

**TZE SHIN INTERNATIONAL  
CO., LTD. and its subsidiaries**

**Consolidated Financial Statements  
with Auditor's Review Report  
For the Nine Months Ended September 30, 2023 and 2022**

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

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## **Auditor's Review Report**

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

### **Foreword**

We have reviewed the consolidated balance sheet of Tze Shin International Co., Ltd. and its subsidiaries as of September 30, 2023 and 2022 and the consolidated statement of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, 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 nine months ended September 30, 2023 and 2022. The preparation of fairly presented consolidated financial based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Report" recognized and endorsed to effect by the Financial Supervisory Commission is the responsibility of the management, we are responsible for making conclusions for the consolidated financial statements in accordance with the review results.

### **Scope**

Except for the descriptions in the "Basis for Qualified Conclusion" section, we have performed a review according to the Review Standards No.2410 "Review of Financial Statements." Procedures executed during the review of the consolidated financial statements include inquiries (primarily inquiries with personnel responsible for financial and accounting affairs), analytical procedures, and other review procedures. The scope of review is significantly less than the scope of an audit; therefore, we may not be able to come to notice of material matters that may be identified via an audit. As such, we are unable to express our audit opinion.

### **Basis for Qualified Conclusion**

As described in Note 12 of the consolidated financial statements, the financial statements of non-significant subsidiaries included in the abovementioned financial statements for the same period are not reviewed by CPAs; their total assets as of September 30, 2022 were NT\$88,642 thousand, accounted for 2.45% of consolidated total assets; their total liabilities were NT\$10,670 thousand, accounted for 1.18% of the total consolidated liabilities; their consolidated comprehensive losses for the three months ended September 30, 2022 and for the nine months ended September 30, 2022 was NT\$19,885 thousand and NT\$66,276 thousand, accounted for (51.69%) and 17.47% of the consolidated total comprehensive income, respectively.

## Unqualified and qualified conclusion

Based on our review results, except for the potential adjustments to the consolidated financial statements upon the review of the financial statements and relevant information of the non-significant subsidiaries described in the “Basis for Qualified Conclusion” section accounted for using the equity method in 2022, 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 September 30, 2023 and 2022, the consolidated financial performance for the three months ended September 30, 2023 and 2022, and the consolidated financial performance and consolidated cash flows for the nine months ended September 30, 2023 and 2022 resulting from the inability in preparing the financial statements based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Report” recognized and endorsed to effect by the Financial Supervisory Commission preparing in all material perspectives.

Deloitte & Touche

CPA Han-Ni Fang

CPA Chao-Yu Chen

Approval No. of Financial Supervisory  
Commission

Jin-Guan-Zheng-Shen-Zi No.1090347472

Approval No. of Financial Supervisory  
Commission

Jin-Guan-Zheng-Shen-Zi No.1110348898

November 10, 2023

### Notice to Readers

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

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

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries  
Consolidated Balance Sheet  
September 30, 2023 and December 31, 2022 and September 30, 2022

Unit: NT\$ thousand

Code	Assets	September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%
	<b>Current assets</b>						
1100	Cash (Note 6)	\$ 586,374	15	\$ 347,821	10	\$ 450,510	13
1110	Financial assets at fair value through profit or loss - current (Notes 7 and 27)	1,187,432	30	1,103,396	31	899,268	25
1120	Financial assets measured at fair values through other comprehensive income - current (Notes 8 and 27)	145,584	4	157,036	4	301,014	8
1136	Financial assets measured at amortized cost - current (Notes 9 and 27)	23,650	1	23,800	1	85,150	2
1150	Net notes receivable (Notes 10 and 21)	12,573	-	7,146	-	8,062	-
1160	Notes receivable - related parties (Notes 10, 21 and 26)	35,653	1	34,753	1	43,724	1
1170	Net accounts receivable (Notes 10 and 21)	43,278	1	39,519	1	69,476	2
1180	Accounts receivable - related parties (Notes 10, 21 and 26)	30,101	1	37,367	1	37,343	1
1200	Net other receivables (Notes 10 and 26)	4,102	-	5,406	-	21,411	1
1210	Other receivables - related parties (Notes 10 and 26)	-	-	270	-	-	-
1310	Net inventory (Notes 11, 26, and 27)	199,858	5	166,832	5	166,386	5
1410	Pre-payments (Note 26)	20,959	-	19,183	-	24,709	1
1476	Other financial assets - current (Note 27)	15,988	-	7,200	-	5,278	-
1479	Other current assets (Notes 4 and 23)	3,901	-	5,221	-	3,360	-
11XX	Total current assets	<u>2,309,453</u>	<u>58</u>	<u>1,954,950</u>	<u>54</u>	<u>2,115,691</u>	<u>59</u>
	<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current (Note 7)	362	-	383	-	412	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note 8)	187,799	5	167,587	5	177,520	5
1600	Property, plant and equipment (Notes 13 and 27)	228,086	6	225,360	6	253,136	7
1755	Right-of-use assets (Note 14)	497,867	12	506,851	14	514,449	14
1760	Investment property (Note 15)	30,026	1	30,026	1	30,026	1
1780	Intangible assets (Notes 16, 27, and 28)	494,519	12	416,257	12	422,634	12
1840	Deferred income tax assets (Notes 4 and 23)	97,939	2	96,909	3	91,749	2
1920	Refundable deposits (Note 28)	151,857	4	152,044	4	2,613	-
1975	Net defined benefit assets (Notes 4 and 19)	611	-	610	-	-	-
1980	Other financial assets - non-current (Note 27)	3,013	-	3,005	-	3,001	-
1990	Other non-current assets (Notes 27 and 28)	3,566	-	39,865	1	440	-
15XX	Total non-current assets	<u>1,695,645</u>	<u>42</u>	<u>1,638,897</u>	<u>46</u>	<u>1,495,980</u>	<u>41</u>
1XXX	Total assets	<u>\$ 4,005,098</u>	<u>100</u>	<u>\$ 3,593,847</u>	<u>100</u>	<u>\$ 3,611,671</u>	<u>100</u>
	<b>Financial liabilities and equity</b>						
	<b>Current liabilities</b>						
2100	Short-term borrowings (Notes 17 and 27)	\$ 225,000	6	\$ 130,000	4	\$ 100,000	3
2150	Notes payable	22,655	1	30,470	1	56,001	2
2160	Notes payable - related party (Note 26)	14,362	-	10,522	-	13,068	-
2170	Accounts payable	37,009	1	22,726	1	22,190	1
2180	Accounts payable - related parties (Note 26)	5,505	-	5,462	-	5,929	-
2200	Other payables (Note 18)	98,105	2	79,090	2	94,108	3
2220	Other payables - Related parties (Note 26)	630	-	41	-	41	-
2230	Income tax liabilities for the current period (Notes 4 and 23)	65	-	5,664	-	4,918	-
2280	Lease liabilities - current (Note 14)	21,054	1	17,464	1	18,413	-
2320	Long-term borrowings due within one year (Notes 17 and 27)	27,153	1	10,000	-	10,000	-
2399	Other current liabilities	14,515	-	15,189	-	19,454	1
21XX	Total current liabilities	<u>466,053</u>	<u>12</u>	<u>326,628</u>	<u>9</u>	<u>344,122</u>	<u>10</u>
	<b>Non-current liabilities</b>						
2540	Long-term borrowings (Notes 17 and 27)	49,527	1	30,833	1	33,333	1
2570	Deferred tax liabilities	-	-	11	-	-	-
2580	Lease liabilities - non-current (Note 14)	487,940	12	504,763	14	504,175	14
2640	Net defined benefit liabilities - non-current (Notes 4 and 19)	5,680	-	5,358	-	9,495	-
2645	Guarantee deposits	225	-	175	-	285	-
2670	Other non-current liabilities - others	11,914	1	11,914	-	13,004	-
25XX	Total non-current liabilities	<u>555,286</u>	<u>14</u>	<u>553,054</u>	<u>15</u>	<u>560,292</u>	<u>15</u>
2XXX	Total liabilities	<u>1,021,339</u>	<u>26</u>	<u>879,682</u>	<u>24</u>	<u>904,414</u>	<u>25</u>
	<b>Equity attributable to owners of the Company (Note 20)</b>						
3110	Ordinary shares	1,890,023	47	1,890,023	53	1,890,023	52
3220	Capital reserve	20,853	-	20,857	-	20,857	1
	Retained earnings						
3310	Legal reserve	309,697	8	309,697	9	309,697	9
3350	Unappropriated earnings	421,916	10	153,135	4	85,422	2
3300	Total retained earnings	731,613	18	462,832	13	395,119	11
3400	Other equity	110,881	3	99,744	3	153,604	4
31XX	Total equity of the owner of the Company	<u>2,753,370</u>	<u>68</u>	<u>2,473,456</u>	<u>69</u>	<u>2,459,603</u>	<u>68</u>
36XX	Non-controlling interests	230,389	6	240,709	7	247,654	7
3XXX	Total equity	<u>2,983,759</u>	<u>74</u>	<u>2,714,165</u>	<u>76</u>	<u>2,707,257</u>	<u>75</u>
	Total liabilities and equity	<u>\$ 4,005,098</u>	<u>100</u>	<u>\$ 3,593,847</u>	<u>100</u>	<u>\$ 3,611,671</u>	<u>100</u>

