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TZE SHIN INTERNATIONAL CO., LTD.

2022 Annual Report

Publication Date: May 02, 2023

I. Spokesperson and acting spokesperson of the Company

Spokesperson and Deputy Spokesperson	Title	Telephone	Email Address
Name of the spokesperson: Chin-Feng Chen	Assistant General Manager	(02)2509-0036	michael.chen@tsgroup.com.tw
Name of the deputy spokesperson: Yen-Wen Lin	Assistant Manager of Audit Office	(02)2509-0036	vivian.lin@tsgroup.com.tw

II. Address and Tel of Headquarters, Branches, and Plants:

Departments	Address	Telephone
Company address	1F., No. 16, Ln. 294, Shijian Rd., Qidu Dist., Keelung City 206 , Taiwan (R.O.C.)	(02)2452-5941
Operation Management (Head office)	12F., No.33, Sec. 2, Jianguo N. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)2509-0036

III. Stock transfer agency

Name: President Securities Corporation

Address: 1F., No.8, Dongxing Rd., songshan Dist., Taipei 105, Taiwan(R.O.C.)

Tel: (02)2747-8266

Website: https://www.pscnet.com.tw/

IV. CPAs certifying the latest financial statements

Name of CPA Firm :Deloitte Touche Tohmatsu Limited

Name of CPAs: Han-ni Fang, Chao-yu Chen

Address: 20F, No. 100, Songren Rd.,Xinyi Dist., Taipei 110, Taiwan(R.O.C.)

Tel: (02)2725-9988

Website: www.deloitte.com.tw

V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry:

None

VI. Company Website: www.tsgroup.com.tw

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One. Letter to Shareholders

I. 2022 Business Review

(I) Results of the execution of the business plan:

In 2021, the impact of the epidemic has slowed down and the recovery has begun. We were originally expecting that such trend would continue in 2022. However, the unexpected military conflicts broke out between Russia and Ukraine in the first quarter led to a sharp rise in global energy and raw material prices, and China in the second quarter suffered outbreak of the epidemic in its coastal provinces and cities that therefore led to stringent lockdown and control measures, which resulted in another significant impact on the global supply chain, and inflation in Europe and the United States are continuing to expand. In order to curb inflation, the U.S. Federal Reserve has raised interest rates in a large and frequent manner since March, and has started QE tapering since the second half of the year, making the global financial markets become more volatile, and most non-USD currencies depreciate sharply. Moreover, the imported inflationary pressure surged in several countries, making their governments adopt tight monetary policies to suppress it.

For Taiwan, thanks to the appropriate epidemic prevention measures, the impact of epidemics on service industry and domestic demand is not as severe as that of other countries. And since the epidemics caused production bottleneck to global manufacturing, Taiwanese conventional and technology industries have benefited from such situation. Moreover, investment from Taiwanese businesspeople after the outbreak of the US-China trade conflicts continue to flow into Taiwan. Driven by trade and investment, Taiwan's economy grew by 3.4% and 6.6% in 2020 and 2021, respectively. For the first two quarters of 2022, it still achieved a performance of 3.72% and 3.05%, respectively. However, since the second quarter, the number of confirmed infected cases of the epidemic in Taiwan began to surge, and the international economy has been affected by the war between Russia and Ukraine and China's epidemic prevention and control measures. Demand in the United States, Europe, and China has declined significantly. Fortunately, the impact of the domestic epidemic has been mitigated, and relevant government measures have been gradually lifted. The performance of domestic consumption and related industries has improved, making the economic support shift from export sales to domestic demand, and the overall performance did not fluctuate too much. In response to the ever-changing international trends and the industry's competitive environment in which the fittest survive, in addition to rectifying the direction of operation and adjusting the roadmap of operation, the transportation industry continues to create differentiation and provide innovative services, adjust the operation structure of transportation, and provide customers with good transportation quality. With the joint efforts of all colleagues in the construction business, two joint construction projects were obtained in the second half of the year, which will contribute to the Company's future growth significantly.

The operating revenue in 2022 is NT$729,967 thousand, a decrease of NT$61,868 thousand from the previous year's 791,835 thousand, a decrease of 7.8%; the operating net loss is NT$15,903 thousand, a decrease of NT$15,900 thousand from the previous year's operating net loss of NT$31,803 thousand; the net loss after tax is NT$245,162 thousand, a decrease of NT$560,442 thousand from the previous year's net income of NT$315,280 thousand.

(II) Budget implementation:

No explanation of the budget implementation is disclosed as the Company is not required to provide as financial forecast for 2022 in accordance with the "Regulations Governing the Publication of Financial Forecasts of Public Companies".

(III) Analysis of financial revenues and expenses: please refer to Page 283.

(IV) Analysis of profitability: please refer to Page 105.

(V) Research and development status: please refer to Page 82.

II. 2023 Business Plan Overview

(I) Operating guidelines:

1. With our expertise in container transportation, we aim to gradually expand operational efficiency, continuously create opportunities for cross-industry opportunities, and provide value-added services. We strive to break the limitations of traditional freight transportation models and tap into a wider range of services.
2. We will prudently assess construction projects to achieve sustainable long-term growth.
3. We will focus on the sound and complete management system for "Miramar Garden Taipei" to continue deepening the brand value and improving management efficiency.
4. Through observing market demand and patterns of competition, we can establish concrete and viable business models and strategically develop the leisure and cultural tourism industry.

(II) Projected sales volume and the basis:

As the Company primarily operates in the freight transport and hospitality industries, it is not appropriate to use sales quantity as the basis for measurement. Instead, we adopt analysis and evaluation of the overall economy, market conditions, existing contracts, established business plans, and development goals. For 2023, we will adopt a rather a conservative approach to assess the overall service volume.

(III) Important production and sales policies:

1. For transportation services, other than consolidating the business relationships with existing clients and maintaining the stable operation of the transportation department, we will continuously seek new opportunities for cross-industry cooperation and provide value-added services.
2. For the construction business, the Company's construction department is dedicated to development, planning, and construction operations. We carefully evaluate the location for development and focus on residential and office building projects. Our main operational areas are centered in the greater Taipei area, as well as Hsinchu and Taichung where there is strong consumer spending

power.

3. For tourism hotel services, “Miramar Hospitality Co., Ltd.” will continue to provide business service of exceptional quality.

III. Future development strategy

We are a traditional transportation service provider. To maintain profitability and disperse operational risks, we undertake a path of diversification and internationalization. The following is an overview of our strategies for future business development:

1. Strengthening the relationship with existing customers and developing new business models with clients to ensure a solid operational foundation.
2. Other than continuing to provide superior travel hospitality, our investment in “Miramar Hospitality Co., Ltd.” will also create greater profits for our shareholders. Furthermore, we will actively cultivate talent in the hospitality industry and adjust the organizational structure to meet the operational and management needs for brand development.

IV. Impacts from external competition, regulatory environment and macroeconomic environment

1. External competition: Despite increasing pressure from rising labor and energy costs in transportation and warehousing, the Company will continue to make efforts to expand into new business models. Also, with the diminishing impacts of the COVID-19 pandemic, the number of tourists visiting Taiwan is expected to increase as border control measures are gradually eased, which is favorable for boosting hospitality demand and tourism consumption. However, factors such as increased costs caused by inflation are posing significant pressure on hotel operations.
2. Regulatory environment: All our businesses are operated in compliance with relevant regulations and laws.
3. Macro economic environment: Owing to raising interest rates for inflation control and the unsettled conflict between Russia and Ukraine, economic prospects remain concerning. It is expected that the economy will remain stagnant in 2023. Despite this, the Company will continue to operate with caution and strive to improve operational processes along with cost-saving measures and revenue-generating strategies to ensure the stability of our business operations.

As 2023 unfolds, the global economic remains highly volatile and uncertain. In the face of the external environment and highly uncertain economic factors in geopolitics, we are still adhering to the consistent core values and concepts, and continuing to create opportunities for cross-industry cooperation and providing value-added services。

In 2023, our construction department will continue to efficiently control the costs, and carefully seek suitable cases for planning and construction to achieve a stable long-term development. In terms of reinvestment, "Miramar Garden Taipei" has experienced the impact of the epidemic and cooperated with government policies to turn itself from epidemic prevention hotel back to the general tourism hotel, and will reopen in late January. It will continue to provide high-quality business travel services to pursue higher operating and profit performance and create the maximum benefits for our shareholders. Thank you all for your long-term support and encouragement.

Finally, we would like to sincerely thank you for all your support and encouragement for Tze Shin Group!

Wishing you good health and all the best.

Chairman: Chun-Fa Huang

Two. Company profile

I. Company Establishment Date

Established on November 15, 1973.

II. Corporate history

The Company was founded in November 1962 with a capital of NT$6,000,000 and had CY container transportation as the major business. To improve competitiveness and expand business, in December of the same year, the Company's capital was increased by NT$6,000,000 in cash; in August 1975, the capital was increased by NT$3,140,000 in cash and reached NT$15,140,000 in total to purchase additional tractors to expand business operating equipment. In 1977, the Company purchased all 8 tractors and 25 semi-trailers from Chierong Company and undertook the inland transportation business of ZIM LINE, which further expanded the Company's business scope to the long-distance transportation business.

Since 1978, due to the surge in volume of container loaded and unloaded, the container transportation market has prospered and the market demand has increased day by day. In addition to the original CY transportation and long-distance transportation business, the Company has also expanded its business to shipside transportation, making our business coverage even wider and more competitive. In 1983, the Company purchased all 10 tractors and 33 semi-trailers of Ruan Transportation Company and all 5 tractors and 11 semi-trailers of Chiyeh Express Company successively. In May 1984, the Company's capital was increased by NT$10,860,000 in cash to purchase all 7 tractors and 19 semi-trailers of the Pacific Container Storage Company to meet market demand. The above actions of expansion made the Company one of the four largest container shipping companies in Taiwan. By that time, the Company's capital reached NT$26,000,000.

In December 1985, due to business needs and in response to the government's policy of rewarding corporate mergers, in order to save expenses, reduce costs, promote reasonable operations and expand business scope, the Company merged the Huamin Container Company and increased its capital by NT$13,368,750. Due to the improvement of the economy, the capital was increased by NT$25,631,250 in cash simultaneously, making the total accumulated paid-in capital of the merged company reach NT$65,000,000. Such capital increase was for purchasing 37 additional tractors, which were officially put into operations since 1986.

In August 1987, in order to replace old operating equipment with new ones for improving service quality and operating efficiency and responding to increasingly competitive market status, capital increase of NT$15,600,000 in cash was made, reaching a total capital amount of NT$80,600,000 for purchasing additional 15 tractors to meet customer needs and obtain more business opportunities.

In July 1988, in order to improve the financial structure, the capital was increased by NT$16,250,000 in cash and NT$20,150,000 of capitalization of retained earnings, making the total capital reach NT$117,000,000.

On December 16, 1989, in order to expand the business scope and reduce management costs, the Company merged Kangtai Truck Transportation Co., Ltd. and increased the capital by NT$23,400,000 to repay the bank loan. In order to allow more robust financial structure, the capital was increased by NT$58,500,000 in cash, making the total accumulated paid-in capital of the Company reach NT$198,900,000.

In October 1990, in order to expand the operating equipment to enrich the business operating capacity and efficiency, the capital was increased by NT$43,758,000 via capitalization of retained earnings and NT$35,802,000 via capitalization of capital reserve, making the total amount of this capital increase reach NT$79,560,000 and the accumulated paid-in capital reach NT$278,460,000. At the same time, the public offering of stocks of the Company was approved by the Securities Management Council of the Ministry of Finance.

In July 1991, in order to expand the operating equipment, repay the loan and enrich the operating funds, the capital was increased by NT$42,432,800 in cash, NT$38,984,400 via capitalization of capital reserve, and NT$50,122,800 via capitalization of retained earnings, making the total amount of this capital increase reach NT$131,540,000 and the accumulated paid-in capital reach NT$410,000,000.

In April 1992, in order to expand the operating equipment to enhance the capital structure, the capital was increased by NT$73,800,000 via capitalization of retained earnings and NT$20,500,000 via capitalization of capital reserve, making the total amount of this capital increase reach NT$94,300,000 and the accumulated paid-in capital reach NT$504,300,000. At the same time, since May 1992, two major business items as chemical oil tankers transportation and transportation equipment trading were included.

In January 1993, the Company passed BVQI and obtained the certification of international quality management and quality assurance (ISO9002 and BS5750). Items of certification included general container transportation, ISO chemical tankers transportation and empty container storage and repair. In June of the same year, the listing of the Company was approved by the Securities Management Council of the Ministry of Finance. In July, in order to expand the operating equipment, the capital was increased by NT$40,344,000 via surplus earnings. The Company’s paid-in capital reached NT$544,644,000. On October 28, 1993, the Company was officially listed for transaction of Class I stock.

In April 1994, the Company reinvested in Henuo International Co., Ltd. and obtained the general agency of French Renault Trucks. In June 1994, in order to update the operating equipment, the capital was increased by NT$54,464,400 via capitalization of retained earnings and NT$43,571,520 via capitalization of capital reserve, making the total amount of this capital increase reach NT$98,035,920 and the accumulated paid-in capital reach NT$642,679,920.

In June 1995, in order to update the operating equipment, the capital was increased by NT$115,682,380 via capitalization of retained earnings, making the Company’s paid-in capital reached NT$758,362,300.

In August 1996, in order to update the operating equipment, the capital was increased by NT$37,918,110 via capitalization of retained earnings, making the Company’s paid-in capital reach NT$796,280,410. Obtained the permit for Automobile Cargo Transportation Business in December 1996.

In 1997, the Company purchased 15 additional oil tank semi-trailers to meet the needs of the growing chemical transportation business.

In April 1998, the Company jointly built and the “Durban Smart Building” administrative building at the Guangfu section of Hsinchu City with Durban Development Co., Ltd. In June 1998, the 6-story exquisite suite “Plum and Bamboo No. 1” at the Dahsue section of Hsinchu City was launched. In July 1998, in response to diversified business strategies such as the gas stations and the construction, the capital was increased in cash by NT$360,000,000, NT$31,851,210 via capitalization of capital reserve, and NT$63,702,430 via capitalization of retained earnings. The total capital increase reached NT$455,553,640 and the paid-in capital reached to NT$1,251,834,050. In December 1998, the Company’s first gas station, Chubei Station, opened.

In March 1999, the 5-story apartment complex “San Min Ju Lin” was launched at the Zhonghua section of Hsinchu City. In July 1999, in order to enrich operating capital, the capital was increased by NT$150,220,080 via capitalization of retained earnings and NT$125,183,400 via capitalization of capital reserves. The total capital increase reached NT$275,403,480 and the total paid-in capital reached NT$1,527,237,530. In October 1999, Baishatun gas station opened; and in November, Chongde gas station opened.

In September 2000, in order to enrich operating capital, the capital was increased by NT$76,361,870 via capitalization of retained earnings and NT$152,723,750 via capitalization of capital reserves. The total capital increase reached NT$229,085,620 and the total paid-in capital reached NT$1,756,323,150. After canceling 3,667,000 treasury shares in November 2000, the paid-in capital was decreased to NT$1,719,653,150. In September 2000, Xinzhuang gas station opened; in November, Fengyuan gas station opened; and in December, Badu gas station opened.

After respectively canceling 7,000,000 and 5,655,000 treasury stocks in April and November 2001, the paid-in capital reached NT$1,593,103,150. In April 2001, Yunong gas station opened; in July, Neihu gas station opened; in November, Huilong gas station opened; and in December, Linkou gas station opened. In September 2001, the Company re-invested in U-GLORY CERAMICC ENTERPRISE CO., LTD. to enhance the development and deployment of the oil product distribution market.

In June 2002, the Company reinvested in Safe Petroleum Transportation Co., Ltd. and contracted Formosa Petrochemical Corporation for oil product transportation. In July 2002, the Company’s name was changed to “TZE SHIN INTERNATIONAL CO., LTD.” In August 2002, in order to enrich operating capital, the capital was increased by NT$31,022,060 via capitalization of retained earnings and NT$77,555,150 via capitalization of capital reserves. The total capital increase reached NT$108,577,210 and the total paid-in capital reached NT$1,701,680,360. In December, the Company reinvested in SUPER NOVA OPTOELECTRONICS CORPORATION, enabling the Company to engage in the high-tech industry of LED optoelectronics.

After respectively canceling 6,000,000 treasury stocks in March 2003, the paid-in capital was decreased to NT$1,641,680,360. In September 2003, an additional 4,200,000 treasury stocks were canceled and the paid-in capital was decreased to NT$1,599,680,360.

In February 2004, the Company re-invested in MIRAMAR HOSPITALITY CO., LTD. to engage in international tourism services; in April, the Company acquired 100% of the ownership of reinvested subsidiary Tze Ding Investment Co., Ltd. while canceling the 7,793,641 treasury stocks held by such subsidiary, making the paid-in capital decrease to NT$1,521,743,950. In September, in order to enrich the operating capital, the capital was increased by NT$30,434,870 via capitalization of retained earnings and the paid-in capital reached NT$1,552,178,820. In November, in order to integrate oil product distribution channels, strategic alliance with CPC Corporation, Taiwan was formed to establish several business relationships such as gas station leasing.

In May 2005, the Company reinvested in Anji Transportation Co., Ltd., which was the Company’s exclusive cooperative fleet for container transportation.

In May 2006, the official opening of Miramar Hotel was re-invested by the Company. In December 2006, the Company re-invested in Miramar Resort Co., Ltd. to engage in general tourism services.

In March 2007, the Company re-invested in Safe Container Transportation Co., Ltd., which was the Company’s exclusive cooperative fleet for container transportation. In June, in order to enrich the operating capital, the capital was increased by

NT$93,130,720 via capitalization of retained earnings and the paid-in capital reached NT$1,645,309,540.

In April 2008, the Logistics Department was established to act as an agent for imported bathroom ware and kitchenware. In June 2008, in order to enrich the operating capital, the capital was increased by NT$82,265,470 via capitalization of retained earnings and capital reserves, making the paid-in capital reach NT$1,727,575,010.

In June 2009, the capital was increased by NT$86,378,750 via recapitalization of capital surplus, and the paid-in capital reached NT$1,813,953,760; in December, Safe Cargo Transportation and Anji Company re-invested by the Company were merged with Safe Cargo Transportation as the surviving company.

In June 2010, the gas station lease contract with CPC Corporation, Taiwan was terminated by mutual agreement. In June, the capital was increased by NT$54,418,610 via capitalization of capital reserves, making the paid-in capital reached NT$1,868,372,370.

From April 2011, the gas station premises were leased out and operated by FORMOSA OIL (ASIA PACIFIC) CORPORATION. In June, in order to enrich the operating capital, the capital was increased by NT$14,946,970 via capitalization of retained earnings and NT$78,471,630 via capitalization of capital reserves, making the paid-in capital reach NT$1,961,790,970. In December, the “Remuneration Committee” was established.

After canceling 3,000,000 treasury stocks in July 2012, the paid-in capital was decreased to NT$1,931,790,970. In October, the capital was decreased by 19,617,909 shares and the paid-in capital was decreased to NT$1,735,611,880.

In February 2013, the Company reinvested in ACMC TRADING CO., LTD. to mainly engage in display OEM business. In March, Juxin, a subsidiary of the Company, re-elected directors and supervisors. After the re-election, the seats of the held by the directors representing the Company was less than half of the total seats, making the Company lose control of the subsidiary. In addition, the Hsinchu Branch of Miramar Hotel officially opened. After canceling 2,878,136 treasury stocks in April, the paid-in capital was decreased to NT$1,706,830,520. In July, the unfinished project of Miramar Resort Co., Ltd. Re-invested by the Company was ordered to be suspended by the High Administrative Court due to the environmental impact assessment results. In September, the capital was increased by NT$85,341,520 via capitalization of retained earnings, and the paid-in capital reached NT$1,792,172,040.

In May 2014, the Company re-invested in Safe Logistics Transportation Co., Ltd., which was the Company’s exclusive cooperative fleet for logistics transportation. In July, 5,000,000 treasury stocks were canceled and the paid-in capital was decreased to NT$1,742,172,040 and the factory of ACMC TRADING CO., LTD. reinvested by the Company discontinued its production activities.

After canceling 80,000 treasury stocks in April 2015, the paid-in capital was decreased to NT$1,741,372,040. After canceling 2,000,000 treasury stocks in August, the paid-in capital was decreased to NT$1,721,372,040. In September, the capital was increased by NT$34,827,440 via capitalization of retained earnings, and the paid-in capital reached NT$1,756,199,480.

In January 2016, ACMC TRADING CO., LTD. Re-invested by the Company started to act as the agent for importing tires for commercial trucks. In October, the capital was increased by NT$26,342,990 via capitalization of retained earnings, and the paid-in capital reached NT$1,782,542,470. In December, the fusion restaurant re-invested by the Company was opened.

After canceling 260,000 treasury stocks in April 2017, the paid-in capital was decreased to NT$1,779,942,470.

In March 2018, the land lease rights, buildings and business equipment of Yunong gas station were sold and the management rights were transferred to Yadong Gas Station Company. In May, the Company’s address (registered address) was changed. In August, Miramar Resort Co., Ltd. which was re-invested by the Company applied for arbitration in relation to the Taitung Shanyuan Beach Park Development Project.

After canceling 2,000,000 treasury stocks in July 2019, the paid-in capital was decreased to NT$1,759,942,470.

After canceling 3,000,000 treasury stocks in May 2020, the paid-in capital was decreased to NT$1,729,942,470. In October, Miramar Resort Co., Ltd. which was re-invested by the Company announced the results of arbitration in relation to the Taitung Shanyuan Beach Park Development Project.

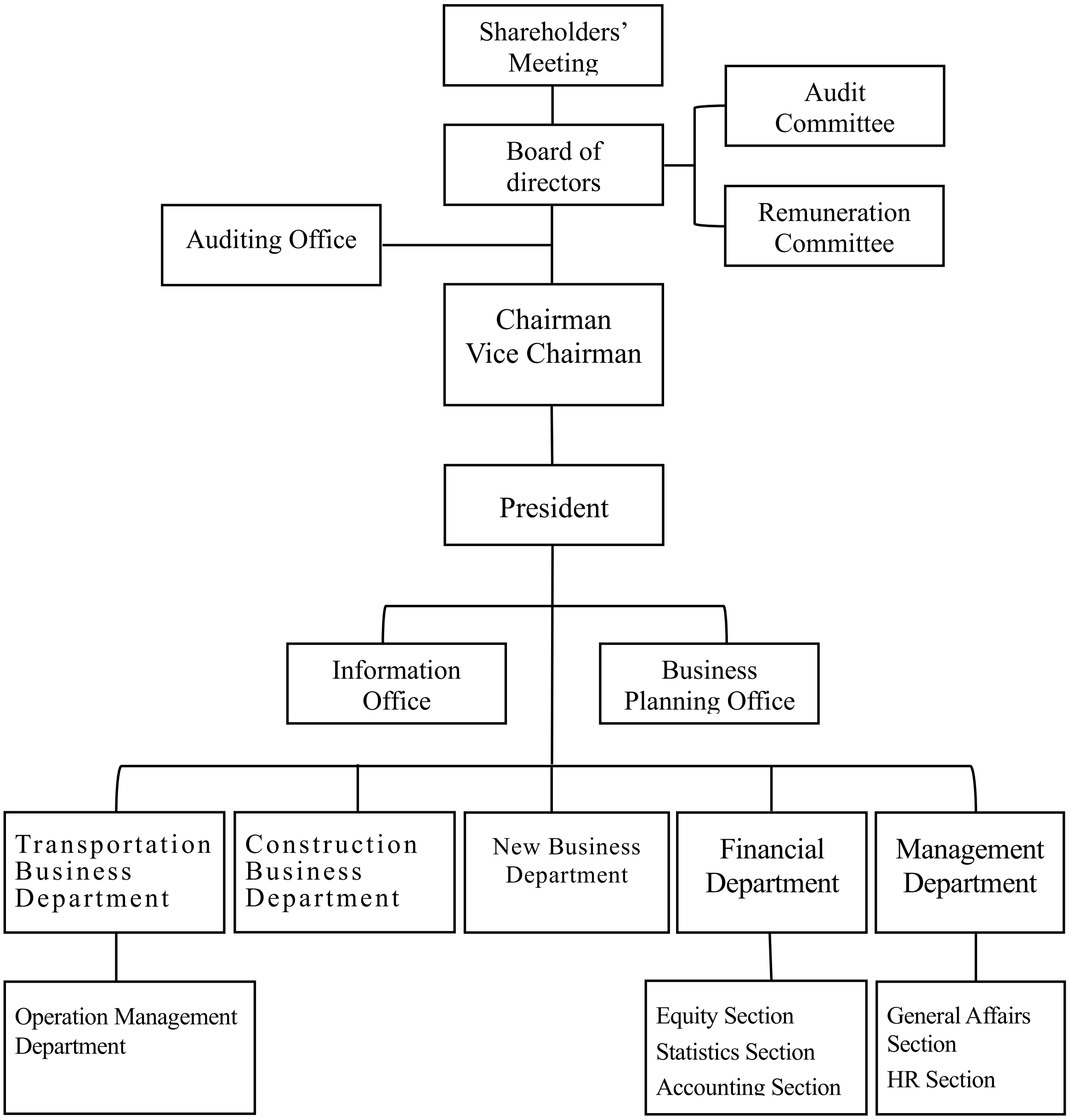
After canceling 1,174,000 treasury stocks in March 2021, the paid-in capital was decreased to NT$1,718,202,470.

In August 2022, the capital was increased by NT$171,820,250 via capitalization of retained earnings and the paid-in capital reached NT$1,890,022,720.

Three. Corporate Governance Report

I. Organization

(I) Company Organizational Structure



Updated on January 1, 2023

(II) Major departments and businesses:

Departments	Responsibilities
Board of directors	Determine business policies, approve various statutory rules, review budgets and final accounts, and execute other functions and powers conferred by laws and regulations and shareholders' meetings.
Audit Committee	Assist the board of directors to perform its supervision on the Company's implementation of financial statements, the appoint (or dismissal) and independence of CPAs, then assess the effectiveness of internal control and execute other statutory functions and powers.
Remuneration Committee	Regularly review the "Charter of Remuneration Committee" and propose amendments; formulate and regularly review and evaluate the remuneration of the Company's directors and officers.
Auditing Office	Formulate and amend various auditing systems, evaluate and recommend the implementation of internal control systems, examine and track auditing plans.
Chairman	Convene the board of directors and supervise the president to implement the resolutions of the board of directors.
President	Implement the policy resolutions of the board of directors and operational strategies, integrate the heads of various business units of the Company to promote various businesses and formulate internal management systems.
Information Office	Planning, establishing, promoting, and maintaining the information systems; procurement and maintenance of the related software and hardware equipment; promoting, coordinating, and overseeing management matters related to information security risks.
Business Planning Office	Take charge of the compilation, collection and reporting of the planning, control and operation planning, management, analysis, research and development of various systems and regulations; and assist in the operations and execution of corporate governance.
Transportation Business Department	The Operations and Management Department is responsible for collecting and updating industry-related laws and regulations, expanding business opportunities, handling business bidding and signing, maintaining relationships with clients and industry peers, managing contracts for receivable collections and verifying documents.
Construction Business Department	Develop various construction projects, planning, budget and projects review; project contracting, construction management; real estate sales, collection and signing agreement with customers, transfer of ownership, loans and other conduct related affairs.
New Business Department	Conduct market study, strategic analysis and operational planning for various new businesses; overall management of new business project development, planning, marketing and execution and other new business-related affairs.
Financial Department	In charge of various accounting items, taxation, stock affairs, financial planning, fund allocation, cash income and expenditures, preparation of operating statements, budget final accounts and variance analysis, etc.
Management Department	In charge of management related to administration, HR, general affairs, account collection, insurance and property equipment.

II. Information of Directors, President, Vice Presidents, Associate Vice Presidents, Managers of Departments and Branches

(I)Director

Director Information (I)

May 2, 2023

Job Title	Nationality or registration place	Name	Gender Age	Elected (inaugurated) date	Term	Initial elected date	Shareholdings at the time of elected office		Current shareholdings		Current shareholdings of spouse/minors		Shareholdings in the name of others		Main Work Experience or Education Background	Current adjunct positions at the Company and other companies	Other officers, directors, or supervisors of the company who is a spouse or relative within the 2nd degree under the Civil Code			Remarks
							Shares	Shareholdings	Shares	Shareholdings	Shares	Shareholdings	Shares	Shareholdings			Job Title	Name	Relationship	
Chairman		Durban Development Co., Ltd.	—	2020.06.24	3 years	2017.06.22	5,857,410	3.33	6,446,451	3.41	0	0.00	0	0.00	--	--	--	--	--	None
	ROC	Representative: Chun-Fa Huang	Male 61~70	2020.06.24	3 years	1999.05.27	0	0.00	0	0.00	0	0.00	0	0.00	International Trade, Hsing Wu University Chairman, Durban Development Co., Ltd. (Durban Development)	Note 1	Director	Chun-Tsao Huang	Brothers	None
Vice Chairman		TienPin Development Co., Ltd.	—	2020.06.24	3 years	2014.06.17	50,873,640	28.91	43,791,000	23.17	0	0.00	0	0.00	--	--	--	--	--	None
	ROC	Representative: Ming-Tan Hsu	Male 51~60	2020.06.24	3 years	1996.05.16	657	0.00	722	0.00	0	0.00	0	0.00	MBA, University of Kansas, USA	Note 2	Director	Wei-Te Hsu	Brothers	None
Director		Durban Development Co., Ltd.	—	2020.06.24	3 years	2017.06.22	5,857,410	3.33	6,446,451	3.41	0	0.00	0	0.00	--	--	--	--	--	None
	ROC	Representative: Chun-Tsao Huang	Male 61~70	2020.06.24	3 years	Note 6	0	0.00	0	0.00	0	0.00	0	0.00	MBA, Department of Information Management, National Taiwan University President, Athena Information Systems International Co., Ltd.	Note 3	Chairman	Chun-Fa Huang	Brothers	None
Director		TienPin Development Co., Ltd.	—	2020.06.24	3 years	2014.06.17	50,873,640	28.91	43,791,000	23.17	0	0.00	0	0.00	--	--	--	--	--	None
	ROC	Representative: Wei-Te Hsu	Male 51~60	2020.06.24	3 years	Note 7	1,673,985	0.95	1,279	0.00	0	0.00	0	0.00	MBA, Washington State University, USA	Note 4	Vice Chairman	Ming-Tan Hsu	Brothers	None

Independent Director	ROC	Chui-Ming Peng	Male 71~75	2020.06.24	3 years	2017.06.22	0	0.00	0	0.00	0	0.00	0	0.00	Department of Economics, National Taiwan University Director and Founder of Commercial Times	--	None	--	--	None
Independent Director	ROC	Sheng-Yu Liang	Male 61~70	2020.06.24	3 years	2017.06.22	0	0.00	0	0.00	0	0.00	0	0.00	MBA, National Cheng Chi University Manager, DHL Express (Taiwan) Corp.	--	None	--	--	None
Independent Director	ROC	Jui-Hsiang Huang	Male 61~70	2020.06.24	3 years	2020.06.24	0	0.00	0	0.00	0	0.00	0	0.00	Master, Department of Accounting, National Cheng Chi University President, Fei Da Enterprise Management Co., Ltd.	Note 5	None	--	--	None

Note 1: Chairman of Durban Development Co. Ltd., Mayer Steel Pipe Corporation, Mayer Inn Corporation, Mei-Kong Development Co., Ltd., Du Centre Co., Ltd., The Sincere Department Store Ltd., Miramar Resort Co., Ltd., Taiwan Ssangyong Co., Ltd., Durblin Enterprise Co., Ltd., and Ying Shun Construction Co., Ltd.; director of Miramar Hotel Taipei Co., Ltd., Yuan Chuan Steel Co., Ltd., SLT Co., Ltd., Taiwan Ling Hang Asset Investment Co., Ltd., and Xing Li Cheng Biomedical Co., Ltd.; supervisor of De Wei Investment Co., Ltd.

Note 2: Chairman of Miramar Hospitality Co., Ltd., Hsin Hai Transportation & Terminal Co., Ltd. and ACMC Trading Co., Ltd.; director of Miramar Resort Co., Ltd. and Yuan Chuan Steel Co., Ltd.

Note 3: Chairman of Yu Hung Investment Co., Ltd.; director of Mayer Steel Pipe Corporation, Miramar Hospitality Co., Ltd., De Wei Investment Co., Ltd., Du Centre Co., Ltd., Miramar Hotel Taipei Co., Ltd., Athena Information Systems International Co., Ltd. and Jun An Information Co., Ltd.; supervisor of Miramar Resort Co., Ltd., Yuan Chuan Steel Co., Ltd., Durban Development Co., Ltd. and Mei-Kong Development Co., Ltd.

Note 4: Director of Hsin Hai Transportation & Terminal Co., Ltd.

Note 5: Independent director of Allis Electric Co., Ltd. and IBF Securities Co., Ltd.; Chairman of Fei Da Enterprise Management Co., Ltd.; director of IVES Optoelectronics Co., Ltd.; supervisor of Faspro Systems Co., Ltd.

Note 6: First appointed as director of the Company on June 24, 2020; first appointed as supervisor of the Company on June 17, 2005.

Note 7: First appointed as director of the Company on June 24, 2020; first appointed as supervisor of the Company on May 27, 1999.

Table 1: Major Shareholders of Corporate Shareholder

May 2, 2023

Name of Corporate Shareholder (Note 1)	Major Shareholders of Corporate Shareholder (Note 2)
Durban Development Co., Ltd.	De Wei Investment Co. (32.31%), The Sincere Department Store Ltd. (25.63%), Yuan Chuan Steel Co., Ltd. (12.38%), Heng Xing Development Co., Ltd. (7.22%), I-Yun Hung (6.63%), Miramar Hotel Taipei Co., Ltd. (5.73%), Hsiu-Mei Huang (1.59%), Mayer Steel Pipe Corporation (1.27%), Heng-Chiu Chang (1.22%), Yung-Lun Huang (0.98%)
TienPin Development Co., Ltd.	Li-E Chang (51.69%), Ming-Tan Hsu (22.89%), Wei-Te Hsu (21.07%), Yen-Wen Lin (3.78%), Tien Ding Co., Ltd. (0.50%), Ling-I Hsu (0.07%)

Note 1: For directors who are a representative of a corporate shareholder, the name of the corporate shareholder shall be disclosed.

Note 2: Names and shareholdings of key shareholders (top ten in terms of shareholding) of corporate shareholders shall be disclosed. If the key shareholder is a corporate entity, Table II shall be filled in.

Table 2: Major Shareholders of Corporate Shareholder who are Major Shareholders Specified in Table 1

May 2, 2023

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholder
De Wei Investment Co., Ltd.	Miramar Hotel Taipei Co., Ltd. (79.26%), Hsiu-Mei Huang (10.60%), Cheng-Yuan Li (9.86%), Yung-Lun Huang (0.14%), Chia-Yu Huang (0.07%), Chia-Hung Huang (0.07%)
The Sincere Department Store Ltd.	Durban Development Co., Ltd. (41.06%), Du Centre Co., Ltd. (12.08%), De Wei Investment Co., Ltd. (19.56%), Durban Dive Corporation (18.95%), I-Yun Hung (2.31%), Yung-Chieh Huang (1.25 %), Chun-Wei Huang (1.19%), Wei-Li Cheng (1.17%), Yu Hung Investment Co., Ltd (0.99%), Ta-Yao Lo (0.53%)
Yuan Chuan Steel Co. Ltd.	Miramar Hotel Taipei Co., Ltd. (81.43%), Tze Shin International Co., Ltd. (18.57%)
Heng Xing Development Co., Ltd.	Wei-Kun Lai (30.00%), Yueh-Hsing Lai (20.60%), Wei-Wen Lai (23.20%), Wei-Chung Lai (23.20%), Chih-Hsin Lai (3.00%)
Miramar Hotel Taipei Co., Ltd.	De Wei Investment Co., Ltd. (46.97%), Chun-Fu Huang (13.43%), I-Yun Hung (16.43%), Hsiu-Mei Huang (11.59%), Kai-Sheng Huang (2.88%), Kai-Hsin Huang (1.77%), Cheng-Yuan Li (1.62%), Mei-Fang Lu (1.62%), Wei-Li Cheng (1.41%), Yung-Chieh Huang (1.55%)
Mayer Steel Pipe Corporation	Yuan Chuan Steel Co. Ltd. (16.61%), Tze Shin International Co., Ltd. (9.32%), Xian Da Investment Co., Ltd. (6.99%), Miramar Hotel Taipei Co., Ltd. (5.47%), The Sincere Department Store Ltd. (2.25%), Yuan Da Investment Co., Ltd. (1.79%), De Wei Investment Co., Ltd (1.57%), Jian Yu Xing Ye Co., Ltd. (1.14%), Durban Development Co., Ltd. (1.06%), Fei-Hung Chen (0.88%)
Tien Ding Co., Ltd.	TienPin Development Co., Ltd. (86.07), Ming-Tan Hsu (13.03%), Yen-Wen Lin (0.88%), Li-E Chang (0.01%), and Hsiao-Chu Chien (0.01%)

Director Information (II)

I. Professional qualifications and disclosure of information on the independence of independent directors: May 2, 2023

Requirements / Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Concurrently as an independent director to other public companies
Chairman Durban Development Co., Ltd. Representative: Chun-Fa Huang	International Trade, Hsing Wu University Chairman of Tze Shin International Co., Ltd., Durban Development, and Mayer Steel Pipe Corporation; more than five years of working experience in commerce and sales	Non-independent Director	0
Vice Chairman TienPin Development Co., Ltd. Representative: Ming-Tan Hsu	MBA, University of Kansas, USA Vice Chairman of Tze Shin International Co., Ltd. and Chairman of Miramar Hospitality Co., Ltd. and Hsin Hai Transportation & Terminal Co., Ltd.; more than five years of experience in commerce, accounting or finance, and background needed for the business	Non-independent Director	0
Director Durban Development Co., Ltd. Representative: Chun-Tsao Huang	MBA, Department of Information Management, National Taiwan University Director of Tze Shin International Co., Ltd.; President of Athena Information Systems International Co., Ltd.; director of Mayer Steel Pipe Corporation and Miramar Hospitality Co., Ltd.; more than five years of experience in commerce and information technology and background needed for the business	Non-independent Director	0
Director TienPin Development Co., Ltd. Representative: Wei-Te Hsu	MBA, Washington State University, USA Director of Tze Shin International Co., Ltd. and Hsin Hai Transportation & Terminal Co. Ltd.; more than five years of experience in commerce and background needed for the business	Non-independent Director	0
Independent Director Chui-Ming Peng	Department of Economics, National Taiwan University Member of the Audit Committee and Compensation Committee Over fifteen years of experience as former CEO of the Chinatimes Education Foundation and president and publisher of the Commercial Times; more than five years of experience in commerce and background needed for the business None of the situations described under Article 30 of the Company Act	Meets independence requirements There are none of the situations described Note 2, and the Declarations from the independent director (when elected and during the office term) has been obtained to verify the independence required by laws (when elected and during the office term)	0
Independent Director Sheng-Yu Liang	MBA, National Cheng Chi University Convener of the Audit Committee and Compensation Committee Over fifteen years of experience as former president of Mei Zhong Logistics Company and manager of DHL Express (Taiwan) Corp.; more than five years of experience in commerce and background needed for the business None of the situations described under Article 30 of the Company Act	Meets independence requirements There are none of the situations described Note 2, and the Declarations from the independent director (when elected and during the office term) has been obtained to verify the independence required by laws (when elected and during the office term)	0

Independent Director Jui-Hsiang Huang	Master, Department of Accounting, National Cheng Chi University Member of the Audit Committee Over 25 years as former president of audit services in Dinkum & Co., CPAs, president of Fei Da Enterprise Management Co., Ltd., and independent director of Allis Electric Co., Ltd. and Waterland Securities Co., Ltd.; more than five years of experience in commerce and accounting or finance and background needed for the business None of the situations described under Article 30 of the Company Act	Meets independence requirements There are none of the situations described Note 2, and the Declarations from the independent director (when elected and during the office term) has been obtained to verify the independence required by laws (when elected and during the office term)	2

Note: 1: Professional qualifications and experience: The professional qualifications and experience of individual directors and supervisors shall be disclosed. For those who are members of the audit committee and possess expertise in accounting or finance, the related background and work experience should be stated, and verify if there are any situations as specified in Article 30 of the Company Act.

Note 2: Describe the status of independence of each independent director, including but not limited to the following: whether the independent director or their spouse or relative within the second degree of kinship serves or has served as a director, supervisor, or employee of the Company or any of its affiliates; the number and ratio of shares of the Company held by the independent director, their spouse, and their relatives with the second degree (or through nominees); whether the independent director has served as a director, supervisor or employee of a specified company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); the amount of remuneration received for any business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past two years.

II. Diversity and Independence of the Board:

(I) Implementation of Diversity Policy of the Board

1 Chapter 3 "Strengthening the Functions of the Board of Directors" of the Company's "Corporate Governance Code of Practice" provides the diversity policy. The nomination and election of members of the board of directors of the Company follows the provisions of the its Articles of Association and adopts the candidate nomination system. In addition to evaluating the qualifications of each candidate's education and work experience and referring to the opinions of interested parties, the Company also abides by the "Guidelines for Director Election" and "Corporate Governance Code of Practice" to ensure the diversity and independence of directors and there has been no such thing as stated in Article 30 of the Company Act.

2.All directors of the Company have professional backgrounds including industrial experience and professional capabilities in finance and accounting, etc., which meet the management objectives of the diversity policy of the board of directors. The diversity policy of the board of directors is as follows, whose content is also disclosed on the Company's official site and Market Observation Post System (MOPS).

Core items of diversity / Name of Director	Basic									Professional background, knowledge and skills								
	Nationality	Gender	Serving as the Company's employee concurrently	Age			Independent directors' term of office and seniority			Business judgment	Accounting	Financial	Operation and management	Crisis management	Industry knowledge	Information technology	International market insight	Leadership and decision-making
				Below 60	61-70	70 and above	Below 3 years	3 to 9 years	More than 9 years									
Chun-Fa Huang	ROC	Male	V		V					V		V	V	V	V		V	V
Ming-Tan Hsu	ROC	Male	V	V						V	V	V	V	V	V		V	V
Chun-Tsao Huang	ROC	Male			V								V		V	V		V
Wei-Te Hsu	ROC	Male		V							V	V			V		V	
Sheng-Yu Liang	ROC	Male			V			V		V	V		V		V		V	
Chui-Ming Peng	ROC	Male				V		V			V		V		V		V	
Jui-Hsiang Huang	ROC	Male			V		V			V	V	V						V

3.The Board of the Company is composed of seven directors; including two directors who are employees of the Company, accounting for 29%, and three independent directors, accounting for 43%; one independent director has a tenure of less than three years and two independent directors have a tenure of four to nine years; two directors are aged above 65, three directors are aged between 55 and 64, and two directors are aged between 50 and 55. In addition, the target is for female directors to account for at least 14% of the composition of the Board, and the number is expected to be increased in line with the Company's determination to implement gender equality.

4.The specific management objectives and achievement of the diversity policy of the board of directors are as follows:

Management Objectives	Progress of Achievement
The number of independent directors is more than one-third of the total number of directors	Achieved
The number of directors concurrently serving as the officers of the Company shall not exceed one-third of the total number of directors	Achieved
The term of office of independent directors does not exceed three terms	Achieved
Sufficient and diverse professional knowledge and skills	Achieved

(II) Independence of the Board of Directors

1.The Company currently has 7 directors in which there are 3 independent directors (accounting for 43% of the total seats of director). When independent directors are elected and during their tenure, their qualifications will be examined and reviewed according to the checklist and the statement will be issued. Our independent directors all satisfy the requirements stated in Article 2 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies which require that the independent director shall have at least five years of work experience in business, legal affairs, finance, accounting or those required for company business and our independent directors have no circumstances mentioned in Article 3 of the same Regulations during the two-year period before the election and during their tenure, allowing them to maintain the independence when performing their duties.

2.The members of the board of directors all meet the requirements of Article 26-3 of the Securities and Exchange Act. There shall be more than half of the total directors having no relationship of spouses or kinship within the second degree with each other. Please refer to page 12 for Director Information (I).

(II) Information of President, Vice-President, Associate Vice-President, Supervisors of Departments and Branches May 2, 2023

Job Title	Nationality	Name	Gender	Elected (inaugurated) date	In the name of others		Shareholdings of spouse/minors		Shareholdings in the name of others		Main Work Experience or Education Background	Concurrent Position in the Company or other Companies	Other officers of the company who are the spouse or relative within the 2nd degree under the Civil Code			Notes (Note 1)
					Shares	Shareholdings	Shares	Shareholdings	Shares	Shareholdings			Job Title	Name	Relationship	
Vice chairman serving concurrently as president	ROC	Ming-Tan Hsu (Note 2)	Male	March 28, 2022	722	0	0	0	0	0	University of Kansas MBA	Chairman of ACMC Trading Co., Ltd., Hsin Hai Transportation & Terminal, Miramar Hospitality, Miramar Resort and Yuan Chuan Steel Director	None	None	None	None
President	ROC	Hsi-Lung Chou Lu (Note 3)	Male	August 17, 2021	0	0	0	0	0	0	Bachelor of Business Administration, Fu Jen Catholic University	-	None	None	None	None
Associate vice president serving concurrently as head of the Construction Department and the New Business Department	ROC	Chin-Feng Chen	Male	May 20, 2020	0	0	0	0	0	0	Master's, National Cheng Chi University Executive Assistant of the Chairman of Nestle	Representative of NicheMate Tech. Co., Ltd.	None	None	None	None
Manager, Transportation Business Department	ROC	Ming-Te Cheng (Note 4)	Male	January 1, 2020	0	0	0	0	0	0	National Magong High School President of Huabei Region of UT FREIGHT SERVICE LTD.	-	None	None	None	None
CFO of Financial Department Concurrently serving as Head of Business Planning Office and Corporate Governance	ROC	Wen-Lung Chiang (Note 5)	Male	July 01, 2017	3,000	0	0	0	0	0	M.A., Department of Accounting of Chung Yuan Christian University Accounting Officer of Chong-Ia Precision Industry Co., Ltd.	-	None	None	None	None

Officer of Management Department Concurrently serving as Information Officer Concurrently serving as Head of Business Planning Office and Corporate Governance	ROC	Hsuan-Pei Hung (Note 6)	Female	August 15, 2016	0	0	0	0	0	0	MBA of Tamkang University Junior Manager of Eslite	-	None	None	None	None
Manager, Financial Department	ROC	Chien-I Kao	Male	March 24, 2023	0	0	0	0	0	0	Bachelor of Accounting, Fu Jen Catholic University Manager, KPMG Taiwan	-	None	None	None	None

Note 1: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level officer) are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason, reasonableness, and necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent directors and no more than half of the directors concurrently serving as employees or officers).

Note 2: Vice Chairman Ming-Tan Hsu started to serve concurrently as president on March 28, 2022.

Note 3: President Hsi-Lung Chou Lu resigned on February 10, 2022.

Note 4: Manager Ming-Te Cheng of the Transportation Business Department resigned on December 21, 2022.

Note 5: CFO Wen-lung Chiang resigned on February 28, 2023.

Note 6: Manager Hsuan-Pei Hung of the Administration Department started to serve concurrently as head of Business Planning and Corporate Governance on March 24, 2023.

III. Profit sharing from earnings for directors, presidents and vice-presidents in the previous year

(I) Remuneration for directors

Unit: NT$ thousand

Title	Name	Profit sharing from earnings for directors								Percentage of the sum of A to D in net profit after tax %		Profit sharing from earnings for directors who are concurrently employees								Percentage of the sum of A to G in the net profit after tax %		Related profit sharing from earnings from investees other than remuneration from the subsidiaries or the parent company
		Remuneration(A))		Severance Pay/Retirement Allowance (B)		Remuneration to directors (C)		Business execution expenses (D)				Salaries, bonuses, and special expenses (E)		Severance Pay/Retirement Allowance (F)		Employee remuneration (G)						
		The company	All firms disclosed in the financial statements	The company	All firms disclosed in the financial statements	The company	All firms disclosed in the financial statements	The company	All firms disclosed in the financial statements	The company	The company	All firms disclosed in the financial statements	All firms disclosed in the financial statements			The company		All firms disclosed in the financial statements		The company	All firms disclosed in the financial statements	
																Cash amount	Stock amount	Cash amount	Stock amount			
	Durban Development Co., Ltd.	0	0	0	0	0	0	0	0	0 0	0 0	0	0	0	0	0	0	0	0	0 0	0 0	None
Chairman	Representative: Chun-Fa Huang	0	0	0	0	0	0	180	180	180 -0.07	180 -0.07	1,780	1,780	0	0	0	0	0	0	1,960 -0.75	1,960 -0.75	1,960
Director	Representative: Chun-Tsao Huang	0	0	0	0	0	0	180	240	180 -0.07	240 -0.09	0	0	0	0	0	0	0	0	180 -0.07	240 -0.09	180
	TienPin Development Co., Ltd.	0	0	0	0	0	0	0	0	0 0	0 0	0	0	0	0	0	0	0	0	0 0	0 0	None
Vice Chairman	Representative: Ming-Tan Hsu	0	0	0	0	0	0	180	497	180 -0.07	497 -0.19	1,110	1,765	0	0	0	0	0	0	1,290 -0.50	2,262 -0.87	6
Director	Representative: Wei-Te Hsu	0	0	0	0	0	0	180	420	180 -0.07	420 -0.16	0	0	0	0	0	0	0	0	180 -0.07	420 -0.16	None
Independent Director	Sheng-Yu Liang	0	0	0	0	0	0	375	375	375 -0.14	375 -0.14	0	0	0	0	0	0	0	0	375 -0.14	375 -0.14	None
Independent Director	Chui-Ming Peng	0	0	0	0	0	0	335	335	335 -0.13	335 -0.13	0	0	0	0	0	0	0	0	335 -0.13	335 -0.13	None
Independent Director	Jui-Hsiang Huang	0	0	0	0	0	0	305	305	305 -0.12	305 -0.12	0	0	0	0	0	0	0	0	305 -0.12	305 -0.12	None
1. Please describe the independent director’s remuneration payment policy, system, standards and structure and describe the relationship with the amount of remuneration according to the responsibilities, risks, investment time and other factors: See page 23 for details 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 non-employee consultant of the parent company/all companies in the financial report/reinvested business, etc.): 0																						

Note: Vehicle expenses paid to Vice Chairman Ming-Tan Hsu includes fuel expenses of NT$ 310 thousand and chauffer salary of NT$ 600 thousand.

(II) Profit sharing from earnings for presidents and vice- presidents

Unit: NT$ thousand

Job Title	Name	Salary(A)		Severance Pay/Retirement Allowance (B)		Bonus and special disbursement (C)		Remuneration for employees (D)				Percentage of the sum of A to D in net profit after tax (%)		Related profit sharing from earnings from investees other than remuneration from the subsidiaries or the parent company
		The company	All firms disclosed in the financial statements	The company	All firms disclosed in the financial statements	The company	All firms disclosed in the financial statements	The company		All firms disclosed in the financial statements		The company	All firms disclosed in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
Vice chairman serving concurrently as president	Ming-Tan Hsu (Note 1)	0	0	0	0	0	0	0	0	0	0	0 0%	0 0%	None
President	Hsi-Lung Chou Lu (Note 2)	204	204	0	0	9	9	0	0	0	0	213 -0.08%	213 -0.08%	None

Note 1: Vice Chairman Ming-Tan Hsu started to serve concurrently as president from March 28, 2022. No salary for concurrently serving as president was received during the service period.
Note 2: President Hsi-Lung Chou Lu assumed office on August 17, 2021, and resigned on February 10, 2022.

(III) The remuneration of the top five highest paid executives of the Company

Job Title	Name	Salary (A)		Severance Pay/Retirement Allowance (B)		Bonus and special disbursement (C)		Remuneration for employees (D)				Percentage of the sum of A to D in net profit after tax (%)		Related profit sharing from earnings from investees other than remuneration from the subsidiaries or the parent company
		The company	All firms disclosed in the financial statements	The company	All firms disclosed in the financial statements	The company	All firms disclosed in the financial statements	The company		All firms disclosed in the financial statements		The company	All firms disclosed in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Hsi-Lung Chou Lu (Note 1)	204	204	0	0	9	9	0	0	0	0	213 -0.08%	213 -0.08%	None
Assistant Vice President	Chin-Feng Chen	1,380	1,380	0	0	108	108	0	0	0	0	1,488 -0.57%	1,488 -0.57%	None
CFO	Wen-Lung Chiang (Note 2)	1,104	1,104	0	0	150	150	0	0	0	0	1,254 -0.48%	1,254 -0.48%	None
Officer	Hsuan-Pei Hung	936	936	0	0	127	127	0	0	0	0	1,063 -0.41%	1,063 -0.41%	None
Officer	Ming-Te Cheng (Note 3)	934	934	301	301	64	64	0	0	0	0	1,299 -0.50%	1,299 -0.50%	None

Note 1: President Hsi-Lung Chou Lu assumed office on August 17, 2021, and resigned on February 10, 2022.
Note 2: Manager Wen-Lung Chiang assumed office on July 1, 2017, and resigned on February 28, 2023.
Note 3: Manager Ming-Te Cheng assumed office on January 1, 2020, and was dismissed on December 21, 2022, with a severance payment of NT$301 thousand.

(IV) Name of officers receiving employee profit sharing from earnings

(expressed in NT$ thousand/set); as of May 2, 2023

	Job Title	Name	Stock amount	Cash amount	Total	Percentage of the sum in net profit after tax
Officer	Chairman	Chun-Fa Huang	0	0	0	0
	Vice Chairman	Ming-Tan Hsu				
	Assistant Vice President	Chin-Feng Chen				
	Officer	Hsuan-Pei Hung				
	Officer	Chien-I Kao				

(V) Separate description and analysis of the total remuneration paid to the Company's directors, president and vice president in the last two fiscal years by the Company and all entities in the consolidated statements and the percentage of the after-tax net profit, and a description of the remuneration policies, criteria and composition, the procedures to determine remuneration, and their interrelations with business performance and future risks.

1. Analysis of the total remuneration paid to the Company's directors, president and vice president in the last two fiscal years by the Company and all entities in the consolidated statements and the percentage of the after-tax net profit.

Year / Job Title	Total sum and percentage of after-tax net profit (%)				**Explanation**
	2022		2021		
	The company	All companies in the consolidated statements	The company	All companies in the consolidated statements	
Director	-1.78%	-2.27%	2.57%	3.02%	The change of the percentage of the total remuneration to the after-tax net profit was because 2022 was an after-tax net loss, instead of net profit.
President/ Vice President	-0.08	-0.08	0.28%	0.28%	

2. Remuneration payment policies, criteria and composition of profit sharing from earnings, procedures to determine profit sharing from earnings, and their interrelations with business performance and future risks:

Item	Directors (including independent directors)	Officer
Remuneration policies, standards and packages	I. Fixed expenses of traveling and attendance: Based on the provisions of Article 16-1 of the "Articles of Incorporation", according to their respective engagement of participation in operation and contribution of individual directors and in consideration of the general market conditions of the industry, directors (including independent directors) will be paid with traveling expenses (also applicable to independent directors), and directors (including independent directors) have not been paid with variable remuneration. Directors who concurrently act as managerial officers shall also be handled in accordance with the regulations on remuneration of managerial officers. II. Remuneration for directors: According to Article 27 of the "Articles of Incorporation", if there is any profit in a particular year, no more than 1% of such profit shall be distributed as remuneration for directors., which is not applicable to independent directors.	I. Salary and bonus: The salary structure is set in according to the "Personnel Management Rules - Salary." The salary ranges for each job level are designed with reference to market survey. Additionally, the "Annual Festival Gift Money and Three Festival Bonus Distribution Method" has been established to motivate managerial officers. The year-end bonus is determined based on the principles of year-end bonus calculation, taking into account the annual EPS, performance evaluation and contribution, overall operation status, future risks, and market development trends. II. Employee remuneration: According to Article 27 of the "Articles of Incorporation," one percent should be allocated for employee remuneration when the Company has generated profit. The actual distribution is based on the performance evaluation results of the managerial officers for the year and takes into account the future business risks of the Company.
Procedures for determining remuneration	I. Based on the survey results of directors' remuneration among the industry at the end of each year and the evaluation results carried out in accordance with the "Guidelines for Assessment of Performance of Board of Directors". II. The results of self-assessment of performance of the board of directors, director members and members of each functional committee all reach good and excellent standards. The assessment	I. At the end of each year, the basis is taken from the survey results of the peer industry remuneration and the evaluation results implemented according to the "Personnel Management Rules - Performance Evaluation." II. The results of the second performance assessment conducted by managerial officers indicated that managerial officers have achieved the planned targets and requirements in terms of completeness of jobs and overall performance. The assessment criteria include: 1. execution ability; 2. job performance;

Item	Directors (including independent directors)	Officer
	items include: 1. Engagement in the Company's operations, 2. Decision-making quality, 3. Responsibility awareness, 4. Continuous education, and 5. Internal control, etc., and only fixed expenses for traveling and attendance will be issued according to the self-assessment results.	3. leadership skills; 4. professional knowledge; 5. innovation planning. The assessment also made reference to profitability, operational efficiency, and contribution. Based on the assessment results and the standards for each job level, remuneration will be disbursed.
	The performance assessment and reasonableness of remuneration of the directors and managerial officers are regularly evaluated and reviewed by the Compensation Committee and the Board of Directors every year. In addition to individual performance achievements and contributions to the business, the assessment also takes into account the overall operational performance of the Company, future industrial risks and development trends, as well as timely reviews of the remuneration system based on the actual business conditions and relevant laws and regulations. Furthermore, after considering current trends in corporate governance for the Company, managerial officers are paid reasonably, in order to reach a balance between sustainable operation and risk management. Actual remuneration to the directors and managerial officers is discussed first by the Remuneration Committee before sending it to the Board of Directors for resolution.	
Correlation with business performance and future risks	The review of payment standards and systems related to the Company's remuneration policies is based on the Company's overall operating conditions as the major consideration. Among the directors' remuneration, only the director's remuneration is based on Article 27 of the "Articles of Incorporation", which stipulates that "If the Company has any profits for any fiscal year, it shall allocate no more than 1% as director remuneration", which is distributed according to a fixed number of weights and shall have a certain correlation with operating performance, but the level of such correlation in terms of risk of future operation is relatively low.	The review of the payment standard and systems for the remuneration-related policy is primarily based on the overall operational performance of the Company. The payment standards are determined based on the target achievement rate and the level of contribution. Additionally, salary standards from industry peers are referred to, to ensure that the compensation for our management remains competitive in the industry to retain talent. The performance objectives for the managerial officers are integrated with risk management to ensure that potential risks within their scopes of responsibilities are manageable and preventable. The actual performance results are used to determine the corresponding rating, which is then linked to various related human resources and compensation policies. The compensation provided to our managerial officers is correlated with the final outcome of EPS, meaning aligning managerial officers' incentives with the Company's future business risks.

IV. Corporate Governance Status

(I) Board Meeting Operating Status:

In the most recent fiscal year (2022 to the date of publication of the annual report), the Board of Directors held 9 (A) meetings; the attendance of directors was as follows:

Job Title	Name (Note 1)	Actual Number of Attendance (B)	Number of Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note 2)	Remarks
Chairman	Durban Development co.ltd. Representative: Chun-Fa Huang	8	1	88.89%	
Vice Chairman	TienPin Development Co., Ltd. Representative: Ming-Tan Hsu	9	0	100.00%	
Director	Durban Development co.ltd. Representative: Chun-Tsao Huang	9	0	100.00%	
Director	TienPin Development Co., Ltd. Representative: Wei-Te Hsu	9	0	100.00%	
Independent Director	Chui-Ming Peng	9	0	100.00%	
Independent Director	Sheng-Yu Liang	9	0	100.00%	
Independent Director	Jui-Hsiang Huang	9	0	100.00%	

Other matters to be recorded:

I. If any situation listed below occurred during the operation of the Board of Directors, state the date and session of the Board meeting, details of the proposal, the opinions of all independent directors and the Company's handling of the independent directors' opinions:

(I) Items listed in Article 14-3 of the Securities and Exchange Act: None of the independent directors had any objections. Please refer to Page 61.

(II) Other than the items above, any other documented objections or qualified opinions from independent directors to the Board of Directors' resolutions: None

II. Recusal for conflicts of interest by directors:

(I) 13th meeting of the 13th Board on March 28, 2022

1. Proposal 1: Proposal for change of the Company's president. [Proposed by the chairman]
   Director Ming-Tan Hsu concurrently serves president of the Company and thus recused himself from the discussion and resolution to avoid conflict of interest. The proposal passed without objections after inquiry by the chair to all attending directors.
2. Proposal 15: Proposal for appointment of juristic person representatives to subsidiaries of the Company. [Proposed by the Business Planning Office]
   Director Ming-Tan Hsu was a representative and chairman assigned by the Company to the subsidiaries Safe Cargo Transportation Co., Ltd., Safe Petroleum Transportation Co., Ltd., An Da Transportation Co., Ltd., Safe Logistics Transportation Co., Ltd., and ACMC Trading, and thus recused himself from the discussion and resolution to avoid conflict of interest. The proposal passed without objections after inquiry by the chair to

all attending directors.

(II) 18th meeting of the 13th Board on November 23, 2022

1. Proposal 2: Proposal to entrust Durban Development to manage the joint development of housing units on land located in Wenshan District, Taipei City. [Proposed by the Audit Committee]

   Director Chun-Fa Huang was chairman of Durban Development, and thus recused himself from the discussion and resolution to avoid conflict of interest. The proposal passed without objections after inquiry by the deputy chair, Vice Chairman Ming-Tan Hsu, to all attending directors.
2. Proposal 3: Proposal for lending funds to the subsidiary Miramar Hospitality Co., Ltd. [Proposed by the Audit Committee]

   Vice Chairman Ming-Tan Hsu was chairman of Miramar Hospitality and Director Chun-Tsao Huang was assigned by the Company as a representative for the juristic person director Miramar Hospitality, and thus recused themselves from the discussion and resolution to avoid conflict of interest. The proposal passed without objections after inquiry by the chair to all attending directors.

