Stock Code: 2611

# Tze Shin International Co., Ltd. and subsidiaries

# Consolidated Financial Statements and independent Auditor's Report

2023 and 2022

Address: 12F, No. 33, Jianguo North Road, Section 2, Zhufu Li,
Zhongshan District, Taipei City
Telephone: (02)2509-0036

§ Table of Contents §

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 2023 (from January 1 to December 31, 2023). 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.

Representative: Chun-Fa Huang

March 13, 2024

## Independent Auditors' Report

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

**Audit opinions**

We have reviewed the consolidated balance sheet of Tze Shin International Co., Ltd. and its subsidiaries as of December 31, 2023 and 2022 and the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and notes to consolidated financial statements (including the summary of accounting policies) for the year ended December 31, 2023 and 2022.

Based on our opinion, we have found no circumstances causing the fair presentation of the consolidated financial position of Tze Shin International Co., Ltd. and its subsidiaries as of December 31, 2023 and 2022, and the consolidated financial performance and consolidated cash flows for the years ended based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission in all material perspectives.

**Basis for the audit opinion**

We conducted the audit in accordance with the Regulations Governing the Audit of Financial Statements and Auditing Standards. Our responsibility under those standards is further described in the section of "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements." We are independent of Tze Shin International Co., Ltd. and its subsidiaries 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. Based on our audit results, we believe that sufficient and appropriate audit evidence has been obtained in order to serve as the basis for expressing the audit opinion.

**Key audit matters**

Key audit matters are those, in our professional judgment, the most significant matters in the audit of the 2023 annual consolidated financial statements of Tze Shin International Co., Ltd. and subsidiaries. These matters were addressed in our audit of the consolidated financial statements as a whole, and in forming our audit opinion. We do not provide a separate opinion on these matters.

Key audit matters for Tze Shin International Co., Ltd. and subsidiaries' 2023 Consolidated Financial Statements for the year ended December 31, 2023 are 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 60% 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 2023, 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.

**Others**

Tze Shin International Co., Ltd. has prepared the parent company only financial statements for the years ended December 31, 2023 and 2022 for which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair representation of the consolidated financial statements in accordance with IFRS, IAS, IFRICs and SICs 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 free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of the Group in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease the operations without other viable alternatives.

The governing body of the Group (including the Audit Committee) is responsible for supervising the financial reporting process.

**Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

We have utilized our professional judgment and maintained professional doubt when performing the audit work in accordance with the auditing standards in the Republic of China. We also perform the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the consolidated financial statements; design and execute countermeasures in response to said risks, and obtain sufficient and appropriate audit evidence to provide a basis of our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately present the relevant transactions and events.

6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Group.

The matters communicated between us and the governing body include the planned scope and times of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided the governing body with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing body, we determined the key audit matters for the audit of the Group's consolidated financial statements for the year ended December 31, 2023. We have clearly indicated such matters in the auditors' report unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, we decided not to communicate over specific items in the auditors' report, for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Deloitte & Touche

| | |
|---|---|
| CPA Han-Ni Fang | CPA Chao-Yu Chen |
| Approval No. of Financial Supervisory Commission<br>Jin-Guan-Zheng-Shen-Zi No.1090347472 | Approval No. of Financial Supervisory Commission<br>Jin-Guan-Zheng-Shen-Zi No.1110348898 |

March 13, 2024

## *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, 2023 and 2022

Unit: NT$ thousand

| Code | Assets | December 31, 2023 Amount | % | December 31, 2022 Amount | % |
|---|---|---|---|---|---|
| | Current assets | | | | |
| 1100 | Cash (Notes 4 and 6) | $ 735,847 | 18 | $ 347,821 | 10 |
| 1110 | Financial assets at fair value through profit or loss - current (Notes 4, 7 and 29) | 1,181,327 | 28 | 1,103,396 | 31 |
| 1120 | Financial assets measured at fair values through other comprehensive income - current (Notes 4, 8 and 29) | 163,945 | 4 | 157,036 | 4 |
| 1136 | Financial assets measured at amortized cost - current (Notes 4, 9 and 29) | 23,650 | 1 | 23,800 | 1 |
| 1150 | Net notes receivable (Notes 4, 10 and 22) | 81,652 | 2 | 7,146 | - |
| 1160 | Notes receivable - related parties (Notes 4 and 28) | 29,350 | 1 | 34,753 | 1 |
| 1170 | Net accounts receivable (Notes 4 and 10) | 46,871 | 1 | 39,519 | 1 |
| 1180 | Accounts receivable - related parties (Notes 4 and 28) | 33,003 | 1 | 37,367 | 1 |
| 1200 | Net other receivables (Notes 4 and 10) | 25,089 | 1 | 5,406 | - |
| 1210 | Other receivables - related parties (Note 28) | - | - | 270 | - |
| 1310 | Net inventory (Notes 4, 11 and 29) | 186,769 | 4 | 166,832 | 5 |
| 1410 | Pre-payments (Note 28) | 21,255 | - | 19,183 | - |
| 1476 | Other financial assets - current (Notes 4 and 29) | 7,323 | - | 7,200 | - |
| 1479 | Other current assets (Notes 4 and 24) | 17,230 | - | 5,221 | - |
| 11XX | Total current assets | 2,553,311 | 61 | 1,954,950 | 54 |
| | non-current assets | | | | |
| 1510 | Financial assets at fair value through profit or loss - non-current (Notes 4 and 7) | - | - | 383 | - |
| 1517 | Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8) | 217,341 | 5 | 167,587 | 5 |
| 1600 | Property, plant and equipment (Notes 4, 14 and 29) | 224,771 | 5 | 225,360 | 6 |
| 1755 | Right-of-use assets (Notes 3, 4 and 14) | 490,749 | 12 | 506,851 | 14 |
| 1760 | Investment property (Notes 4, 15 and 29) | 30,026 | 1 | 30,026 | 1 |
| 1780 | Intangible assets (Notes 4, 16, 29 and 30) | 500,998 | 12 | 416,257 | 12 |
| 1840 | Deferred income tax assets (Notes 4 and 23) | 94,895 | 2 | 96,909 | 3 |
| 1920 | Refundable deposits (Note 30) | 81,807 | 2 | 152,044 | 4 |
| 1975 | Net defined benefit assets (Notes 4 and 19) | 2,558 | - | 610 | - |
| 1980 | Other financial assets - non-current | 3,021 | - | 3,005 | - |
| 1990 | Other non-current assets (Notes 29) | - | - | 39,865 | 1 |
| 15XX | Total non-current assets | 1,646,166 | 39 | 1,638,897 | 46 |
| 1XXX | Total assets | $ 4,199,477 | 100 | $ 3,593,847 | 100 |
| Code | Financial liabilities and equity | | | | |
| | Current liabilities | | | | |
| 2100 | Short-term borrowings (Notes 4, 17 and 29) | $ 170,000 | 4 | $ 130,000 | 4 |
| 2150 | Notes payable | 20,376 | 1 | 30,470 | 1 |
| 2160 | Notes payable - related party (Note 28) | 13,456 | - | 10,522 | - |
| 2170 | Accounts payable | 37,967 | 1 | 22,726 | 1 |
| 2180 | Accounts payable - related parties (Note 28) | 4,866 | - | 5,462 | - |
| 2200 | Other payables (Note 18) | 91,771 | 2 | 79,090 | 2 |
| 2220 | Other payables - Related parties (Note 28) | 522 | - | 41 | - |
| 2230 | Income tax liabilities for the current period (Notes 4 and 23) | 51 | - | 5,664 | - |
| 2280 | Lease liabilities - current (Notes 3, 4 and 14) | 17,738 | 1 | 17,464 | 1 |
| 2320 | Long-term borrowings due within one year (Notes 4, 17 and 29) | 27,214 | 1 | 10,000 | - |
| 2399 | Other current liabilities | 17,518 | - | 15,189 | - |
| 21XX | Total current liabilities | 401,479 | 10 | 326,628 | 9 |
| | Non-current liabilities | | | | |
| 2540 | Long-term loans (Notes 4, 17 and 29) | 52,902 | 1 | 30,833 | 1 |
| 2570 | Deferred tax liabilities | - | - | 11 | - |
| 2580 | Lease liabilities - non-current (Notes 3, 4 and 14) | 488,917 | 12 | 504,763 | 14 |
| 2640 | Net defined benefit liabilities (Notes 4 and 19) | 5,622 | - | 5,358 | - |
| 2645 | Guarantee deposits | 225 | - | 175 | - |
| 2670 | Other non-current liabilities | 11,307 | - | 11,914 | - |
| 25XX | Total non-current liabilities | 558,973 | 13 | 553,054 | 15 |
| 2XXX | Total liabilities | 960,452 | 23 | 879,682 | 24 |
| | Equity attributed to owners of the Company | | | | |
| 3110 | Ordinary shares | 1,890,023 | 45 | 1,890,023 | 53 |
| 3200 | Capital reserve | 20,886 | - | 20,857 | - |
| | Retained earnings | | | | |
| 3310 | Legal reserve | 309,697 | 7 | 309,697 | 9 |
| 3350 | Unappropriated earnings | 632,367 | 15 | 153,135 | 4 |
| 3300 | Total retained earnings | 942,064 | 22 | 462,832 | 13 |
| 3400 | Other equity | 148,107 | 4 | 99,744 | 3 |
| 31XX | Total equity of the owner of the Company | 3,001,080 | 71 | 2,473,456 | 69 |
| 36XX | Non-controlling interests | 237,945 | 6 | 240,709 | 7 |
| 3XXX | Total Equity | 3,239,025 | 77 | 2,714,165 | 76 |
| | Total liabilities and equity | $ 4,199,477 | 100 | $ 3,593,847 | 100 |

The notes constitute a part of the financial statements.

