings, the board of directors will draft a surplus distribution proposal and submit it to the shareholders meeting for a resolution to distribute shareholder dividends. For the remuneration distribution policy for employees and directors as stipulated in the articles of association of the company, please refer to Note 24 (9) Employee Remuneration and Remuneration of Directors and Supervisors.

In addition, in accordance with the company's articles of association, the net profit for the current period each year will be distributed in the following order:

1. To make up for losses
2. To contribute 10% legal reserve, and from 2011 to 2048, the company must contribute 20% special reserve as an expansion fund for the year when the company is a single operating base, and an expansion fund account shall be established for the annual contribution funds.
3. To contribute special reserve in accordance with other laws and regulations.

After the balance after the distribution in the preceding paragraph is added to the undistributed earnings at the beginning of the period and the undistributed earnings adjustment for the current period, the board of directors shall draft a distribution plan in accordance with the dividend policy and submit it to the shareholders meeting for resolution.

The 20% special reserve contributed in accordance with the provisions of the second subparagraph of the first paragraph:

1. The funds in the expansion fund account are for special purposes only, and are limited to the construction of the library, operating equipment, operating working fund or bank guarantees for the expansion of new operating bases;
2. The investment target of its expanded fund account is mainly based on stable profits, and is limited to investment in fixed deposits, government bonds, bond funds, ETF funds and fund of funds. Please refer to Note 17 of the financial report for the relevant contribution.
3. The contribution can be stopped unless one of the following conditions is met:
 - (1) The total amount of investment required to obtain a new operating base must be more than 500 million NT dollars, and the new operating base has been profitable for two consecutive years.
 - (2) The special reserve has reached twice the paid-in capital.

The company is at a stage of stable growth, and will grasp the changes in internal and external environments in order to achieve sustainable business development. When the board of directors draws up a profit distribution plan, it should consider the company's future capital expenditure budget and capital needs, and measure the necessity of using surplus to support funds to determine the amount of surplus retained or distributed, the amount of dividends or bonuses distributed to shareholders in cash, the distribution of cash shall not be less than 30%, and the distribution of stocks shall not exceed 70%.

Legal reserve should be contributed until its balance reaches the total amount of the company's actual share capital. Legal reserve can be used to make up for losses. When the company has no losses, the portion of the legal reserve exceeding 25% of the total paid-in share capital can be contributed as share capital and still be contributed in cash.

The company has made a recommendation based on No. Financial-Supervisory-Securities-Auditing-1010012865, No.

Financial-Supervisory-Securities-Auditing-1010047490, No. Financial-Supervisory-Securities-Auditing-1030006415 and "International Financial Reporting Standards (IFRSs)". Questions and Answers on the Application of Special Reserve" and other regulations to mention and transfer the special reserve.

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

	Appropriation of Earnings	
	Year 2021	Year 2020
Legal reserve	\$ 1,987	\$ 8,693
Special reserve	\$ 3,975	\$ 17,386
Reversal of special surplus reserve according to law	\$ -	(\$ 27,200)
Cash dividend	\$ 22,305	\$ 55,762
Cash dividend per share (NT\$)	\$ 0.2	\$ 0.5

The company's case of earnings distribution for 2022 proposed by the board of directors on February 24, 2023 is as follows:

	Appropriation of Earnings	Cash dividend per share (NT\$)
Legal reserve	\$ 15,241	
Special reserve	30,483	
Cash dividend	66,914	\$ 0.6
Stock dividend	66,914	0.6

The case of earnings distribution for 2022 is still pending the resolution of the shareholders' meeting on May 30, 2023.

(4) Non-controlling interests

	Year 2022	Year 2021
Initial balance	\$ 129,225	\$ 134,070
Net loss for the year	(5,562)	(4,845)
Year-end balance	\$ 123,663	\$ 129,225

23. Net Revenue

	Year 2022	Year 2021
Room income	\$ 637,002	\$ 428,714
Catering income	191,119	152,156
Other income	7,819	7,048
	\$ 835,940	\$ 587,918

(1) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2020
Contract liability — Current			
Deposit received in advance	\$ 30,928	\$ 32,720	\$ 28,223

The amount of performance obligations that have been satisfied from contract liability at the beginning of the year recognized as income in the

current period is as follows:

	Year 2022	Year 2021
Contract liability from the beginning of the year		
Deposit received in advance	\$ 30,505	\$ 27,315

(2) Contracts with customers that has not yet been completed

The amortized transaction price of performance obligations that have not yet been fully satisfied and the expected timing of recognition as revenue are as follows. These amounts do not include the estimated amount of restricted changes in consideration:

	Year 2022	Year 2021
Deposit received in advance		
Fulfill in 2022	\$ -	\$ 32,720
Fulfill in 2023	30,928	-
	\$ 30,928	\$ 32,720

24. Profit before tax

(1) Other income and net expenses

	Year 2022	Year 2021
Disposal of benefits (losses) of property, plant and equipment	\$ 3	\$ 4

(2) Interest income

	Year 2022	Year 2021
Bank deposits	\$ 400	\$ 39
Other	12	15
	\$ 412	\$ 54

(3) Other income

	Year 2022	Year 2021
Dividend income	\$ 8,272	\$ 4,136
Rental income	3,119	2,822
government grants income	1,779	19,040
Other	4,015	5,432
	\$ 17,185	\$ 31,430

(4) Other benefits and losses

	Year 2022	Year 2021
Loss on disposal of intangible assets	\$ 13	\$ 51

(5) Miscellaneous expenses

	Year 2022	Year 2021
Depreciation expense	\$ 1,703	\$ 1,710
Investment Property related expenses	1,152	1,011
Other	1,460	1,802
	\$ 4,315	\$ 4,523

(6) Financial costs

	Year 2022	Year 2021
Interest on bank loans	\$ 8,414	\$ 5,024
Interest on lease liability	<u>730</u>	<u>934</u>
	9,144	5,958
Minus: The amount included in the cost of eligible assets (listed under Real estate, plant and equipment)	(<u>297</u>)	(<u>447</u>)
	<u>\$ 8,847</u>	<u>\$ 5,511</u>

The relevant information of capitalization of interest is as follows:

	Year 2022	Year 2021
The amount of capitalization of interest	\$ 297	\$ 447
The interest rate of capitalization of interest	1.21%~2.34%	1.23%~1.46%

(7) Depreciation and amortization

	Year 2022	Year 2021
Depreciation expense summarized by function		
Operating cost	\$ 54,055	\$ 53,998
Operating expenses	15,998	16,235
Miscellaneous expenses	<u>1,703</u>	<u>1,710</u>
	<u>\$ 71,756</u>	<u>\$ 71,943</u>
Amortization expense summarized by function		
Operating cost	\$ 42,688	\$ 46,910
Operating expenses	<u>600</u>	<u>1,391</u>
	<u>\$ 43,288</u>	<u>\$ 48,301</u>

(8) Employee benefits expenses

	Year 2022	Year 2021
Short-term employee benefits		
Salary	\$ 212,709	\$ 197,944
Labor and health insurance	21,736	22,042
Directors' remuneration	618	530
Other	<u>10,967</u>	<u>10,464</u>
	<u>246,030</u>	<u>230,980</u>
Retirement benefit plans (Note 21)		
Defined contribution plans	9,605	9,453
Defined benefit plans	<u>100</u>	<u>103</u>
	<u>9,705</u>	<u>9,556</u>
	<u>\$ 255,735</u>	<u>\$ 240,536</u>
Summary by function		
Operating cost	\$ 173,339	\$ 162,922
Operating expenses	<u>82,396</u>	<u>77,614</u>
	<u>\$ 255,735</u>	<u>\$ 240,536</u>

(9) Remuneration of employees and remuneration of directors and supervisors

In accordance with the provisions of the articles of association, the company shall contribute at least 1% and not more than 1% of the employee

compensation and directors and supervisors' compensation based on the current year's pre-tax benefits before deducting the distribution of employee compensation and directors and supervisors' compensation. The remuneration of employees and the remuneration of directors and supervisors for 2022 and 2021 were resolved by the board of directors on February 24, 2023 and February 23, 2022 as follows:

1. Estimated ratio

	Year 2022	Year 2021
Remuneration of employee	1%	1%
Remuneration of Directors and Supervisors	0.0348%	0.2569%

2. Amount

	Year 2022	Year 2021
Remuneration of employee	\$ 1,938	\$ 234
Remuneration of Directors and Supervisors	68	60

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

There is no difference between the actual allotment amount of remuneration of employees and remuneration of Directors and Supervisors in 2021 and 2020 and the amount recognized in the financial reports of each year.

For information on the remuneration of employees and remuneration of Directors and Supervisors resolved by the company's board of directors, please go to the "Public Information Observatory" of the Taiwan Stock Exchange.

25. Income tax

(1) The main components of income tax recognized in profit and loss

	Year 2022	Year 2021
Current income tax expense		
Current tax expense recognized in the current year	\$ 37,823	\$ 178
Tax on undistributed profit	-	1,706
Income tax adjustments on prior years	86	130
	37,909	2,014
Deferred income tax		
Current tax expense recognized in the current year	(427)	669
	\$ 37,482	\$ 2,683

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	Year 2022	Year 2021
Profit before tax of continuing operations	<u>\$ 186,214</u>	<u>\$ 18,220</u>
Income tax expense at the statutory rate	\$ 36,358	\$ 2,885
Unrecognizable tax expenses	924	870
Unrecognizable tax benefits	(1,883)	(4,635)
Tax on undistributed profit	-	1,706
Deduction of unrecognized losses	1,997	1,727
Income tax adjustments on prior years	<u>86</u>	<u>130</u>
	<u>\$ 37,482</u>	<u>\$ 2,683</u>
(2) Income tax expense recognized in other comprehensive income		
	Year 2022	Year 2021
Deferred tax		
Produced this year		
Related to		
remeasurement of defined benefit obligation	(\$ 268)	\$ 127
(3) Current income tax liabilities		
	December 31, 2022	December 31, 2021
Current income tax liabilities		
Income tax payable	<u>\$ 39,792</u>	<u>\$ 20,203</u>
(4) Deferred tax assets and liabilities		

The changes in deferred tax assets and liabilities are as follows:

Year 2022

	Initial balance	Recognized in profit and loss	Recognized in other comprehensive income	Year-end balance
<u>Deferred income tax assets</u>				
Temporary difference				
Pay in lieu of untaken annual leave	\$ 1,390	\$ 487	\$ -	\$ 1,877
Defined benefit retirement benefit plans	<u>1,817</u>	(<u>60</u>)	(<u>268</u>)	<u>1,489</u>
	<u>\$ 3,207</u>	<u>\$ 427</u>	(<u>\$ 268</u>)	<u>\$ 3,366</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Land value increment tax	<u>\$ 1,118</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,118</u>

Year 2021

	Initial balance	Recognize d in profit and loss	Recognize d in other comprehen sive income	Year-end balance
<u>Deferred income tax assets</u>				
Temporary difference				
Pay in lieu of untaken annual leave	\$ 1,942	(\$ 552)	\$ -	\$ 1,390
Defined benefit retirement benefit plans	<u>1,807</u>	(<u>117</u>)	<u>127</u>	<u>1,817</u>
	<u>\$ 3,749</u>	(<u>\$ 669</u>)	<u>\$ 127</u>	<u>\$ 3,207</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Land value increment tax	<u>\$ 1,118</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,118</u>
(5) Deduction for unused losses of deferred tax assets is not recognized in the consolidated balance sheet				

	December 31, 2022	December 31, 2021
Loss deduction		
Expires in 2027	\$ 3,818	\$ 3,818
Expires in 2028	6,769	6,769
Expires in 2029	6,775	6,775
Expires in 2030	4,776	4,776
Expires in 2031	8,725	8,634
Expires in 2032	<u>9,985</u>	<u>-</u>
	<u>\$ 40,848</u>	<u>\$ 30,772</u>
(6) Verification situation of income tax		

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

26.Earnings per Share

It is used to calculate the earnings per share and the weighted average number of ordinary shares as follows:

Net profit for the year

	Year 2022	Year 2021
Net income available to common shareholders of the parent	<u>\$ 154,294</u>	<u>\$ 20,382</u>

Number of shares

	Year 2022	Unit: Thousand shares Year 2021
Used to calculate the weighted average number of ordinary shares of basic earnings per share	111,523	111,523
The impact of potential ordinary share with dilution effect:		
Remuneration of employee	<u>60</u>	<u>11</u>
Used to calculate the ordinary share weighted average number of dilutive earnings per share	<u>111,583</u>	<u>111,534</u>

If the company of the combined company chooses to issue the remuneration of employees in stocks or cash, when calculating the dilutive earnings per share, it is assumed that the remuneration of employees will adopt the method of issuing shares, and it will be included in the weighted average circulation when the potential ordinary share has a dilution effect. The number of foreign shares is used to calculate dilutive earnings per share. When calculating the dilutive earnings per share before the resolution of the remuneration of employees to issue shares in the next year's shareholders' meeting, the dilution effect of these potential ordinary shares will continue to be considered.

27. Capital risk management

The combined company's capital structure consists of the combined company's net debt (i.e. borrowings minus cash) and equity (i.e. share capital, additional paid-in capital, retained earnings and other equity items). The combined company conducts capital management to ensure that all departments can be raised before continuing to operate, and maximize shareholder returns by optimizing the balance of debt and equity.

The combined company does not have to comply with other external capital regulations.

28. Financial instruments

- (1) Fair value information - Financial instruments that are not measured at fair value
The combined company's non-measured at fair value financial instruments, such as cash, financial assets measured at amortized cost (including current and non-current), receivables, other receivables, fund for improvement and expansion, refundable deposits (other non-current assets), short-term loan, short-term notes and bills payable, payables, other payables, long-term loans (including due within one year) and deposits received, etc. The carrying amount is a reasonable approximation of Fair value.
- (2) Fair value information - financial instruments measured at fair value based on repeatability
 1. Fair value level

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>measured at fair value</u>				
<u>through Other</u>				
<u>comprehensive</u>				
<u>income</u>				
Investment of equity				
instruments				
Domestic listed	\$ 202,400	\$ -	\$ -	\$ 202,400
(counter) stocks				
Domestic unlisted	-	-	18,360	18,360
(counter) stocks				
	<u>\$ 202,400</u>	<u>\$ -</u>	<u>\$ 18,360</u>	<u>\$ 220,760</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>measured at fair value</u>				
<u>through Other</u>				
<u>comprehensive</u>				
<u>income</u>				
Investment of equity				
instruments				
Domestic listed	\$ 312,437	\$ -	\$ -	\$ 312,437
(counter) stocks				
Domestic unlisted	-	-	26,790	26,790
(counter) stocks				
	<u>\$ 312,437</u>	<u>\$ -</u>	<u>\$ 26,790</u>	<u>\$ 339,227</u>

From January 1 to December 31, 2022 and 2021, there will be no transfer between level 1 and level 2 fair value measurement.

2. Financial instruments are adjusted by level 3 Fair value measurement
Year 2022

	Financial asset measured at fair value through other comprehensive income
<u>Financial asset</u>	<u>Equity instruments</u>
Initial balance	\$ 26,790
Recognized in other comprehensive income (Unrealized profits and losses of valuation of financial assets measured at fair value through Other comprehensive income)	(8,430)
Year-end balance	<u>\$ 18,360</u>

Year 2021

	Financial asset measured at fair value through other comprehensive income
<u>Financial asset</u>	<u>Equity instruments</u>
Initial balance	\$ 32,790
Recognized in other comprehensive income (Unrealized profits and losses of valuation of financial assets measured at fair value through Other comprehensive income)	(6,000)
Year-end balance	<u>\$ 26,790</u>

3. Method of measuring the fair value of financial instruments

The fair value of financial asset and financial liability is determined in the following way:

- (1) For financial asset and financial liability with standard terms and conditions and traded in an active market, the fair value of the financial asset and financial liability are determined with reference to market quotations.
- (2) The financial asset of the third level fair value measurement held by the combined company is an unlisted (counter) company stock, which is mainly based on the market method to measure the fair value. The estimates or assumptions used are based on the relevant information and estimates of comparable transactions in the market Future cash flow. The main unobservable inputs include discounts without control rights and risk discounts for lack of marketability.

(3) Types of financial instruments

	December 31, 2022	December 31, 2021
<u>Financial asset</u>		
Financial assets measured at amortized cost (Note 1)	\$ 387,849	\$ 206,931
Financial assets measured at fair value through Other comprehensive income		
Investment of equity instruments	220,760	339,227
<u>Financial liability</u>		
Measured by amortized cost (Note 2)	556,686	502,957

Note 1 : The balance includes cash, financial assets measured at amortized cost (including current and non-current), receipts, other receivables, fund for improvement and expansion, and refundable deposits (other non-current assets) and other financial assets measured at amortized cost.

Note 2 : The balance is the financial liability measured by amortized cost, such as payables, other payables, short-term loans, short-term notes and bills payable, long-term loans (including due within one year) and deposits received.

(4) Objectives and policies of financial risk management

The combined company's main financial instruments include investment of equity instruments, receipts and payables, loans and lease liability, etc. The combined company's financial management department provides services for various business units, coordinates and coordinates the operation of entering the domestic market, and supervises and manages the financial risks related to the combined company's operations by analyzing the internal risk report of the risk according to the degree and breadth of the risk. These risks include market risk (interest rate risk and other price risk), credit risk and liquidity risk .