(III) 19th meeting of the 13th Board on December 23, 2022

1. Proposal 6: The Company shall submit proposals for the appointment of managerial officers and changes of remuneration to the Remuneration Committee for discussion and resolution.

   [Proposed by the Remuneration Committee]

   Vice Chairman Ming-Tan Hsu recused himself from the discussion and resolution of his remuneration to avoid conflict of interest. The proposal passed without objections after inquiry by the chair to all attending directors.
2. Proposal 8: Proposal to review the remuneration and performance evaluation of the Company's managerial officers. [Proposed by the Remuneration Committee]

   Chairman Chun-Fa Huang and Vice Chairman Ming-Tan Hsu recused themselves from the discussion and resolution of their remuneration to avoid conflict of interest. The proposal passed without objections after inquiry by the deputy chair, Independent Director Sheng-Yu Liang, to all attending directors.
3. Proposal 9: Proposal to review the 2022 year-end bonus of the Company's managerial officers. [Proposed by the Remuneration Committee]

   Chairman Chun-Fa Huang and Vice Chairman Ming-Tan Hsu recused themselves from the discussion and resolution of their year-end bonus to avoid conflict of interest. The proposal passed without objections after inquiry by the deputy chair, Independent Director Sheng-Yu Liang, to all attending directors.

(IV) 20th meeting of the 13th Board on December 29, 2022

Proposal 2: Proposal to entrust Durban Development to manage the joint development of housing units on land located in Wanhua District, Taipei City.

[Proposed by the Audit Committee]

Director Chun-Fa Huang was chairman of Durban Development, and thus recused himself from the discussion and resolution to avoid conflict of interest. The proposal passed without objections after inquiry by the deputy chair, Vice Chairman Ming-Tan Hsu, to all attending directors.

(V) 21st meeting of the 13th Board on March 24, 2023.

1. Proposal 4: Proposal for lending funds to the affiliate Mayer Steel Pipe Corporation. [Proposed by the Audit Committee]

   Director Chun-Fa Huang was chairman of Mayer Steel Pipe Corporation and Director Chun-Tsao Huang was director of Mayer Steel Pipe Corporation, and thus recused themselves from the discussion and resolution to avoid conflict of interest. The proposal passed without objections after inquiry by the deputy chair, Vice Chairman Ming-Tan Hsu, to all attending directors.
2. Proposal 10: Discussion on the nomination of the Company's Board of Directors and review of the list of candidates nominated for directors. [Proposed by the Business Planning Office]

All seven directors (including independent directors) were nominated by the Board of Directors, and thus recused themselves from the discussion and resolution to avoid conflict of interest.
Director candidates Chun-Fa Huang, Ming-Tan Hsu, Chun-Tsao Huang, and Wei-Te Hsu recused themselves from the discussion and resolution to avoid conflict of interest. The proposal passed without objections after inquiry by the deputy chair, Independent Director Sheng-Yu Liang, to all attending directors.
Independent director candidates Sheng-Yu Liang, Chui-Ming Peng, and Jui-Hsiang Huang recused themselves from the discussion and resolution to avoid conflict of interest. The proposal passed without objections after inquiry by the chair to all attending directors.

3. Proposal 14: Proposal to provide the director list to the subsidiary Miramar Hospitality Co., Ltd.
[Proposed by the Business Planning Office]
Director Chun-Tsao Huang and Vice Chairman Ming-Tan Hsu recused themselves from the discussion and resolution to avoid conflict of interest. The proposal passed without objections after inquiry by the chair to all attending directors.

III. The interval, duration, scope, method, and content of the Board self-evaluation: See the table below (1-1).

IV. Enhancement of the functions of the Board of Directors in the current year and the most recent year and evaluation of the implementation:
(I) On March 24, 2023, the Company stipulated "Corporate Governance Best-Practice Principles," which became effective after the Board meeting on April 1, 2023, to aim to assist the directors in performing their duties and establish an effective corporate governance framework.

(1-1) Execution of board appraisal

Performance evaluation can be divided into five levels respectively known as "excellent," "good," "fair," "poor" and "immediate improvement required."

1. Board of directors

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation contents
Executed once a year	January 1, 2022, to December 31, 2022	Board of directors	Internal self-evaluation	1. Participation level in the Company's operations 2. Improvement of the quality of the board of directors' decision making 3. Composition and structure of the board of directors 4. The election of the directors and their continuing professional education 5. Internal control
Evaluation result: The overall result of the performance evaluation was "good." Evaluation result: The corporate governance evaluation indicators will be referred regularly every year to strengthen Board structure and operation. Evaluation result: Each item will be reviewed closely according to the explanation of the corporate governance evaluation indicators. Items requiring improvement will be reinforced.				

2. Members of the Board

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation contents
Executed once a year	January 1, 2022, to December 31, 2022	Board of directors	Internal self-evaluation	1. Understanding of the Company's objectives and tasks 2. Awareness of duties of directors 3. Participation level in the Company's operations 4. Internal relationship management and communication 5. The profession and continuing education of directors 6. Internal control
Evaluation result: The overall result of the performance evaluation was mainly "excellent" and "good." Recommendations for improvement: None. Improvement measures: None.				

3. Remuneration Committee

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation contents
Executed once a year	January 1, 2022, to December 31, 2022	Salary and Remuneration Committee	Internal self-evaluation	1. Participation level in the Company's operations 2. Awareness of responsibilities of Remuneration Committee 3. Improve the decision-making quality of the Remuneration Committee 4. Composition and election of members of the Remuneration Committee
Evaluation result: The overall result of the performance evaluation was "excellent" and "good." Recommendations for improvement: None. Improvement measures: None.				

4. Audit Committee

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation contents
Executed once a year	January 1, 2022, to December 31, 2022	Audit Committee	Internal self-evaluation	1. Participation level in the Company's operations 2. Awareness of responsibilities of Audit Committee 3. Improve the decision-making quality of the Audit Committee 4. Composition and election of members of the Audit Committee 5. Internal control
Evaluation result: The overall result of the performance evaluation was "excellent" and "good." Recommendations for improvement: None. Improvement measures: None.				

(II) Audit Committee Implementation Status:

In the most recent fiscal year (2022 to the date of publication of the annual report), the Audit Committee held 8 (A) meetings; the attendance of independent directors was as follows:

Job Title	Name	Actual Number of Attendance (B)	Number of Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note 1、Note 2)	Remarks
Independent Director	Chui-Ming Peng	8	0	100.00%	Professional qualifications and experience of the members of the Audit Committee, please refer to Page 15 for Information on Directors (II).
Independent Director	Sheng-Yu Liang	8	0	100.00%	
Independent Director	Jui-Hsiang Huang	8	0	100.00%	

Other matters to be recorded:

I. If any of the following occurred in the operation of the Audit Committee, state the date and session of the Audit Committee meeting, details of the agenda, dissenting opinions, qualified opinions or major recommendations of the independent directors, the Audit Committee's resolutions, and the Company's response to the Audit Committee's opinions:

(I) Conditions described in Article 14-5 of the Securities and Exchange Act:

Date and term	Proposal content	Resolution by the Audit Committee	The Company's response to the Audit Committee's opinions	Resolution of the Board of Directors
March 28, 2022 1st term 11th meeting	1.Discussion of the 2021 business report and financial statements. [Proposed by the Financial Department]	Passed	For Items 1-8, none of the independent directors had opinions. For Item 9, no comments were made after the Audit Committee reviewed the evaluation report provided by the Chief Financial Officer.	Passed
	2.Discussion of the 2021 earnings appropriation. [Proposed by the Financial Department]	Passed		Passed
	3.Discussion of the capital increase by issuing new shares from retained earnings. [Proposed by the Financial Department]	Passed		Passed
	4.Amendment to the "Procedures for the Acquisition and Disposal of Assets." [Proposed by the Financial Department]	Passed		Passed
	5.Loan endorsement by the Company to the subsidiary Safe Petroleum Transportation Co., Ltd. [Proposed by the Financial Department]	Passed		Passed
	6.Evaluation of implicit financing between the Company and subsidiaries. [Proposed by the Financial Department]	Passed		Passed
	7.Discussion of the 2021 declaration of the internal control system. [Proposed by the Auditing Office]	Passed		Passed
	8.Amendments to "Audit Committee Charter." [Proposed by the Business Planning Office]	Passed		Passed
	9.Acquisition of shares of Evergreen Marine Corp. [Proposed by the Financial Department]	Passed		Passed
May 13, 2022 1st term	1.Discussion of the Q1 2022 consolidated financial statements. [Proposed by the Financial Department]	Passed	None of the Audit Committee	Passed

	12th meeting			members had opinions.	
	August 12, 2022 1st term 13th meeting	1.Discussion of the Q2 2022 consolidated financial statements. [Proposed by the Financial Department]	Passed	None of the Audit Committee members had opinions.	Passed
	November 11, 2022 1st term 14th meeting	1.Discussion of the Q3 2022 consolidated financial statements. [Proposed by the Financial Department] 2.Acquisition of shares of Evergreen Marine Corp. [Proposed by the Financial Department] 3.Proposal to sell a land lot located at Jiatou Section, Zhongwan Village, Wanli District, New Taipei City. [Proposed by the Construction Business Department] (Note)	Passed Passed Passed	None of the Audit Committee members had opinions.	Passed Passed Passed
	November 23, 2022 1st term 15th meeting	1.Proposal to develop housing units in Wenshan District with the landlord. [Proposed by the Construction Business Department] 2.Proposal to entrust Durban Development to manage the joint development of housing units on the land located in Wenshan District, Taipei City. [Proposed by the Construction Business Department] 3.Proposal for lending funds to the subsidiary Miramar Hospitality Co., Ltd. [Proposed by the Financial Department]	Passed Passed Passed	None of the Audit Committee members had opinions.	Passed Passed Passed
	December 23, 2022 1st term 16th meeting	1.Change of CPAs and their independence review. [Proposed by the Financial Department] 2.Hiring of CPAs and associated fees [Proposed by the Financial Department] 3.Acquisition and disposition of shareholding of IBF Financial Holdings Co., Ltd. [Proposed by the Financial Department] 4.Amendments to the “internal control system” and “internal audit system.” [Proposed by the Business Planning Office]	Passed Passed Passed Passed	None of the Audit Committee members had opinions.	Passed Passed Passed Passed
	December 29, 2022 1st term 17th meeting	1.Proposal to develop housing units in Wanhua District with the landlord. [Proposed by the Construction Business Department] 2.Proposal to entrust Durban Development to manage the joint development of housing units on the land located in Wanhua District, Taipei City. [Proposed by the Construction Business Department]	Passed Passed	None of the Audit Committee members had opinions.	Passed Passed
	March 24, 2023 1st term 18th meeting	1. Proposal for personnel changes. [Proposed by the chairman] 2. Discussion of the 2022 business report and financial statements. [Proposed by the Financial Department] 3. Discussion of the appropriation for making up loss in 2022 [Proposed by the Financial Department] 4. Proposal for lending funds to the affiliate Mayer Steel Pipe Corporation. [Proposed by the Financial Department] 5. Discussion of the 2022 declaration of the internal control system [Proposed by the Auditing Office]	Passed Passed Passed Passed Passed	None of the Audit Committee members had opinions.	Passed Passed Passed Passed Passed

	6. Amendments to the "internal control system" and "internal audit system." [Proposed by the Business Planning Office]	Passed		Passed

Note: Matters not listed under Article 14-5 of the Securities and Exchange Act requiring approval from the Audit Committee.

(II) Other matters not listed above and not approved by the Audit Committee but approved by more than two-thirds of all directors: None

II. Avoidance of conflicts of interest among independent directors: None.

III. Communication between independent directors and the internal audit officer and CPAs (including material matters, methods, and results of communication on the Company's financial and business status).

Summary of communication between the independent directors and the internal audit officer in the most recent fiscal year (2022 to the date of publication of the annual report):

The communication between independent directors and the internal audit officer has been healthy.

Date and time	Attendees	Communication matters	Communication results
March 28, 2022 (Monday) 1:45 p.m.	Independent Director Sheng-Yu Liang Independent Director Chui-Ming Peng Independent Director Jui-Hsiang Huang Internal Audit Officer Yen-Wen Lin	1. Report of the actual operation of the internal audit in 2021. 2. Report on the internal audit operation from December 2021 to February 2022. 3. Discussion of the 2021 declaration of the internal control system	None of the independent directors had objections after the discussion of the actual operation and the regulations of the declaration of the internal control system.
December 23, 2022 (Friday) 2:00 p.m.	Independent Director Sheng-Yu Liang Independent Director Chui-Ming Peng Independent Director Jui-Hsiang Huang Internal Audit Officer Yen-Wen Lin	1. Report on the improvement status of the internal audit operation in 2021. 2. Report on the internal audit operation in 2022. 3. Discussion of the 2023 audit plan	None of the independent directors had objections after the discussion about the audit plan to the implementation and improvement of the internal audit operation.
March 24, 2023 (Friday) 1:45 p.m.	Independent Director Sheng-Yu Liang Independent Director Chui-Ming Peng Independent Director Jui-Hsiang Huang Internal Audit Officer Yen-Wen Lin	1.Report of the actual operation of the internal audit in 2022. 2.Report on the internal audit operation from December 2022 to February 2023. 3.Discussion of the 2022 declaration of the internal control system	None of the independent directors had objections after the discussion of the actual operation and the regulations of the declaration of the internal control system.

Summary of communication between the independent directors and the CPAs in the most recent fiscal year (2022 to the date of publication of the annual report):

The communication between the independent directors and the CPAs has been healthy.

Date and time	Attendees	Communication matters	Communication results
March 28, 2022 (Monday) 2:00 p.m.	Independent Director Sheng-Yu Liang Independent Director Chui-Ming Peng Independent	1. Scope and method of the audit, group audit, significant risk and key audit matters, and summary of the audit conclusion for 2021. 2. Explanation of standards	In accordance with the application and key explanation of Standards on Auditing No. 75, we have discussed and communicated the purpose of communication, scope and

	Director Jui-Hsiang Huang CPA Chih-Yuan Chen CPA Han-Ni Fang	applicable in the future, recently amended laws and regulations, and other important matters that need attention.	method of the audit, reason for the key audit matter (operating revenue), audit conclusion and the type of report. The independent directors had no opinions.
May 11, 2022 (Wednesday) Note 1	Independent Director Sheng-Yu Liang Independent Director Chui-Ming Peng Independent Director Jui-Hsiang Huang CPA Han-Ni Fang	Scope and method of the review of the financial report, type of report issued, and summary of the financial statements for the first quarter of 2022.	The method and scope of the review, type of report, and summary of the financial statements were presented to the independent directors, who took note and had no opinions.
August 12, 2022 (Friday) 2:10 p.m.	Independent Director Sheng-Yu Liang Independent Director Chui-Ming Peng Independent Director Jui-Hsiang Huang CPA Han-Ni Fang	Scope and method of the review of the financial report, summary of the financial statements, type of report issued, and summary of the conclusion for the second quarter of 2022.	The method and scope of the review, summary of the financial statements, type of report, and conclusion were presented to the independent directors for discussion and communication, who took note and had no opinions.
November 8, 2022 (Friday) Note 1	Independent Director Sheng-Yu Liang Independent Director Chui-Ming Peng Independent Director Jui-Hsiang Huang CPA Han-Ni Fang	Scope and method of the review of the financial report, data of the reviewed financial statements, summary of the financial statements, and summary of the conclusion for the third quarter of 2022.	The method and scope of the review, data of the reviewed financial statements, summary of the financial statements, and summary of the conclusion were presented to the independent directors, who took note and had no opinions.
December 23, 2022 (Friday) 2:45 p.m.	Independent Director Sheng-Yu Liang Independent Director Chui-Ming Peng Independent Director Jui-Hsiang Huang CPA Han-Ni Fang CPA Chao-Yu Chen	The scope and method of the audit, group audit strategy, determination of key audit matters for 2022, CPA's statement of independence and rotation, other issues, updates of laws and regulations, report on audit quality indicators.	The main contents and procedures for the audit of key audit matters, impact of significant events during the year, main impact of the Standards on Auditing No. 75, amendment to the internal control standards, and audit quality indicators have been discussed and communicated. Directors and independent directors had no opinions.
March 24, 2023 (Friday) 2:00 p.m.	Independent Director Sheng-Yu Liang Independent Director Chui-Ming Peng Independent Director Jui-Hsiang Huang CPA Han-Ni Fang	1.Auditors' responsibilities and independence. 2.Scope and method of the audit, group audit, audit overview, key audit matters, and summary of the audit conclusion for 2022. 3.New regulations of the International Ethics Standards for Accountants.	Contents of the communication, key audit matter (transportation revenue), summary of the audit conclusion (suggestions for internal control) and updates of laws and regulations (new regulations of the International Ethics Standards for Accountants) have been discussed and communicated after key explanations. Independent directors had no opinions.

Note 1: CPAs provided emails to independent directors, and both parties forwarded them to the Company after their communication for the record.

(III) Corporate Governance Operation Status and Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons:

Assessment Item	Implementation Status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
I. Does Company follow the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to establish and disclose its corporate governance practices?	V		The Company has formulated the code of practice, which is reviewed one article after another according to the Corporate Governance Code of Practice and formulated in accordance with the templates and measures promulgated by the competent authority. For the Company's corporate governance code of practice, please visit the official site of the Company.	No major difference
II. Company's ownership structure and shareholders' equity (I) Does the company establish and implement internal procedures for handling shareholder suggestions, questions, disputes and litigations?	V		The Company has established a mechanism for spokespersons and acting spokespersons and as well as an investor mailbox. The spokespersons and acting spokespersons will handle relevant shareholder issues. If legal issues are involved, legal counsel will handle them.	No major difference
(II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller?	V		The Company's stock affairs are handled by the entrusted stock affairs agency, who reports on the number of shares held by directors, supervisors and major shareholders holding 10% of the total shares issued, pledge increase or decrease and other shareholding matters on a monthly basis.	No major difference
(III) Has the company established and implemented risk management practices and firewalls for companies it is affiliated with?	V		The company and its affiliates have clear regulations on the management of personnel and assets between them, and have a dedicated agency to implement effective risk control and firewall mechanisms through the implementation of internal control and internal audit systems.	No major difference
(IV) Has the Company established internal policies that prevent insiders from	V		The company has established "Procedures for Management of Material Internal Information	No major difference

Assessment Item	Implementation Status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
trading securities against non-public information?			Processing and Insider Trading Prevention" and prohibits insiders of the Company from taking advantage of information unpublished at the market to transact any securities.	
III. Composition and responsibility of board of directors				
(I) Does the board of directors formulate a diversity policy, specific goals for management and achieve proper implementation?	V		Please refer to Information on Directors (II) - Diversification and Independence of the Board of Directors in this annual report (Page 15).	No major difference
(II) Apart from the Remuneration Committee and Audit Committee, has the Company established other functional committees at its own discretion?		V	Apart from the Remuneration Committee and Audit Committee, the Company has assembled other functional committees at its own discretion.	No major difference
(III) Has the Company established a set of policies and assessment tools to evaluate the board's performance? Is performance evaluated regularly at least on an annual basis? In addition, has the result of the performance assessment been submitted to the board of directors' meeting and used as reference for the remuneration and nomination or reelection of individual directors?	V		The Company has formulated the performance evaluation and assessment guidelines of the board of directors and it is stipulated that it shall be carried out at least once a year. If necessary, an external professional independent organization or an external team of experts and scholars can be appointed to perform such evaluation and assessment. At the Board meeting on March 24, 2023, the Company reported the performance evaluation of the Board of Directors for 2022, took the evaluation results as a reference for selecting or nominating directors, and took the evaluation results of individual directors as a reference for determining their individual remuneration and nomination for re-election. The overall result of the performance evaluation was mainly "good."	No major difference
(IV) Are external auditors' independence assessed on a	V		The Financial Department of the Company evaluates the	No major difference

Assessment Item	Implementation Status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
regular basis?			independence and suitability of CPAs by itself every year and requests the CPAs to issue an “Independence Statement” and “Audit Quality Indicators” (AQIs), and conducts the assessment according to the standards in (Note 1) and 13 AQI indicators. It is confirmed that the CPA has no other financial interests or business relationship with the Company except for the fees for certification and financial and tax auditing, and the family members of such CPA do not violate the independence requirements. The evaluation results of the latest fiscal year have been discussed by the Audit Committee on December 23, 2022, which upon approval was submitted to the Board of Directors for resolution on the independence and suitability evaluation of CPA.	
IV. Has the publicly listed company designated a department or personnel that specializes (or is involved) in corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, convention of board meetings and shareholder meetings, company registration and changes, preparation of board meeting and shareholder meeting minutes, etc.)?	V		Based on the approval by the board of directors on November 13, 2020, the Company has designated the CFO as the head of corporate governance, whose major responsibilities are to provide the directors with the information they need to perform their business, assist the directors in complying with laws and regulations and supervise and handle matters related to the board of directors and shareholders’ meeting according to the laws. In accordance with the “Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE-Listed Companies and the Board’s Exercise of Powers,” the	No major difference

Assessment Item	Implementation Status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			first-time appointed head of corporate governance participated in 18 hours of continuing education within one year of assuming office. 12 hours of continuing education shall be arranged every year thereafter. Status of continuing education of 2022 (Note 2) The 2022 business implementation status is as follows: 1. Assist independent directors to perform job duties, provide necessary documents and arrange the training for the directors. 2. Assist with the legal compliance of board of directors' meeting and shareholders' meeting procedure and resolution. 3. Maintain investor relationship. 4. Notify the directors seven days prior to the convening of the meeting of board of directors, convene the meeting and provide the meeting materials. For any issues in the agenda that require recusal, a reminder will be made in advance and complete the minutes of meeting of the board of directors within 20 days after the conclusion of the meeting. 5. Handle the pre-registration of the date of the shareholders' meeting according to the laws, prepare the meeting notice, the agenda manual and the meeting minutes within the statutory time limit and handle the registration of the revision of the Articles of Association or the re-election of directors and supervisors.	
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of	V		The Company has established the position of spokesperson and the mailbox, and has set up a section for interested parties on the Company's official site to maintain a smooth communication channel with	No major difference

Assessment Item	Implementation Status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?			stakeholders and properly respond to important issues of interest to stakeholders; as well as external reporting channels and handling staff, etc. (Note 3)	
VI. Has the Company commissioned professional stock agency institution to handle shareholders' meeting affairs?	V		The Company commissioned professional stock agency institution to handle shareholders' meeting affairs.	No major difference
VII. Information disclosure				
(I) Has the Company established a website that discloses financial, business and corporate governance-related information?	V		The Company has set up a website and has a dedicated person responsible for maintaining and updating information, as well as disclosing information related to financial business and corporate governance in real time. The link of the site: www.tsgroup.com.tw	No major difference
(II) Has the Company adopted other means to disclose information (e.g., English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company website)?	V		The Company has established a Chinese-English website and designated a staff to be responsible for information collection, update maintenance and disclosure; it has also implemented a spokesperson system, and if an earning call is held, the relevant process will be disclosed on the Company's official site for reference.	No major difference
(III) Has the Company published and reported its annual financial report within two months after the end of a fiscal year, and published and reported its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.	V		The Company announced and submitted the 2022 annual financial report on March 24, 2023, which was within the prescribed time limit. The financial reports for the first, second and third quarters and the operating status of each month are announced and reported within the prescribed time limit.	No major difference
VIII. Is there any other material information (including but not	V		1. Employee rights and employee caring: The Company's HR	No major difference

Assessment Item	Implementation Status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
limited to employee rights, employee care, supplier relations, stakeholder rights, further education for directors and supervisors, the status of implementation of the risk management policy and risk measurement measures, the status of implementation of the customer policy, and the purchase of liability insurance for directors and supervisors) that will help stakeholders understand governance practices at the company?			system complies with the labor laws and regulations and the Employee Welfare Committee has been established. It also provides multiple communication channels for employees to ensure timely transmission and transparency of information. The employees can participate in the joint supervision and management of various organizations to ensure their welfare and rights and provide the basis for improvement for the Company. 2. Investor relations: The Company in a timely manner announces financial, business and material information on the Company's official site and MOPS, so that investors can fully understand and designate the dedicated personnel responsible for handling shareholder suggestions and answering questions. 3. Supplier relations: we maintain a sound relationship with suppliers. 4. Rights of interested parties: in order to protect the rights and interests of interested parties, the Company has established various sound communication channels and handles them properly with the principle of good faith and bears proper responsibilities to maintain their legitimate rights and interests. 5. Continuing education for directors: (Note 4) 6. Implementation of risk management policies and risk measurement standards: the Company formulates various	

<table>
<tr><td rowspan="2">Assessment Item</td><td colspan="3">Implementation Status</td><td rowspan="2">Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary</td></tr>
<tr><td></td><td></td><td></td><td>internal regulations according to law, and conducts various risk management and assessments.
7. Performance of the customer policy: we maintain a steady and sound relationship with customers.
8. Purchases of liability insurance for directors by the Company: the Company has purchased liability insurance for directors.</td><td></td></tr>
<tr><td colspan="5">IX. Please provide explanation on the improvement status of the corporate governance evaluation announced by Taiwan Stock Exchange (TWSE) in the most recent year and provide priority enhancement and measures for matters yet to be improved. (Waived for those not listed as the company under evaluation for the corporate governance evaluation) The summary is as follows:
Already improved:
1. The Company shall report the remuneration received by the directors at the general meeting of shareholders, including the remuneration policies and content and amount of each individual remuneration.
2. The Company’s interim financial report has been approved by the Audit Committee and submitted to the board of directors for discussion and resolution.
Matters not yet improved and prioritized for improvement:
1. The Company records the key contents of questions raised by shareholders and the Company’s response in the regular shareholders’ meeting minutes.
2. The Company uploads the uninterrupted audio and video after a shareholders’ meeting.
3. The Company uploads changes in the numbers of shares held by internal parties in the preceding month to the Market Observation Post System by the tenth day of each month.</td></tr>
</table>

(Note 1) Standards for evaluating the independence of CPAs

Assessment Item		Evaluation result	Requirements of independence met?
1	Does the CPA have direct or material indirect financial interest relationship with the Company?	No	Yes
2	Does the CPA engage in financing or guarantee actions with the Company?	No	Yes
3	Does the CPA have any close business relationship and potential employment relationship with the Company?	No	Yes
4	Does the CPA and his/her audit team members have served as directors, officers or any other positions that have a significant influence on the audit work in the Company at present or in the last two fiscal years?	No	Yes
5	Does the CPA provide the Company with any non-audit service items that may directly affect the audit work?	No	Yes
6	Does the CPA perform any brokerage the stocks or other securities issued by the Company?	No	Yes
7	Does the CPA act as the Company's attorney or coordinate to resolve conflicts with any other third parties on behalf of the Company?	No	Yes
8	Does the CPA have any kinship with any of the Company's directors, officers or personnel with positions that have a significant impact on the audit work.	No	Yes

(Note 2) Status of continuing education of head of corporate governance

Date of Training	Organizer	Course Name	Training Hours	Total training hours of the year
July 20, 2022	Taiwan Stock Exchange Corporation	Advocacy Meeting for the Sustainable Development Roadmap	2	14
August 19, 2022	Taiwan Corporate Governance Association	Case Analysis of Disputes over the Company's Management Power	3	
August 30, 2022	Taiwan Corporate Governance Association	Discussion of the Assessment and Implementation of Investments and Mergers from the Viewpoint of the Law	3	
October 11, 2022	Financial Supervisory Commission	2022 Announcement and Advocacy Meeting on the Instructions for the Executive Power of Independent Directors and Audit Committee	3	
October 28, 2022	Taiwan Stock Exchange Corporation	2022 Advocacy Meeting on Insider Trading Prevention	3	

(Note 3) Interested parties identity, issues concerned and communication channels

Interested parties	Issues concerned	Response	Communication frequency	Communication channels
Shareholders and investors	1. Corporate governance 2. Operating performance 3. Shareholders participation	Announcement of material information Earning call Monthly revenue Quarterly financial statements and annual reports	From time to time Once annually Monthly Quarterly	Meetings, telephone, and email: tstcomp@tsgroup.com.tw
Employees	1. Employee benefits 2. Labor-management relations 3. Operating performance	Health checks, group insurance, and various subsidies, etc. Implement pre-onboarding and on-the-job training Welfare Committee and labor-management	Monthly From time to time Quarterly labor-management meeting	Telephone, and email for complaining: vivian.lin@tsgroup.com.tw

		meetings convened from time to time		
Customers	1. Corporate governance 2. Service quality 3. Customer protection and communication	Integrity management Announcement of material information Earning call Annual customer satisfaction survey	Delivered from time to time From time to time Once annually Once annually	Interview, service hotline, and email: service@tsgroup.com.tw
Suppliers	1. Corporate image 2. HSE 3. Supplier management 4. Supplier communication channels	Adhere to the operating principle of "pursuit of excellence, sustainable operation, integrity, and top service for customers" Regular review and amendment and revision of laws and regulations Evaluation, on-site visit and communication from time to time	Quarterly regulatory review On-site visit from time to time At least once annually	Interview, telephone, and email: service@tsgroup.com.tw
Government and Competent Authorities	1. Legal compliance 2. Corporate governance 3. Risk management 4. Communication with competent authorities	Regular review and amendment and revision of laws and regulations Participation in policy discussions and seminars of competent authorities from time to time Cooperation with the competent authority for supervision and inspection	Participation in policy forums of competent authorities and revisions of relevant laws and regulations from time to time	Seminars, questionnaires, telephone and email: tstcomp@tsgroup.com.tw

(Note 4) Continuing education of directors: the directors of the Company participated in continuing training courses in accordance with the provisions of the "Templates for the Implementation of Directors and Supervisors of TWSE/TPEx-Listed Companies" issued by the Taiwan Stock Exchange and received the hardcopy of the certificate of completion.

Job Title	Name	Date of Training	Organizer	Course Name	Training Hours
Chairman	Chun-Fa Huang	August 10, 2022	Taiwan Investor Relations Institute	Analysis of the Blockchain and Its Impact on Enterprises	3
		November 9, 2022		Business Management and Mass Media Public Relations Strategy	3
Vice Chairman	Ming-Tan Hsu	July 26, 2022	Taiwan Corporate Governance Association	Unveiling "Insider Trading"	3
		September 29, 2022	Taiwan Stock Exchange	Announcement and Advocacy Meeting on the Instructions for the Executive Power of Independent Directors and Audit Committee	3
Director	Wei-Te Hsu	July 29, 2022	Taiwan Securities and Futures Institute	Constitution of Breach of Fiduciary Duty by Director or Supervisors and Special Breach of Trust	3
		August 2, 2022		Development and Business Opportunities for Electronic Vehicles and Smart Vehicles	3

Job Title	Name	Date of Training	Organizer	Course Name	Training Hours
Director	Chun-Tsao Huang	August 10, 2022	Taiwan Investor Relations Institute	Analysis of the Blockchain and Its Impact on Enterprises	3
		November 9, 2022		Business Management and Mass Media Public Relations Strategy	3
Independent Director	Sheng-Yu Liang	September 21, 2022	The Institute of Internal Auditors - Chinese Taiwan	Excel Macro Function Class I - Range Process Section	6
Independent Director	Chui-Ming Peng	August 5, 2022	Taiwan Corporate Governance Association	New Era of Strong Supervision on Personal Information - Latest Trends in the Supervision on Personal Information in Taiwan, E.U., and China.	3
		September 29, 2022	Taiwan Stock Exchange	Announcement and Advocacy Meeting on the Instructions for the Executive Power of Independent Directors and Audit Committee	3
Independent Director	Jui-Hsiang Huang	July 14, 2022	Taiwan Securities and Futures Institute	Trends of Net Zero: Observation on Practices of Boards of Directors' ESG Decision Making	3
		August 26, 2022		Exploring Practices of Anti-Money Laundering and Countering the Financing of Terrorism	3
		November 29, 2022	Taiwan Academy of Banking and Finance	Practice Operation and Case Study on Establishing a Culture of Integrity, Accountability System, and Financial Inclusion	3

(IV) Formation, responsibilities and operating status of Salary and Remuneration Committee:

The Company's board of directors has reached a resolution to appoint three members to form the Remuneration Committee, which operates in accordance with the Company's "Charter for Remuneration Committee" and submits proposals to the board of directors for discussion. The Remuneration Committee bears the following responsibilities:

1. Regularly review the "Charter for Remuneration Committee" and propose amendments.
2. Establish and periodically review the performance evaluation of the Company's directors and managerial officers as well as the policy, system, standard and structure for the salary and remuneration.
3. Regularly assess and determine the remuneration of the Company's directors and officers.

When carrying out the above duties, the Remuneration Committee shall ensure that:

1. The salary and remuneration are arranged in compliance with related laws and regulations and are attractive to outstanding talents.
2. The performance evaluation and remuneration of directors and officers shall refer to the common levels of payment among the industry and consider the rationality of the relationship with individual performance, company operating performance and future risks.
3. No suggestions are made to guide directors and officers to engage in acts that may exceed the company's risk appetite to pursue own salary and remuneration.
4. The specificity of the industry and the nature of the company's business shall be considered when determining the proportion of profit sharing for short-term performance and the changes in the payment time of part of the salary and remuneration of directors and executives.
5. No members of the Remuneration Committee are engaged in the discussion and voting of their own salary and remuneration.

1. Information of Members of Remuneration Committee

Title	Requirements / Name	Professional qualifications and experience	Independence (Note 1)	Concurrently as a member of the remuneration committee of other public companies
Independent Director Convener	Sheng-Yu Liang	Please refer to Page 15, Table 1, Information on Directors (II) for relevant information.		0
Independent Director	Chui-Ming Peng			0
Others	Chao-Guang Lu	Master, Institute of Business Administration, Soochow University Has served as a member of the Remuneration Committee of Tze Shin International Co., Ltd. for more than 5 years, and has served as a lecturer of the Department of Accounting, Tunghai University,and assistant vice president of CIS Technology Inc. for more than 10 years in total. He has over five years of work experience in commerce, finance or accounting, and others related to the business needs of the Company, and does not have any of the circumstances listed by Article 30 of the Company Act.	The requirements of independence are met. There is no circumstance described in Note 1, and the statement of members of Remuneration Committee has been obtained. It is confirmed that the qualifications and requirements of independence under laws and regulations are met.	0

Note 1: Independence analysis: Describe the status of independence of each Remuneration Committee member, including but not limited to the following: whether the member or their spouse or relative within the second degree of kinship serves or has served as a director, supervisor, or employee of the Company or any of its affiliates; the number and ratio of shares of the Company held by the member, their spouse, and their relatives with the second degree (or through their nominees); whether the member has served as a director, supervisor or employee of a specified company (see Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount of remuneration received for any business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past two years.

2. Performance of the Remuneration Committee

I. The Remuneration of Committee is established with three members.

II. Term of the current members: From July 8, 2020, to June 23, 2023. The number of Remuneration Committee meetings held during the most recent fiscal year (2022 to the date of publication of the annual report) was 3 (A); the qualifications and attendance of members were as follows:

Job Title	Name	Number of attendance in person (B)	Number of Attendance by Proxy	In-person attendance rate (%) (B/A) (Note 1)	Remarks
Convener	Sheng-Yu Liang	3	0	100%	
Member	Chui-Ming Peng	3	0	100%	
Member	Chao-Guang Lu	3	0	100%	

Other matters to be recorded:

I. If the Board of Directors does not accept, or amends, any recommendation of the Remuneration Committee, state the date and session of the Board meeting, content of the recommendation, the outcome of the resolution of the Board of Directors, and the measures taken by the Company with respect to the opinions of the Remuneration Committee (e.g., if the remuneration approved by the Board is higher than the recommendation of the Remuneration Committee, specify the difference and the reasons): None.

II. With respect to any matter for resolution by the Remuneration Committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, state the date and session of the Remuneration Committee meeting, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the opinions of the members: None.

III. Information on Remuneration Committee meetings held during the most recent year, review and evaluation of the Company's salary and remuneration are as follows:

Date and term	Resolution content	Resolution by the Remuneration Committee	The Company's response to the Remuneration Committee's opinions	Resolution of the Board of Directors
March 23, 2022. 4th term 5th meeting	1. The Company shall submit proposals for the appointment of managerial officers and changes of remuneration to the Remuneration Committee for discussion and resolution. 2. Proposal for 2021 directors' remuneration and managerial officers' remuneration distribution. 3. Proposal to amend the Company's "Annual Festival Gift Money and Three Festival Bonus Distribution Method."	Passed Passed Passed	None of the Remuneration Committee members had opinions.	Passed Passed Passed
December 20, 2022 4th term 6th meeting	1. The Company shall submit proposals for the appointment of managerial officers and changes of remuneration to the Remuneration Committee for discussion and resolution. 2. Proposal to review the remuneration and performance evaluation of the Company's directors. 3. Proposal to review the remuneration and performance evaluation of the Company's managerial officers. 4. Proposal to review the 2022 year-end bonus of the Company's managerial officers.	Passed Passed Passed Passed	None of the Remuneration Committee members had opinions.	Passed Passed Passed Passed
March 21, 2023 4th term 7th meeting	1. The Company shall submit proposals for the appointment of managerial officers and changes of remuneration to the Remuneration Committee for discussion and resolution.	Passed	None of the Remuneration Committee members had opinions.	Passed

(V) Deviation of the Company's actual promotion of sustainable development execution status from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and cause thereof:

Promotion	Execution status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and cause thereof
	Yes	No	Summary	
I. Has the Company established a governance structure to promote sustainable development and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle senior management and supervised by the board of directors?	V		The management department concurrently serves as the unit handling issues related to the sustainable development of the Company. Members include senior executives of the management team. The management department is responsible for planning relevant issues. Members make overall arrangements for the implementation. The president is responsible for commanding the operation and reporting to the Board of Directors about the handling status. The Company spares no effort to achieve sustainable development.	No major difference
II. Has the Company conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulated relevant risk management policies and strategies?	V		The Company insists in sustainable corporate operations and profitability, performs risk assessment regarding environmental, social, and corporate governance issues, and establishes relevant managing policies, such as the internal audit system and whistleblowing system, to achieve the goal of sustainable operations.	No major difference
III. Environmental issues (I) Has the Company established environmental policies suitable for the Company's industrial characteristics?	V		The Company established a quality management system according to the characteristics of the transportation industry and laws and regulations on transportation. The Company adopted environment-friendly vehicles and measures for greenhouse reduction for the cars of its transportation fleet. The Company is not a manufacturing company; therefore, ISO 14001 does not apply.	No major difference
(II) Is the Company committed to achieving efficient use of resources and using renewable	V		The Company is dedicated to utilizing an energy monitoring system to enhance the efficiency of energy use and installing and using products that meet the	No major difference

Promotion	Execution status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and cause thereof
	Yes	No	Summary	
materials that cause less impact on the environment?			requirements for energy-saving. In response to the green procurement policy, the Company has formulated a vehicle replacement plan to select vehicles that meet environmental protection regulations and standards to reduce energy consumption.	
(III) Has the company evaluated the climate change on the present and future potential risks and opportunities of the corporation and has the company adopted responsive actions on climate0-related issues?	V		The Company is dedicated to implementing energy-saving and carbon reduction policies. The cars of the Group's transportation fleet have been changed to environment-friendly vehicles. Tests for greenhouse gas emissions and vehicle energy consumption are performed periodically. The objective for reduction of the CO2 emissions of tractor units is set to meet the greenhouse gas reduction strategy. The objective for reduction of CO2 emissions is 10% lower per year. The optimized dispatch system assists the container transportation to reduce empty trips. Waiting vehicles not in operation are regulated to turn off their engines to reduce fuel consumption and CO2 emissions during idling.	No major difference
(IV) Has the company statistically analyzed the greenhouse gas emission, water usage and waste total weight over the past years, and has the company established policies for energy saving, carbon reduction, greenhouse emission reduction, reduction of water usage or other waste management?		V	Although the Company's transportation service did not make statistics on greenhouse gas emissions for mobile energy, we spare no effort to implement energy-saving and carbon reduction policies. The environment and environmental protection all comply with the regulations of relevant laws. In line with the government's policy, the Company continues to implement garbage classification, recycling, and reduction, promotes reuse of waste paper in the office, promotes daily habits of saving water and electricity to our employees, and reduces the use of disposable tableware to achieve energy saving and carbon reduction. Scraps of waste iron, waste oil, waste tires and	No major difference

Promotion	Execution status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and cause thereof
	Yes	No	Summary	
			waste batteries generated from operations in each region are classified, recycled, and reused to reduce the pollution caused by waste and scrap.	
IV. Social issues (I) Does the company establish management policies and procedures in accordance with relevant laws and International Bill of Human Rights?	V		The Company strictly abides by the relevant regulations of the Labor Standards Act, Employment Service Act, and Act of Gender Equality in Employment, and respects the internationally accepted fundamental labor human rights principles to protect the legal rights of employees, and adopts an open communication for the promotion of the Company's relevant policies and employees' opinions.	No major difference
(II) Has the Company developed and implemented reasonable employee welfare measures (including compensation, leave of absence and other benefits), and appropriately reflected business performance or outcome in employees' compensations?	V		If the Company has a profit for the year, 1% shall be appropriated as employees' remuneration. The number of days of our on-board staffs' annual leave is better than the Labor Standards Act, which is recognized based on N+1 years. The Company insures employees with group accident insurance, distributes year-end bonuses according to the EPS of the year, provides employees with a reasonable remuneration and bonus system, implements an insurance program and leave system, appropriates retirement funds according to law, and established the Employees Welfare Committee to protect the rights and interests of employees.	No major difference
(III) Does the company provide employees with a safe and healthy work environment and arrange regular safety and health education for employees?	V		The Company provides employees with a safe and healthy working environment and conducts safety education and health examination for employees periodically.	No major difference
(IV) Does the Company have an effective career capacity development training program established for the	V		The Company has established an education and training system, carries out internal and external training every year according to the annual education and training plan, focuses on the	No major difference

Promotion	Execution status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and cause thereof
	Yes	No	Summary	
employees?			development of employees' proficiency and potential, improves employees' skills and consciousness through continuing education, and strengthens the overall competitiveness of the Company.	
(V) Has the Company complied with laws and international standards with respect to customers' health, safety and privacy, marketing and labeling in all products and services offered and implemented consumer protection policies and complaint procedures?	V		The Company focuses on service quality and customers' rights and interest, and has established the "Regulations for Handling Customer Complaints" to resolve and deal with the customer complaints as soon as possible.	No major difference
(VI) Has the company established supplier management policies, requested suppliers to comply with relevant regulations with regards to the issues of environmental protection, occupational safety and health or labor rights, etc. and the implementation status thereof?	V		The Company has established the Regulations for Supplier Management and Procedures for Quality Control to assure that suppliers' delivery dates and quality meet the Company's needs. Business dealings between the Company and its suppliers comply with the principle of good faith and mutual benefit. No clauses regarding the violation of the corporate social responsibility policy are mentioned in contracts.	No major difference
V. Does the Company stipulate standards or guidelines according to the internationally accepted report, prepare sustainability report and reports for disclosing non-financial information of the Company? Has the aforementioned reports obtained the assurance or guarantee opinions from a third-party verification unit?		V	The Company has not yet compiled a sustainable development report and will prepare it in due course in the future depending on actual needs or regulations of the competent authority.	No major difference The sustainable development report has not yet been compiled.
VI. If the Company has established its own sustainability development principles in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies" please describe its current practices and any discrepancies from the Best Practice Principles: The Company has not formulated the "Sustainable Development Best Practice Principles for				

Promotion	Execution status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and cause thereof
	Yes	No	Summary	
TWSE/TPEx-Listed Companies." The Company's subsidiary Miramar Hospitality Co., Ltd. has formulated a code of practice for sustainable development and implemented it accordingly.				
VII. Other important information to facilitate the understanding of the execution status of promotion of sustainable development: 1. Promote and implement industrial HSE protection policies to improve the Company's image and social responsibilities. 2. Establish the opinion mailbox and communication platform within the Company; and establish the Employee Welfare Committee to protect the rights and interests of employees. 3. The Company installs splitters on the top of the tractor units to reduce fuel consumption and enhance the energy efficiency of the tractor units. 4. The Company's subsidiary Miramar Hospitality Co., Ltd. has long been dedicated to the application of energy saving and carbon reduction. It has established the Procedures and Management Handbook for Energy Management, and has been certified as the first hotel in the world that passed the International Energy Management System ISO 50001 certification in 2011. In April 2012, it became the first hotel in the world certified by JAB Japan as the only international tourism hotel with an excellent energy management system. In March 2017, in response to EarthHour (turn off the light for one hour), we took part in carbon reduction actions to care for our Earth, and connected to the world to create a better home.				

(VI) Ethical Corporate Management Practices and Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies" and Reasons:

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
I. Establishing ethical corporate management policies and programs				
(I) Has the company established ethical management policies approved by the board of directors' meeting and stated in its memorandum or external correspondence about the policies and practices it has to maintain business integrity? Are the board of directors and the management committed to fulfilling this commitment?	V		Based on the business philosophy of integrity, transparency and accountability, the Company formulated the "Ethical Management Principles," which was implemented on April 1, 2014 after being approved by the board of directors on March 26, 2014. The Company expressly discloses its ethical management policies at its regulations, external correspondence and official site. The board of directors and the senior management have actively fulfilled the commitment of integrity management in terms of internal administration and business operating activities.	No major difference
(II) Has the company established assessment mechanism for unethical conduct risk, performed periodic analysis and assessed operating activities of relatively higher unethical conduct risk in the scope of business, and has established unethical conduct solution accordingly, and at least covering the preventive measures for the conducts described in each subparagraph of Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		The Company's "Ethical Management Principles" has specified in detail that the Company's directors, officers and all employees are prohibited from engaging in any business activities that are at a higher risk of being involved in unethical conduct as stated in Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies." The Company's internal administration regulations and external correspondence expressly stipulate the prohibition of providing and accepting improper benefits and related handling procedures, as well as the prohibition of	No major difference

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
			providing illegal political donations and related handling procedures, etc.	
(III) Has the Company established programs to prevent unethical conduct and stated and implement operating procedures, code of conduct, punishment for violation, and grievance mechanisms in such programs and regularly reviewed and revised such programs?	V		The Company's internal administration regulations and external correspondence expressly states relevant rules to prevent the occurrence of acts of dishonesty; and from time to time hold educational training programs and publish relevant materials and combines the integrity management policy with employee performance evaluation and human resource policies to establish clear and effective policies and reward and punishment system.	No major difference
II. Implement ethical management				
(I) Does the company evaluate the ethical record of its counterparts and explicitly include clauses on ethical conduct in transaction contracts?	V		When the Company signs any contract or agreement with others in accordance with internal administration regulations and external correspondence, it shall fully understand the integrity of the counter-party's business conditions and it is recommended to include integrity management in the terms and conditions of the contract or agreement or clearly stipulate the integrity matters.	No major difference
(II) Has the company established a dedicated unit directly under the board of directors and responsible for the promotion of corporate ethical management and reporting its ethical management policy and proposal for prevention of unethical conducts as well as supervision of implementation status to the board of directors' meeting periodically (at least once annually)?	V		In order to improve the management of integrity, the Company has designated the Chairman's Office under the Board of Directors as the unit responsible for formulating, supervising and executing the integrity management policies and prevention plans, and handling sound integrity management in accordance with Article 17 of the Company's "Ethical Management Principles." The members of the unit include senior executives of the management team. The	No major difference

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
			Chairman's Office is responsible for the research and planning of relevant issues and the members shall coordinate the implementation of steps and implementation and report the implementation status to the board of directors on a regular or periodic basis.	
(III) Does the company establish and implement a policy to prevent conflicts of interests and provide suitable channels for reporting such conflicts?	V		The Company stipulates the terms of preventing conflicts of interest in the "Ethical Management Principles" and "Code of Ethical Conduct" to provide guidelines for employees. The Company has established and announced an internal independent reporting mailbox and hotline at the Company's official site for usage by internal and external personnel of the Company.	No major difference
(IV) Has the Company established an effective accounting and internal accounting and control systems for the implementation of ethical corporate management policies, prepared audit plans according to the evaluation results of dishonesty risks and have they results audited by internal auditors or CPAs?	V		The Company has established an accounting system and an internal control system. The Company's internal audit unit prepares relevant audit plans based on the evaluation results of dishonesty risks and prepare audit reports to submit to the Audit Committee and report to the board of directors. In addition, the Company also complies with the "Company Act" and "Securities Exchange Act" and other relevant laws and regulations and CPAs are responsible for the verification and certification of relevant accounting books.	No major difference
(V) Does the company regularly organize internal and external education and training activities for ethical corporate management?	V		The Company regularly organizes internal and external education and training on integrity management; directors and managers also participate in seminars and workshops on integrity management held by external organizations (including courses on compliance with the	No major difference

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
			laws and regulations on integrity management, accounting systems and internal control, etc.). There was a total of 19 people for 2022, with a total of 85 hours.	
III. Reporting system operation status of the Company (I) Does the company establish explicit whistleblower and reward schemes and convenient reporting channels, and assign appropriate personnel to investigate the target of a whistleblower report?	V		The Company has expressively stipulated the whistleblowing and reward and punishment system in the internal administration regulations and external correspondence and announced it to all staff. The Company has also established and announced an internal independent whistleblowing mailbox and hotline at the Company official site for usage by internal and external personnel of the Company. Appropriate dedicated staff will be dispatched to investigate the reported persons; and the Company office site also has a section providing complaint channels for employees, customers and suppliers.	No major difference
(II) Has the company established any investigation standard operating procedures for accepting reported misconducts, subsequent measures and relevant confidentiality measures required to be performed after the completion of the investigation?	V		Article 23 of the Company's "Ethical Management Principles" stipulates reporting and handling procedures for whistleblowing, as well as the respective types of reporting matters and the investigation standard operating procedures. Matters of whistleblowing involving general employees shall be reported to the department head, and those involving directors or senior executives shall be reported to independent directors. Written documents shall be kept for acceptance, investigation, and investigation results for at least five years; and relevant personnel handling whistleblowing shall make a	No major difference

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
			written statement to keep the identity of the whistleblower and the content of the whistleblowing confidential.	
(III) Does the company establish measures to protect whistleblowers against retaliation?	V		The Company has complied with the "Ethical Management Principles" and promised to protect the whistleblower from being improperly dealt with due to the whistleblowing.	No major difference
IV. Enhance information disclosure Has the Company disclosed the Ethical Management Principles and effect of implementation thereof on its website and Market Observation Post System?	V		The Company has disclosed the "Ethical Management Principles" at the Company's official site and MOPS. The Company's official site also discloses the concept of integrity management and policies in internal administration regulations; and suppliers, customers or other business-related entities and personnel all clearly understand the Company's integrity management philosophy and standards.	No major difference
V. If the Company has established its own sustainability development principles in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please describe its current practices and any discrepancies from the Best Practice Principles: The company has formulated the "Ethical Management Principles," internal administration regulations and external correspondence are implemented in accordance with the integrity management policy and there has been no discrepancy or inconsistency between the operations and the integrity management policy.				
VI. Other important information that helps the public understand corporate integrity management operations: (such as the Company's review and amendment of the Integrity Management Best Practice Principles) In line with the amendment to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, the Company has reviewed and amended the Integrity Management Best Practice Principles and reported them to the shareholders' meeting in 2020. The Company's directors, managerial officers, employees, appointees, and persons with ultimate control over the Company shall exercise the care of a good administrator in duly supervising the Company to prevent unethical behavior, reviewing the results of implementation and continuing improvement at any time to assure the implementation of the integrity management policy. The Company pays attention to the development of regulations regarding integrity management in Taiwan and overseas at all times, and encourages directors, managerial officers, and				

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">employees to raise suggestions, by which the Company reviews and improves the integrity management policy and promotion measures, to improve the outcome of implementing integrity management.</td></tr>
</table>

(VII) The Company formulates corporate governance codes and methods of inquiry for related regulations:
Relevant content can be inquired on the Company's official site (https://www.tsgroup.com.tw) and MOPS (https://mops.twse.com.tw/mops/web/index).

(VIII) Other information material to the understanding of corporate governance within the Company:

1. When the Company signs a contract with important business partners, it will publicize the Company's dedication to integrity management to allow the business partners to understand the operations related to integrity management.
2. The Company will continue to arrange training courses for directors and supervisors to assist the board of directors in fulfilling the spirit of corporate governance.
3. The board of directors of the Company has revised the "Guidelines for Board Performance Evaluation" on April 1, 2021. The performance evaluation results of the Board of Directors were reported at the Board meeting on March 24, 2023. The overall performance evaluation results for the Board of Directors of 2022 were mainly rated as "Good."

(IX) Internal Control System Execution Status:

1.Statement of internal control

TZE SHIN INTERNATIONAL CO., LTD.

Internal Control Statement

Date: Mar. 24, 2023

The Company hereby states the results of the self-evaluation of the internal control system for 2022 as follows：

1.The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability, timeliness, transparency of reporting, and compliance with applicable laws and regulations.

2.An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.

3.The Company judges 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 promulgated by the Securities and Futures Commission, Ministry of Finance (hereinbelow, the “Regulations”). The internal control system judgement criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. control environment 2. risk assessment 3. control activities 4. information and communications 5. monitoring. Each element further contains several items. Please refer to the Regulations for details.

4.The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.

5.Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that during the stated time period its internal control system (including its supervision of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability, timeliness, transparency of reporting, and compliance with applicable laws and regulations, was effectively designed and operating, and reasonably assured the achievement of the above-stated objectives.

6.This Statement will become a major part of the content 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 Law.

7.This statement has been passed by the Board of Directors Meeting of the Company held on 24 Mar. 2023, where zero of the seven attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Tze Shin International Co., Ltd.

Chairman: Chun-Fa Huang

President: Ming-Tan Hsu

2. Where CPA is entrusted to review the internal control system, the CPA examination report shall be disclosed: Not applicable.

(X) Punishments, major defects, and improvements in the previous fiscal year and by the date of report publication of the company or its personnel by the law or for violation of the regulations of the internal control system: Not applicable.

(XI) Major Resolutions Made by General Shareholders' Meetings and Board Meetings in the Previous Fiscal Year and Up to the Printing Date of Annual Report

1.Major resolutions and implementation status of the shareholders' meeting in 2022:

Date	Important resolutions	Execution status
June 24, 2022	1. Passed the ratification of the 2021 business report and financial statements. 2. Passed the ratification of the 2021 distribution of earnings. 3. Passed the proposal for the capital increase by issuing new shares from retained earnings. 4. Passed the proposal for amendment to the "Procedures for the Acquisition and Disposal of Assets."	1. In line with the results of the resolution, the shareholders' meeting minutes have been uploaded to the Market Observation Post System on July 6, 2022. 2. In line with the results of the resolution, the particulars regarding the earnings distribution have been announced and reported. On July 13, 2022, the Board of Directors determined the trading date, record date, and distribution date. Cash dividends have been distributed on September 7, 2022. 3. In line with the results of the resolution, the particulars regarding the capital increase by issuing new shares from retained earnings have been announced and reported. On July 13, 2022, the Board of Directors determined the trading date, record date, and distribution date. Stock dividends have been distributed on September 7, 2022. 4. In line with the results of the resolution, it has been uploaded to the Market Observation Post System and the Company's website on May 20, 2022, and June 24, 2022, respectively.

2.Major Resolutions of the Board of Directors' Meeting:

Date and term	Proposal content	Opinions of all independent directors	The Company's response to the independent directors' opinions	Resolution of the Board of Directors
March 28, 2022 13th term 13th meeting	1. Proposal for change of the Company's president. [Proposed by the chairman] **(Note 1, Note 2)**	None	None of the independent directors had opinions.	Passed
	2. The Company shall submit proposals for the appointment of managerial officers and changes of remuneration to the Remuneration Committee for discussion and resolution. [Proposed by the Remuneration Committee]	None		Passed
	3. Proposal for the distribution of 2021 director and employee remuneration. [Proposed by the Remuneration Committee]	None		Passed
	4. Proposal to amend the Company's "Annual Festival Gift Money and Three Festival Bonus Distribution Method." [Proposed by the Remuneration Committee]	None		Passed
	5. Discussion of the 2021 business report and financial statements.	None		Passed

Date and term	Proposal content	Opinions of all independent directors	The Company's response to the independent directors' opinions	Resolution of the Board of Directors
	[Proposed by the Audit Committee] 6. Discussion of the 2021 earnings appropriation. [Proposed by the Audit Committee] 7. Discussion of the capital increase by issuing new shares from retained earnings. [Proposed by the Audit Committee] **(Note 1)** 8. Amendment to the "Procedures for the Acquisition and Disposal of Assets." [Proposed by the Audit Committee] **(Note 1)** 9. Loan endorsement by the Company to the subsidiary Safe Petroleum Transportation Co., Ltd. [Proposed by the Audit Committee] **(Note 1)** 10. Evaluation of implicit financing between the Company and subsidiaries. [Proposed by the Audit Committee] **(Note 1)** 11. Discussion of the 2021 declaration of the internal control system. [Proposed by the Audit Committee] 12. Amendments to "Audit Committee Charter." [Proposed by the Audit Committee] 13. Acquisition of shares of Evergreen Marine Corp. [Proposed by the Audit Committee] **(Note 1)** 14. Proposal for convening the 2022 regular shareholders' meeting of the Company. [Proposed by the Financial Department] 15. Proposal for appointment of juristic person representatives to subsidiaries of the Company. [Proposed by the Business Planning Office] **(Note 1, Note 2)**	None None None None None None None None None None		Passed Passed Passed Passed Passed Passed Passed Passed Passed Passed
May 13, 2022 13th term 14th meeting	1. Discussion of the Q1 2022 consolidated financial statements. [Proposed by the Audit Committee] 2. Proposal for application for loan facility from financial institute. [Proposed by the Financial Department]	None None	None of the independent directors had opinions.	Passed Passed
July 13, 2022 13th term 15th meeting	1. Proposal for determining the ex-rights and ex-dividend trading date, record date, and distribution date. [Proposed by the Financial Department] 2. Proposal for application for loan facility from financial institute. [Proposed by the Financial Department]	None None	None of the independent directors had opinions.	Passed Passed
August 12, 2022 13th term 16th meeting	1. Discussion of the Q2 2022 consolidated financial statements. [Proposed by the Audit Committee] 2. Proposal for application for loan facility from financial institute. [Proposed by the Financial Department]	None None	None of the independent directors had opinions.	Passed Passed
November 11, 2022	1. Discussion of the Q3 2022 consolidated financial statements.	None	None of the independent	Passed

Date and term	Proposal content	Opinions of all independent directors	The Company's response to the independent directors' opinions	Resolution of the Board of Directors
13th term 17th meeting	[Proposed by the Audit Committee] 2. Acquisition of shares of Evergreen Marine Corp. [Proposed by the Audit Committee] **(Note 1)** 3. Proposal to sell a land lot located at Jiatou Section, Zhongwan Village, Wanli District, New Taipei City. [Proposed by the Audit Committee] 4. Proposal for application for loan facility from financial institute. [Proposed by the Financial Department]	 None None None	directors had opinions.	 Passed Passed Passed
November 23, 2022 13th term 18th meeting	1. Proposal to develop housing units in Wenshan District with the landlord. [Proposed by the Audit Committee] **(Note 1)** 2. Proposal to entrust Durban Development to manage the joint development of housing units on the land located in Wenshan District, Taipei City. [Proposed by the Audit Committee] **(Note 1, Note 2)** 3. Proposal for lending funds to the subsidiary Miramar Hospitality Co., Ltd. [Proposed by the Audit Committee] **(Note 1, Note 2)**	None None None	None of the independent directors had opinions.	Passed Passed Passed
December 23, 2022 13th term 19th meeting	1. Change of CPAs and their independence review. [Proposed by the Audit Committee] **(Note 1)** 2. Hiring of CPAs and associated fees [Proposed by the Audit Committee] **(Note 1)** 3. Acquisition and disposition of shareholding of Waterland Financial Holdings. [Proposed by the Audit Committee] **(Note 1)** 4. Amendments to the "internal control system" and "internal audit system." [Proposed by the Audit Committee] **(Note 1)** 5. Proposal for personnel changes. [Proposed by the chairman] 6. The Company shall submit proposals for the appointment of managerial officers and changes of remuneration to the Remuneration Committee for discussion and resolution. [Proposed by the Remuneration Committee] **(Note 1, Note 2)** 7. Proposal to review the remuneration and performance evaluation of the Company's directors. [Proposed by the Remuneration Committee] 8. Proposal to review the remuneration and performance evaluation of the Company's managerial officers. [Proposed by the Remuneration Committee] **(Note 1, Note 2)** 9. Proposal to review the 2022 year-end bonus of the Company's managerial officers. [Proposed by the Remuneration Committee] **(Note 1, Note 2)** 10. Proposal for the 2023 audit plan of the Company. [Proposed by the Auditing Office]	None None None None None None None None None None	None of the independent directors had opinions.	Passed Passed Passed Passed Passed Passed Passed Passed Passed Passed

Date and term	Proposal content	Opinions of all independent directors	The Company's response to the independent directors' opinions	Resolution of the Board of Directors
	11. Proposal for amendment to the Company's "Rules of Procedure for Board of Directors Meetings," "Procedures for Handling Material Inside Information and Prevention Against Insider Trading," and "Corporate Governance Best Practice Principles." [Proposed by the Business Planning Office] 12. Proposal for amendment to the Company's "Organization Chart." [Proposed by the Business Planning Office] 13. Proposal for amendment to the Company's "Accounting system." [Proposed by the Financial Department] 14. Proposal for application for loan facility from financial institute. [Proposed by the Financial Department]	None None None None		Passed Passed Passed Passed
December 29, 2022 13th term 20th meeting	1. Proposal to develop housing units in Wanhua District with the landlord. [Proposed by the Audit Committee] **(Note 1)** 2. Proposal to entrust Durban Development to manage the joint development of housing units on the land located in Wanhua District, Taipei City. [Proposed by the Audit Committee] **(Note 1, Note 2)**	None None	None of the independent directors had opinions.	Passed Passed
March 24, 2023 13th term 21st meeting	1. Proposal for personnel changes. [Proposed by the Audit Committee] **(Note 1)** 2. Discussion of the 2022 business report and financial statements. [Proposed by the Audit Committee] 3. Discussion of the appropriation for making up loss in 2022 [Proposed by the Audit Committee] 4. Proposal for lending funds to the affiliate Mayer Steel Pipe Corporation. [Proposed by the Audit Committee] **(Note 1, Note 2)** 5. Discussion of the 2022 declaration of the internal control system [Proposed by the Audit Committee] 6. Amendments to the "internal control system" and "internal audit system." [Proposed by the Audit Committee] **(Note 1)** 7. The Company shall submit proposals for the appointment of managerial officers and changes of remuneration to the Remuneration Committee for discussion and resolution. [Proposed by the Remuneration Committee] 8. Proposal for amendment to the Company's "Articles of Incorporation." [Proposed by the Business Planning Office] 9. Proposal for re-election of the Company's directors upon expiry of their term of office. [Proposed by the Business Planning Office] 10. Discussion on the nomination of the Company's Board	None None None None None None None None None None	None of the independent directors had opinions.	Passed Passed Passed Passed Passed Passed Passed Passed Passed Passed

Date and term	Proposal content	Opinions of all independent directors	The Company's response to the independent directors' opinions	Resolution of the Board of Directors
	of Directors and review of the list of candidates nominated for directors. [Proposed by the Business Planning Office] **(Note 1, Note 2)**			
	11. Discussion on acts of compete of directors of the Company. [Proposed by the Business Planning Office]	None		Passed
	12. Proposal for convening the 2023 regular shareholders' meeting of the Company. [Proposed by the Financial Department]	None		Passed
	13. Proposal for amendment to the Company's "Corporate Governance Best Practice Principles." [Proposed by the Business Planning Office]	None		Passed
	14. Report on the list of directors re-elected of the subsidiary Miramar Hospitality Co., Ltd. [Proposed by the Business Planning Office] **(Note 1, Note 2)**	None		Passed
	15. Proposal for application for loan facility from financial institute. [Proposed by the Financial Department]	None		Passed

Note 1: Particulars are listed in accordance with Article 14-3 of the Securities and Exchange Act.
Note 2: Items involving conflicts of interest of directors.