Chairman: Chun-Fa Huang    Managerial Officer: Ming-Tan Hsu    Head-Finance & Accounting: Hsiu-Chi Chen

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Consolidated Statement of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: NTD thousands; Earnings (Losses) per share (NT$)

| | | 2023 | | 2022 | |
|---|---|---|---|---|---|
| Code | | Amount | % | Amount | % |
| 4000 | Net operating revenue (Notes 4, 21 and 28) | $ 617,327 | 100 | $ 729,967 | 100 |
| 5000 | Operating cost (Notes 11, 22 and 28) | 471,448 | 76 | 571,803 | 78 |
| 5950 | Gross profit | 145,879 | 24 | 158,164 | 22 |
| | Operating expense | | | | |
| 6200 | Operating expense (Notes 21, 22, 28, and 30) | 192,814 | 32 | 170,972 | 23 |
| 6450 | Expected credit impairment loss (Note 4 and 10) | 1,012 | - | 3,095 | 1 |
| 6000 | Subtotal | 193,826 | 32 | 174,067 | 24 |
| 6900 | Net operating loss | ( 47,947 ) | ( 8 ) | ( 15,903 ) | ( 2 ) |
| | Non-operating income and expenses | | | | |
| 7100 | Interest income (Note 28) | 5,639 | 1 | 2,075 | - |
| 7010 | Other income (Notes 22 and 28) | 364,646 | 59 | 210,036 | 29 |
| 7020 | Other gains and losses (Notes 14, 22, 25 and 28) | 175,502 | 29 | ( 424,133 ) | ( 58 ) |
| 7050 | Finance costs | ( 16,362 ) | ( 3 ) | ( 12,603 ) | ( 2 ) |
| 7055 | Expected credit impairment loss (Note 10) | ( 1,578 ) | - | - | - |
| 7000 | Subtotal | 527,847 | 86 | ( 224,625 ) | ( 31 ) |
| 7900 | Net income (loss) before tax | 479,900 | 78 | ( 240,528 ) | ( 33 ) |
| 7950 | Income tax expense (Notes 4 and 23) | 4,069 | 1 | 4,634 | 1 |
| 8000 | Net income (loss) of the year | 475,831 | 77 | ( 245,162 ) | ( 34 ) |

(Cont'd)

(Cont'd.)

| Code | | 2023 Amount | 2023 % | 2022 Amount | 2022 % |
|---|---|---|---|---|---|
| | Other comprehensive income | | | | |
| 8310 | Not to be reclassified to profit or loss in subsequent periods: | | | | |
| 8311 | Re-measurement of defined benefit plan (Note 19) | $ 2,100 | - | $ 4,590 | 1 |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 59,479 | 10 | ( 131,004 ) | ( 18 ) |
| 8349 | Income tax related to items not to be reclassified (Note 23) | ( 420 ) | - | ( 918 ) | - |
| 8300 | Other comprehensive income of the current year | 61,159 | 10 | ( 127,332 ) | ( 17 ) |
| 8500 | Total comprehensive profit and loss for the current year | $ 536,990 | 87 | ( $ 372,494 ) | ( 51 ) |
| | Net profit (loss) attributed to | | | | |
| 8610 | Owner of the Company | $ 467,964 | 76 | ( $ 259,843 ) | ( 36 ) |
| 8620 | Non-controlling interests | 7,867 | 1 | 14,681 | 2 |
| 8600 | | $ 475,831 | 77 | ( $ 245,162 ) | ( 34 ) |
| | Comprehensive income attributable to | | | | |
| 8710 | Owner of the Company | $ 527,595 | 85 | ( $ 384,927 ) | ( 53 ) |
| 8720 | Non-controlling interests | 9,395 | 2 | 12,433 | 2 |
| 8700 | | $ 536,990 | 87 | ( $ 372,494 ) | ( 51 ) |
| | Earnings (losses) per share (Note 24) | | | | |
| 9710 | Basic | $ 2.48 | | ( $ 1.37 ) | |
| 9810 | Dilution | $ 2.47 | | ( $ 1.37 ) | |

The notes constitute a part of the financial statements.

Chairman: Chun-Fa Huang Managerial Officer: Ming-Tan Hsu Head-Finance & Accounting: Hsiu-Chi Chen

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Consolidated Statement of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

| Code | | Equity attributable to owners of the Company (Notes 8 and 20) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 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 | Total number of owners of the Company | Non-controlling interests (Note 20) | Total equity |
| A1 | Balance as of January 1, 2022 | $ 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 | Contribution to 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 |
| C17 | Dividends not received by shareholders over time are transferred to capital reserves | - | - | - | 29 | 29 | - | - | - | - | 29 | - | 29 |
| D1 | Net of 2023 | - | - | - | - | - | - | 467,964 | 467,964 | - | 467,964 | 7,867 | 475,831 |
| D3 | Other comprehensive income after tax of 2023 | - | - | - | - | - | - | 740 | 740 | 58,891 | 59,631 | 1,528 | 61,159 |
| D5 | Total comprehensive profit and loss of 2023 | - | - | - | - | - | - | 468,704 | 468,704 | 58,891 | 527,595 | 9,395 | 536,990 |
| O1 | Cash dividends for shareholders of subsidiaries | - | - | - | - | - | - | - | - | - | - | (12,159) | (12,159) |
| Q1 | Disposal of equity instruments measured at fair value through other comprehensive income | - | - | - | - | - | - | 10,528 | 10,528 | (10,528) | - | - | - |
| Z1 | Balance as of December 31, 2023 | $ 1,890,023 | $ 20,348 | $ 18 | $ 520 | $ 20,886 | $ 309,697 | $ 632,367 | $ 942,064 | $ 148,107 | $ 3,001,080 | $ 237,945 | $ 3,239,025 |

The notes constitute a part of the financial statements.

Chairman: Chun-Fa Huang

Managerial Officer: Ming-Tan Hsu

Head-Finance & Accounting: Hsiu-Chi Chen

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Consolidated Statement of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

| Code | | 2023 | 2022 |
|---|---|---|---|
| | Cash flows from operating activities | | |
| A00010 | Net income (loss) before tax | $ 479,900 | ( $ 240,528 ) |
| A20010 | Adjustments to reconcile profit (loss): | | |
| A20100 | Depreciation | 45,231 | 53,748 |
| A20200 | Amortization expenses | 22,022 | 19,221 |
| A20300 | Expected credit impairment loss | 2,590 | 3,095 |
| A20400 | Net (gain) loss of financial assets at fair value through profit or loss | ( 175,236 ) | 450,959 |
| A20900 | Finance costs | 16,362 | 12,603 |
| A21200 | Interest income | ( 5,639 ) | ( 2,075 ) |
| A21300 | Dividend income | ( 279,122 ) | ( 174,715 ) |
| A22500 | Net gains from the disposal and scrap of property, plant, and equipment | ( 1,285 ) | ( 10,883 ) |
| A22800 | Loss of disposal of intangible assets | 1 | 2,606 |
| A23200 | Disposal of investment interests in subsidiaries | - | ( 18,752 ) |
| A23700 | Inventory scrapping loss | 386 | 18 |
| A23800 | Price recovery benefit for inventory | ( 240 ) | ( 11,202 ) |
| A29900 | Others | ( 69,363 ) | ( 1,906 ) |
| | Net change in operating assets and liabilities | | |
| A31130 | Notes receivable | ( 4,506 ) | ( 4,471 ) |
| A31140 | Notes receivable - related parties | 5,403 | 11,361 |
| A31150 | Accounts receivables | ( 8,066 ) | 22,772 |
| A31160 | Accounts receivable - related parties | 4,364 | 8,866 |
| A31180 | Other receivables | ( 21,106 ) | 7,512 |
| A31190 | Other receivables - related parties | 270 | ( 270 ) |
| A31200 | Inventory | ( 20,083 ) | 13,548 |
| A31230 | Prepayments | ( 5,830 ) | 9,270 |
| A31240 | Other current assets | ( 11,180 ) | ( 2,743 ) |
| A32130 | Notes payable | ( 10,094 ) | ( 11,588 ) |
| A32140 | Notes payable - related parties | 2,934 | ( 3,009 ) |
| A32150 | Accounts payable | 15,241 | ( 4,876 ) |
| A32160 | Accounts payable - related parties | ( 596 ) | ( 2,565 ) |
| A32180 | Other payables | 12,927 | ( 5,723 ) |
| A32190 | Other payables - related parties | 481 | ( 107 ) |
| A32230 | Other current liabilities | 1,855 | ( 11,492 ) |
| A32240 | Net confirmed benefit debt | 416 | 451 |
| A33000 | Cash flow from operations | ( 1,963 ) | 109,125 |
| A33300 | Interest paid | ( 7,412 ) | ( 3,286 ) |
| A33500 | Income tax paid | ( 8,928 ) | ( 1,208 ) |
| AAAA | Net cash inflow (outflow) from operating activities | ( 18,303 ) | 104,631 |

(Cont'd)

(Cont'd.)