The important financial activities of the combined company are reviewed by the board of directors in accordance with relevant regulations and internal control systems, and internal auditors continue to review compliance with policies and risk limits. The combined company does not trade financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risk

The combined company's operating activities cause the combined company to bear the main financial risks of interest rate changes (see (1) below) and other price risks (see (2) below).

(1) Interest rate risk

Because the combined company borrows funds at a fixed interest rate and a floating interest rate at the same time, interest rate exposure occurs. The combined company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates.

The financial asset and financial liability carrying amount of the combined company subject to interest rate exposure on the balance sheet date are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
With fair value interest rate risk		
— Financial asset	\$ 11,000	\$ 11,000
— Financial liability	130,495	141,542
With cash flow interest rate risk		
— Financial asset	325,770	148,123
— Financial liability	347,500	309,533

Sensitivity Analysis

The following sensitivity analysis is determined based on the interest rate exposure of non-derivative instruments on Balance Sheet Date. For floating rate liabilities, the analysis method assumes that the amount of liabilities outstanding on the Balance Sheet Date is in circulation during the reporting period. The rate of change used in the company's internal reporting of interest rates to key management is an increase or decrease of 1% in interest rates, which also represents management's assessment of the reasonably possible range of changes in interest rates.

If the interest rate increases by 1% and all other variables remain unchanged, the profit before tax of the combined company in 2022 and 2021 will be reduced by 217 (In Thousands of NTD) and 1,614 (In Thousands of NTD), respectively, mainly because of the combined company's variable interest rate risk exposure of deposits and loans.

(2) Other price risks

As the combined company invests in domestic listed stocks and unlisted stocks, the risk exposure of equity price is generated.

Sensitivity Analysis

If the equity price increases/decreases by 1%, other comprehensive income before taxes in 2022 and 2021 will increase/decrease by 2,208 (In Thousands of NTD) and 3,392 (In Thousands of NTD) due to changes in financial assets measured at fair value through other comprehensive income fair value.

2. Credit risk

Credit risk refers to the risk of the combined company's financial losses caused by the counterparty's default contract obligations. As of the Balance Sheet Date, the maximum credit risk exposure of the combined company that may cause financial losses due to the counterparty's failure

to perform its obligations mainly comes from the financial asset carrying amount recognized on the balance sheet.

The counterparties of the combined company are individuals and corporate organizations with good credit, so no significant credit risk is expected.

3. Liquidity risk

The combined company supports the operation of the company by managing and maintaining sufficient cash or liquid financial products. The management of the combined company supervises the use of bank financing facility and ensures compliance with the terms of the loan contract.

Bank loans are an important source of liquidity for the combined company. For the unused financing facility of the combined company, please refer to the description of (2) financing facility below.

Since the equity in the capital structure of the combined company is far greater than the liabilities, the cash is sufficient to repay the liabilities, and there is no liquidity risk due to the inability to raise funds to fulfill the contractual obligations.

(1) Liquidity and interest rate risk table of non-derivative financial liability

The following table summarizes the financial liability analysis of the combined company's agreed repayment period based on the due date and undiscounted due amount:

	Within 1 year	1~5 years	More than 5 years
<u>December 31, 2022</u>			
Instruments of fixed interest rate	\$ 89,500	\$ -	\$ -
Instruments of floating interest rate	118,355	238,572	6,484
Liabilities without interest	119,360	421	-
lease liability	<u>18,887</u>	<u>17,981</u>	<u>6,013</u>
	<u>\$ 346,102</u>	<u>\$ 256,974</u>	<u>\$ 12,497</u>
<u>December 31, 2021</u>			
Instruments of fixed interest rate	\$ 90,500	\$ -	\$ -
Instruments of floating interest rate	105,430	207,709	-
Liabilities without interest	102,681	421	-
lease liability	<u>18,314</u>	<u>26,692</u>	<u>9,612</u>
	<u>\$ 316,925</u>	<u>\$ 234,822</u>	<u>\$ 9,612</u>

(2) Loan Commitments

	December 31, 2022	December 31, 2021
Credit loan facilities		
Used amount	\$ 250,000	\$ 280,000
Unused amount	<u>255,000</u>	<u>125,000</u>
	<u>\$ 505,000</u>	<u>\$ 405,000</u>
Collateralized borrowing facilities		
Used amount	\$ 199,500	\$ 150,500
Unused amount	<u>80,500</u>	<u>159,500</u>
	<u>\$ 280,000</u>	<u>\$ 310,000</u>

29. Related party transaction

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

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

<u>The name of the related party</u>	<u>Related Party Categories</u>
Quintain Steel Co., Ltd.	The ultimate parent company of the company
Guantian Investment Development Co., Ltd.	The parent company of the company
Luxe Green Energy Technology Co., Ltd.	The associate
Asahi Enterprises Corp.	Other related parties (The company's parent company is the company's legal person director)
Chia Chi Sdry Enterprise Co., Ltd.	Other related parties (The director of the parent company of the company is the chairman of the company)
Wise Co., Ltd.	Other related parties (The director of the company is the chairman of the company)
Polydo Investment Co., Ltd.	Other related parties (The chairman of the company and the chairman of the company are first relatives)
Hsin-shih Textile Co., Ltd.	Other related parties (The chairman of the company is a director of the company)

(2) Net revenue

<u>Item</u>	<u>Type of related party</u>	<u>Year 2022</u>	<u>Year 2021</u>
Net revenue	The ultimate parent company of the company	\$ 1,935	\$ 1,603
	The associate	218	-
	Other related parties	129	126
		<u>\$ 2,282</u>	<u>\$ 1,729</u>

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

(3) Purchase

<u>Type of related parties</u>	<u>Year 2022</u>	<u>Year 2021</u>
Other related parties	<u>\$ 4,760</u>	<u>\$ 4,590</u>

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

(4) Receivables from related parties

<u>Item</u>	<u>The name of the related party</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	The ultimate parent company of the company	\$ 193	\$ 203
	The associate	19	-
	Other related parties	16	16
		<u>\$ 228</u>	<u>\$ 219</u>

The credit period is within 30 days, and there is no major difference from general manufacturers.

Outstanding amounts receivable from related parties have not received guarantees. The amounts receivable from related parties in 2022 and 2021 is not listed in the loss allowance.

(5) Payables to related parties

Item	Type of related parties	December 31, 2022	December 31, 2021
	The ultimate parent company of the	\$ 1,050	\$ -
Payables to related parties	Other related parties	885	1,616
		<u>\$ 1,935</u>	<u>\$ 1,616</u>
Other payables	The ultimate parent company of the	<u>\$ 408</u>	<u>\$ 297</u>

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

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

(6) Acquisition of property, plant and equipment in 2022

Type of related parties	Cost
The ultimate parent company of the company	<u>\$ 1,000</u>

(7) Acquisition of business equipment (listed in property, plant and equipment)

Type of related parties / Name	Cost	
	Year 2022	Year 2021
Other related parties		
Wise Co., Ltd	<u>\$ 1,292</u>	<u>\$ 672</u>

(8) Lease agreement

Item	Type of related parties / Name	December 31, 2022	December 31, 2021
Lease liabilities	Other related parties		
	Polydo Co., Ltd.	<u>\$ 14,734</u>	<u>\$ 17,161</u>

Type of related parties / Name	Year 2022	Year 2021
<u>Rental expenses</u>		
Other related parties		
Polydo Co., Ltd.	<u>\$ 2,685</u>	<u>\$ 2,685</u>

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

Type of related parties / Name	Year 2022	Year 2021
<u>Interest expense</u>		
Other related parties		
Polydo Co., Ltd.	<u>\$ 258</u>	<u>\$ 297</u>

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

Type of related parties	December 31, 2022	December 31, 2021
The ultimate parent company of the company	\$ 1,889	\$ 1,968
Other related parties	443	433
	<u>\$ 2,332</u>	<u>\$ 2,401</u>

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

Type of related parties	December 31, 2022	December 31, 2021
Other related parties	<u>\$ 156</u>	<u>\$ 156</u>

(11) Other transactions

Type of related parties	Property	Contract period	Item	Year 2022	Year 2021
The ultimate parent company of the company	Hotel management system maintenance	The lease term is one year, and the contract is renewed every year	Administrative expenses	\$ 1,277	\$ 917
The ultimate parent company of the company	Lease operation premises	The lease term is one year, and the contract is renewed every year	Operating cost	865	865
The ultimate parent company of the company	Leased office	The lease term is one year, and the contract is renewed every year	Operating cost	192	192
Other related parties	Rental operation premises	The lease term is one year, and the contract is renewed every year	Other income	218	218
The associate	Rental office	The lease term is one year, and the contract is renewed every year	Other income	335	-

(12) Compensation of key management personnel

	Year 2022	Year 2021
Short-term employee benefits	\$ 16,640	\$ 14,420
Post-employment benefit	823	739
	<u>\$ 17,463</u>	<u>\$ 15,159</u>

The remuneration of directors and other major management levels is determined by the remuneration committee in accordance with individual performance.

30. Pledged assets

The following assets have been provided as gift certificate performance bond, franchise agreement signing deposit, bank loan and collateral of commercial paper.

	December 31, 2022	December 31, 2021
Financial assets measured at amortized cost (Pledged time deposit and trust account)	\$ 36,192	\$ 44,267
Net investment Property	36,784	36,887
Land	88,214	88,214
Net building	194,866	182,345
	<u>\$ 356,056</u>	<u>\$ 351,713</u>

31. Significant contingent liabilities and unrecognized contractual commitments

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

Significant commitments

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

1. Rent (Note14)

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

2. Royalty

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

According to the letter of Pingyuzi No. 0964241208 dated November 7, 2007 from the Forest Affairs Bureau of the Agriculture Committee of the Executive Yuan, the relevant income related to the calculation of royalties is as follows:

	Year 2022		
	January 1 to September 30, 2022	October 1 to December 31, 2022	Total
<u>Operating income</u>			
Room dining income	\$ 507,408	\$ 134,892	\$ 642,300
Boutique income	2,962	814	3,776
SPA and other income	2,789	776	3,565
<u>Non-operating income</u>			
Other income	1,688	339	2,027
	<u>\$ 514,847</u>	<u>\$ 136,821</u>	<u>\$ 651,668</u>
	Year 2021		
	January 1 to September 30, 2021	October 1 to December 31, 2021	Total
<u>Operating income</u>			
Room dining income	\$ 287,175	\$ 145,280	\$ 432,455
Boutique income	2,097	936	3,033
SPA and other income	2,249	1,232	3,481
<u>Non-operating income</u>			
Other income	705	304	1,009
	<u>\$ 292,226</u>	<u>\$ 147,752</u>	<u>\$ 439,978</u>

The land, construction and equipment rentals and operating royalties mentioned in the preceding paragraph shall be paid semiannually from the date of conclusion of the contract, and shall be paid before March 31 and September 30 each year. The basic royalties will be paid at NT\$7,488 (In Thousands of NTD) every six months, and the difference will be paid in September of the following year. December 31, 2022 and 2021, the carrying amount of royalty is NT\$22,214(In Thousands of NTD) and NT\$13,266(In Thousands of NTD).

3. Return of assets

In accordance with the provisions of Article 5, Article 36 and Article 37 of the contract, the construction of the company's facilities on the land provided by the Forest Service Bureau of the Agriculture Committee of the Executive Yuan shall be carried out in the name of the Forest Service Bureau of the Agriculture Committee of the Executive Yuan. After the completion, the ownership will belong to the Forestry Bureau of the Agriculture Committee of the Executive Yuan free of charge. The so-called facilities include the completed real estate (Provence Hall, Marbella Hall and Positano Hall). And upon the expiration or termination of the entrusted operation period, all properties and articles owned by the Forestry Bureau of the Agriculture Committee of the Executive Yuan will be returned unconditionally.

- (2) As of December 31, 2022 and 2021, the company has signed related contracts for the repair of franchising equipment, and the unpaid amounts are all NT\$126 (In Thousands of NTD).
- (3) As of December 31, 2022 and 2021, the company has committed to purchase real estate, plant and equipment, and the unpaid amount is NT\$6,878 (In Thousands of NTD) and NT\$8,542 (In Thousands of NTD).

32. Note Disclosure Matters

- (1) Information about significant transactions:
 1. Financings provided. (Attached Table 1)
 2. Endorsement/guarantee provided: None.
 3. Marketable securities held (excluding investments in subsidiaries and

- associates) : (Attached Table 2)
4. Cumulative purchase or sale of the same securities amounts to NT\$300 million or more than 20% of the paid-in capital: None.
 5. The amount of real estate acquired is NT\$300 million or more than 20% of the paid-in capital: None.
 6. Disposal of real estate with an amount of NT\$300 million or more than 20% of the paid-in capital: None.
 7. The amount of purchase and sale of goods with related parties reaches NT\$100 million or more than 20% of the paid-in capital: None.
 8. Receivables from related parties amounting to NT\$100 million or more than 20% of paid-in capital: None.
 9. Information about the derivative financial instruments transaction: None.
 10. Other business relationships and important transactions and amounts between parent and subsidiary companies and between subsidiaries, none.
- (2) Information about reinvestment business. (Note 3)
 - (3) Investment information of China: None.
 - (4) Information on major shareholders: the name, amount and proportion of shareholders with a shareholding ratio of 5% or more. (Attached Table 4)

33. Department Information

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

Departmental revenue and operating results

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

	Chateau International Development Company Limited	Chateau Fulang Co., Ltd.	Adjustment and write-off	Total
<u>Year 2022</u>				
Revenue from external customers	\$ 809,019	\$ 28,064	(\$ 1,143)	\$ 835,940
Departmental benefits (losses)	\$ 190,845	(\$ 8,938)	\$ 159	\$ 182,066
Interest income				412
Other income				17,185
Other benefits and losses				(13)
Financial costs				(8,847)
Miscellaneous expenses				(4,315)
Share of loss of associates and joint ventures accounted for using equity method				(274)
Profit before tax				<u>\$ 186,214</u>

	Chateau International Development Company Limited	Chateau Fulang Co., Ltd.	Adjustment and write-off	Total
<u>Year 2021</u>				
Revenue from external customers	<u>\$ 566,844</u>	<u>\$ 21,793</u>	<u>(\$ 719)</u>	<u>\$ 587,918</u>
Departmental benefits (losses)	<u>\$ 6,634</u>	<u>(\$ 9,541)</u>	<u>\$ 636</u>	<u>(\$ 2,271)</u>
Interest income				54
Other income				31,430
Other benefits and losses				(51)
Financial costs				(5,511)
Miscellaneous expenses				(4,523)
Share of loss of associates and joint ventures accounted for using equity method				(908)
Profit before tax				<u>\$ 18,220</u>

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

Chateau International Development Company Limited

Financings provided

January 1 to December 31, 2022

Attached Table 1

Unit: Thousands of New Taiwan Dollars

No.	Financing Company	Entities to which the company may loan funds,	Account subject	Related parties or not	The highest amount in this period	Ending balance	Actual spending amount	Interest rate range (%)	The nature of the loan	Business transaction amount	Reasons why short-term financing is necessary	The amount of allowance and doubtful debts	Collateral		For individual objects Fund loan and limit (Note 1)	Fund loan Total limit (Note 2)
													Name	Value		
0	The company	Chateau Fulang Hotel Co., Ltd.	Other receivables—related parties	Yes	\$ 150,000	\$ 150,000	\$ -	2.13%	Short-term financing	\$ -	Operating capital	\$ -	#	-	\$ 385,121	\$ 770,242

Note 1 : The Procedure for Lending Funds to Other Parties stipulates that the company's loan limit for a single object is 20% of the company's net value at the end of the period.

Note 2 : Procedure for Lending Funds to Other Parties stipulates that the company's capital loan and total limit is 40% of the company's net value at the end of the period.

Chateau International Development Company Limited
Marketable securities held
 December 31, 2022
 Attached Table 2
 Unit: Thousands of New Taiwan Dollars

Holding company	Marketable Securities Type and Name (Note)	Relationship with the securities issuer	Account	End of term				Note
				Unit/Number of shares	Carrying amount	Shareholding ratio (%)	Fair value	
The company	Qumtun Steel Co., Ltd.	Ultimate parent company	Financial assets measured at fair value through Other comprehensive income – Current	14,613,683	\$ 202,400	4.03	\$ 202,400	
The company	Smokey Joe's Co., Ltd.	None	Financial assets measured at fair value through Other comprehensive income – Non current	3,000,000	18,360	17.39	18,360	

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

Chateau International Development Company Limited
Information of the investee company, location... etc.

January 1 to December 31, 2022

Attached Table 3

Unit: Thousands of New Taiwan Dollars

The name of the investment company	The name of investee company	Area	Main business items	Original investment amount		Held at the end of the period			Investee company Current period profit (loss)	Investment profit (loss) recognized in the current period	Note
				At the end of the period	End of last year	Number of shares	Ratio%	Carrying amount			
The Company The Company	Chateau Fulang Hotel Co., Ltd.	Taiwan	Leisure hotel industry	\$ 112,919	\$ 112,919	9,447,188	47	\$ 114,255	(\$ 9,985)	(\$ 4,932)	
	Luxe Green Energy Technology Co., Ltd.	Taiwan	Manufacturing and sales of electrical equipment, design and contracting of solar farms	50,588	-	2,761,670	1.9	50,541	45,080	469	
Chateau Fulang Hotel Co., Ltd.	Park Ave Shared Space Company	Taiwan	Leisure service industry	4,500	4,500	450,000	45	2,830	(1,653)		Note

Note : It is only necessary to list the profit and loss amount of each subsidiary recognized by the company for direct reinvestment and each invested company that adopts the equity method, and the rest is exempt.