The notes constitute a part of the financial statements.  
(Please refer to the Review Report of Deloitte & Touche on November 10, 2023)

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

From July 1 to September 2023 and 2022 and January 1 to September 30, 2023 and 2022

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

Code		July 1 to September 30, 2023		July 1 to September 30, 2022		January 1 to September 30, 2023		January 1 to September 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Net operating revenue (Notes 21 and 26)	\$ 160,050	100	\$ 196,264	100	\$ 449,477	100	\$ 606,057	100
5000	Operating cost (Notes 11, 19, 22 and 26)	<u>114,623</u>	<u>72</u>	<u>144,712</u>	<u>74</u>	<u>352,779</u>	<u>78</u>	<u>451,308</u>	<u>74</u>
5950	Gross profit	<u>45,427</u>	<u>28</u>	<u>51,552</u>	<u>26</u>	<u>96,698</u>	<u>22</u>	<u>154,749</u>	<u>26</u>
	Operating expense								
6200	Operating expense (Notes 19, 22, 26, and 28)	48,139	30	45,133	23	127,944	29	131,015	22
6450	Expected credit impairment loss (Note 10)	<u>764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,012</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000	Subtotal	<u>48,903</u>	<u>30</u>	<u>45,133</u>	<u>23</u>	<u>128,956</u>	<u>29</u>	<u>131,015</u>	<u>22</u>
6900	Net operating (loss) profit	( <u>3,476</u> )	( <u>2</u> )	<u>6,419</u>	<u>3</u>	( <u>32,258</u> )	( <u>7</u> )	<u>23,734</u>	<u>4</u>
	Non-operating income and expenses (Notes 22 and 26)								
7100	Interest income	848	1	522	-	4,134	1	1,423	-
7010	Others	46,509	29	107,164	55	290,841	65	203,835	34
7020	Other gains and losses	150,171	94	( 49,653 )	( 25 )	10,845	2	( 469,405 )	( 77 )
7050	Finance costs	( 4,329 )	( 2 )	( 3,202 )	( 2 )	( 12,454 )	( 3 )	( 9,423 )	( 2 )
7055	Expected credit impairment loss	( <u>274</u> )	<u>-</u>	<u>-</u>	<u>-</u>	( <u>274</u> )	<u>-</u>	<u>-</u>	<u>-</u>
7000	Subtotal	<u>192,925</u>	<u>120</u>	<u>54,831</u>	<u>28</u>	<u>293,092</u>	<u>65</u>	( <u>273,570</u> )	( <u>45</u> )
7900	Net income (loss) before tax	189,449	118	61,250	31	260,834	58	( 249,836 )	( 41 )
7950	Income tax expense (Notes 4 and 23)	<u>3,010</u>	<u>2</u>	<u>3,677</u>	<u>2</u>	<u>1,134</u>	<u>-</u>	<u>9,948</u>	<u>2</u>
8000	Net income (loss)	<u>186,439</u>	<u>116</u>	<u>57,573</u>	<u>29</u>	<u>259,700</u>	<u>58</u>	( <u>259,784</u> )	( <u>43</u> )
	Other comprehensive income Not to be reclassified to profit or loss in subsequent periods:								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	<u>3,968</u>	<u>2</u>	( <u>19,100</u> )	( <u>10</u> )	<u>22,057</u>	<u>5</u>	( <u>119,619</u> )	( <u>20</u> )
8500	Total comprehensive income (loss) for the year	<u>\$ 190,407</u>	<u>119</u>	<u>\$ 38,473</u>	<u>20</u>	<u>\$ 281,757</u>	<u>63</u>	( <u>\$ 379,403</u> )	( <u>63</u> )
	Net profit (loss) attributed to								
8610	Owner of the Company	\$ 182,657	114	47,253	24	\$ 258,253	58	( 282,512 )	( 47 )
8620	Non-controlling interests	<u>3,782</u>	<u>2</u>	<u>10,320</u>	<u>5</u>	<u>1,447</u>	<u>-</u>	<u>22,728</u>	<u>4</u>
8600		<u>\$ 186,439</u>	<u>116</u>	<u>\$ 57,573</u>	<u>29</u>	<u>\$ 259,700</u>	<u>58</u>	( <u>\$ 259,784</u> )	( <u>43</u> )
	Comprehensive income attributable to								
8710	Owner of the Company	\$ 186,826	117	\$ 28,167	15	\$ 279,918	62	( \$ 398,780 )	( 66 )
8720	Non-controlling interests	<u>3,581</u>	<u>2</u>	<u>10,306</u>	<u>5</u>	<u>1,839</u>	<u>1</u>	<u>19,377</u>	<u>3</u>
8700		<u>\$ 190,407</u>	<u>119</u>	<u>\$ 38,473</u>	<u>20</u>	<u>\$ 281,757</u>	<u>63</u>	( <u>\$ 379,403</u> )	( <u>63</u> )
	Earnings (losses) per share (Note 24)								
9710	Basic	<u>\$ 0.97</u>		<u>\$ 0.25</u>		<u>\$ 1.37</u>		( <u>\$ 1.49</u> )	
9810	Dilution	<u>\$ 0.97</u>		<u>\$ 0.25</u>		<u>\$ 1.37</u>		( <u>\$ 1.49</u> )	

The notes constitute a part of the financial statements.