(XII) Documented opinions or declarations made by Directors against Board resolutions in the latest fiscal year and up to the publication date of this annual report: Not applicable.

(XIII) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, corporate head of governance or head of R&D in the latest fiscal year and up to the publication date of this annual report:

May 2, 2023

Job Title	Name	Date of assumption of office	Date of dismissal	Reason of resignation or dismissal
President	Hsi-Lung Chou Lu	August 17, 2021	February 10, 2022	Personal career planning
Accounting officer, financial officer, and chief corporate governance officer	Wen-Lung Chiang	July 1, 2017	February 28, 2023	Personal career planning

V. Audit Fees:

Audit Fees

(expressed in NT$ thousand)

<table>
<tr><th>Accounting Firm Name</th><th>Name of CPA</th><th>CPA Audit Period</th><th>Audit Fee</th><th>Non-Audit Fee</th><th>Total</th><th>Remarks</th></tr>
<tr><td rowspan="2">Deloitte & Touche</td><td>Han-Ni Fang
Chih-Yuan Chen</td><td>January 1, 2022, to September 30, 2022</td><td rowspan="2">3,300</td><td rowspan="2">160</td><td rowspan="2">3,460</td><td rowspan="2">Non-audit fees are mainly the CPAs’ reimbursed expenses for postage, travel, printing, etc.</td></tr>
<tr><td>Han-Ni Fang
Chao-Yu Chen</td><td>October 1, 2022, to December 31, 2022</td></tr>
</table>

(I) When the accounting firm is changed and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: The Company has no such situation in 2022.

(II) Disclose the amount and proportion less and the reasons when the audit fee is lesser than that of the previous year by over 10%: The Company has no such situation in 2022.

VI. Change of CPAs:

(I) Former CPAs

<table>
<tr><td colspan="2">Date of engagement</td><td colspan="4">December 23, 2022 (Passed by the Board of Directors)</td></tr>
<tr><td colspan="2">Reasons and explanation of changes</td><td colspan="4">Due to internal change of positions of Deloitte & Touche, CPA Chih-Yuan Chen was replaced by CPA Chao-Yu Chen.</td></tr>
<tr><td colspan="2" rowspan="3">State whether the appointment is terminated or rejected by the consignor or CPAs</td><td colspan="2">Client
Status</td><td>CPA</td><td>Appointed by</td></tr>
<tr><td colspan="2">Appointment terminated automatically</td><td colspan="2" rowspan="2">NA</td></tr>
<tr><td colspan="2">Appointment rejected (discontinued)</td></tr>
<tr><td colspan="2">Reasons for issuing opinions other than unqualified opinion in the last 2 years</td><td colspan="4">NA</td></tr>
<tr><td rowspan="6">Is there any disagreement in opinion with the issuer?</td><td rowspan="4">Yes</td><td></td><td colspan="3">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="3">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="3">Auditing scope or procedures</td></tr>
<tr><td></td><td colspan="3">Others</td></tr>
<tr><td>None</td><td colspan="4">V</td></tr>
<tr><td colspan="5">Note: NA.</td></tr>
<tr><td colspan="2">Other items disclosed (Disclosures specified in sub-paragraphs 1-4 to 1-7 of paragraph 6, Article 10 of this Standard)</td><td colspan="4">NA</td></tr>
</table>

(II) Successor CPAs

Accounting Firm	Deloitte & Touche
Name of CPA	Han-Ni Fang, Chih-Yuan Chen
Date of assignment	The Company's Q1 to Q3 2022 financial statements.
Prior to formal engagement, any Inquiries or consultation on the accounting method or accounting principles for specific transactions and the type of audit opinion that may be rendered in the financial report?	NA
Written opinions from the successor CPAs that are different from the former CPA's opinions	NA

Accounting Firm	Deloitte & Touche
Name of CPA	Fang, Han-Ni, Chen, Chao-Yu
Date of assignment	The Company's 2022 Q4 financial statements.
Prior to formal engagement, any Inquiries or consultation on the accounting method or accounting principles for specific transactions and the type of audit opinion that may be rendered in the financial report?	NA
Written opinions from the successor CPAs that are different from the former CPA's opinions	NA

(III) Response letter from the former CPA to Items 1 and 2-3 of Sub-paragraph 6 of Article 10 of the Standard: Not applicable.

VII. The Company's Chairman, President and officers in charge of financial or accounting affairs, who have worked in the CPA firm or its affiliates within the last fiscal year, shall disclose their names, titles and positions at the CPA firm or its affiliates. The term "affiliates of CPA firm" refers to the companies or entities whose 50% or more of its total shares issued or over half of the director seats are held by the CPA firm or those listed as affiliates in the materials released or published by the CPA firm:

The Company has no such situation in 2022.

VIII. Changes in the transfer or pledge of shares by directors and presidents holding over 10% of the outstanding shares in the previous year and by the date of report publication. If the counterparty of the equity transfer or equity pledge is a related party, the name of the counterparty, the relationship with the Company, directors and shareholders holding more than 10% of the total issued shares and the number of shares acquired or pledged shall be disclosed.

(I) Changes in equity of directors, officers and major shareholders

Job Title	Name	2022		2023 up to May 2	
		Increase (decrease) of shareholdings	Increase (decrease) of pledged shares	Increase (decrease) of shareholdings	Increase (decrease) of pledged shares
Chairman Director	Durban Development Co., Ltd.	589,041	900,000	0	480,000
	Representative: Chun-Fa Huang	0	0	0	0
	Representative: Chun-Tsao Huang	0	0	0	0
Vice Chairman Director	TienPin Development Co., Ltd.	3,931,000	0	0	0
	Representative: Ming-Tan Hsu	65	0	0	0
	Representative: Wei-Te Hsu	116	0	0	0
Independent Director	Chui-Ming Peng	0	0	0	0
Independent Director	Sheng-Yu Liang	0	0	0	0
Independent Director	Jui-Hsiang Huang	0	0	0	0
President	Hsi-Lung Chou Lu (Note 1)	0	0	0	0
Assistant Vice President	Chin-Feng Chen	0	0	0	0
CFO	Wen-Lung Chiang (Note 2)	2,901	0	0	0
Officer	Hsuan-Pei Hung	0	0	0	0
Officer	Ming-Te Cheng (Note 3)	0	0	0	0
Officer	Chien-I Kao (Note 4)	0	0	0	0

Note 1: President Hsi-Lung Chou Lu assumed office on August 17, 2021, and resigned on February 10, 2022.
Note 2: CFO Wen-Lung Chiang resigned on February 28, 2023.
Note 3: Manager Ming-Te Cheng was dismissed on December 21, 2022.
Note 4: Manager Chien-I Kao assumed office on March 24, 2023.

(II) Information of counterparties (who are related parties) of equity transfer of directors, officers and major shareholders: none.

(III) Information of counterparties (who are related parties) of equity pledge of directors, officers and major shareholders: none.

IX. Related parties, spouse, or relatives in the 2nd degree to top ten shareholders:

Shareholding of the top ten shareholders, and the information of their relationship

May 2, 2023

Name (Note 1)	Shares held in own name		Shareholdings of spouse/minors		Shareholdings in the name of a third party		Company name/name of related parties, spouse, or relatives in the 2nd degree to top ten shareholders.		Remarks
	Shares	Shareholdings	Shares	Shareholdings	Shares	Shareholdings	Name	Relationship	
TienPin Development Co., Ltd.	43,791,000	23.17	0	0	0	0	—	—	
Person in charge: Ling-I Hsu	15,972	0.01	0	0	0	0	—	—	
Yuan Chuan Steel Co. Ltd.	15,000,762	7.94	0	0	0	0	Miramar Hotel Taipei Co., Ltd.	Chairman	
Person in Charge: An-Di Huang	0	0	0	0	0	0	—	—	
Durban Development Co. Ltd.	6,446,451	3.41	0	0	0	0	Mayer Steel Pipe Corporation	Chairman	
Person in Charge: Chun-Fa Huang	0	0	0	0	0	0	—	—	
Mayer Steel Pipe Corporation	5,900,000	3.12	0	0	0	0	Durban Development Co. Ltd.	Chairman	
Person in Charge: Chun-Fa Huang	0	0	0	0	0	0	—	—	
Miramar Hotel Taipei Co., Ltd.	5,150,772	2.73	0	0	0	0	Yuan Chuan Steel Co. Ltd.	Chairman	
Person in Charge: An-Di Huang	0	0	0	0	0	0	—	—	
I-Kai Liao	2,159,400	1.14	0	0	0	0	—	—	
Ying-Fu Chang	1,745,000	0.92	0	0	0	0	—	—	
Hsiu-Feng Wu	1,380,781	0.73	0	0	0	0	—	—	
Chiang-Chi Chang	1,010,907	0.53	0	0	0	0	—	—	
Wen-Chi Lei	657,800	0.35	0	0	0	0	—	—	

Note 1: All of the 10 largest shareholders shall be listed. For a shareholder who is a juristic person, the company name and the name of the representative shall be listed separately.

X. The stakes and the syndicated stakes in the same investee of the company and directors and presidents of the company; and institutions under the company's direct or indirect control:

2023 up to May 2; unit: shares; %

Investee	Shareholdings of the Company		Shareholdings of directors, supervisors and officers or investees under direct or indirect control		Syndicated Shareholdings	
	Shares	Percentage	Shares	Percentage	Shares	Percentage
Hsin Hai Transportation & Terminal Co., Ltd.	2,452,372	47.47%	0	0	2,452,372	47.47%
Miramar Hospitality Co., Ltd.	23,442,000	62.99%	60,000	0.16%	23,502,000	63.15%
Miramar Resort Co., Ltd. (Note 1)	40,070,200	81.69%	3,540,000	7.22%	43,610,200	88.91%
ACMC Trading Co., Ltd.	2,500,000	100.00%	0	0	2,500,000	100.00%

Note 1: Preferred stocks included.

Note 2: The Company has disposed of all equity interests in Safe Cargo Transportation Co., Ltd., An Da Transportation Co., Ltd., Safe Petroleum Transportation Co., Ltd., and Safe Logistics Transportation Co., Ltd. in November 2022.

Four. Capital Overview

I. Capital and Shares

(I) Sources of capital:

Units: shares; NTD

Year/Month	Issued price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of capital	Property other than cash as substitute for share price	Others
1973.11	10,000	600	6,000,000	600	6,000,000	Cash 6,000,000	None	Note 1
1974.12	10,000	1,200	12,000,000	1,200	12,000,000	Cash 6,000,000	None	
1975.08	10,000	1,514	15,140,000	Common stock 1,200 Preferred stock 314	12,000,000 3,140,000	Cash 3,140,000	None	Note 2
1981.05	10,000	1,514	15,140,000	1,514	15,140,000		None	Note 3
1984.05	10,000	2,600	26,000,000	2,600	26,000,000	Cash 10,860,000	None	
	10	2,600,000	26,000,000	2,600,000	26,000,000		None	Note 4
1985.12	10	6,500,000	65,000,000	6,500,000	65,000,000	Merger 13,368,750 Cash 25,631,250	None	Note 5
1987.08	10	8,060,000	80,600,000	8,060,000	80,600,000	Cash 15,600,000	None	
1988.07	10	11,700,000	117,000,000	11,700,000	117,000,000	Cash 16,250,000 Earnings 20,150,000	None	
1989.12	10	19,890,000	198,900,000	19,890,000	198,900,000	Merger 23,400,000 Cash 58,500,000	None	Note 6
1990.10	10	45,000,000	450,000,000	27,846,000	278,460,000	Earnings 43,758,000 Reserve 35,802,000	None	Note 7
1991.07	10	45,000,000	450,000,000	41,000,000	410,000,000	Earnings 50,122,800 Reserve 38,984,400 Cash 42,432,800	None	Note 8
1992.04	10	65,000,000	650,000,000	50,430,000	504,300,000	Earnings 73,800,000 Reserve 20,500,000	None	Note 9
1993.07	10	65,000,000	650,000,000	54,464,400	544,644,000	Earnings 40,344,000	None	Note 10
1994.06	10	100,000,000	1,000,000,000	64,267,992	642,679,920	Earnings 54,464,400 Reserve 43,571,520	None	Note 11
1995.06	10	100,000,000	1,000,000,000	75,836,230	758,362,300	Earnings 115,682,380	None	Note 12
1996.06	10	100,000,000	1,000,000,000	79,628,041	796,280,410	Earnings 37,918,110	None	Note 13
1998.07	10	250,000,000	2,500,000,000	125,183,405	1,251,834,050	Earnings 63,702,430 Reserve 31,851,210 Cash 360,000,000	None	Note 14
1999.06	10	250,000,000	2,500,000,000	152,723,753	1,527,237,530	Earnings 150,220,080 Reserve 125,183,400	None	Note 15

Year/Month	Issued price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of capital	Property other than cash as substitute for share price	Others
2000.06	10	250,000,000	2,500,000,000	175,632,315	1,756,323,150	Earnings 76,361,870 Reserve 152,723,750	None	Note 16
2000.11	10	250,000,000	2,500,000,000	171,965,315	1,719,653,150	-	-	Note 17
2001.04	10	250,000,000	2,500,000,000	164,965,315	1,649,653,150	-	-	Note 18
2001.11	10	250,000,000	2,500,000,000	159,310,315	1,593,103,150	-	-	Note 19
2002.08	10	250,000,000	2,500,000,000	170,168,036	1,701,680,360	Earnings 31,022,060 Reserve 77,555,150	None	Note 20
2003.03	10	250,000,000	2,500,000,000	164,168,036	1,641,680,360	-	-	Note 21
2003.09	10	250,000,000	2,500,000,000	159,968,036	1,599,680,360	-	-	Note 22
2004.04	10	250,000,000	2,500,000,000	152,174,395	1,521,743,950	-	-	Note 23
2004.07	10	250,000,000	2,500,000,000	155,217,882	1,552,178,820	Earnings 30,434,870	None	Note 24
2007.07	10	250,000,000	2,500,000,000	164,530,954	1,645,309,540	Earnings 93,130,720	None	Note 25
2008.07	10	250,000,000	2,500,000,000	172,757,501	1,727,575,010	Earnings 32,906,190 Reserve 49,359,280	None	Note 26
2009.08	10	250,000,000	2,500,000,000	181,395,376	1,813,953,760	Reserve 86,378,750	None	Note 27
2010.08	10	250,000,000	2,500,000,000	186,837,237	1,868,372,370	Reserve 54,418,610	None	Note 28
2011.07	10	250,000,000	2,500,000,000	196,179,097	1,961,790,970	Earnings 14,946,970 Reserve 78,471,630	None	Note 29
2012.07	10	250,000,000	2,500,000,000	193,179,097	1,931,790,097	-	None	Note 30
2012.10	10	250,000,000	2,500,000,000	173,561,188	1,735,611,880	Capital reduction 196,179,090	None	Note 31
2013.01	10	250,000,000	2,500,000,000	170,683,052	1,706,830,520	-	None	Note 32
2013.07	10	250,000,000	2,500,000,000	179,217,204	1,792,172,040	Earnings 85,341,520	None	Note 33
2014.07	10	250,000,000	2,500,000,000	174,217,204	1,742,172,040	-	None	Note 34
2015.04	10	250,000,000	2,500,000,000	174,137,204	1,741,372,040	-	None	Note 35
2015.08	10	250,000,000	2,500,000,000	172,137,204	1,721,372,040	-	None	Note 36
2015.09	10	250,000,000	2,500,000,000	175,619,948	1,756,199,480	Earnings 34,827,440	None	Note 37
2016.10	10	250,000,000	2,500,000,000	178,254,247	1,782,542,470	Earnings 26,342,990	None	Note 38
2017.04	10	250,000,000	2,500,000,000	177,994,247	1,779,942,470	-	None	Note 39
2019.07	10	250,000,000	2,500,000,000	175,994,247	1,759,942,470	-	None	Note 40
2020.06	10	250,000,000	2,500,000,000	172,994,247	1,729,942,470	-	None	Note 41
2021.04	10	250,000,000	2,500,000,000	171,820,247	1,718,202,470	-	None	Note 42
2022.08	10	250,000,000	2,500,000,000	189,002,272	1,890,022,720	Earnings 171,820,250	None	Note 43

Note 1: Company Establishment

Note 2: 314 preferred shares issued

Note 3: Preferred stocks were converted into common stocks and each preferred stock was converted into one common stock

Note 4: Changed par value per share to NT$10

Note 5: Merged Huamin Company and new shares were issued to replace the merged company

Note 6: Merged Kangtai Company and new shares were issued to replace the merged company

Note 7: (1990) Tai-tsai-zhen (1) No. 02470 of Oct. 2, 1990
Note 8: (1991) Tai-tsai-zhen (1) No. 01431 of Jul. 6, 1991
Note 9: (1992) Tai-tsai-zhen (1) No. 00746 of Apr. 20, 1992
Note 10: (1993) Tai-tsai-zhen (1) No. 01631 of Jul. 6, 1993
Note 11: (1994) Tai-tsai-zhen (1) No. 29752 of Jun. 29, 1994
Note 12: (1995) Tai-tsai-zhen (1) No. 33005 of Jun. 14, 1995
Note 13: (1996) Tai-tsai-zhen (1) No. 35201 of Jun. 3, 1996
Note 14: (1998) Tai-tsai-zhen (1) No. 55045 of Jul. 2, 1998
Note 15: (1999) Tai-tsai-zhen (1) No. 57846 of Jul. 24, 1999
Note 19: (2000) Tai-tsai-zhen (1) No. 55886 of Jul. 28, 2000
Note 17: 3,667,000 treasury shares canceled
Note 18: 7,000,000 treasury shares canceled
Note 19: 5,655,000 treasury shares canceled
Note 20: Tai-chen (2002) shang-zi No. 018844 of Aug. 1, 2002
Note 21: 6,000,000 treasury shares canceled
Note 22: 4,200,000 treasury shares canceled
Note 23: Merged the 100%-owned reinvested subsidiary and cancelled 7,793,641 treasury stocks held by such subsidiary
Note 24: Jin-guan-zhen (1) zi No. 0930131345 of Jul. 14, 2004
Note 25: Jin-guan-zhen (1) zi No. 0960036098 of Jul. 12, 2007
Note 26: Jin-guan-zhen (1) zi No. 0970034293 of Jul. 9, 2008
Note 27: Jin-guan-zhen (1) zi No. 0980040302 of Aug. 12, 2009
Note 28: Jin-guan-zhen-fah-zi No. 0990042531 of Aug. 12, 2010
Note 29: Jin-guan-zhen-fah-zi No. 1000033613 of Jul. 19, 2011
Note 30: 3,000,000 treasury shares canceled; Jin-guan-zhen-jiao-zi No. 1010025372 of Jun. 1, 2012
Note 31: 19,617,909 treasury shares canceled; Jin-guan-zhen-jiao-zi No. 1010042007 of Oct. 3, 2012
Note 32: 2,878,136 treasury shares canceled; Jin-guan-zhen-jiao-zi No. 1020000158 of Jan. 4, 2013
Note 33: Jin-guan-zhen-fah-zi No. 1020028997 of Jul. 31, 2013
Note 34: 5,000,000 treasury shares canceled; Jin-guan-zhen-jiao-zi No. 1030021635 of Jun. 3, 2014
Note 35: 80,000 treasury shares canceled; Jin-guan-zhen-jiao-zi No. 1040001237 of Jan. 14, 2015
Note 36: 2,000,000 treasury shares canceled; Jin-guan-zhen-jiao-zi No. 1040028995 of Jul. 24, 2015
Note 37: Jin-guan-zhen-fah-zi No. 1040029106 of Jul. 31, 2015
Note 38: Jin-shou-shang-zi No. 10501234740 of Oct. 3, 2016
Note 39: 260,000 treasury shares canceled; Jin-guan-zhen-jiao-zi No. 1040001237 of Jan. 14, 2017
Note 40: 2,000,000 treasury shares canceled; Jin-guan-zhen-jiao-zi No. 1080318662 of May 29, 2019
Note 41: 3,000,000 treasury shares canceled; Jin-guan-zhen-jiao-zi No. 1090339420 of Apr. 17, 2020
Note 42: 1,174,000 treasury shares canceled; Jin-guan-zhen-jiao-zi No. 1100331563 of Jan. 21, 2021
Note 43: Jin-shou-shang-zi No. 11101160150 of Aug. 22, 2022

May 2, 2023; unit: shares

Share type	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common stocks	189,002,272	60,997,728	250,000,000	Listed stocks

Information about the comprehensive reporting system:

Types of securities	Estimated amount issued		Amount issued		Issuance purpose and expected benefits for the issued part	Scheduled issuance period for part not yet issued	Remarks
	Total shares	Amount approved	Shares	Price			
NA							

(II) Shareholder structure:

May 2, 2023

Shareholder structure / Quantity	Government authorities	Financial institutions	Other juridical persons	Individuals	Foreign institution and natural person	Total
Number of persons	1	0	132	38,565	43	38,741
Shares held	8	0	76,615,649	110,849,553	1,537,062	189,002,272
Percentage	0	0	40.54	58.65%	0.81%	100.00%
Note: Percentage of shares held by Mainland Chinese investors: 0%.						

(III) Shareholding Distribution Status:

1. Common shares (par value per share of NT$10)

May 2, 2023

Ranking of Shareholdings	Number of shareholders	Shares held	Shareholding (%)
1 ～ 999 shares	18,759	1,574,501	0.83
1,000 ～ 5,000	15,117	30,409,964	16.09
5,001 ～ 10,000	2,644	18,247,129	9.65
10,001 ～ 15,000	1,059	12,416,780	6.57
15,001 ～ 20,000	401	7,047,252	3.73
20,001 ～ 30,000	356	8,490,121	4.49
30,001 ～ 40,000	156	5,354,970	2.83
40,001 ～ 50,000	62	2,795,500	1.48
50,001 ～ 100,000	119	7,834,607	4.15
100,001 ～ 200,000	40	5,217,474	2.76
200,001 ～ 400,000	13	3,642,531	1.93
400,001 ～ 600,000	4	2,108,289	1.11
600,001 ～ 800,000	2	1,278,081	0.68
800,001 ～ 1,000,000	0	0	0
1,000,001 and above	9	82,585,073	43.70
Total	38,741	189,002,272	100.00%

2. Preferred stocks: The Company does not issue preferred stocks

(IV) Major shareholders: The name, stakes and ratio of shareholders holding over 5% of the stakes or the top ten shareholders by ratio

May 2, 2023

Share / Name of major shareholder	Shares held	Shareholdings (%)
TienPin Development Co., Ltd.	43,791,000	23.17%
Yuan Chuan Steel Co. Ltd.	15,000,762	7.94%
Durban Development Co., Ltd.	6,446,451	3.41%
Mayer Steel Pipe Corporation	5,900,000	3.12%
Miramar Hotel Taipei Co., Ltd.	5,150,772	2.73%
I-Kai Liao	2,159,500	1.14%
Ying-Fu Chang	1,745,000	0.92%
Hsiu-Feng Wu	1,380,781	0.73%
Chiang-Chi Chang	1,010,907	0.53%
Wen-Chi Lei	657,800	0.35%

(V) Market price, net worth, earnings, dividends per share and relevant information for the most recent two fiscal years:

Unit: NTD

Item \ Year			2021	2022	2023 up to March 31
Market share price (Note 1)	Highest		46.00	27.00	15.70
	Lowest		8.80	11.80	13.00
	Average		20.91	18.34	14.47
Net value per share	Before distribution		17.64	13.09	13.21
	After distribution		16.34	NA	NA
Earnings per share (EPS)	Weighted average shares outstanding		171,820	189,002	189,002
	Earnings per share (EPS)		1.69	(1.37)	0.05
Dividends per share	Cash dividends (Note 5)		1	0	NA
	Stock grants	Dividends from retained earnings (Note 5)	1	0	NA
		Dividends from capital reserve	0	0	NA
	Accumulated undistributed dividends		0	0	NA
Return on Investment (ROI) analysis	P/E ratio (Note 2)		12.37	(13.39)	NA
	P/D ratio (Note 3)		20.91	(Note 5)	NA
	Cash dividends yield (Note 4)		4.78	(Note 5)	NA

Note 1: Source of information is from the website of the Taiwan Stock Exchange.
Note 2: P/E ratio = average closing price per share in the current year / earnings per share.
Note 3: P/D ratio = average closing price per share in the current year / cash dividends per share.
Note 4: Cash dividend yield = cash dividends per share / average closing price per share in the current year.
Note 5: As of May 2, 2023, there was a loss for 2022; therefore, it was proposed not to distribute dividends.

(VI) Dividend Policy and Implementation Status:

1. The Company's dividends policy

The current Articles of Association of the Company provide the following dividends policy:

Article 27: If the Company has any profits for any fiscal year, it shall allocate 1% as employee remuneration and no more than 1% as director remuneration. The distribution of employee and director remuneration shall be made by the Board of Directors with the resolution of more than two-thirds of the directors present and the approval of more than half of the directors present, which shall be submitted to the shareholders' meeting. In addition, when employee remuneration is determined by the board of directors to be distributed in shares or cash, the recipients of such remuneration may include employees of affiliates who meet certain conditions.

It shall compensate against the Company's cumulative losses (if any), and then the balance shall be allocated for employee and director remuneration in proportion stated in the preceding Paragraph.

Should there be net profit after the account is closed, this Company shall first pay the taxes and compensate the deficits before appropriating ten per cent (10%) as the legal reserve. When the accumulative amount of legal reserve equals the amount of the paid-up capital, no legal reserve shall be appropriated. The balance shall be appropriated or reversed as the special reserve by laws. Then it shall be combined to the accumulative unappropriated earnings for the board of directors to draw up a proposal for allocation as dividends submitted to the AGM for ratification.

When the Company distributes all or part of the dividends and bonuses or all or part of the statutory reserve and capital surplus in cash in accordance with the provisions of Paragraph 1 of Article 241 of the Company Act, the board of directors is authorized to make resolutions with the attendance of more than two-thirds of the total directors and more than half of the directors present, which shall be submitted to the shareholders' meeting.

Article 27-1: In order to meet the needs of diversified business development, robust financial structure and protection of investors' rights and interests, the Company's dividend policy is formulated based on consideration of the its future fund needs and long-term financial planning. Among them, in addition to retaining part of the earnings as the fund for the Company's growth during the distribution of earnings, the distribution proportion of cash dividends shall not be lower than 50% of the total dividends distributed in the current year. The proportion of dividend distribution and cash dividends may depend on the operating capital required by Company and other related circumstances. When the board of directors is authorized to formulate an earnings distribution plan adopting the method of issuing new shares, such plan may be implemented after being submitted to the shareholders' meeting for resolution and when making distribution in cash. It shall be distributed based the resolution of the board of directors, which shall be submitted to the shareholders' meeting.

2. Distribution of dividends proposed at the shareholders' meeting

The distribution of the shareholders' bonus for 2022 has been proposed by the Board of Directors on March 24, 2023. It was proposed not to distribute dividends.

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

The Company did not issue bonus shares this year, hence it is not applicable.

(VIII) Employees and directors' compensation and remuneration of directors:

1. Information on the percentage or range of remuneration of employees and remuneration of directors in the Articles of Incorporation:
   The current Articles of Association of the Company provide the following regulations:

   If the Company has any profits for any fiscal year, it shall allocate 1% as employee remuneration and no more than 1% as director remuneration. The distribution of employee and director remuneration shall be made by the board of directors with the resolution of more than two-thirds of the directors present and the approval of more than half of the directors present, which shall be submitted to the shareholders' meeting. In addition, when employee remuneration is determined by the board of directors to be distributed in shares or cash, the recipients of such remuneration may include employees of affiliates who meet certain conditions.

   It shall compensate against the Company's cumulative losses (if any), and then the balance shall be allocated for employee and director remuneration in proportion stated in the preceding Paragraph.
2. The accounting solution for differences between actually distributed amount and estimated amount.
   (1) When calculating the remuneration of employees and directors, the Company shall do so based on the profit of the year (which shall be the profits before the pre-tax profits deducting the amount distributed for remuneration to employees and directors), compensate against cumulative losses and then calculate the remuneration of employees and directors based on the ratio determined in the revised Articles of Association.
   (2) If there is a discrepancy or difference between the actual distribution amount and the estimated amount as resolved by the shareholders' meeting, it shall be recognized as the profit or loss of the next fiscal year.
3. Information on any approval by the Board of Directors of distribution of remuneration:
   (1) The amount of any employees' compensation and directors' remuneration distributed in cash or stocks. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:
   Because there was a loss of the Company for 2022, the Board of Directors passed the proposal for not distributing employees' compensation and directors' remuneration on March 24, 2023.
   (2) The amount of any employees' remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employees' remuneration:
   The Board of Directors passed the proposal for not distributing employees' remuneration on March 24, 2023.
4. The actual distribution of employees' and directors' remuneration for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price of the shares distributed); if there is any discrepancy between the actual distribution and the recognized employees' and directors' remuneration, the

discrepancy, cause, and how it is treated shall be specified:

On March 28, 2022, the Board of Directors passed the employees' remuneration of NT$3,031,403 and the directors' remuneration of NT$3,031,403, both of which were distributed in cash. The recipients of the distribution were the employees and directors of the Company.

There was no discrepancy between the recognized amount of the above-mentioned employees' compensation and directors' remuneration and the amount passed by the Board of Directors.

(IX) Repurchase of the Company's shares: None

II. Status of corporate bonds: none.

III. Status of preferred shares: none.

IV. Status of global depositary receipts (GDR): none.

V. Status of employee stock option certificates and restricted stock awards: none.

VI. Status of officers receiving RSAs: none.

VII. The implementation of the fund utilization plan shall record the following items:

(I) Content of the plan: any previous issuances or private placements of securities not yet been completed or those completed in the last three fiscal years with project effectiveness not yet revealed.

(II) Execution status: not applicable.

Five. Overview of Operations

I. Business content

(I) Business Scope:

1.Major business items:

(1)G101081 Container Truck Transportation Enterprise.
(2)G101061 Automobile Cargo Transportation Business.
(3)F212011 Gas Stations.
(4)F112010 Wholesale of Gasoline and Diesel Fuel.
(5)F212061 Automobile Liquefied Petroleum Gas Stations.
(6)H701010 Housing and Building Development and Rental.
(7)H701020 Industrial Factory Development and Rental.
(8)F111090 Wholesale of Building Materials.
(9)F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures.
(10)F113020 Wholesale of Electrical Appliances.
(11)F213010 Retail Sale of Electrical Appliances.

In addition, the major items of the business of Miramar Hotel invested by the Company includes:

(1)Operation of international tourism.
(2)Operation of buffet restaurants, coffee shops, bars, conference halls, clubs, shopping stores, online home delivery of frozen deli and baked snacks and parking lots.

2.Proportion of consolidated operating income:

(expressed in NT$ thousands)

Major products	Consolidated sales amount of 2022	Proportion of annual sales (%)
Transportation revenue	534,139	73.17
Hospitality revenue	194,415	26.63
Trading revenue	1,413	0.20
Total	729,967	100.00

3.Current products and services

(1)Container Truck Transportation Enterprise:

For automobile cargo transportation services (including automobile cargo transportation business, automobile cargo transportation within designated routes, and container truck transportation business), 2021 total freight revenue of business trucks in Taiwan was NT$183 billion. Along with the changes of the structure of the industry, the emerging e-commerce has an impact on traditional logistic model retail sales, and demands for small-quantity, diverse, and frequent delivery replaces those for large-quantity, single route delivery. Domestic container transportation business in Taiwan mainly consists of the container hauling between the wharf and the container terminal at the three biggest ports for the convenience of customers. The Company has established operating bases at the three biggest ports (Keelung, Taichung, and Kaohsiung) with dedicated transportation fleets, and set up a computer system to form a rapid and complete transportation network to provide customers with the perfect service. Transportation services are currently one of the Company’s main business items and sources of revenue.

Secondly, the Company has expanded the scope of transportation to the delivery of dangerous chemical materials starting in 1992. Service bases are established near oil tank filling areas designated by major customers. Focus on transportation safety and service quality is a consistent goal of the Company.

In addition, the Company has expanded the business of fuel (gasoline and diesel) transportation since 2002. With consistent high-class requirements on the delivery of hazardous substances and taking safety as our priority, we have won the recognition of our customers. In 2012, we added generators exclusive for freezers on pallets to provide importers and exporters with the delivery of freezing and frozen goods. From 2014, we began to step into the shipping logistics commodity delivery business, providing customers with safe and convenient delivery services.

In recent years, the scope of the Company's freight forwarder business has involved container transportation for import and export and domestic room temperature and cold chain delivery services.

(2)Construction

Construction of business buildings, residential buildings, parking spaces for sale and lease.

In 2020, 2021, and 2022, the construction business was merged and there was no construction project.

(3)Trading

Household appliances in stock have been fully sold in 2022.

(expressed in NT$ thousands)

Major products	Trading revenue			Remarks
	2020	2021	2022	
Household appliances, kitchenware. bathroom wares and building materials, etc.	2,152	1,404	1,413	

(4)Hospitality

Miramar Hotel Taipei has 203 spacious and luxurious suites.

(expressed in NT$ thousands)

Major products	Hospitality revenue			Remarks
	2020	2021	2022	
Suite revenue	55,919	135,211	113,075	
Hospitality revenue	39,783	81,567	76,477	
Fitness club revenue	16,748	3,755	4,909	
Total	112,450	220,533	194,461	

4.New products (services) for development

(1)Container Truck Transportation Enterprise:

We will mainly focus on the container transportation business of the reinvested subsidiary in the future.

(2)Construction

A. Plan the launch of high quality residential villas with green spaces and natural ecologies.

B. Construct residential buildings to meet customers' needs.

(3)Hospitality

A. Restaurants: Garden Terrace, Light Cafe, and JIUBAR will be renovated in 2023. Garden Terrace provides a wide assortment of delicacies in a diverse space, adopting a buffet that features exquisite cuisine such as Taiwanese cuisine and Western-style fine dining Light Cafe specializes in providing customers with Chinese private home cuisine and beautiful scenery. JIUBAR enables customers to savor light meals, sweets, and strong coffee aroma, enjoy the view of the rare outdoor garden, and leisurely enjoy elegant cuisine with a humanistic and poetic flavor.

B. Gifts for festivals and takeaway meals for Lunar New Year: Miramar Garden Taipei's excellent food and beverages focus on Western-style food, and Miramar Garden Taipei has insight into market preferences at the same time. In addition to Western-style dishes, the Lunar New Year dishes are also added for the marketing of Chinese classic delicacies, such as Buddha jumping over the wall, glutinous rice chicken, and pig's trotter. Satisfying customers of all tastes with a variety of flavors and expanding the market acceptance for Lunar New Year dishes, sales performance is growing year after year

C. Conference room and banquet hall: The banquet venue, which combines spaciousness, fashion, and elegance with multi-functional banquet halls and elegant independent boxes, provides a place for accommodating banquets or social events, business parties, conference meetings, and new product launches with numerous people. Professional staff and the latest audio-visual equipment will let guests have meetings at an international level.

(II) Industry overview

1.Status and development of the industry

(1)Container Truck Transportation Enterprise

The transportation industry is affected by the government's revision of labor laws. The implementation of "One Fixed Day Off and One Flexible Rest Day per Week" raised the cost of manpower in the transportation industry significantly. In addition, the cost of the transportation industry is controlled by the increasing international oil price, while the price is restricted by the market competition so that it cannot reflect the cost reasonably. Therefore, the space for profitability is squeezed. Also, senior drivers are currently reaching the age of retirement, while the younger generation is unwilling to join this industry; therefore, the shortage of human resource tends to become more and more serious. Thus, considering changes in traditional container transportation and the difficulties in development, the transportation industry has turned to develop various types of specialized transportation or cold chain logistics services in recent years to create opportunities for operating profits.

(2)Construction

Due to the effect of global inflation, many countries adopted a contractionary monetary policy and raised interest rates which kept the interest rates of housing loans continuously high. Also, disturbing factors such as policies against flipping properties by the government made the bull market converge gradually.

(3)Trading

Because the fluctuation in the market of household appliances is significant, with severe competition with many other brands, increasing cost, and poor profitability, the Company is no longer an agent of the existing household appliance brands. In the future, the Company will evaluate diversification and introduce suitable products to enhance the Company's operating profit.

(4)Hospitality

The number of foreign visitors coming to Taiwan in 2022 amounted to 895,962, an increase of 755,483 or 537.79%, compared with the same period of 2021. The number of visitors and the year-on-year growth rate compared with the same period in 2021 and 2020 are as follows:

unit：human；%

		2020	2021	2022
Total	No. of Visitors	1,377,861	140,479	895,962
	Growth Rate %	-88.39	-89.80	537.79
Foreigners	No. of Visitors	1,096,321	112,410	830,902
	Growth Rate %	-85.42	-89.75	639.17
	Percentage to total	79.57	80.02	92.74
Overseas Chinese visitors	No. of Visitors	281,540	28,069	65,060
	Growth Rate%	-93.52	-90.03	131.79
	Percentage to total	20.43	19.98	7.261

*Source: Information of the Administration System of the Tourism Bureau.

Taiwan reopened its borders on October 13. According to the statistics of the Tourism Bureau, Ministry of Transportation and Communications, the number of visitors coming to Taiwan in October amounted to 93,206, which indicates a tourism deficit compared with outbound tourists. Today, the Tourism Bureau stated that the number of visitors coming to Taiwan reached 5,000, which is higher than predicted.

According to the statistics from the Tourism Bureau, 93,206 visitors came to Taiwan in October, an increase of 560.71% compared with the same period of the previous year. Most of the visitors coming to Taiwan came from the U.S., followed by Japan.

However, there was a tourism deficit compared with outbound tourists. In this regard, the Tourism Bureau issued a press release stating that the target number of visitors to Taiwan from the reopening to the end of the year is 700,000. As the current number of daily inbound visitors in October and November reached 5,000, which was higher than expected, and the limit on the total number of inbound arrivals every week will be lifted from

December 10, so the target can be achieved by the end of the year.

2.Connections among upstream, midstream and downstream of the industry:

(1)Container Truck Transportation Enterprise:

For the operating ecology of the industry, the transportation and distribution industry tends to offer diversified and integrated services, which has more business opportunities, but it is also facing the impact of changes in the market structure at the same time. In response to different demands from customers, such as ocean carriers, manufacturers, and traders, faced with the different characteristics of demands and specialization in transportation planning, no matter in the development of self-owned fleets or alliances with peers, through system integration, we enable customers to obtain a guarantee for the best service in a one-stop service method, while optimizing resource integration and operating efficiency of transportation companies. With the full cooperation of the upstream, midstream, and downstream industries, Taiwan's import and export containers provide round-the-clock transportation services as the lifeline of the domestic economy.

(2)Construction

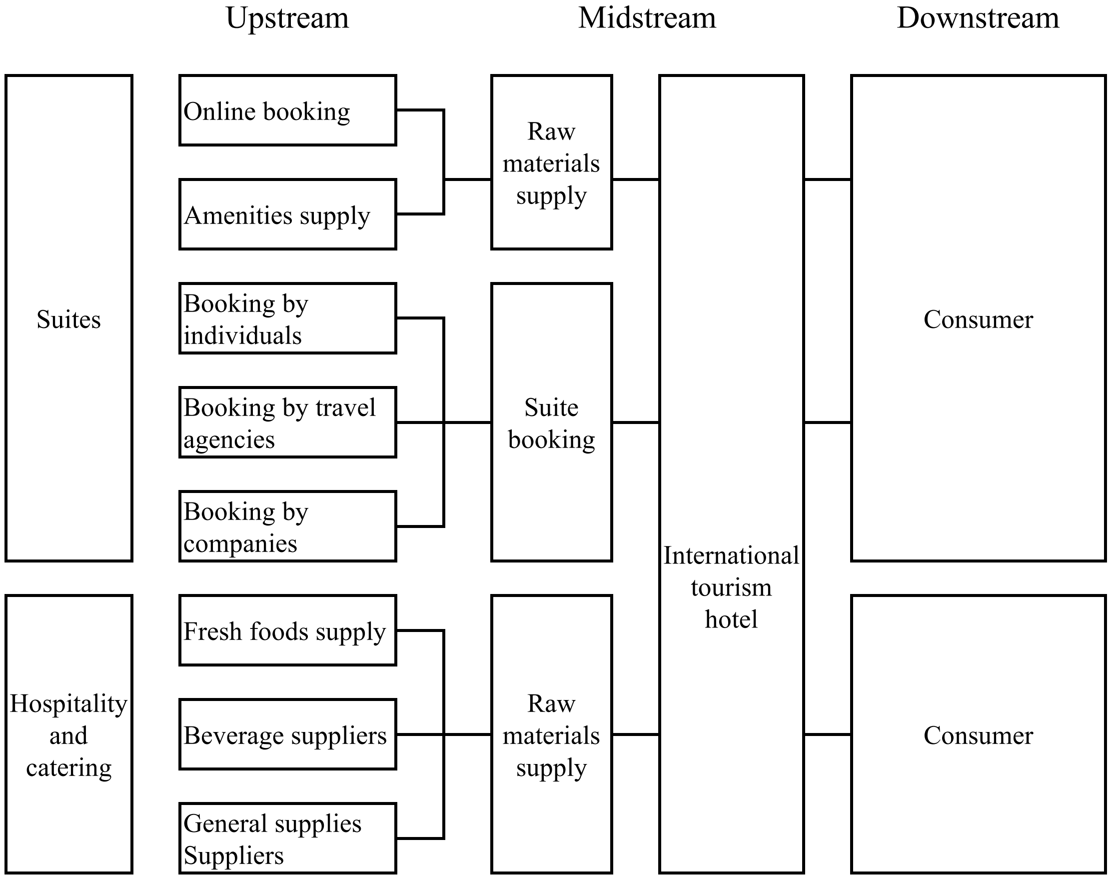
There are many industries related to the construction industry. There is a complementary and interdependent relationship among the industries. The upstream consists mainly of the owners of land. The downstream comprises individual or government-owned or private enterprises purchasing houses or commercial (factory) offices. Developers play the matchmaking and operating role of the midstream, obtaining land from owners or entering joint construction with them, consigning architects for planning and design, and entrusting construction companies to build, then sell the buildings to buyers through consignors.

(3)Trading

The upstream of the trading industry is manufacturers, who possesses the power to determine product specifications and cost prices. Midstream importers play a key role in integration. In accordance with government laws, consumer trends, and market demands, they are able to sell commodities to customers through dealers or channels of developers and stores by means of commodity combinations, marketing planning, and channel management.

(4)Hospitality

Miramar Hotel is an international tourism hotel, which mainly provides accommodation, hospitality and other multiple facilities and services for downstream consumers. The figure of industry relevance is as follows



3. Development trends and competitions

(1)Container Truck Transportation Enterprise:

Due to changes in the structure of the domestic industry, traditional industry relocation leads to a decrease in demands for export transportation, which causes an unbalance in transportation between the north and the south. In addition, in order to reduce costs, international ocean carriers in many countries one after another began the joint operation of large ships, which caused an unbalanced concentration of container transportation time. As a result, container transportation enterprises are faced with the challenges of joint operation costs and transportation scheduling. Some enterprises seek the supply of goods from domestic logistics companies to make up for the gap in operation. However, the new labor and management regulations announced by the government in March 2012 caused an additional pressure of operating costs on enterprises. Only enterprises good at cost control with competitive strength can survive.

(2)Construction

People in Taiwan pay more and more attention to their quality of life. Therefore, user-friendly designs and locations with good amenities will be the competitive advantages of future products.

The Company diversifies its operations. Construction is not its main business. The Company will maintain a prudent assessment attitude towards it to improve the Company’s competitiveness.

(3)Trading

In recent years, because there are many brands in the electronic appliance industry market, and due to the tense competition and increasing costs, profits have been relatively compressed, and the operating pressure on the industry has doubled. In addition to increasing the visibility of product sales, a well-established after-sales service system is necessary as well. In the future, the Company will continue to maintain a cautious attitude and evaluate relevant suitable products and industries for deployment to increase the Company's revenues and profits.

(4)Hospitality

A. Guestrooms

In recent years, Taiwan's industries have mostly transformed from manpower-intensive OEM industries to exquisite leisure services. For the tourism and leisure industry, people have been encouraged to pay more attention to leisure life year by year, since government policies promoted enterprises to take two days off each week, which has led to the prosperity of the tourism and travel service industry. In addition, Mainland China's economic opening to the outside world in recent years has accelerated the opportunities for tourists from Mainland China to travel abroad. Also, the Taiwanese government has fully promoted the tourism industry. With the booming trend of the tourism and leisure market, major domestic groups and international hotel brands have successively invested in the deployment of tourist hotels and leisure tourism-related facilities and services in Taiwan, which has set off a disruptive innovation in Taiwan's tourism and leisure industry.

Take the relevant statistics of domestic hotels in Taipei, by the end of 2022, there were 575 legal hotels, with 30,960 guestrooms, among which were 36 international tourism hotels and general tourism hotels, with guestroom reaching 9,229 rooms. The fierce competition of increasing numbers of rooms is in full swing. For the guestrooms of the Miramar Garden Taipei, even the basic type of guestroom is comfortable and spacious 13 pings. The hotel maintains a good relationship with peers in the tourism industry. Its diligent, high-quality service continues to be recognized by domestic and international business tourism.

B. Meals and banquets

At the end of 2022, after stepping down from the task of epidemic prevention hotel, Miramar Hospitality Co., Ltd. actively renovated the dining room and kitchen. Firstly, it redesigned the internal structure of the kitchen to facilitate the use of manpower. As for the restaurant, because consumers focus on visual pleasure, Miramar remodeled the whole restaurant to improve the sense of the interior decoration of the restaurant, simplified and refined the buffet table, and introduced the outdoor garden scenery into the overall vision of the restaurant, so that consumers who are looking for innovation and changes can feel the new pursuit of Miramar in their meals. Whether in terms of vision, taste, or sense, we will devote ourselves to enhancing the competitiveness of Miramar in catering. At the same time, we aim at our guests' demand for souvenirs. We combine selected local specialties in Taiwan and wrappings for various types of delicate gift boxes to make it convenient for guests to buy for themselves or for gift giving. In addition, the unique garden scenery leading to the restaurant has also become a unique product in the wedding banquet market. The European-style gazebo in the garden promoted as a romantic proposal booth, combined with catering, limousine pick-up, music performance and other marriage proposal package services, has become an excellent promotion tool for the new generation in the wedding and banquet market, and has been deeply favored by the new generation of consumers.

C. Clubs

The main targeted customers are the guests who stay in the hotel. At the same time, we recruit the responsible person and senior executive officers of the companies, and invite quests who subscribe to a healthy life to become members. The environment of fitness clubs has undergone important changes in recent years. Many fitness centers or clubs have been merged or closed due to poor management, causing members to leave accordingly. In addition, fitness club members now are stricter about quality, so having a fitness club in the hotel will be a big advantage.

(III) Technology and R&D

The Chas established the Business Planning Office, which is responsible for various corporate innovation, research, planning, and investment development work. Since the business form does not meet the recognition standards for accounting research and development expenses, research and development expenses are not recorded in the account, but In fact, the Company has spared no effort in investing in research and development, which is expecting to fundamentally improve the quality of manpower, increase productivity and further improve the long-term competitiveness of the Company.

Since the business nature of the Company does not meet the accounting standards for the recognition of research and development expenses, there is no specific research and development plan in the future.

(IV) Long-term and Short-term Business Development Plan

1. Container Truck Transportation Enterprise:

We will mainly focus on optimizing the container transportation business of the reinvested subsidiary in the future.

2. Construction

The Company will continue to evaluate prudently and develop locations with good amenities, construct houses and commercial buildings that meet the needs of people in Taiwan to develop the competitive advantages of the Company.

3. Trading

The Company will try to become involved in different business scopes and introduce various commodities for sale to expand the direction of business for future development.

4. Hospitality

In order to respond to the future development of the industry and trends of overall economic environment, the Company will plan the future operating direction of the Company by making long-term or short-term plans to improve its competitiveness. Summary of the Company's plans are as follows:

(1) Short-term business development plans:

A. Resigning from being epidemic prevention hotel and becoming a common hotel, the hotel is undergoing a 4-month refurbishing, which will let the market rediscover the new Miramar Garden Taipei.

B. Construct cooperative relationships with companies and travel agencies in the short-term.

C. Domestic tourism is the biggest market currently. Connect with OTA for sales and launch projects for people in Taiwan.

(2) Long-term business development plan:

A. Make assessment of each market and establish pricing and sales strategies.

B. Visit overseas markets, especially Japan, Korea, and Southeast Asian countries, to establish cooperative relationships.

II. Markets, production, and marketing

(I) Market analysis:

1.Main products service sales provision and territories:

(expressed in NT$ thousands)

Major products	**Market**	2020	2021	2022
Hospitality	Domestic sales	112,450	220,533	194,415
	Export sales	-	-	-
Construction	Domestic sales	-	-	-
	Export sales	-	-	-
Service	Domestic sales	-	-	-
	Export sales	-	-	-
Transportation	Domestic sales	491,222	569,898	534,139
	Export sales	-	-	-
Trading	Domestic sales	2,152	1,404	1,413
	Export sales	-	-	-
Total	Domestic sales	605,824	791,835	729,967
	Export sales	-	-	-

2.Market share:

The Company takes transportation services as its main focus and already occupies a place in the market. For the construction business, we maintain a cautious attitude to evaluate and select projects.

Under the pandemic in 2022, Miramar Garden Taipei still maintained an occupancy rate of 52%, which was far higher than that of other tourism hotels in Taipei.

The occupancy rate of Miramar Hospitality Co., Ltd. and the average occupancy rate of other hotels in Taipei for the past three years.

Year	2020	2021	2022
The total number of suites in Miramar (annual total)	74,095	74,095	74,095
The usage of suites in Miramar (annual total)	27,701	42,765	38,252
Annual occupancy rate of Miramar	37%	58%	52%
Tourism hotels in Taipei (annual average occupancy rate)	28%	25%	42%

3.Future demand and growth potential:

(1)Demands:

A. Container Truck Transportation Enterprise:

Currently, the global economy is still facing many risk factors, which deserve continuous attention, including the development of the COVID-19 epidemic and the schedule of relief on blockade measures in various countries, the subsequent situation of trade and technological disputes between the U.S. and Mainland China, the public debt crisis deepening financial fragility, and the recent war between Ukraine and Russia , as well as geopolitics, which all influence the international economic outlook. However, due to Taiwan’s appropriate epidemic prevention, the domestic manufacturing capacity of semiconductors, information and audio-visual products have been significantly expanded. The return of Taiwanese enterprises that expanded manufacturing capacities may respond to the trends of 5G, remote business opportunities, and the demand for stocking new electronic appliances, which helps mitigate the impact. Private investment will continue to promote top-class advanced manufacturing processes in semiconductors and green energy investment such as offshore wind power. Along with the investment of Taiwanese enterprises that have returned, the manufacturing capacity is expected to expand steadily. Although private consumption has been affected due to the pandemic, the pandemic has catalyzed online shopping at home, coupled with the government’s revitalization measures to accelerate the stabilization of the domestic economy, which will help support the growth momentum of private consumption. As announced by the Directorate General of Budget, Accounting and Statistics, Executive Yuan, the Q4 2022 economic growth rate was -0.41%, the 2022 annual growth rate was 2.45%, and the 2023 growth rate was estimated to be 2.12%.

Truck freight is linked with the domestic demand market. Facing uncertain factors, including the China–U.S. trade war, the slowdown in the Chinese economy, and risks in emerging markets, there might be an opportunity for relevant logistics transportation services due to the subsequent return of Taiwanese enterprises.

B. Construction:

In addition to integrated house and land transaction income tax version 2.0, the government also passed the "Equalization of the Land Rights Act" after the third reading to restrain housing prices that are too high. It is expected that the housing market will turn back to the demand for self-occupation, and the trading market will tend to become more stable.

C. Trading:

a. Household electronic appliances:

High-class exquisite household appliances have become a necessity for people nowadays. However, various enterprises have gradually introduced European brands from countries like Germany and Sweden, and new types of household electronic appliances are replacing old ones. In order to reduce losses, the Company will no longer operate in the household electronic appliance business after having sold out the commodities in stock.

b. Other commodities:

Because of the shortage in high-class building materials for construction, the Company introduced Angie sandalwood from Brazil in 2021. This kind of wood is tough and moisture resistant, and its price is affordable. Angie sandalwood and cedar boards are suitable for different customers.

D. Hospitality:

a. Guestrooms:

Miramar Garden Taipei has taken business demands as its main operating direction, and added tourism to increase its value. With complete facilities, attentive service, and professional management, Miramar Garden Taipei has been the first choice of business guests and tourists for hotels since its opening, and the hotel has been favored by the Japanese and domestic markets as well. In addition to business guests, we also actively strive for FITs and independent visitors from various countries.

b. Catering:

Domestic catering competition is severe, especially in Taipei, where the competition is in full swing. According to statistics from the Directorate General of Budget, Accounting and Statistics, the ratio of family eat-out amount to total food consumption was 10% twenty years ago, but it has increased to more than 30% in the past five years. Also, according to a survey of Global Views Monthly, the eat-out ratio of people in Taiwan has exceeded 70%, reaching 70.2%. The eat-out percentage of males is higher than that of females, reaching 76.1%, which is 11.7% higher than that of females. It is estimated that there are

3.3 million people eating out every day, mainly consisting of younger people under 35 years old. As the epidemic factors fades out, the frequency of people eating out and dining together is expected to increase. Coupled with the reopening of the border, foreign visitors are returning gradually, which provides momentum for domestic consumption.

c. Clubs:

In recent years, people have spent more time in leisure, which has accelerated the trend of fitness and sports. The fitness club attached to the hotel possesses a definite level of quality and competitive advantages. We provide a spacious and comfortable environment, complete sports facilities, and fitness training courses with professional coaches to meet the diverse needs of consumers, so as to increase the hotel's popularity and operational performance.

(2)Supplies:

A. Container Truck Transportation Enterprise:

Container transportation provides transoceanic cargo transportation services. Therefore, whether international trade is booming or not determines the prosperity and decline of container shipping stocks. As for economic intuition, the volume of international trade and GDP are highly correlated, which means that the volume of international trade and global GDP follow the same trend, showing characteristics of moving in the same direction. In terms of supply and demand in the shipping market, shipping is the main measure for the transportation of global goods. According to statistics of the United Nations Conference on Trade and Development (UNCTAD), the global shipping fleet still continues growing. According to the latest data from Alphaliner, as of May 2022, the number of container ships worldwide has reached 6,360, with a total of 25,598,844 TEU and 306,748,391 deadweight tonnage. Over the past two years, the shipping business has been like a rollercoaster ride due to the impact of COVID-19. As the pandemic slowed down in early 2020, the demand increased in 2021, which brought tremendous profit to freight forwarders. Because of a significant increase in customer demands, port bottlenecks in the U.S. and China due to the epidemic, and a surge of freight caused by the airspace block after Russia invaded Ukraine, the profit of the shipping industry hit a record high in the most recent quarters.

B. Construction:

Because the government is actively promoting policies against flipping properties, there will be a cooldown of investing demand in the future. The pressure for destocking new existing houses will emerge, and the market supply tends to be conservative.

C. Trading:

Currently, Taiwan tends to become a more M-shaped society, and the competition in the home appliance market also moves towards high-end products and affordable and durable products. To continue to develop the home appliance industry, it is necessary to separate a new market from the existing market. It is necessary to concentrate on developing customers of a certain level.

D. Hospitality:

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4. Favorable and unfavorable factors affecting competitive niche and development prospects and countermeasures

(1)Competitive niche

A. Utilize the professional expertise of container transportation, and combine the resources of affiliates to gradually expand the operational efficiency. Expand the business scale and market competitiveness through channels of alliances, mergers and acquisitions, and integration.

B. Horizontally combine the cross-industry experience and resources of affiliates to create the biggest synergy of integration.

C. Through insight into market demand and competition, establish a specific and feasible business model, development blueprint, and operational deployment.

D. Evaluate the development of individual construction projects carefully and separate markets to embrace the rejuvenation of the construction industry.

E. Miramar Garden Taipei possesses the intriguing and elegant exterior of a European building, lobby with high ceiling, and high and spacious guestrooms with fashion. There is a garden with unique design that is rare in the city around the hotel, creating a brand new sensual pleasure and experience of nature for city tourism. Located at the intersection of Civic Boulevard and Jianguo South Road, it is a short drive from the Taipei World Trade Center, East District shopping paradise, Syntrend Creative Park, and the Huashan 1914 Creative Park which has become popular in recent years. Convenient transportation allows tourists to complete business visits and enjoy the pleasure of leisure and shopping in a short time. The hotel provides complete and perfect services, including abundant and refined cuisines, a well-equipped fitness club, superior business conference equipment, and multifunctional services like parking, laundry, and room service, to satisfy visitors on vacation with leisure pleasure and business visitors’ demands for convenience.

(2)Favorable and unfavorable factors affecting development prospects and countermeasures

A. Favorable factors:

a. Container Truck Transportation Enterprise:

(a) Stability of business:

Since its establishment, the Company has been upholding an attitude of diligence to provide customers with the safest and timeliest service, and has won the recognition of the shipping industry and consignees. In particular, the main customers of the Company are all long-term partners, and trust in the service quality of the Company. Therefore, we can accurately grasp business trends and maintain stability. Also, the Company has maintained excellent relationships with its peers, which contributes to the stability of the Company's business.

(b) Flexibility in fleet scheduling:

Fleet scheduling is an important part in the overall operation of container transportation, and the Company's flexible scheduling capabilities have long been recognized by the industry. There are liaison offices and dedicated fleets in Keelung, Taoyuan, Taichung, and Kaohsiung, providing the service network with convenient high mobility to customers in various regions. We can respond to market demands at all times, dispatch fleets in various regions, and reduce the mileage of empty trucks to reduce costs.

(c) Enhance service quality to expand customer sources:

The Company successfully passed the ISO 9002 evaluation of international quality assurance in early 1993, which contributed to the improvement of the Company's image and the development of customer sources, especially for the professional transportation of chemical tank containers newly added by the Company in 1992. The four certifications obtained are beneficial to winning more chemical tank container transportation business.

b. Construction:

(a) Land in metropolitan areas is becoming increasingly rare, so market prices are still high.

(b) Convenient transportation systems will drive the growth of regions.

(c) Since existing buildings are old and the seismic capabilities of houses built before the September 21 earthquake of 1999 are insufficient, there will be demand for changing houses in the future.

c. Trading:

(a) The trade industry has shrunk in the past few years due to factors such as supply chain disruptions and an increase in transportation costs caused by the pandemic. Now, the impact of the pandemic has gradually faded out as the WHO announced the end of the pandemic. Coupled with the recovery of the tourism industry, various consumption demands have also increased accordingly. In response to the recovery of the global economy, we will introduce niche products for sale as an agent to expand customer base and increase profits.

d. Hospitality:

(a) Miramar Garden Taipei has been popular in the Japanese market and been recognized for the high quality of the products of the hotel by peers since its opening.

(b) With the recognition from the Tourism Bureau and people from all walks of life, Miramar Garden Taipei was awarded the five-star rating hotel certification in September 2015.

(c) The hotel will continue updating the physical facilities of the guestrooms, improving the hotel facilities, and enhancing the service quality of the hotel.

(d)Renovate the interior of all guestrooms in the hotel to increase the overall value of guestrooms.

(e) The interior renovation of conference rooms, the gym, sauna, pool, light meal restaurant, and the bar next to the pool located on the second floor has been completed. Whether for business conferences, dining, or tourism, we believe this will attract new customers.

B. Unfavorable factors:

a. Container Truck Transportation Enterprise:

(a) Industry relocation and slowdown in growth of exports:

With internationalization and liberalization in recent years, Taiwan is also facing the impact of labor movements and rising awareness of environmental protection. The pressure of sharply rising labor costs and pollution prevention costs has led to the phenomenon of industrial relocation, which has affected the growth rate of Taiwan’s exports.