Chateau International Development Company Limited**Information on major shareholders**

December 31, 2022

Attached Table 4

Name of major shareholder	Shares	
	Number of shares held (shares)	Shareholding ratio
Guantian Investment Development Co., Ltd.	32,832,581	29.44%
Zhongxin Development Co., Ltd.	22,491,623	20.16%
CMC Magnetics Corporation	16,191,421	14.51%
Concord International Securities Co., Ltd.	6,953,943	6.23%
Zhongjia International Investment Co., Ltd.	5,928,269	5.31%

Note 1: The main shareholder information in this table is calculated by CHEP on the last business day at the end of the quarter, and the shareholders hold more than 5% of the common shares of the company that have completed the delivery without physical registration. The share capital recorded in the company's consolidated financial report and the actual number of shares delivered without physical registration may be different or different due to the different basis of preparation and calculation.

Note 2: If the above-mentioned information is that the shareholder transfers the holdings to the trust, it is disclosed by the trustor's individual trust account opened by the trustee. As for insider equity declarations for shareholders who hold more than 10% of the shares in accordance with the Securities and Exchange Act, their shareholding includes their own shares plus the shares they have delivered to the trust and have the right to use the trust property, etc. For information on insider equity declarations, please refer to MOPS.

Chateau International Development Company Limited
Statement of changes in real estate, plant and equipment

January 1 to December 31, 2022 and 2021
Attached Table 5

Unit: Thousands of New Taiwan Dollars

	Land	Buildings	Transportation equipment	Office equipment	Hydropower equipment	Landscape gardening	Business appliance	Miscellaneous equipment	Unfinished projects and equipment to be inspected	Total
Cost										
Balance as of January 1, 2021	\$ 204,388	\$ 563,789	\$ 3,247	\$ 30,386	\$ 158,899	\$ 70,327	\$ 28,926	\$ 395,105	\$ 77,690	\$ 1,532,757
Added	-	9,457	198	2,855	-	1,067	1,737	5,908	39,904	61,126
Disposal	-	-	-	-	-	(30)	-	(1,694)	-	(1,724)
Reclassification	-	36,443	-	(14,379)	-	-	-	22,889	(59,643)	(14,690)
Transfer to depreciation expense	-	-	-	-	-	-	(1,737)	-	-	(1,737)
(Note)										
Balance as of December 31, 2021	\$ 204,388	\$ 609,689	\$ 3,445	\$ 18,862	\$ 158,899	\$ 71,364	\$ 28,926	\$ 422,208	\$ 57,951	\$ 1,575,732
Accumulated Depreciation										
Balance as of January 1, 2021	\$ -	\$ 55,122	\$ 1,941	\$ 23,032	\$ 48,484	\$ 51,128	\$ -	\$ 173,668	\$ -	\$ 353,375
Disposal	-	-	-	-	-	(30)	-	(1,614)	-	(1,644)
Depreciation	-	14,495	464	1,179	7,862	3,395	-	22,720	-	50,115
Reclassification	-	-	-	(9,497)	-	-	-	9,497	-	-
Balance as of December 31, 2021	\$ -	\$ 69,617	\$ 2,405	\$ 14,714	\$ 56,346	\$ 54,493	\$ -	\$ 204,271	\$ -	\$ 401,846
Net as of December 31, 2021	\$ 204,388	\$ 540,072	\$ 1,040	\$ 4,148	\$ 102,553	\$ 16,871	\$ 28,926	\$ 217,937	\$ 57,951	\$ 1,173,886
Cost										
Balance as of January 1, 2022	\$ 204,388	\$ 609,689	\$ 3,445	\$ 18,862	\$ 158,899	\$ 71,364	\$ 28,926	\$ 422,208	\$ 57,951	\$ 1,575,732
Added	20,433	3,737	1,000	217	-	788	2,711	1,637	49,789	80,312
Disposal	-	-	-	-	-	(117)	-	(783)	-	(900)
Reclassification	-	3,120	-	-	-	-	-	-	-	3,120
Transfer to depreciation expense	-	-	-	-	-	-	(2,065)	-	-	(2,065)
(Note)										
Balance as of December 31, 2022	\$ 224,821	\$ 616,546	\$ 4,445	\$ 19,079	\$ 158,899	\$ 72,035	\$ 29,572	\$ 423,062	\$ 107,740	\$ 1,656,199
Accumulated Depreciation										
Balance as of January 1, 2022	\$ -	\$ 69,617	\$ 2,405	\$ 14,714	\$ 56,346	\$ 54,493	\$ -	\$ 204,271	\$ -	\$ 401,846
Disposal	-	-	-	-	-	(117)	-	(780)	-	(897)
Depreciation	-	15,918	372	1,017	7,626	3,124	-	21,539	-	49,596
Balance as of December 31, 2022	\$ -	\$ 85,535	\$ 2,777	\$ 15,731	\$ 63,972	\$ 57,500	\$ -	\$ 225,030	\$ -	\$ 450,545
Net as of December 31, 2022	\$ 224,821	\$ 531,011	\$ 1,668	\$ 3,348	\$ 94,927	\$ 14,535	\$ 29,572	\$ 198,032	\$ 107,740	\$ 1,205,654

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

Independent Auditors' Report (Parent Company Only Financial Statements)

The Board of Directors and Shareholders
Chateau International Development Company Limited:

Opinion

The individual balance sheet of Chateau International Development Company Limited (Château Hotels & Resorts) on December 31, 2021 and 2022, individual statement of comprehensive income, statement of comprehensive income, individual Statement of changes in equity, individual Cash flow statement, and individual Financial Statements or Notes (including a summary of significant policies of accounting) on January 1 to December 31, 2021 and 2022, were audited and completed by the accountant.

According to the opinion of the accountant, individual Financial Statements, in all major aspects, was in accordance with the regulations governing the preparation of financial reports by securities issuers and approved by the Financial Supervisory Commission, and issued effective IFRS, IAS, IFRIC Interpretations, and SIC Interpretations, which were able to express the individual financial status of Château Hotels & Resorts on December 31, 2021 and 2022, and individual financial performance and individual cash flow on January 1 to December 31, 2021 and 2022.

Basis of Opinion

The accountant performed the audit work in accordance with Attestation of Financial Statements by Certified Public Accountants. The accountant's responsibilities under these standards will be further explained in the accountant's responsibility section for review of the individual financial statements. The personnel of the accountant's subordinate affairs subject to independence regulations have maintained aloof independence from Château Hotels & Resorts in accordance with the accountant's professional ethics and fulfilled other responsibilities under the regulations. The accountant believes that sufficient and appropriate verification evidence has been obtained as a basis for expressing audit opinions.

Key Audit Matters

Key audit matter refers to the most important matters in the audit of Château Hotels & Resorts individual Financial Statements in 2022 according to the professional judgment of the accountant. These matters have been dealt with in the process of reviewing the individual financial statements as a whole and forming an audit opinion. The accountant does not express an independent opinion on these matters.

The key audit matter of Château Hotels & Resorts' individual financial statements in 2022 is stated as follows:

As stated in Note 22 of the individual financial statements, the revenue from guest rooms and food was 801,211 (In Thousands of NTD) in 2022, accounting for 99% of total operating revenue. They are significant to the individual financial statements. The room income generated by the reservation of the travel agent usually involves a lot of manual operations due to the different transaction conditions of the travel agent. Therefore, the accountant lists the authenticity of the income generated by the travel agent as the key audit matter.

Corresponding audit procedures

The accountant has executed the corresponding procedures for the said key audit matter listed as follows:

1. To understand and test the effectiveness of the main internal control design and implementation for the authenticity of revenue.
2. Obtain details of room revenue and catering revenue generated by bookings from travel agencies, and check relevant transaction documents, including passenger registration cards, counter bills, reconciliation calculations of travel agency and contract terms, etc., to test the authenticity of the revenue.
3. Audit the subsequent records of payment received from the travel industry after the review period.

Responsibilities of management and governing body for individual financial statements

The responsibility of management was in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and approved by the Financial Supervisory Commission, and issued effective IFRS, IAS, IFRIC Interpretations, and SIC Interpretations, which were able to express the individual financial statements, and maintain the necessary internal control related to the preparation of the individual financial statements to ensure that the individual financial statements do not contain any material misrepresentation due to fraud or errors.

When preparing the individual financial statements, the responsibilities of management also include assessing Château Hotels & Resorts' ability to continue operations, disclosure of related matters, and the adoption of the accounting basis for continued operations, unless the management intends to liquidate Château Hotels & Resorts or cease operations, or there is no practical and feasible plan other than liquidation or suspension of business.

Governing body (including supervisors) of Château Hotels & Resorts is responsible for supervising the financial reporting process.

The accountant's responsibility for auditing the individual financial statements

The purpose of this accountant's audit of the individual financial statements is to obtain reasonable conviction as to whether the individual financial statements as a whole contain any material misrepresentation due to fraud or errors, and to issue an audit report. Reasonable assurance is a high degree of certainty, but the audit work performed in accordance with the auditing standards cannot guarantee that material misrepresentation in the individual financial statements will be detected. Misrepresentation may result from fraud or errors. If the untruthful individual amounts or aggregate can be reasonably expected to affect the economic decisions made by the users of the individual financial statements, they are considered significant.

The accountant uses professional judgment and maintains professional suspicion when conducting audits in accordance with the auditing standards generally accepted in the Republic of China. The accountant also performs the following tasks:

1. Identify and evaluate the risks of material misrepresentation in the individual financial statements due to fraud or errors; design and implement appropriate countermeasures for the assessed risks; and obtain sufficient and appropriate audit evidence as the basis for audit opinion. Because fraud may involve collusion, forgery, deliberate omission, false

statement or violation of internal control, the risk of not detecting material misrepresentation caused by fraud is higher than that caused by errors.

2. Obtain the necessary understanding of the internal control relevant to the audit in order to design an appropriate audit procedure under the circumstances, but its purpose is not to express an opinion on the effectiveness of the internal control of Château Hotels & Resorts.
3. Evaluate the appropriateness of the accounting policies adopted by the management and the reasonableness of accounting estimates and related disclosures.
4. Based on the obtained audit evidence, make a conclusion on the appropriateness of the management's use of the continuing operations of the accounting basis and whether there is significant uncertainty in the event or situation that may cause major doubts about the ability of Château Hotels & Resorts to continue operations. If the accountant believes that there are significant uncertainties in these events or circumstances, he must remind the users of the financial statements in the audit report to pay attention to the relevant disclosures in the individual financial statements, or amend the audit opinion when such disclosures are inappropriate. The accountant's conclusion is based on the audit evidence obtained as of the audit report date, but future events or circumstances may cause Château Hotels & Resorts to no longer have the ability to continue operations.
5. Evaluate the overall expression, structure and content of the individual financial statements (including relevant notes), and whether the individual financial statements are appropriate to express relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence for the financial information of the constituent entities in Château Hotels & Resorts to express opinions on the individual financial statement. The accountant is responsible for the guidance, supervision and execution of the group's audit cases, and is responsible for forming the group's audit opinion.

The matters communicated between the accountant and the governing body include the planned audit scope and time, as well as major audit findings (including significant deficiencies in internal control identified during the audit process).

The accountant also provides the governing body with a statement that the personnel of the accountant's affairs subject to independence regulations have complied with the independence of code of professional ethics, and communicates with the governing body all relationships and other matters that may be considered to affect the independence of the accountant (including relevant protective measures).

The accountant decided to audit the key audit matter of Château Hotels & Resorts' 2022 financial statements from the matters communicated with the governing body. The accountant states these matters in the audit report, unless the law does not allow specific matters to be disclosed publicly, or in very rare cases, the accountant decides not to communicate specific matters in the audit report because it can be reasonably expected that the negative impact of this communication will be greater than the public interest promoted.

Deloitte & Touche

Accountant LEE, CHI-CHEN

No. approved by Securities and Futures
Commission

No. Taiwan-Financial-Securities-
No.0920123784

Accountant YANG, CHAO-CHIN

No. approved by Financial Supervisory
Commission

No. Financial-Supervisory-Securities-
Auditing- No.1060023872

February 24, 2023

Chateau International Development Company Limited

Individual Balance Sheet

December 31, 2022 and 2021

(Unit: Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 299,203	12	\$ 115,521	5
1120	Current financial assets at fair value through other comprehensive income (Notes 4 and 7)	202,400	8	312,437	13
1136	Current financial assets at amortized cost (Notes 4, 8 and 29)	25,192	1	33,267	1
1170	Accounts receivable, net (Notes 4, 9 and 28)	10,885	-	12,477	1
1200	Other receivables	3	-	23	-
130X	Current inventories (Notes 4 and 10)	11,215	1	11,744	-
1410	Prepayments	6,783	-	7,080	-
1470	Other current assets (Note 17 and 28)	1,834	-	160	-
11XX	Total current assets	<u>557,515</u>	<u>22</u>	<u>492,709</u>	<u>20</u>
	Non-current assets				
1517	Non-current financial assets at fair value through other comprehensive income (Notes 4 and 7)	18,360	1	26,790	1
1535	Non-current financial assets at amortized cost (Notes 4, 8 and 29)	11,000	-	11,000	1
1550	Investments accounted for using equity method (Notes 4 and 11)	164,796	7	119,187	5
1600	Property, plant and equipment (Notes 4, 12, 28 and 29)	816,928	33	827,108	34
1755	Right-of-use assets (Notes 4 and 13)	38,892	2	50,541	2
1760	Investment property, net (Notes 4, 14 and 29)	582,932	24	582,932	24
1780	Intangible assets (Notes 4 and 15)	294	-	562	-
1791	Franchising (Notes 4, 15 and 30)	253,161	10	292,928	12
1840	Deferred tax assets (Notes 4 and 24)	3,366	-	3,207	-
1952	Fund for improvements and expansions (note 16)	29,395	1	25,388	1
1990	Other non-current assets (Notes 17 and 28)	6,973	-	6,073	-
15XX	Total non-current assets	<u>1,926,097</u>	<u>78</u>	<u>1,945,716</u>	<u>80</u>
1XXX	Total assets	<u>\$ 2,483,612</u>	<u>100</u>	<u>\$ 2,438,425</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2130	Current contract liabilities (Notes 4 and 22)	\$ 30,373	1	\$ 32,252	1
2150	Notes payable (note 29)	606	-	-	-
2170	Accounts payable (note 28)	29,446	1	29,555	1
2200	Other payables (Notes 19 and 28)	81,954	3	68,107	3
2230	Current tax liabilities (Notes 4 and 24)	39,792	2	20,203	1
2280	Current lease liabilities (notes 4 and 13)	18,301	1	16,983	1
2320	Long-term liabilities, current portion (Notes 4, 18 and 29)	80,000	3	72,033	3
2399	Other current liabilities, others (Notes 19 and 28)	59,703	2	64,006	3
21XX	Total current liabilities	<u>340,175</u>	<u>13</u>	<u>303,139</u>	<u>13</u>
	Non-current liabilities				
2540	Non-current portion of non-current borrowings (Notes 4, 18 and 29)	187,500	8	207,500	9
2580	Non-current lease liabilities (notes 4 and 13)	22,790	1	34,237	1
2640	Net defined benefit liability, non-current (notes 4 and 20)	7,443	-	9,084	-
2645	Guarantee deposits received	100	-	100	-
25XX	Total non-current liabilities	<u>217,833</u>	<u>9</u>	<u>250,921</u>	<u>10</u>
2XXX	Total liabilities	<u>558,008</u>	<u>22</u>	<u>554,060</u>	<u>23</u>
	Equity (Note 21)				
	Share capital				
3110	Ordinary share	1,115,229	45	1,115,229	46
3200	Capital surplus	170,663	7	170,663	7
	Retained earnings				
3310	Legal reserve	158,816	7	156,829	6
3320	Special reserve	230,362	9	226,387	9
3350	Unappropriated retained earnings (accumulated deficit)	217,231	9	93,085	4
3300	Total retained earnings	<u>606,409</u>	<u>25</u>	<u>476,301</u>	<u>19</u>
3400	Total other equity interest	<u>33,303</u>	<u>1</u>	<u>122,172</u>	<u>5</u>
3XXX	Total equity	<u>1,925,604</u>	<u>78</u>	<u>1,884,365</u>	<u>77</u>
	Total liabilities and equity	<u>\$ 2,483,612</u>	<u>100</u>	<u>\$ 2,438,425</u>	<u>100</u>

The attached notes are part of this individual financial statement.