(Please refer to the Review Report of Deloitte & Touche on November 10, 2023)

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 September 30, 2023 and 2022

Unit: NT\$ thousand

Equity attributable to owners of the Company (Notes 8 and 20)

Code		Capital reserve				Retained earnings			Other equity Unrealized profit and loss on the financial assets measured at fair value through other comprehensive income	Total equity of the owner of the Company	Non-controlling interests (Note 20)	Total equity	
		Share capital	Treasury shares transaction	Recognition of changes in ownership interests in subsidiaries	Others	Total	Legal reserve	Unappropriated earnings					Total
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	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 income (loss) from January 1 to September 30, 2022	-	-	-	-	-	-	( 282,512)	( 282,512)	-	( 282,512)	22,728	( 259,784)
D3	Other comprehensive income after tax from January 1 to September 30, 2022	-	-	-	-	-	-	-	-	( 116,268)	( 116,268)	( 3,351)	( 119,619)
D5	Total comprehensive income from January 1 to September 30, 2022	-	-	-	-	-	-	( 282,512)	( 282,512)	( 116,268)	( 398,780)	19,377	( 379,403)
O1	Cash dividends for shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	( 12,972)	( 12,972)
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	50,566	50,566	( 50,566)	-	-	-
Z1	Balance on September 30, 2022	\$ 1,890,023	\$ 20,348	\$ 18	\$ 491	\$ 20,857	\$ 309,697	\$ 85,422	\$ 395,119	\$ 153,604	\$ 2,459,603	\$ 247,654	\$ 2,707,257
A1	Balance as of January 1, 2023	\$ 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	-	-	-	( 4)	( 4)	-	-	-	-	( 4)	-	( 4)
D1	Net income from January 1 to September 30, 2023	-	-	-	-	-	-	258,253	258,253	-	258,253	1,447	259,700
D3	Other comprehensive income after tax from January 1 to September 30, 2023	-	-	-	-	-	-	-	-	21,665	21,665	392	22,057
D5	Total comprehensive income from January 1 to September 30, 2023	-	-	-	-	-	-	258,253	258,253	21,665	279,918	1,839	281,757
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 on September 30, 2023	\$ 1,890,023	\$ 20,348	\$ 18	\$ 487	\$ 20,853	\$ 309,697	\$ 421,916	\$ 731,613	\$ 110,881	\$ 2,753,370	\$ 230,389	\$ 2,983,759

The notes constitute a part of the financial statements.

(Please refer to the Review Report of Deloitte & Touche on November 10, 2023)

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 September 30, 2023 and 2022

Unit: NT\$ thousand

Code		January 1 to September 30, 2023	January 1 to September 30, 2022
	Cash flows from operating activities		
A00010	Net income (loss) before tax	\$ 260,834	( \$ 249,836 )
	Adjustments to reconcile profit (loss)		
A20100	Depreciation	34,022	41,171
A20200	Amortization expenses	16,372	14,820
A20300	Expected credit impairment loss	1,286	-
A20400	Net (gain) loss of financial assets at fair value through profit or loss	( 11,046 )	470,388
A20900	Finance costs	12,454	9,423
A21200	Interest income	( 4,134 )	( 1,423 )
A21300	Dividend income	( 279,066 )	( 174,578 )
A22500	Net gains from the disposal and scrap of property, plant, and equipment	( 700 )	( 1,075 )
A22800	Loss of disposal of intangible assets	1	-
A23800	Gains on inventory devaluation and obsolescence recovery	( 83 )	( 11,015 )
A29900	Others	822	( 2,416 )
	Net change in operating assets and liabilities		
A31130	Notes receivable	( 5,427 )	( 1,631 )
A31140	Notes receivable - related parties	( 900 )	2,390
A31150	Accounts receivables	( 4,473 )	1,594
A31160	Accounts receivable - related parties	7,266	8,890
A31180	Other receivables	1,106	( 3,353 )
A31190	Other receivables - related parties	270	-
A31200	Inventory	( 33,329 )	13,825
A31230	Prepayments	( 6,057 )	7,476
A31240	Other current assets	2,344	( 306 )
A32130	Notes payable	( 7,815 )	13,943
A32140	Notes payable - related parties	3,840	( 463 )
A32150	Accounts payable	14,283	( 6,563 )
A32160	Accounts payable - related parties	43	( 2,098 )
A32180	Other payables	7,157	( 208,699 )
A32190	Other payables - related parties	589	-
A32230	Other current liabilities	( 544 )	5,923
A32240	Net defined benefit assets and liabilities	321	608
A33000	Cash inflows (outflows) from operations	9,436	( 73,005 )
A33300	Interest paid	( 5,863 )	( 2,445 )
A33500	Income tax paid	( 8,798 )	( 1,377 )
AAAA	Net cash outflow from operating activities	( 5,225 )	( 76,827 )

(Cont'd)

(Cont'd.)

Code	January 1 to September 30, 2023	January 1 to September 30, 2022
Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	( \$ 45,738 ) ( \$ 55,368 )
B00020	Disposal of financial assets measured at fair value through other comprehensive income	59,035 157,609
B00040	Acquisition of financial assets at amortized cost	( 350 ) ( 49,900 )
B00050	Disposal of financial assets measured at amortized cost	500 -
B00100	Acquisition of financial assets at fair value through profit or loss	( 500,470 ) ( 878,843 )
B00200	Disposal of financial assets at fair value through profit or loss	427,501 363,410
B02700	Acquisition of property, plant and equipment	( 17,328 ) ( 33,665 )
B02800	Disposal of property, plant and equipment prices	1,137 1,090
B03700	Increase in refundable deposits	- ( 438 )
B03800	Decrease in refundable deposits	187 -
B04500	Acquisition of intangible assets	( 94,635 ) ( 361 )
B06500	Increase in their financial assets	( 8,796 ) ( 4,604 )
B06800	Decrease of other non-current assets	36,299 1,402
B07500	Interest received	3,960 1,382
B07600	Dividends received	<u>278,866</u> <u>174,578</u>
BBBB	Net cash inflows (outflows) from investing activities	<u>140,168</u> ( <u>323,708</u> )
Cash flows from financing activities		
C00100	Increase in short-term borrowings	95,000 -
C00200	Decrease in short-term borrowings	- ( 30,000 )
C01600	Increase in long-term loans	50,000 43,333
C01700	Decrease in long-term loans	( 14,153 ) ( 20,000 )
C03000	Increase in guarantee deposits	50 -
C03100	Decrease in guarantee deposits	- ( 194 )
C04020	Lease liability principal repayments	( 27,287 ) ( 25,968 )
C04400	Other non-current liabilities	<u>-</u> ( <u>12,805</u> )
CCCC	Net cash inflow (outflow) from financing activities	<u>103,610</u> ( <u>45,634</u> )
EEEE	Net cash increase (decrease) in the current period	238,553 ( 446,169 )
E00100	Cash balance at the beginning of the period	<u>347,821</u> <u>896,679</u>
E00200	Cash balance at the end of the period	<u>\$ 586,374</u> <u>\$ 450,510</u>