(b) Rising operating costs:

Because of geopolitical influence, the international oil price hiked, which has caused a continuous increase in the price of raw materials. Plus, factors like the regulations of “One Fixed Day Off and One Flexible Rest Day per Week” in Taiwan and rising labor awareness have led to an increase in operating costs. Market prices were restricted due to the impact of economic growth and could not be adjusted to reflect the costs. However, the Company may effectively control part of the pressure from rising costs with countermeasures such as strengthening equipment maintenance, enhancing vehicle operation rates, and developing high value-added transportation services.

b. Construction:

(a) The government continues to promote measures against flipping properties, which will have impact on the housing market.

(b) Followed by global inflation, an increase in interest rates, raw materials prices, and wages will have impact on the costs and funds of the Company.

(c) The problem of the aging population with too few children becomes more and more serious, resulting in a decrease in the demand for houses.

c. Trading:

(a) Affected by interest rate hikes and the war, various costs of the manufacturing industry have increased significantly. In addition, the effect of geopolitics restricted sales regions and influenced profitability.

d. Hospitality:

(a) Domestic industries were influenced by the global economic environment as well. Business activities tend to be conservative.

(b) Other hotels at the same level in the market and even international five-star hotels have adopted highly elastic pricing policies.

(c) The tourism industry has not yet recovered from the impact of the global pandemic.

C. Countermeasures

a. Utilize resources of affiliates to obtain advantages to lower operating costs, enhance competitiveness to achieve goals of retaining and expanding customer sources, and research and develop feasible supportive services to assist in the increase of freight volume.

b. Look for the integration of peers and expands opportunities for oil and goods transportation.

c. Select the locations of projects carefully, plan for products that meet consumer needs, and shorten the schedules of development and construction.

d. Refurnish and reopen, hold an opening banquet, and establish relationships with cooperative vendors.

e. As the borders open, participate in domestic and overseas travel fairs to increase exposure.

(II) Important uses and production processes of major products:

1. Important uses of major products

(1) Container Truck Transportation Enterprise

A. Shipside work: container transportation between the dock terminal and the inland container terminal.

B. CY container transportation: container transportation between the owner's factory and the container terminal.

C. North-south container transition: long-distance container transportation among the regions of Keelung, Taoyuan, Taichung, and Kaohsiung.

D. Chemical oil tank container transportation: oil tank container transportation between the oil tank areas at ports and chemical plants.

E. Oil transportation: gasoline and diesel delivery between oil supplier tank stations and customers' gas stations.

F. Logistics and transportation: transportation services cooperating with logistics companies to deliver from their logistics warehouses to their designated locations.

(2) Construction

A. Residential buildings: homes, stores, parking lots.

B. Plant and business buildings: plants, stores, parking lots.

(3) Trading

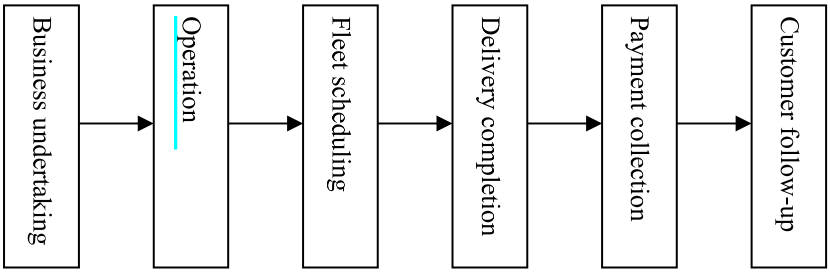
The Company's products are household consumer goods and building materials.

(4) Hospitality

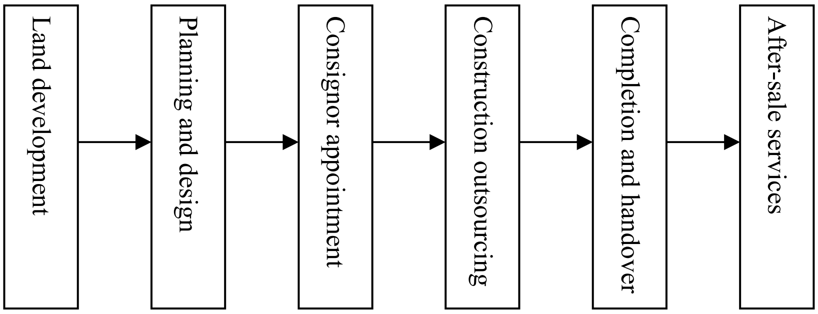
The main product management of Miramar Garden Taipei is to rent guestrooms, provide meals, and provide relevant facilities such as conference rooms and saunas. All of this is aimed at the biggest satisfaction of the customers.

2. Production process of main products

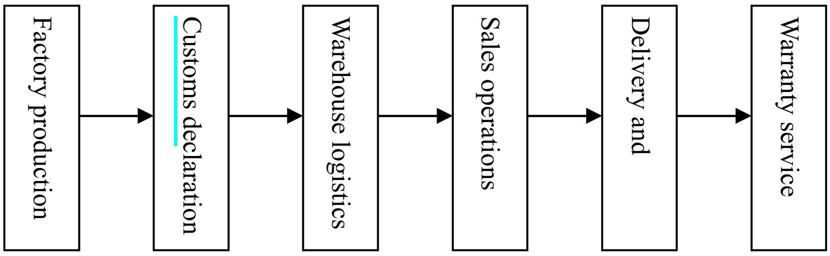
(1)Transportation service process:



(2)Construction business process:



(3)Trading business process:



(4)Hospitality business process:

The main business of Miramar Hotel is the sales of tourism services of Tourist Hotel, and there is no manufacturing process, so it is not applicable.

(III) Supply status of main raw materials:

1. Container Truck Transportation Enterprise: there is no raw materials supply problem in the transportation service industry.

2. Construction business: the Company's main raw materials are land and construction.

(1)Land: obtained through self-development or land purchase and joint construction and develop land with value-added potential as soon as possible.

(2)Engineering: contracted construction projects are all given priority to project quality, management and planning and relevant contracts are drawn up to standardize the rights and obligations of both parties to ensure safety.

3.Trading business: The kitchen and bathroom electronic appliances sold by the Company as an agency are all assembled at the original factory.

4.Hospitality business: Miramar Garden Taipei is a tourist hotel and mainly operates guestroom rental and catering services. Its main raw materials are utilities for customers and fresh foods, the supply of which is stable.

(IV) List the name, purchasing amount and proportion of suppliers with over 10% of the total purchase in any one of the past two years. State the reasons of changes:

1.Purchase (data of major suppliers in the last two fiscal years)

Unit: NT$ thousand

	2021				2022			
Item	Company Name	Amount	Percentage in net annual purchase amount (%)	Relations with the company	Company Name	Amount	Percentage in net annual purchase amount (%)	Relations with the company
1	Supplier G	125,416	20%	None	Supplier G	97,391	17%	None
2	Others	509,115	80%		Others	474,412	83%	
3	Net purchase amount	634,531	100%		Net purchase amount	571,803	100%	

Note 1: List all suppliers accounting for ten percent or more of the Company's total procurement amount in the two most recent fiscal years and the amounts bought from each and the percentage of total procurement accounted for by each. If the Company is prohibited by contract from revealing the name of a supplier, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name.

Changes: There was no significant changes in major suppliers in the two most recent fiscal years.

2.Sales (data of major sales customers in the last two fiscal years)

(expressed in NT$ thousands)

	2021				2022			
Item	Company Name	Amount	Percentage in net annual sales amount (%)	Relations with the company	Company Name	Amount	Percentage in net annual sales amount (%)	Relations with the company
1	Customer T	249,100	31%	Substantive related party of affiliate	Customer T	230,815	32%	Substantive related party of affiliate
2	Customer V	78,896	10%	None	Customer V	120,536	17%	None
3	Others	463,839	59%		Others	378,616	51%	
4	Net sales amount	791,835	100%		Net sales amount	729,967	100%	

Note 1: List all customers accounting for ten percent or more of the Company's total sales amount in the two most recent fiscal years and the amounts sold to each and the percentage of total sales accounted for by each. If the Company is prohibited by contract from revealing the name of a customer, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name.

(V) Consolidated table for production value for the last two fiscal years:

(expressed in NT$ thousands)

Year / Major products (or by department)	2021			2022		
	Capacity	Volume	Value	Capacity	Volume	Value
Transportation	—	—	500,239	—	—	460,881
Hospitality	—	—	133,352	—	—	108,349
Construction	—	—	—	—	—	—
Trading	—	—	940	—	—	2,573
Total	—	—	634,531	—	—	571,803

(VI) Consolidated table for sales value for the last two fiscal years:

(expressed in NT$ thousands)

Year / Major products (or by department)	2021				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Transportation	—	569,898	—	—	—	534,139	—	—
Hospitality	—	220,533	—	—	—	194,415	—	—
Construction	—	—	—	—	—	—	—	—
Trading	—	1,404	—	—	—	1,413	—	—
Total	—	791,835	—	—	—	729,967	—	—

III. Employees information:

Information on employees employed in the past two years and as of the publication date of the annual report:

Year		2021	2022	2023 up to May 2
Number of employees	Business operation staff	215	170	179
	Administrative management staff	84	70	66
	Total	299	240	245
Average age		42.4	44.4	45.2
Average service year		7.6	9.8	9.5
Educational level distribution percentage	Master	2%	6%	6%
	University and College	37%	52%	53%
	Senior high school (vocational school)	43%	29%	27%
	Below senior high school (vocational school)	18%	13%	14%

IV. Information on environmental protection expenditure:

(I) Losses and fines due to pollution by the date of report publication: NA

(II) Future countermeasures and possible expenditure

1.Countermeasures

(1)Vehicles for business operation are regularly maintained. When the driver finds any abnormality, the vehicle concerned will be handed over to the maintenance unit for comprehensive repair. After the inspection results meet the specified standards, the further operations will be arranged.

(2)The waste engine oil, tires, and waste batteries produced by vehicle maintenance will be delivered to relevant companies for recycling.

(3)Replace old vehicles with the latest environmentally friendly ones.

(4)For the housing construction of the Company, we carefully select construction contractors with good reputation in advance, and dispatch supervising staff to supervise and have contractors to enhance various pollution prevention and control works.

2.Estimated amount of loss, disposal and compensation that may occur if countermeasures are not adopted: None.

V. Labor-management relations

(I) Company's employee welfare measures, continued education, training, retirement system and implementation thereof and labor management agreement and various employee benefit protection measures status

1.Employee welfares, continuing education and training measures:

(1)The Employee Welfare Committee of the Company was established in April 1990. Most of the welfare measures organized by the Company in previous years have been sponsored by the committee since its establishment. The benefits of the Company and the Employee Welfare Committee are as follows:

A. Wedding subsidies
B. Childbirth subsidies
C. Death subsidies
D. Hospitalization subsidies
E. Scholarship for child education
F. Recreational and other welfare matters
G. Souvenir for retirement
H. Group insurance

(2)Labor and health insurance: All employees shall participate in labor and national health insurance according to regulations and enjoy the rights to labor insurance benefits and medical care.

(3)Staff training and continuing education subsidies:

A. A budget is prepared every year, and pre-onboarding training and on-the-job training lectures are given to employees.

B. For work-related training and courses, the training expenses shall be fully borne by the Company.

C. If there is no training course directly related to work, half of the amount will be subsidized if approved by the Company.

(4)Labor health check: in order to comply with regulations and take into account the health of employees, a health check of all employees is held every 3 years.

The results of the Company's recent annual education and training are as follows:

Courses	Number of classes	Number of attendees	Total training hours	Total expenses (NT$)
Profession training	85	488	1,350	168,825
Leadership	7	9	50	
General training	3	65	8	
Training for the newly-recruits	35	113	285	
Digital learning	10	10	68	
Total	140	685	1,761	

2. Retirement system and implementation status
The Company cooperates with the new system of labor retirement and revises the employee retirement method to comply; those who choose the new system, in addition to continuing to retain their seniority, shall also contribute labor pensions in accordance with the law; those who choose the old system will continue to contribute to the Company’s pension reserves account in Bank of Taiwan in accordance with regulations and there is also a preferential retirement system, which has been approved and recorded through legal procedures, and the calculation method of pensions for those eligible for retirement will be handled in accordance with relevant laws and regulations.
3. Labor management agreement and various employee benefit protection measures status:
The relationship between the labor and management of the Company is harmonious. The labor-management meeting is held every three months in accordance with the law to communicate various labor issues between labor and management. The Company will continue to maintain a harmonious and rational labor-management relationship, as well as paying attention to legal trends to avoid labor disputes. At the same time, we will continue to fully coordinate in the past, taking into account the competitiveness of the industry, and through the joint cooperation of labor and management. We will jointly seek the growth of the Company’s business and the improvement of employee well-being.
4. Employee code of conduct or ethics:
The Company has formulated “Service Rules” and all internal and external employees of the Company shall maintain a high level of personal conduct and professional ethics. When engaging in daily work and business, it is required to strictly abide by the Company’s professional ethics standards, maintain the company reputation and win the respect and trust of customers, suppliers and the general public. The content includes:
(1) Employees are aware of and abide by the code of ethics and personal integrity.

(2) Employees shall avoid any conflict or potential influence between personal interests and company interests.
(3) For suppliers, contractors, customers, and other personnel/entities related to the Company's business (including government agencies), the highest professional ethics standards shall be upheld, and no gifts, money or entertainment shall be accepted or given to affect normal business relationships and judgments. Bribery in any form shall be strictly prohibited.

All employees are responsible for complying with this policy and related procedures. Heads at all levels shall fully implement and ensure that their direct employees understand, accept and abide by the relevant regulations.

5. Working environment and workplace safety of employees:

At the beginning of the design of various software and hardware facilities in the Company's office premises, the protection of employees' safety is the top priority to ensure that employees can have the greatest protection when they are working. The Company's entrances are equipped with access control devices and fire-proof doors at the emergency exits. There is also security monitoring equipment at the main entrance to ensure the personal safety of employees.

The air-conditioning system is disinfected and sterilized every three months, the whole premises of the Company is disinfected and cleaned every six months and the air-conditioning equipment is fully maintained every two years.

Various electromechanical or firefighting facilities (such as fire alarms and fire extinguishers) are regularly maintained or repaired from April to June every year to ensure that they are in the best available condition at all times.

In addition to providing labor and health insurance for all employees, the Company also provides insurance such as group insurance and travel insurance and prepares medical kits, masks, sanitizers, topical medicine, etc. all the time and provides employee rescue and protection measures, when necessary.

In terms of ensuring the safety of employees performing operations, pre-boarding training will be provided before onboarding, which will be led by senior employees for three days to ensure that the new recruits fully understand the safety of operations. In addition to prioritizing the safety of employees in the event of an accident when purchasing new vehicles, each operation is equipped with breath analyzers and sphygmomanometers, which conduct alcohol tests for employees from time to time and measure blood pressure on a regular basis every month. Furthermore, each vehicle is equipped with GPS, driving vision assistance system and in-vehicle monitoring system , to ensure safe driving. We also regularly invite firefighters or other related professionals in March and September every year to hold vehicle safety education and training on issues such as driving safety, simple vehicle maintenance procedures and personnel rescue.

(II) For the most recent fiscal year and up to the printing date of the annual report, the losses due to labor-management disputes, current and possible future estimated amount and countermeasures are disclosed:

1. Losses suffered by the Company due to labor disputes in the most recent year and up to the date of publication of the annual report: None.
2. Estimated amount and response measures that may occur at present and in the future: None.

VI. Cyber Security Management

(I) Information and communication security risk management structure, information and communication security policy, specific management programs, and resources invested into the information and communication security management, etc.

1. Cyber security risk management architecture

The Company's information security unit is the information room, which has an information supervisor and an information engineer who are responsible for formulating the Company's information security policies, planning information security measures, and implementing related information security operations.

The Company's Auditing Office is the inspection unit of information security supervision. If the inspection finds deficiencies, it will immediately require the inspected unit to propose relevant improvement plans and report to the board of directors and regularly track the improvement results to reduce internal information security risks.

Every year, CPAs conduct information operation inspections and if any deficiencies are found, they will require improvement measures to be adopted and track the improvement results.

2. Cyber security policy and management solution

In order to strengthen information security management, ensure the availability, integrity and confidentiality of information and avoid internal and external deliberate or accidental threats, the Company's information security facilities and management methods are divided into six major items, which are described below :

(1) Computer equipment security management

A. The Company's computer mainframe, application servers and other equipment are all installed in a dedicated computer room and the access to the computer room is controlled by IT staff and access records are kept for inspection.

B. The computer room is equipped with an independent air conditioner to maintain the operation of computer equipment at an appropriate temperature environment; and the chemical fire extinguishers are available, which can be used to put off fires caused by general factors or electrical appliances.

C. The computer mainframe in the computer room is equipped with uninterruptible power supply and voltage stabilizing equipment to prevent the system from crashing due to accidental momentary power outages of Taipower or to ensure that the operations of the computer application system will not be interrupted during temporary power outages.

(2) Network security management

A. Strengthen network control and configure enterprise-level firewalls to prevent hackers from illegally intruding.

B. The Taipei headquarter and each branch office use the connection operation method of designated IP location and cooperate with the firewall to set a fixed IP for each office to prevent non-group members from accessing the internal network and various services.

C. Staff who want to remotely log into the company intranet to access the ERP system must borrow a laptop or desktop from the information room and ask for a VPN account and password before logging in.

(3) Virus protection and management

A. End point protection software is installed in the server and colleagues' computers and the virus code is automatically updated to ensure that the latest viruses can be blocked and at the same time, it can detect and prevent the installation of potentially threatening system execution files.

B. The anti-virus software only quarantines or deletes the detected or intercepted viruses immediately, but also requires colleagues to report to the information room so that information personnel can take corresponding actions.

(4) System access control

A. Staff using each application system shall fill in the information system account application form, and after approval by the supervisor, the Information Office will create a system account and set permissions before accessing it.

B. When setting account passwords, the passwords shall be regularly changed for each specified period (three months) and shall have appropriate complexity (containing both alphabets and numerical numbers).

C. Any staff undergoing the resignation (retirement) procedures shall fill in the application for the information system account and delete each and all of his/her system account(s).

(5) Ensure the sustainable operation of the system

A. Back up the server and other data to the external hard disk through the software in two copies and exchange the local and remote external hard disks every week.

B. Disaster recovery drills: Conduct simulation drills every year to ensure the correctness and effectiveness of backup data.

(6) Information security publicity and education and training

A. During the education and training of new employees, publicize information security policies and goals.

B. Regularly publicize information security risks and the latest information security information to colleagues to strengthen personnel information security awareness.

C. Assign Information Office personnel to obtain new knowledge, constantly update information security knowledge and participate in lectures to communicate and cooperate with other companies.

3. Resources for cyber security management

(1) Network hardware equipment such as firewall, anti-virus, and spam filtering for emails.

(2) Software systems such as endpoint protection systems, and backup management software, etc.

(3) Manpower input such as: daily system status checks, weekly regular backups and the implementation of off-site storage of backup media, annual information security publicity, annual system disaster recovery simulation drills, annual internal audits of information cycles, audits by accountants, etc.

(4) Information security manpower: One information supervisor and one information engineer, responsible for information security architecture design, information security maintenance and monitoring, information security incident response and investigation, information security policy review and revision.

(II) For most recent fiscal year and up to the printing date of the annual report, the loss due to major cyber security events, possible impact and countermeasures. If it cannot be reasonably estimated, explanation of facts for such failure of reasonable estimation shall be described: there is no major cyber security event in the Company in the current fiscal year.

VII. Important contracts:

Supply and sales contracts, technical cooperation contracts, construction contracts, long-term loan contracts and other important contracts that are sufficient to affect shareholders' rights and interests that are still valid as of the publication date of the annual report and expired in the most recent fiscal year:

Type of Contract	Client	Contract Term	Description	Restrictions
Operation contract	Tze Shin International Co., Ltd. and Ocean Network Express (Taiwan) Co., Ltd. (ONE)	April 1, 2018, to March 31, 2023	Transport of part of inland transshipment of container transportation entering and leaving ports in Taiwan.	None
Operation contract	Tze Shin International Co., Ltd. and ZIM Integrated Shipping Services Ltd. (ZIM)	November 15, 2018, to May 31, 2023	Transport of part of inland transshipment of container transportation entering and leaving ports in Taiwan.	Monthly on-time rate must exceed 95%.
Operation contract	Tze Shin International Co., Ltd. and DHL Global Forwarding (Singapore) Pte. Ltd. Taiwan Branch (DHL)	December 11, 2018, to December 31, 2022.	Undertake inland CY container transportation.	KPI must be achieved.
Operation contract	Tze Shin International Co., Ltd. and President Transnet Corp.	May 26, 2014, to December 31, 2022.	Undertake transshipment of Black Cat delivery service.	Publicity is prohibited. Personal information and confidential information protection.
Operation contract	Tze Shin International Co., Ltd. and Quanzhou Fengze Shipping Corp. (HAI XI)	February 1, 2016, to December 31, 2022.	Undertake inland transshipment of container transportation entering and leaving ports in Taiwan.	None
Operation contract	Tze Shin International Co., Ltd. and Formosa Petrochemical Transportation Corporation	December 1, 2013, to February 28, 2022	Gasoline and diesel transportation.	None
Joint construction contract	Tze Shin International Co., Ltd. and Tse-Shih Yang	November 28, 2022, until the completion of the joint construction.	Joint construction of houses on land located at 3rd Subsection, Shijian Section, Wenshan District, Taipei City.	None
Joint construction contract	Tze Shin International Co., Ltd. and Tse-Shih Yang	December 29, 2022, until the completion of the joint construction.	Joint construction of houses on land located at 2nd Subsection, Juguang Section, Wanhua District, Taipei City.	None
Development and management contract to promote the private sector to participate in the construction of affordable hotels in Taipei City.	Miramar Hospitality Co., Ltd. and Tourism Bureau of the Ministry of Transportation and Communications	April 12, 2004, to April 12, 2054.	Responsibilities and obligations for investment, development, and operation of the hotel and its facilities.	During the contract period, the operating royalties shall be paid based on 8% of the operating revenue of the financial statements. When the superficies acquired by the Company expire, they shall be

Type of Contract	Client	Contract Term	Description	Restrictions
				conveyed to the government without payment of consideration.
Long-term borrowing contracts	Miramar Hospitality and Taiwan Cooperative Bank	January 17, 2022, to January 17, 2024.	Medium and long term loans	Time deposit pledged for an amount equal to 10% of drawdown.
Long-term borrowing contracts	Miramar Hospitality and Chang Hwa Bank	From May 4, 2021, to September 03, 2026.	Medium and long term loans	Financing from the Tourism Bureau, Ministry of Transportation and Communications, limited to employee salary payments.
Long-term borrowing contracts	Miramar Hospitality and First Commercial Bank	From January 13, 2023, to January 12, 2028.	Medium and long term loans	Property and Use of Land Asset secured Loan

Six. Financial Information

I. Consolidated balance sheet, comprehensive profit and loss statement, name of CPA and audit opinions for the last five fiscal years

(I) 1. Condensed Consolidated Statement of Financial Position-IFRS

Unit: NT$ thousand

Item \ Year		Financial information for the latest 5 fiscal years				
		2018	2019	2020	2021	2022
Current assets		1,901,026	1,652,600	2,195,188	2,627,222	1,954,950
Property, plant and equipment (Note 1)		1,209,895	1,193,422	877,715	239,092	225,360
Intangible assets		498,581	487,067	467,745	437,093	416,257
Other assets (Note 1)		713,233	1,355,140	987,311	930,117	997,280
Total Assets		4,322,735	4,688,229	4,527,959	4,233,524	3,593,847
Current liabilities	Before distribution	1,263,359	1,155,629	1,101,284	392,620	326,628
	After allocation	1,336,336	1,155,629	1,101,284	564,440	Note 2
Non-current liabilities		232,521	836,781	702,706	569,450	553,054
Total liabilities	Before distribution	1,495,880	1,992,410	1,803,990	962,070	879,682
	After allocation	1,568,857	1,992,410	1,803,990	1,133,890	Note 2
Equity attributed to owners of the parent		2,570,972	2,435,596	2,510,319	3,030,205	2,473,456
Equity		1,779,942	1,759,942	1,729,942	1,718,202	1,890,023
Capital reserve		3,316	7,254	17,786	20,858	20,857
Retained earnings	Before distribution	797,466	595,646	595,915	970,707	462,832
	After allocation	724,489	595,646	595,915	798,887	Note 2
Other equity		(9,752)	72,754	175,340	320,438	99,744
Treasury shares		--	--	(8,664)	--	--
Non-controlling interests		255,883	260,223	213,650	241,249	240,709
Total equity	Before distribution	2,826,855	2,695,819	2,723,969	3,271,454	2,714,165
	After distribution	2,753,878	2,695,819	2,723,969	3,099,634	Note 2

Note 1: No asset revaluation was conducted in the most recent quarter.
Note 2: The distribution is pending resolution from the 2023 shareholders' meeting.

2. Consolidated Condensed Statements of Comprehensive Income-IFRS

Unit: NT$ thousand

Item \ Year	Financial information for the latest 5 fiscal years				
	2018	2019	2020	2021	2022
Operating revenue	937,679	902,882	605,824	791,835	729,967
Gross profit	220,439	221,593	45,713	157,304	158,164
Operating profit (or loss)	(2,884)	11,200	(148,941)	(31,803)	(15,903)
Non-operating income and expenses	46,695	(177,924)	88,695	357,984	(224,625)
Net income (loss) before tax	43,811	(166,724)	(60,246)	326,181	(240,528)
Net income of continuing business unit	50,596	(120,155)	(60,982)	315,280	(245,162)
Loss on discontinued operation	--	--	--	--	--
Net income (loss)	50,596	(120,155)	(60,982)	315,280	(245,162)
Other comprehensive income of the current year (net amount after-tax)	(33,598)	78,886	121,266	228,416	(127,332)
Total comprehensive income (loss) for the year	16,998	(41,269)	60,284	543,696	(372,494)
Net income attributed to shareholders of the parent	51,558	(125,149)	(17,841)	291,201	(259,843)
Net profit attributed to non-control equity	(962)	4,994	(43,141)	24,079	14,681
Total comprehensive income attributed to owners of the parent	20,332	(46,299)	102,855	519,890	(384,927)
Total comprehensive income attributed to non-control equity	(3,334)	5,030	(42,571)	23,806	12,433
Earnings per share (EPS) (NT$)	0.29	(0.71)	(0.10)	1.69	(1.37)

(II)1. Individual Condensed Statement of Financial Position-IFRS

Unit: NT$ thousand

Item \ Year		Financial information for the latest 5 fiscal years				
		2018	2019	2020	2021	2022
Current assets		1,640,998	1,444,088	2,016,631	2,158,427	1,588,721
Property, plant and equipment (Note 1)		178,924	176,319	190,549	181,188	169,250
Intangible assets		635	462	289	161	45
Other assets (Note 1)		1,411,835	1,530,745	793,668	778,009	762,222
Total Assets		3,232,392	3,151,614	3,001,137	3,117,785	2,520,238
Current liabilities	Before distribution	480,713	446,913	331,051	77,678	40,127
	After allocation	553,690	446,913	331,051	249,498	Note 2
Non-current liabilities		180,707	269,105	159,767	9,902	6,655
Total liabilities	Before distribution	661,420	716,018	490,818	87,580	46,782
	After allocation	734,397	716,018	490,818	259,400	Note 2
Equity attributed to owners of the parent		2,570,972	2,435,596	2,510,319	3,030,205	2,473,456
Equity		1,779,942	1,759,942	1,729,942	1,718,202	1,890,023
Capital reserve		3,316	7,254	17,786	20,858	20,857
Retained earnings	Before distribution	797,466	595,646	595,915	970,707	462,832
	After allocation	724,489	595,646	595,915	798,887	Note 2
Other equity		(9,752)	72,754	175,340	320,438	99,744
Treasury shares		--	--	(8,664)	--	--
Non-controlling interests		--	--	--	--	--
Total equity	Before distribution	2,570,972	2,435,596	2,510,319	3,030,205	2,473,456
	After distribution	2,497,995	2,435,596	2,510,319	2,858,385	Note 2

Note 1: No asset revaluation was conducted in the most recent quarter.
Note 2: The distribution is pending resolution from the 2023 shareholders' meeting.

2. Individual Condensed Statements of Comprehensive Income-IFRS

Unit: NT$ thousand

Item \ Year	Financial information for the latest 5 fiscal years				
	2018	2019	2020	2021	2022
Operating revenue	235,446	224,371	142,571	169,290	127,728
Gross profit (loss)	58,707	53,411	(815)	23,472	25,178
Operating profit (or loss)	231	(1,887)	(63,708)	(38,704)	(32,710)
Non-operating income and expenses	46,258	(174,839)	60,556	335,781	(228,520)
Net income (loss) before tax	46,489	(176,726)	(3,152)	297,077	(261,230)
Net income of continuing business unit	51,558	(125,149)	(17,841)	291,201	(259,843)
Loss on discontinued operation	--	--	--	--	--
Net income (loss)	51,558	(125,149)	(17,841)	291,201	(259,843)
Other comprehensive income of the current year (net amount after-tax)	(31,226)	78,850	120,696	228,689	(125,084)
Total comprehensive income (loss) for the year	20,332	(46,299)	102,855	519,890	(384,927)
Net income attributed to shareholders of the parent	51,558	(125,149)	(17,841)	291,201	(259,843)
Net profit attributed to non-control equity	--	--	--	--	--
Total comprehensive income attributed to owners of the parent	20,332	(46,299)	102,855	519,890	(384,927)
Total comprehensive income attributed to non-control equity	--	--	--	--	--
Earnings per share (EPS) (NT$)	0.29	(0.71)	(0.10)	1.69	(1.37)

(III) Names of CPAs and audit opinions for the last five fiscal years

Year	CPA	Audit opinions
2018	CPAs Chih-Yuan Chen and Shui-En Liu	No qualified opinions and additional matters
2019	CPAs Chih-Yuan Chen and Shui-En Liu	No qualified opinions and additional matters
2020	CPAs Chih-Yuan Chen and Yao-Lin Huang	No qualified opinions, additional matters and emphasis
2021	CPAs Chih-Yuan Chen and Han-Ni Fang	Unqualified opinion
2022	CPAs Han-Ni Fang and Chao-Yu Chen	Unqualified opinion

II. Financial Analysis for the Past Five Years:

(I) Consolidated financial analysis- IFRS

Analysis Item (Note 3)	Year	Financial Analysis for the Past Five Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to assets ratio	34.60	42.50	39.84	22.73	24.48
	Long-term capital to property, plant and equipment ratio	252.86	296.00	390.40	1,606.45	1,449.78
Debt servicing capability (%)	Current ratio	150.47	143.00	199.33	669.15	598.52
	Quick ratio	144.53	136.16	180.54	617.50	541.57
	Times interest earned	3.27	(5.34)	(1.46)	22.84	(18.08)
Utility	Average collection turnover (times)	3.84	4.17	3.47	5.17	5.06
	Average collection days	95	88	105	71	72
	Average inventory turnover (times)	25.46	25.39	5.35	3.49	3.29
	Average payable turnover (times)	8.64	8.44	7.41	7.67	7.67
	Average inventory turnover days	14	14	68	105	111
	PP&E turnover (times)	0.78	0.75	0.59	1.42	3.14
	Total assets turnover (times)	0.22	0.20	0.13	0.18	0.19
Profitability	Return on asset (%)	1.54	(2.31)	0.04	6.92	(6.38)
	Return on equity (%)	1.83	(4.53)	(0.66)	9.71	(8.68)
	Net income before tax to paid-in capital ratio (%)	2.46	(9.47)	(3.48)	18.98	(12.73)
	Net profit margin (%)	5.50	(13.86)	(2.94)	36.78	(35.60)
	Earnings per share (in NTD)	0.29	(0.71)	(0.10)	1.69	(1.37)
Cash flow	Cash flow ratio (%)	8.15	10.02	(5.21)	86.14	32.03
	Cash flow adequacy ratio (%)	101.68	90.20	72.22	134.64	106.10
	Cash reinvestment ratio (%)	2.51	1.30	(1.64)	9.41	(2.24)
Leverage	Operating leverage	(18.85)	8.51	0.48	(1.91)	(3.59)
	Financial leverage	0.13	(0.74)	0.86	0.68	0.56

Note 1: Basic earnings per share are calculated based on the weighted average number of shares outstanding during the year.

Note 2: Formulas shall be shown at the end of the table in the annual report: Please refer to Page 107.

(II) Individual financial analysis- IFRS

Analysis Item (Note 3)		Financial Analysis for the Past Five Years: 2018	2019	2020	2021	2022
Financial structure (%)	Debt to assets ratio	20.46	22.72	16.35	2.81	1.86
	Long-term capital to property, plant and equipment ratio	1,537.90	1,533.98	1,401.26	1,677.87	1,465.35
Debt servicing capability %	Current ratio	341.37	323.13	609.16	2,778.69	3,959.23
	Quick ratio	335.05	306.77	556.14	2,546.08	3,533.44
	Times interest earned	5.34	(19.26)	0.64	513.20	(2,212.81)
Utility	Average collection turnover (times)	3.07	4.00	3.57	6.76	6.37
	Average collection days	119.00	91	102	54	57
	Average inventory turnover (times)	6.58	6.66	1.38	0.81	0.59
	Average payable turnover (times)	5.54	4.93	4.74	5.07	4.63
	Average inventory turnover days	56.00	55	264	451	619
	PP&E turnover (times)	1.30	1.26	0.78	0.91	0.73
	Total assets turnover (times)	0.07	0.07	0.05	0.06	0.05
Profitability	Return on asset (%)	1.85	(3.70)	(0.35)	9.53	(9.21)
	Return on equity (%)	2.02	(5.00)	(0.72)	10.51	(9.44)
	Net income before tax to paid-in capital ratio (%)	2.61	(10.04)	(0.18)	17.29	(13.82)
	Net profit margin (%)	21.90	(55.78)	(12.51)	172.01	(203.43)
	Earnings per share (in NTD)	0.29	(0.71)	(0.10)	1.69	(1.37)
Cash flow	Cash flow ratio (%)	0.49	7.18	(42.74)	648.21	(12.22)
	Cash flow adequacy ratio (%)	28.26	(12.03)	13.63	190.66	118.71
	Cash reinvestment ratio (%)	(0.76)	(2.04)	(6.12)	18.92	(8.17)
Leverage	Operating leverage	20.42	(2.33)	0.80	0.60	0.57
	Financial leverage	(0.02)	0.18	0.88	0.99	1.00

Explanation of changes of 20% in financial ratios in the two most recent years:

1.Debt ratio: Mainly due to a decrease in accounts payables in 2022.

2.Solvency ratio: Mainly due to a decrease in accounts payables in 2022.

3.Operation ratio: Mainly due to a decrease in revenue brought by global economy downturn.

4.Profitability ratio: Mainly due to net loss in 2022.

5.Cash flow ratio: Mainly due to net loss before tax in 2022

Note 1: Basic earnings per share are calculated based on the weighted average number of shares outstanding during the year.
Note 2: All annual data above have been audited and certified by CPAs.
Note 3: Formulas shall be shown at the end of the table in the annual report: Please refer to Page 107.

Calculation formula of IFRS:

1. Financial structure
   (1) Debt to total assets ratio＝Total debt／Total assets.
   (2) Ratio of long-term capital to property, plant & equipment = (Total equity + Non-current liabilities) / Net worth of property, plant and equipment.
2. Debt servicing capability
   (1) Current ratio = Current assets / Current liabilities.
   (2) Quick ratio＝ (Current assets - Inventory - Pre-payment) / Current liabilities.
   (3) Interest earned ratio = Profit before income tax and interest expense / Interest expense.
3. Operating performance
   (1) Accounts receivable (include receivable amounts and receivable bills from operation) turnover = Net sales / Average accounts receivable in each period (include receivable amounts and receivable bills from operation) balance.
   (2) Average collection period = 365 / Accounts receivable turnover.
   (3)Inventory turnover = Sales cost / average inventory amount.
   (4) Accounts payable (include payable amounts and payable bills from operation) turnover = Sales cost / Average accounts payable in each period (include payable amounts and payable bills from operation) balance.
   (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) Return on asset＝ [Earnings after tax＋Interest expense× (1－Interest rate)]／Average total assets.
   (2) Return on shareholders' equity＝Earnings (loss) after tax／Average total equity.
   (3) Profit ratio＝Earnings (loss) after tax／Net sales.
   (4) Earning per share＝ (Earnings of parent company owner－Preference dividends)／weighted average number of shares outstanding.
5. Cash flow
   (1) Cash flow adequacy ratio = Net cash flow from operating activities / Current liabilities
   (2) Net cash flow adequacy ratio = Net cash flows from operating activities in the last five years / (Capital expenditure ＋Inventory increase + Cash dividends) in the last five years.
   (3) Cash flow re-investment ratio = (Cash provided by operating activities - Cash dividends)/ (Gross property, plant and equipment + Long-term investments + Other non-current assets + Operating capital).
6. Leverage
   (1) Operation leverage= (net income – variable cost and expenses from operation)/operating profit.
   (2) Financial leverage＝Income from operations ／ (income from operations－Interest expense).

III. Audit Committee's Report for Financial Report of the Previous Fiscal Year

Audit Committee Report

It is hereby certified that

The 2022 business report, parent company only financial statements, consolidated financial statements, and proposal for appropriation for covering losses submitted by the board of directors, among which the financial statements have been audited by CPAs Han-Ni Fang and Chao-Yu Chen from Deloitte & Touche, and an audit report has been issued. The above-mentioned documents have been reviewed by the Audit Committee, and it is confirmed that there is no discrepancy. Hence a report is prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for review.

For

2023 Shareholders' Meeting of Tze Shin International Co., Ltd.

Tze Shin International Co., Ltd.
Convener of the Audit Committee

Sheng-Yu Liang

March 24, 2023

IV. Financial reports from recent years

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Tze Shin International Co., Ltd.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the [Regulations Governing the Preparation of Financial Reports by Securities Issuers, [other regulations (please specify),] and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China].

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Company's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

Operating revenue

Operating revenue is a matter of great concern to the management and investors. The operating income of Tze Shin International Co., Ltd. and its subsidiaries mainly comes from transportation services and the operation of international tourist hotels, among which transportation income accounts for 72% and hence significantly impacts the financial statements of the merged company for this year. Therefore, we listed whether the transportation revenue actually occurred as a key verification item during the audit this year. For the accounting policies and relevant disclosure information related to the recognition of transportation revenue, please refer to Note 4 to the financial statements.

We have implemented the main verification procedures for the above key verification items as follows:

1. Understand and test the design and implementation effectiveness of internal controls related to the occurrence of transportation revenue recognition.
2. Select samples from the transportation revenue in 2022, carry out detailed verification tests, check the transaction vouchers and the subsequent payment situation, and confirm the occurrence of transportation revenue recognition.
3. Send the official letter to confirm the balance of the accounts receivable at the end of the year, and implement alternative procedures for those who fail to receive the confirmation reply in time, including checking transaction vouchers and observing the collection status after the period.

Other Matter

We have also audited the parent company only financial statements of Tze Shin International Co., Ltd as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the [Regulations Governing the Preparation of Financial Reports by Securities Issuers, [other regulations (please specify),] and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China], and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including [the audit committee], are responsible for overseeing the Group’s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Han-Ni Fang and Chao-Yu Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2023

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Consolidated Balance Sheet

December 31, 2022 and 2021

Unit: NT$ thousand

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash (Notes 4 and 6)	$ 347,821	10	$ 896,679	21
1110	Financial assets measured at fair value through profit or loss - Current statement (Notes 4, 7, 29 and 30)	1,103,396	31	853,475	20
1120	Financial assets measured at fair value through other comprehensive profit or loss - Current statement (Notes 4 and 30)	157,036	4	444,053	11
1136	Financial assets measured at amortized cost - current (Notes 4, 9 and 30)	23,800	1	35,250	1
1150	Net notes receivable (Notes 4, 10 and 22)	7,146	-	6,431	-
1160	Notes receivable - related parties (Notes 4, 22 and 29)	34,753	1	46,114	1
1170	Net accounts receivable (Notes 4, 10 and 22)	39,519	1	71,070	2
1180	Accounts receivable - related parties (Notes 4, 22 and 29)	37,367	1	46,233	1
1200	Other receivables, net (Notes 4, 10, 29 and 31)	5,406	-	18,017	-
1210	Other receivables - related parties (Notes 4 and 29)	270	-	-	-
1310	Net inventories (Notes 4, 11 and 30)	166,832	5	169,196	4
1410	Prepayments (Note 29)	19,183	-	33,596	1
1476	Other financial assets - current (Notes 4 and 30)	7,200	-	3,675	-
1479	Other current assets (Notes 4 and 24)	5,221	-	3,433	-
11XX	Total current assets	1,954,950	54	2,627,222	62
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	383	-	1,160	-
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	167,587	5	256,341	6
1550	Investments using the equity method (Notes 4 and 13)	-	-	-	-
1600	Property, plant and equipment (Notes 4, 14 and 30)	225,360	6	239,092	6
1755	Right-of-use assets (Notes 4 and 15)	506,851	14	539,342	13
1760	Investment real estate (Notes 4, 16, 21 and 30)	30,026	1	30,026	1
1780	Intangible assets (Notes 4, 17, 30 and 31)	416,257	12	437,093	10
1840	Deferred tax assets (Notes 4 and 24)	96,909	3	99,231	2
1920	Refundable deposits (Note 31)	152,044	4	2,175	-
1975	Net defined benefit assets (Notes 4 and 20)	610	-	-	-
1980	Other financial assets - non-current (Notes 4 and 30)	3,005	-	-	-
1990	Other non-current assets (Notes 30 and 31)	39,865	1	1,842	-
15XX	Total non-current assets	1,638,897	46	1,606,302	38
1XXX	Total liabilities and equity	$ 3,593,847	100	$ 4,233,524	100
Code	Financial liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Notes 4, 18 and 30)	$ 130,000	4	$ 130,000	3
2150	Notes payable	30,470	1	42,058	1
2160	Notes payable - related parties (Note 29)	10,522	-	13,531	-
2170	Accounts payable	22,726	1	28,753	1
2180	Accounts payable - related parties (Note 29)	5,462	-	8,027	-
2200	Other payables (Notes 19 and 29)	79,090	2	118,036	3
2220	Other payables - related parties (Note 29)	41	-	148	-
2230	Income tax liabilities for the current period (Notes 4 and 24)	5,664	-	4,208	-
2280	Lease liabilities - current (Notes 4 and 15)	17,464	1	21,324	-
2320	Long-term loans due within one year (Notes 4, 18 and 30)	10,000	-	-	-
2399	Other current liabilities	15,189	-	26,535	1
21XX	Total current liabilities	326,628	9	392,620	9
	Non-current liabilities				
2540	Long-term loans (Notes 4, 18 and 30)	30,833	1	20,000	1
2570	Deferred tax liabilities (Notes 4 and 24)	11	-	-	-
2580	Lease liabilities - non-current (Notes 4 and 15)	504,763	14	527,279	13
2640	Net defined benefit liabilities (Notes 4 and 20)	5,358	-	8,887	-
2645	Guarantee deposits	175	-	479	-
2670	Other non-current liabilities	11,914	-	12,805	-
25XX	Total non-current liabilities	553,054	15	569,450	14
2XXX	Total liabilities	879,682	24	962,070	23
	Equity attributed to owners of the Company				
3110	Common stock	1,890,023	53	1,718,202	41
3200	Capital reserve	20,857	-	20,858	-
	Retained earnings				
3310	Legal reserve	309,697	9	272,218	6
3350	Unappropriated earnings	153,135	4	698,489	17
3300	Total retained earnings	462,832	13	970,707	23
3400	Other equity	99,744	3	320,438	7
3500	Treasury shares	-	-	-	-
31XX	Total equity of the owner of the Company	2,473,456	69	3,030,205	71
36XX	Non-controlling interests	240,709	7	241,249	6
3XXX	Total Equity	2,714,165	76	3,271,454	77
	Total Liabilities and Equity	$ 3,593,847	100	$ 4,233,524	100

The notes constitute a part of the financial statements.

Chairman: Chun-Fa Huang Managerial Officer: Ming-Tan Hsu Head-Finance & Accounting: Chien-I Kao

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Consolidated Statement of Comprehensive Income

January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars; Earnings per share (NT$)

		2022		2021	
Code		Amount	%	Amount	%
4000	Net operating revenue (Notes 4, 22 and 29)	$ 729,967	100	$ 791,835	100
5000	Operating costs (Notes 11, 23 and 29)	571,803	78	634,531	80
5950	Gross profit	158,164	22	157,304	20
	Operating expense				
6200	Operating expenses (Notes 23, 29 and 31)	170,972	23	189,197	24
6450	Expected credit impairment loss (reversal benefit) (Notes 4 and 10)	3,095	1	(90)	-
6000	Subtotal	174,067	24	189,107	24
6900	Net operating loss	(15,903)	(2)	(31,803)	(4)
	Non-operating income and expenses				
7010	Other income (Notes 23 and 29)	210,036	29	125,322	16
7020	Other gains and losses (Notes 15, 23, 26 and 29)	(424,133)	(58)	246,535	31
7050	Financial costs (Note 23)	(12,603)	(2)	(14,932)	(2)
7060	Loss share of affiliated enterprises using the equity method (Notes 4 and 13)	-	-	(1,116)	-
7100	Interest income (Note 29)	2,075	-	2,175	-
7000	Subtotal	(224,625)	(31)	357,984	45
7900	Net (loss) profit before tax	(240,528)	(33)	326,181	41
7950	Income tax expenses (Notes 4 and 24)	4,634	1	10,901	1
8000	Net (loss) profit for the current year	(245,162)	(34)	315,280	40

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(Cont'd.)

Code		2022 Amount	2022 %	2021 Amount	2021 %
	Other comprehensive net income				
8310	Not to be reclassified to profit or loss in subsequent periods:				
8311	Remeasurements of defined benefit plans (Note 20)	$ 4,590	1	($ 2,605)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(131,004)	(18)	230,500	29
8349	Income tax related to items that will not be reclassified (Note 24)	(918)	-	521	-
8300	Other comprehensive income of the current year	(127,332)	(17)	228,416	29
8500	Total comprehensive profit and loss for the current year	($ 372,494)	(51)	$ 543,696	69
	Net (loss) profit attributed to				
8610	Owner of the Company	($ 259,843)	(36)	$ 291,201	37
8620	Non-controlling interests	14,681	2	24,079	3
8600		($ 245,162)	(34)	$ 315,280	40
	Comprehensive income attributable to				
8710	Owner of the Company	($ 384,927)	(53)	$ 519,890	66
8720	Non-controlling interests	12,433	2	23,806	3
8700		($ 372,494)	(51)	$ 543,696	69
	Earnings (loss) per share (Note 25)				
9710	Basic	($ 1.37)		$ 1.54	
9810	Diluted	($ 1.37)		$ 1.54	

The notes constitute a part of the financial statements.

Chairman: Chun-Fa Huang   Managerial Officer: Ming-Tan Hsu   Head-Finance & Accounting: Chien-I Kao

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Consolidated Statement of Changes in Equity

January 1 to December 31, 2022 and 2021

Unit: NT$ thousand

Code		Equity attributed to owners of the Company (Notes 8 and 22)											Non-controlling interests	
			Capital reserve				Retained earnings			Other equity				
		Share capital	Treasury shares transaction	Recognition of changes in ownership interests in subsidiaries	Others	Total	Legal reserve	Unappropriated earnings	Total	Unrealized profit and loss on the financial assets measured at fair value through other comprehensive income	Treasury shares	Total	(Note 22)	Total equity
A1	Balance as of January 1, 2021	$ 1,729,942	$ 17,272	$ 18	$ 496	$ 17,786	$ 272,195	$ 323,720	$ 595,915	$ 175,340	($ 8,664)	$ 2,510,319	$ 213,650	$ 2,723,969
	Appropriations and distributions of 2020 earnings													
B1	Legal reserve	-	-	-	-	-	23	(23)	-	-	-	-	-	-
C17	Dividends not received by shareholders over time are transferred to capital reserves	-	-	-	(4)	(4)	-	-	-	-	-	(4)	-	(4)
D1	Net of 2021	-	-	-	-	-	-	291,201	291,201	-	-	291,201	24,079	315,280
D3	Other comprehensive income after tax of 2021	-	-	-	-	-	-	(782)	(782)	229,471	-	228,689	(273)	228,416
D5	Total comprehensive profit and loss of 2021	-	-	-	-	-	-	290,419	290,419	229,471	-	519,890	23,806	543,696
L3	Treasury stock cancelled	(11,740)	3,076	-	-	3,076	-	-	-	-	8,664	-	-	-
M7	Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	8,298	8,298
O1	Cash dividends for shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(4,505)	(4,505)
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	84,373	84,373	(84,373)	-	-	-	-
Z1	Balance as of December 31, 2021	1,718,202	20,348	18	492	20,858	272,218	698,489	970,707	320,438	-	3,030,205	241,249	3,271,454
	Appropriations and distributions of 2021 earnings													
B1	Legal reserve	-	-	-	-	-	37,479	(37,479)	-	-	-	-	-	-
B5	Cash dividends for shareholders of the Company	-	-	-	-	-	-	(171,821)	(171,821)	-	-	(171,821)	-	(171,821)
B9	Dividends of common stock	171,821	-	-	-	-	-	(171,821)	(171,821)	-	-	-	-	-
C17	Dividends not received by shareholders over time are transferred to capital reserves	-	-	-	(1)	(1)	-	-	-	-	-	(1)	-	(1)
D1	Net of 2022	-	-	-	-	-	-	(259,843)	(259,843)	-	-	(259,843)	14,681	(245,162)
D3	Other comprehensive income after tax of 2022	-	-	-	-	-	-	2,788	2,788	(127,872)	-	(125,084)	(2,248)	(127,332)
D5	Total comprehensive profit and loss of 2022	-	-	-	-	-	-	(257,055)	(257,055)	(127,872)	-	(384,927)	12,433	(372,494)
O1	Cash dividends for shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(12,973)	(12,973)
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	92,822	92,822	(92,822)	-	-	-	-
Z1	Balance as of December 31, 2022	$ 1,890,023	$ 20,348	$ 18	$ 491	$ 20,857	$ 309,697	$ 153,135	$ 462,832	$ 99,744	$ -	$ 2,473,456	$ 240,709	$ 2,714,165

The notes constitute a part of the financial statements.

Chairman: Chun-Fa Huang　　Managerial Officer: Ming-Tan Hsu　　Head-Finance & Accounting: Chien-I Kao

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Consolidated Statement of Cash Flows

January 1 to December 31, 2022 and 2021

Unit: NT$ thousand

Code		2022	2021
	Cash flows from operating activities		
A00010	Net (loss) profit before tax	($ 240,528)	$ 326,181
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation	53,748	58,460
A20200	Amortization expenses	19,221	34,076
A20300	Expected credit impairment loss (reversal benefit)	3,095	(90)
A20400	Net loss (loss) on financial assets at fair value through profit or loss	450,959	(228,454)
A20900	Finance costs	12,603	14,932
A21200	Interest income	(2,075)	(2,175)
A21300	Dividend income	(174,715)	(69,854)
A22300	Loss share of affiliated enterprises using the equity method	-	1,116
A22500	Net (gain) loss from disposal and retirement of real estate, plant and equipment	(10,883)	25,998
A22700	Disposal of interests in investment property	-	(49,342)
A22800	Loss of disposal of intangible assets	2,606	44
A23200	Disposal of investment interests in subsidiaries	(18,752)	-
A23700	Inventory scrapping loss	18	1
A23800	Price recovery benefit for inventory	(11,202)	(1,823)
A29900	Others	(1,906)	1,226
	Net change in operating assets and liabilities		
A31130	Notes receivable	(4,471)	(2,754)
A31140	Notes receivable - related parties	11,361	(5,148)
A31150	Accounts receivables	22,772	(20,710)
A31160	Accounts receivable - related parties	8,866	(4,682)
A31180	Other receivables	7,512	(7,924)
A31190	Other receivables - related parties	(270)	-
A31200	Inventory	13,548	2,047
A31230	Prepayments	9,270	2,650
A31240	Other current assets	(2,743)	331,004
A32130	Notes payable	(11,588)	8,238
A32140	Notes payable - related parties	(3,009)	1,683
A32150	Accounts payable	(4,876)	6,829
A32160	Accounts payable - related parties	(2,565)	2,617
A32180	Other payables	(5,723)	(57,336)
A32190	Other payables - related parties	(107)	-
A32230	Other current liabilities	(11,492)	(13,460)
A32240	Net confirmed benefit debt	451	342
A33000	Cash flow generated from operating activities	109,125	353,692
A33300	Interest paid	(3,286)	(15,244)
A33500	Income tax paid	(1,208)	(245)
AAAA	Net cash flow generated from operating activities	104,631	338,203

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Code		2022	2021
	Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	($ 210,132)	($ 85,150)
B00020	Disposal of financial assets measured at fair value through other comprehensive income	454,899	288,802
B00040	Acquisition of financial assets at amortized cost	(50)	(11,400)
B00050	Disposal of financial assets measured at amortized cost	100	-
B00100	Acquisition of financial assets at fair value through profit or loss	(1,351,295)	(662,855)
B00200	Disposal of financial assets at fair value through profit or loss	597,695	570,577
B00300	Acquisition of capital reduction and return of financial assets measured at fair value through other comprehensive income	-	28,496
B02300	Net cash inflow from disposal of subsidiaries	66,341	-
B02700	Purchase of property, plant and equipment	(43,095)	(27,368)
B02800	Disposal of property, plant and equipment prices	18,301	610,906
B03700	Increase in refundable deposits	(150,228)	(507)
B04500	Acquisition of intangible assets	(991)	(3,468)
B05500	Disposal of investment property prices	-	171,550
B06600	Increase in their financial assets	(6,530)	-
B06700	Other non-current assets (increase) decrease	(38,478)	775
B07500	Interest received	2,046	2,295
B07600	Dividends received	174,715	69,854
B09900	Refund of capital reduction of financial assets measured at fair value through profit or loss	24,000	2,775
BBBB	Net cash generated from (used in) financing activities	(462,702)	955,282
	Cash flows from financing activities		
C00200	Decrease in short-term borrowings	-	(596,720)
C00600	Decrease in short-term notes payable	-	(49,939)
C01600	Increase in long-term loans	25,833	20,000
C01700	Decrease in long-term loans	(5,000)	(165,833)
C03000	Decrease (increase) in refundable deposits	(194)	9
C04020	Lease liability principal repayments	(26,632)	(28,041)
C04400	Other non-current liabilities	-	12,805
C04500	Cash dividends paid	(171,821)	-
C05800	Changes in non-controlling interests	(12,973)	3,793
CCCC	Net cash used in financing activities	(190,787)	(803,926)
EEEE	Net (decrease) increase in cash	(548,858)	489,559
E00100	Cash balance at the beginning of the year	896,679	407,120
E00200	Year-end cash balance	$ 347,821	$ 896,679

The notes constitute a part of the financial statements.

Chairman: Chun-Fa Huang　　Managerial Officer: Ming-Tan Hsu　　Head-Finance & Accounting: Chien-I Kao

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Notes to Consolidated Financial Statements

January 1 to December 31, 2022 and 2021

(Unless otherwise specified, the amount is in thousands of NTD)

I. Corporate history

Tze Shin International Co., Ltd. (hereinafter referred to as "the Company") was established in 1973. Its main business includes (1) long-distance container transshipment; (2) shipside transportation operations; (3) container haulage; (4) truck freight: transportation of chemicals, gasoline and diesel tanks and bulk goods; (5) lease of containers, racks, and equipment; and (6) entrust of construction companies to build commercial, industrial buildings, and public housing for sale and leasing.

The Company's stock has been listed on the Taiwan Stock Exchange since October 1993.

The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

II. Date and Procedures for Passing the Financial Report

The financial report was approved by the board of directors on March 24, 2023.

III. Application of New and Revised International Financial Reporting Standards

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

The application of the revised IFRSs approved and issued by the FSC will not result in significant changes in the accounting policies of the Company.

(II) FSC-approved IFRSs applicable from 2023 onwards

New/amended/revised standards and interpretations	Effective date issued by the IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Income Tax Relating to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: This amendment shall apply to the annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments apply to changes in accounting estimates and changes in accounting policies that occur during the annual reporting periods beginning on or after January 1, 2023.

Note 3: In addition to recognizing deferred income tax on the temporary difference between leases and decommissioning obligations on January 1, 2022, the amendment is applicable to transactions that occur after January 1, 2022.

As of the publication date of the consolidated financial statements, the merged company has assessed that amendments to the above standards and interpretations will not have a significant impact on the merged company's financial position and financial performance.

(III) IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

New/amended/revised standards and interpretations	Effective date published by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Investment of Assets between Investors and Their Affiliates or Joint Ventures"	To be determined
Amendments to IFRS 16 "Lease Liabilities under Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "First-time Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with contractual terms"	January 1, 2024

Note 1: Unless otherwise specified, the aforesaid new/amended/revised standards or interpretations is effective for the annual reporting periods beginning on or after the respective dates.

Note 2: Vendors and lessees should apply the amendments to IFRS 16 retroactively for sale and leaseback transactions entered into after 16 days after the initial application of IFRS 16.

As of the publication date of the consolidated financial statements, the merged company continues to evaluate the impact of amendments to the above standards and interpretations on its financial position and financial performance, and will disclose relevant impacts when the evaluation is completed.

IV. Summary of Significant Accounting Policies

(I) Compliance Statement

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC.

(II) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value and net defined benefit assets and liabilities recognized at the present value of defined benefit obligations less the fair value of plan assets.

The fair value measurement is divided into Level 1 to Level 3 according to the observability and significance of the relevant input value:

1. Level 1 input: refers to the quotation (unadjusted) of the same asset or liability in an active market on the measurement date.
2. Level 2 input: in addition to the quoted price in Level 1, the direct (i.e. price) or indirect (i.e. inference from price) observable input of the asset or liability.
3. Level 3 inputs: The unobservable inputs for the asset or liability.

(III) Classification of current and non-current asset and liability items

Current assets include:

1. Assets held mainly for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash (excluding those that are restricted from being exchanged or used to settle a liability for more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held mainly for the purpose of trading;
2. Liabilities due and settled within 12 months after the balance sheet date; and
3. Liabilities for which the settlement period cannot be unconditionally deferred for at least 12 months after the balance sheet date.

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

For the portion of the merged company that is engaged in construction projects, and the business cycle is longer than one year, the assets and liabilities related to the construction business are classified as current or non-current based on the normal business cycle.

(IV) Basis of consolidation

The consolidated financial statements contain the financial statements of the Company and the entities controlled by the Company (subsidiaries). The operating profit and loss of the subsidiaries acquired or disposed of in the current period has been included in the consolidated statement of comprehensive income from the date of acquisition or until the date of disposal. Adjustments have been made to the financial statements of subsidiaries to bring their accounting policies into line with those of the merged company. All intra-group transactions, balances, income, and expenses are eliminated in full in the consolidated financial statements. The total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests, even if the non-controlling interests become a deficit.

When the merged company’s ownership interest in a subsidiary does not result in the loss of control, it is treated as an equity transaction. The carrying amounts of the merged company and non-controlling interests have been adjusted to reflect changes in their relative interests in the subsidiaries. The difference between the adjustment amount of the non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity and attributed to the owners of the Company.

Please refer to Note 12 “Subsidiaries” and Table 6 for details of subsidiaries, ownership percentage and business items.

(V) Foreign currency

When preparing the financial statements of each entity, transactions in currencies other than the entity’s functional currency (foreign currency) are converted into the functional currency at the exchange rate on the transaction date.

Monetary items denominated in foreign currencies are translated at the closing exchange rate on each balance sheet date. The exchange difference arising from the settlement of monetary items or the translation of monetary items is recognized in profit or loss in the year of occurrence.

Non-monetary items measured at fair value that are denominated in foreign currencies are converted at the rates prevailing on the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss for the year. in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the exchange rates prevailing on the transaction dates and are not retranslated.

(VI) Inventory

Inventories include supplies, food ingredients, beverages, and commodities. Inventories are measured at the lower of cost and net realizable value. The comparison of cost and net realizable value is based on individual items, except for inventories of the same type. Net realizable value is the estimated selling price under normal circumstances less selling expenses. The cost of inventories is calculated using the weighted average method.

Buildings under construction are measured at the lower of cost and net realizable value. The comparison of cost and net realizable value is based on individual projects. Net realizable value is the estimated selling price under normal circumstances less the remaining costs of completion and selling expenses. When selling, the cost is calculated using the individual identification method.

(VII) Investment in Affiliated Enterprises

Affiliated enterprises are enterprises that have significant influence over the merged company but are not subsidiaries.

The merged company adopts the equity method to account for its investment in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the merged company’s share of the profit or loss and other comprehensive income of the associate. In addition, the equity of the associate is recognized based on the shareholding percentage.

In the event the affiliated enterprise issues new shares, if the merged company does not subscribe in proportion to the ownership, resulting in a change in the ownership percentage, when the net equity value of the investment increases or decreases, the capital surplus - equity method is recognized as affiliated company Changes in the net equity value of the enterprise and investment using the equity method. However, if the shareholding ratio is not subscribed or acquired, resulting in a decrease in the ownership interest of the affiliated enterprise, the amount recognized in other comprehensive income related to the affiliated enterprise shall be reclassified according to the proportion of decrease. The same basis must be followed for the direct disposal of the relevant assets or liabilities; if the aforementioned adjustment should be debited to the capital surplus, and if the balance of the capital surplus generated from the investment by equity method is insufficient, the difference is debited to the retained earnings.

When the merged company's share of losses in an affiliated enterprise equals or exceeds its equity in said affiliated enterprise, that is, cease to recognize any further losses. The merged company recognizes additional losses and liabilities only to the extent that legal obligations, constructive obligations, or payments on behalf of affiliates have been incurred.

When assessing impairment, the merged company regards the entire book value of the investment as a single asset to compare the recoverable amount with the book value, and conducts an impairment test. The recognized impairment loss is also part of the book value of the investment. Any reversal of the impairment loss is recognized to the extent of the subsequent increase in the recoverable amount of the investment.