Chateau International Development Company Limited
Individual Statement Of Comprehensive Income
January 1 to December 31, 2022 and 2021

(Unit: Thousands of New Taiwan Dollars)

(However, the earnings per share are New Taiwan Dollars)

Code		Year 2022		Year 2021	
		Amount	%	Amount	%
4000	Total operating revenue (Note 4, 22 and 28)	\$ 809,019	100	\$ 566,844	100
5000	Total operating costs (Note 10, 23 and 28)	<u>382,245</u>	<u>47</u>	<u>352,206</u>	<u>62</u>
5900	Gross profit (loss) from operations	<u>426,774</u>	<u>53</u>	<u>214,638</u>	<u>38</u>
	Operating expenses (Notes 23 and 28)				
6100	Selling expenses	31,631	4	28,955	5
6200	Administrative expenses	<u>204,295</u>	<u>25</u>	<u>179,043</u>	<u>32</u>
6000	Total Operating expenses	<u>235,926</u>	<u>29</u>	<u>207,998</u>	<u>37</u>
6510	Other income (Note 23)	(<u>3</u>)	-	(<u>4</u>)	-
6900	Net operating income (loss)	<u>190,845</u>	<u>24</u>	<u>6,636</u>	<u>1</u>
	Non-operating income and expenses (Note 23 and 28)				
7100	Interest income	407	-	51	-
7010	Other income	14,142	2	27,625	5
7030	Other gains and losses, net	(13)	-	(51)	-
7050	Financial costs	(6,027)	(1)	(3,918)	(1)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	(4,463)	(1)	(4,298)	(1)
7590	Miscellaneous disbursements	(<u>3,115</u>)	-	(<u>2,980</u>)	-
7000	Total non-operating income and expenses	<u>931</u>	-	<u>16,429</u>	<u>3</u>

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Code		Year 2022		Year 2021	
		Amount	%	Amount	%
7900	Profit (loss) from continuing operations before tax	191,776	24	23,065	4
7950	Total tax expense (income) (Notes 4 and 24)	<u>\$ 37,482</u>	<u>5</u>	<u>\$ 2,683</u>	<u>-</u>
8200	Profit (loss) from continuing operations	<u>154,294</u>	<u>19</u>	<u>20,382</u>	<u>4</u>
	Other comprehensive income				
	Items not reclassified to profit or loss:				
	Total tax expense (income) (Notes 4 and 24)				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 20)	1,338	-	(635)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(91,820)	(11)	81,499	14
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 24)	(268)	-	127	-
8300	Total other comprehensive income	(90,750)	(11)	80,991	14
8500	Total comprehensive income	<u>\$ 63,544</u>	<u>8</u>	<u>\$ 101,373</u>	<u>18</u>
	Earnings per Share (NT\$, Note 25)				
9750	Basic earnings per share	\$ 1.38		\$ 0.18	
9850	Diluted earnings per share	1.38		0.18	

The attached notes are part of this individual financial statement.

Chateau International Development Company Limited
Individual Statement Of Changes In Equity
January 1 to December 31, 2022 and 2021
(Unit: Thousands of New Taiwan Dollars)

Code		Retained earnings				Other equity interest	
		Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit) earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income
A1	Balance as of January 1, 2021	\$ 1,115,229	\$ 170,663	\$ 148,136	\$ 236,201	\$ 127,852	\$ 40,673
B1	Earnings Appropriation and Distribution in 2020 (Note 21)						
B3	Legal reserve appropriated	-	-	8,693	-	(8,693)	-
B5	Special reserve appropriated	-	-	-	(9,814)	9,814	-
	Cash dividends of ordinary share	-	-	-	-	(55,762)	(55,762)
D1	Profit (loss) in 2021	-	-	-	-	20,382	-
D3	Other comprehensive income in 2021	-	-	-	-	(508)	81,499
D5	Total comprehensive income in 2021	-	-	-	-	19,874	81,499
Z1	Balance as of December 31, 2021	1,115,229	170,663	156,829	226,387	93,085	122,172
B1	Earnings Appropriation and Distribution in 2021 (Note 21)						
B3	Legal reserve appropriated	-	-	1,987	-	(1,987)	-
B5	Special reserve appropriated	-	-	-	3,975	(3,975)	-
	Cash dividends of ordinary share	-	-	-	-	(22,305)	(22,305)
D1	Profit (loss) in 2022	-	-	-	-	154,294	-
D3	Other comprehensive income in 2022	-	-	-	-	1,070	(91,820)
D5	Total comprehensive income in 2022	-	-	-	-	155,364	(91,820)
Q1	Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(2,951)	2,951
Z1	Balance as of December 31, 2022	\$ 1,115,229	\$ 170,663	\$ 158,816	\$ 230,362	\$ 217,231	\$ 33,303
							\$ 1,925,604

The attached notes are part of this consolidated financial statement.

Chateau International Development Company Limited
Individual Cash Flow Statement
January 1 to December 31, 2022 and 2021

(Unit: Thousands of New Taiwan Dollars)

<u>Code</u>		<u>Year 2022</u>	<u>Year 2021</u>
	Cash flows from (used in) operating activities, indirect method		
A10000	Profit (loss) before tax	\$ 191,776	\$ 23,065
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	63,526	64,786
A20200	Amortization expense	43,128	48,301
A20900	Interest expense	6,027	3,918
A21200	Interest income	(407)	(51)
A21300	Dividend income	(8,272)	(4,136)
A22500	Loss (gain) on disposal of property, plant and equipment	3	4
A22800	Loss (gain) on disposal of intangible assets	13	51
A22400	Share of loss (profit) of associates and joint ventures accounted for using equity method	4,463	4,298
A30000	Changes in operating assets and liabilities		
A31150	Decrease (increase) in accounts receivable	1,592	732
A31180	Decrease (increase) in other receivable	(12)	(17)
A31200	Adjustments for decrease (increase) in inventories	529	(787)
A31230	Decrease (increase) in prepayments	(2,823)	761
A31240	Adjustments for decrease (increase) in other current assets	(1,674)	(33)
A32130	Notes payable	606	-
A32125	Increase (decrease) in contract liabilities	(1,879)	4,029
A32150	Increase (decrease) in accounts liabilities	(109)	4,409
A32180	Increase (decrease) in other payable	13,889	(4,769)
A32230	Adjustments for increase (decrease) in other current liabilities	(4,303)	8,442
A32240	Increase (decrease) in net defined benefit liability	(303)	(587)
A33000	Cash inflow (outflow) generated from operations	305,770	152,416
A33500	Income taxes paid	(18,320)	(8,577)
AAAA	Net cash flows from (used in) operating activities	<u>287,450</u>	<u>143,839</u>

Cash flows from (used in) investing activities
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<u>Code</u>		<u>Year 2022</u>	<u>Year 2021</u>
B00040	Acquisition of financial assets at amortized cost	-	(14,745)
B00050	Proceeds from financial assets at amortized cost	8,075	-
B00100	Acquisition of financial assets at fair value through profit or loss	(23,941)	(79,004)
B02700	Acquisition of property, plant and equipment	(\$ 30,719)	(\$ 16,203)
B02800	Proceeds from disposal of property, plant and equipment	-	76
B04500	Acquisition of intangible assets	(3,106)	(2,451)
B05400	Acquisition of investment property	-	(27,000)
B06700	Decrease (increase) in other non-current assets	(3,250)	198
B07100	Increase (decrease) in prepayments for business facilities	2,350	(2,350)
B07500	Interest received	407	51
B07600	Dividends received	8,788	4,136
B09900	Other investing activities	(3,975)	(17,386)
BBBB	Net cash flows from (used in) investing activities	(45,371)	(154,678)
	Cash flows from (used in) financing activities		
C00500	Increase in short-term notes and bills payable	100,000	100,000
C00600	Decrease in short-term notes and bills payable	(100,000)	(100,000)
C01600	Proceeds from long-term debt	210,000	250,000
C01700	Repayments of long-term debt	(222,033)	(186,268)
C04020	Payments of lease liabilities	(18,138)	(18,002)
C04500	Cash dividends	(22,305)	(55,762)
C05600	Interest paid	(5,921)	(3,860)
CCCC	Net cash flows from (used in) financing activities	(58,397)	(13,892)
EEEE	Net increase (decrease) in cash and cash equivalents	183,682	(24,731)
E00100	Cash and cash equivalents at beginning of period	<u>115,521</u>	<u>140,252</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 299,203</u>	<u>\$ 115,521</u>

The attached notes are part of this consolidated financial statement.

Chateau International Development Company Limited and subsidiaries

Notes to the Consolidated Financial Statement

January 1 to December 31, 2022 and 2021

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

(Reviewed, Not Audited)

1. General

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

Quintain Steel Co., Ltd. had 29.44% and 29.43% of the company's comprehensive shareholding ratio as of the end of December 2022 and 2021, respectively. Because of its substantial control over the company, it is the ultimate parent company of the company.

The company's stock has been listed and traded on the Taiwan Stock Exchange since March 2012.

This consolidated financial statement is expressed in New Taiwan Dollar, the company's functional currency.

2. The Authorization Of Financial

The accompanying consolidated financial statements were reported to the Board of Directors and issued on February 24, 2023.

3. Application Of New And Revised International Financial Reporting Standards

- (1) For the first time, it is applicable to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations and SIC Interpretations (hereinafter referred to as "IFRSs") recognized and issued by the Financial Supervisory Commission (hereinafter referred to as the "FSC").
- (2) The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by FSC with effective date starting 2023

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

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

Note 2 : Changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning after January 1, 2023 are applicable to this amendment.

Note 3: Except for the recognition of deferred income tax on temporary differences between lease and decommissioning obligations on January 1, 2022, the amendment is applicable to transactions that occur after January 1, 2022.

As of the date of approval of this consolidated financial report, the consolidated company continues to evaluate the impact of other standards and amendments to the interpretation on the financial status and financial performance, and the relevant impact will be disclosed when the evaluation is completed.

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

New, Revised or Amended Standards and Interpretations	Effective date issued by the IASB (Note)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Lease liabilities in sale and leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contract"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial application of IFRS 17 and IFRS 9 - comparative information"	January 1, 2023
Amendment to IAS 1 "Classification of liabilities as current or non-current"	January 1, 2024
Amendment to IAS 1 "Non-current liabilities with contractual terms"	January 1, 2024

Note 1: Unless otherwise specified, the above newly issued and revised standards and interpretations are effective for the annual reporting period beginning after each date.

Note 2: The seller and lessee shall apply the amendments of IFRS 16 retrospectively to the sale and leaseback transactions signed after the date of initial application of IFRS 16..

As of the date of approval of this consolidated financial report, the consolidated company continues to evaluate the impact of other standards and amendments to the interpretation on the financial status and financial performance, and the relevant impact will be disclosed when the evaluation is completed.

4. Summary Of Significant Accounting Policies

(1)Statement of Compliance

This individual financial statement is prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs approved and issued by the FCS.

(2)Basis of Preparation

Except for the financial instruments measured at fair value and the current value of the determined benefit obligation minus the net determined benefit liabilities recognized at the fair value of the planned assets, the financial statement is prepared on the historical cost basis.

The fair value measurement is divided into level 1 to level 3 according to the observability and importance of the relevant input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in the active market that can be obtained on the measurement date (unadjusted).
2. Level 2 input value: refers to the observable input value of an asset or liability directly (that is, price) or indirectly (that is, derived from price) except for the quotation of the first level.
3. Level 3 input value: refers to the unobservable input value of assets or liabilities.

When the company prepares individual financial statements, it adopts the equity method for investment in subsidiaries. In order to make the current year's profit and loss, other comprehensive profit and loss and equity of this individual financial statement the same as the current year's profit and loss, other comprehensive profit and loss and equity attributable to the owners of the company in the company's individual financial statements, certain accounting differences between the individual basis and the individual basis are adjusted. "Investment using the equity method", "Share of profits and losses of subsidiaries using the equity method", "Share of other comprehensive profits and losses of subsidiaries using the equity method" and related equity items

(3) Standards for distinguishing between current and non-current assets and liabilities

Current assets include:

1. Assets that are held mainly for trading purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash (however, it does not include those restricted for the exchange or settlement of liabilities more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held mainly for trading purposes;
2. Liabilities that are due for settlement within 12 months after the balance sheet date; and
3. Liabilities that are not possible to be unconditionally deferred at least 12 months of the settlement period after the balance sheet date.

Those that are not classified as current assets or current liabilities are classified as non-current assets or non-current liabilities.

(4) Foreign currency

When entities prepare financial reports, transactions in currencies other than the individual's functional currency (foreign currency) shall be converted into functional currency records at the exchange rate on the transaction date.

Monetary items in foreign currencies are translated at the closing exchange rate on each balance sheet date. The exchange difference arising from the delivery of monetary items or the conversion of monetary items is recognized in the profit and loss in the current period.

(5) Inventories

Inventory includes commodities, catering materials and room spare parts, etc. Inventory is measured by the lower of cost and net realizable value. When comparing cost and net realizable value, it is based on individual items except for the same type of inventory. Net realizable value refers to the estimated selling price under normal circumstances after subtracting the estimated cost to be completed and the estimated cost required to complete the sale. The calculation of inventory cost adopts the weighted average method.

(6) Investment using the equity method

The company uses the equity method to handle investments in subsidiaries

A subsidiary refers to an entity that the company has control over.

Under the equity method, the investment is initially recognized at cost, and the book

amount obtained in the future will increase or decrease with the company's share of subsidiary profits and losses and other comprehensive profits and losses and profit distribution. In addition, changes in the company's other rights and interests of subsidiaries are recognized based on the shareholding ratio.

When the company's changes in the ownership and equity of the subsidiary do not result in the loss of control, it is treated as an equity transaction. The difference between the book value of the investment and the fair value of the consideration paid or received is directly recognized as equity.

When the company's share of losses in a subsidiary equals or exceeds its equity in the subsidiary (including the book value of the subsidiary under the equity method and other long-term equity that is essentially part of the company's net investment in the subsidiary), then continue to recognize losses based on shareholding ratio.

When the company assesses impairment, it considers the cashgenerating unit as a whole in the financial report and compares its recoverable amount with the book value. If the recoverable amount of the asset increases in the future, the reversal of the impairment loss is recognized as an interest. However, the book value of the asset after the impairment loss has been reversed shall not exceed the book value of the asset after deducting the amortization if the impairment loss is not recognized.

The Amortization gains and losses of downstream transactions between the company and its subsidiaries are eliminated in the individual financial report. The gains and losses arising from the counter-current and side-current transactions between the company and its subsidiaries are only recognized in individual financial reports within the scope that has nothing to do with the company's equity in the subsidiaries.

(7)Property, Plant and Equipment

Property, plant and equipment are recognized at cost, and subsequently measured at the amount of cost minus accumulated depreciation.

Property, plant and equipment under construction are recognized at the cost minus accumulated impairment losses. Cost includes professional service fees and borrowing costs that meet the capitalization conditions. When these assets are completed and reach the expected state of use, they are classified into the appropriate categories of real estate, plant and equipment, and depreciation begins.

Property, plant and equipment—business equipment is transferred to expenses when it is actually damaged and replaced. Property, plant and equipment other than business equipment are depreciated on a straight-line basis within the useful life, and each significant part is separately depreciated. The merging company shall review the estimated useful life, residual value and depreciation method at least at the end of each year, and postpone the impact of changes in applicable accounting estimates.

When Property, plant and equipment are derecognized, the difference between net disposal proceeds and the carrying amount of assets is recognized in profit and loss.

(8) Investment Property

Investment property is the land held for undecided use, so it is regarded as holding for capital appreciation.

The Investment Property held by the company is land, originally measured at cost (including transaction costs), and subsequently measured at the amount of cost minus accumulated impairment.

When the investment property is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in the profit and loss.

(9) Operating franchise

1. The company signed a contract with the Forestry Bureau of the Council of Agriculture of the Executive Yuan to obtain the operating rights of the hotel, and the ownership of the houses and facilities invested in the construction is owned by the government (as a consideration provided in the Service Concession Arrangement). Therefore, the cost of building houses and facilities is listed as the cost of obtaining Service Concession Arrangement, and is amortized on a straight-line basis based on the actual service life of the buildings and facilities and the remaining life of the contract, whichever is lower.
2. The company leases land to the Forestry Bureau of the Executive Yuan Committee of Agriculture for business use. The annual rent is a business lease and is recognized as an expense during the lease period, unless another systematic basis is more representative of the time pattern of benefit to users. Under operating leases, contingent rents are recognized as expenses in the period in which they are incurred. The residual value of an intangible asset with a limited useful life is estimated to be zero, and the application of the change in accounting estimate will be postponed.

(10) Intangible asset

1. Obtained separately

Intangible assets with finite useful lives acquired separately are initially measured at cost, and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives. The Company reviews the estimated useful lives, residual values and amortization methods at least at the end of each year, and deferred the impact of changes in accounting estimates.

2. Derecognition

When an intangible asset is delisted, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss for the current period.

(11) Real estate, plant and equipment, right-of-use asset, Investment property, Franchising, intangible asset and assets' impairment related to contract cost.

The company assesses whether there are any signs that the Property, plant and equipment, right-of-use asset and intangible asset may have been impaired on every balance sheet date. If there is any sign of impairment, the amount recoverable of the asset is estimated. If the amount recoverable of an individual asset cannot be estimated, the company estimates the amount recoverable of the cash-generating unit to which the asset belongs.