The notes constitute a part of the financial statements.  
(Please refer to the Review Report of Deloitte & Touche on November 10, 2023)

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 September 30, 2023 and 2022  
(Amounts in thousands of New Taiwan Dollars, unless otherwise stated)

I. Corporate history

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

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

The 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 November 10, 2023.

III. Application of New and Revised International Financial Reporting Standards

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

The application of the revised IFRSs approved and issued 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.

In addition to the above effects, as of the release date of this consolidated financial statement, the group continues to evaluate the impact of the amendments on the above standards and interpretations on the financial position and financial performance, and the relevant impact will be disclosed when the evaluation is completed.

(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 other standards and interpretations above 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 IAS 34 "Interim Financial Report" endorsed and issued into effect by the FSC. The consolidated statements do not include all IFRSs disclosure information stated for the financial statements of the entire year.

(II) Basis of preparation

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

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

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

(III) Basis of consolidation

The consolidated financial statements contain the financial statements of the Company and the entities controlled by the Company (subsidiaries). 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.

Please refer to Note 12 and Table 4 for details of subsidiaries, shareholding ratio and business items.

(IV) Other material accounting policies

Except for the following descriptions, please refer to the summary of material accounting policies in the 2022 consolidated financial statements.

1. Defined benefits and post-employment benefits

The pension costs for the interim period adopt the pension cost rate determined based on the actuary at the end of the preceding year and is calculated based on the period from the beginning of the year to the end of the current period and adjusted in accordance with material plan modifications, settlements, or other significant one-off matters.

2. Income tax

Income tax expense represents the sum of current income tax and deferred income tax. Income tax for the interim period is evaluated based on the year and calculated for the interim gains before tax by adopting the tax rate that is expected to be applicable to the annual total earnings.

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

Major sources of uncertainty in major accounting judgments, estimates, and assumptions adopted by the consolidated financial statements are equivalent to that of the 2022 consolidated financial statements.

VI. Cash

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and working capital	\$ 1,421	\$ 1,390	\$ 1,505
Checks and demand deposits at banks	<u>584,953</u>	<u>346,431</u>	<u>449,005</u>
	<u>\$ 586,374</u>	<u>\$ 347,821</u>	<u>\$ 450,510</u>

VII. Financial instruments at fair value through profit or loss

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets - current</u>			
Mandatory measurement at fair value through profit or loss			
Non-derivative financial assets			
- Domestic listed (OTC) stock	\$ 1,156,493	\$ 1,072,727	\$ 840,195
- Fund beneficiary certificate	<u>30,939</u>	<u>30,669</u>	<u>59,073</u>
	<u>\$ 1,187,432</u>	<u>\$ 1,103,396</u>	<u>\$ 899,268</u>
<u>Financial assets - non-current</u>			
Mandatory measurement at fair value through profit or loss			
Non-derivative financial assets			
- Domestic unlisted (non-OTC) stock	<u>\$ 362</u>	<u>\$ 383</u>	<u>\$ 412</u>

Please refer to Note 27 for information on financial assets at fair value through profit or loss - current pledge.

VIII. Financial assets measured at fair value through other comprehensive income

Investment in equity instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Domestic investment			
Listed (OTC) stock	<u>\$ 145,584</u>	<u>\$ 157,036</u>	<u>\$ 301,014</u>
<u>Non-current</u>			
Domestic investment			
Unlisted (non-OTC) stock	\$ 184,214	\$ 165,926	\$ 175,810
Foreign investment			
Unlisted (non-OTC) stock	<u>3,585</u>	<u>1,661</u>	<u>1,710</u>
	<u>\$ 187,799</u>	<u>\$ 167,587</u>	<u>\$ 177,520</u>

The merged company invests in the ordinary shares of the above-mentioned domestic and foreign listed (TWSE) and unlisted (OTC) companies based on medium and long-term strategic purposes and expects to make profits through long-term investments. The management of the 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.

For the nine months ended September 30, 2023, the group purchased ordinary shares of IBF Financial Holdings Co., Ltd. and Taisun Enterprise Co., Ltd. at a price of NT\$38,942 thousand and NT\$6,796 thousand, respectively. As it is a mid- and long-term strategic investment, it is designated to be measured at fair value through other comprehensive gains and losses.

For the nine months ended September 30, 2023, the group 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.

For the three months ended September 30, 2022, the group adjusted its investment position to diversify risks and successively sold some ordinary shares of IBF Financial Holdings Co., Ltd. and Taisun Enterprise Co., Ltd. at fair values of NT\$129,189 thousand and NT\$28,420 thousand, and other related interests - unrealized interests in financial assets measured at fair value through other comprehensive gains and losses of NT\$50,566 thousand were transferred to retained earnings.

Please refer to Note 27 for information on financial assets measured at fair value through other combined profits or losses - current pledge.

IX. Financial assets measured at amortized cost

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Domestic investment			
Time deposits with an original maturity date of more than 3 months	<u>\$ 23,650</u>	<u>\$ 23,800</u>	<u>\$ 85,150</u>

Please refer to Note 27 for information on pledged financial assets measured at amortized cost.