The merged company stops adopting the equity method on the date when the investment ceases to be an associate, and its retained equity in the original associate is measured at fair value. The difference between the fair value and the proceeds from the disposal and the carrying amount of the investment Included in the current year's profit or loss. In addition, all amounts recognized in other comprehensive income related to the affiliated enterprise shall be accounted for on the same basis as that required for the affiliated enterprise to directly dispose of the relevant assets or liabilities.

Gains and losses arising from upstream, downstream, and lateral transactions between the merged company and an affiliated enterprise are recognized in the consolidated financial statements only to the extent that they are not related to the merged company's equity in the affiliated enterprise.

(VIII) Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and accumulated impairment loss.

The property, plant and equipment under construction is recognized at cost less accumulated impairment loss. Costs include professional service fees and borrowing costs that meet the capitalization conditions. These assets shall be classified into the appropriate category of property, plant and equipment and depreciation shall begin to be provided when they are completed and reach the expected state of use.

Except for the self-owned land that is not depreciated, the remaining properties, plants, and equipment are depreciated separately on a straight-line basis over their useful lives. The merged company reviews the estimated useful life, residual value, and depreciation methods at least at the end of each year, and applies the effects of changes in accounting estimates prospectively.

When derecognizing property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(IX) Investment property

Investment property is held for the purpose of earning rent or for capital appreciation or both. Investment property also includes the land for which the future use has not yet been determined.

Self-owned investment property is initially measured at cost (including transaction cost) and subsequently measured at cost less accumulated depreciation and accumulated impairment loss. Investment property is depreciated on a straight-line basis.

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

(X) Intangible assets

1. Acquired separately

   A separately acquired intangible asset with finite useful life is initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized on a straight-line basis over the useful lives. The merged company reviews the estimated useful life, residual value, and amortization methods at least at the end of each year, and applies the effects of changes in accounting estimates in a deferred manner. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

2. Service concession agreement

   The intangible assets model under IFRS Interpretation No. 12 “Service Concession Agreement” that the merged company signed with the Tourism Bureau, Ministry of Transportation and Communications under the

"Development and Operation Agreement for the Promotion of Private Participation in the Construction of Affordable Hotels in Taipei" shall be applied; The cost directly related to the concession is measured at the cost less accumulated amortization and accumulated impairment loss. The concession is mainly the operation royalties, which can be used to engage in the following development and management businesses on the site: investment, design, construction, operation and management, and maintenance of the site and its ground features and ancillary facilities and equipment; Landscape design, construction, and maintenance of above-ground features. The intangible assets are amortized on a straight-line basis during the operating period.

3. Removed from Column

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

(XI) Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets

The merged company assesses whether there are any signs of possible impairment in property, plant and equipment, right-of-use assets, investment property, and intangible assets at each balance sheet date. If there is any sign of impairment, estimate the amount recoverable from the asset. If the recoverable amount of an individual asset cannot be estimated, the merged company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Common assets are allocated to individual cash-generating units on a reasonable and consistent basis.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and when there is a sign of impairment.

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

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, but the increased carrying amount shall not exceed the cost of the asset, cash-generating unit or contract The book value (less amortization or depreciation) determined when the impairment loss was recognized in prior years. Reversal of impairment loss is recognized in profit or loss.

(XII) Financial instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the merged company becomes a party to the terms and conditions of the instrument contract.

When financial assets and financial liabilities are initially recognized, if financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are immediately recognized in profit or loss.

1. Financial assets

Conventional transactions in financial assets are recognized and recognized using the transaction date accounting method.

(1) Type of measurement

Financial assets held by the merged company are those measured at fair value through profit or loss, financial assets measured at amortized cost, and investments in equity instruments measured at fair value through other combined profits or losses.

A. Financial assets measured at fair value through profit or loss

Financial assets measured at FVTPL are those mandatorily measured at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instruments that the merged company has not designated to measure at FVTOCI, and liabilities that are not classified as measured at amortized cost or at FVTOCI Instrument investment.

Financial assets measured at FVTPL are measured at fair value. Dividends, interest, and remeasured gains or losses are recognized in other profits and losses. Please refer to Note 28 for how the fair value is determined.

B. Financial assets measured at amortized cost

If the financial assets invested by the merged company meet both of the following conditions, they are classified as financial assets measured at amortized cost:

a. Held under a certain business model, and the purpose of such model is to hold financial assets to collect contractual cash flows; and
b. The cash flows on specific dates that arise from the terms of the contract are solely payments of the principal and interest on the principal amount outstanding.

Financial assets measured at cost after amortization (including cash, time deposits with original maturity date of more than 3 months, notes receivable at cost after amortization, accounts receivable, other receivables, other financial assets and (guaranteed guarantee) is measured at the amortized cost of the total book value determined by the effective interest method less any impairment loss upon initial recognition. Any foreign currency exchange gain or loss is recognized in profit or loss.

Except under the following two circumstances, interest income is calculated by multiplying the effective interest rate by the total book value of financial assets:

a. For purchased or originated credit-impaired financial assets, interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.
b. For financial assets that are not acquired or originated credit-impaired but subsequently become credit-impaired, interest income shall be calculated by multiplying the effective interest rate by the amortized cost of the financial asset from the next reporting period after the credit impairment.

Credit-impaired financial assets refer to the fact that the issuer or debtor has experienced major financial difficulty, default, the debtor is likely to file for bankruptcy or other financial reorganization, or due to financial difficulty, the active market of financial assets has disappeared.

Cash equivalents include time deposits with high liquidity and insignificant risk of changes in value that are highly liquid time deposits that can be converted into known amounts of cash at any time after the acquisition date, and are used to satisfy short-term cash commitments.

C. Equity instrument investment measured at fair value through other comprehensive income

The merged company may, at the time of initial recognition, make an irrevocable election to designate the investment in equity instrument investment not held for trading and not recognized by the acquirer in the business combination with contingent consideration at the fair value through other comprehensive income.

Investments in equity instruments measured at FVTOCI are measured at fair value, and subsequent changes in fair value are recognized in other comprehensive income and accumulated in other equity. When the investment is disposed, the accumulated profit or loss is directly transferred to the retained earnings and is not reclassified as profit or loss.

Dividends of investments in equity instruments measured at FVTOCI are recognized in profit or loss when the merged company's right to receive dividends is established, unless such dividends clearly represent the recovery of part of the investment cost.

(2) Impairment of financial assets

The merged company assesses the impairment loss of financial assets measured at amortized cost (including accounts receivable) based on the expected credit loss on each balance sheet date.

Accounts receivable are recognized in allowance for loss based on the lifetime expected credit losses. Other financial assets are assessed in terms of whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in the credit risk, the loss allowance is recognized at 12-month expected credit losses. If there has been a significant increase, it is recognized at the lifetime expected credit losses. loss allowance.

The expected credit loss is the weighted average credit loss with the risk of default as the weight. The 12-month ECLs represent the ECLs from possible defaults of a financial instrument within 12 months after the reporting date. The lifetime ECLs represent the ECLs from all possible defaults of a financial instrument during the expected life of a financial instrument.

For the purpose of internal credit risk management, the merged company, without considering the collateral held, determines that the following situations represent defaults in the financial assets:

A. There is internal or external information indicating that it is impossible for the debtor to pay off the debt.

B. Overdue for more than 90 days, unless there is reasonable and corroborative information showing that the later default standard is more appropriate.

The impairment loss of all financial assets is recognized by the reduction of the book value of the allowance account. However, the loss allowance of the investment in debt instruments measured at fair value through other comprehensive profit or loss is recognized in other comprehensive profit or loss without reducing the book value.

(3) Removal of financial assets

The merged company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets expire, or when the financial assets are transferred and the risk and return of the ownership of the assets have been transferred to another enterprise.

When a financial asset measured at amortized cost is derecognized in its entirety, the difference between the book value and the consideration received is recognized in profit or loss. When the investment in equity instrument measured at FVTOCI is derecognized in its entirety, the accumulated profit or loss is directly transferred to retained earnings and is not reclassified as profit or loss.

2. Equity instruments

The equity instruments issued by the merged company are classified as equities according to the essence of contractual agreements and the definition of equity instruments.

The equity instruments issued by the merged company are recognized at the purchase price net of the direct issuance cost.

The repurchase of the Company's own equity instruments is recognized in and deducted under equity. The purchase, sale, issuance or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

Financial liabilities are measured at amortized cost in the effective interest method.

(2) Removal of financial liabilities

When derecognizing financial liabilities, the difference between the book value and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(XIII) Provision for liabilities

The amount recognized as reserve takes into account the risks and uncertainties of the obligation and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. The reserve for liabilities is measured by the estimated cash flow discount value to settle the obligation.

When it is expected that part or all of the expenses required to settle the liability reserve may be received from another party, and the such refund is almost certain to be received and the amount can be measured reliably, the advance is recognized as an asset.

<u>Warranty</u>

The warranty obligation to ensure that the product conforms to the agreed specifications is based on the management's best estimate of the expenditure required to settle the merged company's obligation and is recognized when the related product is recognized as income.

(XIV) Revenue Recognition

After the merged company identifies its performance obligations in contracts with customers, it allocates the transaction price to each performance obligation and recognizes revenue when each performance obligation is satisfied.

For contracts where the time interval between the transfer of goods or services and the collection of consideration is less than one year, no transaction price will be adjusted for the major financial components.

1. Transportation revenue

   Transportation income comes from the operation of truck freight and container, and related businesses are recognized as income when the labor services are completed.

2. Revenue from guest rooms and hotels

   Income from guest rooms and travel comes from the operation of tourist hotels. The operating franchise agreement room price does not exceed the agreed price and is recognized as income when the service is actually provided.

3. Product sales revenue

   The sales revenue comes from the sale of household electrical appliances. Revenue is recognized when the goods are delivered to the location designated by the customer.

(XV) Lease

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

1. The merged company as lessor

   Lease payments under operating leases, net of lease incentives, are recognized as income on a straight-line basis over the relevant lease period. The initial direct cost for acquiring the operating lease is added to the book value of the underlying asset and recognized as expenses on the straight-line basis over the lease period.

2. The merged company as lessee

   Except for low-value asset leases and short-term leases to which recognition exemptions apply, where lease payments are recognized as expenses on a straight-line basis over the lease period, right-of-use assets and lease liabilities are recognized for all leases on the starting date of the lease.

   The right-of-use asset is measured at its original cost, which includes the initial measurement amount of lease liabilities, lease incentives received deducted from lease payments made before the start of the lease, initial direct costs, and the estimated cost of restoring the underlying asset. Subsequently, it is measured at cost less accumulated depreciation and accumulated impairment losses, and adjustments are made for the remeasurement of lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

The right-of-use assets are depreciated on a straight-line basis from the lease start date to the expiry date of the lease or the lease term, whichever earlier.

Lease liabilities are initially measured at the present value of lease payments (including fixed payments). If the interest rate implicit in the lease is easily determined, the lease payment is discounted at the interest rate. If such interest rate cannot be easily determined, the lessee's incremental borrowing rate shall be used.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest method, and the interest expenses are amortized over the lease term. If there are changes in future lease payments due to changes in the expected payment amount under the residual value guarantee, or the index or rate used to determine lease payments during the lease period, the merged company will re-measure the lease liabilities and adjust the right-of-use assets relatively. The book value has been reduced to zero, the remaining re-measurement amount is recognized in profit or loss. For lease modifications that are not treated as separate leases, the re-measurement of the lease liabilities due to the reduced scope of the lease is to reduce the right-of-use assets, and to recognize gains or losses on the partial or full termination of the lease; the re-measurement of the lease liabilities due to other modifications is to adjust the right-of-use assets. Lease liabilities are presented on a separate line in the consolidated balance sheets.

In light of the rent reduction directly related to the COVID-19 pandemic between the merged company and the lessor, the merged company adjusted the payments due before December 31, 2022, resulting in a decrease in rent, and there was no substantive change in other lease terms and conditions. The merged company has elected to adopt practical expedients to treat all rent concessions that meet the aforementioned conditions, without evaluating whether it is a lease modification, and recognizes the reduction in lease payments in profit or loss (booked in other gains and losses) when the concession or such situation occurs. loss), and decreased lease liabilities accordingly.

(XVI) Cost of borrowing

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are treated as part of the cost of the assets until the assets are nearly ready for their intended use or sale.

For specific borrowings, if the investment income earned from the temporary investment before the capital expenditure that meets the requirements is incurred, it is from the borrowing costs that meet the capitalization conditions.

Except for the above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

(XVII) Government subsidies

Government grants are recognized only when there is reasonable assurance that the merged company will comply with the conditions attached to the government grants and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the merged company recognizes as expenses the relevant costs for which the grants are intended to compensate.

If the government grant is used to compensate the expenses or losses incurred, or is given to the merged company for the purpose of immediate financial support and there is no relevant future cost, it is recognized in profit or loss in the period in which it can be received.

(XVIII) Employee benefits

1. Short-term employee benefits

The liabilities related to short-term employee benefits are measured at the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

The pension of the defined contribution plan is the amount of pension contribution recognized as expenses during the period of service provided by the employees.

The defined benefit cost of the defined benefit retirement plan (including the service cost, net interest, and re-measurement) is actuated using the projected unit method. The service cost (including the service cost for the current period) and the net interest of net defined benefit liabilities (assets) are recognized as employee benefit expenses when they are incurred. The re-measurement (including the actuarial profit or loss and the return on plan assets net of interest) is recognized in other comprehensive income and recognized in retained earnings when it occurs, and will not be reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) represent the appropriation deficit (surplus) of the defined benefit pension plan. The net defined benefit assets shall not exceed the present value of refundable contributions from the plan or reduced contributions to the future.

(XIX) Income tax

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

1. Current income tax

The merged company determines the income (loss) of the current period in accordance with the laws and regulations of each jurisdiction area for income tax filings, and calculates the income tax payable (recoverable) accordingly.

In accordance with the Income Tax Act of the Republic of China, additional income tax levied on undistributed earnings is recognized in the year resolved by the shareholders' meeting.

Adjustments to income tax payable from previous years are recognized in current income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of assets and liabilities and the tax bases for calculating taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, whereas deferred income tax assets are recognized for taxable income that is probable to deduct temporary differences and deductible losses. It shall be recognized at the time of use.

Deferred income tax liabilities are recognized for the taxable temporary difference related to the investment in subsidiaries and associates. However, if the merged company can control the timing of the temporary difference reversal and it is very likely that the temporary difference will not be reversed in the foreseeable future Except those that are capable of turning. The deductible temporary difference related to such investment is recognized as deferred income tax only if it is probable that there will be sufficient taxable income to realize the temporary difference and it is expected to be reversed in the foreseeable future assets.

The book value of deferred income tax assets is reviewed at each balance sheet date, and the book value is reduced if it is no longer probable that there will be sufficient taxable income to recover all or part of the assets. The assets that were not recognized as deferred income tax assets are also reviewed at each balance sheet date, and the carrying amount is increased when it is probable that taxable income will be generated in the future against which all or part of the assets can be recovered.

Deferred income tax assets and liabilities are measured at the tax rates in the period in which the liabilities are expected to be settled or assets realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax liabilities and assets are measured to reflect the tax consequences that would arise from the manner in which the merged company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3. Current and deferred income tax

Current and deferred income tax are recognized in profit or loss, except for those related to items that are recognized in other comprehensive income or directly in equity, respectively.

V. Major sources of uncertainty in major accounting judgments, estimates, and assumptions

When the merged company adopts the accounting policies, for the relevant information that is not readily available from other sources, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors. Actual results may differ from these estimates.

The merged company incorporates the recent development of the COVID-19 in Taiwan and the possible impact on the economic environment into its cash flow estimates, growth rates, discount rates, profitability, and other relevant important accounting estimates. The management will continue to Review estimates and basic assumptions. If the estimate revision affects only the current period, it shall be recognized in the current period; if the amendment to the accounting estimate affects the current period and future periods at the same time, it is recognized in the current period and future periods.

VI. Cash

	December 31, 2022	December 31, 2021
Cash on hand and working capital	$ 1,390	$ 1,344
Checks and demand deposits at banks	346,431	895,335
	$ 347,821	$ 896,679

The interest rate ranges of deposits in banks at the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Bank deposits	0.005% - 0.455%	0.001% - 0.29%

VII. Financial instruments at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial assets - current		
Mandatory measurement at fair value through profit or loss		
Non-derivative financial assets		
- Domestic listed (OTC) stock	$ 1,072,727	$ 775,516
- Fund beneficiary certificate	30,669	77,959
	$ 1,103,396	$ 853,475

(Continue to the next page)

(Cont'd.)

	December 31, 2022	December 31, 2021
Financial assets - non-current		
Mandatory measurement at fair value through profit or loss		
Non-derivative financial assets		
- Domestic unlisted (non-OTC) stock	$ 383	$ 1,160

Please refer to Note 30 for information on financial assets at fair value through profit or loss - current pledge.

VIII. Financial assets at fair value through other comprehensive income

Investment in equity instruments

	December 31, 2022	December 31, 2021
Liquidity		
Domestic investment		
Listed (OTC) stock	$ 157,036	$ 444,053
Non-current		
Domestic investment		
Unlisted (non-OTC) stock	$ 165,926	$ 251,885
Foreign investment		
Unlisted (non-OTC) stock	1,661	4,456
	$ 167,587	$ 256,341

The merged company invests in the common stocks of the above-mentioned domestic and foreign unlisted (non-OTC) companies for mid- and long-term strategic purposes, and expects to make profits through long-term investment. The management of the merged company believes that if the short-term fair value fluctuations of these investments are included in profit or loss, it is inconsistent with the aforementioned long-term investment plan, so they choose to designate these investments as measured at fair value through other comprehensive income.

In 2022, the merged company purchased common stocks of IBF Financial Holdings Co., Ltd. and Taisun Enterprise Co., Ltd. at a price of NT$203,208 thousand and NT$6,924 thousand, respectively. Because it is a mid- and long-term strategic investment, it is designated to be measured at fair value through other comprehensive gains and losses.

In 2022, the merged company adjusted its investment position to diversify risks, and successively sold some common shares of IBF Financial Holdings Co., Ltd. and Taisun Enterprise Co., Ltd. at fair values of NT$359,194 thousand and NT$95,705 thousand, and other related interests - unrealized interests in financial assets measured at fair value through other comprehensive gains and losses of NT$92,822 thousand were transferred to retained earnings.

In 2021, the merged company purchased the common stocks of Cheng Mei Materials Technology Corporation at a price of NT$20,073 thousand, which was designated as a mid- and long-term strategic investment and measured at fair value through other comprehensive gains and losses.

In 2021, the merged company adjusted its investment positions to diversify risks, and successively sold part of common shares of SIRTEC INTERNATIONAL CO.,LTD., IBF Financial Holdings Co., Ltd., Taisun Enterprise Co., Ltd. and Cheng Mei Materials Technology Corporation at fair values of NT$10,514 thousand, NT$201,664 thousand, NT$55,420 thousand and NT$21,204 thousand, respectively. And related other interests - unrealized interests in financial assets measured at fair value through other comprehensive gains and losses of NT$84,373 thousand were transferred to retained earnings.

The merged company recognized dividend income of NT$32,108 thousand and NT$31,293 thousand in 2022 and 2021, respectively.

Please refer to Note 30 for information on financial assets measured at fair value through other combined profits or losses - current pledge.

IX. Financial assets measured at amortized cost

	December 31, 2022	December 31, 2021
Liquidity		
Domestic investment		
Time deposits with original maturity date of more than 3 months	$ 23,800	$ 35,250

As of December 31, 2022 and 2021, the annual interest rate of the time deposits with the original maturity date of more than 3 months was 0.975%~1.44% and 0.34%~0.815%, respectively.

For information on pledged financial assets measured at amortized cost, please refer to Note 30.

X. Notes receivable, accounts receivable and other receivables

	December 31, 2022	December 31, 2021
Notes receivable		
Measured at amortized cost		
Gross carrying amount	$ 7,146	$ 6,431

(Continue to the next page)

(Cont'd.)

	December 31, 2022	December 31, 2021
Accounts receivable		
Measured at amortized cost		
Gross carrying amount	$ 59,189	$ 90,740
Less: loss allowance	(19,670)	(19,670)
	$ 39,519	$ 71,070
Other receivables		
Measured at amortized cost		
Gross carrying amount	$ 334,282	$ 343,798
Less: loss allowance (Note 31)	(328,876)	(325,781)
	$ 5,406	$ 18,017

The merged company's average credit period to customers is 60 to 90 days, and no interest is accrued on accounts receivable. When determining the recoverability of accounts receivable, the merged company considers the time from the original credit date to when the accounts receivable is presented in the balance sheet Changes in credit quality during the current period.

The merged company adopts the allowance for loss of notes receivable, accounts receivable, and other receivables recognized based on the expected credit losses throughout the duration. The expected credit losses throughout the duration are calculated using the provision matrix, which takes into account the customer's past default record and current financial position as well as the industrial economic situation. Because the merged company's credit loss history shows that there is no significant difference in the loss patterns of different customer merged companies, the reserve matrix does not further divide the customer merged companies, but only uses the notes receivable, accounts receivable, and other receivables overdue days to set the expected credit rating. Loss rate.

If there is evidence that the counterparty is facing serious financial difficulties and the merged company cannot reasonably expect to recover the amount, such as the counterparty is in liquidation, the merged company directly writes off the relevant accounts receivable, but will continue to pursue recovery activities. is recognized in profit or loss.

The merged company measures the loss allowance for notes receivable, accounts receivable, and other receivables based on the reserve matrix as follows:

December 31, 2022

	Not overdue	Past due by 1 to 60 days	Past due by 61 to 90 days	Past due by 91 to 180 days	Overdue for more than 180 days	Total
Expected credit loss rate	0.004%	-	-	-	100.00%	
Gross carrying amount	$ 124,324	$ 142	$ -	$ -	$ 348,541	$ 473,007
Loss allowance (lifetime expected credit losses)	(5)	-	-	-	(348,541)	(348,546)
Cost after amortization	$ 124,319	$ 142	$ -	$ -	$ -	$ 124,461

December 31, 2021

	Not overdue	Past due by 1 to 60 days	Past due by 61 to 90 days	Past due by 91 to 180 days	Overdue for more than 180 days	Total
Expected credit loss rate	-	-	-	-	100.00%	
Gross carrying amount	$ 187,865	$ -	$ -	$ -	$ 345,451	$ 533,316
Loss allowance (lifetime expected credit losses)	-	-	-	-	(345,451)	(345,451)
Cost after amortization	$ 187,865	$ -	$ -	$ -	$ -	$ 187,865

Information on changes in loss allowances is as follows:

	2022	2021
Balance at the beginning of the year	$ 345,451	$ 359,583
Add: Provision of impairment loss	3,095	-
Less:Elimination of actual expenses (Notes 13 and 31)	-	(14,042)
Less:Reversal impairment loss	-	(90)
Year-end balance	$ 348,546	$ 345,451

However, due to the significant financial difficulties, Far Eastern has entered into a cross-strait and domestic airline cooperative management services contract with Far Eastern Airlines. While the Company management estimates, as of December 31st 2019, the deposit of NTD 249,500 thousand is unlikely to be recovered; therefore, the security deposit of NTD 249,500 thousand has been classified as other receivable Please refer to Note 27.

On June 29, 2010, the Company and CPC Corporation, Taiwan (hereinafter referred to as “CPC”) reached a settlement of a lawsuit concerning gains in the distribution of oil products and gas station rental. Both parties agreed to terminate the oil distribution contract and gas station rental contract. According to the settlement agreement, CPC should pay NT$107,542 thousand from the oil product revenue-rent and NT$2,581 thousand from distribution profit. The above amount is NT$110,123 thousand, after deducting the rent of NT$26,947 thousand from the court provided by CPC (which was fully recovered in 2011). As of the end of December 2022, NT$31,655 thousand had been recovered. As of December 31, 2022 and 2021, NT$51,521 thousand

and NT$51,281 thousand were recognized as other receivables in the aggregate amount uncollected, which was fully recognized as loss.

XI. Inventories - net

	December 31, 2022	December 31, 2021
Building and land under construction	$ 160,277	$ 159,361
Commodities	5,713	8,296
Food and beverage	456	1,077
Materials	386	462
	$ 166,832	$ 169,196

The inventory-related costs of sales in 2022 and 2021 were NT$57,244 thousand and NT$62,047 thousand, respectively.

The cost of sales in 2022 and 2021 included the loss on inventory obsolescence NT$18 thousand and NT$1 thousand, respectively; the loss on inventory valuation and recovery of obsolescence gains NT$11,202 thousand and NT$1,823 thousand, the recovery was due to the sale of inventory of obsolescent household appliances in the year.

Please refer to Note 30 for the amount of buildings under construction and land pledged for borrowings.

XII. Subsidiary

(I) Subsidiaries included in the consolidated financial statements:

The entities preparing the consolidated financial statements are as follows:

Name of the investors	Name of subsidiaries	Main Business Activity	Percentage of shareholding December 31, 2022	Percentage of shareholding December 31, 2021	Explanation
The company	Miramar Hospitality Co., Ltd. (Miramar Hospitality)	Development and management of tourist hotels	62.99%	62.99%	1.
	Miramar Resort Co., Ltd.	Management of hotels and water recreation activities	66.18%	66.18%	2.
	Hsin Hai Transportation & Terminal Co., Ltd. (Hsin Hai Transportation)	Operation and investment of automobile container and related businesses	47.47%	47.47%	3.
	ACMC Trading Co., Ltd.	International trade management	100.00%	100.00%	-
	Safe Cargo Transportation Co., Ltd.	Operation and investment of automobile freight, container and related businesses	-	100.00%	4.
	Safe Petroleum Transportation Co., Ltd.	Operation and investment of automobile freight and related businesses	-	100.00%	4.
	Safe Container Transportation Co., Ltd.	Operation and investment of automobile container and related businesses	-	100.00%	4.
	Safe Logistics Transportation Co., Ltd.	Operation and investment of automobile freight and related businesses	-	100.00%	4.
Miramar Hospitality Co., Ltd.	Miramar Resort Co., Ltd.	Management of hotels and water recreation	13.33%	13.33%	2.

activities

Remarks:

1. It is a subsidiary with material non-controlling equity, and there is no material change in the current period.
2. The Company directly and indirectly holds 79.51% of the shares of Miramar Resort Co., Ltd., so it has the ability to control, so it is included in the consolidated financial statements as an entity.
3. As the legal representative of our company occupies more than half of the director seats in Hsin Hai Transportation, we have control over the company and therefore include it as a subsidiary in our consolidated financial statements.
4. The Company disposed of the entire equity of Safe Cargo Transportation Co., Ltd., Safe Petroleum Transportation Co., Ltd., Safe Container Transportation Co., Ltd., and Safe Logistics Transportation Co., Ltd. in November 2022. The proceeds from the disposal and the profits were NT$73,778 thousand and NT$18,752 thousand, respectively, was completed and recovered at the end of November 2022. For information on the subsidiary disposed of, please refer to Note 26.

(II) Subsidiaries with significant non-controlling equity

		Percentage of shareholding and voting rights held by non-controlling interests	
Name of subsidiaries	Principal place of business	December 31, 2022	December 31, 2021
Miramar Hospitality Co., Ltd.	Taipei City	37.01%	37.01%

	Profit or loss allocated to non-controlling equity		Non-controlling interests	
Name of subsidiaries	2022	2021	December 31, 2022	December 31, 2021
Miramar Hospitality Co., Ltd.	$ 3,720	$ 18,996	$ 144,756	$ 147,749
Others	10,961	5,083	95,953	93,500
Total	$ 14,681	$ 24,079	$ 240,709	$ 241,249

The summarized financial information of the subsidiaries below is based on the amounts before elimination of intercompany transactions:

Miramar Hospitality Co., Ltd.

	December 31, 2022	December 31, 2021
Current assets	$ 129,592	$ 152,769
non-current assets	969,395	974,999
Current liabilities	(194,575)	(206,939)
Non-current liabilities	(513,277)	(521,602)

Equity	$ 391,135	$ 399,227
Equity attributable to:		
Owner of the Company	$ 246,379	$ 251,478
Non-controlling interests of Miramar Hospitality Co., Ltd.	144,756	147,749
	$ 391,135	$ 399,227

	2022	2021
Operating revenue	$ 194,461	$ 220,533
Net income for the year	$ 11,128	$ 51,328
Other comprehensive income	(8,466)	2,782
Total comprehensive income	$ 2,662	$ 54,110
Net income attributable to:		
Owner of the Company	$ 6,331	$ 32,332
Non-controlling interests of Miramar Hospitality Co., Ltd.	3,720	18,996
	$ 10,051	$ 51,328
Comprehensive income attributable to:		
Owner of the Company	$ 1,413	$ 34,084
Non-controlling interests of Miramar Hospitality Co., Ltd.	132	20,026
	$ 1,545	$ 54,110
Cash flow		
Business activities	$ 53,458	$ 100,303
Investment activities	(42,736)	6,003
Financing activities	(490)	(100,440)
Net cash inflow	$ 10,232	$ 5,866

XIII. Investment accounted for under the equity method

Aggregate information on affiliates that are not individually material

	2022	2021
Share of the merged company		
Net loss for the year	$ -	($ 1,116)

The merged company’s investment in SUPER NOVA OPTOELECTRONICS CORPORATION using the equity method was completed on September 30, 2021. As of December 31, 2021, the other receivables were NT$98,529 thousand after deducting the credit of the investment using the equity method. The balance of NT$85,884 thousand was determined to be irrecoverable, so the related other receivables of NT$12,645 thousand and loss allowance of NT$12,645 thousand were written off.

The investment in SUPER NOVA OPTOELECTRONICS CORPORATION adopting the equity method in 2021 has not been audited by CPAs. However, the management of the merged company believes that the financial statements of the above-mentioned affiliates have not been audited by CPAs and thus no material adjustment has occurred.

XIV. Property, plant and equipment

	Land	Building	Transportation equipment	Office equipment	Restaurant and hotel equipment	Total
Cost						
Balance as of January 1, 2022	$ 156,144	$ 30,509	$ 251,330	$ 30,038	$ 62,716	$ 530,737
Increase	-	-	41,188	1,713	194	43,095
Disposition	-	-	(42,695)	(722)	(9,022)	(52,439)
Disposal of subsidiary	-	-	(57,420)	(1,923)	-	(59,343)
Balance as of December 31, 2022	$ 156,144	$ 30,509	$ 192,403	$ 29,106	$ 53,888	$ 462,050
Accumulated depreciation and impairment						
Balance as of January 1, 2022	$ -	$ 19,585	$ 189,315	$ 24,409	$ 58,336	$ 291,645
Depreciation	-	490	22,400	1,413	1,180	25,483
Disposition	-	-	(35,345)	(664)	(9,012)	(45,021)
Disposal of subsidiary	-	-	(33,858)	(1,559)	-	(35,417)
Balance as of December 31, 2022	$ -	$ 20,075	$ 142,512	$ 23,599	$ 50,504	$ 236,690
Net amount as of December 31, 2022	$ 156,144	$ 10,434	$ 49,891	$ 5,507	$ 3,384	$ 225,360

	Land	Building	Transportation equipment	Office equipment	Restaurant and hotel equipment	Real estate under construction (Note 31)	Total
Cost							
Balance as of January 1, 2021	$ 156,144	$ 30,775	$ 255,646	$ 37,463	$ 62,687	$ 957,959	$1,500,674
Increase	-	-	21,851	485	538	4,494	27,368
Disposition	-	(266)	(26,167)	(7,910)	(509)	(962,453)	(997,305)
Balance as of December 31, 2021	$ 156,144	$ 30,509	$ 251,330	$ 30,038	$ 62,716	$ -	$ 530,737
Accumulated depreciation and impairment							
Balance as of January 1, 2021	$ -	$ 19,334	$ 191,898	$ 30,171	$ 53,485	$ 328,071	$ 622,959
Depreciation	-	517	21,138	2,067	5,365	-	29,087
Disposition	-	(266)	(23,721)	(7,829)	(514)	(328,071)	(360,401)
Balance as of December 31, 2021	$ -	$ 19,585	$ 189,315	$ 24,409	$ 58,336	$ -	$ 291,645
Net amount as of December 31, 2021	$ 156,144	$ 10,924	$ 62,015	$ 5,629	$ 4,380	$ -	$ 239,092

Depreciation expenses are calculated on a straight-line basis over their estimated useful lives as shown in the following:

Building	3 to 55 years
Transportation equipment	1 to 8 years
Office equipment	3 to 20 years

Restaurant and hotel equipment	5 to 15 years

Please refer to Note 30 for the amount of property, plant and equipment provided by the merged company as collateral for borrowings.

XV. Lease agreement

(I) Right-of-use assets

	December 31, 2022	December 31, 2021
Book value of right-of-use assets		
Land	$ 504,275	$ 535,748
Building	2,576	3,117
Power-saving equipment	-	477
	$ 506,851	$ 539,342

	2022	2021
Increase in right-of-use assets	$ 3,804	$ 13,198
Depreciation expense of right-of-use assets		
Land	$ 27,246	$ 27,687
Building	542	541
Power-saving equipment	477	1,145
	$ 28,265	$ 29,373

(II) Lease liabilities

	December 31, 2022	December 31, 2021
Book value of lease liabilities		
Liquidity	$ 17,464	$ 21,324
Non-current	$ 504,763	$ 527,279

The range of the discount rate for lease liabilities is as follows:

	December 31, 2022	December 31, 2021
Land	1.70%～1.76%	1.70%～1.76%
Building	1.70%	1.70%
Power-saving equipment	1.81%	1.81%

(III) Significant lease activities and terms and conditions

The merged company rents certain lands and buildings for office use with lease terms of 1 to 50 years. The merged company does not have preferential rights to acquire the land and buildings leased at the end of the lease term.

On March 11, 2004, Miramar Hospitality Co., Ltd. leased 3,810 square meters of land from the Tourism Bureau, Ministry of Transportation and Communications.

%. The aforementioned rent shall be adjusted when the land price adjustment is announced. However, if the difference between the land price increase announced in the future and the land price increase estimated in the financial plan of the investment implementation plan is too large, one may refer to the newly added Paragraph 3 of Article 2 of “Guidelines for Promoting Private Participation in Public Construction, Lease of Public Land and Setting Preferential Rents for Superficial Rights” which the stipulates that “During the construction and operation of public construction, if the reported land price of the required land for the year and the land price estimated in the original financial plan increase by more than 50%, the sponsoring authority may reduce the payable rent at its discretion. “, a separate version was drafted in consultation with the State-owned Property Bureau, Ministry of Finance. The duration of the surface right is 50 years from the date of development and operation.

Due to the impact of the COVID-19 epidemic on the market economy, Miramar Hospitality Co., Ltd. negotiated with the Tourism Bureau, MOTC on a land lease agreement. The Tourism Bureau MOTC agreed to unconditionally adjust and reduce the rent amount from January 1 to December 31, 2022 and 2021 by 20%. The Company and Hsin Hai Transportation & Terminal Co., Ltd. have negotiated a land lease with TAIWAN SUGAR CORPORATION Kaohsiung Branch. TAIWAN SUGAR CORPORATION Kaohsiung Branch agreed to unconditionally reduce the rent by 20% in 2022 and 2021. The effect of the aforementioned rent concessions recognized by the Group in 2022 and 2021 was NT$4,442 thousand and NT$4,504 thousand (stated as other gains and losses), respectively.

(IV) Other lease information

	2022	2021
Expenses relating to short-term leases	$ 1,712	$ 20
Lease expenses of low-value assets	$ 359	$ 438
Total cash (outflow) of leases	($ 28,703)	($ 38,450)

The merged company modified the leases according to the changes in the contractual rents and sold the subsidiaries in 2022, and the relatively adjusted right-of-use assets and lease liabilities were NT$8,030 thousand.

XVI. Investment property

	December 31, 2022	December 31, 2021

Land		
Keelung Nuan-Nuanyuan Section	$ 30,026	$ 30,026

The fair value of the investment property of the merged company was appraised by Li Qing Tang, an independent appraiser who is not a related party. The fair value was assessed at NT$40,789 thousand on December 20, 2021 with the real estate appraisal report of the remote area of Keelung warm area, the evaluation is made with reference to market evidence of real estate transaction prices. Because there is no significant change in the transaction price of real estate in this area, the fair value as of December 31, 2022 and December 31, 2021 should not be significantly different from the fair value evaluated by the unrelated independent appraiser.

XVII. Intangible assets

	Computer software	Operating concession	Total
Cost			
Balance as of January 1, 2022	$ 2,452	$ 916,604	$ 919,056
Acquired separately	12	979	991
Disposition	-	(34,523)	(34,523)
Balance as of December 31, 2022	$ 2,464	$ 883,060	$ 885,524
Accumulated amortization			
Balance as of January 1, 2022	$ 2,280	$ 479,683	$ 481,963
Amortization expenses	135	19,086	19,221
Disposition	-	(31,917)	(31,917)
Balance as of December 31, 2022	$ 2,415	$ 466,852	$ 469,267
Net amount as of December 31, 2022	$ 49	$ 416,208	$ 416,257

	Computer software	Operating concession	Others	Total
Cost				
Balance as of January 1, 2021	$ 2,952	$ 913,720	$ 1,506	$ 918,178
Acquired separately	62	3,406	-	3,468
Disposition	(562)	(522)	(1,506)	(2,590)
Balance as of December 31, 2021	$ 2,452	$ 916,604	$ -	$ 919,056
Accumulated amortization				
Balance as of January 1, 2021	$ 2,619	$ 446,308	$ 1,506	$ 450,433
Amortization expenses	223	33,853	-	34,076

Disposition	(562)	(478)	(1,506)	(2,546)
Balance as of December 31, 2021	$ 2,280	$ 479,683	$ -	$ 481,963
Net amount as of December 31, 2021	$ 172	$ 436,921	$ -	$ 437,093

Amortization expenses are accrued on a straight-line basis over the following useful years:

Computer software	3-5 years
Operating concession	2-48 years
Others	3 years

The operating royalty cost of NT$883,060 thousand referred to above includes the royalty of NT$27,000 thousand and the planning fee of NT$2,390 thousand that were paid for signing the "Development and Operation Agreement for Private Participation in the Construction of Affordable Hotels in Taipei" with the Tourism Bureau of Ministry of Transportation and Miramar Hospitality Co., Ltd. Also, the construction cost was NT$853,670 thousand.

Please refer to Note 30 for the amount of intangible assets pledged as collateral for loans by the merged company.

XVIII. Borrowings

(I) Short-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings (Note 30)		
Bank loan	$ 130,000	$ 130,000

Bank borrowings are secured by the merged company's bank deposits, time certificates of deposit, and operating concessions (see Note 30). The interest rate of bank revolving borrowings as of December 31, 2022 and 2021 were 2.035% - 2.604% and 1.46%, respectively. ~1.50%.

(II) Long-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings (Note 30)		
Bank mortgage	$ 20,833	$ -
Unsecured borrowings		
Borrowings against credit lines	20,000	20,000
	40,833	20,000
Less: Portion due within one year	(10,000)	-

Long-term borrowings	$ 30,833	$ 20,000
Maturity date of mortgage repayment	2024.1.17	-
Repayment maturity date of unsecured borrowings	2026.5.4~9.3	2026.5.4~9.3

The bank secured borrowings were secured by the Company's bank deposits (see Note 30). As of December 31, 2022, the annual interest rate was 2.47%.

The interest rate of the unsecured borrowings was 2.345% and 1.85% as of December 31, 2022 and 2021, respectively, belongs to the Tourism Industry Revitalization Financing of the Tourism Bureau, MOTC.

XIX. Other payables

	December 31, 2022	December 31, 2021
Payroll payable	$ 33,547	$ 40,653
Premium payable	15,557	17,629
Tax payable	6,471	5,169
Stock settlement payable	4,912	-
Remuneration payable to directors	740	3,710
Remuneration payable to employees	740	3,710
Construction payable	-	9,435
Others	17,123	37,730
	$ 79,090	$ 118,036

XX. Post-employment benefit plan

(I) Defined contribution plan

The pension system under the "Labor Pension Act" applicable to the merged company is a government-managed defined contribution pension plan. Under the pension plan, 6% of employees' monthly salary is contributed to the personal accounts of the Bureau of Labor Insurance.

(II) Defined benefit plan

According to the "Labor Standards Act" of R.O.C., the Company and Hsin Hai Transportation & Terminal Co., Ltd. of the merged company have the defined benefit pension plan managed by the government. Employee pension is paid based on years of service and the average salary of the six months prior to the date of approved retirement. These companies appropriate 3.8%~7% of employees' monthly salary as pension fund, which is then deposited into a special account at the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. For employees who are expected to retire in the following year, the difference will be allocated in a lump sum before the end of March of the following year. The management of the special account is entrusted to the Bureau of Labor Funds, Ministry of Labor. The merged company has no right to influence the investment management strategy.

The amounts included in the defined benefit plan in the consolidated balance sheets are as follows:

	December 31, 2022	December 31, 2021
Defined benefit obligation	$ 54,359	$ 58,249
Fair value of plan assets	(49,611)	(49,362)
Net confirmed benefit debt	$ 4,748	$ 8,887

As of December 31, 2022, the merged company's net defined benefit liabilities were listed in the consolidated balance sheet under net defined benefit assets of NT$610 thousand and net defined benefit liabilities of NT$5,358 thousand.

The merged company's net defined benefit liabilities as of December 31, 2021 were listed in the consolidated balance sheet under net defined benefit liabilities of NT$8,887 thousand.

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

	Defined benefit obligation	Fair value of plan assets	Net confirmed benefit debt
Balance as of January 1, 2022	$ 58,249	($ 49,362)	$ 8,887
Current period service costs	860	-	860
Interest expense (income)	307	(271)	36
Deferred tax income (expense) recognized in profit or loss	1,167	(271)	896
Re-measurement			
Return on plan assets (except for the amount included in net interest)	-	(2,899)	(2,899)
Actuarial gains or losses			
- Changes in financial assumptions	(1,790)	-	(1,790)
- Experience-based adjustments	99	-	99
Deferred tax income (expense) recognized in other comprehensive income	(1,691)	(2,899)	(4,590)
Contributions by employer	-	(445)	(445)
Plan asset payment	(3,366)	3,366	-
Balance as of December 31, 2022	$ 54,359	($ 49,611)	$ 4,748

Balance as of January 1, 2021	$ 54,188	($ 48,249)	$ 5,939
Current period service costs	798	-	798
Interest expense (income)	124	(115)	9
Deferred tax income (expense) recognized in profit or loss	922	(115)	807
Re-measurement			
Return on plan assets (except for the amount included in net interest)	-	(534)	(534)
Actuarial gains or losses			
- Changes in demographic assumptions	1,410	-	1,410
- Changes in financial assumptions	(1,439)	-	(1,439)
- Experience-based adjustments	3,168	-	3,168
Deferred tax income (expense) recognized in other comprehensive income	3,139	(534)	2,605
Contributions by employer	-	(464)	(464)
Balance as of December 31, 2021	$ 58,249	($ 49,362)	$ 8,887

Due to the pension system under the Labor Standards Act, the merged company is exposed to the following risks:

1. Investment risk: The Bureau invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits on its own use and through commissioned management. However, the merged company's The income is calculated based on the interest rate not lower than the local bank for 2-year time deposit.
2. Interest rate risk: The decrease in the interest rate of government bonds will increase the present value of the defined benefit obligation; however, the return on the debt investment of the plan assets will also increase, which will partially offset the effect of the net defined benefit liability.
3. Salary risk: The calculation of the present value of defined benefit obligations is based on the future salaries of plan members. Therefore, the increase in the salary of the plan members will increase the present value of the defined benefit obligation.

The actuarial value of the present value of the defined benefit obligation of the merged company was carried out by qualified actuaries. The significant assumptions made on the measurement date are as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.16%~1.40%	0.64%~0.75%
Expected rate of increase in salary	1.875%~2.000%	1.875%~2.000%
Turnover rate	2.000%~27.000%	2.000%~27.000%

If there are reasonably possible changes to the major actuarial assumptions, and all other assumptions remain unchanged, the present value of the defined benefit obligation will be increased (decreased) by the following amounts:

	December 31, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	($ 779)	($ 947)
Decrease by 0.25%	$ 788	$ 959
Expected rate of increase in salary		
Increase by 0.25%	$ 1,116	$ 1,342
Decrease by 0.25%	($ 1,077)	($ 1,302)

Due to the fact that actuarial assumptions may be related to each other, and it is unlikely that only a single assumption will change, the sensitivity analysis above may not reflect the actual changes in the present value of defined benefit obligations.

	December 31, 2022	December 31, 2021
Expected contribution amount within 1 year	$ 444	$ 467
Average duration of defined benefit obligations	4.9 - 6 years	5.7 - 6 years

XXI. Equity

(I) Share capital

Common stock

	December 31, 2022	December 31, 2021
Number of shares (thousand)	250,000	250,000
Authorized capital	$ 2,500,000	$ 2,500,000
Number of shares issued and fully paid (thousand shares)	189,002	171,820
Issued capital stock	$ 1,890,023	$ 1,718,202

The ordinary shares issued with a par value of NT$10 per share are entitled to one voting right and the right to receive dividends.

On June 24, 2022, the Company passed the capitalization of retained earnings for issuance of NT$171,821 thousand new shares, and 17,182 thousand new shares with a par value of NT$10 per share. The record date for recapitalization of earnings was set by the Financial Supervisory Commission on July 5, 2022, and the change registration was completed on August 22, 2022.

(II) Capital reserve

	December 31, 2022	December 31, 2021
May be used to offset losses, distribute cash or capitalize on capital (1)		
Treasury shares transaction	$ 20,348	$ 20,348
Can only be used to offset a deficit		
Recognition of changes in ownership interests of subsidiaries (2)	18	18
Unclaimed dividends after expiry date	491	492
	$ 20,857	$ 20,858

1. Such capital surplus may be used to offset a deficit, and may be distributed as cash or applied to share capital when the Company has no deficits, provided that the capital surplus shall not exceed a certain percentage of the Company's paid-in share capital each year.
2. This type of capital surplus is the effect of equity transactions recognized due to changes in the company's equity when the Company does not actually acquire or dispose of the equity of the subsidiary, or the adjustment to the capital surplus of the company adopting the equity method to recognize.

(III) Retained earnings and dividend policy

According to the earnings appropriation policy of the Company, any earnings at the end of the year are subject to taxes and taxes, and after offsetting the accumulated losses, and then 10% of the earnings are set aside as legal reserve, and the remainder is appropriated or reversed as special reserves. If there is any remaining balance, together with the accumulated undistributed earnings, the Board of Directors shall draft a motion for earnings distribution and propose to the shareholders' meeting for resolution of distribution of dividends to shareholders. Please refer to Note 23(6) for the policy on the remuneration of employees and directors as stipulated in the Company's Articles of Incorporation.

In order to meet the needs of diversified business development, sound financial structure, and protection of investors' rights and interests, the Company's dividend policy is based on the Company's future capital needs and long-term financial planning. The cash dividends are distributed except for the retained earnings to be used as funds for the Company's growth. The percentage of dividends distributed shall not be less than 50% of the total dividends distributed in the current year. The proportion of dividend distribution and cash dividends may depend on the operating capital required by Company and other related circumstances. When the board of directors is authorized to formulate an earnings distribution plan adopting the method of issuing new shares, such plan may be implemented after being submitted to the shareholders' meeting for resolution and when making distribution in cash. It shall be distributed based the resolution of the board of directors, which shall be submitted to the shareholders' meeting.

The legal reserve shall be appropriated until the balance reaches the Company's paid-in capital. Legal reserves may be used to offset losses. If the Company has no deficit, the portion exceeding 25% of the paid-in capital by the legal reserve may be appropriated into capital or distributed in cash.

The Company held a shareholders' meeting on June 24, 2022 and August 26, 2021, respectively, and resolved to pass the 2021 earnings appropriation and the 2020 loss appropriation proposal as follows:

	2021	2020
Legal reserve	$ 37,479	$ 23
Cash dividends	$171,821	$ -
Stock dividends	$171,821	$ -
Cash dividend per share (NTD)	$ 1	$ -
Dividends per share (NTD)	1	-

On March 24, 2023, the board of directors of the company proposed the 2022 loss compensation plan which is yet to be resolved at the shareholders' regular meeting expected to be held on June 30, 2023.

(IV) Treasury shares

Reason(s) for recall	Repurchase for cancellation (thousand shares)
Number of shares on January 1,	1,174

2021	
Decrease in the current year	(1,174)
Number of shares on December 31, 2021	-

According to the Securities and Exchange Act, the treasury stock held by the Company shall not be pledged and shall not be entitled to the distribution of dividends and voting rights.

The Company canceled the treasury stock repurchased in March 2021. A total of 1,174 thousand shares were cancelled at a par value of NT$10 per share. The capital reduction amounted to NT$11,740 thousand. The change registration was completed on April 14, 2021.

(V) Non-controlling interests

	2022	2021
Balance at the beginning of the year	$ 241,249	$ 213,650
Net income for the year	14,681	24,079
Other comprehensive income of the current year		
Unrealized gains and losses measured at fair value through other comprehensive income	(3,132)	1,029
Re-measurement of defined benefit plan	884	(1,302)
Changes in ownership interests of subsidiaries	-	8,298
Cash dividend distributed by subsidiaries	(12,973)	(4,505)
Year-end balance	$ 240,709	$ 241,249

XXII. Revenue

	2022	2021
Revenue from contracts with customers		
Transportation revenue	$ 523,305	$ 559,052
Hospitality revenue	194,415	220,533
Rental income	10,834	10,846
Others	1,413	1,404
	$ 729,967	$ 791,835

For the breakdown of revenue from contracts with customers, please refer to Note 34.

XXIII. Net profit (loss)

(I) Others

	2022	2021
Subsidies income	$ 24,657	$ 44,606
Rental income	7,756	7,682
Dividend income	174,715	69,854
Others	2,908	3,180
	$ 210,036	$ 125,322

(II) Finance costs

	2022	2021
Interest on bank borrowings	$ 3,145	$ 4,981
Interest on lease liabilities	9,458	9,951
	$ 12,603	$ 14,932

(III) Other gains and losses

	2022	2021
Gains on disposal of subsidiary (Note 26)	$ 18,752	$ -
Net income (loss) from the disposal and retirement of property, plant, and equipment (Note 31)	10,883	(25,998)
Disposal of interests in investment property	-	49,342
Net loss on foreign currency exchange	(37)	(149)
Loss of disposal of intangible assets	(2,606)	(44)
Gains (losses) on financial assets at FVTPL	(450,959)	228,454
Others	(166)	(5,070)
	($ 424,133)	$ 246,535

In November 2020, the merged company sold the lands in the Zhulin Section (formerly the Jingpu Section) and the Changkeng Section in Bali, for a total price of NT$171,550 thousand. The transfer was completed in February 2021 and the disposal gains were recognized at NT$49,342 thousand.

(IV) Depreciation and amortization

	2022	2021
Depreciation expenses by function		
Operating cost	$ 35,695	$ 37,827
Operating expense	18,053	20,633
	$ 53,748	$ 58,460

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	2022	2021
Amortization expenses are summarized by function		
Operating cost	$ 18,244	$ 32,716
Operating expense	977	1,360
	$ 19,221	$ 34,076

(V) Employee benefits expense

	2022	2021
Post-employment benefits		
Defined contribution plan	$ 9,710	$ 9,763
Defined benefit plan	896	807
	10,606	10,570
Other employee benefits	212,145	239,627
Total employee benefit expenses	$ 222,751	$ 250,197
Summary by function		
Operating cost	$ 140,135	$ 161,580
Operating expense	82,616	88,617
	$ 222,751	$ 250,197

(VI) Employees' compensation and remuneration of directors

According to the Company's Articles of Incorporation, the employees' compensation and directors' remuneration shall be appropriated at 1% and no more than 1% of the profit before tax, respectively, in the current year before deduction of the employees' and directors' remuneration. 2022 was the net loss before tax, which has not been estimated as employees' remuneration and directors' remuneration. On March 28, 2022, the board of directors resolved the compensation for employees and directors for 2021 as follows:

Estimated allowance

	2021
Employee remuneration	1%
Remuneration to directors	1%

Amount

	2021	
	Cash	Stock
Employee remuneration	$ 3,031	$ -
Remuneration to directors	3,031	-

There is no difference between the actual amount of employees' compensation and remuneration of directors paid and the amount recognized in the consolidated financial statements.

If there is a change in the amount after the annual consolidated financial statements were authorized for issue, the difference is treated as a change in accounting estimate and adjusted and accounted in the following year.

Information on employees' compensation and remuneration of directors resolved by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

XXIV. Income tax

(I) Income tax recognized in profit or loss

The main components of income tax expenses are as follows:

	2022	2021
Current income tax		
Incurred in the current year	$ 6,354	$ 9,291
Adjustment from previous year	(2,994)	(80)
	3,360	9,211
Deferred income tax		
Incurred in the current year	1,241	1,670
Adjustment from previous year	33	20
	1,274	1,690
Income tax expenses recognized in profit or loss	$ 4,634	$ 10,901

The accounting income and income tax expenses are reconciled as follows:

	2022	2021
Net (loss) profit before tax	($ 240,528)	$ 326,181
Income tax (gain) for net profit (loss) before tax calculated at statutory tax rate	($ 48,105)	$ 63,656
Non-deductible expenses and losses for tax purposes	249	728
Tax-exempted income	49,750	(74,400)
Basic tax difference payable	-	3,006
Imposition on undistributed earnings	1	-
Unrecognized deductible temporary difference	-	(70,063)
Unrecognized loss carryforwards	-	87,595
Income tax expenses of previous years are adjusted in the current year	(2,961)	(60)
Others	5,700	439
Income tax expenses recognized in profit or loss	$ 4,634	$ 10,901

(II) Income tax assets and liabilities for the current year

	December 31, 2022	December 31, 2021
Income tax assets for the current year		
Tax refund receivable (included in other current assets)	$ 819	$ 1,719
Current income tax liabilities		
Income tax payable	$ 5,664	$ 4,208

(III) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2022

Deferred tax assets	Balance at the beginning of the year	Deferred tax income (expense) recognized in profit or loss	Recognized in others Comprehensive income	Effects of loss of control over subsidiaries	Year-end balance
Temporary difference					
Failing to achieve the preparation for the accident-causing vehicle	$ 2,561	($ 37)	$ -	($ 141)	$ 2,383
Unrealized inventory	2,277	(2,241)	-	-	36

valuation losses					
Unrealized exchange loss	30	(30)	-	-	-
Allowance for doubtful debts	13,986	648	-	-	14,634
Exceeding the pension limit	7,263	26	(918)	-	6,371
Loss deduction	18,201	384	-	-	18,585
Impairment loss	54,900	-	-	-	54,900
Others	13	(13)	-	-	-
	$ 99,231	($ 1,263)	($ 918)	($ 141)	$ 96,909
Deferred tax liabilities					
Temporary difference					
Unrealized gain on exchange	$ -	$ 11	$ -	$ -	$ 11

2021

	Balance at the beginning of the year	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Year-end balance
Deferred tax assets				
Temporary difference				
Failing to achieve the preparation for the accident-causing vehicle	$ 2,627	($ 66)	$ -	$ 2,561
Unrealized inventory valuation losses	2,642	(365)	-	2,277
Unrealized exchange loss	-	30	-	30
Allowance for doubtful debts	16,544	(2,558)	-	13,986
Exceeding the pension limit	6,719	23	521	7,263
Loss deduction	16,948	1,253	-	18,201
Impairment loss	54,900	-	-	54,900
Others	20	(7)	-	13
	$ 100,400	($ 1,690)	$ 521	$ 99,231

(IV) The deductible temporary difference and unused loss credit of deferred income tax assets not recognized in the consolidated balance sheet

	December 31, 2022	December 31, 2021
Loss deduction		
Due 2022	$ -	$ 46,093
Due 2023	55,569	55,569
Due 2024	57,730	57,730
Due 2025	39,299	39,299
Due 2026	134,973	134,973
Due 2027	16,383	16,383
Due 2028	22,403	22,403
Due 2029	19,880	19,880
Due 2030	20,431	20,431
Due 2031	741,594	741,594
Due 2032	228	-
	$ 1,108,490	$ 1,154,355
Deductible temporary differences		
Impairment loss of financial assets	$ 242,442	$ 304,894
Impairment of long-term equity investment under equity method	50,968	50,968
	$ 293,410	$ 355,862

(V) Information on unused loss carryforwards

As of December 31, 2022, information about loss carryforwards of Tze Shin International Co., Ltd. is as follows:

Balance yet to be deducted		Final year of deduction
$ 55,569	(Approved)	2023
57,730	(Approved)	2024
39,299	(Approved)	2025
134,973	(Approved)	2026
16,383	(Approved)	2027
22,403	(Approved)	2028
19,880	(Approved)	2029
105,172	(Approved)	2030
747,696	(not yet approved)	2031
2,310	(not yet approved)	2032
$ 1,201,415		

(6) Authorization of income tax

For the profit-seeking enterprise income tax declaration of the company and its subsidiaries, except for the declaration cases of ACMC Trading Co., Ltd. as of 2021, which have been approved by the tax collection agency, the rest of the declaration cases as of 2020 have been approved by the tax collection agency.

XXV. Earnings (losses) per share

Unit: NTD per share

	2022	2021
Basic earnings (loss) per share	($ 1.37)	$ 1.54
Diluted earnings (loss) per share	($ 1.37)	$ 1.54

The effect of stock dividends has been adjusted retrospectively in the calculation of earnings per share. Due to the retrospective adjustment, changes in basic and diluted earnings per share are as follows:

	Before retrospective adjustment	After retrospective adjustment
	2022	2021
Basic earnings per share	$ 1.69	$ 1.54
Diluted earnings per share	$ 1.69	$ 1.54

The net income (loss) and the weighted average number of ordinary shares issued for the calculation of earnings (loss) per share are as follows:

Net income (loss) of the year

	2022	2021
Net profit (loss) attributable to owners of the Company	($ 259,843)	$ 291,201

Shares

Unit: Thousand shares

	2022	2021
Weighted average number of ordinary shares used in calculating basic earnings (loss) per share	189,002	189,002
Effect of potential dilutive common stock:		
Employee remuneration	-	106
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	189,002	189,108

If the Company may choose to distribute the compensation to employees in shares or cash, for the calculation of diluted earnings per share, it is assumed that the compensation to employees will be distributed in shares, and the potential common stock may be included into the weighted average number of shares outstanding when there is a dilution effect. Diluted earnings per share. In the calculation of diluted earnings per share before the number of shares to be distributed to employees is resolved in the following year, the dilutive effect of these potential common shares will also be considered.

For the period from January 1 to December 31, 2022, the employee compensation of the Company was not included in the calculation of diluted loss per share due to its anti-dilutive effect.

XXVI. Disposal of subsidiary

In November 2022, the Company signed an agreement with a non-related party to dispose of the entire equity of Safe Cargo Transportation Co., Ltd., Safe Petroleum Transportation Co., Ltd., Safe Container Transportation Co., Ltd. and Safe Logistics Transportation Co., Ltd. The aforementioned equity was settled on November 16, 2022; therefore, the Company lost control over the subsidiary.

(I) Consideration received

	Safe Cargo Transportation Co., Ltd.	Safe Petroleum Transportation Co., Ltd.	Safe Container Transportation Co., Ltd.	Safe Logistics Transportation Co., Ltd.
Cash and cash equivalents	$ 2,991	$ 36,889	$ 28,763	$ 5,135

(II) Analysis of assets and liabilities for which control was lost

	Safe Cargo Transportation Co., Ltd.	Safe Petroleum Transportation Co., Ltd.	Safe Container Transportation Co., Ltd.	Safe Logistics Transportation Co., Ltd.	Total
Current assets					
Cash and cash equivalents	$ 4,529	$ 1,456	$ 981	$ 471	$ 7,437
Financial asset measured at fair value through profit or loss	-	10,199	19,298	-	29,497
Financial assets measured at amortized cost	-	2,400	5,000	4,000	11,400
Notes receivable - related parties	3,756	-	-	-	3,756
Accounts receivable, net	-	2,476	-	-	2,476
Accounts receivable - related parties	6,259	-	44	-	6,303
Net other receivables	75	85	314	6	480
Other receivables - related parties	-	-	676	877	1,553
Current tax assets	-	345	-	-	345
Prepayments	1,571	1,115	8	26	2,720
Other current assets	55	-	-	-	55
non-current assets					
Property, plant and equipment	5,563	17,809	554	-	23,926
Right-of-use assets	279	619	-	-	898
Deferred tax assets	127	12	-	2	141
Refundable deposits	110	249	-	-	359
Other non-current assets	-	455	-	-	455

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	Safe Cargo Transportation Co., Ltd.	Safe Petroleum Transportation Co., Ltd.	Safe Container Transportation Co., Ltd.	Safe Logistics Transportation Co., Ltd.	Total
Current liabilities					
Accounts payable - related parties	($ 1,147)	$ -	$ -	($ 4)	($ 1,151)
Other payables	(2,573)	(2,183)	(838)	(987)	(6,581)
Other payables - related parties	(26,341)	(214)	(11)	(11)	(26,577)
Tax liability	-	(141)	-	-	(141)
Lease liabilities - current	(227)	(635)	-	-	(862)
Advanced receipts	-	(88)	-	-	(88)
Other current liabilities	(51)	(27)	(15)	(24)	(117)
Non-current liabilities					
Other payables - related parties	(1,103)	(35)	-	(10)	(1,148)
Guarantee deposits	-	(110)	-	-	(110)
Net assets of disposal	($ 9,118)	$ 33,787	$ 26,011	$ 4,346	$ 55,026

(III) Gains from disposal of subsidiary

	Safe Cargo Transportation Co., Ltd.	Safe Petroleum Transportation Co., Ltd.	Safe Container Transportation Co., Ltd.	Safe Logistics Transportation Co., Ltd.	Total
Consideration received	$ 2,991	$ 36,889	$ 28,763	$ 5,135	$ 73,778
Less: Net assets from disposals	9,118	(33,787)	(26,011)	(4,346)	(55,026)
Gains from disposal	$ 12,109	$ 3,102	$ 2,752	$ 789	$ 18,752

(IV) Net cash inflow from disposal of subsidiaries

	Safe Cargo Transportation Co., Ltd.	Safe Petroleum Transportation Co., Ltd.	Safe Container Transportation Co., Ltd.	Safe Logistics Transportation Co., Ltd.	Total
Consideration received in cash and cash equivalents	$ 2,991	$ 36,889	$ 28,763	$ 5,135	$ 73,778
Less: Balance of cash and cash equivalents from disposals	(4,529)	(1,456)	(981)	(471)	(7,437)
	($ 1,538)	$ 35,433	$ 27,782	$ 4,664	$ 66,341

XXVII. Capital risk management

The capital structure management strategy of the merged company is based on the characteristics of the existing industry, future growth and development blueprint, and calculates the required working capital and the size of various assets for long-term development. The Company also ensures that the merged company's invested companies can continue to operate and grow by optimizing debt and equity balances to provide shareholders with sufficient returns and maintain the most appropriate capital structure.