Amount recoverable is the higher of fair value less costs to sell and value in use. If the amount recoverable of an individual asset or cash-generating unit is lower than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its amount recoverable, and the impairment loss is recognized in profit and loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit or contract cost-related asset is adjusted to the revised amount recoverable. However, the carrying amount after the increase does not exceed the carrying amount (deducting amortization or depreciation) determined when the impairment loss is not recognized in the previous year if the asset, cash-generating unit or contract cost-related asset does not exceed the carrying amount. The reversal of the impairment loss is recognized in the profit and loss.

(12) Financial instruments

Financial asset and financial liability are recognized on the individual balance sheet when the company becomes one of the contract terms of the tool.

In the original recognition of financial asset and financial liability, if the financial asset or financial liability is not at fair value through profit or loss, it is calculated based on the fair value plus the transaction cost that can be directly attributed to the acquisition or issuance of the financial asset or financial liability. Transaction costs that can be attributed to the acquisition or issuance of the financial asset or financial liability at fair value through profit or loss are immediately recognized as profit or loss.

1. Financial asset

Regular way purchase or sale of financial asset is recognized and derecognized by trade date accounting.

(1) Type of measurement

The types of financial assets held by the company are financial assets measured at amortized cost and investment of equity instruments that is measured at fair value through other comprehensive income.

A. Financial assets measured at amortized cost

If the company invests in a financial asset that meets the following two conditions, it is classified as financial assets measured at amortized cost:

- a. It is held under a certain business model, the purpose of which is to hold financial assets to receive contractual cash flows; and
- b. The terms of the contract generate cash flows on a specific date, and these cash flows are all interest on the payment of the principal and the amount of principal in circulation.

Financial assets measured at amortized cost (including cash, receivables, other receivables, financial assets measured at amortized cost, fund for improvement and expansion, and refundable deposits (other non-current assets)) are measured by the total carrying amount determined by the Effective interest method minus any impairment loss amortized cost after the original recognition, and any foreign currency exchange gains and losses are recognized in profit and loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial asset.

B. Investment of equity instruments that is measured at fair value through other comprehensive income

At the time of initial recognition, the company can make an irrevocable choice to specify Investment of equity instruments that are not held for trading and are not recognized or considered by the merger acquirer through other comprehensive income measured at fair value .

Investment of equity instruments that is measured at fair value through other comprehensive income is measured at fair value, and subsequent changes in fair value are reported in other comprehensive income and accumulated in other equity. At the time of investment disposal, the accumulated profits and losses are directly transferred to retained earnings and are not reclassified as profits and losses.

Investment of equity instruments that is measured at fair value through other comprehensive income. The dividend is recognized in the profit and loss when the company's right to receive payments is established, unless the dividend clearly represents part of the investment cost recovery.

(2) Impairment of financial asset

The company assesses financial assets measured at amortized cost (including accounts receivable) and investment of equity instruments that is measured at fair value through other comprehensive income on the basis of expected credit losses on each balance sheet date.

Accounts receivable are recognized as allowance losses based on expected credit losses during the duration. For other financial assets, first assess whether the credit risk has increased significantly since the initial recognition. If there is no significant increase, the 12-month expected credit loss is recognized as an allowance loss; if it has increased significantly, it is recognized as a loss allowance based on lifetime expected credit losses.

Expected credit losses are weighted average credit losses based on the risk of default. The 12-month expected credit losses represent the expected credit losses arising from possible defaults of financial instruments within 12 months after the reporting date. Lifetime expected credit losses represent the expected credit losses arising from all possible defaults during the expected life of the financial instruments.

The company is for the purpose of internal credit risk management, and without considering the collateral held, it is determined that the following circumstances represent that the financial asset has defaulted

A. There is internal or external information showing that it is impossible for the debtor to pay off the debt.

B. Overdue for more than 30 days, unless there is reasonable and corroborated information that shows that the delayed default basis is more appropriate.

The impairment loss of all financial assets is reduced by the allowance account to reduce its carrying amount, but the loss allowance of debt instrument investment through other comprehensive income measured at fair value is recognized in other comprehensive income, and its carrying amount is not reduced.

(3) Derecognition of financial asset

The company only derecognizes the financial asset when the contractual rights to cash flows from the financial asset lapse, or the financial asset has been transferred and almost all the risks and rewards of the asset's ownership have been transferred to other companies.

When financial assets measured at amortized cost are derecognized as a whole, the difference between the carrying amount and the consideration received is recognized in profit and loss. When investment of equity instrument that is measured at fair value through other comprehensive income are derecognized as a whole, the accumulated profits and losses are directly transferred to retained earnings and are not reclassified as profits and losses.

2. Financial liability

(1) Follow-up measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liability

When the financial liability is derecognized, the difference between the carrying amount and the consideration paid (including any transferred non-cash assets or liabilities assumed) is recognized as profit or loss.

(13) Income recognition

After the customer contract recognizes the performance obligations, the company allocates the transaction price to each performance obligation, and recognizes revenue when each performance obligation is met

(14) Lease

The company assesses whether the contract belongs to (or includes) a lease on the date of contract establishment.

The company is the lessee.

Except for the low-value underlying asset leases and short-term leases that are subject to the applicable recognition exemption, the lease payments are recognized as expenses on a straight-line basis during the lease period, and other leases are recognized as right-of-use asset and lease liability on the lease start date.

Right-of-use asset is originally measured at cost, and subsequently measured at the amount of cost minus accumulated depreciation, and the remeasurement of lease liability is adjusted. The right-of-use asset is separately expressed in the individual balance sheet.

Right-of-use asset is depreciated on a straight-line basis from the lease start date to the end of the service life or the expiration of the lease period, whichever is earlier.

Lease liability is originally measured by the present value of lease payments (including fixed payments). If the interest rate implicit in a lease is easy to determine, the lease payment is discounted using this interest rate. If the interest rate is not easy to determine, use lessee's incremental borrowing rate of interest.

Subsequently, lease liability is measured on the basis of an amortized cost using the effective interest method, and the interest expense is amortized during the lease period. If the lease period causes changes in future lease payments, the company will then measure the lease liability and adjust the right-of-use asset relatively. However, if the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasurement amount will be recognized in profit and loss. Lease liability is separately expressed in the individual balance sheet. The variable rent in the lease agreement that is not dependent on the index or rate is recognized as an expense in the period in which it occurs.

(15) Borrowing cost

The borrowing cost that can be directly attributed to the acquisition, construction, or production of a qualified asset is regarded as a part of the cost of the asset until almost all necessary activities for the asset to reach its intended use or sale status have been completed.

Specific borrowings, such as investment income earned by temporary investments before the occurrence of capital expenditures that meet the requirements, are deducted from the borrowing cost of eligible for capitalization

Except for the above, all other borrowing costs are recognized as profit or loss in the current period.

(16) Government grants

Government grants will only be recognized when it is reasonably certain that the company will comply with the conditions attached to the

government grants and will receive the grant.

Government grants are recognized in the profit and loss on a systematic basis during the period when the related costs that they intend to compensate are recognized as expenses by the company.

If government grants are used to compensate for expenses or losses incurred, or for the purpose of providing immediate financial support to the company without future related costs, they are recognized in profit and loss during the period when they can be collected.

(17) Employee benefits

1. Short-term employee benefits

Related liabilities of short-term employee benefits are measured by the expected non-discounted amount of cash paid in exchange for employee services

2. Retirement benefits

Determine the retirement fund to be contributed to the retirement plan is to recognize the amount of the retirement fund that should be contributed as an expense during the employee's service period

The defined benefit cost (including service cost, net profit interest and remeasurement) of the defined benefit retirement plan is calculated using the projected unit credit method, and the service cost (including current service cost) and net interest on the net defined benefit liability are incurred, recognized as employee benefit expenses, remeasurements (including actuarial gains and losses, changes in the impact of asset ceilings and return on plan asset after deduction of interest) are recognized in other comprehensive income and included in retained earnings when they occur, and are not reclassified to profit and loss.

Net defined benefit liability refers to the shortfall in determining the benefit of the retirement plan.

(18) Taxation

Income tax expense is the sum of the tax currently payable and deferred tax.

1. Current tax

the company calculates the recoverable income tax according to the current income (loss) stipulated by each income tax reporting jurisdiction.

The additional income tax on undistributed earnings calculated in accordance with the provisions of my country's Income Tax Law is recognized in the annual resolution of the shareholders meeting.

Adjustments to income tax payable in previous years are included in current income tax.

2. Deferred tax

Deferred income tax is a temporary calculation based on the carrying amount of assets and liabilities in the financial statements and the tax basis for calculating taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when it is likely that taxable income can be

used to deduct income tax deductions arising from temporary differences.

Taxable temporary differences related to investment in subsidiaries, affiliates and joint agreements are recognized as deferred income tax liabilities, but if the company can control the timing of the reversal of the temporary differences, and the temporary differences are likely to be without reversal in the foreseeable future are excluded. The deductible temporary differences related to this type of investment will be recognized as deferred income tax assets only if it is likely to have sufficient taxable income to realize the temporary differences, and within the scope expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed on each balance sheet date, and the carrying amount is reduced for those that are no longer likely to have sufficient taxable income to recover all or part of their assets. Those who were not previously recognized as deferred tax assets are also reviewed on each balance sheet date, and are likely to generate taxable income in the future for the recovery of all or part of their assets, and increase the carrying amount.

Deferred tax assets and liabilities are measured by the current tax rate for expected liability settlement or asset realization. The tax rate is based on the tax rate and tax law that has been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences arising from the way the company expects to recover or settle the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and deferred tax for the year

Current and deferred taxes are recognized in profit and loss, but the current and deferred income taxes related to items recognized in other comprehensive income or directly included in equity are respectively recognized in other comprehensive income or directly included in equity.

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

When the company adopts accounting policies, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors for those who cannot easily obtain relevant information from other sources. Actual results may differ from estimates.

The company takes the economic impact caused by the COVID-19 epidemic into consideration in major accounting estimates, and the management will continue to review the estimates and basic assumptions. If the revision of the estimate only affects the current period, it is recognized in the current period of the revision; if the revision of the accounting estimate affects both the current period and the future period, it is recognized in the current period and the future period of the revision.

The accounting policies adopted by the company do not involve significant accounting judgments, estimates and assumptions.

6. Cash and Cash Equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and working fund	\$ 2,749	\$ 5,103
Bank cheques and demand deposits	296,454	110,418
	<u>\$ 299,203</u>	<u>\$ 115,521</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Investment of equity instruments —		
Domestic investment		
Listed stocks		
Quintain Steel Co., Ltd.	\$ 202,400	\$ 275,040
Luxe Green Energy (note)	-	37,397
	<u>\$ 202,400</u>	<u>\$ 312,437</u>
<u>Non-current</u>		
Unlisted (counter) stocks		
Smokey Joe's Co., Ltd.	\$ 18,360	\$ 26,790

Note: Renamed as Luxe Green Energy Technology Co., Ltd. (Luxe Green Energy Co., Ltd.) from July 14, 2022.

Ltd.) from July 14, 2022.

Since June 21, 2022, the company has served as a director of Lay's Green Energy Company and has significant influence. Therefore, the financial assets recognized as measured at fair value through other comprehensive profit or loss are changed to be valued using the equity method.

The company invests in the above-mentioned equity in accordance with strategic purposes and expects to make a profit through the investment. The management of the company believes that if the fair value's fluctuations of these investments are included in the profit and loss, it is inconsistent with the aforementioned investment plan, so they choose to designate these investments as through other comprehensive income measured at fair value.

8. Current financial assets at amortized cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Domestic investment		
Trust account (1)	\$ 25,192	\$ 33,267
<u>Non-current</u>		
Domestic investment		
Pledged time deposits with the original expiry date more than 3 months(2)	\$ 11,000	\$ 11,000

(1) Since October 2017, the company has established the trust account of Cathay United Bank in accordance with the law to deposit the issued and pre-collected gift certificates.

(2) As of December 31, 2022 and 2021, the annual interest rate range of the pledged time deposit with an original maturity of more than 3 months is 0.13%, please refer to Note 30 (1).

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

9. Accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Accounts receivable</u>		
Measured by amortized cost		
Total carrying amount	<u>\$ 10,855</u>	<u>\$ 12,477</u>

The average credit period of the company's accounts receivable is within 30 days. The policy adopted by the company is to only conduct transactions with individuals and corporate organizations with good credit, and the company's customer group is large and unrelated. The concentration of credit risk is not high and is mostly cash transactions, so the risk of financial loss caused by relevant defaults is limited.

The company recognizes the loss allowance of accounts receivable according to lifetime expected credit losses. The lifetime expected credit losses are calculated using a provision matrix, which takes into account the past default records of the customer and the current financial situation. According to the credit loss history experience of the company, there is no significant difference in the loss patterns of different customer groups. Therefore, the provision matrix does not further differentiate the customer groups, and only sets the rate of expected credit losses based on the accounts receivable overdue days. However, historical experience shows that the average credit period is within 30 days, so the impact of the rate of expected credit losses is limited.

The company measures the loss allowance of accounts receivable according to the provision matrix as follows:

December 31, 2022

	<u>Not overdue</u>	<u>Overdue 1~60 days</u>	<u>Overdue 61~90 days</u>	<u>Overdue 91~120 days</u>	<u>Overdue more than 120 days</u>	<u>Total</u>
Rate of expected credit losses	0%	15.42%	0.72%	0.83%	10%	
Total carrying amount	\$ 10,438	\$ 447	\$ -	\$ -	\$ -	\$ 10,885
loss allowance (Lifetime expected credit losses)	-	-	-	-	-	-
amortized cost	<u>\$ 10,438</u>	<u>\$ 447</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,885</u>

December 31, 2021

	<u>Not overdue</u>	<u>Overdue 1~60 days</u>	<u>Overdue 61~90 days</u>	<u>Overdue 91~120 days</u>	<u>Overdue more than 120 days</u>	<u>T o t a l</u>
Rate of expected credit losses	0%	0%	0%~0.1%	0.1%~0.5%	0.5%~1%	
Total carrying amount	\$ 11,041	\$ 870	\$ 565	\$ 1	\$ -	\$ 12,477
loss allowance (Lifetime expected credit losses)	-	-	-	-	-	-
amortized cost	<u>\$ 11,041</u>	<u>\$ 870</u>	<u>\$ 565</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 12,477</u>

10. Inventory

	December 31, 2022	December 31, 2021
Room equipment and other	\$ 6,287	\$ 6,853
Ingredients and beverages	4,705	4,585
Commodity	223	306
	<u>\$ 11,215</u>	<u>\$ 11,744</u>

From January 1 to December 31, 2022 and 2021, the hotel's operating, room catering and leisure costs and other related costs are as follows:

	Year 2022	Year 2021
Food and beverage costs	\$ 210,580	\$ 182,637
Room cost	149,033	145,230
Other costs	22,632	24,339
	<u>\$ 382,245</u>	<u>\$ 352,206</u>

11. Investments accounted for using equity method

	December 31, 2022	December 31, 2021
Investing in Subsidiaries	\$ 114,255	\$ 119,187
Invest in affiliated companies	50,541	-
	<u>\$ 164,796</u>	<u>\$ 119,187</u>

(1) Investing in Subsidiaries

	December 31, 2022	December 31, 2021
Chateau Fulang Hotel Co., Ltd.	<u>\$ 114,255</u>	<u>\$ 119,187</u>

	Ownership interest and percentage of voting rights	
Subsidiary name	December 31, 2022	December 31, 2021
Chateau Fulang Hotel Co., Ltd.	47%	47%

The share of profits and losses and other comprehensive profits and losses of subsidiaries that adopt the equity method in 2022 and 2021 is recognized based on the financial reports of each subsidiary that have been audited by accountants during the same period.

(2) Invest in affiliated companies

	December 31, 2022
Individually insignificant associate	<u>\$ 50,541</u>

The summary information of Individually insignificant associate is as follows:

	Year 2022	Year 2021
The company's share		
Net loss this year and total comprehensive profit and loss	(\$ 13)	(\$ 51)

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

The share of profits and losses and other comprehensive profits and losses enjoyed by investments using the equity method is recognized in accordance with the financial reports of each affiliated enterprise audited by an accountant.

12. Property, plant and equipment

Statement of changes in property, plant and equipment is detailed in attached table 5.

The depreciation of the property, plant and equipment of the company is calculated on a straight-line basis based on the following durability years:

Housing and construction	
Main building	48 years
Staff dorm	32~50 years
Other	3~20 years
Transportation equipment	3~5 years
Office equipment	2~14 years
Hydropower equipment	3~20 years
Landscape gardening	2~15 years
Miscellaneous equipment	2~20 years

The business appliance of the company is recorded at the actual cost when it is acquired, and the cost is transferred when it is actually damaged.

For setting the amount of Property, plant and equipment used as loan guarantee, please refer to Note 29.

13. Rental agreement

(1) Right-of-use asset

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
right-of-use asset		
Carrying amount		
Land	\$ 1,077	\$ 2,381
Building	30,739	40,990
Transportation equipment	7,076	7,170
	<u>\$ 38,892</u>	<u>\$ 50,541</u>
	<u>Year 2022</u>	<u>Year 2021</u>
Added right-of-use asset	<u>\$ 8,024</u>	<u>\$ 3,586</u>
Right-of-use asset's depreciation expense		
Land	\$ 1,305	\$ 1,305
Building	13,534	13,536
Transportation equipment	4,819	4,725
Office equipment	-	88
	<u>\$ 19,658</u>	<u>\$ 19,654</u>

In addition to the above-mentioned additional and recognized depreciation expenses, the consolidated company's right-of-use assets did not undergo major sublease and depreciation from January 1 to December 31, 2022 and 2021.