X. Notes receivable, accounts receivable and other receivables

	September 30, 2023	December 31, 2022	September 30, 2022
Measured at amortized cost			
Gross carrying amount			
<u>Notes receivable</u>	<u>\$ 12,573</u>	<u>\$ 7,146</u>	<u>\$ 8,062</u>
<u>Notes receivable - related parties</u>	<u>\$ 35,653</u>	<u>\$ 34,753</u>	<u>\$ 43,724</u>
<u>Accounts receivables</u>	\$ 43,992	\$ 59,189	\$ 89,146
Less: loss allowance	( <u>714</u> )	( <u>19,670</u> )	( <u>19,670</u> )
	<u>\$ 43,278</u>	<u>\$ 39,519</u>	<u>\$ 69,476</u>
<u>Accounts receivable - related parties</u>	<u>\$ 30,101</u>	<u>\$ 37,367</u>	<u>\$ 37,343</u>
<u>Other receivables</u>	\$ 4,679	\$ 334,282	\$ 347,192
Less: loss allowance	( <u>577</u> )	( <u>328,876</u> )	( <u>325,781</u> )
	<u>\$ 4,102</u>	<u>\$ 5,406</u>	<u>\$ 21,411</u>
<u>Other receivables - related parties</u>	<u>\$ -</u>	<u>\$ 270</u>	<u>\$ -</u>

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:

September 30, 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	0.20%	-	-	-	100.00%	
Gross carrying amount	\$ 125,981	\$ -	\$ -	\$ -	\$ 1,017	\$ 126,998
Loss allowance (lifetime expected credit losses)	( 274 )	-	-	-	( 1,017 )	( 1,291 )
Cost after amortization	<u>\$ 125,707</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,707</u>

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	<u>\$ 124,319</u>	<u>\$ 142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,461</u>

September 30, 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	-	-	-	-	100.00%	
Gross carrying amount	\$ 180,016	\$ -	\$ -	\$ -	\$ 345,451	\$ 525,467
Loss allowance (lifetime expected credit losses)	-	-	-	-	( 345,451 )	( 345,451 )
Cost after amortization	<u>\$ 180,016</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,016</u>

Information on changes in loss allowances is as follows:

	<u>2023</u>	<u>2022</u>
Balance at the beginning of the period	\$ 348,546	\$ 345,451
Add: Provision of impairment loss	1,286	-
Less: Actual write-offs	( 348,541 )	-
Balance at the end of the period	<u>\$ 1,291</u>	<u>\$ 345,451</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Building and land under construction	\$ 192,684	\$ 160,277	\$ 159,361
Commodities	5,632	5,713	5,739
Food and beverage	1,542	456	837
Materials	<u>                    -</u>	<u>                    386</u>	<u>                    449</u>
	<u>\$ 199,858</u>	<u>\$ 166,832</u>	<u>\$ 166,386</u>

The cost of sales for the nine months ended September 30, 2023 and 2022, including the gain on recovery of the net realizable value of inventories, were NT\$83 thousand and NT\$11,015 thousand, respectively, mainly due to the sale of inactive inventories during the year.

Please refer to Note 27 for the amount of buildings under construction and land pledged for borrowings.

## XII. Subsidiary

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			Explanation
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	Miramar Hospitality Co., Ltd. (Miramar Hospitality)	Development and management of tourist hotels	62.99%	62.99%	62.99%	1.
	Miramar Resort Co., Ltd.	Management of hotels and water recreation activities	66.18%	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%	47.47%	3.
	ACMC TRADING CO., LTD. (ACMC Trading)	International trade management	100.00%	100.00%	100.00%	4.
	Safe Cargo Transportation Co., Ltd. (An Ho Transportation)	Operation and investment of automobile freight and related businesses	-	-	100.00%	5.
	Safe Petroleum Transportation Co., Ltd. (Safe Petroleum Transportation)	Operation and investment of automobile freight and related businesses	-	-	100.00%	5.
	Safe Container Transportation Co., Ltd. (Safe Container Transportation)	Operation and investment of automobile container and related businesses	-	-	100.00%	5.
	Safe Logistics Transportation Co., Ltd. (Safe Logistics Transportation)	Operation and investment of automobile freight and related businesses	-	-	100.00%	5.
Miramar Hospitality Co., Ltd.	Miramar Resort Co., Ltd.	Management of hotels and water recreation activities	13.33%	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 September 30, 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, which were completed and recovered at the end of November 2022.
6. As of September 30, 2022, except for the financial statements of Hsin Hai Transportation and Miramar Hospitality Co., Ltd. that were reviewed by CPAs as they are material subsidiaries, financial statements of other non-material subsidiaries were not reviewed by CPAs.

XIII. Property, plant and equipment

	September 30, 2023	December 31, 2022	September 30, 2022
Land	\$ 156,144	\$ 156,144	\$ 156,144
Buildings	10,077	10,434	10,555
Transportation equipment	44,154	49,891	76,787
Office equipment	4,989	5,507	6,210
Restaurant and hotel equipment	<u>12,722</u>	<u>3,384</u>	<u>3,440</u>
	<u>\$ 228,086</u>	<u>\$ 225,360</u>	<u>\$ 253,136</u>

On October 21, 2022, in line with the government's deregulation policy, Miramar Hospitality Co., Ltd. withdrew from the ranks of epidemic-proof hotels and returned to general hotels for business operations. The entire hotel was replaced by new ones and was officially completed and reopened on January 18, 2023. For the nine months ended September 30, 2023, there was an addition of restaurant and hotel equipment in the amount of NT\$10,723 thousand.

Except for the abovementioned descriptions and the depreciation expenses recognized, the property, plant and equipment of the group had no material addition, disposal, or impairment for the nine months ended September 30, 2023 and 2022. 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	1 to 20 years
Restaurant and hotel equipment	2 to 10 years

Please refer to Note 27 for the amount of property, plant and equipment pledged by the merged company as collateral for borrowings.

XIV. Lease agreement

(I) Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
Book value of right-of-use assets			
Land	\$ 495,698	\$ 504,275	\$ 511,738
Buildings	<u>2,169</u>	<u>2,576</u>	<u>2,711</u>
	<u>\$ 497,867</u>	<u>\$ 506,851</u>	<u>\$ 514,449</u>

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Increase in right-of-use assets			\$ 10,873	\$ 3,804
Depreciation expense of right-of-use assets				
Land	\$ 6,482	\$ 6,920	\$ 19,450	\$ 20,682
Buildings	137	135	407	406
Power-saving equipment	-	-	-	477
	<u>\$ 6,619</u>	<u>\$ 7,045</u>	<u>\$ 19,857</u>	<u>\$ 21,565</u>

(II) Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Book value of lease liabilities			
Current	<u>\$ 21,054</u>	<u>\$ 17,464</u>	<u>\$ 18,413</u>
Non-current	<u>\$ 487,940</u>	<u>\$ 504,763</u>	<u>\$ 504,175</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Land	1.70%~1.95%	1.70%~1.76%	1.70%~1.76%
Buildings	1.70%	1.70%	1.70%

(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 “Guidelines for Promoting Private Participation in Public Construction, Lease of Public Land and Setting Preferential Rents for Superficial Rights” which 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% for the year ended December 31, 2022. From January 1 to September 30, 2022, the group recognized the effect of the aforementioned rent reductions in the amount of NT\$3,332 thousand (recognized in other income).