| Code | | 2023 | 2022 |
|---|---|---|---|
| | Cash flows from investing activities | | |
| B00010 | Acquisition of financial assets measured at fair value through other comprehensive income | ($ 56,219) | ($ 210,132) |
| B00020 | Disposal of financial assets measured at fair value through other comprehensive income | 59,035 | 454,899 |
| B00040 | Acquisition of financial assets at amortized cost | ( 100) | ( 50) |
| B00050 | Disposal of financial assets measured at amortized cost | 250 | 100 |
| B00100 | Acquisition of financial assets at fair value through profit or loss | ( 632,871) | ( 1,351,295) |
| B00200 | Disposal of financial assets at fair value through profit or loss | 730,559 | 597,695 |
| B02300 | Net cash inflow from disposal of subsidiaries | - | 66,341 |
| B02700 | Purchase of property, plant and equipment | ( 14,535) | ( 43,095) |
| B02800 | Disposal of property, plant and equipment prices | 1,768 | 18,301 |
| B03700 | Increase in refundable deposits | - | ( 150,228) |
| B03800 | Decrease in refundable deposits | 70,237 | - |
| B04500 | Acquisition of intangible assets | ( 71,806) | ( 991) |
| B06600 | Increase in their financial assets | ( 139) | ( 6,530) |
| B06700 | Increase of other non-current assets | - | ( 38,478) |
| B07500 | Interest received | 5,386 | 2,046 |
| B07600 | Dividends received | 278,922 | 174,715 |
| B09900 | Refund of capital reduction of financial assets measured at fair value through profit or loss | - | 24,000 |
| BBBB | Net cash inflows (outflows) from investing activities | 370,487 | ( 462,702) |
| | Cash flows from financing activities | | |
| C00100 | Increase in short-term borrowings | 40,000 | - |
| C01600 | Increase in long-term loans | 60,000 | 25,833 |
| C01700 | Decrease in long-term loans | ( 20,717) | ( 5,000) |
| C03000 | Increase in guarantee deposits | 50 | - |
| C03100 | Decrease in guarantee deposits | - | ( 194) |
| C04020 | Lease liability principal repayments | ( 31,332) | ( 26,632) |
| C04500 | Cash dividends paid | - | ( 171,821) |
| C05800 | Changes in non-controlling interests | ( 12,159) | ( 12,973) |
| CCCC | Net cash inflow (outflow) from financing activities | 35,842 | ( 190,787) |
| EEEE | Net cash increase (decrease) | 388,026 | ( 548,858) |
| E00100 | Cash balance at the beginning of the year | 347,821 | 896,679 |
| E00200 | Year-end cash balance | $ 735,847 | $ 347,821 |

The notes constitute a part of the financial statements.

Chairman: Chun-Fa Huang Managerial Officer: Ming-Tan Hsu Head-Finance & Accounting: Hsiu-Chi Chen

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Notes to Consolidated Financial Statements

January 1 to December 31, 2023 and 2022

(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

These consolidated financial statements were approved by the Board of Directors on March 13, 2024.

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 to effect by the FSC will not result in significant changes in the accounting policies of the merged company.

(II) 2024 IFRSs endorsed by the FSC

| New/amended/revised standards and interpretations | Effective date issued by the International Accounting Standards Board (IASB) (Note 1) |
|---|---|
| Amendments to IFRS 16 "Lease Liabilities under Sale and Leaseback" | January 1, 2024 (Note 2) |
| 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 |
| Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements” | January 1, 2024 (Note 3) |

Note 1: Unless otherwise specified, the aforesaid new/amended/revised standards or interpretations are 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.

Note 3: When these amendments are applied for the first time, part of the disclosure requirements are exempted.

As of the publication date of the consolidated financial statements, the merged company has assessed that amendments to the other 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 |
| 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 21 "Lack of Exchangeability" | January 1, 2025 (Note 2) |

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

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. When the amendment is applied for the first time, the impact will be recognized in the retained earnings on the date of initial application. When the group uses a non-functional currency as the presentation currency, it will affect the exchange differences of foreign operations under equity on the date of initial application.

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

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 consolidated 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.

(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) 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.

(VIII) 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.

(IX) 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.

(X) 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.

(XI) 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.

(XII) 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 merged company's obligation and is recognized when the related product is recognized as income.

(XIII) 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.

(XIV) 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 negotiation directly related to the COVID-19 pandemic between the merged company and the lessor, the merged company adjusted the rent due before December 31, 2022, resulting in a decrease in rent. These negotiations did not materially change other lease terms. The merged company has elected to adopt practical expedients to treat all rent negotiations 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.

(XV) 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.

(XVI) 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.

(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 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.

(XVIII) 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.

VI. Cash

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Cash on hand and working capital | $ 1,641 | $ 1,390 |
| Checks and demand deposits at banks | 734,206 | 346,431 |
| | $ 735,847 | $ 347,821 |

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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Bank deposits | 0.005%～0.580% | 0.005% - 0.455% |

VII. Financial instruments at fair value through profit or loss

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Financial assets - current | | |
| Mandatory measurement at fair value through profit or loss | | |
| Non-derivative financial assets | | |
| - Domestic listed (OTC Listed) stock | $ 1,150,292 | $ 1,072,727 |
| - Fund beneficiary certificate | 31,035 | 30,669 |
| | $ 1,181,327 | $ 1,103,396 |
| Financial assets - non-current | | |
| Mandatory measurement at fair value through profit or loss | | |
| Non-derivative financial assets | | |
| - Domestic unlisted (non-OTC Listed) stock | $ - | $ 383 |

Please refer to Note 29 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, 2023 | December 31, 2022 |
|---|---|---|
| Current | | |
| Domestic investment | | |
| Listed (OTC Listed) stock | $ 163,945 | $ 157,036 |
| Non-current | | |
| Domestic investment | | |
| Unlisted (non-OTC Listed) stock | $ 213,898 | $ 165,926 |
| Foreign investment | | |
| Unlisted (non-OTC Listed) stock | 3,443 | 1,661 |
| | $ 217,341 | $ 167,587 |

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.

The Company purchased the common shares of IBF Financial Holdings Co., Ltd. and Taisun Enterprise Co., Ltd. at NT$49,423 thousand and NT$6,796 thousand respectively in 2023. Because they are medium and long-term strategic investments, they are designated to be measured at fair value through other comprehensive income.

For the year ended December 31, 2023, the Company adjusted its investment position to diversify risks and successively sold some ordinary shares of IBF Financial Holdings Co., Ltd., Taisun Enterprise Co., Ltd., and Epoch Electronics Corp. at fair values of NT$20,026 thousand, NT$36,431 thousand, and NT2,578 thousand, and other related interests - unrealized interests in financial assets measured at fair value through other comprehensive gains and losses of NT$10,528 thousand were transferred to retained earnings.

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.

The merged company recognized dividend income of NT$27,835 thousand and NT$31,414 thousand for the years ended December 31, 2023 and 2022, respectively.

Please refer to Note 29 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, 2023 | December 31, 2022 |
| --- | --- | --- |
| Current | | |
| Domestic investment | | |
| Time deposits with an original maturity date of more than 3 months | $ 23,650 | $ 23,800 |

As of December 31, 2023 and 2022, the annual interest rate of the time deposits with the original maturity date of more than 3 months was 0.340%～1.565% and 0.975%～1.44%, respectively.

Please refer to Note 29 for information on pledged financial assets measured at amortized cost.

X. Notes receivable, accounts receivable and other receivables

| | December 31, 2023 | December 31, 2022 |
| --- | --- | --- |
| Measured at amortized cost | | |
| Gross carrying amount | | |
| Notes receivable | $ 81,652 | $ 7,146 |
| Notes receivable - related parties | $ 29,350 | $ 34,753 |
| Accounts receivables | $ 47,585 | $ 59,189 |
| Less: loss allowance | ( 714 ) | ( 19,670 ) |
| | $ 46,871 | $ 39,519 |
| Accounts receivable - related parties | $ 33,003 | $ 37,367 |
| Other receivables | $ 26,970 | $ 334,282 |
| Less: loss allowance (Note 30) | ( 1,881 ) | ( 328,876 ) |
| | $ 25,089 | $ 5,406 |
| Other receivables - related parties | $ - | $ 270 |

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. As the merged company's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, the reserve matrix has not further divided the customer groups, but only uses the overdue days of notes receivable, accounts receivable, and other receivables overdue to set the ECL 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, and the amount recovered from the 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, 2023

| | 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 | 0.726% | - | - | - | 100.00% | |
| Gross carrying amount | $ 217,540 | $ 3 | $ - | $ - | $ 1,017 | $ 218,560 |
| Loss allowance (lifetime expected credit losses) | ( 1,578 ) | - | - | - | ( 1,017 ) | ( 2,595 ) |
| Cost after amortization | $ 215,962 | $ 3 | $ - | $ - | $ - | $ 215,965 |

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 |

Information on changes in loss allowances is as follows:

| | 2023 | 2022 |
|---|---|---|
| Balance at the beginning of the year | $ 348,546 | $ 345,451 |
| Add: Provision of impairment loss | 2,590 | 3,095 |
| Less: Actual write-offs | ( 348,541 ) | - |
| Year-end balance | $ 2,595 | $ 348,546 |

However, due to significant financial difficulties, Far Eastern Transport Corp. (hereinafter referred to as “Far Eastern Airlines”) 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 31, 2019, the deposit of NT$4,530 thousand is unlikely to be recovered; therefore, the refundable deposit of NT$249,500 thousand has been classified as other receivables. Based on the financial position of the counterparty, the group assessed in 2023 that the recoverable amount of the amount could not be reasonably expected. Therefore, the accounts receivable of NT$4,530 thousand and other receivables of NT$249,500 thousand and the related allowance losses totaled NT$254,030 thousand were written off. However, the group will continue to recover the above-mentioned funds through legal channels to maintain the interests of the group.