The management of the merged company reviews the capital structure on a regular basis, and takes into account the costs and risks that may be involved in different capital structures, and monitors funds through the asset-liability ratio in order to adopt prudent risk management strategies.

XXVIII. Financial instruments

(I) Information on fair value - financial instruments not measured at fair value

The merged company's management believes that the book values of financial assets and financial liabilities not measured at fair value are close to their fair values, or their fair values cannot be measured reliably.

(II) Information on fair value - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial asset measured at fair value through profit or loss				
Domestic listed (OTC) stock	$ 1,072,727	$ -	$ -	$ 1,072,727
Domestic unlisted (non-OTC) stock	-	383	-	383
Fund beneficiary certificate	30,669	-	-	30,669
	$ 1,103,396	$ 383	$ -	$ 1,103,779
Financial assets at fair value through other comprehensive income				
Investment in equity instruments				
- Domestic listed (OTC) stock	$ 157,036	$ -	$ -	$ 157,036
- Domestic unlisted (non-OTC) stock	-	165,926	-	165,926
- Foreign unlisted (non-OTC) stocks	-	1,661	-	1,661
	$ 157,036	$ 167,587	$ -	$ 324,623

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial asset measured at fair value through profit or loss				
Domestic listed (OTC) stock	$ 775,516	$ -	$ -	$ 775,516
Domestic unlisted (non-OTC) stock	-	1,160	-	1,160
Fund beneficiary certificate	77,959	-	-	77,959
	$ 853,475	$ 1,160	$ -	$ 854,635
Financial assets at fair value through other comprehensive income				
Investment in equity instruments				
- Domestic listed (OTC) stock	$ 444,053	$ -	$ -	$ 444,053
- Domestic unlisted (non-OTC) stock	-	251,885	-	251,885
- Foreign unlisted (non-OTC) stocks	-	4,456	-	4,456
	$ 444,053	$ 256,341	$ -	$ 700,394

There were no transfers between Level 1 and Level 2 fair value measurements in 2021 and 2021.

2. Valuation techniques and inputs for Level 2 fair value measurement

Type of financial instrument	Valuation techniques and inputs
Domestic and foreign unlisted (OTC) stocks	Market method: For companies in the same industry and with similar operating and financial conditions, the transaction price of their stocks in an active market, and the corresponding value multiplier, and consider the liquidity risk to calculate the liquidity discount to convert the value of the target. Asset method: Fair value is derived from inputs that are directly (i.e., prices) or indirectly (i.e., derived from prices) observable, which is belonging to the assets or liabilities.

(III) Types of Financial Instruments

	December 31, 2022	December 31, 2021
Financial assets		
Measured at fair value through profit or loss		
Mandatory measurement at fair value through profit or loss	$ 1,103,779	$ 854,635
Financial assets at amortized cost (Note 1)	658,331	1,125,589
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments	324,623	700,394
Financial liabilities		
Measured at amortized cost (Note 2)	319,377	361,091

Note 1: The balance includes cash, financial assets measured at amortized cost, net notes receivable, notes receivable-related parties, net accounts receivable, accounts receivable-related parties, other net receivables, Other financial assets - current, other financial assets - non-current and deposits and other financial assets measured at amortized cost.

Note 2: The balance includes short-term loans, notes payable, notes payable - related parties, accounts payable, accounts payable - related parties, other payables, other payables - related parties, long-term loans (including the part due within one year), deposits Deposit deposits – current (included in other current liabilities) and deposit received are financial liabilities measured at amortized cost.

(IV) Financial Risk Management Objectives and Policies

The main financial instruments of the merged company include cash, equity instrument investment, accounts receivable, accounts payable and borrowings. The financial strategy of the merged company is mainly based on the principles of conservatism and prudence, and the financial risk management objectives are to manage interest rate risk, interest rate risk, credit risk and liquidity risk related to operating activities. In order to mitigate related financial risks, the merged company has established a complete approval authority to stipulate a financial policy with clear powers and responsibilities and supervise the implementation process to reduce the potential adverse impact of market changes on the company's financial performance.

The important financial activities of the merged company are reviewed by the board of directors in accordance with relevant regulations and internal control systems. During the execution of the financial plan, the merging company must strictly abide by the relevant financial operating procedures for sorting out financial risk management and division of powers and responsibilities.

1. Market risk

The main financial risks borne by the merged company's operating activities are interest rate change risk (see (1) below) and other price risks (see (2) below).

There is no change in the merged company's exposure to financial instrument market risk and the way it manages and measures such exposure.

(1) Interest rate risk

Interest rate exposure risk arises because individuals within the merged company borrow funds at both fixed and floating rates. The merged company manages interest rate risk by maintaining an appropriate mix of fixed and floating interest rates. The merged company regularly evaluates hedging activities to align them with interest rate views and established risk appetites to ensure the most cost-effective hedging strategies are employed.

The carrying amount of the financial assets and financial liabilities of the merged company subject to interest rate exposure on the balance sheet date is as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
- Financial assets	$ 20,400	$ 35,250
- Financial liabilities	522,227	548,603
Cash flow interest rate risk		
- Financial assets	359,102	896,659
- Financial liabilities	170,833	150,000

Sensitivity analysis

The sensitivity analysis below is based on the interest rate risk exposure of the non-derivative instruments at the balance sheet date. Assets and liabilities with floating interest rates are analyzed on the assumption that the amount of liabilities outstanding on the balance sheet date is outstanding throughout the reporting period. The rate of change used when the interest rate is reported to key management within the Group is 100 basis points for increase or decrease in interest rate, which also represents management's assessment of the reasonably possible change in interest rates.

If the interest rate increased/decreased by 100 basis points, with all other variables remaining unchanged, the merged company's net loss before tax for 2022 and 2021 would have increased/decreased by NT$1,883 thousand and NT$7,467 thousand, mainly due to the variable interest rate deposits of the merged company and variable interest rate borrowings.

(2) Other pricing risks

The merged company is exposed to the equity price risk due to the merged company's holding of domestic and foreign stocks and equity securities. The merged company does not trade these investments actively, but assigns relevant personnel to monitor the price risk and assess when it is necessary to increase the risk-averse positions.

Sensitivity Analysis

The sensitivity analysis below was conducted based on the equity price risk exposure on the balance sheet date.

If the equity price increased/decreased by 1%, the pre-tax/after-tax profit or loss would have increased/decreased by NT$11,038 thousand in 2022 due to the increase/decrease in the fair value of financial assets at FVTPL. Other comprehensive income before/after tax in 2022 would have increased/decreased by NT$3,246 thousand due to the increase/decrease in the fair value of financial assets at FVTOCI.

If the equity price increased/decreased by 1%, the pre-tax/after-tax profit or loss would have increased/decreased by NT$8,546 thousand in 2021 due to the increase/decrease in the fair value of financial assets at FVTPL. Other comprehensive income before/after tax in 2021 would have increased/decreased by NT$7,004 thousand due to the increase/decrease in the fair value of financial assets at FVTOCI.

2. Credit risk

Credit risk refers to the risk of the financial loss of the merged company caused by the counterparty defaulting on the contractual obligations. As of the balance sheet date, the largest credit risk exposure of the merged company that may cause financial losses due to the counterparty's failure to perform its obligations mainly comes from the book value of financial assets recognized in the consolidated balance sheet.

In order to mitigate credit risk, the management of the merged company assigned a dedicated team to be responsible for the determination of credit line, credit approval and other monitoring procedures to ensure that appropriate actions have been taken to recover overdue receivables. In addition, the merged company will review the recoverable amount of receivables one by one on the balance sheet date to ensure that unrecoverable receivables have been appropriately listed for impairment loss. Accordingly, the management level of the merged company believes that the credit risk of the merged company has been significantly mitigated.

Those subject to accounts receivable cover many customers of different industries and sectors. The merged company conducts ongoing assessments of the financial condition of customers of accounts receivable.

In addition, the credit risk is minor because the counterparties of the liquid capital transaction are financial institutions and companies with a good credit rating.

3. Liquidity risk

The merged company manages and maintains sufficient cash to support the merged company's operations and mitigate the impact of cash flow fluctuations. The management level of the merged company supervises the use of bank financing facilities and ensures compliance with the terms of the loan contract.

Bank loans are an important source of liquidity for the merged company. For the merged company's unused financing facilities as of the end of 2022 and 2021, please refer to the description of (2) financing facilities below.

(1) Liquidity and interest rate risk table of non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities was compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest) on the earliest date at which the merged company may be required to repay. Therefore, the bank borrowings that the merged company can be required to repay immediately are in the earliest period in the table below, regardless of the probability of the bank exercising the right; the maturity analysis of other non-derivative financial liabilities is compiled according to the agreed repayment date.

For the interest cash flow paid with floating interest rate, the undiscounted interest amount is inferred based on the yield curve on the balance sheet date.

December 31, 2022

	Pay on demand or less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Non-interest-bearing liabilities	$ 58,551	$ 29,334	$ 17,928	$ 1,000	$ -
Lease liabilities	366	1,320	24,915	95,417	563,457
Floating interest rate instruments	1,131	2,256	138,653	32,384	-
	$ 60,048	$ 32,910	$ 180,496	$ 128,801	$ 563,457

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	More than 20 years
Lease liabilities	$ 26,601	$ 95,417	$ 106,723	$ 99,290	$ 99,290	$ 258,154

December 31, 2021

	Pay on demand or less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Non-interest-bearing liabilities	$ 77,253	$ 54,291	$ 24,516	$ 1,238	$ -
Lease liabilities	935	1,759	27,763	97,657	595,784
Floating interest rate instruments	30,175	305	100,640	21,356	-
	$ 108,363	$ 56,355	$ 152,919	$ 120,251	$ 595,784

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	More than 20 years
Lease liabilities	$ 30,457	$ 97,657	$ 111,650	$ 100,861	$ 100,861	$ 282,412

The bank loans that the merged company can be required to repay immediately are included in the above-mentioned maturity analysis table within a period shorter than 1 month. As of December 31, 2022 and 2021, the balance of undiscounted principal of these bank loans are NT$833 thousand and NT$30,000 thousand respectively.

The amount of floating rate instruments for the above non-derivative financial assets and liabilities will change due to the difference between the floating rate and the estimated rate on the balance sheet date.

(2) Financing limit

	December 31, 2022	December 31, 2021
Unsecured bank facilities (reviewed every year)		
- Amount used	$ 20,000	$ -
- Unutilized amount	115,000	85,000
	$ 135,000	$ 85,000

Guaranteed bank

facilities		
- Amount used	$ 150,833	$ 150,000
- Unutilized amount	388,000	510,000
	$ 538,833	$ 660,000

XXIX. Related-Party Transactions

Except for those disclosed in Note 33 to the consolidated financial statements, all transactions, account balances, income, and expenses between the Company and its subsidiaries (which are related parties of the Company) are eliminated upon consolidation and are not disclosed in The Notes. The material transactions between the merged company and other related parties are disclosed as follows.

(I) Names of related parties and their relationships

Name of the related parties	Relationship with the merged company
Durban Development Co., Ltd.	Type of related parties
T&W Transportation Services	Type of related parties
Mayer Steel Pipe Corporation	Type of related parties
Athena Information Systems International Co., Ltd.	Type of related parties
Durban Dive Corporation	Type of related parties
Yu-hung Investment Co., Ltd.	Type of related parties
Ying Shun Construction Co., Ltd.	Type of related parties
Mayer Inn Corporation	Type of related parties
Yuan Chuan Steel Co. Ltd.	Associates
TienPin Development Co., Ltd.	Associates
Miramar Hotel Taipei Co., Ltd.	Associates
Super Nova Optoelectronics Corporation	Associates

(II) Operating revenue

Accounting item	Type/Name of related parties	2022	2021
Transportation revenue	Type of related parties		
	T&W Transportation Services	$ 230,815	$ 249,100
Hospitality revenue	Type of related parties	308	648
		$ 231,123	$ 249,748

There was no significant difference in the price of sales between the merged company and the related party and the non-related party.

(III) Operating cost

Accounting item	Type/Name of related	2022	2021

	parties		
Transportation cost	Type of related parties		
	T&W Transportation Services	$ 47,984	$ 52,966
Dining and travel expenses	Type of related parties	$ 326	$ 318

There is no significant difference between the transaction price between the merged company and the related party and the non-related party.

(IV) Operating expense

Accounting item	Type of related parties	2022	2021
Dining and travel expenses	Type of related parties	$ 476	$ 500
Transportation expenses	Type of related parties	84	84
		$ 560	$ 584

(V) Rental agreement

Operating leases

The merged company leases the right-to-use transportation equipment and buildings to the substantially related party by operating lease with a lease period of 1 year. The lease income recognized in 2022 and 2021 was NT$777 thousand and NT$902 thousand, respectively.

The merged company leases the right-to-use building to the affiliated enterprise for operating lease with a lease term of 1 year. The lease income recognized in 2022 and 2021 were both NT$24 thousand .

In the lease contract with the related party, the rent is negotiated based on the agreed price and the payment is collected by the agreed method. The price and payment terms are equivalent to those of the non-related party.

(VI) Other gains and losses

Type of related parties	2022	2021
Type of related parties	$ 724	$ 1,101

(VII) Interest income

Category/name of related party	2022	2021
Associates		
Super Nova Optoelectronics Corporation	$ -	$ 1,025

(VIII) Receivables from related parties (excluding loans to related parties)

Accounting item	Type/Name of related parties	December 31, 2022	December 31, 2021
Notes receivable - related parties	Type of related parties		
	T&W Transportation Services	$ 34,753	$ 46,114
Accounts receivable - related parties	Type of related parties		
	T&W Transportation Services	$ 37,367	$ 46,020
	Others	-	213
		$ 37,367	$ 46,233
Other receivables - related parties	Type of related parties		
	Mayer Inn Corporation	$ 270	$ -

No guarantee is collected for accounts receivable from related parties.

(IX) Payables to related parties (excluding loans from related parties)

Accounting item	Type/Name of related parties	December 31, 2022	December 31, 2021
Notes payable - related parties	Type of related parties		
	T&W Transportation Services	$ 10,522	$ 13,531
Accounts payable - related parties	Type of related parties		
	T&W Transportation Services	$ 5,462	$ 8,027
Other payables	Type of related parties	$ 41	$ 148

The balance of outstanding accounts payable to related parties is not provided as collateral and will be settled in cash.

(X) Prepayments

Type of related parties	December 31, 2022	December 31, 2021
Type of related parties	$ 129	$ 232

(XI) Dividend income

Type/Name of related parties	2022	2021
Type of related parties		
Mayer Steel Pipe Corporation	$ 59,550	$ 32,215
Associates		
Yuanquan Steel	15,814	13,561
	$ 75,364	$ 45,776

(XII) Compensation of key management personnel

	2022	2021
Short-term employee benefits	$ 21,415	$ 18,897
Post-employment benefits	794	805
	$ 22,209	$ 19,702

The remuneration of directors and other key management personnel is determined by the Remuneration Committee based on individual performance and market trends.

XXX. Pledged Assets

The following assets have been provided to financial institutions and the State-owned Property Bureau, Ministry of Finance as collateral for short-term bank loan facilities, long-term bank loan facilities, leased land, and gift certificate trust:

	December 31, 2022	December 31, 2021
Operating concession (stated as intangible assets)	$ 397,790	$ 417,760
Financial assets measured at fair value through profit or loss - current	211,140	291,180
Property, plant and equipment	111,436	111,918
Building and land under construction (stated as inventory)	74,618	74,618
Bank deposits (booked in other financial assets - current and non-current)	10,205	3,675
Pledged certificate of deposit (recognized as financial assets measured at amortized cost - current)	3,100	3,050
Financial assets measured at fair values through other comprehensive income -	-	212,470

	December 31, 2022	December 31, 2021
current	$ 808,289	$ 1,114,671

XXXI. Material contingent liabilities and unrecognized contractual commitments

Significant contract

(I) The company

Cooperative management contract

The Company has signed a distribution management service contract with Far Eastern Airways to provide passenger transportation and cargo transportation for cross-strait and domestic routes. The contract period is from November 1, 2019 to October 31, 2020, and the contract margin is managed at NTD 249,500 thousand.

The Company signed the cross-strait and domestic route cooperation management service contract with Far Eastern Airline. Due to the major financial difficulty of Far Eastern Airline, the Company terminated the related service for Far Eastern Airline on December 12, 2019. The Company obtained the check from Far Eastern Airlines according to the contract. Commercial paper issued by Mr. Gang-Wei Chang, the person-in-charge, with an amount of NT$249,500 thousand, and the mortgage on the real estate is the second priority; the Company has discussed the corresponding legal procedures with a lawyer to ensure the Company's equity. After the termination of the business, the management of the Company has assessed that the accounts receivable of NT$4,530 thousand and the deposit of NT$249,500 thousand on the 2019 account are unlikely to be recovered. All accounts receivable are recognized as impairment loss.

Commitments

In November 2022, the Company signed the joint construction contract for the Shi Shi Section (Practical Plan), Wenshan District, Taipei City, with the landowner. The total joint construction deposit provided was NT$350,000 thousand, and the Company issued NT$ 80,000 thousand respectively for the first integration payment and NT$80,000 thousand of promissory notes from the landowner. The landowner provided a promissory note of NT$160,000 thousand as collateral, and the landowners consolidated them. As of December 31, 2022, NT$80,000 thousand of notes payable have been cashed (booked in the book as deposits). The check for the remainder of the first tranche of NT$80,000 thousand is expected to be cashed on

May 28, 2023. The second tranche will be issued according to the development progress.

In December 2022, the Company signed a joint construction contract with the landowner for the construction of the Juguang Section (Juguang Project) in Wanhua District, Taipei City. delivered a check for NT$100,000 thousand into the trust account according to the progress of the consolidation, and obtained a promissory note of NT$170 thousand as collateral for the consolidation. As of December 31, 2022, the notes payable had been cashed. NT$70,000 thousand (recognized as guarantee deposits). The check for the second instalment of $170,000 thousand is expected to be cashed on September 30, 2023.

(II) Miramar Hospitality Co., Ltd.

1. Operating concession contract

On March 11, 2004, the Company signed the "Development and Operation Contract for the Promotion of Private Participation in the Construction of Taipei City Affordable Hotels" with the Tourism Bureau, Ministry of Transportation and Communications. The operating period was from April 12, 2014 to April 12, 2044. The operating concession amounted to NT$27,000 thousand (included in the intangible assets), which had been paid at the time of signing the contract. According to the contract, the Company's average room price shall not exceed the agreed price. The Company shall not increase the room rate within 3 years after the formal signing of the contract, and may adjust the price index according to the commodity price index after the fourth year, but the adjustment range is subject to the consent of the Tourism Bureau. to be processed. The operating royalty is calculated based on 8% of the annual operating revenue. The operating royalties in 2022 and 2021 were NT$15,298 thousand and NT$17,335 thousand (included in the operating expenses).

2. Memorandum of Sale of Shares

On November 20, 2018, the board of directors of Miramar Hospitality Co., Ltd. approved the authorization of the Chairman to sign a memorandum of purchase and sale of shareholdings with ECFA Hotel Co., Ltd. and Go Sleep Co., Ltd., and the signing of the memorandum was completed on November 23, 2018. The three parties have signed a memorandum of understanding on on-site audits and other matters. However, the parties may decide according to their own considerations and are not obliged to execute a formal agreement for the purchase and sale of shares. According to the MOU, Miramar Hospitality Co., Ltd. shall pay NT$5,000 thousand and NT$20,000 thousand as security deposits to ECFA Hotel Co., Ltd. and Go Sleep Co., Ltd., respectively. In addition, the Company also secured promissory notes of NT$50,000 thousand issued by the responsible persons of the two companies.

Due to a lack of deposit in March, 2019, ECFA Hotel Co., Ltd. and Go Sleep Co., Ltd. and their joint guarantors had the deposit amount recognized as other receivables. Miramar Hospitality Co., Ltd. was assessed that the recovery is unlikely, so the entire amount was provided as a loss allowance.

This share trading memorandum was expired on April 23, 2019. The Company's board of directors resolved to terminate the above investment plan; the Company applied to the Taipei District Court on May 31, 2019 for the promissory notes of the joint guarantor and the The ruling was finalized on March 2. However, the debtor has no property to execute, so the Company turned to ECFA Hotel Co., Ltd. and Go Sleep Co., Ltd. After informing ECFA Hotel Co., Ltd. and Go Sleep Co., Ltd. that the joint liquidator Attorney Yi-Hsuan Wu must include the creditor's rights of Millikin Corporation into the scope of liquidation, the court submitted the "Certificate of Confirmation" and "Certificate of Confirmation" to the court on December 21, 2022. The Company applied for compulsory execution and issued the claim certificate directly. So far, the Company has received the claim certificate issued by the court on December 28, 2022, and is awaiting the notice from the liquidator for subsequent claims negotiation.

3. Decoration contract

As of December 31, 2022, the unrecognized contractual commitment amount of beautiful letter due to decoration works amounted to NT$101,200 thousand and the amount paid was NT$39,864 thousand (recognized as other non-current assets).

(III) Miramar Resort Co., Ltd.

1. Development and management contract

On December 14, 2004, Miramar Resort Co., Ltd. signed the "Contract for Soliciting Private Sectors to Participate in the Construction and Operation of the Shanyuan Beach Investment and Operation Project" with the Taitung

County Government. The development and operation period was from December 14, 2004 to December 14, 2054, and a development royalties of NT$5,000 thousand and a performance bond of NT$10,000 thousand were provided as a guarantee, which have been fully paid (included in other non-current assets and refundable deposits).

In accordance with the provisions of the Arbitration Law of ROC and the Arbitration Rules of the Chinese Arbitration Association, Taipei, Miramar Resort Co., Ltd. has applied for the settlement of the disputes such as the environmental impact assessment procedure of the above-mentioned development project by arbitration. The main texts of the arbitration issued by the Chinese Arbitration Association, Taipei on October 23, 2020 is as follows:

(1) The “Contract for Soliciting Private Sectors to Participate in the Construction and Operation of the Shanyuan Beach Investment and Operation Project” between Miramar Resort Co., Ltd. and Taitung County Government was terminated.

(2) The Taitung County Government shall pay Miramar Resort Co., Ltd. a performance bond of NT$10,000 thousand and a development royalty of NT$2,500 thousand. The development royalty will be calculated at a statutory rate of 5% from July 10, 2018 to the settlement date, and the statutory delay interest is calculated at 5%.

(3) The Taitung County Government shall purchase the completed assets of the Miramar Resort Co., Ltd. located at Shanyuan No. 2, Beinan Township, Taitung County at NT$629,638 thousand.

(4) The Taitung County Government shall cooperate with the Miramar Resort Co., Ltd. to handle the asset transfer procedure of the building located at Shanyuan No. 2, Beinan Township, Taitung County.

(5) The Taitung County Government shall bear 52% of the arbitration fee, while Miramar Resort Co., Ltd. shall bear 48% of such fee. The request for appraisal fee was rejected.

(6) Miramar Resort Co., Ltd.’s remaining claims were rejected.

As of December 31, 2020, the unamortized balance of development royalties was NT$3,417 thousand and the water and soil conservation deposit was NT$480 thousand. According to the arbitration judgment issued by the Chinese Arbitration Association, Taipei on October 23, 2020, the recoverable development royalties was NT$2,500 thousand. The aforementioned irrecoverable amount of NT$1,397 thousand has been transferred to other receivables with full allowance against impairment loss. Miramar Resort Co., Ltd. has delisted other receivables and related allowance for impairment losses in 2021.

The management level of Miramar Resort Co., Ltd. evaluated the impairment of property, plant and equipment based on the recoverable amount determined by the arbitration, and listed the impairment losses of NT$328,231 thousand on December 31, 2020. In addition, business equipment of NT$2,967 thousand and office equipment of NT$1,137 thousand originally for business use were reclassified as idle assets (included in other non-current assets) in July 2013. According to the evaluation of the arbitration results, the management level of Miramar Resort Co., Ltd. has fully listed as the impairment loss.

Miramar Resort Co., Ltd. completed the transfer of building ownership to the Taitung County Government in April 2021, and received payments of NT$400,000 thousand, NT$220,000 thousand and NT$ 7,324 thousand from the Taitung County Government for the building in April, July, and September 2021, respectively. Therefore, Miramar Resort Co., Ltd. has delisted the building in 2021 and recognized a disposal loss of NT$31,217 thousand which was listed under other interests and losses.

2. Major construction contracts

Miramar Resort Co., Ltd. signed an engineering contract with Daqing Construction Co., Ltd. on the basis of its engagement in the investment and operation of Shanyuan Beach. The total contract price is NT$1,018,500 thousand. As of December 31, 2021, an amount of NT$925,895 thousand has been paid.

As of December 31, 2021, the above-mentioned construction contract has recognized NT$962,454 thousand of real estate under construction. The management level of Miramar Resort Co., Ltd. has evaluated the impairment loss of NT$328,232 thousand on December 31, 2020 according to the arbitration result. Please refer to the notes herein for details.

3. Environmental assessment issues

Miramar Resort Co., Ltd. entered a legal proceeding due to an administrative dispute between the Taitung County Government and Taiwan

Environmental Protection Union. Therefore, starting from October 1st, 2007, the main request of Taiwan Environmental Protection Union for the suspension of construction is that Miramar Resort Co., Ltd. should first pass the environmental assessment and ask the construction site to stop the development work. The Supreme Administrative Court made its decision regarding the suspension of work filed by Taiwan Environmental Protection Union in its Tsai-Zi No. 1888 dated 2012 on September 20, 2012.

Miramar Resort Co., Ltd. passed the Taitung County Government's environmental impact assessment in October 2008, and completed the follow-up administrative procedures on September 28, 2010 to obtain the use permit; on January 4, 2011, the decoration permit was obtained, but the Supreme Administrative Court ruled on January 19, 2012 by Judgment 2012 Pan Zi No. 55 with the the conclusion that the EIA passed by Taitung County Government in 2008 shall be revoked, and the Taitung County Government on February 4, 2012 ordered Miramar Resort Co., Ltd. to suspend the development with the official letter Fuguanguanzi No. 1010020168, but did not adjust the rights and obligations of both parties in the BOT project. Taitung County Government also issued an official letter Fushouhuanshui Zi No. 1010002329 on February 20, 2012 to order Miramar Resort Co., Ltd. to supplement the relevant documents and materials of the environment impact statement which shall be submitted to the Taitung County Government for review. On December 22, 2012, Miramar Resort Co., Ltd. conditionally passed the EIA review by the "Taitung County Environmental Impact Assessment Review Committee", and announced the review conclusion on February 1, 2013 (hereinafter referred to as the conclusion of the second EIA), the Taitung County Government had originally approved the resumption of work in the official letter Fuganguanzi No. 1020036513 on March 13, 2013. However, on June 28, 2013, the Kaohsiung High Administrative Court ruled to suspend the execution before the end of the administrative dispute that conditionally passed the EIA review by the judgement 2013 Ting Zi No. 7, and the Taitung County Government also issued an official letter Shou Huam Shui Zi No. 1020014722 on July 18, 2013 to Miramar Resort Co., Ltd. in accordance with the judgment of the Kaohsiung High Administrative Court. Afterwards, Taitung County Government and Miramar Resort Co., Ltd. filed appeals with the Supreme

Administrative Court on July 17, 2013 and July 18, 2013, respectively. The Supreme Administrative Court ruled via Tsai No. 1554 on October 11, 2013 to order to suspend the execution of the project before the end of the administrative dispute that conditionally passed the environmental impact assessment review. On October 28, 2014, the Kaohsiung High Administrative Court ruled to revoke the conditionally passed conclusion of EIA published in 2013, the Taitung County Government filed an appeal with the Supreme Administrative Court on November 30, 2016, however, on March 31, 2016, the Supreme Administrative Court ruled that the appeal shall be rejected via Judgment 2016 Pan Zi No. 123, so the conclusion of the second EIA review was revoked and such judgement was finalized. On September 10, 2015, the Kaohsiung High Administrative Court reached the judgment 2013 Su Zi No. 481, and revoked the Taitung County Government's official letter Fuguanguanzi No. 1020036513 issued on March 13, 2013 (resumption letter), and Taitung County Government and Miramar Resort Co., Ltd. both filed appeal with the Supreme Administrative Court on October 12, 2015. However, on April 21, 2015, the Supreme Administrative Court rejected the appeal via the judgment 2016 Pan Zi No. 179, and ordered to revoke the Taitung County Government's order of resumption of work via official letter Fuganguanzi No. 1020036513 on March 13, 2013. On September 10, 2015, the Kaohsiung High Administrative Court reached a judgment 2013 Su Zi No. 252 of 102 to order that Miramar Resort Co., Ltd.'s construction permits Fujianzi No. A0997002105 of August 11, 2010 and Fujianzi No. C0997002602 of September 21, 2010 shall become invalid. The Taitung County Government and Miramar Resort Co., Ltd. filed the appeals with the Supreme Administrative Court on September 30, 2015 and September 29, 2015, respectively. The Supreme Administrative Court ruled on October 26, 2016 to invalidate the former judgement of Kaohsiung High Administrative Court on September 10, 2015, and rejected the lawsuit filed by environmentalists. The Taitung County Government has won the case, which was finalized. And both the construction permits and the use permit shall remain valid. Later, the environmentalists also filed a lawsuit to revoke the construction license and the user license in this case. The Kaohsiung High Administrative Court had dismissed the plaintiff's lawsuit on September 6, 2017. Therefore, the construction license and the user license in this case were not revoked. Due to the above-mentioned disputes over the EIA procedures of the development, Miramar Resort Co., Ltd. was unable to proceed with the enforcement of the environmental impact assessment procedure. The Company has resolved the matter through arbitration in accordance with the Arbitration Law of the ROC and the Chinese Arbitration Association, Taipei. On October 23, 2020, Miramar Resort Co., Ltd. ruled that the development and operation contract signed by Miramar Resort Co., Ltd. and the Taitung County Government was terminated. Please refer to the notes herein for details.

XXXII. Others

Due to the impact of the global pandemic of COVID-19, Miramar Resort Co., Ltd. was temporarily unable to visit Taiwan from foreign countries, and hence Miramar Resort Co., Ltd. became a pandemic-proof hotel instead. On October 21, 2022, in line with the government's deregulation policy, the Company withdrew from the ranks of epidemic-proof hotels and returned to general hotels for business operation. The entire hotel was replaced by new ones and was officially completed and reopened on January 18, 2023. It is expected that Miramar Resort Co., Ltd.'s operations will gradually return to normal and the overall occupancy rate and average house price will increase in the future.

XXXIII. Additional Disclosures

(I) Information on significant transactions and (II) investees:

1. Loans to others: Table 1.
2. Endorsements/guarantees provided: Table 2
3. Marketable securities held at the end of the year (excluding investments in subsidiaries and associates): Table 3.
4. Cumulative amount of the same marketable securities purchased or sold reaching 300 million NTD or more or 20% of the paid-in capital: Table 4.
5. Acquisition of real estate at a cost of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate for an amount exceeding NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5.

8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Engagement in derivative transactions: None.
10. Others: Business relationships and significant transactions between the parent company and its subsidiaries: Table 7.
11. Information on investees: Table 6.

(III) Information on investments in Mainland China:

1. Name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on investment in mainland China: None.
2. Any of the following material transactions with the investee in Mainland China, either directly or indirectly through a third party, and their prices, terms of payment, and unrealized gains or losses: None.
    (1) The amount and percentage of purchases and the balance and percentage of the relevant payables at the end of the year.
    (2) The amount and percentage of sales at year-end.
    (3) The value of the property transaction and the amount of profit or loss thereupon.
    (4) Year-end balance of endorsements/guarantees or collateral provided and the purpose thereof.
    (5) The maximum balance of financing, year-end balance, interest rate range, and total interest of the current year.
    (6) Other transactions that have a significant impact on the profit or loss or financial position of the current year, such as the provision or acceptance of labor services.

(IV) Information of major shareholders: Names of shareholders with a shareholding ratio of more than 5%, number of shares held, and percentage. (Table 8)

XXXIV. Department Information

The information provided to the major operational decision-makers for the purpose of allocating resources and evaluating the department's performance, with emphasis on each type of product or service delivered or provided. The segments of the merged company to be reported are as follows:

(I) Segment revenue and operating results

The following is an analysis of the merged company's revenue and results by the reporting department:

	Segment revenue		Segment profit	
	2022	2021	2022	2021
Transportation segment	$ 523,305	$ 559,052	($ 8,729)	($ 21,658)
Hotel segment	194,415	220,533	3,698	(5,769)
Other segments	12,247	12,250	(6,261)	3,792
Construction segment	-	-	(4,611)	(8,168)
Profit/loss from continuing operations	$ 729,967	$ 791,835	(15,903)	(31,803)
Others			210,036	125,322
Other gains and losses			(424,133)	246,535
Finance costs			(12,603)	(14,932)
Loss share of affiliated enterprises using the equity method			-	(1,116)
Interest income			2,075	2,175
Net (loss) profit before tax			($ 240,528)	$ 326,181

The segment revenue reported above is generated from transactions with external customers. There were no inter-segment sales in 2022 and 2021.

Segment profit is the profit earned by each segment, excluding the share of loss, other income, other gains and losses, interest income, finance costs, and income tax expenses (benefit) of affiliates using the equity method. This measure is provided to the chief operating decision-makers for allocating resources to departments and measuring their performance.

(II) Total assets of department

The measured amount of the merged company's assets is not provided to the operating decision maker, so the measured amount of department assets is zero.

(III) Information of other departments

Other information that has been reviewed by the chief operating decision-maker or provided to the chief operating decision-maker on a regular basis:

	Depreciation and amortization	
	2022	2021
Transportation segment	$ 31,955	$ 31,446
Hotel segment	35,586	55,985
Other segments	5,428	5,105
	$ 72,969	$ 92,536

(IV) Income from main products and services

For the income from main products and services of the merged company's business units, please see (1) Departmental revenue and operating results.

(V) Information by geographical location

The place of operation of the merged company's business units is Taiwan.

(VI) Information of major customers

Where the revenue from a single customer exceeds 10% of the merged company's net revenue:

	2022	2021
Customer A	$ 230,815	$ 249,100

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Loans to others

January 1 to December 31, 2022

Table 1

Unit: NT$ thousand

No.	Name of financing provider	Name of counter party	Current account	Related party?	Maximum balance in the current year (Note 2)	Year-end balance (Note 2)	Actual amount provided	Interest rates	Nature of financing activity	Amount of sales to (purchase from) counter-party	Reason for short-term financing	Allowance for doubtful accounts	Assets pledged		Limit of financing amount for individual counter-party	Maximum loan amount	Remarks
													Company Name	Value			
0	Tze Shin International Co., Ltd.	Safe Cargo Transportation Co., Ltd.	Other receivables - related parties	Yes	$ 50,000	$ -	$ -	2.75%	Short-term financing	$ -	Operating turnover	$ -	None	None	$ 742,036 (30% of Tze Shin's net worth)	$ 989,382 (40% of Tze Shin's net worth)	
		Miramar Resort Co., Ltd.	Other receivables - related parties	Yes	148,000	-	-	3.00%	Short-term financing	-	Operating turnover	-	None	None	742,036 (30% of Tze Shin's net worth)	989,382 (40% of Tze Shin's net worth)	
		Miramar Hospitality Co., Ltd.	Other receivables - related parties	Yes	50,000	50,000	-	3.00%	Short-term financing	-	Operating turnover	-	None	None	742,036 (30% of Tze Shin's net worth)	989,382 (40% of Tze Shin's net worth)	
1	Safe Petroleum Transportation Co., Ltd.	Safe Cargo Transportation Co., Ltd.	Other receivables - related parties	No	13,000	-	-	2.75%	Short-term financing	-	Operating turnover	-	None	None	Note 4	Note 4	
2	Safe Container Transportation Co., Ltd.	Safe Cargo Transportation Co., Ltd.	Other receivables - related parties	No	10,000	-	-	2.75%	Short-term financing	-	Operating turnover	-	None	None	Note 4	Note 4	

Note 1: “0” indicates that the parent company and subsidiaries are numbered sequentially starting from Arabic numerals.

Note 2: Refers to the loaning of funds amount approved by the board of directors.

Note 3: All transactions listed in the above table have been eliminated in full when the consolidated financial statements were prepared.

Note 4: Tze Shin International Co., Ltd. sold all the shares of Safe Cargo Transportation Co., Ltd., Safe Petroleum Transportation Co., Ltd. and Safe Container Transportation Co., Ltd. in November 2022 and the loaning of the funds was cancelled.

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Making endorsements/guarantees for others

January 1 to December 31, 2022

Table 2

Unit: NT$ thousand

No.	Endorsing/guaranteeing company name	Endorsee		Limit of endorsements/guarantees made to a single enterprise (Note 2)	Maximum endorsement/guarantee balance for the current year (Note 4)	Endorsement/guarantee balance at year-end (Note 4)	Actual amount provided	Endorsement/guarantee amount secured by property	Ratio of cumulative endorsement and guarantee amount to net worth in the most recent financial statements (%)	Maximum amount of endorsements/guarantees (Note 3)	Endorsement/guarantee made by parent company to subsidiary	Endorsement/guarantee provided by the subsidiary to the parent company	Provision of endorsements/guarantees to the party in China	Remarks
		Company name	Relationship (Note 5)											
0	Tze Shin International Co., Ltd.	Safe Petroleum Transportation Co., Ltd.	(2)	$ 2,473,456	$ 5,000	$ -	$ -	$ -	-	$ 3,710,184	Y	—	—	Note 6
1	Safe Petroleum Transportation Co., Ltd.	Tze Shin International Co., Ltd.	(3)	Note 6	5,000	-	-	-	-	Note 6	—	Y	—	

Note 1: "0" indicates that the parent company and subsidiaries are numbered sequentially starting from Arabic numerals.

Note 2: The limits are 100% and 30% of the net worth in the most recent financial statements of Tze Shin and Aetna, respectively.

Note 3: The caps are 150% and 50% of the net worth in the most recent financial statements of Tze Shin and Aetna, respectively.

Note 4: The amount of the endorsement and guarantee approved by the board of directors.

Note 5: There are seven types of relationship between the endorser/guarantee and the endorsed/guaranteed object, and it is sufficient to indicate the type:

(1) A business associate.

(2) Subsidiaries with more than 50% common shares held directly.

(3) A company in which more than 50% of its voting shares are held directly or indirectly by the company.

(4) A company in which the Company directly or indirectly holds more than 90% of its shares with voting rights.

(5) A company that provides mutual insurance between peers in accordance with the contract for the needs of undertaking construction projects.

(6) A company that has been endorsed and guaranteed by each of the contributing shareholders in proportion to their shareholding ratio due to a joint investment relationship.

(7) The joint and several guarantees for the performance of the pre-sale housing contract are provided by the peers in accordance with the Consumer Protection Act.

Note 6: In November 2022, Tze Shin International Co., Ltd. sold the entire equity of Safe Petroleum Transportation Co., Ltd. and canceled the endorsement and guarantee balance.

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries
Marketable securities held at the end of the year
December 31, 2022

Table 3

Unit: NT$ thousand

Names of companies held	Types and names of securities	Relationship with the securities issuer	Presentation account	Year-end				Remarks
				Number of shares or units (thousand)	Carrying amount	Shareholding ratio (%)	Market price/equity net value (Note 1)	
Tze Shin International Co., Ltd.	Common stock							
	Mayer Steel Pipe Corporation	Chairman	Financial assets measured at fair value through profit or loss - current	20,100	$ 461,295	9.03	$ 461,295	Note 2
	Evergreen Marine Corp. (Taiwan) Ltd.	—	Financial assets measured at fair value through profit or loss - current	2,570	418,910	0.12	418,910	
	Yang Ming Marine Transport Corp.	—	Financial assets measured at fair value through profit or loss - current	1,100	72,050	0.03	72,050	
	ADATA Technology Co., LTD.	—	Financial assets measured at fair value through profit or loss - current	500	28,500	0.19	28,500	
	Taiwan Navigation Co., Ltd.	—	Financial assets measured at fair value through profit or loss - current	600	16,140	0.14	16,140	
	Taiwan Semiconductor Manufacturing Co., Ltd.	—	Financial assets measured at fair value through profit or loss - current	100	44,850	-	44,850	
	IBF Financial Holdings Co., Ltd.	—	Financial assets measured at fair values through other comprehensive income - current	9,500	107,350	0.28	107,350	
	Taisun Enterprise Co., Ltd.	—	Financial assets measured at fair values through other comprehensive income - current	1,000	32,550	0.20	32,550	
	Hermosa Optoelectronics Corporation	—	Financial assets measured at fair value through profit or loss - Current-Non-current	4,088	-	5.37	-	
	Yuhua Venture Capital Co., Ltd.	—	Financial assets measured at fair value through profit or loss - Current-Non-current	20	243	5.00	243	
	Ouhua Venture Capital Co., Ltd.	—	Financial assets measured at fair value through profit or loss - Current-Non-current	20	140	2.50	140	
	Yuan Chuan Steel Co. Ltd.	—	Financial assets measured at fair value through other comprehensive income - Non-current	4,457	165,538	18.57	165,538	
	Du Centre Co., Ltd.	Chairman	Financial assets measured at fair value through other comprehensive income - Non-current	1,438	388	4.79	388	
	Chi Min Corporation (Originally: Le Sheng Technology Co., Ltd.)	—	Financial assets measured at fair value through other comprehensive income - Non-current	5	-	-	-	
	Taiwan Youli Co., Ltd.	—	Financial assets measured at fair value through other comprehensive income - Non-current	33	-	0.05	-	
	CPC Corporation, Taiwan	—	Financial assets measured at fair value through other comprehensive income - Non-current	5,460	-	9.47	-	
	MEGAFUL CO., LTD.	—	Financial assets measured at fair value through other comprehensive income - Non-current	368	-	0.99	-	
	iOne E-Commerce Network Co., Ltd.	—	Financial assets measured at fair value through other comprehensive income - Non-current	200	-	0.35	-	
	Epoch Electronics Corp.	—	Financial assets measured at fair value through other comprehensive income - Non-current	249	-	3.83	-	
	ROSA FOODS CO., LTD.	—	Financial assets measured at fair value through other comprehensive income - Non-current	1,837	-	2.09	-	
Miramar Hospitality Co., Ltd.	Common stock							
	Mayer Steel Pipe Corporation	Chairman	Financial assets measured at fair value through profit or loss - current	1,350	30,982	0.61	30,982	
	China Petrochemical Development Corporation	—	Financial assets measured at fair values through other comprehensive income - current	1,734	17,136	0.05	17,136	
	Meilixin Development Co., Ltd.	—	Financial assets measured at fair value through other comprehensive income - Non-current	1,900	1,661	10.00	1,661	
Hsin Hai Transportation & Terminal Co., Ltd.	Fund beneficiary certificate							
	Hua Nan Kirin Money Market Fund	—	Financial assets measured at fair value through profit or loss - current	422	5,136	-	5,136	
	Union Money Market Fund	—	Financial assets measured at fair value through profit or loss - current	381	5,112	-	5,112	
	Taishin Ta Chong Money Market Fund	—	Financial assets measured at fair value through profit or loss - current	354	5,111	-	5,111	
	Nomura Taiwan Select Money Market Fund	—	Financial assets measured at fair value through profit or loss - current	308	5,105	-	5,105	
	CTBC Hua Win Money Market Fund	—	Financial assets measured at fair value through profit or loss - current	457	5,104	-	5,104	
	Fubon Chi-Hsiang Money Market Fund	—	Financial assets measured at fair value through profit or loss - current	321	5,101	-	5,101	

Note 1: Marketable securities in this table refer to common stocks and fund beneficiary certificates that fall within the scope of IFRS 9 “Financial Instruments.”

Note 2: Among them, 9,200 thousand shares of Mayer Steel Pipe Corporation have been pledged as collateral for short-term bank loans and short-term notes payable.

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Acquisition or sale of the same security with the accumulated cost reaching NT$300 million or 20% of the Company's paid-in capital.

January 1 to December 31, 2022

Table 4

Unit: NT$1 thousand, unless stated otherwise

Buying and selling company	Types and names of securities (Note 1)	Presentation account	Trading counterpart	Relationship	Beginning		Buy (Note 2)		Sell (Note 2)				End of period	
					Shares	Amount	Shares	Amount	Shares	Selling price	Book cost	Gains and Losses from Disposal	Shares	Amount
Tze Shin International Co., Ltd.	Common stock Evergreen Marine Corp. (Taiwan) Ltd.	Financial assets measured at fair value through profit or loss - current	-	-	200	$ 28,500	4,170 (Note 3)	$ 763,310 (Note 4)	1,800	$ 258,501	$ 372,900 (Note 5)	($ 114,399)	2,570	$ 418,910
Tze Shin International Co., Ltd.	Common stock IBF Financial Holdings Co., Ltd.	Financial assets measured at fair values through other comprehensive income - current	-	-	20,000	321,000	18,620	74,834 (Note 6)	29,120	359,193	288,484 (Note 5)	70,709	9,500	107,350

Note 1: Marketable securities in this table refer to stocks, bonds, beneficiary certificates, and marketable securities derived from the above.

Note 2: The cumulative amount of purchases and sales should be separately calculated at the market price to determine whether it reaches NT$300 million or 20% of the paid-in capital.

Note 3: Including the 6,570 thousand shares purchased and the 2,400 thousand shares reduced by 60%.

Note 4: Including the purchase amount of NT$859,442 thousand, valuation gains and losses of NT$72,132 thousand, and refund of capital reduction of NT$ (24,000) thousand.

Note 5: Based on the cost price.

Note 6: Including the purchase amount of NT$203,208 thousand and valuation gains and losses of NT$ (128,374) thousand in the current period.

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Total purchases from and sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital.

January 1 to December 31, 2022

Table 5

Unite: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Purchase (sale) company	Name of counterparty	Relationship	Transaction status				Conditions and causes of difference from general transactions		Notes and accounts receivable (payable)		Remarks
			Purchase (sale) of goods	Amount	Percentage of total purchase (sale)	Duration of credit extension	Unit price	Duration of credit extension	Balance	Percentage of total notes and accounts receivable (payable)	
Hsin Hai Transportation & Terminal Co., Ltd.	T&W Transportation Services	Type of related parties	Transportation revenue	($ 230,815)	57%	(Note)	$ -	—	$ 72,120	68%	

Note: Payment terms are equivalent to those of non-related parties.

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

The name and location of the investee company and other relevant information

January 1 to December 31, 2022

Table 6

Unit: NT$ thousand

Name of the investors	Name of the investees	Location	Main business and products	Original / investment amount		Held at the end of the year			Gains (losses) of investees for the current year	Investment gains (losses) recognized in the current year	Remarks
				December 31, 2022	December 31, 2021	Shares (Thousands)	Percentage (%)	Carrying amount			
Tze Shin International Co., Ltd.	Miramar Hospitality Co., Ltd.	Taipei City	Tourist Hotel	$ 260,040	$ 260,040	23,442	62.99	$ 246,379	$ 10,051	$ 6,331	Subsidiary (Note 1)
	Hsin Hai Transportation & Terminal Co., Ltd.	New Taipei City, TW	Automobile container transportation and related business operations and investments	33,787	33,787	2,452	47.47	86,703	24,015	11,400	Subsidiary (Note 1)
	Miramar Resort Co., Ltd.	Taipei City	Management of hotels and water recreation activities	431,702	431,702	40,070	66.18	7,908	(162)	2,568	Subsidiary (Notes 1, 2)
	ACMC TRADING CO., LTD.	Taipei City	International trade management	22,500	22,500	2,500	100.00	370	(67)	(67)	Subsidiary (Note 1)
	Safe Cargo Transportation Co., Ltd.	Keelung City	Operation and investment of automobile freight, container and related businesses	-	58,205	-	-	-	(15,429)	(15,569)	Subsidiary (Note 1, 3); The difference of NT$140 thousand is the effect of upstream trading.
	Safe Petroleum Transportation Co., Ltd.	Keelung City	Operation and investment of automobile freight and related businesses	-	26,950	-	-	-	646	648	Subsidiary (Note 1, 3); The shortfall of NT$20 thousand was the effect of upstream trading.
	Safe Container Transportation Co., Ltd.	Keelung City	Operation and investment of automobile container and related businesses	-	30,000	-	-	-	(22)	93	Subsidiary (Note 1, 3); The difference of NT$115 thousand is the effect of lateral and upstream transactions.
	Safe Logistics Transportation Co., Ltd.	Keelung City	Operation and investment of automobile freight and related businesses	-	25,000	-	-	-	(388)	(17)	Subsidiary (Note 1, 3); The difference of NT$371 thousand is the effect of lateral and upstream transactions.
Miramar Hospitality Co., Ltd.	Miramar Resort Co., Ltd.	Taipei City	Management of hotels and water recreation activities	71,400	71,400	3,540	13.33	-	(162)	-	Subsidiary (Note 1)

Note 1: The calculation is based on the financial statements audited by the CPA in the same period.

Note 2: The number of shares held by Tze Shin International Co., Ltd. in the Miramar Resort Co., Ltd. includes 17,570 thousand ordinary shares and 22,500 thousand special shares. According to the number of special shares held, the net equity recovery benefit of NT$2,568 thousand is recognized.

Note 3: Tze Shin International Co., Ltd. sold all the shares of Safe Cargo Transportation Co., Ltd., Safe Petroleum Transportation Co., Ltd., Safe Container Transportation Co., Ltd. and Safe Logistics Transportation Co., Ltd. in November 2022.

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Significant inter-company transactions during the reporting periods

January 1 to December 31, 2022

Table 7

Unit: NT$ thousand

No. (Note 1)	Company	Counter-party	Relationship (Note 2)	Status of transaction			
				Account	Amount	Term	Percentage (%) of consolidated total operating revenues or total assets (Note 3)
0	Tze Shin International Co., Ltd.	Safe Cargo Transportation Co., Ltd.	1	Transportation cost	$ 54,162	No significant difference from non-related party	7.42
		Safe Petroleum Transportation Co., Ltd.	1	Transportation cost	3,064	No significant difference from non-related party	0.42
		Hsin Hai Transportation & Terminal Co., Ltd.	1	Other receivables	8	As agreed by both parties	-

Note 1: “0” indicates that the parent company and subsidiaries are numbered sequentially starting from “1”.

Note 2: 1: represents parent company to subsidiary; 2: subsidiary to parent company; 3: subsidiary to subsidiary.

Note 3: The ratio of the transaction amount to the total consolidated net revenue or total assets is calculated. For assets and liabilities, the year-end balance is calculated as a percentage of the consolidated total assets and liabilities; for profit and loss, it is calculated as a percentage of annual cumulative amount in the consolidated total revenue. be calculated.

Note 4: All transactions listed in the table above have been eliminated when the consolidated financial statements were prepared.

TZE SHIN INTERNATIONAL CO., LTD.

Information of principal shareholders

December 31, 2022

Table 8

Name of major shareholder	Share	
	Shares held	Percentage
TienPin Development Co., Ltd.	43,791,000	23.16%
Yuan Chuan Steel Co. Ltd.	15,000,762	7.93%

Note 1: The information on principal shareholders presented in this schedule is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

V. Individual financial reports of the Company from recent years audited and certified by CPAs

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Tze Shin International Co., Ltd.

Opinion

We have audited the accompanying financial statements of Tze Shin International Co., Ltd, which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the [Regulations Governing the Preparation of Financial Reports by Securities Issuers, [other regulations (please specify),] and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China].

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for Tze Shin International Co., Ltd., the Group's Parent Company Only Financial Statements for the year ended December 31, 2022 are stated as follows:

Income generation

The operating revenue of Tze Shin International Co., Ltd. mainly comes from transportation revenue. Because the operating revenue of this single category has a significant impact on the financial statements of Tze Shin International Co., Ltd. for the current year. Therefore, we recognized the transportation revenue as a key audit matter during the current year's audit. For the accounting policies and relevant disclosure information related to the recognition of transportation revenue, please refer to Note 4 to the Parent Company Only Financial Statements.

We have implemented the main verification procedures for the above key verification items as follows:

1. Understand and test the design and implementation effectiveness of internal controls related to the occurrence of transportation revenue recognition.
2. Select a sample from transportation revenue in 2022 and perform sub-item confirmation tests to check the transaction vouchers and subsequent collections to confirm the transportation revenue.
3. Send the official letter to confirm the balance of the accounts receivable at the end of the year, and implement alternative procedures for those who fail to receive the confirmation reply in time, including checking transaction vouchers and observing the collection status after the period.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the [Regulations Governing the Preparation of Financial Reports by Securities Issuers, [other regulations (please specify),] and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China], and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including [the audit committee], are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities within Tze Shin International Co., Ltd. to express an opinion on the parent

company only financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion on Tze Shin International Co., Ltd.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Han-Ni Fang and Chao-Yu Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2023

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

TZE SHIN INTERNATIONAL CO., LTD.

Parent Only Balance Sheets

December 31, 2022 and 2021

Unit: NT$ thousand

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash (Notes 4 and 6)	$ 221,049	9	$ 777,353	25
1110	Financial assets at fair value through profit or loss - current (Notes 4, 7 and 26)	1,041,745	41	732,789	24
1120	Financial assets measured at fair values through other comprehensive income - current (Notes 4, 8 and 26)	139,900	6	421,246	14
1136	Financial assets measured at amortized cost - current (Notes 4, 9 and 26)	100	-	50	-
1150	Net notes receivable (Notes 4, 10, 19 and 25)	2,598	-	1,607	-
1170	Net accounts receivable (Notes 4, 10, 19 and 25)	9,902	-	23,960	1
1180	Accounts receivable - related parties, net	44	-	1,980	-
1200	Other receivables, net (Notes 4.10 and 27)	908	-	3,411	-
1210	Other receivables - related parties (Notes 4, 12 and 25)	8	-	13,596	-
1220	Current income tax assets (Notes 4 and 21)	817	-	1,078	-
1310	Net inventory (Notes IV, 11 and 26)	166,374	7	168,118	5
1479	Other current assets	5,276	-	13,239	-
11XX	Total current assets	1,588,721	63	2,158,427	69
	non-current assets				
1510	Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	383	-	1,160	-
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	165,926	7	251,885	8
1550	Investment under equity method (Notes 4 and 12)	341,360	13	412,252	13
1600	Property, plant and equipment (Notes 4, 13 and 26)	169,250	7	181,188	6
1755	Right-of-use assets (Notes 3, 4 and 14)	4,183	-	8,858	-
1760	Investment property (Notes 4, 15, 18 and 26)	30,026	1	30,026	1
1780	Intangible assets (Note 4)	45	-	161	-
1840	Deferred income tax assets (Notes 4 and 21)	69,596	3	71,689	3
1920	Refundable deposits	150,748	6	752	-
1990	Other non-current assets	-	-	1,387	-
15XX	Total non-current assets	931,517	37	959,358	31
1XXX	Total liabilities and equity	$ 2,520,238	100	$ 3,117,785	100
Code	Financial liabilities and equity				
	Current liabilities				
2150	Notes payable	$ 6,370	-	$ 9,586	1
2160	Notes payable - related party (Note 25)	-	-	7,865	-
2170	Accounts payable	6,419	-	4,598	-
2180	Accounts payable - related parties (Note 25)	-	-	9,467	1
2200	Other payables (Notes 17 and 25)	17,377	1	33,247	1
2230	Current income tax liabilities (Notes 4 and 21)	-	-	2,586	-
2250	Liability reserves - current (Note 4)	133	-	118	-
2280	Lease liabilities - current (Notes 4 and 14)	2,982	-	3,953	-
2399	Other current liabilities	6,846	1	6,258	-
21XX	Total current liabilities	40,127	2	77,678	3
	Non-current liabilities				
2570	Deferred income tax liabilities (Notes 4 and 21)	11	-	-	-
2580	Lease liabilities - non-current (Notes 4 and 14)	1,111	-	2,013	-
2640	Net defined benefit liabilities (Notes 4 and 17)	5,358	-	7,714	-
2645	Guarantee deposits	175	-	175	-
25XX	Total non-current liabilities	6,655	-	9,902	-
2XXX	Total liabilities	46,782	2	87,580	3
	Equity				
3110	Common stock	1,890,023	75	1,718,202	55
3200	Capital reserve	20,857	1	20,858	1
	Retained earnings				
3310	Legal reserve	309,697	12	272,218	9
3350	Unappropriated earnings	153,135	6	698,489	22
3300	Total retained earnings	462,832	18	970,707	31
3400	Other equity	99,744	4	320,438	10
3500	Treasury shares	-	-	-	-
3XXX	Total Equity	2,473,456	98	3,030,205	97
	Total Liabilities and Equity	$ 2,520,238	100	$ 3,117,785	100

The accompanying notes form an integral part of the parent company only financial statements.

Chairman: Chun-Fa Huang　　Managerial Officer: Ming-Tan Hsu　　Head-Finance & Accounting: Chien-I Kao

TZE SHIN INTERNATIONAL CO., LTD.

Parent Only Statement of Comprehensive Income

January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars; Earnings per share (NT$)

		2022		2021	
Code		Amount	%	Amount	%
4000	Net operating revenue (Notes 4, 19 and 25)	$ 127,728	100	$ 169,290	100
5000	Operating cost (Notes 11, 20 and 25)	102,550	80	145,818	86
5950	Gross profit	25,178	20	23,472	14
	Operating expense				
6200	Administrative expenses (Notes 20 and 25)	54,793	43	62,266	37
6450	Expected credit impairment loss (reversal benefit) (Notes 4 and 10)	3,095	2	(90)	-
6000	Subtotal	57,888	45	62,176	37
6900	Net operating loss	(32,710)	(25)	(38,704)	(23)
	Non-operating income and expenses				
7010	Other income (Note 20)	176,486	138	72,956	43
7050	Finance costs	(118)	-	(580)	-
7070	Share of profit or loss of subsidiaries and associates accounted for under the equity method (Notes 4 and 12)	5,387	4	(2,808)	(2)
7100	Interest income (Note 25)	1,423	1	5,184	3
7590	Other gains and losses (Notes 4, 14 and 20)	(411,698)	(322)	261,029	154
7000	Subtotal	(228,520)	(179)	335,781	198
7900	Net (loss) profit before tax	(261,230)	(204)	297,077	175
7950	Income tax (gain) expenses (Notes 4 and 21)	(1,387)	(1)	5,876	3
8000	Net (loss) profit for the current year	(259,843)	(203)	291,201	172

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(Cont'd.)

Code		2022 Amount	2022 %	2021 Amount	2021 %
	Other comprehensive income				
	Not to be reclassified to profit or loss in subsequent periods:				
8311	Re-measurement of defined benefit plan (Note 17)	$ 2,486	2	$ 494	-
8316	Unrealized valuation gains of investments in equity instruments measured at fair value through other comprehensive income	(122,538)	(96)	227,719	135
8330	Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for under the equity method	(4,535)	(4)	575	-
8349	Income tax related to items not to be reclassified (Note 21)	(497)	-	(99)	-
8300	Other comprehensive income of the current year	(125,084)	(98)	228,689	135
8500	Total comprehensive profit and loss for the current year	($ 384,927)	(301)	$ 519,890	307
	Earnings (losses) per share (Note 21)				
9710	Basic	($ 1.37)		$ 1.54	
9810	Diluted	($ 1.37)		$ 1.54	

The accompanying notes form an integral part of the parent company only financial statements.

Chairman: Chun-Fa Huang　　Managerial Officer: Ming-Tan Hsu　　Head-Finance & Accounting: Chien-I Kao

TZE SHIN INTERNATIONAL CO., LTD.

Parent Only Statement of Changes in Equity

January 1 to December 31, 2022 and 2021

Unit: NT$ thousand

Code		Share capital (Note 18)	Additional paid-in capital (Note 18): Treasury stock trading	Additional paid-in capital (Note 18): Recognition of changes in ownership interests in subsidiaries	Additional paid-in capital (Note 18): Others	Additional paid-in capital (Note 18): Total	Retained earnings (Notes 8 and 18): Legal reserve	Retained earnings (Notes 8 and 18): Unappropriated earnings	Retained earnings (Notes 8 and 18): Total	Other equity: Unrealized profit and loss on the financial assets measured at fair value through other comprehensive income	Treasury shares (Notes 4 and 18)	Total equity
A1	Balance as of January 1, 2021	$ 1,729,942	$ 17,272	$ 18	$ 496	$ 17,786	$ 272,195	$ 323,720	$ 595,915	$ 175,340	($ 8,664)	$ 2,510,319
	Appropriations and distributions of 2020 earnings											
B1	Legal reserve	-	-	-	-	-	23	(23)	-	-	-	-
C17	Dividends not received by shareholders over time are transferred to capital reserves	-	-	-	(4)	(4)	-	-	-	-	-	(4)
D1	Net of 2021	-	-	-	-	-	-	291,201	291,201	-	-	291,201
D3	Other comprehensive income after tax of 2021	-	-	-	-	-	-	(782)	(782)	229,471	-	228,689
D5	Total comprehensive profit and loss of 2021	-	-	-	-	-	-	290,419	290,419	229,471	-	519,890
L3	Treasury stock cancelled	(11,740)	3,076	-	-	3,076	-	-	-	-	8,664	-
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	84,373	84,373	(84,373)	-	-
Z1	Balance as of December 31, 2021	1,718,202	20,348	18	492	20,858	272,218	698,489	970,707	320,438	-	3,030,205
	Appropriations and distributions of 2021 earnings											
B1	Legal reserve	-	-	-	-	-	37,479	(37,479)	-	-	-	-
B5	Cash dividends for shareholders	-	-	-	-	-	-	(171,821)	(171,821)	-	-	(171,821)
B9	Stock dividends	171,821	-	-	-	-	-	(171,821)	(171,821)	-	-	-
C17	Dividends not received by shareholders over time are transferred to capital reserves	-	-	-	(1)	(1)	-	-	-	-	-	(1)
D1	Net of 2022	-	-	-	-	-	-	(259,843)	(259,843)	-	-	(259,843)
D3	Other comprehensive income after tax of 2022	-	-	-	-	-	-	2,788	2,788	(127,872)	-	(125,084)
D5	Total comprehensive profit and loss of 2022	-	-	-	-	-	-	(257,055)	(257,055)	(127,872)	-	(384,927)
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	92,822	92,822	(92,822)	-	-
Z1	Balance as of December 31, 2022	$ 1,890,023	$ 20,348	$ 18	$ 491	$ 20,857	$ 309,697	$ 153,135	$ 462,832	$ 99,744	$ -	$ 2,473,456

The accompanying notes form an integral part of the parent company only financial statements.