(IV) Other lease information

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Expenses relating to short-term leases	\$ <u>361</u>	\$ <u>1,200</u>	\$ <u>1,093</u>	\$ <u>1,332</u>
Lease expenses of low-value assets	\$ <u>58</u>	\$ <u>22</u>	\$ <u>169</u>	\$ <u>169</u>
Cash (outflow) of leases				
Total amount			( \$ <u>28,549</u> )	( \$ <u>27,469</u> )

XV. Investment property

	September 30, 2023	December 31, 2022	September 30, 2022
Land			
Keelung Nuan-Nuanyuan Section	\$ <u>30,026</u>	\$ <u>30,026</u>	\$ <u>30,026</u>

The fair value of the merged company's investment property was evaluated by Ching-Tang Li, an independent evaluator who is not a related party. On December 20, 2021, upon the release of the Real Estate Valuation Report for the Far-end Section of Keelung, the Company estimated its fair value to be NT\$40,789 thousand, the evaluation is made with reference to market evidence of real estate transaction prices. Since there is no significant change in the real estate transaction price in the area, the fair value on September 30, 2023, December 31, 2022, and September 30, 2022 was appraised and the aforementioned fair value evaluated by an independent independent appraiser who is not a related party. There should be no significant difference.

XVI. Intangible assets

	September 30, 2023	December 31, 2022	September 30, 2022
Operating concession	\$ 494,436	\$ 416,208	\$ 422,574
Computer software	<u>83</u>	<u>49</u>	<u>60</u>
	<u>\$ 494,519</u>	<u>\$ 416,257</u>	<u>\$ 422,634</u>

On October 21, 2022, in line with the government's deregulation policy, Miramar Hospitality Co., Ltd. withdrew from the ranks of epidemic-proof hotels and returned to general hotels for business operations. The entire hotel was replaced by new ones and was officially completed and reopened on January 18, 2023. For the nine months ended September 30, 2023, there was an addition of operating royalty cost in the amount of NT\$94,575 thousand.

Except for the abovementioned descriptions and the amortization expenses recognized, the intangible assets of the group had no material addition, disposal, or impairment for the nine months ended September 30, 2023 and 2022. 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 cost and cumulative amortization of the abovementioned operating royalty on September 30, 2023 in the amount of NT\$494,436 thousand were NT\$977,083 thousand and NT\$482,647 thousand, respectively. The cost includes the royalty of NT\$27,000 thousand and the planning fee of NT\$2,390 thousand that was 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\$947,693 thousand.

Please refer to Note 27 for the amount of intangible assets pledged for borrowings.

## XVII. Borrowings

### (I) Short-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured borrowings</u> (Note 27)			
Bank mortgage	\$ 180,000	\$ 130,000	\$ 100,000
<u>Unsecured borrowings</u>			
Borrowings against credit lines	<u>45,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 225,000</u>	<u>\$ 130,000</u>	<u>\$ 100,000</u>

The bank borrowings are secured by pledges of the group's bank deposits, certificates of deposit, listed shares, land, buildings and operating concessions (see Note 27). The interest rate of bank revolving borrowings as of September 30, 2023 and December 31 and September 30, 2022 were 2.100%~2.520%, 2.035%~2.604%, and 1.91~2.22%, respectively.

## (II) Long-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured borrowings</u> (Note 27)			
Bank mortgage	\$ 57,791	\$ 20,833	\$ 23,333
<u>Unsecured borrowings</u>			
Borrowings against credit lines	<u>18,889</u>	<u>20,000</u>	<u>20,000</u>
	76,680	40,833	43,333
Less: Portion of long-term borrowings due within one year	( <u>27,153</u> )	( <u>10,000</u> )	( <u>10,000</u> )
	<u>\$ 49,527</u>	<u>\$ 30,833</u>	<u>\$ 33,333</u>
Repayment maturity date of secured borrowings	2025.1.17~ 2028.1.30	2024.1.17	2024.1.17
Repayment maturity date of unsecured borrowings	2026.9.3	2026.5.4~9.3	2026.5.4~9.3

Secured bank borrowings are secured by the certificates of term deposits, land, buildings, operating royalty, and development royalty (please refer to Note 27) of the group; as of September 30, 2023, and December 31 and September 30, 2022, the interest rate was 2.325%~2.595%, 2.47% and 2.22~2.35%, respectively.

The interest rate of the unsecured borrowings was 2.595%, 1.85%, and 2.22% as of September 30, 2023 and December 31 and September 30, 2022, respectively, belongs to the Tourism Industry Revitalization Financing of the Tourism Bureau, MOTC.

XVIII. Other payables

	September 30, 2023	December 31, 2022	September 30, 2022
Payroll payable	\$ 31,343	\$ 33,547	\$ 36,132
Dividends payable	12,159	-	9,391
Premium payable	12,521	15,557	15,004
Stock settlement payable	16,909	4,912	6,945
Remuneration payable to directors	3,293	740	4,052
Remuneration payable to employees	3,293	740	4,064
Tax payable	220	6,471	643
Others	<u>18,367</u>	<u>17,123</u>	<u>17,877</u>
	<u>\$ 98,105</u>	<u>\$ 79,090</u>	<u>\$ 94,108</u>

XIX. Post-employment benefit plan

The pension expenses related to defined benefit plans recognized for the three months ended September 30, 2023 and 2022 and from January 1 to September 30, 2023 and 2022 were calculated based on the pension cost rate determined through an actuary as of December 31, 2022 and 2021, and the amount was NT\$287 thousand, NT\$476 thousand, NT\$860 thousand, and NT\$924 thousand, respectively.

XX. Equity

(I) Share capital

Common stock

	September 30, 2023	December 31, 2022	September 30, 2022
Number of shares (thousand)	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Authorized capital	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>
Number of shares issued and fully paid (thousand shares)	<u>189,002</u>	<u>189,002</u>	<u>189,002</u>
Issued capital stock	<u>\$ 1,890,023</u>	<u>\$ 1,890,023</u>	<u>\$ 1,890,023</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>May be used to offset</u> <u>losses, distribute cash or</u> <u>capitalize on capital (1)</u>			
Treasury shares transaction	\$ 20,348	\$ 20,348	\$ 20,348
<u>Can only be used to offset</u> <u>a deficit</u>			
Recognition of changes in ownership interests of subsidiaries (2)	18	18	18
Unclaimed dividends after expiry date	<u>487</u>	<u>491</u>	<u>491</u>
	<u>\$ 20,853</u>	<u>\$ 20,857</u>	<u>\$ 20,857</u>

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 appropriation of earnings for 2021 was approved during the general shareholders' meeting on June 24, 2022, as follows:

	<u>2021</u>
Legal reserve	<u>\$ 37,479</u>
Cash dividends	<u>\$ 171,821</u>
Stock dividends	<u>\$ 171,821</u>
Cash dividend per share (NTD)	\$ 1
Dividends per share (NTD)	\$ 1

XXI. Income

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Revenue from contracts with customers				
Transportation revenue	\$ 89,721	\$ 129,497	\$ 284,415	\$ 409,080
Hospitality revenue	67,432	64,054	156,366	187,499
Rental income	2,897	2,709	8,683	8,119
Others	-	4	13	1,359
	<u>\$ 160,050</u>	<u>\$ 196,264</u>	<u>\$ 449,477</u>	<u>\$ 606,057</u>

For the breakdown of revenue from contracts with customers, please refer to Note 30.