(2) Lease liability

	December 31, 2022	December 31, 2021
Lease liability Carrying amount		
Current	\$ 18,301	\$ 16,983
Non-current	\$ 22,790	\$ 34,237

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

	December 31, 2022	December 31, 2021
Land	1.61%	1.61%
Building	1.53%~1.61%	1.53%~1.61%
Transportation equipment	1.53%~1.61%	1.53%~1.61%
Office equipment	1.5%	1.5%

(3) Important lease activities and terms

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

The company also leases certain land and buildings for office and operational use. The lease period is 4-8 years and 2-20 years.

(4) Other lease information

	Year 2022	Year 2021
Short-term lease expenses	\$ 2,544	\$ 2,572
Low-value asset lease expenses	\$ 972	\$ 1,349
Variable lease payments not included in the measurement of lease liability	\$ 95	\$ 1,630
Total cash outflow from lease	\$ 22,479	\$ 24,472

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

14. Investment Property

	Year 2022	Year 2021
Land	\$ 582,932	\$ 582,932

The Investment Property of the company did not undergo any material additions, dispositions and impairment from January 1 to December 31, 2022 and 2021.

The fair value of the Investment Property of the company on December 31, 2021 was 1,186,613 (In Thousands of NTD). The fair value is measured by the independent

evaluation company Evermore Valuation Firm on the Balance Sheet Date based on the level 3 input value. The evaluation is conducted with reference to market evidence of similar real estate transaction prices.

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

15. Intangible asset

	December 31, 2022	December 31, 2021
Franchising	\$ 253,161	\$ 292,928
Computer software license	294	562
	<u>\$ 253,455</u>	<u>\$ 293,490</u>

	Franchising	Computer software license	Total
<u>Cost</u>			
Balance as of January 1, 2021	\$ 1,094,994	\$ 6,391	\$ 1,101,385
Additions	2,376	75	2,451
Disposal	(352)	-	(352)
Balance as of December 31, 2021	<u>\$ 1,097,018</u>	<u>\$ 6,466</u>	<u>\$ 1,103,484</u>
<u>Accumulated amortization</u>			
Balance as of January 1, 2021	(\$ 757,481)	(\$ 4,513)	(\$ 761,994)
Additions	(46,910)	(1,391)	(48,301)
Disposal	301	-	301
Balance as of December 31, 2021	<u>(\$ 804,090)</u>	<u>(\$ 5,904)</u>	<u>(\$ 809,994)</u>
Net as of December 31, 2021	<u>\$ 292,928</u>	<u>\$ 562</u>	<u>\$ 293,490</u>
<u>Cost</u>			
Balance as of January 1, 2022	\$ 1,097,018	\$ 6,466	\$ 1,103,484
Additions	2,933	173	3,106
Disposal	(1,754)	-	(1,754)
Balance as of December 31, 2022	<u>\$ 1,098,197</u>	<u>\$ 6,639</u>	<u>\$ 1,104,836</u>
<u>Accumulated amortization</u>			
Balance as of January 1, 2022	(\$ 804,090)	(\$ 5,904)	(\$ 809,994)
Additions	(42,687)	(441)	(43,128)
Disposal	1,741	-	1,741
Balance as of December 31, 2022	<u>(\$ 845,036)</u>	<u>(\$ 6,345)</u>	<u>(\$ 851,381)</u>
Net as of December 31, 2022	<u>\$ 253,161</u>	<u>\$ 294</u>	<u>\$ 253,455</u>

The investment and management contract for the recreational facility area in the seaside area of the Kenting Forest Recreation Area signed by the company and the Forestry Bureau of the Executive Yuan Agriculture Committee clearly stipulates that the ownership of real estate and facilities built on the land of the Forestry Bureau of the Agriculture Committee of the Executive Yuan belongs to Forestry Bureau of the Executive Yuan Agriculture Committee, the relevant agreement is detailed in Note 30. Therefore, the company lists the cost of building real estate and facilities as the cost of obtaining franchising.

The above-mentioned intangible asset with limited useful life is calculated the amortisation expense based on the following useful life on a straight-line basis:

Franchising	2 to 30 years
Computer software license	4 years

16. Fund for improvement and expansion

According to the articles of association of the company, the annual net profit will retain 20% of the special reserve as an expansion fund. The funds in the fund account are dedicated to special funds, and are limited to the expansion of new operating bases for building, operating equipment, operating working fund or Bank guarantees and other related operations. As of December 31, 2022 and 2021, the carrying amount of funds for improvement and expansion is 29,395(In Thousands of NTD) and 25,388(In Thousands of NTD) mainly invested in bank time deposits.

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

	Year 2022	Year 2021
Opening Balance	\$ 25,388	\$ 8,002
Provision	3,975	17,386
Interest income	32	-
Ending balance	<u>\$ 29,395</u>	<u>\$ 25,388</u>

17. Other assets

	December 31, 2022	December 31, 2021
<u>Current</u>		
Temporary payments	<u>\$ 1,834</u>	<u>\$ 160</u>
<u>Non-current</u>		
Refundable deposits	\$ 6,973	\$ 3,723
prepayments for equipment	-	2,350
	<u>\$ 6,973</u>	<u>\$ 6,073</u>

Refundable deposits are mainly vehicle deposits required for leasing operations.

18. Borrowing

Long-term debt payable

	December 31, 2022	December 31, 2021
Collateralized borrowing (Note 1)	\$ 80,000	\$ 2,033
Credit loan(Note 2)	187,500	277,500
	267,500	279,533
Minus: the part due within one year	80,000	72,033
	<u>\$ 187,500</u>	<u>\$ 207,500</u>

Note 1 : The banks guarantee loans are guaranteed by the combined company's own land and buildings (note 29), which expire in February 2027, and as of December 31, 2022 and 2021, the annual interest rates are 1.71% and

1.40% respectively.

Note 2: Several companies will expire before January 2025, as of December 31, 2022 and 2021, the effective annual interest rates were 1.91% ~2.03% and 1.35% ~1.46%. The combined company has already complied with the above financial ratio restrictions.

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

19. Other payables and other current liabilities

	December 31, 2022	December 31, 2021
<u>Other payables</u>		
Salaries and bonuses payable	\$ 33,150	\$ 30,976
Royalties payable	14,549	5,525
Pay in lieu of untaken annual leave	9,386	6,953
Equipment payment payable	4,756	4,904
Insurance payable	2,933	3,787
Employee bonus payable	2,562	1,748
Utility bills payable	2,641	2,549
Other	11,977	11,665
	<u>\$ 81,954</u>	<u>\$ 68,107</u>
<u>Other current liabilities</u>		
Accommodation vouchers in advance	\$ 45,529	\$ 48,124
Meal coupons in advance	8,479	8,647
Travel voucher in advance	1,682	1,780
Other	4,013	5,455
	<u>\$ 59,703</u>	<u>\$ 64,006</u>

20. Retirement benefit plans

(1) Defined contribution plans

The pension system of the "Labor Pension Act" applicable to the company and its subsidiaries in the company is a government-managed retirement plan. According to 6% of employees' monthly salary, the pension is allocated to the individual account of the Labor Insurance Bureau.

(2) Defined benefit plans

The pension system of the company in the company in accordance with my country's "Labor Standards Law" is a government-managed defined benefit plans. The payment of employee pensions is calculated based on the length of service and the average salary of the 6 months before the approved retirement date. These companies provide retirement pensions based on 2% of the total monthly salary of their employees, which are deposited in a special account of Bank of Taiwan by the Labor Retirement Reserve Supervision Committee in the name of the committee. Before the end of the year, if the estimated balance in the special account is insufficient to pay the workers who are estimated to meet the retirement conditions in the next year, the difference will be paid once before the end of March of the next year. The special account is managed by the Labor Fund Utilization Bureau of the Ministry of Labor, and the company has no right to influence the investment management strategy.

The amounts of defined benefit plans included in the individual balance sheet are listed as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	\$ 12,897	\$ 13,827
Fair value of plan assets	(5,454)	(4,743)
Net defined benefit liability	<u>\$ 7,443</u>	<u>\$ 9,084</u>

The changes in net defined benefit liability are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
January 1, 2021	<u>\$ 13,583</u>	(<u>\$ 4,547</u>)	<u>\$ 9,036</u>
Service cost			
Current service cost	37	-	37
Interest expense (income)	<u>102</u>	(<u>36</u>)	<u>66</u>
Recognized in profit and loss	<u>139</u>	(<u>36</u>)	<u>103</u>
Remeasurements			
Return on plan assets (excluding amounts included in net interest expense)	-	(45)	(45)
Actuarial loss	<u>680</u>	<u>-</u>	<u>680</u>
Recognized in other comprehensive income	<u>680</u>	(<u>45</u>)	<u>635</u>
Employer contributions	(<u>575</u>)	<u>575</u>	<u>-</u>
December 31, 2020	<u>13,827</u>	(<u>4,743</u>)	<u>9,084</u>
Service cost			
Current service cost	43	-	43
Interest expense (income)	<u>90</u>	(<u>33</u>)	<u>57</u>
Recognized in profit and loss	<u>133</u>	(<u>33</u>)	<u>100</u>
Remeasurements			
Return on plan assets (excluding amounts included in net interest expense)	-	(384)	(384)
Actuarial interest	(<u>954</u>)	<u>-</u>	(<u>954</u>)
Recognized in other comprehensive income	(<u>954</u>)	(<u>384</u>)	(<u>1,338</u>)
Employer contributions	<u>-</u>	(<u>403</u>)	(<u>403</u>)
Welfare payment	(<u>109</u>)	<u>109</u>	<u>-</u>
December 31, 2022	<u>\$ 12,897</u>	(<u>\$ 5,454</u>)	<u>\$ 7,443</u>

The company is exposed to the following risks due to the pension system of the " the R.O.C. Labor Standards Law ":

1. Investment risk: The Labor Fund Utilization Bureau of the Ministry of Labor invests labor retirement funds in domestic (foreign) equity securities and debt securities, bank deposits, etc. through its own use and entrusted operations. However, the allocated amount of the planned assets of the company is calculated based on the interest rate not lower than the 2-year fixed deposit rate of the local bank.
2. Interest rate risk: The decline in the interest rate of government bonds/corporate bonds will increase the present value of defined benefit obligation, but the return on debt investment of planned assets will also increase. The two will partially offset the impact of net defined benefit liability .
3. Salary risk: The calculation of the present value of defined benefit obligation refers to the future salary of plan members, so the increase in salary of plan members will increase the present value of defined benefit obligation.

The present value of defined benefit obligation of the company is actuarial

calculation performed by a qualified actuary. The material assumptions of the measurement date are as follows:

	December 31, 2022	December 31, 2021
Discount Rate	1.25%	0.65%
Expected salary increase rate	1.50%	1.50%

If the significant actuarial assumptions are subject to reasonably possible changes, the amount of the present value of defined benefit obligation will increase (decrease) as follows, while all other assumptions remain unchanged:

	December 31, 2022	December 31, 2021
Discount Rate		
Decrease 0.25%	\$ 313	\$ 392
Increase 0.25%	(\$ 303)	(\$ 377)
Expected salary increase rate		
Decrease 1.00%	(\$ 1,159)	(\$ 1,427)
Increase 1.00%	\$ 1,312	\$ 1,631

Since actuarial assumptions may be related to each other, it is unlikely that a single assumption will change, so the above sensitivity analysis may not reflect the actual changes in the present value of defined benefit obligation.

	December 31, 2022	December 31, 2021
Contribution amount expected within 1 year	\$ 404	\$ 690
Average maturity period of defined benefit obligation	12 years	13 years

21. Equity

(1) Share capital of ordinary share

	December 31, 2022	December 31, 2021
Authorized shares (in thousands)	120,000	120,000
Authorized capital	\$ 1,200,000	\$ 1,200,000
Issued and paid shares (in thousands)	111,523	111,523
Issued capital	\$ 1,115,229	\$ 1,115,229

Issued ordinary shares have a par value of NT\$10 per share, and each share has one voting right and the right to receive dividends.

(2) Capital surplus

	December 31, 2022	December 31, 2021
<u>Can be used to make up for losses, distribute cash or allocate share capital (Note)</u>		
Stock issue premium	\$ 170,581	\$ 170,581
<u>Can only be used to make up for losses</u>		
Gain on disposal of asset	3	3
Expiry share option	79	79
	\$ 170,663	\$ 170,663

Note: This type of additional paid-in capital can be used to make up for losses.

It can also be used to distribute cash or allocate share capital when the company has no losses. However, when the share capital is allocated, it is limited to a certain percentage of the paid-in share capital each year.

(3) Retained earnings and dividend policy

According to the surplus distribution policy of the company's articles of association, if there is a surplus in the annual final accounts, taxes shall be paid in accordance with the law, and after the accumulated losses are made up, another 10% will be set as the legal reserve, and the rest shall be listed or transferred to the Special reserve according to laws and regulations and the articles of association; If there is a balance, and with the accumulated undistributed earnings, the board of directors will draft a surplus distribution proposal and submit it to the shareholders meeting for a resolution to distribute shareholder dividends. For the remuneration distribution policy for employees and directors and supervisors as stipulated in the articles of association of the company, please refer to Note 23 (9) Employee Remuneration and Remuneration of Directors and Supervisors.

In addition, in accordance with the company's articles of association, the net profit for the current period each year will be distributed in the following order:

1. To make up for losses
2. To contribute 10% legal reserve, and from 2011 to 2048, the company must contribute 20% special reserve as an expansion fund for the year when the company is a single operating base, and an expansion fund account shall be established for the annual contribution funds.
3. To contribute special reserve in accordance with other laws and regulations.

After the balance after the distribution in the preceding paragraph is added to the undistributed earnings at the beginning of the period and the undistributed earnings adjustment for the current period, the board of directors shall draft a distribution plan in accordance with the dividend policy and submit it to the shareholders meeting for resolution.

The 20% special reserve contributed in accordance with the provisions of the second subparagraph of the first paragraph:

1. The funds in the expansion fund account are for special purposes only, and are limited to the construction of the library, operating equipment, operating working fund or bank guarantees for the expansion of new operating bases;
2. The investment target of its expanded fund account is mainly based on stable profits, and is limited to investment in fixed deposits, government bonds, bond funds, ETF funds and fund of funds. Please refer to Note 16 of the financial report for the relevant contribution.
3. The contribution can be stopped unless one of the following conditions is met:
 - (1) The total amount of investment required to obtain a new operating base must be more than 500 million NT dollars, and the new operating base has been profitable for two consecutive years.
 - (2) The special reserve has reached twice the paid-in capital.

The company is at a stage of stable growth, and will grasp the changes in internal and external environments in order to achieve sustainable business development. When the board of directors draws up a profit distribution plan, it should consider the company's future capital expenditure budget and capital

needs, and measure the necessity of using surplus to support funds to determine the amount of surplus retained or distributed, the amount of dividends or bonuses distributed to shareholders in cash, the distribution of cash shall not be less than 30%, and the distribution of stocks shall not exceed 70%.

Legal reserve should be contributed until its balance reaches the total amount of the company's actual share capital. Legal reserve can be used to make up for losses. When the company has no losses, the portion of the legal reserve exceeding 25% of the total paid-in share capital can be contributed as share capital and still be contributed in cash.

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

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

	Appropriation of Earnings	
	Year 2021	Year 2020
Legal reserve	\$ 1,987	\$ 8,693
Special reserve	\$ 3,975	\$ 17,386
Reversal of special surplus reserve according to law	\$ -	(\$ 27,200)
Cash dividend	\$ 22,305	\$ 55,762
Cash dividend per share (NT\$)	\$ 0.2	\$ 0.5

The company's case of earnings distribution for 2022 proposed by the board of directors on February 24, 2023 is as follows:

	Appropriation of Earnings	Cash dividend per share (NT\$)
Legal reserve	\$ 15,241	
Special reserve	30,483	
Cash dividend	66,914	\$ 0.6
Stock dividend	66,914	0.6

The case of earnings distribution for 2022 is still pending the resolution of the shareholders' meeting on May 30, 2023.