Chairman: Chun-Fa Huang Managerial Officer: Ming-Tan Hsu Head-Finance & Accounting: Chien-I Kao

TZE SHIN INTERNATIONAL CO., LTD.

Parent Only Statement of Cash Flows

January 1 to December 31, 2022 and 2021

Unit: NT$ thousand

Code		2022	2021
	Cash flows from operating activities		
A00010	Net (loss) profit before tax	($ 261,230)	$ 297,077
	Adjustments to reconcile profit (loss)		
A20100	Depreciation	14,070	15,320
A20200	Amortization expenses	116	178
A20300	Expected credit impairment loss (reversal benefit)	3,095	(90)
A20400	Net (gain) loss of financial assets at fair value through profit or loss	439,518	(211,573)
A20900	Finance costs	118	580
A21200	Interest income	(1,423)	(5,184)
A21300	Dividend income	(169,971)	(67,559)
A22400	Share of profit and loss on subsidiaries and affiliates accounted for using the equity method	(5,387)	2,808
A22500	Gains from the disposal and scrap of property, plant, and equipment	(9,034)	(282)
A22700	Disposal of interests in investment property	-	(49,342)
A23200	Disposal of investment gains using the equity method	(18,752)	-
A23800	Gains on inventory devaluation and obsolescence recovery	(11,202)	(1,823)
A29900	Others	(322)	-
	Net changes in operating assets and liabilities		
A31130	Notes receivable	(1,085)	(647)
A31140	Notes receivable - related parties	94	-
A31150	Accounts receivables	14,058	(4,390)
A31160	Accounts receivable - related parties	1,936	-
A31180	Other receivables	(691)	(235)
A31190	Other receivables - related parties	13,588	235,896
A31200	Inventory	12,946	2,226
A31240	Other current assets	7,965	313,616
A32130	Notes payable	(3,216)	3,867
A32140	Notes payable - related parties	(7,865)	(35)
A32150	Accounts payable	1,764	1,077
A32160	Accounts payable - related parties	(9,410)	598
A32180	Other payables	(15,944)	(8,997)
A32190	Other payables - related parties	(2)	-
A32230	Other current liabilities	588	(19,337)
A32240	Net confirmed benefit debt	131	114
A33000	Cash flow from operations	(5,547)	503,863
A33300	Interest paid	(26)	(764)
A33500	Income tax refunded	668	418
AAAA	Net cash inflow (outflow) from operating activities	(4,905)	503,517

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(Cont'd.)

Code		2022	2021
	Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	($ 210,132)	($ 82,938)
B00020	Disposal of financial assets measured at fair value through other comprehensive income	454,899	288,802
B00030	Refunds from decapitalization of financial assets measured at fair value through other comprehensive income	-	28,496
B00040	Acquisition of financial assets at amortized cost	(50)	-
B00050	Disposal of financial assets measured at amortized cost	-	10,400
B00100	Acquisition of financial assets at fair value through profit or loss	(1,345,495)	(651,255)
B00200	Disposal of financial assets at fair value through profit or loss	573,798	557,998
B02300	Net cash inflow from disposal of subsidiaries	73,778	-
B02700	Purchase of property, plant and equipment	(1,524)	(67)
B02800	Disposal of property, plant and equipment prices	16,411	2,294
B03700	Increase in refundable deposits	(149,997)	-
B04500	Acquisition of intangible assets	-	(50)
B05500	Disposal of investment property prices	-	171,550
B06800	Decrease of other non-current assets	1,387	-
B07500	Interest received	1,523	5,304
B07600	Dividends received	186,690	73,598
B09900	Refund of capital reduction of financial assets measured at fair value through profit or loss	24,000	2,775
BBBB	Net cash generated from (used in) financing activities	(374,712)	406,907
	Cash flows from financing activities		
C00200	Decrease in short-term borrowings	-	(185,000)
C00600	Decrease in short-term notes payable	-	(49,939)
C01700	Decrease in long-term loans	-	(150,000)
C04020	Lease liability principal repayments	(4,866)	(10,702)
C04300	Increase of other non-current liabilities	-	10
C04500	Cash dividends paid	(171,821)	-
C05400	Acquisition of equity in subsidiaries	-	(26,802)
CCCC	Net cash used in financing activities	(176,687)	(422,433)
EEEE	Net (decrease) increase in cash	(556,304)	487,991
E00100	Cash balance at the beginning of the year	777,353	289,362
E00200	Year-end cash balance	$ 221,049	$ 777,353

The accompanying notes form an integral part of the parent company only financial statements.

Chairman: Chun-Fa Huang   Managerial Officer: Ming-Tan Hsu   Head-Finance & Accounting: Chien-I Kao

TZE SHIN INTERNATIONAL CO., LTD.

Notes to Parent Company Only Financial Statements

January 1 to December 31, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars, unless otherwise stated)

I. Corporate history

Tze Shin International Co., Ltd. (hereinafter referred to as "the Company") was established in 1973. Its main business includes (1) long-distance container transshipment; (2) shipside transportation operations; (3) container haulage; (4) truck freight: transportation of chemicals, gasoline and diesel tanks and bulk goods; (5) lease of containers, racks, and equipment; and (6) entrust of construction companies to build commercial, industrial buildings, and public housing for sale and leasing.

The Company's stock has been listed on the Taiwan Stock Exchange since October 1993.

The parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

II. Date and Procedures for Passing the Financial Report

The individual financial statements were approved by the Board of Directors on March 24, 2023.

III. Application of New and Revised International Financial Reporting Standards

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

The application of the revised IFRSs approved and issued by the FSC will not result in significant changes in the accounting policies of the Company.

(II) FSC-approved IFRSs applicable from 2023 onwards

New/amended/revised standards and interpretations	Effective date issued by the IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Income Tax Relating to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: This amendment shall apply to the annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments apply to changes in accounting estimates and changes in accounting policies that occur during the annual reporting periods beginning on or after January 1, 2023.

Note 3: In addition to recognizing deferred income tax on the temporary difference between leases and decommissioning obligations on January 1, 2022, the amendment is applicable to transactions that occur after January 1, 2022.

As of the publication date of the parent company only financial statements, the Company has assessed that the above-mentioned standards and amendments to the interpretations will not have a significant impact on the Company's financial position and financial performance.

(III) IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

New/amended/revised standards and interpretations	Effective date published by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Investment of Assets between Investors and Their Affiliates or Joint Ventures"	To be determined
Amendments to IFRS 16 "Lease Liabilities under Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "First-time Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with contractual terms"	January 1, 2024

Note 1: Unless otherwise specified, the aforesaid new/amended/revised standards or interpretations is effective for the annual reporting periods beginning on or after the respective dates.

Note 2: Vendors and lessees should apply the amendments to IFRS 16 retroactively for sale and leaseback transactions entered into after 16 days after the initial application of IFRS 16.

As of the publication date of the parent company only financial statements, the Company continues to evaluate the impact of amendments to the above standards and interpretations on the financial position and financial performance, and will disclose relevant impacts when the evaluation is completed.

IV. <u>Summary of Significant Accounting Policies</u>

(I) Compliance Statement

The parent company only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

Except for the financial instruments measured at fair value and the net defined benefit liabilities recognized at the present value of the defined benefit obligation less the fair value of plan assets, the standalone financial statements have been prepared on the historical cost basis.

The fair value measurement is divided into Level 1 to Level 3 according to the observability and significance of the relevant input value:

1. Level 1 input: refers to the quotation (unadjusted) of the same asset or liability in an active market on the measurement date.
2. Level 2 input: in addition to the quoted price in Level 1, the direct (i.e. price) or indirect (i.e. inference from price) observable input of the asset or liability.
3. Level 3 inputs: The unobservable inputs for the asset or liability.

The Company adopts the equity method to account for its investments in subsidiaries and associates when preparing the parent company only financial statements. In order to make the profit or loss, other comprehensive profit or loss, and equity of the current year in the parent company only financial statement and the current year profit or loss, other comprehensive profit or loss, and equity attributable to the owner of the Company in the Company's consolidated financial statement, certain accounting differences between the standalone basis and the consolidated basis are adjusted and made "Investments under the equity method," "Share of profit or loss of subsidiaries and associates under the equity method," "Share of other comprehensive profit or loss of subsidiaries," and related equity items.

(III) Classification of current and non-current asset and liability items

Current assets include:

1. Assets held mainly for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash (excluding those that are restricted from being exchanged or used to settle a liability for more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held mainly for the purpose of trading;
2. Liabilities due and settled within 12 months after the balance sheet date; and
3. Liabilities for which the settlement period cannot be unconditionally deferred for at least 12 months after the balance sheet date.

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

For the construction projects of the Company, where the business cycle is longer than one year, the assets and liabilities related to the construction business are classified as current or non-current based on the normal business cycle.

(IV) Foreign currency

When the Company prepares the parent company only financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are converted into the functional currency according to the exchange rates on the transaction dates.

Monetary items denominated in foreign currencies are translated at the closing exchange rate on each balance sheet date. The exchange difference arising from the settlement of monetary items or the translation of monetary items is recognized in profit or loss in the year of occurrence.

Non-monetary items measured at fair value that are denominated in foreign currencies are converted at the rates prevailing on the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss for the year. in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the exchange rates prevailing on the transaction dates and are not retranslated.

(V) Inventory

Inventories include commodities and supplies. Inventories are measured at the lower of cost and net realizable value. The comparison of cost and net realizable value is based on individual items, except for inventories of the same type. Net realizable value is the estimated selling price under normal circumstances less selling expenses. The cost of inventories is calculated using the weighted average method.

Buildings under construction are measured at the lower of cost and net realizable value. The comparison of cost and net realizable value is based on individual projects. Net realizable value is the estimated selling price under normal circumstances less the remaining costs of completion and selling expenses. When selling, the cost is calculated using the individual identification method.

(VI) Investment in subsidiaries

The Company adopts the equity method to account for its investment in subsidiaries.

A subsidiary is an entity controlled by the Company.

Under the equity method, investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive profit or loss of the subsidiaries. In addition, changes in the Company's other equity interests in subsidiaries are recognized based on the shareholding percentage.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are treated as equity transactions. Any difference between the carrying amount of investments and the fair value of the consideration paid or received is directly recognized in equity.

When the Company's share of losses on a subsidiary equals or exceeds its equity in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term interests that in substance form part of the Company's net investment in the subsidiary), Losses will continue to be recognized proportionally to the Company's shareholding.

The excess of the acquisition cost in excess of the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries that constitute the business on the date of acquisition is recognized as goodwill, which is included in the book value of the investment and shall not be amortized; The excess of the share of the net fair value of the identifiable assets and liabilities of the subsidiary over the acquisition cost as of the date of operation is recognized as the current income.

When the Company assesses the impairment, it considers the cash-generating unit as a whole in the financial statements and compares its recoverable amount with the book value. If the recoverable amount of an asset increases subsequently, the reversal of the impairment loss shall be recognized as gains, but the carrying amount of the asset after the reversal of the impairment loss shall not exceed the amount that would be recognized for the asset without the impairment loss not recognized. The book value after amortization. The impairment loss attributed to goodwill shall not be reversed in subsequent periods.

When the Company loses control over a subsidiary, it measures its remaining investment in the former subsidiary according to the fair value on the date of loss of control. Current profit and loss. In addition, all amounts recognized in other comprehensive income related to the subsidiary shall be accounted for on the same basis as the one adopted for the Company's direct disposal of the relevant assets or liabilities.

The unrealized profit or loss of downstream transactions between the Company and its subsidiaries is eliminated in the individual financial statements. The profit or loss generated from the downstream and lateral transactions between the Company and its subsidiaries is recognized in the standalone financial statements only to the extent that they are not related to the Company's equity in the subsidiaries.

(VII) Investment in Affiliated Enterprises

Affiliates are those over which the Company has significant influence but is not a subsidiary or a joint venture.

The Company adopts the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. In addition, the changes in the equity of the affiliated enterprise shall be recognized based on the shareholding percentage.

When the affiliated enterprise issues new shares, if the Company does not subscribe according to the ownership percentage, resulting in a change in the ownership percentage, when the net equity value of the investment increases or decreases, the capital surplus - accounted for by the equity method Changes in the net equity value of the enterprise and investment using the equity method. However, if the shareholding ratio is not subscribed or acquired, resulting in a decrease in the ownership interest of the affiliated enterprise, the amount recognized in other comprehensive income related to the affiliated enterprise shall be reclassified according to the proportion of decrease. The same basis must be followed for the direct disposal of the relevant assets or liabilities; if the aforementioned adjustment should be debited to the capital surplus, and if the balance of the capital surplus generated from the investment by equity method is insufficient, the difference is debited to the retained earnings.

When the Company's share of losses on an associate equals or exceeds its equity in the associate (including the carrying amount of the investment under the equity method in the associate and other long-term interests that in substance form part of the Company's net investment in the associate), that is, stop recognizing further losses. The Company recognizes additional losses and liabilities only within the scope of statutory obligations, constructive obligations, or payments made on behalf of affiliates.

When assessing impairment, the Company treats the entire book value of the investment as a single asset to compare the recoverable amount with the book value, and conducts an impairment test. The recognized impairment loss is not allocated to any assets that constitute an integral part of the book value of the investment. Any reversal of the impairment loss is recognized to the extent of the subsequent increase in the recoverable amount of the investment.

The Company stops adopting the equity method for the investment on the date when it ceases to be an associate, and its retained equity in the original associate is measured at fair value. Included in the current year's profit or loss. In addition, all amounts recognized in other comprehensive income related to the affiliated enterprise shall be accounted for on the same basis as that required for the affiliated enterprise to directly dispose of the relevant assets or liabilities.

Gains and losses arising from upstream, downstream, and lateral transactions between the Company and its associates are recognized in the standalone financial statements only to the extent that they are unrelated to the Company's interests in the associates.

(VIII) Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and accumulated impairment loss.

The property, plant and equipment under construction is recognized at cost less accumulated impairment loss. Costs include professional service fees and borrowing costs that meet the capitalization conditions. These assets shall be classified into the appropriate category of property, plant and equipment and depreciation shall begin to be provided when they are completed and reach the expected state of use.

Except for the self-owned land that is not depreciated, the remaining properties, plants, and equipment are depreciated separately on a straight-line basis over their useful lives. The Company reviews the estimated useful life, residual value and depreciation method at least at the end of each year, and applies the effect of changes in accounting estimates in a deferred application.

When derecognizing property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(IX) Investment property

Investment property is held for the purpose of earning rent or for capital appreciation or both. Investment property also includes the land for which the future use has not yet been determined.

Self-owned investment property is initially measured at cost (including transaction cost) and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Investment property is depreciated on a straight-line basis.

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

(X) Intangible assets

1. Acquired separately

A separately acquired intangible asset with finite useful life is initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized using the straight-line method over the useful lives. The Company reviews the estimated useful life, residual value, and amortization methods at least at the end of each year, and applies the effects of changes in accounting estimates prospectively. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

2. Removed from Column

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

(XI) Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets

Assess whether there are any signs of possible impairment of property, plant, and equipment, right-of-use assets, investment property, and intangible assets (excluding goodwill) at each balance sheet date. If there is any sign of impairment, estimate the amount recoverable from the asset. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Common assets are allocated to individual cash-generating units on a reasonable and consistent basis.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and when there is a sign of impairment.

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

When the impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit or contract cost related asset is increased to the revised recoverable amount, but the increased carrying amount does not exceed the asset, cash-generating unit or contract cost. The book value (less amortization or depreciation) of the relevant assets if no impairment loss was recognized in previous years. Reversal of impairment loss is recognized in profit or loss.

(XII) Financial instruments

Financial assets and financial liabilities are recognized in the individual balance sheet when the Company becomes a party to the terms and conditions of the instrument contract.

When financial assets and financial liabilities are initially recognized, if financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are immediately recognized in profit or loss.

1. Financial assets

Conventional transactions in financial assets are recognized and recognized using the transaction date accounting method.

(1) Type of measurement

The financial assets held by the Company include those measured at fair value through profit or loss, financial assets measured at amortized cost, and investments in equity instruments measured at fair value through other combined profits or losses.

A. Financial assets measured at fair value through profit or loss

Financial assets measured at FVTPL are those mandatorily measured at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instruments that are not designated to be measured at FVTOCI, and debt instruments that are not classified as measured at amortized cost or at FVTOCI.

Financial assets at FVTPL are measured at fair value, and dividends, interest, and remeasurement gains or losses are recognized in other profits and losses. Please refer to Note 24 for how the fair value is determined.

B. Financial assets measured at amortized cost

If the Company's investment in financial assets meets the following two conditions at the same time, it is classified as financial assets measured at amortized cost:

a. Held under a certain business model, and the purpose of such model is to hold financial assets to collect contractual cash flows; and

b. The cash flows on specific dates that arise from the terms of the contract are solely payments of the principal and interest on the principal amount outstanding.

Financial assets measured at cost after amortization (including cash, time deposits with original maturity date of more than 3 months, notes receivable at cost after amortization, accounts receivable, other receivables, other financial assets and (guaranteed guarantee) is measured at the amortized cost of the total book value determined by the effective interest method less any impairment loss upon initial recognition. Any foreign currency exchange gain or loss is recognized in profit or loss.

Except under the following two circumstances, interest income is calculated by multiplying the effective interest rate by the total book value of financial assets:

a. For purchased or originated credit-impaired financial assets, interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.

b. For financial assets that are not acquired or originated credit-impaired but subsequently become credit-impaired, interest income shall be calculated by multiplying the effective interest rate by the amortized cost of the financial asset from the next reporting period after the credit impairment.

Credit-impaired financial assets refer to the fact that the issuer or debtor has experienced major financial difficulty, default, the debtor is likely to file for bankruptcy or other financial reorganization, or due to financial difficulty, the active market of financial assets has disappeared.

Cash equivalents include time deposits with high liquidity and insignificant risk of changes in value that are highly liquid time deposits that can be converted into known amounts of cash at any time after the acquisition date, and are used to satisfy short-term cash commitments.

C. Equity instrument investment measured at fair value through other comprehensive income

The Company may, at the time of original recognition, make an irrevocable election to designate the investment in equity instrument investment not held for trading and not recognized by the acquirer in the business combination at fair value at the fair value.

Investments in equity instruments measured at FVTOCI are measured at fair value, and subsequent changes in fair value are recognized in other comprehensive income and accumulated in other equity. When the investment is disposed, the accumulated profit or loss is directly transferred to the retained earnings and is not reclassified as profit or loss.

Dividends of investments in equity instruments measured at FVTOCI are recognized in profit or loss when the Company’s right to receive payment is established, unless such dividends clearly represent the recovery of part of the investment cost.

(2) Impairment of financial assets

The Company assesses the impairment loss of financial assets measured at amortized cost (including accounts receivable) based on the expected credit loss on each balance sheet date.

Accounts receivable are recognized in allowance for loss based on the lifetime expected credit losses. Other financial assets are assessed in terms of whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in the credit risk, the loss allowance is recognized at 12-month expected credit losses. If there has been a significant increase, it is recognized at the lifetime expected credit losses. loss allowance.

The expected credit loss is the weighted average credit loss with the risk of default as the weight. The 12-month ECLs represent the ECLs from possible defaults of a financial instrument within 12 months after the reporting date. The lifetime ECLs represent the ECLs from all possible defaults of a financial instrument during the expected life of a financial instrument.

For the purpose of internal credit risk management, the Company, without considering the collaterals held, determines that the following situations represent defaults in financial assets:

A. There is internal or external information indicating that it is impossible for the debtor to pay off the debt.

B. Overdue for more than 90 days, unless there is reasonable and corroborative information showing that the later default standard is more appropriate.

The impairment loss of all financial assets is recognized by the reduction of the book value of the allowance account. However, the loss allowance of the investment in debt instruments measured at fair value through other comprehensive profit or loss is recognized in other comprehensive profit or loss without reducing the book value.

(3) Removal of financial assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets expire, or when the financial assets are transferred and almost all the risks and rewards of the ownership of the assets have been transferred to another enterprise.

When a financial asset measured at amortized cost is derecognized in its entirety, the difference between the book value and the consideration received is recognized in profit or loss. When the investment in equity instrument measured at FVTOCI is derecognized in its entirety, the accumulated profit or loss is directly transferred to retained earnings and is not reclassified as profit or loss.

2. Equity instruments

The equity instruments issued by the Company are classified as equities according to the contractual agreement and the definition of equity instruments.

Equity instruments issued by the Company are recognized at the amount after deducting direct issuance costs from the obtained proceeds.

The repurchase of the Company's own equity instruments is recognized in and deducted under equity. The purchase, sale, issuance or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

Financial liabilities are measured at amortized cost in the effective interest method.

(2) Removal of financial liabilities

When derecognizing financial liabilities, the difference between the book value and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(XIII) Provision for liabilities

The amount recognized as reserve takes into account the risks and uncertainties of the obligation and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. The reserve for liabilities is measured by the estimated cash flow discount value to settle the obligation.

When it is expected that part or all of the expenses required to settle the liability reserve may be received from another party, and the such refund is almost certain to be received and the amount can be measured reliably, the advance is recognized as an asset.

Warranty

The warranty obligation to ensure that the product conforms to the agreed specifications is based on the management's best estimate of the expenditure required to settle the company's obligation and is recognized when the related product is recognized as income.

(XIV) Revenue Recognition

After the Company identifies its performance obligations in contracts with customers, it allocates the transaction price to each performance obligation and recognizes revenue when each performance obligation is satisfied.

For contracts where the time interval between the transfer of goods or services and the collection of consideration is less than one year, no transaction price will be adjusted for the major financial components.

1. Transportation revenue

   Transportation income comes from the operation of truck freight and container, and related businesses are recognized as income when the labor services are completed.

2. Product sales revenue

   The sales revenue comes from the sale of household electrical appliances. Revenue is recognized when the goods are delivered to the location designated by the customer.

(XV) Lease

The Company assesses whether the contract is (or contains) a lease on the establishment date of the contract.

1. The Company as lessor

   Lease payments under operating leases, net of lease incentives, are recognized as income on a straight-line basis over the relevant lease period. The initial direct cost for acquiring the operating lease is added to the book value of the underlying asset and recognized as expenses on the straight-line basis over the lease period.

2. The Company as the lessee

   Except for low-value asset leases and short-term leases to which recognition exemptions apply, where lease payments are recognized as expenses on a straight-line basis over the lease period, right-of-use assets and lease liabilities are recognized for all leases on the starting date of the lease.

The right-of-use asset is measured at its original cost, which includes the initial measurement amount of lease liabilities, lease incentives received deducted from lease payments made before the start of the lease, initial direct costs, and the estimated cost of restoring the underlying asset. Subsequently, it is measured at cost less accumulated depreciation and accumulated impairment losses, and adjustments are made for the remeasurement of lease liabilities. Right-of-use assets are presented separately in the standalone balance sheets.

The right-of-use assets are depreciated on a straight-line basis from the lease start date to the expiry date of the lease or the lease term, whichever earlier.

Lease liabilities are initially measured at the present value of lease payments (including fixed payments). If the interest rate implicit in the lease is easily determined, the lease payment is discounted at the interest rate. If such interest rate cannot be easily determined, the lessee's incremental borrowing rate shall be used.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest method, and the interest expenses are amortized over the lease term. If there are changes in future lease payments during the lease period, the expected payment amount under the residual value guarantee, or the index or rate used to determine lease payments, the Company will re-measure the lease liabilities and relatively adjust the right-of-use assets. The book value has been reduced to zero, the remaining re-measurement amount is recognized in profit or loss. For lease modifications that are not treated as separate leases, the re-measurement of the lease liabilities due to the reduced scope of the lease is to reduce the right-of-use assets, and to recognize gains or losses on the partial or full termination of the lease; the re-measurement of the lease liabilities due to other modifications is to adjust the right-of-use assets. Lease liabilities are presented separately in the standalone balance sheet.

The Company and the lessor engaged in rent reduction directly related to the COVID- 19 pandemic, and adjusted the payments due before December 31, 2022, resulting in a decrease in the rent, and there was no substantive change in other lease terms and conditions. The Company has elected to adopt practical expedients to treat all rent concessions that meet the aforementioned conditions, without evaluating whether it is a lease modification, and recognizes the reduction in lease payments in profit or loss (booked in other gains and losses when the concession or such situation occurs). loss), and decreased lease liabilities accordingly.

(XVI) Cost of borrowing

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are treated as part of the cost of the assets until the assets are nearly ready for their intended use or sale.

For specific borrowings, if the investment income earned from the temporary investment before the capital expenditure that meets the requirements is incurred, it is deducted from the borrowing costs that meet the capitalization conditions.

Except for the above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

(XVII) Employee benefits

1. Short-term employee benefits

The liabilities related to short-term employee benefits are measured at the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

The pension of the defined contribution plan is the amount of pension contribution recognized as expenses during the period of service provided by the employees.

The defined benefit cost of the defined benefit retirement plan (including the service cost, net interest, and re-measurement) is actuated using the projected unit method. The service cost (including the service cost for the current period) and the net interest of the net defined benefit liability are recognized as employee benefit expenses when they are incurred. The re-measurement (including the actuarial profit or loss and the return on plan assets net of interest) is recognized in other comprehensive income and recognized in retained earnings when it occurs, and will not be reclassified to profit or loss in subsequent periods.

The net defined benefit liability was the provision for the defined benefit pension plan. The net defined benefit assets shall not exceed the present value of refundable contributions from the plan or reduced contributions to the future.

(XVIII) Income tax

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

1. Current income tax

   The Company determines the income (loss) of the current period in accordance with the laws and regulations of each jurisdiction area for income tax filings, and calculates the income tax payable (recoverable) accordingly.

   In accordance with the Income Tax Act of the Republic of China, additional income tax levied on undistributed earnings is recognized in the year resolved by the shareholders’ meeting.

   Adjustments to income tax payable from previous years are recognized in current income tax.

2. Deferred income tax

   Deferred income tax is calculated based on the temporary difference between the carrying amount of assets and liabilities and the tax bases for calculating taxable income.

   Deferred income tax liabilities are generally recognized for all taxable temporary differences, whereas deferred income tax assets are recognized for taxable income that is probable to deduct temporary differences and deductible losses. It shall be recognized at the time of use.

   The taxable temporary difference related to the investment in subsidiaries, associates, and joint agreements shall be recognized as deferred income tax liabilities. However, if the Company can control the time point of the temporary difference reversal, and the temporary difference is likely to Except for those that will not be reversed in the future. The deductible temporary difference related to such investment is recognized as deferred income tax only if it is probable that there will be sufficient taxable income to realize the temporary difference and it is expected to be reversed in the foreseeable future assets.

   The book value of deferred income tax assets is reviewed at each balance sheet date, and the book value is reduced if it is no longer probable that there will be sufficient taxable income to recover all or part of the assets. The assets that were not recognized as deferred income tax assets are also reviewed at each balance sheet date, and the carrying amount is increased when it is probable that taxable income will be generated in the future against which all or part of the assets can be recovered.

Deferred income tax assets and liabilities are measured at the tax rates in the year in which the liabilities are expected to be settled or the assets realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax liabilities and assets are measured to reflect the tax consequences that would arise from the manner in which the Company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3. Current and deferred income tax

Current and deferred income tax are recognized in profit or loss, except for those related to items that are recognized in other comprehensive income or directly in equity, respectively.

V. Major sources of uncertainty in major 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 the relevant information that is not readily available from other sources. Actual results may differ from these estimates.

The Company has taken the recent development of COVID-19 in Taiwan and the possible impact on the economic environment into its consideration of important accounting estimates such as cash flow estimation, growth rate, discount rate, and profitability. The management will continue to Review estimates and basic assumptions. If the estimate revision affects only the current period, it shall be recognized in the current period; if the amendment to the accounting estimate affects the current period and future periods at the same time, it is recognized in the current period and future periods.

VI. Cash

	December 31, 2022	December 31, 2021
Cash on hand and working capital	$ 100	$ 161
Checks and demand deposits at banks	220,949	777,192
	$ 221,049	$ 777,353

The interest rate ranges of deposits in banks at the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Bank deposits	0.005%～0.455%	0.001%～0.29%

VII. Financial instruments at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial assets - current		
Mandatory measurement at fair value through profit or loss		
Non-derivative financial assets		
- Domestic listed (OTC) stock	$ 1,041,745	$ 732,789
Financial assets - non-current		
Mandatory measurement at fair value through profit or loss		
Non-derivative financial assets		
- Domestic unlisted (non-OTC) stock	$ 383	$ 1,160

Please refer to Note 26 for information on financial assets at fair value through profit or loss - current pledge.

VIII. Financial assets at fair value through other comprehensive income

Investment in equity instruments

	December 31, 2022	December 31, 2021
Liquidity		
Domestic investment		
Listed (OTC) stock	$ 139,900	$ 421,246
Non-current		
Domestic investment		
Unlisted (non-OTC) stock	$ 165,926	$ 251,885

The Company invests in the common stocks of the above-mentioned domestic and foreign listed (TWSE) and unlisted (OTC) companies based on medium and long-term strategic purposes, and expects to make profits through long-term investments. The management of the Company believes that if the short-term fair value fluctuations of these investments are recognized in profit or loss, it is inconsistent with the aforementioned long-term investment plan, so it has elected to designate these investments as at FVTOCI.

The Company purchased the common shares of IBF Financial Holdings Co., Ltd. and Taisun Enterprise Co., Ltd. at NT$203,208 thousand and NT$6,924 thousand respectively in 2022. Because they are medium and long-term strategic investments, they are designated to be measured at fair value through other comprehensive income.

In 2022, the Company adjusted the investment positions to diversify risks, and successively sold some of the common stocks of IBF Financial Holdings Co., Ltd. and Taisun Enterprise Co., Ltd. at fair value of NT$359,194 thousand and NT$95,705 thousand, respectively. The related other equity-through other comprehensive income. The unrealized gains of financial assets measured at fair value, NT$92,822 thousand, were transferred to retained earnings.

The Company purchased the common stock of Cheng Mei Materials Technology Corporation for NT$20,073 thousand in 2021. Because it is a medium and long-term strategic purpose investment, it is designated to be measured at fair value through other comprehensive income.

During the 2021 fiscal year, the company adjusted its investment portfolio to diversify risk. The company sold portions of common stocks in four subsidiaries, namely, SIRTEC INTERNATIONAL CO., LTD. (for a fair value of NT$10,514 thousand), IBF Financial Holdings Co., Ltd. (for a fair value of NT$201,664 thousand), Taisun Enterprise Co., Ltd. (for a fair value of NT$55,420 thousand), and Cheng Mei Materials Technology Corporation (for a fair value of NT$21,204 thousand), respectively. As a result of these sales, unrealized gains in financial assets held through other comprehensive income, amounting to NT$84,373 million, were transferred to retained earnings.

The Company recognized dividend income of NT$31,414 thousand and NT$31,293 in 2022 and 2021, respectively.

Please refer to Note 26 for information on financial assets measured at fair value through other combined profits or losses - current pledge.

IX. Financial assets measured at amortized cost

	December 31, 2022	December 31, 2021
Liquidity		
Domestic investment		
Time deposits with original maturity date of more than 3 months	$ 100	$ 50

As of December 31, 2022 and 2021, the interest rates of time deposits with original maturity date of more than 3 months were 1.440% and 0.815% per annum, respectively.

Please refer to Note 26 for information on pledged financial assets measured at amortized cost.

X. Notes receivable, accounts receivable and other receivables

	December 31, 2022	December 31, 2021
Notes receivable		
Measured at amortized cost		
Gross carrying amount	$ 2,598	$ 1,607
Accounts receivable		
Measured at amortized cost		
Gross carrying amount	$ 29,572	$ 43,630
Less: loss allowance	(19,670)	(19,670)
	$ 9,902	$ 23,960
Other receivables		
Measured at amortized cost		
Gross carrying amount	$ 304,784	$ 304,192
Less: loss allowance (Note 27)	(303,876)	(300,781)
	$ 908	$ 3,411

The average credit period of the Company to customers is 60 to 90 days, and no interest is accrued on accounts receivable. When determining the recoverability of accounts receivable, the Company Changes in credit quality during the current period.

The Company adopts the allowance for loss of notes receivable, accounts receivable, and other receivables to be recognized based on the expected credit losses throughout the duration. The expected credit losses throughout the duration are calculated using the provision matrix, which takes into account the customer's past default record and current financial position as well as the industrial economic situation. Because the Company's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, the reserve matrix does not further divide the customer groups, but only uses the notes receivable, accounts receivable, and other receivables overdue days to set the expected credit rating. Loss rate.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect to recover the amount, for example, the counterparty is in liquidation, the Company will directly write off the relevant accounts receivable, but will continue to pursue recovery activities. The amount is recognized in profit or loss.

The allowance for loss of notes receivable, accounts receivable and other receivables measured by the Company based on the reserve matrix is as follows:

December 31, 2022

	Not overdue	Past due by 1 to 60 days	Past due by 61 to 90 days	Past due by 91 to 180 days	Overdue for more than 180 days	Total
Expected credit loss rate	0.04%	-	-	-	100.00%	
Gross carrying amount	$ 13,323	$ 142	$ -	$ -	$ 323,541	$ 337,006
Loss allowance (lifetime expected credit losses)	(5)	-	-	-	(323,541)	(323,546)
Cost after amortization	$ 13,318	$ 142	$ -	$ -	$ -	$ 13,460

December 31, 2021

	Not overdue	Past due by 1 to 60 days	Past due by 61 to 90 days	Past due by 91 to 180 days	Overdue for more than 180 days	Total
Expected credit loss rate	-	-	-	-	100.00%	
Gross carrying amount	$ 44,554	$ -	$ -	$ -	$ 320,451	$ 365,005
Loss allowance (lifetime expected credit losses)	-	-	-	-	(320,451)	(320,451)
Cost after amortization	$ 44,554	$ -	$ -	$ -	$ -	$ 44,554

Information on changes in the allowance for loss of notes receivable, accounts receivable and other receivables is as follows:

	2022	2021
Balance at the beginning of the year	$ 320,451	$ 333,186
Add: Provision of impairment loss	3,095	-
Less: Elimination of actual write-offs (Note 12)	-	(12,645)
Less: Reversal impairment loss	-	(90)
Year-end balance	$ 323,546	$ 320,451

The cross-strait and domestic route cooperation and management service contract between our company and (Far Eastern Air Transport (hereinafter referred to as “FAT”) has been signed. However, due to the significant financial difficulties faced by Far Eastern Air Transport, our management evaluated that as of December 31, 2019, the possibility of recovering the accounts receivable of NTD 4,530 thousand and the deposited guarantee of NTD 249,500 thousand was slim. Therefore, the deposited guarantee was reclassified as other accounts receivable, and the full amount of accounts receivable was provisioned for impairment losses. Please refer to Note 27 for further information.

On June 29, 2010, the Company and CPC Corporation, Taiwan (hereinafter referred to as "CPC") reached a settlement of a lawsuit concerning gains in the distribution of oil products and gas station rental. Both parties agreed to terminate the oil distribution contract and gas station rental contract. According to the settlement agreement, CPC should pay NT$107,542 thousand from the oil product revenue-rent and NT$2,581 thousand from distribution profit. The above amount is NT$110,123 thousand, after deducting the rent of NT$26,947 thousand from the court provided by CPC (which was fully recovered in 2011). As of the end of December 2022, NT$31,655 thousand had been recovered. As of December 31, 2022 and 2021, NT$51,521 thousand and NT$51,281 thousand were recognized as other receivables in the aggregate amount uncollected, which was fully recognized as loss.

XI. Inventories - net

	December 31, 2022	December 31, 2021
Building and land under construction	$ 160,277	$ 159,361
Commodities	5,711	8,295
Materials	386	462
	$ 166,374	$ 168,118

The inventory-related costs of sales in 2022 and 2021 were NT$2,573 thousand and NT$940 thousand, respectively.

In 2022 and 2021, the cost of goods sold, including the gains on falling value of inventories and obsolete recovery, were NT$11,202 thousand and NT$1,823 thousand, which were due to the sale of inventories of obsolete home appliances in the year.

Please refer to Note 26 for the amount of buildings under construction and land pledged for borrowings.

XII. Investment accounted for under the equity method

	December 31, 2022	December 31, 2021
Investment in subsidiaries	$ 341,360	$ 412,252
Investment in Affiliated Enterprises	-	-
	$ 341,360	$ 412,252

(I) Investment in subsidiaries

	December 31, 2022		December 31, 2021	
Investee	Amount	% of shareholding	Amount	% of shareholding
Non-listed and GTSM-listed company				
Miramar Hospitality Co., Ltd.	$ 246,379	62.99	$ 251,478	62.99

Hsin Hai Transportation & Terminal Co., Ltd.	86,703	47.47	82,989	47.47
Miramar Resort Co., Ltd.	7,908	66.18	5,340	66.18
ACMC TRADING CO., LTD.	370	100.00	437	100.00
Safe Cargo Transportation Co., Ltd.	-	-	6,451	100.00
Safe Petroleum Transportation Co., Ltd.	-	-	35,276	100.00
Safe Container Transportation Co., Ltd.	-	-	25,918	100.00
Safe Logistics Transportation Co., Ltd.	-	-	4,363	100.00
	$ 341,360		$ 412,252	

In November 2022, the Company sold all of the equity interests in Safe Cargo Transportation Co., Ltd., Safe Petroleum Transportation Co., Ltd., Safe Container Transportation Co., Ltd. and Safe Logistics Transportation Co., Ltd. The disposal proceeds and the gains were NT$73,778 thousand and NT$18,752 thousand, respectively. Please refer to Note 26 of the Company's consolidated financial statements for the year ended December 31, 2022 for information on subsidiaries and affiliates.

Miramar Resort Co., Ltd. had an after-tax loss of NT$162 thousand in 2022. The Company recognized a gain on recovery of the net value of NT$2,568 thousand based on the number of preferred shares.

In 2021, Miramar Resort Co., Ltd. had an after-tax loss of NT$45,305 thousand. The Company recognized investment losses of NT$21,462 thousand and NT$12,875 thousand based on the share of common shares and preferred shares, respectively, for a total of NT$34,337 thousand.

The share of profit or loss and other comprehensive income of subsidiaries under the equity method in 2022 and 2021 is recognized based on the financial statements of each subsidiary that have been audited by the independent auditors during the same period.

(II) Investment in Affiliated Enterprises

Aggregate information on affiliates that are not individually material

	2022	2021
The Company's share		
Net loss for the year	$ -	($ 1,116)

Since SUPER NOVA OPTOELECTRONICS CORPORATION was liquidated on September 30, 2021, as of December 31, 2021, the other receivables on the account were NT$98,530 thousand, Accounts receivable of NT$12,646 thousand were determined to be irrecoverable, so related other receivables of NT$12,646 thousand were written off against loss allowance of NT$12,646 thousand.

XIII. Property, plant and equipment

	Land	Building	Transportation equipment	Office equipment	Total
Balance as of January 1, 2022	$ 156,144	$ 30,509	$ 31,021	$ 6,490	$ 224,164
Increase	-	-	-	1,524	1,524
Disposition	-	-	(27,416)	(400)	(27,816)
Balance as of December 31, 2022	$ 156,144	$ 30,509	$ 3,605	$ 7,614	$ 197,872
Accumulated depreciation					
Balance as of January 1, 2022	$ -	$ 19,585	$ 18,243	$ 5,148	$ 42,976
Depreciation	-	489	4,820	776	6,085
Disposition	-	-	(20,097)	(342)	(20,439)
Balance as of December 31, 2022	$ -	$ 20,074	$ 2,966	$ 5,582	$ 28,622
Net amount as of December 31, 2022	$ 156,144	$ 10,435	$ 639	$ 2,032	$ 169,250
Cost					
Balance as of January 1, 2021	$ 156,144	$ 30,509	$ 33,962	$ 7,087	$ 227,702
Increase	-	-	-	67	67
Disposition	-	-	(2,941)	(664)	(3,605)
Balance as of December 31, 2021	$ 156,144	$ 30,509	$ 31,021	$ 6,490	$ 224,164
Accumulated depreciation					
Balance as of January 1, 2021	$ -	$ 19,068	$ 13,220	$ 4,865	$ 37,153
Depreciation	-	517	5,989	910	7,416
Disposition	-	-	(966)	(627)	(1,593)
Balance as of December 31, 2021	$ -	$ 19,585	$ 18,243	$ 5,148	$ 42,976
Net amount as of December 31, 2021	$ 156,144	$ 10,924	$ 12,778	$ 1,342	$ 181,188

Depreciation expenses are calculated on a straight-line basis over their useful lives as follows:

Building	3 to 55 years
Transportation equipment	1 to 8 years
Office equipment	3 to 5 years

Please refer to Note 26 for the amount of property, plant and equipment pledged for borrowings.

XIV. Lease agreement

(I) Right-of-use assets

	December 31, 2022	December 31, 2021
Book value of right-of-use assets		
Land	$ 3,398	$ 7,788
Building	785	1,070
	$ 4,183	$ 8,858

	2022	2021
Increase in right-of-use assets	$ 3,310	$ 13,194
Depreciation expense of right-of-use assets		
Land	$ 7,700	$ 7,619
Building	285	285
	$ 7,985	$ 7,904

(II) Lease liabilities

	December 31, 2022	December 31, 2021
Book value of lease liabilities		
Liquidity	$ 2,982	$ 3,953
Non-current	$ 1,111	$ 2,013

The range of the discount rate for lease liabilities is as follows:

	December 31, 2022	December 31, 2021
Land	1.7%	1.7%
Building	1.7%	1.7%

(III) Significant lease activities and terms and conditions

The Company leases certain lands and buildings for office use with a lease term of 1 to 5 years. At the end of the lease term, the Company does not have preferential rights to acquire the leased land and buildings.

Due to the severe impact of COVID-19 on the market economy in 2022 and 2021, the Company entered into a land lease agreement with TAIWAN SUGAR CORPORATION Kaohsiung Branch, and TAIWAN SUGAR CORPORATION Kaohsiung Branch agreed The amount was reduced by 20%. The effect of the aforementioned rent concessions recognized by the Company in 2022 and 2021 were both NT$336 thousand (stated as other gains and losses).

(IV) Other lease information

	2022	2021
Lease expenses of low-value assets	$ 317	$ 164
Total cash (outflow) of leases	($ 5,183)	($ 11,022)

XV. Investment property

	December 31, 2022	December 31, 2021
Land		
Keelung Nuan-Nuanyuan Section	$ 30,026	$ 30,026

The fair value of the Company's investment property was evaluated by Qing-Tang Li, an independent evaluator who is not a related party. On December 20, 2021, upon the release of the Real Estate Valuation Report for the Far-end Section of Keelung, the Company estimated its fair value to be NT$40,789 thousand, the evaluation is made with reference to market evidence of real estate transaction prices. Because there is no significant change in the transaction price of real estate in this area, the fair value as of December 31, 2022 and December 31, 2021 should not be significantly different from the fair value evaluated by the unrelated independent appraiser.

XVI. Other payables

	December 31, 2022	December 31, 2021
Sales tax payable	$ 5,481	$ 3,112
Stock settlement payable	4,912	14,592
Payroll payable	3,984	6,602
Remuneration payable to directors	-	3,031
Remuneration payable to employees	-	3,031
Others	3,000	2,879
	$ 17,377	$ 33,247

XVII. Post-employment benefit plan

(I) Defined contribution plan

The Company adopts a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the Labor Pension Act, the Company makes monthly contributions to employees' personal pension accounts at 6% of their monthly salaries.

(II) Defined benefit plan

The pension system implemented by the Company in accordance with the "Labor Standards Act" of R.O.C. is a defined benefit pension plan managed by the government. Employee pension is paid based on years of service and the average salary of the six months prior to the date of approved retirement. The Company appropriates 3.8% of the employees' monthly salary as pension, which is then deposited into a special account at the Bank of Taiwan in the name of the Labor

Pension Reserve Supervisory Committee. Employees who are expected to meet the retirement criteria will be allocated the difference in a lump sum before the end of March of the following year. The special account is managed by the Bureau of Labor Funds, Ministry of Labor. The Company has no right to influence the investment management strategy.

The amount of the defined benefit plan included in the parent-only balance sheet is as follows:

	December 31, 2022	December 31, 2021
Defined benefit obligation	$ 23,262	$ 27,153
Fair value of plan assets	(17,904)	(19,439)
Net confirmed benefit debt	$ 5,358	$ 7,714

Changes in the net defined benefit liability are as follows:

	Defined benefit obligation	Fair value of plan assets	Net confirmed benefit debt
Balance as of January 1, 2022	$ 27,153	($ 19,439)	$ 7,714
Current period service costs	293	-	293
Interest expense (income)	109	(79)	30
Deferred tax income (expense) recognized in profit or loss	402	(79)	323
Re-measurement			
Return on plan assets (except for the amount included in net interest)	-	(1,559)	(1,559)
Actuarial gains or losses			
- Changes in financial assumptions	(949)	-	(949)
- Experience-based adjustments	22	-	22
Deferred tax income (expense) recognized in other comprehensive income	(927)	(1,559)	(2,486)
Contributions by employer	-	(193)	(193)
Plan asset payment	(3,366)	3,366	-
Balance as of December 31, 2022	$ 23,262	($ 17,904)	$ 5,358
Balance as of January 1, 2021	$ 27,006	($ 18,912)	$ 8,094
Current period service costs	291	-	291
Interest expense (income)	50	(35)	15
Deferred tax income (expense) recognized in profit or loss	341	(35)	306
Re-measurement			
Return on plan assets (except for the amount	-	(300)	(300)

included in net interest)			
Actuarial gains or losses			
- Changes in demographic assumptions	960	-	960
- Changes in financial assumptions	(749)	-	(749)
- Experience-based adjustments	(405)	-	(405)
Deferred tax income (expense) recognized in other comprehensive income	(194)	(300)	(494)
Contributions by employer	-	(192)	(192)
Balance as of December 31, 2021	$ 27,153	($ 19,439)	$ 7,714

Due to the pension system under the Labor Standards Act, the Company is exposed to the following risks:

1. Investment risk: The Bureau invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits on its own use and through commissioned management. However, The income is calculated based on the interest rate not lower than the local bank for 2-year time deposit.
2. Interest rate risk: The decrease in the interest rate of government bonds will increase the present value of the defined benefit obligation; however, the return on the debt investment of the plan assets will also increase, which will partially offset the effect of the net defined benefit liability.
3. Salary risk: The calculation of the present value of defined benefit obligations is based on the future salaries of plan members. Therefore, the increase in the salary of the plan members will increase the present value of the defined benefit obligation.

The actuarial calculation of the present value of the Company's defined benefit obligation was carried out by qualified actuaries. The significant assumptions made on the measurement date are as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.4000%	0.7500%
Expected rate of increase in salary	1.8750%	1.8750%
Turnover rate	2.000%～27.000%	2.000%～27.000%

If there are reasonably possible changes to the major actuarial assumptions, and all other assumptions remain unchanged, the present value of the defined benefit obligation will be increased (decreased) by the following amounts:

	December 31, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	($ 375)	($ 480)
Decrease by 0.25%	$ 384	$ 493
Expected rate of increase in salary		
Increase by 0.25%	$ 370	$ 472
Decrease by 0.25%	($ 362)	($ 462)

Due to the fact that actuarial assumptions may be related to each other, and it is unlikely that only a single assumption will change, the sensitivity analysis above may not reflect the actual changes in the present value of defined benefit obligations.

	December 31, 2022	December 31, 2021
Expected contribution amount within 1 year	$ 192	$ 192
Average duration of defined benefit obligations	6 years	6 years

XVIII. Equity

(I) Share capital

Common stock

	December 31, 2022	December 31, 2021
Number of shares (thousand)	250,000	250,000
Authorized capital	$ 2,500,000	$ 2,500,000
Number of shares issued and fully paid (thousand shares)	189,002	171,820
Issued capital stock	$ 1,890,023	$ 1,718,202

The ordinary shares issued with a par value of NT$10 per share are entitled to one voting right and the right to receive dividends.

On June 24, 2022, the shareholders' meeting resolved to recapitalize earnings by issuing new

171,821 thousand shares were issued for capital increase, and 17,182 thousand new shares were issued with a par value of NT$10. The record date for recapitalization of earnings was set by the Financial Supervisory Commission on July 5, 2022, and the change registration was completed on August 22, 2022.

(II) Capital reserve

	December 31, 2022	December 31, 2021
May be used to offset losses, distribute cash or capitalize on capital (1)		
Treasury shares transaction	$ 20,348	$ 20,348
Can only be used to offset a deficit		
Recognition of ownership interests in subsidiaries Changes (2)	18	18
Unclaimed dividends after expiry date	491	492
	$ 20,857	$ 20,858

1. Such capital surplus may be used to offset a deficit, and may be distributed as cash or applied to share capital when the Company has no deficits, provided that the capital surplus shall not exceed a certain percentage of the Company's paid-in share capital each year.
2. This type of capital surplus is the effect of equity transactions recognized due to changes in the company's equity when the Company does not actually acquire or dispose of the equity of the subsidiary, or the adjustment to the capital surplus of the company adopting the equity method to recognize.

(III) Retained earnings and dividend policy

According to the earnings appropriation policy of the Company, any earnings at the end of the year are subject to taxes and taxes, and after offsetting the accumulated losses, and then 10% of the earnings are set aside as legal reserve, and the remainder is appropriated or reversed as special reserves. If there is any remaining balance, together with the accumulated undistributed earnings, the Board of Directors shall draft a motion for earnings distribution and propose to the shareholders' meeting for resolution of distribution of dividends to shareholders. Please refer to Note 20 (6) regarding the policy for the remuneration of employees and directors as stipulated in the Company's Articles of Incorporation.

In order to meet the needs of diversified business development, sound financial structure, and protection of investors' rights and interests, the Company's dividend policy is based on the Company's future capital needs and long-term financial planning. The cash dividends are distributed except for the retained earnings to be used as funds for the Company’s growth. The percentage of dividends distributed shall not be less than 50% of the total dividends distributed in the current year. The proportion of dividend distribution and cash dividends may depend on the operating capital required by Company and other related circumstances. When the board of directors is authorized to formulate an earnings distribution plan adopting the method of issuing new shares, such plan may be implemented after being submitted to the shareholders’ meeting for resolution and when making distribution in cash. It shall be distributed based the resolution of the board of directors, which shall be submitted to the shareholders’ meeting.

The legal reserve shall be appropriated until the balance reaches the Company’s paid-in capital. Legal reserves may be used to offset losses. If the Company has no deficit, the portion exceeding 25% of the paid-in capital by the legal reserve may be appropriated into capital or distributed in cash.

The Company held a shareholders’ meeting on June 24, 2022 and August 26, 2021, respectively, and resolved to pass the 2021 earnings appropriation and the 2020 loss appropriation proposal as follows:

	2021	2020
Legal reserve	$ 37,479	$ 23
Cash dividends	$ 171,821	$ -
Stock dividends	$ 171,821	$ -
Cash dividend per share (NTD)	$ 1	$ -
Dividends per share (NTD)	$ 1	$ -

On March 24, 2023, the board of directors of the company proposed the 2022 loss compensation plan which is yet to be resolved at the shareholders’ regular meeting expected to be held on June 30, 2023.

(IV) Treasury shares

Reason(s) for recall	Repurchase for cancellation (thousand shares)
Number of shares on January 1, 2021	1,174
Decrease in the current year	(1,174)
Number of shares on December 31, 2021	-

According to the Securities and Exchange Act, the treasury stock held by the Company shall not be pledged and shall not be entitled to the distribution of dividends and voting rights.

The Company canceled the treasury stock repurchased in March 2021. A total of 1,174 thousand shares were cancelled at a par value of NT$10 per share. The capital reduction amounted to NT$11,740 thousand. The change registration was completed on April 14, 2021.

XIX. Revenue

	2022	2021
Revenue from contracts with customers		
Transportation revenue	$ 115,481	$ 157,039
Rental income	10,834	10,847
Others	1,413	1,404
	$ 127,728	$ 169,290

XX. Net profit (loss)

(I) Others

	2022	2021
Dividend income	$ 169,971	$ 67,559
Rental income	4,236	4,011
Others	2,279	1,386
	$ 176,486	$ 72,956

(II) Finance costs

	2022	2021
Interest on lease liabilities	$ 92	$ 156
Interest on bank borrowings	24	422
Imputed interest on deposits	2	2
	$ 118	$ 580

(III) Other gains and losses

	2022	2021
Disposal of investment gains using the equity method	$ 18,752	$ -
Net gains on disposal of property, plant and equipment	9,034	282
Net foreign exchange gain (loss)	55	(149)
Disposal of interests in investment property	-	49,342
Gains (losses) on financial	(439,518)	211,573

assets at FVTPL		
Others	(21)	(19)
	($ 411,698)	$ 261,029

In November 2020, the Company sold the Linkou Zhulin Section (formerly the Jingpu Section) and the Bali Changkeng Section for a total price of NT$171,550 thousand. The transfer was completed in February 2021, and the disposal gain was recognized at NT$49,342 thousand.

(IV) Depreciation and amortization

	2022	2021
Depreciation expenses by function		
Operating cost	$ 11,499	$ 12,584
Operating expense	2,571	2,736
	$ 14,070	$ 15,320
Amortization expenses are summarized by function		
Operating expense	$ 116	$ 178

(V) Employee benefits expense

	2022	2021
Post-employment benefits		
Defined contribution plan	$ 1,113	$ 1,199
Defined benefit plan	323	306
	1,436	1,505
Other employee benefits	30,410	38,149
Total employee benefit expenses	$ 31,846	$ 39,654
Summary by function		
Operating expense	$ 31,846	$ 39,654

(6) Employees’ compensation and remuneration of directors

According to the Company’s Articles of Incorporation, the employees’ compensation and directors’ remuneration shall be appropriated at 1% and no more than 1% of the profit before tax, respectively, in the current year before deduction of the employees’ and directors’ remuneration. 2022 was the net loss before tax, which has not been estimated as employees’ remuneration and directors’ remuneration. The 2021 estimated remuneration of employees and remuneration of directors for the year ended March 28, 2022 was resolved by the board of directors as follows:

Estimated allowance

	2021
Employee remuneration	1%
Remuneration to directors	1%

Amount

	2021	
	Cash	Stock
Employee remuneration	$ 3,031	$ -
Remuneration to directors	3,031	-

There is no difference between the actual amount of employees' compensation and remuneration of directors paid and the amount recognized in this financial report for the year.

If there is still a change in the amounts after the annual individual financial statements were approved for issue, they are treated as changes in accounting estimates and adjusted and accounted for in the following year.

Information on employees' compensation and remuneration of directors resolved by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

XXI. Income tax

(I) Income tax recognized in profit or loss

The main components of income tax expense (income) are as follows:

	2022	2021
Current income tax		
Incurred in the current year	$ -	$ 3,006
Adjustments made in previous years	(2,994)	-
	(2,994)	3,006
Deferred income tax		
Incurred in the current year	1,607	2,870
Income tax expenses (gain) recognized in profit or loss	($ 1,387)	$ 5,876

The accounting income and income tax expenses are reconciled as follows:

	2022	2021
Net (loss) profit before tax	($ 261,230)	$ 297,077
Income tax (gain) for net profit	($ 52,246)	$ 59,415

(loss) before tax calculated at statutory tax rate		
Non-deductible expense loss for tax purposes	20	587
Tax-exempted income	49,082	(62,853)
Basic tax difference payable	-	3,006
Unrecognized deductible temporary difference	-	(70,063)
Unrecognized loss carryforwards	-	75,784
Adjustments to current income tax expenses of previous years	(2,994)	-
Others	4,751	-
Income tax (gain) expenses recognized in profit or loss	($ 1,387)	$ 5,876

(II) Current income tax assets and liabilities

	December 31, 2022	December 31, 2021
Income tax assets for the current year		
Tax refund receivable	$ 817	$ 1,078
Current income tax liabilities		
Income tax payable	$ -	$ 2,586

(III) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2021

	Balance at the beginning of the year	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Year-end balance
Deferred tax assets				
Temporary difference				
Unrealized inventory valuation losses	$ 2,277	($ 2,241)	$ -	$ 36
Allowance for doubtful debts	13,986	648	-	14,634
Unrealized exchange loss	30	(30)	-	-
Exceeding the pension limit	5,496	27	(497)	5,026
Impairment loss	49,900	-	-	49,900
	$ 71,689	($ 1,596)	($ 497)	$ 69,596
Deferred tax liabilities				
Temporary difference				
Unrealized gain on exchange	$ -	$ 11	$ -	$ 11

2021

Deferred tax assets	Balance at the beginning of the year	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Year-end balance
Temporary difference				
Unrealized inventory valuation losses	$ 2,642	($ 365)	$ -	$ 2,277
Allowance for doubtful debts	16,544	(2,558)	-	13,986
Unrealized exchange loss	-	30	-	30
Exceeding the pension limit	5,572	23	(99)	5,496
Impairment loss	49,900	-	-	49,900
	$ 74,658	($ 2,870)	($ 99)	$ 71,689

(IV) Deductible temporary differences and unused loss credits of deferred income tax assets not recognized in the parent company only balance sheet

	December 31, 2022	December 31, 2021
Loss deduction		
Due 2026	$ 106,680	$ 106,680
Due 2030	5,856	5,856
Due 2031	363,898	364,775
	$ 476,434	$ 477,311
Deductible temporary differences		
Impairment loss of financial assets	$ 192,469	$ 254,921
Impairment of long-term equity investment under equity method	45,990	45,990
	$ 238,459	$ 300,911

(V) Authorization of income tax

The Company's profit-seeking enterprise income tax returns up to 2020 have been approved by the tax collection authority.

XXII. Earnings (losses) per share

Shares

Unit: NTD per share

	2022	2021
Basic earnings (loss) per share	($ 1.37)	$ 1.54

Diluted earnings (loss) per share	($ 1.37)	$ 1.54

The effect of stock dividends has been adjusted retrospectively in the calculation of earnings per share. Due to the retrospective adjustment, changes in basic and diluted earnings per share are as follows:

Shares Unit: NTD per share

	Before retrospective adjustment	After retrospective adjustment
	2021	2021
Basic earnings per share	$ 1.69	$ 1.54
Diluted earnings per share	$ 1.69	$ 1.54

The earnings (loss) and the weighted average number of ordinary shares issued for calculating the earnings (loss) per share are as follows:

Net (loss) profit for the current year

	2022	2021
Net (loss) profit for the current year	($ 259,843)	$ 291,201

Shares Unit: Thousand shares

	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	189,002	189,002
Effect of potential dilutive common stock:		
Employee remuneration	-	106
Weighted average number of ordinary shares used in the computation of diluted earnings per share	189,002	189,108

If the Company may choose to distribute the compensation to employees in shares or cash, for the calculation of diluted earnings per share, it is assumed that the compensation to employees will be distributed in shares, and the potential common stock may be included into the weighted average number of shares outstanding when there is a dilution effect. Diluted earnings per share. In the calculation of diluted earnings per share before the number of shares to be distributed to employees is resolved in the following year, the dilutive effect of these potential common shares will also be considered.

For the period from January 1 to December 31, 2022, the employee compensation of the Company was not included in the calculation of diluted loss per share due to its anti-dilutive effect.

XXIII. Capital risk management

The Company's capital structure management strategy is based on the characteristics of the current operating industry, future growth and development blueprint, calculates the required working capital and the size of various assets for long-term development, and makes a holistic plan, taking into account changes in the external environment, industry The Company also ensures that the Group's invested companies can continue to operate and grow by optimizing debt and equity balances to provide shareholders with sufficient returns and maintain the most appropriate capital structure.

The Company's management reviews the capital structure on a regular basis, and takes into account the costs and risks that may be involved in different capital structures, and monitors funds through the asset-liability ratio to adopt prudent risk management strategies.

XXIV. Financial instruments

(I) Information on fair value - financial instruments not measured at fair value

The Company's management believes that the book value of financial assets and financial liabilities not measured at fair value is close to its fair value, or its fair value cannot be measured reliably.

(II) Information on fair value - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial asset measured at fair value through profit or loss				
Domestic listed (OTC) stock	$ 1,041,745	$ -	$ -	$ 1,041,745
Domestic unlisted (non-OTC) stock	-	383	-	383
	$ 1,041,745	$ 383	$ -	$ 1,042,128
Financial assets measured at fair value through other comprehensive income				

Domestic listed (OTC) stock	$ 139,900	$ -	$ -	$ 139,900
Domestic unlisted (non-OTC) stock	-	165,926	-	165,926
	$ 139,900	$ 165,926	$ -	$ 305,826

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial asset measured at fair value through profit or loss				
Domestic listed (OTC) stock	$ 732,789	$ -	$ -	$ 732,789
Domestic unlisted (non-OTC) stock	-	1,160	-	1,160
	$ 732,789	$ 1,160	$ -	$ 733,949
Financial assets measured at fair value through other comprehensive income				
Domestic listed (OTC) stock	$ 421,246	$ -	$ -	$ 421,246
Domestic unlisted (non-OTC) stock	-	251,885	-	251,885
	$ 421,246	$ 251,885	$ -	$ 673,131

There were no transfers between Level 1 and Level 2 fair value measurements in 2022 and 2021.