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 and NT$2,581 thousand of distribution profits - rent income. The above amount is NT$110,123 thousand, less the court rent of NT$26,947 thousand deposited by CPC (which was fully recovered in 2011) and NT$31,655 thousand was recovered, and the remaining uncollected amount of NT$51,521 thousand was recognized as other receivables, of which an allowance for losses has been provided in full. In 2023, the Group assessed that the amount was irrecoverable after the liquidation of CPC, and therefore it wrote off the related other receivables of $51,521 thousand and allowance for losses of $51,521 thousand.

XI. Inventories - net

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Land held for sale | $ 159,361 | $ 159,361 |
| Building and land under construction | 20,421 | 916 |
| Commodities | 5,628 | 5,713 |
| Food and beverage | 1,359 | 456 |
| Materials | - | 386 |
| | $ 186,769 | $ 166,832 |

The merged company signed the joint-construction agreement at the Juguang Section, Wanhua District, Taipei City (Juguang Project) with the landlord in December 2023 (please refer to Note 22), and the invested houses under construction totaling NT$14,478 thousand were transferred to operating costs and operating expenses.

The inventory-related costs of sales in 2023 and 2022 were NT$49,244 thousand and NT$68,446 thousand, respectively.

The cost of sales in 2023 and 2022 included the loss on inventory obsolescence NT$386 thousand and NT$18 thousand, respectively; the loss on inventory valuation and recovery of obsolescence gains NT$240 thousand and NT$11,202 thousand, respectively.

Please refer to Note 29 for the amount of land held for sale pledged as collateral 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, 2023 | Percentage of shareholding December 31, 2022 | 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. (ACMC Trading) | International trade management | 100.00% | 100.00% | 4. |
| | Safe Cargo Transportation Co., Ltd. (An Ho Transportation) | Operation and investment of automobile freight, container and related businesses | - | - | 5. |
| | Safe Petroleum Transportation Co., Ltd. (Safe Petroleum Transportation) | Operation and investment of automobile freight and related businesses | - | - | 5. |
| | Safe Container Transportation Co., Ltd. (Safe Container Transportation) | Operation and investment of automobile container and related businesses | - | - | 5. |
| | Safe Logistics Transportation Co., Ltd. (Safe Logistics Transportation) | Operation and investment of automobile freight and related businesses | - | - | 5. |
| Miramar Hospitality Co., Ltd. | Miramar Resort Co., Ltd. | Management of hotels and water recreation activities | 13.33% | 13.33% | 2. |

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's subsidiary, ACMC Trading Co., Ltd., was resolved to dissolve and liquidate on August 31, 2023. As of December 31, 2023, ACMC Trading Co., Ltd. was in the process of liquidation.
5. 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 25.

(II) Subsidiaries with significant non-controlling equity

| Name of subsidiaries | Principal place of business | Percentage of shareholding and voting rights held by non-controlling interests | |
|---|---|---|---|
| | | December 31, 2023 | December 31, 2022 |
| Miramar Hospitality Co., Ltd. | Taipei City | 37.01% | 37.01% |

| Name of subsidiaries | Profit or loss allocated to non-controlling equity | | Non-controlling interests | |
|---|---|---|---|---|
| | 2023 | 2022 | December 31, 2023 | December 31, 2022 |
| Miramar Hospitality Co., Ltd. | $ 3,592 | $ 3,720 | $ 148,936 | $ 144,756 |
| Others | 4,275 | 10,961 | 89,009 | 95,953 |
| Total | $ 7,867 | $ 14,681 | $ 237,945 | $ 240,709 |

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

Miramar Hospitality Co., Ltd.

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Current assets | $ 184,447 | $ 129,592 |
| non-current assets | 1,012,315 | 969,395 |
| Current liabilities | ( 270,335 ) | ( 194,575 ) |
| Non-current liabilities | ( 523,997 ) | ( 513,277 ) |
| Equity | $ 402,430 | $ 391,135 |
| | | |
| Equity attributable to: | | |
| Owner of the Company | $ 253,494 | $ 246,379 |
| Non-controlling interests of Miramar Hospitality Co., Ltd. | 148,936 | 144,756 |
| | $ 402,430 | $ 391,135 |

| | 2023 | 2022 |
|---|---|---|
| Operating revenue | $ 237,675 | $ 194,461 |
| Net income for the year | $ 9,704 | $ 11,128 |
| Other comprehensive income | 1,591 | ( 8,466 ) |
| Total comprehensive income | $ 11,295 | $ 2,662 |
| | | |
| Net income attributable to: | | |
| Owner of the Company | $ 6,112 | $ 6,331 |
| Non-controlling interests of Miramar Hospitality Co., Ltd. | 3,592 | 3,720 |
| | $ 9,704 | $ 10,051 |

(Cont'd)

(Cont'd.)

| | 2023 | 2022 |
|---|---|---|
| Comprehensive income attributable to: | | |
| Owner of the Company | $ 7,115 | $ 1,677 |
| Non-controlling interests of Miramar Hospitality Co., Ltd. | 4,180 | 985 |
| | $ 11,295 | $ 2,662 |
| Cash flow | | |
| Business activities | $ 37,102 | $ 53,458 |
| Investment activities | ( 78,320 ) | ( 42,736 ) |
| Financing activities | 68,131 | ( 490 ) |
| Net cash inflow | $ 26,913 | $ 10,232 |

## XIII. Property, plant and equipment

| | Land | Building | Transportation equipment | Office equipment | Restaurant and hotel equipment | Total |
|---|---|---|---|---|---|---|
| Cost | | | | | | |
| Balance as of January 1, 2023 | $ 156,144 | $ 30,509 | $ 192,403 | $ 29,106 | $ 53,888 | $ 462,050 |
| Addition | - | - | 6,400 | 946 | 7,189 | 14,535 |
| Disposal | - | - | ( 10,651 ) | ( 785 ) | ( 517 ) | ( 11,953 ) |
| Prepaid equipment transferred-in | - | - | - | - | 4,162 | 4,162 |
| Balance as of December 31, 2023 | $ 156,144 | $ 30,509 | $ 188,152 | $ 29,267 | $ 64,722 | $ 468,794 |
| Accumulated depreciation and impairment | | | | | | |
| Balance as of January 1, 2023 | $ - | $ 20,075 | $ 142,512 | $ 23,599 | $ 50,504 | $ 236,690 |
| Depreciation expense | - | 475 | 15,510 | 944 | 1,874 | 18,803 |
| Disposal | - | - | ( 10,231 ) | ( 756 ) | ( 483 ) | ( 11,470 ) |
| Balance as of December 31, 2023 | $ - | $ 20,550 | $ 147,791 | $ 23,787 | $ 51,895 | $ 244,023 |
| Net amount as of December 31, 2023 | $ 156,144 | $ 9,959 | $ 40,361 | $ 5,480 | $ 12,827 | $ 224,771 |
| Cost | | | | | | |
| Balance as of January 1, 2022 | $ 156,144 | $ 30,509 | $ 251,330 | $ 30,038 | $ 62,716 | $ 530,737 |
| Addition | - | - | 41,188 | 1,713 | 194 | 43,095 |
| Disposal | - | - | ( 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 |
| Disposal | - | - | ( 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 |

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

| | |
|---|---|
| Buildings | 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 29 for the amount of property, plant and equipment provided by the merged company as collateral for borrowings.

XIV. Lease agreement

(I) Right-of-use assets

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Book value of right-of-use assets | | |
| Land | $ 489,214 | $ 504,275 |
| Buildings | 1,535 | 2,576 |
| | $ 490,749 | $ 506,851 |

| | 2023 | 2022 |
|---|---|---|
| Increase in right-of-use assets | $ 10,873 | $ 3,804 |
| Depreciation expense of right-of-use assets | | |
| Land | $ 25,934 | $ 27,246 |
| Buildings | 494 | 542 |
| Power-saving equipment | - | 477 |
| | $ 26,428 | $ 28,265 |

(II) Lease liabilities

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Book value of lease liabilities | | |
| Current | $ 17,738 | $ 17,464 |
| Non-current | $ 488,917 | $ 504,763 |

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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Land | 1.70%～1.76% | 1.70%～1.76% |
| Buildings | 1.70%～1.95% | 1.70% |
| Power-saving equipment | - | 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 rental was calculated and charged at 5% per annum based on the land price announced for the current period as stated in the contract according to the "Operation Directions for Establishment of Superficies on National Non-public Use Land." 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 "Regulations for Favorable Rentals Regarding Public Land Lease and Superficies in Infrastructure Projects" dated August 29, 2003, 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 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. The effect of the aforementioned rent concessions recognized by the merged company for the year ended on December 31, 2022 was NT$4,442 thousand (listed as other gains and losses).

(IV) Other lease information

| | 2023 | 2022 |
|---|---|---|
| Expenses relating to short-term leases | $ 1,437 | $ 1,712 |
| Lease expenses of low-value assets | $ 344 | $ 359 |
| Total cash (outflow) of leases | ( $ 33,113 ) | ( $ 28,703 ) |

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.

XV. Investment property

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Land | | |
| Keelung Nuannuan Yuanyuan Section | $ 30,026 | $ 30,026 |

The fair value of the merged 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 Nuannuan Yuanyuan 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, 2023 and December 31, 2022 should not be significantly different from the fair value evaluated by the unrelated independent appraiser.