22. Net Revenue

	Year 2022	Year 2021
Room income	\$ 614,604	\$ 411,232
Catering income	186,607	148,594
Other income	7,808	7,018
	<u>\$ 809,019</u>	<u>\$ 566,844</u>

(1) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liability — Current			
Deposit received in advance	<u>\$ 30,373</u>	<u>\$ 32,252</u>	<u>\$ 28,223</u>

The amount of performance obligations that have been satisfied from contract liability at the beginning of the year recognized as income in the current period is as follows:

	Year 2022	Year 2021
Contract liability from the beginning of the year		
Deposit received in advance	<u>\$ 30,037</u>	<u>\$ 27,315</u>

(2) Contracts with customers that has not yet been completed

The amortized transaction price of performance obligations that have not yet been fully satisfied and the expected timing of recognition as revenue are as follows. These amounts do not include the estimated amount of restricted changes in consideration:

	Year 2022	Year 2021
Deposit received in advance		
Fulfill in 2021	\$ -	\$ 32,252
Fulfill in 2022	<u>30,373</u>	<u>-</u>
	<u>\$ 30,373</u>	<u>\$ 32,252</u>

23. Profit before tax

(1) Other income and net expenses

	Year 2022	Year 2021
Disposal of benefits (losses) of property, plant and equipment	<u>\$ 3</u>	<u>\$ 4</u>

(2) Interest income

	Year 2022	Year 2021
Bank deposits	\$ 394	\$ 37
Other	<u>13</u>	<u>14</u>
	<u>\$ 407</u>	<u>\$ 51</u>

(3) Other income

	Year 2022	Year 2021
Dividend income	\$ 8,272	\$ 4,136
government grants income	1,764	19,040
Rental income	809	834
Other	<u>3,297</u>	<u>3,615</u>
	<u>\$ 14,142</u>	<u>\$ 27,625</u>

(4) Other benefits and losses

	Year 2022	Year 2021
Loss on disposal of intangible assets	<u>\$ 13</u>	<u>\$ 51</u>

(5) Miscellaneous expenses

	Year 2022	Year 2021
Depreciation expense	\$ 1,703	\$ 1,710
Investment Property related expenses	1,152	1,011
Other	<u>260</u>	<u>259</u>
	<u>\$ 3,115</u>	<u>\$ 2,980</u>

(6) Financial costs

	Year 2022	Year 2021
Interest on bank loans	\$ 5,594	\$ 3,431
Interest on lease liability	<u>730</u>	<u>934</u>
	6,324	4,365
Minus: The amount included in the cost of eligible assets (listed under Real estate, plant and equipment)	(<u>297</u>)	(<u>447</u>)
	<u>\$ 6,027</u>	<u>\$ 3,918</u>

The relevant information of capitalization of interest is as follows:

	Year 2022	Year 2021
The amount of capitalization of interest	\$ 297	\$ 447
The interest rate of capitalization of interest	1.21%~2.04%	1.35%~1.46%

(7) Depreciation and amortization

	Year 2022	Year 2021
Depreciation expense summarized by function		
Operating cost	\$ 48,131	\$ 48,994
Operating expenses	13,692	14,082
Miscellaneous expenses	<u>1,703</u>	<u>1,710</u>
	<u>\$ 63,526</u>	<u>\$ 64,786</u>
Amortization expense summarized by function		
Operating cost	\$ 42,688	\$ 46,910
Operating expenses	<u>440</u>	<u>1,391</u>
	<u>\$ 43,128</u>	<u>\$ 48,301</u>

(8) Employee benefits expenses

	Year 2022	Year 2021
Short-term employee benefits		
Salary	\$ 200,704	\$ 187,737
Labor and health insurance	20,388	20,839
Directors' remuneration	618	530
Other	<u>10,620</u>	<u>10,201</u>
	<u>232,330</u>	<u>219,307</u>
Retirement benefit plans (Note 20)		
Defined contribution plans	8,947	8,879
Defined benefit plans	<u>100</u>	<u>103</u>
	<u>9,047</u>	<u>8,982</u>
	<u>\$ 241,377</u>	<u>\$ 228,289</u>
Summary by function		
Operating cost	\$ 163,714	\$ 154,649
Operating expenses	<u>77,663</u>	<u>73,640</u>
	<u>\$ 241,377</u>	<u>\$ 228,289</u>

(9) Remuneration of employees and remuneration of directors and supervisors

In accordance with the provisions of the articles of association, the company shall contribute at least 1% and not more than 1% of the employee compensation and directors and supervisors' compensation based on the current year's pre-tax benefits before deducting the distribution of employee compensation and directors and supervisors' compensation. The remuneration of employees and the remuneration of directors and supervisors for 2022 and 2021 were resolved by the board of directors on February 24, 2023 and February 23, 2022 as follows:

1. Estimated ratio

	Year 2022	Year 2021
Remuneration of employee	1%	1%
Remuneration of Directors and Supervisors	0.0348%	0.2569%

2. Amount

	Year 2022	Year 2021
Remuneration of employee	\$ 1,938	\$ 234
Remuneration of Directors and Supervisors	68	60

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

There is no difference between the actual allotment amount of

remuneration of employees and remuneration of Directors and Supervisors in 2021 and 2020 and the amount recognized in the financial reports of each year.

For information on the remuneration of employees and remuneration of Directors and Supervisors resolved by the company's board of directors, please go to the "Public Information Observatory" of the Taiwan Stock Exchange.

24. Income tax

(1) The main components of income tax recognized in profit and loss

	Year 2022	Year 2021
Current income tax expense		
Current tax expense recognized in the current year	\$ 37,823	\$ 178
Tax on undistributed profit	-	1,706
Income tax adjustments on prior years	<u>86</u>	<u>130</u>
	37,909	2,014
Deferred income tax		
Current tax expense recognized in the current year	(<u>427</u>)	<u>669</u>
	<u>\$ 37,482</u>	<u>\$ 2,683</u>

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	Year 2022	Year 2021
Profit before tax of continuing operations	<u>\$ 191,776</u>	<u>\$ 23,065</u>
Income tax expense at the statutory rate	\$ 38,355	\$ 4,612
Unrecognizable tax expenses	924	870
Unrecognizable tax benefits	(1,883)	(4,635)
Tax on undistributed profit	-	1,706
Income tax adjustments on prior years	<u>86</u>	<u>130</u>
	<u>\$ 37,482</u>	<u>\$ 2,683</u>

(2) Income tax expense recognized in other comprehensive income

	Year 2022	Year 2021
<u>Deferred tax</u>		
Produced this year		
Related to remeasurement of defined benefit obligation	(<u>\$ 268</u>)	<u>\$ 127</u>

(3) Current income tax liabilities

	December 31, 2022	December 31, 2021
Current income tax liabilities		
Income tax payable	<u>\$ 39,792</u>	<u>\$ 20,203</u>

(4) Deferred income tax assets

The changes in deferred income tax assets and liabilities are as follows:
Year 2022

Deferred income tax assets	Initial balance	Recognized in profit and loss	Recognized in other comprehensive income	Year-end balance
Temporary difference				
Pay in lieu of untaken annual leave	\$ 1,390	\$ 487	\$ -	\$ 1,877
Defined benefit retirement benefit plans	<u>1,817</u>	(<u>60</u>)	(<u>268</u>)	<u>1,489</u>
	<u>\$ 3,207</u>	<u>\$ 427</u>	(<u>\$ 268</u>)	<u>\$ 3,366</u>

Year 2021

Deferred income tax assets	Initial balance	Recognized in profit and loss	Recognized in other comprehensive income	Year-end balance
Temporary difference				
Pay in lieu of untaken annual leave	\$ 1,942	(\$ 552)	\$ -	\$ 1,390
Defined benefit retirement benefit plans	<u>1,807</u>	(<u>117</u>)	<u>127</u>	<u>1,817</u>
	<u>\$ 3,749</u>	(<u>\$ 669</u>)	<u>\$ 127</u>	<u>\$ 3,207</u>

(5) Verification situation of income tax

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

25. Earnings per Share

It is used to calculate the earnings per share and the weighted average number of ordinary shares as follows:

Net profit for the year

	Year 2022	Year 2021
Profit (loss) from continuing operations	<u>\$ 154,294</u>	<u>\$ 20,382</u>

Number of shares

	Unit: Thousand shares	
	Year 2022	Year 2021
Used to calculate the weighted average number of ordinary shares of basic earnings per share	111,523	111,523
The impact of potential ordinary share with dilution effect:		
Remuneration of employee	60	11
Used to calculate the ordinary share weighted average number of dilutive earnings per share	111,583	111,534

If the company of the company chooses to issue the remuneration of employees in stocks or cash, when calculating the dilutive earnings per share, it is assumed that the remuneration of employees will adopt the method of issuing shares, and it will be included in the weighted average circulation when the potential ordinary share has a dilution effect. The number of foreign shares is used to calculate dilutive earnings per share. When calculating the dilutive earnings per share before the resolution of the remuneration of employees to issue shares in the next year's shareholders' meeting, the dilution effect of these potential ordinary shares will continue to be considered.

26.Capital risk management

The company's capital structure consists of the company's net debt (i.e. borrowings minus cash) and equity (i.e. share capital, additional paid-in capital, retained earnings and other equity items). the company conducts capital management to ensure that all departments can be raised before continuing to operate, and maximize shareholder returns by optimizing the balance of debt and equity.

The company does not have to comply with other external capital regulations.

27.Financial instruments

- (1) Fair value information - Financial instruments that are not measured at fair value
the company's non-measured at fair value financial instruments, such as cash, financial assets measured at amortized cost (including current and non-current), receivables, other receivables, fund for improvement and expansion, refundable deposits (other non-current assets), short-term loan, short-term notes and bills payable, payables, other payables, long-term loans (including due within one year) and deposits received, etc. The carrying amount is a reasonable approximation of Fair value.
- (2) Fair value information - financial instruments measured at fair value based on repeatability

1. Fair value level

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>measured at fair value</u>				
<u>through Other</u>				
<u>comprehensive</u>				
<u>income</u>				
Investment of equity				
instruments				
Domestic listed	\$ 202,400	\$ -	\$ -	\$ 202,400
(counter) stocks				
Domestic unlisted	-	-	18,360	18,360
(counter) stocks				
	<u>\$ 202,400</u>	<u>\$ -</u>	<u>\$ 18,360</u>	<u>\$ 220,760</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>measured at fair value</u>				
<u>through Other</u>				
<u>comprehensive</u>				
<u>income</u>				
Investment of equity				
instruments				
Domestic listed	\$ 312,437	\$ -	\$ -	\$ 312,437
(counter) stocks				
Domestic unlisted	-	-	26,790	26,790
(counter) stocks				
	<u>\$ 312,437</u>	<u>\$ -</u>	<u>\$ 26,790</u>	<u>\$ 339,227</u>

From January 1 to December 31, 2022 and 2021, there will be no transfer between level 1 and level 2 fair value measurement.

2. Financial instruments are adjusted by level 3 Fair value measurement

Year 2022

<u>Financial asset</u>	<u>Financial asset</u>
Initial balance	<u>measured at fair value</u>
Recognized in other	<u>through other</u>
comprehensive	<u>comprehensive income</u>
income (amortization	<u>Equity instruments</u>
profits and losses of	\$ 26,790
valuation of financial	(8,430)
assets measured at	
fair value through	
Other comprehensive	
income)	
Year-end balanc	<u>\$ 18,360</u>

Year 2021

	Financial asset measured at fair value through other comprehensive income Equity instruments
<u>Financial asset</u>	
Initial balance	\$ 32,790
Recognized in other comprehensive income (amortization profits and losses of valuation of financial assets measured at fair value through Other comprehensive income)	(6,000)
Year-end balance	<u>\$ 26,790</u>

3. Method of measuring the fair value of financial instruments

The fair value of financial asset and financial liability is determined in the following way:

- (1) For financial asset and financial liability with standard terms and conditions and traded in an active market, the fair value of the financial asset and financial liability are determined with reference to market quotations.
- (2) The financial asset of the third level fair value measurement held by the company is an unlisted (counter) company stock, which is mainly based on the market method to measure the fair value. The estimates or assumptions used are based on the relevant information and estimates of comparable transactions in the market Future cash flow. The main unobservable inputs include discounts without control rights and risk discounts for lack of marketability.

(3) Types of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial asset</u>		
Financial assets at amortized cost (Note 1)	\$ 382,651	\$ 201,399
Financial assets measured at fair value through Other comprehensive income Investment of equity instruments	220,760	339,227
<u>Financial liability</u>		
Measured by amortized cost (Note 2)	379,606	377,295

Note 1 : The balance includes cash, financial assets measured at amortized cost (including current and non-current), receipts, other receivables, fund for improvement and expansion, and refundable deposits (other non-current assets) and other financial assets measured at amortized cost.

Note 2 : The balance is the financial liability measured by amortized cost, such as payables, other payables, short-term loans, short-term notes and bills payable, long-term loans (including due within one year) and deposits received.

(4) Objectives and policies of financial risk management

The company's main financial instruments include investment of equity instruments, receipts and payables, loans and lease liability, etc. the company's financial management department provides services for various business units, coordinates and coordinates the operation of entering the domestic market, and supervises and manages the financial risks related to the company's operations by analyzing the internal risk report of the risk according to the degree and breadth of the risk. These risks include market risk (interest rate risk and other price risk), credit risk and liquidity risk °

The important financial activities of the company are reviewed by the board of directors in accordance with relevant regulations and internal control systems, and internal auditors continue to review compliance with policies and risk limits. the company does not trade financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risk

The company's operating activities cause the company to bear the main financial risks of interest rate changes (see (1) below) and other price risks (see (2) below).

(1) Interest rate risk

Because the company borrows funds at a fixed interest rate and a floating interest rate at the same time, interest rate exposure occurs. the company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates.

The financial asset and financial liability carrying amount of the company subject to interest rate exposure on the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
With fair value interest rate risk		
— Financial asset	\$ 11,000	\$ 11,000
— Financial liability	41,091	51,220
With cash flow interest rate risk		
— Financial asset	321,498	143,537
— Financial liability	267,500	279,533

Sensitivity Analysis

The following sensitivity analysis is determined based on the interest rate exposure of non-derivative instruments on Balance Sheet Date. For floating rate liabilities, the analysis method assumes that the amount of liabilities outstanding on the Balance Sheet Date is in circulation during the reporting period. The rate of change used in the company's internal reporting of interest rates to key management is an increase or decrease of 1% in interest rates, which also represents management's assessment of the reasonably possible range of changes in interest rates.

If the interest rate increases by 1% and all other variables remain unchanged, the profit before tax of the company in 2022 and 2021 will be reduced by 540 (In Thousands of NTD) and 1,360(In Thousands of NTD), respectively, mainly because of the company's variable interest rate risk exposure of deposits and loans.

(2) Other price risks

As the company invests in domestic listed stocks and unlisted stocks, the risk exposure of equity price is generated.

Sensitivity Analysis

If the equity price increases/decreases by 1%, other comprehensive income before taxes in 2022 and 2021 will increase/decrease by 2,208 (In Thousands of NTD) and 3,392 (In Thousands of NTD) due to changes in financial assets measured at fair value through other comprehensive income fair value.

2. Credit risk

Credit risk refers to the risk of the company's financial losses caused by the counterparty's default contract obligations. As of the Balance Sheet Date, the maximum credit risk exposure of the company that may cause financial losses due to the counterparty's failure to perform its obligations mainly comes from the financial asset carrying amount recognized on the balance sheet.

The counterparties of the company are individuals and corporate organizations with good credit, so no significant credit risk is expected.

3. Liquidity risk

The company supports the operation of the company by managing and maintaining sufficient cash or liquid financial products. The management of the company supervises the use of bank financing facility and ensures compliance with the terms of the loan contract.

Bank loans are an important source of liquidity for the company. For the unused financing facility of the company, please refer to the description of (2) financing facility below.

Since the equity in the capital structure of the company is far greater than the liabilities, the cash is sufficient to repay the liabilities, and there is no liquidity risk due to the inability to raise funds to fulfill the contractual obligations.

(1) Liquidity and interest rate risk table of non-derivative financial liability

The following table summarizes the financial liability analysis of the company's agreed repayment period based on the due date and undiscounted due amount:

	Within 1 year	1 ~ 5 years	More than 5 years
<u>December 31, 2022</u>			
Floating rate instruments	\$ 83,872	\$ 197,199	\$ -
Liabilities without interest	112,006	100	-
lease liability	<u>18,887</u>	<u>17,981</u>	<u>6,013</u>
	<u>\$ 214,765</u>	<u>\$ 215,280</u>	<u>\$ 6,013</u>
<u>December 31, 2021</u>			
Floating rate instruments	\$ 75,430	\$ 207,709	\$ -
Liabilities without interest	97,662	100	-
lease liability	<u>18,314</u>	<u>26,692</u>	<u>9,612</u>
	<u>\$ 191,406</u>	<u>\$ 234,501</u>	<u>\$ 9,612</u>

(2) Financing facilities

	December 31, 2022	December 31, 2021
Credit loan facilities		
Used amount	\$ 200,000	\$ 280,000
Unused amount	<u>255,000</u>	<u>125,000</u>
	<u>\$ 455,000</u>	<u>\$ 405,000</u>
Collateralized borrowing facilities		
Used amount	\$ 80,000	\$ 30,000
Unused amount	<u>-</u>	<u>80,000</u>
	<u>\$ 80,000</u>	<u>\$ 110,000</u>

28. Related party transaction

Except as disclosed in other Note, the transactions between the company and other related parties are as follows:

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

<u>The name of the related party</u>	<u>Related Party Categories</u>
Quintain Steel Co., Ltd.	The ultimate parent company of the company
Guantian Investment Development Co., Ltd.	The parent company of the company
Luxe Green Energy Technology Co., Ltd.	The associate
Asahi Enterprises Corp.	Other related parties (The company's parent company is the company's legal person director)
Chia Chi Sdry Enterprise Co., Ltd.	Other related parties (The director of the parent company of the company is the chairman of the company)
Wise Co., Ltd.	Other related parties (The director of the company is the chairman of the company)
Polydo Investment Co., Ltd.	Other related parties (The chairman of the company and the chairman of the company are first relatives)
Hsin-shih Textile Co., Ltd.	Other related parties (The chairman of the company is a director of the company)
Chateau Fulang Hotel Co., Ltd.	Subsidiary

(2) Net revenue

<u>Item</u>	<u>Type of related party</u>	<u>Year 2022</u>	<u>Year 2021</u>
Net revenue	The ultimate parent company of the company	\$ 1,935	\$ 1,603
	The associate	218	-
	Other related parties	129	126
	Subsidiary	1,005	754
		<u>\$ 3,287</u>	<u>\$ 2,483</u>

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

(3) Purchase

<u>Type of related parties</u>	<u>Year 2022</u>	<u>Year 2021</u>
Other related parties	\$ 4,760	\$ 4,590
Subsidiary	4	2
	<u>\$ 4,764</u>	<u>\$ 4,592</u>

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

(4) Receivables from related parties

Item	The name of the related party	December 31, 2022	December 31, 2021
Accounts receivable	The ultimate parent company of the company	\$ 193	\$ 203
	The associate	19	-
	Other related parties	16	16
	Subsidiary	101	2
		<u>\$ 329</u>	<u>\$ 221</u>

The credit period is within 30 days, and there is no major difference from general manufacturers.