2. Valuation techniques and inputs for Level 2 fair value measurement

Type of financial instrument	Valuation techniques and inputs
Domestic unlisted (non-OTC) stock	Market method: For companies in the same industry and with similar operating and financial conditions, the transaction price of their stocks in an active market, and the corresponding value multiplier, and consider the liquidity risk to calculate the liquidity discount to convert the value of the target. Asset method: Fair value is derived from inputs that are directly (i.e. prices) or indirectly (i.e. derived from prices) observable, which is belonging to the assets or liabilities.

(III) Types of Financial Instruments

	December 31, 2022	December 31, 2021
Financial assets		
Measured at fair value through profit or loss		
Mandatory measurement at fair value through profit or loss	$ 1,042,128	$ 733,949
Financial assets at amortized cost (Note 1)	385,357	822,709
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments	305,826	673,131
Financial liabilities		
Measured at amortized cost (Note 2)	30,399	64,997

Note 1: The balance includes cash, financial assets measured at amortized cost, notes receivable, accounts receivable net, accounts receivable - related parties net, other receivables net, other receivables - related parties, Other financial assets - current and refundable deposits - non-current financial assets measured at amortized cost.

Note 2: The balance includes notes payable, notes payable - related parties, accounts payable, accounts payable - related parties, other payables, guarantee deposits received - current (recognized as other current liabilities), and guarantee deposits received, which are measured at amortized cost. and financial liabilities.

(IV) Financial Risk Management Objectives and Policies

The Company's main financial instruments include cash, investment in equity instruments, accounts receivable, accounts payable, and borrowings. The Company's financial strategy is mainly based on the principle of conservatism and stability. The goal of financial risk management is to manage the interest rate risk, credit risk, and liquidity risk related to operating activities. In order to reduce related financial risks, the Company has established a complete range of approval authorities to establish financial policies and supervision procedures with clear authorities and responsibilities to reduce potential adverse effects of market changes on the Company's financial performance.

The Company's important financial activities are reviewed by the Board of Directors in accordance with relevant regulations and internal control systems. During the execution of a financial plan, the Company must strictly follow the relevant financial operating procedures for financial risk management and division of responsibilities.

1. Market risk

The main financial risks that the Company is exposed to as a result of the Company's operating activities are the interest rate risk (see (1) below) and other price risks (see (2) below).

The Company's exposure to the market risk of financial instruments and the management and measurement of such exposure have not changed.

(1) Interest rate risk

Because the Company borrows funds at fixed and floating interest rates at the same time, the interest rate risk is generated. The Company manages the interest rate risk by maintaining an appropriate combination of fixed and floating interest rates. The Company regularly evaluates hedging activities to make it consistent with the view on interest rates and the established risk preference to ensure that the most cost-effective hedging strategy is adopted.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to the interest rate risk at the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate		

risk		
- Financial assets	$ 100	$ 50
- Financial liabilities	4,093	5,966
Cash flow interest rate risk		
- Financial assets	220,759	775,804

Sensitivity Analysis

The sensitivity analysis below is based on the interest rate risk exposure of the non-derivative instruments at the balance sheet date. Assets and liabilities with floating interest rates are analyzed on the assumption that the amount of liabilities outstanding on the balance sheet date is outstanding throughout the reporting period. The rate of change used when the interest rate is reported to key management within the Company is 100 basis points for increase or decrease in interest rate, which also represents management's assessment of the reasonably possible range of changes in interest rates.

If the interest rate increased/decreased by 100 basis points, with all other variables remaining unchanged, the Company's net loss before tax for 2022 and 2021 would increase/decrease by NT$2,208 thousand and NT$7,758 thousand, mainly due to the Company's variable interest rate deposits and variable interest rate borrowings.

(2) Other pricing risks

The exposure to the equity price is incurred due to the Company's holding of TWSE/TPEx-listed and unlisted stocks. The Company does not actively trade these investments, but assigns relevant personnel to supervise the price risk and assess when it is necessary to increase the risk-averse position.

Sensitivity Analysis

The sensitivity analysis below was conducted based on the equity price risk exposure on the balance sheet date.

If the equity price increased/decreased by 1%, the pre-tax/after-tax profit or loss would have increased/decreased by NT$10,421 thousand in 2022 due to the increase/decrease in the fair value of financial assets at FVTPL. Other comprehensive income before/after tax in 2022 would have increased/decreased by NT$3,058 thousand due to the increase/decrease in the fair value of financial assets at FVTOCI.

If the equity price increased/decreased by 1%, the pre-tax/after-tax profit or loss would have increased/decreased by NT$7,339 thousand in 2021 due to the increase/decrease in the fair value of financial assets at FVTPL. Other comprehensive income before/after tax in 2021 would have increased/decreased by NT$6,731 thousand due to the increase/decrease in the fair value of financial assets at FVTOCI.

2. Credit risk

Credit risk refers to the risk of a counterparty defaulting on its contractual obligations resulting in financial losses to the Company. As of the balance sheet date, the Company's maximum credit risk exposure of financial losses that may be caused by the counterparty's failure to perform its obligations is mainly from the book value of the financial assets recognized in the standalone balance sheet.

In order to mitigate the credit risk, the management of the Company assigns a dedicated team responsible for the determination of credit limits, credit approval, and other monitoring procedures to ensure that appropriate actions have been taken in the recovery of overdue receivables. In addition, the Company will review the recoverable amount of the receivables one by one at the balance sheet date to ensure that the appropriate impairment loss has been recognized for the irrecoverable receivables. Accordingly, the management of the Company believes that the Company's credit risk has been significantly reduced.

Those subject to accounts receivable cover many customers of different industries and sectors. The Company continues to evaluate the financial status of customers with accounts receivable.

In addition, the credit risk is minor because the counterparties of the liquid capital transaction are financial institutions and companies with a good credit rating.

3. Liquidity risk

The Company manages and maintains sufficient positions of cash to finance operations and mitigate the impact of fluctuating cash flows. The management of the Company supervises the utilization of the bank financing facilities and ensures compliance with the terms of the loan contract.

Bank borrowings are an important source of liquidity for the Company. For the Company's unused financing facilities as of the end of 2022 and 2021, please refer to the description of (2) financing facilities below.

(1) Liquidity and interest rate risk table of non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities is based on the earliest date at which the Company may be required to repay and is compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the bank borrowings for which the Company may be required to repay immediately were included in the earliest period in the table below, regardless of the probability of the bank exercising the right immediately; the maturity analysis of other non-derivative financial liabilities was compiled according to the agreed repayment date.

For the interest cash flow paid with floating interest rate, the undiscounted interest amount is inferred based on the yield curve on the balance sheet date.

December 31, 2022

	Pay on demand or less than 1 month	1-3 months	3 months to 1 year	1 to 5 years
Non-derivative financial instruments				
Non-interest-bearing liabilities	$ 11,928	$ 8,048	$ 724	$ -
Lease liabilities	112	644	2,270	1,119
	$ 12,040	$ 8,692	$ 2,994	$ 1,119

December 31, 2021

	Pay on demand or less than 1 month	1-3 months	3 months to 1 year	1 to 5 years
Non-derivative financial instruments				
Non-interest-bearing liabilities	$ 29,305	$ 14,650	$ 5,492	$ 23
Lease liabilities	112	644	3,260	2,046
	$ 29,417	$ 15,294	$ 8,752	$ 2,069

The bank borrowings for which the Company may be required to repay immediately were included in the period shorter than 1 month in the maturity analysis above. As of December 31, 2022 and 2021, the undiscounted capital of such bank borrowings All cash balances were $0.

The amount of floating rate instruments for the above non-derivative financial assets and liabilities will change due to the difference between the floating rate and the estimated rate on the balance sheet date.

(2) Financing limit

	December 31, 2022	December 31, 2021
Unsecured bank facilities (reviewed every year)		
- Amount used	$ -	$ -
- Unutilized amount	115,000	85,000
	$ 115,000	$ 85,000
Guaranteed bank facilities		
- Amount used	$ -	$ -
- Unutilized amount	218,000	310,000
	$ 218,000	$ 310,000

XXV. Related-Party Transactions

The transactions between the Company and related parties are as follows

(I) Names of related parties and their relationships

Name of the related parties	Relationship with the Company
Hsin Hai Transportation & Terminal Co., Ltd. (Hsin Hai Transportation)	Subsidiary
Safe Cargo Transportation Co., Ltd.	Subsidiary (Note)
Safe Petroleum Transportation Co., Ltd.	Subsidiary (Note)
Safe Container Transportation Co., Ltd.	Subsidiary (Note)
Safe Logistics Transportation Co., Ltd.	Subsidiary (Note)
ACMC Trading Co., Ltd.	Subsidiary
Miramar Resort Co., Ltd.	Subsidiary
Yuan Chuan Steel Co. Ltd.	Associates
Super Nova Optoelectronics Corporation	Associates
TienPin Development Co., Ltd.	Type of related parties
Mayer Steel Pipe Corporation	Type of related parties

Note: The Company sold 100% of its equity to a non-related party on November 16, 2022.

(II) Operating revenue

Accounting item	Type of related parties	2022	2021
Transportation revenue	Subsidiary	$ 10,430	$ 12,388

The price of sales between the Company and related parties is not significantly different from that of non-related parties.

(III) Operating cost

Accounting item	Type/Name of related parties	2022	2021
Transportation cost	Subsidiary		
	An Ho Transportation Co., Ltd.	$ 54,162	$ 81,968
	Safe Petroleum Transportation Co., Ltd.	3,064	19,072
	Others	32	74
		$ 57,258	$ 101,114

There is no significant difference between the transaction price between the Company and the related party and that between the non-related party.

(IV) Operating expense

Type of related parties	2022	2021
Subsidiary	$ 102	$ 112

(V) Rental agreement

Operating leases

The Company leases the right-of-use of the building to its subsidiaries for operating lease with a lease term of 1 year. The lease income recognized in 2022 and 2021 was NT$1,889 thousand and NT$2,258 thousand, respectively.

The Company leases the right-to-use of the building to the substantially related party for operating lease with a lease term of 1 year. The lease income recognized in 2022 and 2021 were both NT$24 thousand.

In the lease contract with the related party, the rent is negotiated based on the agreed price and the payment is collected by the agreed method. The price and payment terms are equivalent to those of the non-related party.

(VI) Interest income

Category/name of related party	2022	2021
Subsidiary		
Miramar Resort Co., Ltd.	$ -	$ 3,150
Others	397	222
Associates		
Super Nova Optoelectronics Corporation	-	1,025
	$ 397	$ 4,397

(VII) Receivables from related parties (excluding loans to related parties)

Accounting item	Type/Name of related parties	December 31, 2022	December 31, 2021
Notes receivable - related parties	Subsidiary	$ -	$ 94
Accounts receivable - related parties	Subsidiary	$ 44	$ 1,980
Other receivables - related parties	Subsidiary	$ 8	$ 496

No guarantee is collected for accounts receivable from related parties.

(VIII) Payables to related parties (excluding loans from related parties)

Accounting item	Type/Name of related parties	December 31, 2022	December 31, 2021
Notes payable - related parties	Subsidiary		
	An Ho Transportation Co., Ltd.	$ -	$ 6,278
	Safe Petroleum Transportation Co., Ltd.	-	1,587
		$ -	$ 7,865
Accounts payable - related parties	Subsidiary		
	An Ho Transportation Co., Ltd.	$ -	$ 7,303
	Safe Petroleum Transportation Co., Ltd.	-	2,107
	Others	-	57
		$ -	$ 9,467
Other payables - related parties	Subsidiary	$ -	$ 2

The balance of outstanding accounts payable to related parties is not provided as collateral and will be settled in cash.

(IX) Loans to related parties

Category/name of related party	December 31, 2022	December 31, 2021
Subsidiary		
An Ho Transportation Co., Ltd.	$ -	$ 13,100

The Company's loans to subsidiaries are all unsecured loans, and the interest rate is similar to the market interest rate.

(X) Dividend income

Type/Name of related parties	2022	2021
Type of related parties		
Mayer Steel Pipe Corporation	$ 55,500	$ 29,920
Associates		
Yuanquan Steel	15,814	13,561
	$ 71,314	$ 43,481

(XI) Compensation of key management personnel

	2022	2021
Short-term employee benefits	$ 9,896	$ 8,269
Post-employment benefits	520	535
	$ 10,416	$ 8,804

The remuneration of directors and other key management personnel is determined by the Remuneration Committee based on individual performance and market trends.

XXVI. Pledged Assets

The following assets have been provided to financial institutions and the State-owned Property Bureau of the Ministry of Finance as collateral for short-term bank borrowings, long-term bank borrowings, leased land, shipping contracts, and litigations:

	December 31, 2022	December 31, 2021
Financial assets measured at fair value through profit or loss - current	$ 211,140	$ 291,180
Property, plant and equipment	111,436	111,918
Building and land under construction (stated as inventory)	74,618	74,618
Pledged certificate of deposit (recognized as financial assets measured at amortized cost - current)	100	50
Financial assets measured at fair values through other comprehensive income - current	-	212,470
	$ 397,294	$ 690,236

XXVII. Material contingent liabilities and unrecognized contractual commitments

(I) Significant contract

Cooperative management contract

The Company has signed a distribution management service contract with Far Eastern Airways to provide passenger transportation and cargo transportation for cross-strait and domestic routes. The contract period is from November 1, 2019 to October 31, 2020, and the contract margin is managed at NTD 249,500 thousand.

The Company signed the cross-strait and domestic route cooperation management service contract with Far Eastern Airline. Due to the major financial difficulty of Far Eastern Airline, the Company terminated the related service for Far Eastern Airline on December 12, 2019. The Company obtained the check from Far Eastern Airlines according to the contract. Commercial paper issued by Mr. Gang-Wei Chang, the person-in-charge, with an amount of NT$249,500 thousand, and the mortgage on the real estate is the second priority; the Company has discussed the corresponding legal procedures with a lawyer to ensure the Company's equity. After the termination of the business, the management of the Company has assessed that the accounts receivable of NT$4,530 thousand and the deposit of NT$249,500 thousand on the 2019 account are unlikely to be recovered. All accounts receivable are recognized as impairment loss.

(II) Commitments

In November 2022, the Company signed the joint construction contract for the Shi Shi Section (Practical Plan), Wenshan District, Taipei City, with the landowner. The total joint construction deposit provided was NT$350,000 thousand, and the Company issued NT$ 80,000 thousand respectively for the first integration payment and NT$80,000 thousand of promissory notes from the landowner. The landowner provided a promissory note of NT$160,000 thousand as collateral, and the landowners consolidated them. As of December 31, 2022, NT$80,000 thousand of notes payable have been cashed (booked in the book as deposits). The check for the remainder of the first tranche of NT$80,000 thousand is expected to be cashed on May 28, 2023. The second tranche will be issued according to the development progress.

In December 2022, the Company signed a joint construction contract with the landowner for the construction of the Juguang Section (Juguang Project) in Wanhua District, Taipei City. delivered a check for NT$100,000 thousand into the trust account according to the progress of the consolidation, and obtained a promissory note of NT$170 thousand as collateral for the consolidation. As of December 31, 2022, the notes payable had been cashed. NT$70,000 thousand (recognized as guarantee deposits). The check for the second instalment of $170,000 thousand is expected to be cashed on September 30, 2023.

XXVIII. Additional Disclosures

(I) Information on significant transactions and (II) investees:

1. Loans to others: Table 1.
2. Endorsements/guarantees provided: Table 2
3. Marketable securities held at the end of the year (excluding investments in subsidiaries and associates): Table 3.
4. Accumulated purchase or sale of the same marketable securities for an amount exceeding NT$300 million or 20% of the paid-in capital Above: Table 4.
5. Acquisition of real estate at a cost of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate for an amount exceeding NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Engagement in derivative transactions: None.
10. Information on investees: Table 6.

(III) Information on investments in Mainland China:

1. Name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding percentage, investment income and recognized investment income, carrying amount of the investment at the end of the year, Regional investment limit: None.
2. Any of the following material transactions with the investee in Mainland China, either directly or indirectly through a third party, and their prices, terms of payment, and unrealized gains or losses: None.
   (1) The amount and percentage of purchases and the balance and percentage of the relevant payables at the end of the year.
   (2) The amount and percentage of sales at year-end.
   (3) The value of the property transaction and the amount of profit or loss thereupon.
   (4) Year-end balance of endorsements/guarantees or collateral provided and the purpose thereof.
   (5) The maximum balance of financing, year-end balance, interest rate range, and total interest of the current year.
   (6) Other transactions that have a significant impact on the profit or loss or financial position of the current year, such as the provision or acceptance of labor services.

(IV) Information on major shareholders: Names of shareholders with a shareholding ratio of more than 5%, number of shares held, and percentage. (Table 7)

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Loans to others

January 1 to December 31, 2022

Table 1

Unit: NT$ thousand

No.	Name of financing provider	Name of counter party	Current account	Related party?	Maximum balance in the current year (Note 2)	Year-end balance (Note 2)	Actual amount provided	Interest rates	Nature of financing activity	Amount of sales to (purchase from) counter-party	Reason for short-term financing	Allowance for doubtful accounts	Assets pledged		Limit of financing amount for individual counter-party	Maximum loan amount	Remarks
													Company Name	Value			
0	Tze Shin International Co., Ltd.	Safe Cargo Transportation Co., Ltd.	Other receivables - related parties	Yes	$ 50,000	$ -	$ -	2.75%	Short-term financing	$ -	Operating turnover	$ -	None	None	$ 742,036 (30% of Tze Shin's net worth)	$ 989,382 (40% of Tze Shin's net worth)	
		Miramar Resort Co., Ltd.	Other receivables - related parties	Yes	148,000	-	-	3.00%	Short-term financing	-	Operating turnover	-	None	None	742,036 (30% of Tze Shin's net worth)	989,382 (40% of Tze Shin's net worth)	
		Miramar Hospitality Co., Ltd.	Other receivables - related parties	Yes	50,000	50,000	-	3.00%	Short-term financing	-	Operating turnover	-	None	None	742,036 (30% of Tze Shin's net worth)	989,382 (40% of Tze Shin's net worth)	
1	Safe Petroleum Transportation Co., Ltd.	Safe Cargo Transportation Co., Ltd.	Other receivables - related parties	No	13,000	-	-	2.75%	Short-term financing	-	Operating turnover	-	None	None	Note 4	Note 4	
2	Safe Container Transportation Co., Ltd.	Safe Cargo Transportation Co., Ltd.	Other receivables - related parties	No	10,000	-	-	2.75%	Short-term financing	-	Operating turnover	-	None	None	Note 4	Note 4	

Note 1: "0" indicates that the parent company and subsidiaries are numbered sequentially starting from Arabic numerals.

Note 2: Refers to the loaning of funds amount approved by the board of directors.

Note 3: All transactions listed in the above table have been eliminated in full when the consolidated financial statements were prepared.

Note 4: Tze Shin International Co., Ltd. sold all the shares of Safe Cargo Transportation Co., Ltd., Safe Petroleum Transportation Co., Ltd. and Safe Container Transportation Co., Ltd. in November 2022 and the loaning of the funds was cancelled.

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Making endorsements/guarantees for others

January 1 to December 31, 2022

Table 2

Unit: NT$ thousand

No.	Endorsing/ guaranteeing company name	Endorsee		Limit of endorsements/ guarantees made to a single enterprise (Note 2)	Maximum endorsement/ guarantee balance for the current year (Note 4)	Endorsement/ guarantee balance at year-end (Note 4)	Actual amount provided	Endorsement/ guarantee amount secured by property	Ratio of cumulative endorsement and guarantee amount to net worth in the most recent financial statements (%)	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Endorsement /guarantee made by parent company to subsidiary	Endorsement /guarantee provided by the subsidiary to the parent company	Provision of endorsements /guarantees to the party in China	Remarks
		Company name	Relationship (Note 5)											
0	Tze Shin International Co., Ltd.	Safe Petroleum Transportation Co., Ltd.	(2)	$ 2,473,456	$ 5,000	$ -	$ -	$ -	-	$ 3,710,184	Y	—	—	Note 6
1	Safe Petroleum Transportation Co., Ltd.	Tze Shin International Co., Ltd.	(3)	Note 6	5,000	-	-	-	-	Note 6	—	Y	—	

Note 1: “0” indicates that the parent company and subsidiaries are numbered sequentially starting from Arabic numerals.

Note 2: The limits are 100% and 30% of the net worth in the most recent financial statements of Tze Shin and Aetna, respectively.

Note 3: The caps are 150% and 50% of the net worth in the most recent financial statements of Tze Shin and Aetna, respectively.

Note 4: The amount of the endorsement and guarantee approved by the board of directors.

Note 5: There are seven types of relationship between the endorser/guarantee and the endorsed/guaranteed object, and it is sufficient to indicate the type:

(1) A business associate.

(2) Subsidiaries with more than 50% common shares held directly.

(3) A company in which more than 50% of its voting shares are held directly or indirectly by the company.

(4) A company in which the Company directly or indirectly holds more than 90% of its shares with voting rights.

(5) A company that provides mutual insurance between peers in accordance with the contract for the needs of undertaking construction projects.

(6) A company that has been endorsed and guaranteed by each of the contributing shareholders in proportion to their shareholding ratio due to a joint investment relationship.

(7) The joint and several guarantees for the performance of the pre-sale housing contract are provided by the peers in accordance with the Consumer Protection Act.

Note 6: In November 2022, Tze Shin International Co., Ltd. sold the entire equity of Safe Petroleum Transportation Co., Ltd. and canceled the endorsement and guarantee balance.

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries
Marketable securities held at the end of the year
December 31, 2022

Table 3 Unit: NT$ thousand

Names of companies held	Types and names of securities	Relationship with the securities issuer	Presentation account	Year-end: Number of shares or units (thousand)	Year-end: Carrying amount	Year-end: Shareholding ratio (%)	Year-end: Market price/equity net value (Note 1)	Remarks
Tze Shin International Co., Ltd.	Common stock							
	Mayer Steel Pipe Corporation	Chairman	Financial assets measured at fair value through profit or loss - current	20,100	$ 461,295	9.03	$ 461,295	Note 2
	Evergreen Marine Corp. (Taiwan) Ltd.	—	Financial assets measured at fair value through profit or loss - current	2,570	418,910	0.12	418,910	
	Yang Ming Marine Transport Corp.	—	Financial assets measured at fair value through profit or loss - current	1,100	72,050	0.03	72,050	
	ADATA Technology Co., LTD.	—	Financial assets measured at fair value through profit or loss - current	500	28,500	0.19	28,500	
	Taiwan Navigation Co., Ltd.	—	Financial assets measured at fair value through profit or loss - current	600	16,140	0.14	16,140	
	Taiwan Semiconductor Manufacturing Co., Ltd.	—	Financial assets measured at fair value through profit or loss - current	100	44,850	-	44,850	
	IBF Financial Holdings Co., Ltd.	—	Financial assets measured at fair values through other comprehensive income - current	9,500	107,350	0.28	107,350	
	Taisun Enterprise Co., Ltd.	—	Financial assets measured at fair values through other comprehensive income - current	1,000	32,550	0.20	32,550	
	Hermosa Optoelectronics Corporation	—	Financial assets measured at fair value through profit or loss - Current-Non-current	4,088	-	5.37	-	
	Yuhua Venture Capital Co., Ltd.	—	Financial assets measured at fair value through profit or loss - Current-Non-current	20	243	5.00	243	
	Ouhua Venture Capital Co., Ltd.	—	Financial assets measured at fair value through profit or loss - Current-Non-current	20	140	2.50	140	
	Yuan Chuan Steel Co. Ltd.	—	Financial assets measured at fair value through other comprehensive income - Non-current	4,457	165,538	18.57	165,538	
	Du Centre Co., Ltd.	Chairman	Financial assets measured at fair value through other comprehensive income - Non-current	1,438	388	4.79	388	
	Chi Min Corporation (Originally: Le Sheng Technology Co., Ltd.)	—	Financial assets measured at fair value through other comprehensive income - Non-current	5	-	-	-	
	Taiwan Youli Co., Ltd.	—	Financial assets measured at fair value through other comprehensive income - Non-current	33	-	0.05	-	
	CPC Corporation, Taiwan	—	Financial assets measured at fair value through other comprehensive income - Non-current	5,460	-	9.47	-	
	MEGAFUL CO., LTD.	—	Financial assets measured at fair value through other comprehensive income - Non-current	368	-	0.99	-	
	iOne E-Commerce Network Co., Ltd.	—	Financial assets measured at fair value through other comprehensive income - Non-current	200	-	0.35	-	
	Epoch Electronics Corp.	—	Financial assets measured at fair value through other comprehensive income - Non-current	249	-	3.83	-	
	ROSA FOODS CO., LTD.	—	Financial assets measured at fair value through other comprehensive income - Non-current	1,837	-	2.09	-	
Miramar Hospitality Co., Ltd.	Common stock							
	Mayer Steel Pipe Corporation	Chairman	Financial assets measured at fair value through profit or loss - current	1,350	30,982	0.61	30,982	
	China Petrochemical Development Corporation	—	Financial assets measured at fair values through other comprehensive income - current	1,734	17,136	0.05	17,136	
	Meilixin Development Co., Ltd.	—	Financial assets measured at fair value through other comprehensive income - Non-current	1,900	1,661	10.00	1,661	
Hsin Hai Transportation & Terminal Co., Ltd.	Fund beneficiary certificate							
	Hua Nan Kirin Money Market Fund	—	Financial assets measured at fair value through profit or loss - current	422	5,136	-	5,136	
	Union Money Market Fund	—	Financial assets measured at fair value through profit or loss - current	381	5,112	-	5,112	
	Taishin Ta Chong Money Market Fund	—	Financial assets measured at fair value through profit or loss - current	354	5,111	-	5,111	
	Nomura Taiwan Select Money Market Fund	—	Financial assets measured at fair value through profit or loss - current	308	5,105	-	5,105	
	CTBC Hua Win Money Market Fund	—	Financial assets measured at fair value through profit or loss - current	457	5,104	-	5,104	
	Fubon Chi-Hsiang Money Market Fund	—	Financial assets measured at fair value through profit or loss - current	321	5,101	-	5,101	

Note 1: Marketable securities in this table refer to common stocks and fund beneficiary certificates that fall within the scope of IFRS 9 “Financial Instruments.”

Note 2: Among them, 9,200 thousand shares of Mayer Steel Pipe Corporation have been pledged as collateral for short-term bank loans and short-term notes payable.

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Acquisition or sale of the same security with the accumulated cost reaching NT$300 million or 20% of the Company’s paid-in capital.

January 1 to December 31, 2022

Table 4

Unit: Unless otherwise stated , in Thousands of New Taiwan Dollars

Buying and selling company	Types and names of securities (Note 1)	Presentation account	Trading counterpart	Relationship	Beginning		Purchase (Note 2)		Sold (Note 2)				End of period	
					Shares	Amount	Shares	Amount	Shares	Selling price	Book cost	Gains and Losses from Disposal	Shares	Amount
Tze Shin International Co., Ltd.	Common stock Evergreen Marine Corp. (Taiwan) Ltd.	Financial assets measured at fair value through profit or loss - current	-	-	200	$ 28,500	4,170 (Note 3)	$ 763,310 (Note 4)	1,800	$ 258,501	$ 372,900 (Note 5)	($ 114,399)	2,570	$ 418,910
Tze Shin International Co., Ltd.	Common stock IBF Financial Holdings Co., Ltd.	Financial assets measured at fair values through other comprehensive income - current	-	-	20,000	321,000	18,620	74,834 (Note 6)	29,120	359,193	288,484 (Note 5)	70,709	9,500	107,350

Note 1: Marketable securities in this table refer to stocks, bonds, beneficiary certificates, and marketable securities derived from the above.

Note 2: The cumulative amount of purchases and sales should be separately calculated at the market price to determine whether it reaches NT$300 million or 20% of the paid-in capital.

Note 3: Including the 6,570 thousand shares purchased and the 2,400 thousand shares reduced by 60%.

Note 4: Including the purchase amount of NT$859,442 thousand, valuation gains and losses of NT$72,132 thousand, and refund of capital reduction of NT$ (24,000) thousand.

Note 5: Based on the cost price.

Note 6: Including the purchase amount of NT$203,208 thousand and valuation gains and losses of NT$ (128,374) thousand in the current period.

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Total purchases from and sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital.

January 1 to December 31, 2022

Table 5

Unit: Unless otherwise stated
, in Thousands of New Taiwan Dollars

Purchase (sale) company	Name of counterparty	Relationship	Transaction status				Conditions and causes of difference from general transactions		Notes and accounts receivable (payable)		Remarks
			Purchase (sale) of goods	Amount	Percentage of total purchase (sale)	Duration of credit extension	Unit price	Duration of credit extension	Balance	Percentage of total notes and accounts receivable (payable)	
Hsin Hai Transportation & Terminal Co., Ltd.	T&W Transportation Services	Type of related parties	Transportation revenue	($ 230,815)	57%	(Note)	$ -	—	$ 72,120	68%	

Note: Payment terms are equivalent to those of non-related parties.

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

The name and location of the investee company and other relevant information

January 1 to December 31, 2022

Table 6

Unit: NT$ thousand

Name of the investors	Name of the investees	Location	Main business and products	Original / investment amount		Held at the end of the year			Gains (losses) of investees for the current year	Investment gains (losses) recognized in the current year	Remarks
				December 31, 2022	December 31, 2021	Shares (Thousands)	Percentage (%)	Carrying amount			
Tze Shin International Co., Ltd.	Miramar Hospitality Co., Ltd.	Taipei City	Tourist Hotel	$ 260,040	$ 260,040	23,442	62.99	$ 246,379	$ 10,051	$ 6,331	Subsidiary (Note 1)
	Hsin Hai Transportation & Terminal Co., Ltd.	New Taipei City, TW	Automobile container transportation and related business operations and investments	33,787	33,787	2,452	47.47	86,703	24,015	11,400	Subsidiary (Note 1)
	Miramar Resort Co., Ltd.	Taipei City	Management of hotels and water recreation activities	431,702	431,702	40,070	66.18	7,908	(162)	2,568	Subsidiary (Notes 1, 2)
	ACMC Trading Co., Ltd.	Taipei City	International trade management	22,500	22,500	2,500	100.00	370	(67)	(67)	Subsidiary (Note 1)
	Safe Cargo Transportation Co., Ltd.	Keelung City	Operation and investment of automobile freight, container and related businesses	-	58,205	-	-	-	(15,429)	(15,569)	Subsidiary (Note 1, 3); The difference of NT$140 thousand is the effect of upstream trading.
	Safe Petroleum Transportation Co., Ltd.	Keelung City	Operation and investment of automobile freight and related businesses	-	26,950	-	-	-	646	648	Subsidiary (Note 1, 3); The shortfall of NT$20 thousand was the effect of upstream trading.
	Safe Container Transportation Co., Ltd.	Keelung City	Operation and investment of automobile container and related businesses	-	30,000	-	-	-	(22)	93	Subsidiary (Note 1, 3); The difference of NT$115 thousand is the effect of lateral and upstream transactions.
	Safe Logistics Transportation Co., Ltd.	Keelung City	Operation and investment of automobile freight and related businesses	-	25,000	-	-	-	(388)	(17)	Subsidiary (Note 1, 3); The difference of NT$371 thousand is the effect of lateral and upstream transactions.
Miramar Hospitality Co., Ltd.	Miramar Resort Co., Ltd.	Taipei City	Management of hotels and water recreation activities	71,400	71,400	3,540	13.33	-	(162)	-	Subsidiary (Note 1)

Note 1: The calculation is based on the financial statements audited by the CPA in the same period.

Note 2: The number of shares held by Tze Shin International Co., Ltd. in the Miramar Resort Co., Ltd. includes 17,570 thousand ordinary shares and 22,500 thousand special shares. According to the number of special shares held, the net equity recovery benefit of NT$2,568 thousand is recognized.

Note 3: Tze Shin International Co., Ltd. sold all the shares of Safe Cargo Transportation Co., Ltd., Safe Petroleum Transportation Co., Ltd., Safe Container Transportation Co., Ltd. and Safe Logistics Transportation Co., Ltd. in November 2022.

TZE SHIN INTERNATIONAL CO., LTD.

Information of principal shareholders

December 31, 2022

Table 7

Name of major shareholder	Share	
	Shares held	Percentage
TienPin Development Co., Ltd.	43,791,000	23.16%
Yuan Chuan Steel Co. Ltd.	15,000,762	7.93%

Note 1: The information on principal shareholders presented in this schedule is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital recorded in the Company’s financial statements and the actual number of shares that have completed the dematerialized registration and delivery may be different due to different calculation bases.

§Table of Contents of Significant Accounting Items§

TZE SHIN INTERNATIONAL CO., LTD.

Statement of Cash

December 31, 2022

Table 1

Unite: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company Name	Annual interest rate (%)	Amount
Cash on hand and working capital		$ 100
Check deposit with bank		190
Bank demand deposits (Note)	0.005%~0.455%	220,759
		$ 221,049

Note: Including EUR 39 thousand, converted at the exchange rate of EUR$1 = NT$32.72.

TZE SHIN INTERNATIONAL CO., LTD.

Statement of Financial Assets at FVTPL - Current

December 31, 2022

Table 2

Unit: Except for the unit price in NTD, the remainder in NT$1,000

Type and name of securities	Shares (Thousand)	Acquisition cost	Accumulated income	Fair value Unit price (Note 1)	Fair value Total price
Domestic listed (OTC) stock					
Mayer Steel Pipe Corporation	20,100	$ 350,581	$ 110,714	22.95	$ 461,295
Evergreen Marine Corp. (Taiwan) Ltd.	2,570	490,574	(71,664)	163.00	418,910
Yang Ming Marine Transport Corp.	1,100	105,178	(33,128)	65.50	72,050
ADATA Technology Co., LTD.	500	49,512	(21,012)	57.00	28,500
Taiwan Navigation Co., Ltd.	600	19,120	(2,980)	26.90	16,140
Taiwan Semiconductor Manufacturing Co., Ltd.	100	46,967	(2,117)	448.50	44,850
		$1,061,932	($ 20,187)		$1,041,745

Note 1: The fair value of domestically listed shares was calculated based on the closing price at the end of 2022.

Note 2: The Company pledged 9,200 thousand shares of Mayer Steel Pipe Corporation as the collateral for short-term bank borrowings.

TZE SHIN INTERNATIONAL CO., LTD.

Statement of Financial Assets at FVTPL - Non-current

December 31, 2022

Table 3

Unit: Except for the unit price in NTD, the remainder in NT$1,000

Type and name of securities	Shares (Thousand)	Acquisition cost	Accumulated income	Fair value at year-end
Domestic unlisted (non-OTC) stock				
Yuhua Venture Capital Co., Ltd.	20	$ -	$ 243	$ 243
Ouhua Venture Capital Co., Ltd.	20	84	56	140
Hermosa Optoelectronics Corporation	4,088	16,501	(16,501)	-
		$ 16,585	($ 16,202)	$ 383

Note 1: As of the end of 2022, the Company had not provided any collateral or pledged financial assets at fair value through profit or loss - non-current.

TZE SHIN INTERNATIONAL CO., LTD.

Statement of Changes in Investment Using the Equity Method

2022

Table 4

Unit: NT$ thousand

Investee	Balance at the beginning of the year		Changes in the current year: Increase		Changes in the current year: Decrease		Investment income (loss) (Note 1)	Year-end balance			Remarks
	Shares (Thousand)	Amount	Shares (Thousand)	Amount	Shares (Thousand)	Amount		Shares (Thousand)	% of shareholding	Amount	
Investment accounted for under the equity method											
Non-listed and GTSM-listed company											
Miramar Hospitality Co., Ltd.	23,442	$ 251,478	-	$ -	-	$ 11,430	$ 6,331	23,442	62.99	$ 246,379	Note 2
Hsin Hai Transportation & Terminal Co., Ltd.	2,452	82,989	-	-	-	7,686	11,400	2,452	47.47	86,703	Note 3
Miramar Resort Co., Ltd.	40,070	5,340	-	-	-	-	2,568	40,070	66.18	7,908	Note 4
ACMC Trading Co., Ltd.	2,500	437	-	-	-	-	(67)	2,500	100.00	370	
Safe Cargo Transportation Co., Ltd.	5,500	6,451	-	-	5,500	(9,118)	(15,569)	-	-	-	Note 6
Safe Petroleum Transportation Co., Ltd.	2,500	35,276	-	-	2,500	35,924	648	-	-	-	Notes 5 and 6
Safe Container Transportation Co., Ltd.	3,000	25,918	-	-	3,000	26,011	93	-	-	-	Note 6
Safe Logistics Transportation Co., Ltd.	2,500	4,363	-	-	2,500	4,346	(17)	-	-	-	Note 6
		$ 412,252		$ -		$ 76,279	$ 5,387			$ 341,360	

Note 1: The calculation was based on the financial statements audited by CPAs and the Company's shareholding ratio.

Note 2: The decrease this year is due to the cash dividends distributed by the investee of NT$6,096 thousand and the other comprehensive income (loss) of subsidiaries, associates and joint ventures recognized under the equity method of NT$5,334 thousand.

Note 3: The decrease this year is due to the cash dividends distributed by the investee of NT$8,485 thousand and the other comprehensive income (loss) of subsidiaries, associates and joint ventures recognized under the equity method of NT$799 thousand.

Note 4: The Company's shares of Miramar Resort Co., Ltd. include 17,570 thousand common shares and 22,500 thousand preferred shares, of which NT$2,568 thousand was recognized as the net value recovery gain.

Note 5: The decrease this year is due to the cash dividend distributed by the investee of NT$2,137 thousand and the book value of disposal of the investee of NT$33,787 thousand.

Note 6: The decrease this year is due to the Company's disposal of the entire equity of the investee in November 2022.

TZE SHIN INTERNATIONAL CO., LTD.

Statement of Short-Term Bank Borrowings

December 31, 2022

Table 5 | Unit: NT$ thousand

Type of borrowings and creditors	Duration of the loan	Annual interest rate (%)	Amount	Financing limit	Assets pledged
Bank mortgage					
First Bank	—	-	$ -	$ 20,000	Financial assets measured at fair value through profit or loss - current (Note 1)
Hua Nan Bank	—	-	-	35,000	Lease of land (Lungjing-Chungho Section, Taichung)
Chang Hwa Bank	—	-	-	50,000	Building and land under construction (Additional investment section, Wanli District, New Taipei City)
Chang Hwa Bank	—	-	-	50,000	Financial assets measured at fair value through profit or loss - current (Note 2)
Bank of Panshin	—	-	-	30,000	Financial assets at fair value through profit or loss - current (Note 3)
The Shanghai Commercial & Savings Bank, Ltd.	—	-	-	33,000	Financial assets measured at FVTPL - current or financial assets measured at FVTPL - current (Note 4)
			-	218,000	
Bank credit loan					
Taiwan Cooperative Bank	—	-	-	55,000	
Bank of Taiwan	—	-	-	30,000	
Bank of Panshin	—	-	-	20,000	
Hua Nan Bank	—	-	-	10,000	
			-	115,000	
			$ -	$ 333,000	

Note 1: 2,800 thousand shares in Mayer Steel Pipe Corporation.

Note 2: 4,000 thousand shares in Mayer Steel Pipe Corporation.

Note 3: 2,400 thousand shares in Mayer Steel Pipe Corporation.

Note 4: The stocks of IBF Financial Corporation or Evergreen Maritime will be used as collateral, with a pledge of 50%.

Note 5: As of the end of 2022, the Company’s short-term financing facilities offered by all banks amounted to approximately NT$333,000 thousand, and the unused short-term financing facilities amounted to approximately NT$333,000 thousand.

TZE SHIN INTERNATIONAL CO., LTD.

Statement of Net Operating Income

2022

Table 6 Unit: NT$ thousand

Item	Amount
Total operating revenue	
Transportation revenue	
Container transportation	$ 103,901
Others	11,580
	115,481
Rental income	10,834
Others	1,518
Total operating revenue	127,833
Less: Operating discount	(105)
Net revenue	$ 127,728

TZE SHIN INTERNATIONAL CO., LTD.

Statement of Operating Costs

2022

Table 7 | Unit: NT$ thousand

Item	Amount
Transportation cost	
Freight expenses	$ 86,207
Others	8,910
	95,117
Lease cost	4,859
Other costs	2,574
	$ 102,550

TZE SHIN INTERNATIONAL CO., LTD.

Statement of Operating Expenses

2022

Table 8

Unit: NT$ thousand

Item	Transportation expenses	Construction expenses	Lease expenses	Other expenses	Total
Salaries and wages (Note 1)	$ 20,317	$ 2,195	$ 214	$ 2,854	$ 25,580
Taxation	3,176	604	45	756	4,581
Management fee	-	-	4,334	-	4,334
Service charge	2,775	561	40	683	4,059
Insurance premiums - Labor and National Health Insurance	2,589	231	22	301	3,143
Expected credit impairment loss	3,095	-	-	-	3,095
Others (Note 2)	10,250	1,020	86	1,740	13,096
	$ 42,202	$ 4,611	$ 4,741	$ 6,334	$ 57,888

Note 1: Includes salaries and directors' remuneration.

Note 2: All amounts did not exceed 5% of the amounts in this account.

TZE SHIN INTERNATIONAL CO., LTD.

Summary table of employee benefits, depreciation, and amortization expenses incurred in the current year, by function

2022 and 2021

Table 9 Unit: NT$ thousand

	2021			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salary expenses	$ -	$ 25,580	$ 25,580	$ -	$ 28,774	$ 28,774
Labor and health insurance	-	3,143	3,143	-	3,228	3,228
Pension costs	-	1,436	1,436	-	1,505	1,505
Profit sharing from earnings for directors	-	-	-	-	3,031	3,031
Other employee benefits expense	-	1,687	1,687	-	3,116	3,116
	$ -	$ 31,846	$ 31,846	$ -	$ 39,654	$ 39,654
Depreciation	$ 11,499	$ 2,571	$ 14,070	$ 12,584	$ 2,736	$ 15,320
Amortization expenses	$ -	$ 116	$ 116	$ -	$ 178	$ 178

Note 1: In 2022 and 2021, the number of employees during the year was 47 and 51, respectively, of which the number of directors who did not serve as employees concurrently was 5. The calculation basis is consistent with the employee benefit expense.

Note 2: (1) In 2022 and 2021, the average employee benefit expenses for the year were NT$758 thousand and NT$796 thousand, respectively.

(2) In 2022 and 2021, the average employee salaries and wages for the year were NT$609 thousand and NT$626 thousand, respectively.

(3) Average employee salary expense adjustment (2.7%).

(4) The Company no longer has supervisors, and the Audit Committee has replaced the supervisors in accordance with the laws.

(5) Compensation and remuneration policy (including directors, managerial officers, and employees).

Remuneration to directors: according to the Company's Articles of Incorporation, the Compensation and Remuneration Committee decides and the remuneration is paid after the resolution of the board of directors.

Remuneration to managerial officers and employees: Approved according to their respective job descriptions, education background, and expertise. Salary adjustments or bonuses are made based on the Company's operating conditions and employee performance. Remuneration to managerial officers is resolved by the Remuneration Committee and reported to the Board of Directors for approval.

VI. If there were financial difficulties experienced by the Company or affiliates in recent years up to the date of publication of the annual report, the impact on the Company's financial position shall be specified: Not applicable to the Company.

Seven. Review and Analysis of Financial Status and Financial Performance and Risk Management

I. Statement Of Financial Position

(I) Comparison Table for Financial Position

(expressed in NT$ thousands)

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	1,954,950	2,627,222	(672,272)	-25.59
Non-current assets	1,638,897	1,606,302	32,595	2.03
Total Assets	3,593,847	4,233,524	(639,677)	-15.11
Current liabilities	326,628	392,620	(65,992)	-16.81
Non-current liabilities	553,054	569,450	(16,396)	-2.88
Total liabilities	879,682	962,070	(82,388)	-8.56
Share capital	1,890,023	1,718,202	171,821	10.00
Capital reserve	20,857	20,858	(1)	-0.00
Retained earnings	462,832	970,707	(507,875)	-52.32
Other adjustment items	99,744	320,438	(220,694)	-68.87
Non-controlling interests	240,709	241,249	(540)	-0.22
Total shareholders' equity	2,714,165	3,271,454	(557,289)	-17.03

Main reasons and effects of changes of 20% in assets, liabilities, or equity in the most recent two years:

1. Decrease in current assets brought by a guarantee deposit of NT$150,000 thousand paid for two housing construction projects, dividend payment of NT$171,821 thousand and the acquisition and disposition of financial assets.
2. Decrease in retained earnings due to current loss and earnings distribution.
3. Decrease in other adjustment items due to disposition of financial assets and lower gains from valuation financial assets at fair value through other comprehensive income.

II. Financial Performance

(I) Comparison Table for Operating Results

Unit: NT$ thousand

Item \ Year	2022	2021	Increase (Decrease) amount	Change in ratio (%)
Operating revenue	729,967	791,835	(61,868)	-7.81
Operating cost	571,803	634,531	(62,728)	-9.89
Gross profit	158,164	157,304	860	0.55
Operating expense	174,067	189,107	(15,040)	-7.95
Net operating income (loss)	(15,903)	(31,803)	15,900	50.00
Non-operating income and expenses	(224,625)	357,984	(582,609)	-162.75
Net income (loss) before tax	(240,528)	326,181	(566,709)	-173.74
Income tax	4,634	10,901	(6,267)	-57.49
After-tax (loss) loss of continuing operations	(245,162)	315,280	(560,442)	-177.76

I. Main reasons and effects of changes of 20% in operating revenue, net operating earnings and net earnings before tax:

1. Net operating loss: Mainly due to slipping demands in global freight transport and decreased consolidated revenue from Miramar Hospitality after it discontinued the quarantine hotel business after the easing of the pandemic and shorter business days since October 2022 for remodeling.
2. Non-operating income and expenses: Mainly due to gains from financial assets at fair value through profit or loss decreasing by NT$679, 413 thousand compared to the previous year and the dividend income increasing by NT$104,861 compared to the previous year.
3. Income tax benefit: The calculation is based on taxation in each year.

II. Expected sales volume and basis thereof with the possible impacts on the Company's financials and the countermeasures therefor:

As the Company primarily operates in the freight transport and hospitality industries, it is not appropriate to use sales quantity as the basis for measurement. Instead, we adopt analysis and evaluation of the overall economy, market conditions, existing contracts, established business plans, and development goals. The service volume went down in 2022 due to economic slowdown caused by the Russia-Ukraine war and rising prices. For 2023, we will adopt a rather conservative approach to assess the overall service volume.

III. Cash flow

(I) Analysis of cash flow changes in the most recent year (2022):

Unit: NT$ thousand

Cash balance at the beginning of the year (1)	Annual net operating cash flow (2)	Annual net investing cash flow (3)	Annual net financing cash flow (4)	Cash balance (insufficiency) amount (1)+(2)+(3)+(4)	Remedy for cash shortage	
					Investment plans	Financial management plan
896,679	104,631	(462,702)	(190,787)	347,821	None	

Cash flow changes during the most recent fiscal year:

1. Operating activities: Mainly due to loss on valuation of financial assets not being included in loss before tax.
2. Investing activities: Mainly due to acquisition and disposition of financial assets and the payments of guarantee deposit for housing construction projects.
3. Financing activities: Mainly due to payments of cash dividends and rent.

(II) Improvements for low liquidity: NA.

(III) Cash flow analysis for the coming fiscal year (2023):

Unit: NT$ thousand

Cash balance at the beginning of the year (1)	Annual net operating cash flow (2)	Annual cash inflows (3)	Cash balance (insufficiency) amount (1)+(2)+(3)	Remedy for cash shortage	
				Investment plans	Financial management plan
347,821	(16,777)	10,535	341,579	NA	NA

1. Operating activities: The Company will strive for active and effective control of operating costs and expenses to increase operating profit.
2. Investing activities: The Company expects focus on businesses of diverse operations in Taiwan for 2023.
3. Financing activities: The Company plans to take extra bank borrowings to cover operating and investment needs, as well as improve the financial structure for 2023.

IV. Impact of Significant Capital Expenditures in the Previous Fiscal Year on the Financial and Operating Conditions of the Company: NA.

V. Re-investment policies, main causes of profit or loss, and improvement plans in the previous fiscal year, and investment plans in the next fiscal year:

1. Recent annual reinvestment policy:
   Coordinate actively with all business units for investment targets and deal with non-core investment projects when necessary.

2. The main reason for the profit or loss of re-investment in the most recent year and the improvement plan:

Explanation / Item	Investment amount (Thousands of New Taiwan Dollars)	Policy	Major reasons for profit or loss	Improvement measures	Future investment plan
Safe Cargo Transportation Co., Ltd.	The original capital invested was NT$58,205 thousand. The book value as of 2022 end was NT$0 thousand.	Mainly operate in the transport and warehousing business with the vehicle fleet of the Company to increase the group effect and maximize profit.	Owing to global inflation, interest rate hikes and weakened demands, demands in cargo freight decreased significantly.	The shareholding of the entity was disposed in November 2022 due to recent operating results not meeting expectations and excessively high operating and management expenses despite adjustments.	None

3. Investment plan for next year: None.

VI. Analysis and evaluation of risk events in the previous fiscal year and as of the publication date of the annual report:

(I) Influence the income of interest rate and exchange rate volatility and inflation and countermeasures:

1. Influence of interest rates changes on income and future countermeasures:
   The recorded interest income and interest were NT$2,075 million and NT$12,603 million in 2022, respectively. Despite recent fluctuations in interest rates, the Company has a relatively low level of borrowings, and anticipates low cash flow risks to the overall operations and profitability from interest rate factors.
2. Influence of exchange rates changes on income and future countermeasures:
   The Company is primarily engaged in domestic sectors, such as transportation, construction projects, and domestic tourism hotel and catering services, which do not involve any significant import or export procurement activities. Therefore, exchange rate fluctuations have no direct or immediate impacts on the Company.
3. Influence of inflation on income and future countermeasures:
   In the most recent fiscal year, there has been a higher risk of inflation. However, due to industry differentiation, this risk has not had a significant impact on the Company's operations and profitability.

(II) Policies, main reason(s) for profits or losses, and future countermeasures for engaging in high-risk and high-leverage investments, lending, offering guarantees and endorsements, and derivatives investments:

1. No high-risk, high-leverage or derivative transactions were conducted by the Company in 2022.
2. Financing to others by the Company in 2022 was conducted according to the "Operational Procedures for Loaning Funds to Others." As of the end of 2022, loans made to others totaled NT$50,000 thousand.
3. Endorsements and guarantees made by the Company in 2022 were conducted according to the "Operational Procedures for Endorsements/Guarantees." The limitation for endorsements and guarantees in 2022 was NT$3,710,184 thousand. As of the end of 2022, endorsements and guarantees made by the Company totaled NT$0 thousand, which did not exceed the limitation.

(III) Future R&D planning and estimated R&D investments: NA. The Company is mainly engaged in the transportation and hospitality services and since the business nature of the Company does not meet the accounting standards for the recognition of research and development expenses, there is no specific research and development plan in the future.

(IV) Impacts of domestic/foreign important policies and changes of laws on the financial business of the Company and countermeasures: Not applicable to the Company.

(V) Impacts to the Company's financial operations due to developments in science and technology (including cyber security risks) as well as industrial change, and corresponding countermeasures: Not applicable to the Company.

(VI) Influence of market presence changes on crisis management and countermeasures:

The company acts in accordance with the policies of cherishing resources, protecting the environment and complying with the laws and regulations. It has always had a good corporate image and it has not been affected by corporate crisis management.

(VII) Expected benefit, possible risk and countermeasure for merger: not applicable to the Company.

(VIII) Expected benefits and possible risks associated with any plant expansion, and corresponding countermeasures: Not applicable to the Company.

(IX) The potential risk of procurement or sales centralization and acquisitions and countermeasures: Not applicable to the Company.

(X) Influence and potential risk of the massive transfer or conversion of shares by directors or dominant shareholders with over 10% of the stakes and countermeasures: Not applicable to the Company.

(XI) Impact, risks and countermeasures of change in management rights: not applicable to the Company.

(XII) For litigation or non-litigation events, the company and its directors, general managers, principals in charge, major shareholders holding more than 10% of the shares and subsidiary companies that have been judged or are still in the process of major litigation and non-litigation events should be listed. or administrative disputes, the outcome of which may have a significant impact on shareholders' rights or securities prices, the facts of the dispute, the amount of the subject matter, the date of commencement of the litigation, the main parties involved in the litigation and the handling of the case as of the publication date of the annual report shall be disclosed: Not applicable to the Company.

(XIII) Other important risks and countermeasures:

(1)risk management organizational structure

The management of the company's various operational risks is assigned to the relevant management units according to the nature of their business and the audit unit reviews the existing or potential risks of each operation and formulates and implements a risk-oriented annual audit plan. The management units of each risk are described as follows:

A. President's Office

Responsible for business decision-making and planning, evaluating medium and long-term investment benefits to reduce strategic risks.

B. Auditing Unit

Responsible for the inspection and review of the internal control system and providing timely improvement suggestions to strengthen the internal control function and ensure its continuous effectiveness.

C. Legal Consultancy

Responsible for legal risk management, including contract review, drafting, negotiation and management, corporate legal compliance and decision-making legality assessment, intellectual property rights, litigation and non-litigation event management, etc., to reduce legal risks.

D. Financial Department

Responsible for financial planning and utilization, and establishing a hedging mechanism to mitigate financial risks; as well as following relevant laws and regulations to ensure the reliability of financial reports and mitigate accounting risks.

E. Information Office

Maintain and manage systems, networks, computers, servers, and related peripheral equipment; integrate applications and develop automated systems and software to reduce network and information security risks; reinforce, coordinate, and supervise matters related to information security risks.

F. Business Planning Office

Responsible for formulating product and marketing strategies and grasping market trends to reduce market risks.

G. New Business Department

In charge of market study, strategic analysis, and operational planning for various new businesses; overall management of new business project development, planning, marketing and execution, and other new business-related affairs, and mitigate business risks.

(2)In response to information security risk control and impact on operational risk damage, the company's information system structure establishes a backup plan and disaster recovery plan according to its risk level; programs and data and uninterruptible power systems are regularly backed up, tested and recorded, And store the backup data in an independent and safe place; the computer mainframe room has a management and control mechanism, and the computer hardware and software equipment is regularly maintained, tested and recorded by the supplier or the Information Office; regularly inspect the network operating environment, computer network system settings. Firewall and antivirus software to prevent unauthorized system access.

Effectively implement information security management and control measures to reduce the risk of system and data interruption caused by natural disasters without warning and human error, and ensure that the system can be restored in time, the business information system can operate normally, and financial information and customer information can be preserved.

(3)Recently, food safety issues have continued to occur. In addition to requiring suppliers to comply with laws and regulations and ensure product quality, the company must not deceive, mislead, defraud or destroy consumer trust and damage consumer rights. Use, product labeling, etc., are all managed with the most rigorous attitude and spirit in food safety, in order to minimize food safety risks; in addition, in order to protect the rights and interests of consumers, we provide appeal channels and promptly and properly handle appeal cases.

VII. Other material information: none.

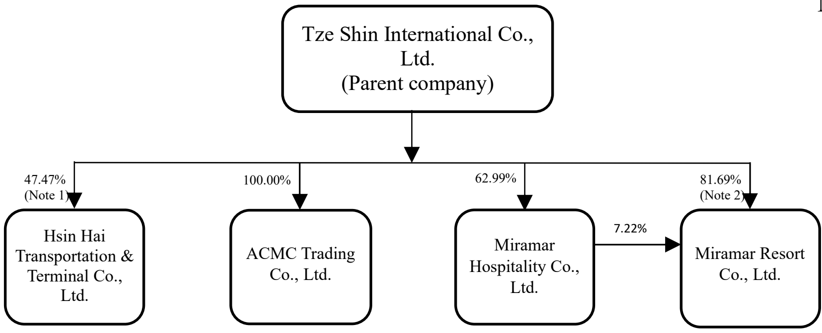
Eight. Special Disclosures

I. Group Company Information

(I) Consolidated business reports of affiliates

1.Organization chart of affiliates

May 2, 2023



Note 1: As the legal representative from the Company takes more than half of the director seats in Hsin Hai Transportation, it is deemed a controllership; therefore, the entity is treated as a consolidated subsidiary in the consolidated financial statements.

Note 2: The Company directly and indirectly holds 88.91% (including preferred shares) of the shares of Miramar Resort Co., Ltd.; it is deemed a controllership; therefore, the entity is treated as a consolidated subsidiary in the consolidated financial statements.

Note 3: The Company has disposed of all equity interests in Safe Cargo Transportation Co., Ltd., Safe Petroleum Transportation Co., Ltd., An Da Transportation Co., Ltd., and Safe Logistics Transportation Co., Ltd. in November 2022.

2. Affiliated enterprise basic information

Enterprise name	Establishment date	Address	Paid-in capital	Core business or production items
Name of controlling company:				
Tze Shin International Co., Ltd.	1973.11.15	1F, No. 16, Ln. 294, Shijian Rd., Baifu Village, Qidu Dist., Keelung City	NT$1,890,022 thousand	Container truck transportation, construction
Hsin Hai Transportation & Terminal Co., Ltd.	1988.05.06	4F, No. 172, Sec. 3, Datong Rd., Xizhi Dist., New Taipei City	NT$51,664 thousand	Container Truck Transportation Enterprise:
Miramar hospitality Co., Ltd.	2004.02.20	No. 83, Sec. 3, Civic Blvd., Zhongshan Dist., Taipei City	NT$372,200 thousand	Tourist Hotel
Miramar Resort Co., Ltd.	2004.10.22	12F, No. 2, Sec. 3, Minquan E. Rd., Zhongshan Dist., Taipei City	NT$490,500 thousand	Regular Hotel
ACMC Trading Co., Ltd.	2010.03.16	12F, No. 33, Sec. 2, Jianguo N. Rd., Zhongshan Dist., Taipei City	NT$25,000 thousand	International Trade

3.Data of common shareholders of companies controlled by or affiliated to the company: NA.

4.Industries covered by all affiliates:
The Company mainly engages in inland container transportation. Operations from our affiliated companies cover container and freight transport-related industries, such as logistics and transportation services. In addition, we also invest in and operate tourist industries such as hotels and leisure resorts through strategic investments.

5.Directors, supervisors, and presidents of affiliates

May 2, 2023; unit: shares; %

Enterprise name	Job Title	Name or representative	Shareholdings	
			Shares	Percentage
Hsin Hai Transportation & Terminal Co., Ltd.	Chairman	Representative of Tze Shin International Co., Ltd.: Ming-Tan Hsu	2,452,372	47.47
	Director serving concurrently as president	Representative of Tze Shin International Co., Ltd.: Chiang-Chi Chang	2,452,372	47.47
	Director	Representative of Tze Shin International Co., Ltd.: Wei-Te Hsu	2,452,372	47.47
	Director	Vacancy	0	0
	Director	Hsieh-Pao Chiang	369,586	7.15
	Supervisor	Mei-Chuan Chang	25,612	0.50
	Supervisor	Representative of Guangsheng Investment Enterprise: Hung-Ming Hsu	551,567	10.68
Miramar Hospitality Co., Ltd.	Chairman	Representative of Tze Shin International Co., Ltd.: Ming-Tan Hsu	23,442,000	62.99
	Director	Representative of Tze Shin International Co., Ltd.: Chun-Tsao Huang	23,442,000	62.99
	Director serving concurrently as president	An-Ti Huang	475,000	1.28
	Independent Director	Lin-Wen Tien	0	0
	Independent Director	Sen-Kuei Liao	0	0
	Supervisor	Cheng-Hui Chang	0	0
	Supervisor	Representative of Miramar Hotel Taipei Co., Ltd.: Yung-Chieh Huang	4,204,000	11.30
Miramar Resort Co., Ltd.	Chairman serving concurrently as president	Representative of Tze Shin International Co., Ltd.: Chun-Fa Huang	40,070,200	81.69
	Director	Representative of Tze Shin International Co., Ltd.: Ming-Tan Hsu	40,070,200	81.69
	Director	Representative of Tze Shin International Co., Ltd.: Hsiu-Mei Huang	40,070,200	81.69
	Supervisor	Representative of Durban Development: Chun-Tsao Huang	2,165,300	4.41
ACMC Trading Co., Ltd.	Chairman serving concurrently as president	Representative of Tze Shin International Co., Ltd.: Ming-Tan Hsu	2,500,000	100.00

6.Operating summary of affiliated enterprises

As of December 31, 2022 (expressed in NT$ thousand)

Enterprise name	Authorized capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating net gain (loss)	Profit or loss (after tax)	Net earnings (loss) per share (NT$) (after tax)
Hsin Hai Transportation & Terminal Co., Ltd.	51,664	308,852	126,196	182,626	408,327	25,475	24,015	4.65
Miramar Hospitality Co., Ltd.	372,200	1,098,987	707,852	391,135	194,461	3,846	11,128	0.30
Miramar Resort Co., Ltd.	490,500	7,968	60	7,908	-	(175)	(162)	-
ACMC Trading Co., Ltd.	25,000	420	50	370	-	(71)	(67)	(0.03)

(II) Consolidated financial statements of affiliates

Declaration of Consolidation of Financial Statements of Affiliates

Affiliated enterprises subject to the preparation of consolidated financial statements of affiliated enterprises under “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” were identical to the affiliated companies subject to the preparation of consolidated financial statements under International Financial Reporting Standards No. 10 (IFRS 10) for financial year 2022 (from January 1 to December 31, 2022). All mandatory disclosures of the consolidated financial statements of affiliated enterprises have been disclosed in the consolidated financial statements. Therefore, no separate consolidated financial statement of affiliated enterprises was prepared.

Very truly yours,

Company Name: Tze Shin International Co., Ltd.

Person in Charge: Chun-Fa Huang

March 24, 2023

(III) Affiliation report: The Company is not a subsidiary of any other companies, so there is no need to prepare an affiliation report.

II. Private placements of securities in the previous year and by the date of report publication:

Not applicable to the Company.

III. Stocks of this Company held and disposed by subsidiaries in the previous year and by the date of report publication:

Not applicable to the Company.

IV. Other required supplementary notes: None.

IX. For the previous fiscal year and up to the printing date of the annual report, occurrence of events having material impact on shareholders' rights and interests or securities prices according to Subparagraph 2 of Paragraph 2 of Article 36 of the Securities and Exchange Act:

Not applicable to the Company.