XVI. Intangible assets

| | Computer software | Operating concession | Total |
|---|---|---|---|
| Cost | | | |
| Balance as of January 1, 2023 | $ 2,464 | $ 883,060 | $ 885,524 |
| Acquired separately | 120 | 71,686 | 71,806 |
| Disposal | ( 865 ) | ( 780 ) | ( 1,645 ) |
| Prepaid equipment transferred-in | - | 34,958 | 34,958 |
| Balance as of December 31, 2023 | $ 1,719 | $ 988,924 | $ 990,643 |
| Accumulated amortization | | | |
| Balance as of January 1, 2023 | $ 2,415 | $ 466,852 | $ 469,267 |
| Amortization expense | 35 | 21,987 | 22,022 |
| Disposal | ( 865 ) | ( 779 ) | ( 1,644 ) |
| Balance as of December 31, 2023 | $ 1,585 | $ 488,060 | $ 489,645 |
| Net amount as of December 31, 2023 | $ 134 | $ 500,864 | $ 500,998 |
| Cost | | | |
| Balance as of January 1, 2022 | $ 2,452 | $ 916,604 | $ 919,056 |
| Acquired separately | 12 | 979 | 991 |
| Disposal | - | ( 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 |
| Disposal | - | ( 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 |

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$988,924 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$959,534 thousand.

Please refer to Note 29 for the amount of intangible assets pledged as collateral for loans by the merged company.

## XVII. Borrowings

### (I) Short-term borrowings

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Secured borrowings (Note 29) | | |
| Bank loan | $ 170,000 | $ 130,000 |

Bank borrowings are secured by the merged company's bank deposits, time certificates of deposit, and operating concessions (see Note 29). The interest rate of bank revolving borrowings as of December 31, 2023 and 2022 were 2.100% - 2.520% and 2.035% - 2.604%, respectively.

### (II) Long-term borrowings

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Secured borrowings (Note 29) | | |
| Bank mortgage | $ 52,894 | $ 20,833 |
| Unsecured borrowings | | |
| Borrowings against credit lines | 27,222 | 20,000 |
| | 80,116 | 40,833 |
| Less: Portion due within one year | ( 27,214 ) | ( 10,000 ) |
| Long-term borrowings | $ 52,902 | $ 30,833 |
| | | |
| Repayment maturity date of secured borrowings | 114.1.17~117.1.30 | 113.1.17 |
| Repayment maturity date of unsecured borrowings | 115.5.4~9.3 | 115.5.4~9.3 |

The bank secured borrowings were secured by the Company's bank deposits (see Note 29). As of December 31, 2023, the annual interest rate was 2.325% - 2.595%.

The interest rate of the unsecured borrowings was 2.595% and 2.345% as of December 31, 2023 and 2022, respectively, belongs to the Tourism Industry Revitalization Financing of the Tourism Bureau, MOTC.

XVIII. Other payables

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Payroll payable | $ 37,394 | $ 33,547 |
| Premium payable | 19,014 | 15,557 |
| Remuneration payable to directors | 5,134 | 740 |
| Remuneration payable to employees | 5,134 | 740 |
| Tax payable | 2,535 | 6,471 |
| Stock settlement payable | - | 4,912 |
| Others | 22,560 | 17,123 |
| | $ 91,771 | $ 79,090 |

XIX. 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, 2023 | December 31, 2022 |
|---|---|---|
| Defined benefit obligation | $ 51,787 | $ 54,359 |
| Fair value of plan assets | ( 48,723 ) | ( 49,611 ) |
| Net confirmed benefit debt | $ 3,064 | $ 4,748 |

As of December 31, 2023, the merged company's net defined benefit liabilities were listed in the consolidated balance sheet under net defined benefit assets of NT$2,558 thousand and net defined benefit liabilities of NT$5,622 thousand.

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.

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, 2023 | $ 54,359 | ($ 49,611) | $ 4,748 |
| Current period service costs | 792 | - | 792 |
| Interest expense (income) | 515 | ( 502) | 13 |
| Recognized in remeasurement of profit and loss | 1,307 | ( 502) | 805 |
| Return on plan assets (except for the amount included in net interest) | - | ( 328) | ( 328) |
| Actuarial gains or losses | | | |
| - Changes in financial assumptions | 158 | - | 158 |
| - Experience-based adjustments | ( 1,930) | - | ( 1,930) |
| Deferred tax income (expense) recognized in other comprehensive income | ( 1,772) | ( 328) | ( 2,100) |
| Contributions by employer | - | ( 389) | ( 389) |
| Plan asset payment | ( 2,107) | 2,107 | - |
| Balance as of December 31, 2023 | $ 51,787 | ($ 48,723) | $ 3,064 |
| | | | |
| Balance as of January 1, 2022 | $ 58,249 | ($ 49,362) | $ 8,887 |
| Current period service costs | 860 | - | 860 |
| Interest expense (income) | 307 | ( 271) | 36 |
| Recognized in remeasurement of profit and loss | 1,167 | ( 271) | 896 |
| 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 |

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, 2023 | December 31, 2022 |
|---|---|---|
| Discount rate | 1.14%~1.3000% | 1.16%~1.40% |
| Expected rate of increase in salary | 1.8750%~2.00% | 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, 2023 | December 31, 2022 |
|---|---|---|
| Discount rate | | |
| Increase by 0.25% | ($ 667) | ($ 779) |
| Decrease by 0.25% | $ 675 | $ 788 |
| Expected rate of increase in salary | | |
| Increase by 0.25% | $ 930 | $ 1,116 |
| Decrease by 0.25% | ($ 954) | ($ 1,077) |

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, 2023 | December 31, 2022 |
|---|---|---|
| Expected contribution amount within 1 year | $ 241 | $ 444 |
| Average duration of defined benefit obligations | 4.3 - 5 years | 4.9 - 6 years |

## XX. Equity

### (I) Share capital

Common stock

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| 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 | 189,002 |
| Issued capital stock | $ 1,890,023 | $ 1,890,023 |

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, 2023 | December 31, 2022 |
|---|---|---|
| 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 | 520 | 491 |
| | $ 20,886 | $ 20,857 |

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 22(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 its annual shareholders' meeting on June 30, 2023 and resolved to approve the 2022 proposal for loss compensation without distributing dividends.

The Company held a shareholders' meeting on June 24, 2022 and resolved to pass the 2021 earnings appropriation as follows:

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

The Company's 2023 earnings appropriation was proposed by the Board of Directors on March 13, 2024 as follows:

| | 2023 |
|---|---|
| Legal reserve | $ 47,923 |
| Cash dividends | $ 434,705 |
| Cash dividend per share (NTD) | $ 2.3 |

The 2023 earnings distribution proposal is pending a resolution at the shareholders' meeting to be held on June 25, 2024.

XXI. Income

| | 2023 | 2022 |
|---|---|---|
| Revenue from contracts with customers | | |
| Transportation revenue | $ 368,207 | $ 523,305 |
| Hospitality revenue | 237,533 | 194,415 |
| Rental income | 11,574 | 10,834 |
| Others | 13 | 1,413 |
| | $ 617,327 | $ 729,967 |

For the breakdown of revenue from contracts with customers, please refer to Note 33.

XXII. Net profit (loss)

(I) Others

| | 2023 | 2022 |
|---|---|---|
| Dividend income | $ 279,122 | $ 174,715 |
| Income from Counter-Party Default | 70,000 | - |
| Rental income | 9,221 | 7,756 |
| Subsidies income | 998 | 24,657 |
| Others | 5,305 | 2,908 |
| | $ 364,646 | $ 210,036 |

The merged company terminated its cooperation with the landlord on the joint construction project of Juguang Section, Wanhua District, Taipei City (Juguang Project) in December 2023. According to the agreement in the joint construction contract, because the landlord did not complete the land integration within the time limit and it was not feasible to plan for a joint building, both parties agreed to terminate the joint construction contract, and the landlord should pay a liquidated damage of NT$70,000 thousand to the Company. As of December 31, 2023, the above liquidated damages were listed under notes receivable. As of March 13, 2024, the day the financial statements were approved by the Board of Directors, the amount of NT$20,000 thousand had been cashed as scheduled.

(II) Finance costs

| | 2023 | 2022 |
|---|---|---|
| Interest on lease liabilities | $ 9,236 | $ 9,458 |
| Interest on bank borrowings | 7,121 | 3,145 |
| Imputed interest on deposits | 5 | - |
| | $ 16,362 | $ 12,603 |

(III) Other gains and losses

| | 2023 | 2022 |
|---|---|---|
| Net (gain) loss of financial assets at fair value through profit or loss | $ 175,236 | ($ 450,959 ) |
| Net gains from the disposal and scrap of property, plant, and equipment | 1,285 | 10,883 |
| Net foreign exchange gain (loss) | 74 | ( 37 ) |
| Loss of disposal of intangible assets | ( 1 ) | ( 2,606 ) |
| Gains on disposal of subsidiary (Note 25) | - | 18,752 |
| Others | ( 1,092 ) | ( 166 ) |
| | $ 175,502 | ($ 424,133 ) |

(IV) Depreciation and amortization

| | 2023 | 2022 |
|---|---|---|
| Depreciation expenses by function | | |
| Operating cost | $ 26,564 | $ 35,695 |
| Operating expense | 18,667 | 18,053 |
| | $ 45,231 | $ 53,748 |
| Amortization expenses are summarized by function | | |
| Operating cost | $ 21,045 | $ 18,244 |
| Operating expense | 977 | 977 |
| | $ 22,022 | $ 19,221 |

(V) Employee benefits expense

| | 2023 | 2022 |
|---|---|---|
| Post-employment benefits | | |
| Defined contribution plan | $ 7,836 | $ 9,710 |
| Defined benefit plan | 805 | 896 |
| | 8,641 | 10,606 |
| Other employee benefits | 195,615 | 212,145 |
| Total employee benefit expenses | $ 204,256 | $ 222,751 |
| Summary by function | | |
| Operating cost | $ 127,812 | $ 140,135 |
| Operating expense | 76,444 | 82,616 |
| | $ 204,256 | $ 222,751 |

(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. The 2023 estimated remuneration of employees and remuneration of directors for the year ended March 13, 2024 was resolved by the board of directors as follows:

Estimated allowance

| | 2023 |
|---|---|
| Employee remuneration | 1% |
| Remuneration to directors | 1% |

Amount

| | 2023 | |
|---|---|---|
| | Cash | Stock |
| Employee remuneration | $ 4,797 | $ - |
| Remuneration to directors | 4,797 | - |

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 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 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.