XXII. Net profit (loss)

(I) Others

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Dividend income	\$ 43,231	\$ 97,880	\$ 279,066	\$ 174,578
Rental income	2,556	2,821	6,741	5,720
Subsidies income	16	5,653	930	21,834
Others	706	810	4,104	1,703
	<u>\$ 46,509</u>	<u>\$ 107,164</u>	<u>\$ 290,841</u>	<u>\$ 203,835</u>

(II) Other gains and losses

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Net gain (loss) on financial assets at fair value through profit or loss	\$ 150,893	(\$ 50,681)	\$ 11,046	(\$ 470,388)
Net (gain) loss from disposal and retirement of real estate, plant and equipment	( 4)	848	700	1,075
Net foreign exchange (loss) gain	33	( 32)	73	( 69)
Others	( 751)	212	( 974)	( 23)
	<u>\$ 150,171</u>	<u>(\$ 49,653)</u>	<u>\$ 10,845</u>	<u>(\$ 469,405)</u>

(III) Finance costs

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Interest on lease liabilities	\$ 2,304	\$ 2,361	\$ 6,948	\$ 7,108
Interest on bank borrowings	<u>2,025</u>	<u>841</u>	<u>5,506</u>	<u>2,315</u>
	<u>\$ 4,329</u>	<u>\$ 3,202</u>	<u>\$ 12,454</u>	<u>\$ 9,423</u>

(IV) Depreciation and amortization

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Depreciation expenses by function				
Operating cost	\$ 6,495	\$ 9,456	\$ 19,887	\$ 27,403
Operating expense	<u>4,690</u>	<u>4,425</u>	<u>14,135</u>	<u>13,768</u>
	<u>\$ 11,185</u>	<u>\$ 13,881</u>	<u>\$ 34,022</u>	<u>\$ 41,171</u>
Amortization expenses are summarized by function				
Operating cost	\$ 5,387	\$ 4,428	\$ 15,642	\$ 14,019
Operating expense	<u>249</u>	<u>246</u>	<u>730</u>	<u>801</u>
	<u>\$ 5,636</u>	<u>\$ 4,674</u>	<u>\$ 16,372</u>	<u>\$ 14,820</u>

(V) Employee benefits expense

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Post-employment benefits				
Defined contribution plan	\$ 1,799	\$ 2,371	\$ 5,581	\$ 7,298
Defined benefit plan	<u>287</u>	<u>476</u>	<u>860</u>	<u>924</u>
	<u>2,086</u>	<u>2,847</u>	<u>6,441</u>	<u>8,222</u>
Other employee benefits	<u>49,396</u>	<u>63,747</u>	<u>139,527</u>	<u>173,770</u>
Total employee benefit expenses	<u>\$ 51,482</u>	<u>\$ 66,594</u>	<u>\$ 145,968</u>	<u>\$ 181,992</u>
Summary by function				
Operating cost	\$ 33,438	\$ 44,910	\$ 95,051	\$ 120,390
Operating expense	<u>18,044</u>	<u>21,684</u>	<u>50,917</u>	<u>61,602</u>
	<u>\$ 51,482</u>	<u>\$ 66,594</u>	<u>\$ 145,968</u>	<u>\$ 181,992</u>

(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. For the nine months ended September 30, 2022 was a net loss before tax; therefore, there was no estimation of remunerations of employees and Directors. For the nine months ended September 30, 2023, the remuneration of employees and remuneration of Directors are estimated as follows:

Estimated allowance

	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Employee remuneration	1%	1%
Remuneration to directors	1%	1%

Amount

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Employee remuneration	<u>\$ 1,891</u>	<u>\$ -</u>	<u>\$ 2,662</u>	<u>\$ -</u>
Remuneration to directors	<u>\$ 1,891</u>	<u>\$ -</u>	<u>\$ 2,662</u>	<u>\$ -</u>

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.

On March 28, 2022, the board of directors resolved the compensation for employees and directors for 2021 as follows:

Amount

	<u>2021</u>	
	<u>Cash</u>	<u>Stock</u>
Employee remuneration	\$ 3,031	\$ -
Remuneration to directors	3,031	-

There is no difference between the actual amount of employees' compensation and remuneration of directors paid and the amount recognized in the consolidated financial statements.

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:

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Current income tax				
Generated during the period	\$ 137	\$ 1,885	\$ 2,091	\$ 5,426
Adjustment from previous year	<u>-</u>	<u>-</u>	<u>84</u>	<u>( 2,994 )</u>
	<u>137</u>	<u>1,885</u>	<u>2,175</u>	<u>2,432</u>
Deferred income tax				
Generated during the period	2,873	1,792	( 1,041 )	7,483
Adjustment from previous year	<u>-</u>	<u>-</u>	<u>-</u>	<u>33</u>
	<u>2,873</u>	<u>1,792</u>	<u>( 1,041 )</u>	<u>7,516</u>
Income tax expenses recognized in profit or loss	<u>\$ 3,010</u>	<u>\$ 3,677</u>	<u>\$ 1,134</u>	<u>\$ 9,948</u>

#### (II) Authorization of income tax

The profit-seeking enterprise income tax returns of the Company and its subsidiaries have been approved by the tax collection authority up to 2021.

### XXIV. Earnings (losses) per share

Unit: NTD per share

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Basic earnings (losses) per share				
Basic earnings (losses) per share	<u>\$ 0.97</u>	<u>\$ 0.25</u>	<u>\$ 1.37</u>	<u>( \$ 1.49 )</u>
Diluted earnings (losses) per share				
Diluted earnings (losses) per share	<u>\$ 0.97</u>	<u>\$ 0.25</u>	<u>\$ 1.37</u>	<u>( \$ 1.49 )</u>

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)

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Net profit (loss) attributable to owners of the Company	<u>\$ 182,657</u>	<u>\$ 47,253</u>	<u>\$ 258,253</u>	<u>( \$ 282,512 )</u>

<u>Number of shares</u>	Unit: Thousand shares			
	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Weighted average number of ordinary shares used in the computation of basic and diluted earnings (loss) per share	189,002	189,002	189,002	189,002
Effect of potential dilutive ordinary shares:				
Employee remuneration	147	-	206	-
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	<u>189,149</u>	<u>189,002</u>	<u>189,208</u>	<u>189,002</u>

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 nine months ended September 30, 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. 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