Outstanding amounts receivable from related parties have not received guarantees. The amounts receivable from related parties in 2022 and 2021 is not listed in the loss allowance.

(5) Payables to related parties

Item	Type of related parties	December 31, 2022	December 31, 2021
Payables to related parties	The ultimate parent company of the company	\$ 1,050	\$ -
	Other related parties	885	1,616
		<u>\$ 1,935</u>	<u>\$ 1,616</u>
Other payables	The ultimate parent company of the company	\$ 408	\$ 297
	Subsidiary	11	9
		<u>\$ 419</u>	<u>\$ 306</u>

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

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

(6) Acquisition of property, plant and equipment

Type of related parties	Cost
The ultimate parent company of the company	Year 2022
	<u>\$ 1,000</u>

(7) Acquisition of business equipment (listed in property, plant and equipment)

Type of related parties / Name	Cost
Other related parties	Year 2022
Wise Co., Ltd	<u>\$ 1,292</u>
	Year 2021
	<u>\$ 672</u>

(8) Lease agreement

Item	Type of related parties/ Name	December 31, 2022	December 31, 2021
Lease liabilities	Other related parties Polydo Co., Ltd.	<u>\$ 14,734</u>	<u>\$ 17,161</u>

Type of related parties/Name	Year 2022	Year 2021
<u>Rental expenses</u>		
Other related parties Polydo Co., Ltd.	<u>\$ 2,685</u>	<u>\$ 2,685</u>

Lease fees include short-term leases and low-value asset lease fees and variable rents that are not index- and rate-dependent. Please refer to Note 13 for the lease period.

Type of related parties/Name	Year 2022	Year 2021
<u>Interest expense</u>		
Other related parties Polydo Co., Ltd.	<u>\$ 258</u>	<u>\$ 297</u>

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

Type of related parties	December 31, 2022	December 31, 2021
The ultimate parent company of the company	\$ 1,889	\$ 1,968
Other related parties	443	433
Subsidiary	<u>80</u>	<u>80</u>
	<u>\$ 2,412</u>	<u>\$ 2,481</u>

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

Type of related parties	December 31, 2022	December 31, 2021
Other related parties	<u>\$ 156</u>	<u>\$ 156</u>

(11) Other transactions

Type of related parties	Property	Contract period	Item	Year 2022	Year 2021
The ultimate parent company of the company	Hotel management system maintenance	The lease term is one year, and the contract is renewed every year	Administrative expenses	\$ 1,277	\$ 917
The ultimate parent company of the company	Lease operation premises	The lease term is one year, and the contract is renewed every year	Operating cost	865	865
The ultimate parent company of the company	Leased office	The lease term is one year, and the contract is renewed every year	Operating cost	192	159
Other related parties	Rental operation premises	The lease term is one year, and the contract is renewed every year	Other income	218	218

Type of related parties	Property	Contract period	Item	Year 2022	Year 2021
The associate	Rental office	The lease term is one year, and the contract is renewed every year	Other income	335	-

(12) Compensation of key management personnel

	Year 2022	Year 2021
Short-term employee benefits	\$ 14,730	\$ 14,420
Post-employment benefit	717	739
	<u>\$ 15,447</u>	<u>\$ 15,159</u>

The remuneration of directors and other major management levels is determined by the remuneration committee in accordance with individual performance.

29. Pledged assets

The following assets have been provided as gift certificate performance bond, franchise agreement signing deposit, bank loan and collateral of commercial paper

	December 31, 2022	December 31, 2021
Financial assets measured at amortized cost (Pledged time deposit and trust account)	\$ 36,192	\$ 44,267
Net investment Property	30,000	30,000
Land	13,521	13,521
Net building	<u>32,071</u>	<u>32,995</u>
	<u>\$ 111,784</u>	<u>\$ 120,783</u>

30. Significant contingent liabilities and unrecognized contractual commitments

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

Significant commitments

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

1. Rent (Note13)

The land rent shall be paid for the area covered by the contract (Eluanbi Section of Hengchun Township) at the annual interest rate of 5% of the announced land price in the year of contract. The other building rent shall be the buildings and equipment specified in the

contract (Provence Hall, Marbella Hall and Positano Hall), pay the building equipment rental at 10% of the present tax value of the house in the year of contract.

2. Royalty

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

According to the letter of Pingyuzi No. 0964241208 dated November 7, 2007 from the Forest Affairs Bureau of the Agriculture Committee of the Executive Yuan, the relevant income related to the calculation of royalties is as follows:

	Year 2022		
	January 1 to September 30, 2022	October 1 to December 31, 2022	Total
<u>Operating income</u>			
Room dining income	\$ 507,408	\$ 134,892	\$ 642,300
Boutique income	2,962	814	3,776
SPA and other income	2,789	776	3,565
<u>Non-operating income</u>			
Other income	1,688	339	2,027
	<u>\$ 514,847</u>	<u>\$ 136,821</u>	<u>\$ 651,668</u>

	Year 2021		
	January 1 to September 30, 2021	October 1 to December 31, 2021	Total
<u>Operating income</u>			
Room dining income	\$ 287,175	\$ 145,280	\$ 432,455
Boutique income	2,097	936	3,033
SPA and other income	2,249	1,232	3,481
<u>Non-operating income</u>			
Other income	705	304	1,009
	<u>\$ 292,226</u>	<u>\$ 147,752</u>	<u>\$ 439,978</u>

The land, construction and equipment rentals and operating royalties mentioned in the preceding paragraph shall be paid semiannually from the date of conclusion of the contract, and shall be paid before March 31 and September 30 each year. The basic royalties will be paid at NT\$7,488 (In Thousands of NTD) every six months, and the difference will be paid in September of the following year. December 31, 2022 and 2021, the carrying amount of royalty is NT\$22,214(In Thousands of NTD) and NT\$13,266(In Thousands of NTD).

3. Return of assets

In accordance with the provisions of Article 5, Article 36 and Article 37 of the contract, the construction of the company's facilities on the land provided by the Forest Service Bureau of the Agriculture Committee of the Executive Yuan shall be carried out in the name of the Forest Service Bureau of the Agriculture Committee of the Executive Yuan. After the completion, the ownership will belong to the Forestry Bureau of the

Agriculture Committee of the Executive Yuan free of charge. The so-called facilities include the completed real estate (Provence Hall, Marbella Hall and Positano Hall). And upon the expiration or termination of the entrusted operation period, all properties and articles owned by the Forestry Bureau of the Agriculture Committee of the Executive Yuan will be returned unconditionally.

- (2) As of December 31, 2022 and 2021, the company has signed related contracts for the repair of franchising equipment, and the unpaid amounts are all NT\$126 (In Thousands of NTD).
- (3) As of December 31, 2022 and 2021, the company has committed to purchase real estate, plant and equipment, and the unpaid amount is NT\$6,878 (In Thousands of NTD) and NT\$8,542 (In Thousands of NTD).

31. Note Disclosure Matters

- (1) Information about significant transactions:
 1. Financings provided. (Attached Table 1)
 2. Endorsement/guarantee provided: None.
 3. Marketable securities held (excluding investments in subsidiaries and associates) : (Attached Table 2)
 4. Cumulative purchase or sale of the same securities amounts to NT\$300 million or more than 20% of the paid-in capital: None.
 5. The amount of real estate acquired is NT\$300 million or more than 20% of the paid-in capital: None.
 6. Disposal of real estate with an amount of NT\$300 million or more than 20% of the paid-in capital: None.
 7. The amount of purchase and sale of goods with related parties reaches NT\$100 million or more than 20% of the paid-in capital: None.
 8. Receivables from related parties amounting to NT\$100 million or more than 20% of paid-in capital: None.
 9. Information about the derivative financial instruments transaction: None.
 10. Other business relationships and important transactions and amounts between parent and subsidiary companies and between subsidiaries, none.
- (2) Information about reinvestment business. (Note 3)
- (3) Investment information of China: None.
- (4) Information on major shareholders: the name, amount and proportion of shareholders with a shareholding ratio of 5% or more. (Attached Table 4)

Chateau International Development Company Limited
Financings provided
January 1 to December 31, 2022
Attached Table 1
Unit: Thousands of New Taiwan Dollars

No.	Financing Company	Entities to which the company may loan funds.	Account subject	Related parties or not	The highest amount in this period	Ending balance	Actual spending amount	Interest rate range (%)	The nature of the loan	Business transaction amount	Reasons why short-term financing is necessary	The amount of allowances and doubtful debts	Collateral		For individual objects Fund loan and limit (Note 1)	Fund loan Total limit (Note 2)
													Name	Value		
0	The company	Chateau Fulang Hotel Co., Ltd.	Other receivables—related parties	Yes	\$ 150,000	\$ 150,000	\$ -	2.13%	Short-term financing	\$ -	Operating capital	\$ -	None	-	\$ 385,121	\$ 770,242

Note 1 : The Procedure for Lending Funds to Other Parties stipulates that the company's loan limit for a single object is 20% of the company's net value at the end of the period.

Note 2 : Procedure for Lending Funds to Other Parties stipulates that the company's capital loan and total limit is 40% of the company's net value at the end of the period.

Chateau International Development Company Limited
Marketable securities held
December 31, 2022
Attached Table 2
Unit: Thousands of New Taiwan Dollars

Holding company	Marketable Securities Type and Name (Note)	Relationship with the securities issuer	Account	End of term			Note
				Unit/Number of shares	Carrying amount	Shareholding ratio (%)	Fair value
The company	Quintain Steel Co., Ltd.	Ultimate parent company	Financial assets measured at fair value through Other comprehensive income – Current	14,613,683	\$ 202,400	4.03	\$ 202,400
The company	Smokey Joe's Co., Ltd.	None	Financial assets measured at fair value through Other comprehensive income – Non current	3,000,000	18,360	17.39	18,360

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

Chateau International Development Company Limited
Information of the investee company, location... etc.
January 1 to December 31, 2022
Attached Table 3
Unit: Thousands of New Taiwan Dollars

The name of the investment company	The name of investee company	Area	Main business items	Original investment amount		Held at the end of the period			Investee company Current period profit (loss)	Investment profit (loss) recognized in the current period	Note
				At the end of the period	End of last year	Number of shares	Ratio%	Carrying amount			
The Company	Chateau Fulang Hotel Co., Ltd. Luxe Green Energy Technology Co., Ltd.	Taiwan Taiwan	Leisure hotel industry Manufacturing and sales of electrical and electronic equipment, design and contracting of solar farms Leisure service industry	\$ 112,919 50,588	\$ 112,919 -	9,447,188 2,761,670	47 1.9	\$ 114,255 50,541	(\$ 9,985) 45,080	(\$ 4,932) 469	Note
				4,500	4,500	450,000	45	2,830	(1,653)		
Chateau Fulang Hotel Co., Ltd.	Park Ave Shared Space Company	Taiwan									Note

Note : It is only necessary to list the profit and loss amount of each subsidiary recognized by the company for direct reinvestment and each invested company that adopts the equity method, and the rest is exempt.

Chateau International Development Company Limited**Information on major shareholders**

December 31, 2022

Attached Table 4

Name of major shareholder	Shares	
	Number of shares held (shares)	Shareholding ratio
Guantian Investment Development Co., Ltd.	32,832,581	29.44%
Zhongxin Development Co., Ltd.	22,491,623	20.16%
CMC Magnetics Corporation	16,191,421	14.51%
Concord International Securities Co., Ltd.	6,953,943	6.23%
Zhongjia International Investment Co., Ltd.	5,928,269	5.31%

Note 1: The main shareholder information in this table is calculated by CHEP on the last business day at the end of the quarter, and the shareholders hold more than 5% of the common shares of the company that have completed the delivery without physical registration. The share capital recorded in the company's consolidated financial report and the actual number of shares delivered without physical registration may be different or different due to the different basis of preparation and calculation.

Note 2: If the above-mentioned information is that the shareholder transfers the holdings to the trust, it is disclosed by the trustor's individual trust account opened by the trustee. As for insider equity declarations for shareholders who hold more than 10% of the shares in accordance with the Securities and Exchange Act, their shareholding includes their own shares plus the shares they have delivered to the trust and have the right to use the trust property, etc. For information on insider equity declarations, please refer to MOPS.

Chateau International Development Company Limited
Statement of changes in real estate, plant and equipment

January 1 to December 31, 2022 and 2021
Attached Table 5

Unit: Thousands of New Taiwan Dollars

	Land	Buildings	Transportation equipment	Office equipment	Hydropower equipment	Landscape gardening	Business appliance	Miscellaneous equipment	Unfinished projects and equipment to be inspected	Total
Cost										
Balance as of January 1, 2021	\$ 91,711	\$ 412,072	\$ 3,047	\$ 22,905	\$ 158,899	\$ 70,327	\$ 28,394	\$ 394,916	\$ 31,410	\$ 1,213,681
Added	-	647	198	2,484	-	1,067	1,522	5,512	1,035	12,465
Disposal	-	-	-	-	-	(30)	-	(1,694)	-	(1,724)
Reclassification	-	3,037	-	-	-	-	-	-	(17,727)	(14,690)
Transfer to depreciation expense (Note)	-	-	-	-	-	-	(1,737)	-	-	(1,737)
Balance as of December 31, 2021	\$ 91,711	\$ 415,756	\$ 3,245	\$ 25,389	\$ 158,899	\$ 71,364	\$ 28,179	\$ 398,734	\$ 14,718	\$ 1,207,995
Accumulated Depreciation										
Balance as of January 1, 2021	\$ -	\$ 43,182	\$ 1,891	\$ 20,834	\$ 48,484	\$ 51,128	\$ -	\$ 173,617	\$ -	\$ 339,136
Disposal	-	-	-	-	-	(30)	-	(1,614)	-	(1,644)
Depreciation	-	9,001	426	1,105	7,863	3,394	-	21,606	-	43,395
Balance as of December 31, 2021	\$ -	\$ 52,183	\$ 2,317	\$ 21,939	\$ 56,347	\$ 54,492	\$ -	\$ 193,609	\$ -	\$ 380,887
Net as of December 31, 2021	\$ 91,711	\$ 363,573	\$ 928	\$ 3,450	\$ 102,552	\$ 16,872	\$ 28,179	\$ 205,125	\$ 14,718	\$ 827,108
Cost										
Balance as of January 1, 2022	\$ 91,711	\$ 415,756	\$ 3,245	\$ 25,389	\$ 158,899	\$ 71,364	\$ 28,179	\$ 398,734	\$ 14,718	\$ 1,207,995
Added	20,433	3,246	1,000	217	-	788	2,615	1,572	700	30,571
Disposal	-	-	-	-	-	(117)	-	(783)	-	(900)
Reclassification	-	3,120	-	-	-	-	-	-	-	3,120
Transfer to depreciation expense (Note)	-	-	-	-	-	-	(2,058)	-	-	(2,058)
Balance as of December 31, 2022	\$ 112,144	\$ 422,122	\$ 4,245	\$ 25,606	\$ 158,899	\$ 72,035	\$ 28,736	\$ 399,523	\$ 15,418	\$ 1,238,728
Accumulated Depreciation										
Balance as of January 1, 2022	\$ -	\$ 52,183	\$ 2,317	\$ 21,939	\$ 56,347	\$ 54,492	\$ -	\$ 193,609	\$ -	\$ 380,887
Disposal	-	-	-	-	-	(117)	-	(780)	-	(897)
Depreciation	-	9,311	333	935	7,627	3,124	-	20,480	-	41,810
Balance as of December 31, 2022	\$ -	\$ 61,494	\$ 2,650	\$ 22,874	\$ 63,974	\$ 57,499	\$ -	\$ 213,309	\$ -	\$ 421,800
Net as of December 31, 2022	\$ 112,144	\$ 360,628	\$ 1,595	\$ 2,732	\$ 94,925	\$ 14,536	\$ 28,736	\$ 186,214	\$ 15,418	\$ 816,928

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

Chateau International Development Co., Ltd.



Chairman: CHEN, SIE-TONG





夏都酒店集團

Château Hotels & Resorts