XXIII. Income tax

(I) Income tax recognized in profit or loss

The main components of income tax expenses are as follows:

| | 2023 | 2022 |
|---|---|---|
| Current income tax | | |
| Incurred in the current year | $ 2,402 | $ 6,354 |
| Adjustment from previous year | 84 | ( 2,994 ) |
| | 2,486 | 3,360 |
| Deferred income tax | | |
| Incurred in the current year | 1,583 | 1,241 |
| Adjustment from previous year | - | 33 |
| | 1,583 | 1,274 |
| Income tax expenses recognized in profit or loss | $ 4,069 | $ 4,634 |

The accounting income and income tax expenses are reconciled as follows:

| | 2023 | 2022 |
|---|---|---|
| Net income (loss) before tax | $ 479,900 | ($ 240,528 ) |
| Income tax expense (profit) on net income (loss) before tax calculated at statutory tax rate | $ 95,980 | ($ 48,105 ) |
| Non-deductible expenses and losses for tax purposes | 317 | 249 |
| Tax-exempted income | ( 95,002 ) | 49,750 |
| Imposition on undistributed earnings | 77 | 1 |
| Income tax expenses of previous years are adjusted in the current year | 84 | ( 2,961 ) |
| Unrecognized deductible temporary differences and loss carryforwards | 2,613 | 5,700 |
| Income tax expenses recognized in profit or loss | $ 4,069 | $ 4,634 |

(II) Income tax recognized in other comprehensive income

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Deferred income tax | | |
| Re-measurement of defined benefit plan | ($ 420 ) | ($ 918 ) |

(III) Income tax assets and liabilities for the current year

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Income tax assets for the current year | | |
| Tax refund receivable (included in other current assets) | $ 1,648 | $ 819 |
| Current income tax liabilities | | |
| Income tax payable | $ 51 | $ 5,664 |

(IV) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2023

| 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 | | | | |
| Failing to achieve the preparation for the accident-causing vehicle | $ 2,383 | ( $ 122 ) | $ - | $ 2,261 |
| Unrealized inventory valuation losses | 36 | ( 36 ) | - | - |

(Cont'd)

(Cont'd.)

| | 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 |
|---|---|---|---|---|
| Allowance for doubtful debts | $ 14,634 | ( $ 14,170 ) | $ - | $ 464 |
| Exceeding the pension limit | 6,371 | 27 | ( 420 ) | 5,978 |
| Loss deduction | 18,585 | 67,607 | - | 86,192 |
| Impairment loss | 54,900 | ( 54,900 ) | - | - |
| | $ 96,909 | ( $ 1,594 ) | ( $ 420 ) | $ 94,895 |
| Deferred tax liabilities | | | | |
| Temporary difference | | | | |
| Unrealized gain on exchange | $ 11 | ( $ 11 ) | $ - | $ - |

2022

| | 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 | Effects of loss of control over subsidiaries | Year-end balance |
|---|---|---|---|---|---|
| Deferred tax assets | | | | | |
| Temporary difference | | | | | |
| Failing to achieve the preparation for the accident-causing vehicle | $ 2,561 | ( $ 37 ) | $ - | ( $ 141 ) | $ 2,383 |
| Unrealized inventory valuation losses | 2,277 | ( 2,241 ) | - | - | 36 |
| 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 |

(IV) The deductible temporary difference and unused loss credit of deferred income tax assets not recognized in the consolidated balance sheet

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Loss deduction | | |
| Due 2023 | $ - | $ 55,569 |
| Due 2024 | 51,344 | 57,730 |
| Due 2025 | 52,778 | 39,299 |

(Cont'd)

(Cont'd.)

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Due 2026 | $ 132,777 | $ 134,973 |
| Due 2027 | 16,383 | 16,383 |
| Due 2028 | 22,403 | 22,403 |
| Due 2029 | 19,880 | 19,880 |
| Due 2030 | 142,253 | 20,431 |
| Due 2031 | 559,645 | 741,594 |
| Due 2032 | 228 | 228 |
| Due 2033 | 8 | - |
| | $ 997,699 | $ 1,108,490 |
| Deductible temporary differences | | |
| Impairment loss of financial assets | $ 230,257 | $ 242,442 |
| Impairment of long-term equity investment under equity method | - | 50,968 |
| | $ 230,257 | $ 293,410 |

(V) Information on unused loss carryforwards

As of December 31, 2023, information about loss carryforwards of the merged company is as follows:

| Balance yet to be deducted | | Final year of deduction |
|---|---|---|
| $ 51,344 | (Approved) | 2024 |
| 52,778 | (Approved) | 2025 |
| 132,777 | (Approved) | 2026 |
| 16,383 | (Approved) | 2027 |
| 22,403 | (Approved) | 2028 |
| 19,880 | (Approved) | 2029 |
| 379,672 | (Approved) | 2030 |
| 747,696 | (Approved) | 2031 |
| 2,310 | (Not yet approved) | 2032 |
| 3,415 | (Not yet approved) | 2033 |
| $ 1,428,663 | | |

(VI) 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 2022, which have been approved by the tax collection agency, the rest of the declaration cases as of 2021 have been approved by the tax collection agency.

## XXIV. Earnings (losses) per share

Unit: NTD per share

| | 2023 | 2022 |
|---|---|---|
| Basic earnings (losses) per share | $ 2.48 | ( $ 1.37 ) |
| Diluted earnings (losses) per share | $ 2.47 | ( $ 1.37 ) |

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

| | 2023 | 2022 |
|---|---|---|
| Net profit (loss) attributable to owners of the Company | $ 467,964 | ( $ 259,843 ) |

Number of shares

Unit: Thousand shares

| | 2023 | 2022 |
|---|---|---|
| Weighted average number of ordinary shares used in calculating basic earnings (loss) per share | 189,002 | 189,002 |
| Effect of potential dilutive ordinary shares: | | |
| Employee remuneration | 289 | - |
| Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share | 189,291 | 189,002 |

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 ordinary shares may be included in the weighted average number of shares outstanding when there is a dilution effect to calculate the 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 potentially dilutive ordinary 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.

## XXV. 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 assets 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 |
| 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 |

XXVI. 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.

XXVII. 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, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets measured at fair value through profit or loss | | | | |
| Domestic listed (OTC) stock | $ 1,150,292 | $ - | $ - | $ 1,150,292 |
| Fund beneficiary certificate | 31,035 | - | - | 31,035 |
| | $ 1,181,327 | $ - | $ - | $ 1,181,327 |
| Financial assets at fair value through other comprehensive income | | | | |
| Investment in equity instruments | | | | |
| - Domestic listed (OTC) stock | $ 163,945 | $ - | $ - | $ 163,945 |
| - Domestic unlisted (non-OTC Listed) stock | - | 213,898 | - | 213,898 |
| - Foreign unlisted (non-OTC Listed) stocks | - | 3,443 | - | 3,443 |
| | $ 163,945 | $ 217,341 | $ - | $ 381,286 |

December 31, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets 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 |

There were no transfers between Level 1 and Level 2 fair value measurements in 2023 and 2022.

2. Valuation techniques and inputs for Level 2 fair value measurement

| Type of financial instrument | Valuation techniques and inputs |
|---|---|
| Domestic and foreign unlisted (OTC Listed) 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.<br>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, 2023 | December 31, 2022 |
|---|---|---|
| Financial assets | | |
| Measured at fair value through profit or loss | | |
| Mandatory measurement at fair value through profit or loss | $ 1,181,327 | $ 1,103,779 |
| Financial assets at amortized cost (Note 1) | 1,067,613 | 658,331 |
| Financial assets measured at fair value through other comprehensive income | | |
| Investment in equity instruments | 381,286 | 324,623 |
| Financial liabilities | | |
| Measured at amortized cost (Note 2) | 419,599 | 319,377 |

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, 2023 | December 31, 2022 |
|---|---|---|
| Fair value interest rate risk | | |
| - Financial assets | $ 5,000 | $ 20,400 |
| - Financial liabilities | 506,655 | 522,227 |
| Cash flow interest rate risk | | |
| - Financial assets | 762,573 | 359,102 |
| - Financial liabilities | 250,116 | 170,833 |

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 an increase or decrease in interest rate, which also represents management's assessment of the scope of reasonable and possible changes 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 2023 and 2022 would have increased/decreased by NT$5,125 thousand and NT$1,883 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$11,813 thousand in 2023 due to the increase/decrease in the fair value of financial assets at FVTPL. Other comprehensive income before/after tax in 2023 would have increased/decreased by NT$3,813 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$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.

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 2023 and 2022, 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 rates, the undiscounted interest amount is inferred based on the yield curve on the balance sheet date.

December 31, 2023

| | 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 | $ 72,871 | $ 23,194 | $ 21,696 | $ 1,000 | $ - |
| Lease liabilities | 556 | 1,612 | 27,675 | 93,076 | 539,211 |
| Floating interest rate instruments | 173,418 | 4,722 | 21,114 | 55,087 | - |
| | $ 246,845 | $ 29,528 | $ 70,485 | $ 149,163 | $ 539,211 |

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 | $ 29,843 | $ 93,076 | $ 102,334 | $ 99,290 | $ 99,290 | $ 238,297 |

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 |

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, 2023 and 2022, the balance of undiscounted principal of these bank loans are NT$172,994 thousand and NT$833 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, 2023 | December 31, 2022 |
|---|---|---|
| Unsecured bank facilities (reviewed every year) | | |
| - Amount used | $ 27,222 | $ 20,000 |
| - Unutilized amount | 115,000 | 115,000 |
| | $ 142,222 | $ 135,000 |
| Guaranteed bank facilities | | |
| - Amount used | $ 222,894 | $ 150,833 |
| - Unutilized amount | 458,000 | 388,000 |
| | $ 680,894 | $ 538,833 |

XXVIII. Related-Party Transactions

Except for those disclosed in Note 32 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. | Substantially related party |
| T&W Transportation Services | Substantially related party |
| Mayer Steel Pipe Corporation | Substantially related party |
| Mayer Inn Corporation | Substantially related party |
| Athena Information Systems International Co., Ltd. | Substantially related party |
| Durban Dive Corporation | Substantially related party |
| Yu-hung Investment Co., Ltd. | Substantially related party |
| Ying Shun Construction Co., Ltd. | Associates |
| Yuan Chuan Steel Co. Ltd. | Associates |
| TienPin Development Co., Ltd. | Associates |
| Miramar Hotel Taipei Co., Ltd. | Associates |

(II) Operating revenue

| Accounting item | Type/Name of related parties | 2023 | 2022 |
|---|---|---|---|
| Transportation revenue | Substantially related party | | |
| | T&W Transportation Services | $ 187,401 | $ 230,815 |
| Hospitality revenue | Substantially related party | | |
| | Others | 637 | 308 |
| | | $ 188,038 | $ 231,123 |

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 parties | 2023 | 2022 |
|---|---|---|---|
| Transportation cost | Substantially related party | | |
| | T&W Transportation Services | $ 51,519 | $ 47,984 |
| Dining and travel expenses | Substantially related party | | |
| | Athena Information Systems International Co., Ltd. | 371 | 326 |
| | | $ 51,890 | $ 48,310 |

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 | 2023 | 2022 |
|---|---|---|---|
| Dining and travel expenses | Substantially related party | | |
| | Athena Information Systems International Co., Ltd. | $ 662 | $ 476 |
| Transportation expenses | Substantially related party | | |
| | T&W Transportation Services | 113 | 84 |
| | | $ 775 | $ 560 |

(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 2023 and 2022 was NT$788 thousand and NT$777 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 2023 and 2022 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 | 2023 | 2022 |
|---|---|---|
| Substantially related party | | |
| T&W Transportation Services | $ 398 | $ 724 |

(VII) Interest income

| Category/name of related party | 2023 | 2022 |
|---|---|---|
| Substantially related party | | |
| Mayer Steel Pipe Corporation | $ 2,630 | $ - |

(VIII) Receivables from related parties (excluding loans to related parties)

| Accounting item | Type/Name of related parties | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| Notes receivable - related parties | Substantially related party | | |
| | T&W Transportation Services | $ 29,350 | $ 34,753 |
| Accounts receivable - related parties | Substantially related party | | |
| | T&W Transportation Services | $ 32,933 | $ 37,367 |
| | Others | 70 | - |
| | | $ 33,003 | $ 37,367 |
| Other receivables - related parties | Substantially related party | | |
| | 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, 2023 | December 31, 2022 |
|---|---|---|---|
| Notes payable - related parties | Substantially related party | | |
| | T&W Transportation Services | $ 13,456 | $ 10,522 |
| Accounts payable - related parties | Substantially related party | | |
| | T&W Transportation Services | $ 4,823 | $ 5,462 |
| | Others | 43 | - |
| | | $ 4,866 | $ 5,462 |
| Other payables - related parties | Substantially related party | | |
| | Durban Development Co., Ltd. | $ 389 | $ - |
| | Athena Information Systems International Co., Ltd. | 133 | 41 |
| | | $ 522 | $ 41 |

The balance of outstanding accounts payable to related parties is not provided as collateral and will be settled in cash.

(X) Building and land under construction

| Accounting item | Type/Name of related parties | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| Inventory | Substantially related party | | |
| | Durban Development Co., Ltd. | $ 3,900 | $ 300 |

Refer to the increase in house and land under construction (accounted for as inventories) during the period from engineering management outsourced by the merged company to related parties for contracting.

(XI) Prepayments

| Type of related parties | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Substantially related party | | |
| Athena Information Systems International Co., Ltd. | $ 206 | $ 129 |

(XII) Dividend income

| Type/Name of related parties | 2023 | 2022 |
|---|---|---|
| Substantially related party | | |
| Mayer Steel Pipe Corporation | $ 22,100 | $ 59,550 |
| Associates | | |
| Yuanquan Steel | 27,835 | 15,814 |
| | $ 49,935 | $ 75,364 |

(XIII) Compensation of key management personnel

| | 2023 | 2022 |
|---|---|---|
| Short-term employee benefits | $ 18,124 | $ 21,415 |
| Post-employment benefits | 675 | 794 |
| Termination benefits | 210 | - |
| | $ 19,009 | $ 22,209 |

The remuneration of directors and other key management personnel is determined by the Remuneration Committee based on individual performance and market trends.

XXIX. 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, 2023 | December 31, 2022 |
|---|---|---|
| Operating concession (stated as intangible assets) | $ 483,034 | $ 397,790 |
| Financial assets measured at fair value through profit or loss - current | 294,860 | 211,140 |
| Property, plant and equipment | 110,964 | 111,436 |
| Financial assets measured at fair values through other comprehensive income - current | 80,850 | - |
| Buildings and land held for sale (stated as inventories) | 74,618 | 74,618 |
| Bank deposits (booked in other financial assets - current and non-current) | 10,345 | 10,205 |
| Pledged certificate of deposit (recognized as financial assets measured at amortized cost - current) | 3,050 | 3,100 |
| | $ 1,057,721 | $ 808,289 |

XXX. Material contingent liabilities and unrecognized contractual commitments

Significant contract

(I) The company

Commitments

In November 2022, the Company signed the joint construction contract for the Shi Jian 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 checks in the amount of NT$80,000 thousand and NT$80,000, respectively, as the guarantee for phase 1. The landowner provided a promissory note of NT$160,000 thousand as collateral, and the landowners consolidated them. The guarantee checks for phase 2 are expected to be issued based on the consolidation progress of the landowner. The Company shall deliver guarantee checks in the amount of NT$95,000 thousand (demand) and NT$95,000 thousand (one-year), totaling NT$190,000 thousand of guarantee, when the guarantee checks for phase 1 are cashed and obtain the promissory note of NT$190,000 thousand as collateral. The ownership of all houses and parking spaces acquired by the Company under the co-building contract is sold to buyers designated by the landlord. As of December 31, 2023, the Company’s checks for guarantee deposits have been cashed for NT$80,000 thousand (recognized as refundable deposits).

In February 2024, the Company and the landlord signed a supplementary agreement regarding the Practice Project, in which both parties agreed to update the scope of joint construction and change the total amount of the original joint construction deposits from NT$350,000 thousand to NT$160,000 thousand. After deducting the cashed security deposits of NT$80,000 thousand, the remaining security deposit of NT$80,000 thousand will be paid after the landlords' integration and joint construction of land is completed. In addition to providing the original promissory note of NT$160,000 thousand as collateral, the landowner also wrote a cheque for the guarantee deposit of NT$180,000 thousand face value as collateral.

(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 2023 and 2022 were NT$18,697 thousand and NT$15,298 thousand (included in the operating expenses).

XXXI. Others

In consideration of the Company's future long-term development strategies encompassing future business development plans, strengthening the overall businesses and adjusting its business strategies and to raise its operating efficiencies, the Company's subsidiary, MIRAMAR HOSPITALITY CO., LTD., has on March 12, 2024 filed with TPEx for an application on termination of trading of emerging stocks with the approval by board resolution.

XXXII. Additional Disclosures

(I) Information on significant transactions and (II) investees:

1. Loans to others: Table 1.
2. Endorsements/guarantees provided for others: None.
3. Marketable securities held at the end of the year (excluding investments in subsidiaries and associates): Table 2.
4. Acquisition or sale of the same security with the accumulated cost reaching NT$300 million or 20% of the Company's paid-in capital: None.

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 3.
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 4.
11. Information on investees: Table 5.

(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 principal shareholders: Names of shareholders with a shareholding ratio of more than 5%, number of shares held, and percentage (Attachment 6).

XXXIII. Department Information

The information provided to the major operational decision-makers for the purpose of allocating resources and evaluating the segment'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 segment:

| | Segment revenue | | Segment profit | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Transportation segment | $ 368,207 | $ 523,305 | ( $ 28,942 ) | ( $ 8,729 ) |
| Hotel segment | 237,533 | 194,415 | 5,893 | 3,698 |
| Other segments | 11,587 | 12,247 | ( 4,144 ) | ( 6,261 ) |
| Construction segment | - | - | ( 20,754 ) | ( 4,611 ) |
| Profit/loss from continuing operations | $ 617,327 | $ 729,967 | ( 47,947 ) | ( 15,903 ) |
| Interest income | | | 5,639 | 2,075 |
| Others | | | 364,646 | 210,036 |
| Other gains and losses | | | 175,502 | ( 424,133 ) |
| Finance costs | | | ( 16,362 ) | ( 12,603 ) |
| Expected credit impairment loss | | | ( 1,578 ) | - |
| Net income (loss) before tax | | | $ 479,900 | ( $ 240,528 ) |

The segment revenue reported above is generated from transactions with external customers. There were no inter-segment sales in 2023 and 2022.

Segment profit is the profit earned by each segment, excluding the share of loss, other income, other gains and losses, interest income, finance costs, expected credit impairment loss, and income tax expenses of affiliates using the equity method. This measure is provided to the chief operating decision-makers for allocating resources to segments and measuring their performance.

(II) Total assets of segments

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 | |
|---|---|---|
| | 2023 | 2022 |
| Transportation segment | $ 22,827 | $ 31,955 |
| Hotel segment | 38,715 | 35,586 |
| Other segments | 5,711 | 5,428 |
| | $ 67,253 | $ 72,969 |

(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:

| | 2023 | 2022 |
|---|---|---|
| Customer A | $ 187,401 | $ 230,815 |

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Loans to others

January 1 to December 31, 2023

Table 1

Unit: NT$ thousand

| No. | Name of financing provider | Name of counterparty | 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) counterparty | Reason for short-term financing | Allowance for doubtful accounts | Assets pledged: Company Name | Assets pledged: Value | Limit of financing amount for individual counterparty | Maximum loan amount | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 0 | The company | Miramar Hospitality Co., Ltd. | Other receivables - related parties | Yes | $ 50,000 | $ - | $ - | - | Short-term financing | $ - | Operating turnover | $ - | None | None | $ 900,324 (30% of the Company's net worth) | $ 1,200,432 (40% of the Company's net worth) | |
| | | Mayer Steel Pipe Corporation | Other receivables - related parties | Yes | 200,000 | - | - | - | Short-term financing | - | Operating turnover | - | None | None | 900,324 (30% of the Company's net worth) | 1,200,432 (40% of the Company's net worth) | |

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.

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Marketable securities held at the end of the year

December 31, 2023

Table 2

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/net equity value (Note 1) | |
| The company | Ordinary shares | | | | | | | |
| | Mayer Steel Pipe Corporation | Chairman | Financial assets measured at fair value through profit or loss - current | 20,900 | $ 669,845 | 9.39 | $ 669,845 | Note 2 |
| | EVERGREEN MARINE CORP. (TAIWAN) LTD. | — | Financial assets measured at fair value through profit or loss - current | 2,300 | 330,050 | 0.11 | 330,050 | |
| | Yang Ming Marine Transport Corp. | — | Financial assets measured at fair value through profit or loss - current | 700 | 35,910 | 0.02 | 35,910 | |
| | ADATA Technology Co., LTD. | — | Financial assets measured at fair value through profit or loss - current | 150 | 15,450 | 0.05 | 15,450 | |
| | Aerospace Industrial Development Corporation | — | Financial assets measured at fair value through profit or loss - current | 900 | 48,240 | 0.10 | 48,240 | |
| | S-Tech Corp | — | Financial assets measured at fair value through profit or loss - current | 63 | 2,249 | 0.03 | 2,249 | |
| | INVENTEC CORPORATION | — | Financial assets measured at fair value through profit or loss - current | 100 | 5,280 | - | 5,280 | |
| | IBF Financial Holdings Co., Ltd. | — | Financial assets measured at fair values through other comprehensive income - current | 12,000 | 147,000 | 0.35 | 147,000 | Note 2 |
| | HERMOSA OPTOELECTRONICS CORPORATION | — | Financial assets measured at fair value through profit or loss - Current- Non-current | 4,088 | - | 5.37 | - | |
| | Yuan Chuan Steel Co. Ltd. | — | Financial assets measured at fair value through other comprehensive income - Non-current | 4,457 | 213,898 | 18.57 | 213,898 | |
| | Du Centre Co., Ltd. | Chairman | Financial assets measured at fair value through other comprehensive income - Non-current | 1,438 | - | 4.79 | - | |
| | 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 | - | |
| | I1 HOLDING LLC.TAIWAN BRANCH (U.S.A) | — | Financial assets measured at fair value through other comprehensive income - Non-current | 200 | - | 0.35 | - | |
| | ROSA FOODS CO., LTD. | — | Financial assets measured at fair value through other comprehensive income - Non-current | 1,837 | - | 2.09 | - | |
| Miramar Hospitality Co., Ltd. | Stock | | | | | | | |
| | Mayer Steel Pipe Corporation | Chairman | Financial assets measured at fair value through profit or loss - current | 1,350 | 43,268 | 0.61 | 43,268 | |
| | China Petrochemical Development Corporation | — | Financial assets measured at fair values through other comprehensive income - current | 1,734 | 16,945 | 0.05 | 16,945 | |
| | Meilixin Development Co., Ltd. | — | Financial assets measured at fair value through other comprehensive income - Non-current | 1,900 | 3,443 | 10.00 | 3,443 | |
| 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 | 5,196 | - | 5,196 | |
| | Union Money Market Fund | — | Financial assets measured at fair value through profit or loss - current | 381 | 5,172 | - | 5,172 | |
| | Taishin Ta Chong Money Market Fund | — | Financial assets measured at fair value through profit or loss - current | 354 | 5,174 | - | 5,174 | |
| | Nomura Taiwan Select Money Market Fund | — | Financial assets measured at fair value through profit or loss - current | 308 | 5,162 | - | 5,162 | |
| | CTBC Hua Win Money Market Fund | — | Financial assets measured at fair value through profit or loss - current | 457 | 5,167 | - | 5,167 | |
| | Fubon Chi-Hsiang Money Market Fund | — | Financial assets measured at fair value through profit or loss - current | 321 | 5,164 | - | 5,164 | |

Note 1: Marketable securities in this table refer to ordinary shares 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 and 6,600 thousand shares of IBF Financial Holdings Co., Ltd. have been pledged as collateral for short-term bank loans and short-term notes payable.

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, 2023

Table 3

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 Service | Substantially related party | Transportation revenue | ( $ 187,401 ) | 53% | (Note) | $ - | — | $ 62,283 | 61% | |

Note: Payment terms are equivalent to those of non-related parties.

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Significant inter-company transactions during the reporting periods

January 1 to December 31, 2023

Table 4

Unit: NT$ thousand

| No. (Note 1) | Company | Counter-party | Relationship (Note 2) | Status of transaction | | | |
|---|---|---|---|---|---|---|---|
| | | | | Account | Amount (Note 4) | Term | Percentage of consolidated total operating revenues or total assets (Note 3) |
| 1 | Hsin Hai Transportation & Terminal Co., Ltd. | The Company | (2) | Property, plant and equipment (transportation equipment) | $ 83 | Under general terms and conditions | 0.002% |
| | | | (2) | Gains on disposal of fixed assets | 1,167 | Under general terms and conditions | 0.189% |

Note 1: Information on business transactions between the parent company and its subsidiaries should be indicated in the numbered column. The number should be filled in as follows:

(1) Fill in "0" for the parent company.

(2) Subsidiaries are numbered sequentially starting from 1 by company type.

Note 2: The relationship with the transaction party is divided into the following three types, and it is sufficient to indicate the type:

(1) 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 revenue or total assets is calculated. For assets and liabilities, the closing balance is calculated as a percentage of the consolidated total assets; for profit and loss, it is calculated as a percentage of current cumulative amount in the consolidated total revenue.

Note 4: Eliminated when the consolidated financial statements were prepared.

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, 2023

Table 5 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 of investees for the current year (Loss) | Investment gains (losses) recognized in the current year | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2023 | December 31, 2022 | Shares (Thousands) | Percentage (%) | Carrying amount | | | |
| The company | Miramar Hospitality Co., Ltd. | Taipei City | Tourist Hotel | $ 260,040 | $ 260,040 | 23,442 | 62.99 | $ 253,494 | $ 9,704 | $ 6,112 | Subsidiary (Note 1) |
| | Hsin Hai Transportation & Terminal Co., Ltd. | New Taipei City | Automobile container transportation and related business operations and investments | 33,787 | 33,787 | 2,452 | 47.47 | 80,435 | 9,206 | 3,871 | Subsidiary (Note 1) |
| | Miramar Resort Co., Ltd. | Taipei City | Management of hotels and water recreation activities | 431,702 | 431,702 | 40,070 | 66.18 | 7,867 | ( 41 ) | ( 41 ) | Subsidiary (Notes 1, 2) |
| | ACMC Trading Co., Ltd. | Taipei City | International trade management | 22,500 | 22,500 | 2,500 | 100.00 | 313 | ( 57 ) | ( 57 ) | Subsidiary (Note 1) |
| 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 | - | ( 41 ) | - | 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 the Company 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, an investment loss of NT$41 thousand is recognized.

Tze Shin International Co., Ltd.

Information of principal shareholders

December 31, 2023

Table 6

| 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.