##### September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit or loss</u>				
Domestic listed (OTC) stock	\$ 1,156,493	\$ -	\$ -	\$ 1,156,493
Domestic unlisted (non-OTC) stock	-	362	-	362
Fund beneficiary certificate	30,939	-	-	30,939
	<u>\$ 1,187,432</u>	<u>\$ 362</u>	<u>\$ -</u>	<u>\$ 1,187,794</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investment in equity instruments				
- Domestic listed (OTC) stock	\$ 145,584	\$ -	\$ -	\$ 145,584
- Domestic unlisted (non-OTC) stock	-	184,214	-	184,214
- Foreign unlisted (non-OTC) stocks	-	3,585	-	3,585
	<u>\$ 145,584</u>	<u>\$ 187,799</u>	<u>\$ -</u>	<u>\$ 333,383</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Measured at fair value through profit or loss</u>				
<u>Financial assets</u>				
Domestic listed (OTC) stock	\$ 1,072,727	\$ -	\$ -	\$ 1,072,727
Domestic unlisted (non-OTC) stock	-	383	-	383
Fund beneficiary certificate	30,669	-	-	30,669
	<u>\$ 1,103,396</u>	<u>\$ 383</u>	<u>\$ -</u>	<u>\$ 1,103,779</u>
<u>Financial assets at fair value through other comprehensive income</u>				
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
	<u>\$ 157,036</u>	<u>\$ 167,587</u>	<u>\$ -</u>	<u>\$ 324,623</u>

September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit or loss</u>				
Domestic listed (OTC) stock	\$ 840,195	\$ -	\$ -	\$ 840,195
Domestic unlisted (non-OTC) stock	-	412	-	412
Fund beneficiary certificate	59,073	-	-	59,073
	<u>\$ 899,268</u>	<u>\$ 412</u>	<u>\$ -</u>	<u>\$ 899,680</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investment in equity instruments				
- Domestic listed (OTC) stock	\$ 301,014	\$ -	\$ -	\$ 301,014
- Domestic unlisted (non-OTC) stock	-	175,810	-	175,810
- Foreign unlisted (non-OTC) stocks	-	1,710	-	1,710
	<u>\$ 301,014</u>	<u>\$ 177,520</u>	<u>\$ -</u>	<u>\$ 478,534</u>

There were no transfers between Level 1 and Level 2 fair value measurements during the nine months ended September 30, 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) stocks	Market method: For companies in the same industry and with similar operating and financial conditions, the transaction price of their stocks in an active market, and the corresponding value multiplier, and consider the liquidity risk to calculate the liquidity discount to convert the value of the target. Asset method: Fair value is derived from inputs that are directly (i.e., prices) or indirectly (i.e., derived from prices) observable, which is belonging to the assets or liabilities.

(III) Types of Financial Instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Measured at fair value through profit or loss			
Mandatory measurement at fair value through profit or loss	\$ 1,187,794	\$ 1,103,779	\$ 899,680
Financial assets at amortized cost (Note 1)	906,589	658,331	726,568
Financial assets measured at fair value through other comprehensive income			
Investment in equity instruments	333,383	324,623	478,534
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	480,471	319,377	335,014

Note 1: The balance includes cash, financial assets measured at amortized cost - current, net notes receivable, notes receivable - related parties, net accounts receivable, accounts receivable - related parties, other net amounts receivable, other receivables - related parties, other financial assets - current, refundable deposits - non-current and other financial assets - non-current.

Note 2: The balance includes short-term borrowings, notes payable, notes payable - related parties, accounts payable, accounts payable - related parties, other payables, other payables - related parties, long-term borrowings (including the portion due within one year), guarantee deposits - current (accounted for as other current liabilities, guarantee deposits - non-current and other financial liabilities measured at amortized costs.

(IV) Financial Risk Management Objectives and Policies

The merged company's main financial instruments include cash, investment in equity instruments, accounts receivable, accounts payable, and borrowings. The merged company's financial strategy is mainly based on the principle of conservatism and stability. The goal of financial risk management is to manage the interest rate risk, credit risk and liquidity risk related to operating activities. In order to 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 merged 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
- Financial assets	\$ 5,000	\$ 100	\$ 64,850
- Financial liabilities	508,994	522,227	522,587
Cash flow interest rate risk			
- Financial assets	622,238	359,102	460,154
- Financial liabilities	301,680	170,833	143,333

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 assets and 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 group's net profit before tax for the nine months ended September 30, 2023 and 2022 would have increased /decreased by NT\$2,404 thousand and increased/decreased by NT\$2,376 thousand, mainly due to the variable interest rate deposits of the group and variable interest rate borrowings.

(2) Other pricing risks

The merged company is exposed to equity price risk due to the merged company's holding of domestic and foreign stocks, equity securities, and beneficiary certificates of funds. 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 had increased/decreased by 1%, the pre-tax/post-tax profit or loss during the period from January 1 to September 30, 2023 would have increased/decreased by NT\$11,878 thousand due to the increase/decrease in fair value of financial assets measured at fair value through profit or loss. Other comprehensive income before/after tax for the nine months ended September 30, 2023 would have increased/decreased by NT\$3,334 thousand due to an increase/decrease in fair value of financial assets measured at fair value through other comprehensive income.

If the equity price had increased/decreased by 1%, the pre-tax/post-tax profit or loss for the nine months ended September 30, 2023, 2022 would have increased/decreased by NT\$8,997thousand due to the increase/decrease in fair value of financial assets measured at fair value through profit or loss. Other comprehensive income before/after tax for the nine months ended September 30, 2022 would have increased/decreased by NT\$4,785 thousand due to an increase/decrease in fair value of financial assets measured at fair value through other comprehensive income.

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 group's unused financing facilities as of September 30, 2023 and December 31 and September 30, 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.

#### September 30, 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	\$ 77,773	\$ 43,839	\$ 17,488	\$ 1,017	\$ -
Lease liabilities	404	3,820	26,229	95,352	540,812
Floating interest rate instruments	<u>33,553</u>	<u>4,990</u>	<u>216,563</u>	<u>51,501</u>	<u>-</u>
	<u>\$ 111,730</u>	<u>\$ 52,649</u>	<u>\$ 260,280</u>	<u>\$ 147,870</u>	<u>\$ 540,812</u>

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	<u>\$ 30,453</u>	<u>\$ 95,352</u>	<u>\$ 103,935</u>	<u>\$ 99,290</u>	<u>\$ 99,290</u>	<u>\$ 238,297</u>

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	-
	<u>\$ 60,048</u>	<u>\$ 32,910</u>	<u>\$ 180,496</u>	<u>\$ 128,801</u>	<u>\$ 563,457</u>

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	<u>\$ 26,601</u>	<u>\$ 95,417</u>	<u>\$ 106,723</u>	<u>\$ 99,290</u>	<u>\$ 99,290</u>	<u>\$ 258,154</u>

September 30, 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	\$ 47,816	\$ 54,511	\$ 43,119	\$ 1,000	\$ -
Lease liabilities	1,270	3,129	31,982	129,196	686,721
Floating interest rate instruments	21,068	2,082	88,833	35,128	-
	<u>\$ 70,154</u>	<u>\$ 59,722</u>	<u>\$ 163,934</u>	<u>\$ 165,324</u>	<u>\$ 686,721</u>

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	<u>\$ 36,381</u>	<u>\$ 129,196</u>	<u>\$ 144,342</u>	<u>\$ 130,078</u>	<u>\$ 123,821</u>	<u>\$ 288,480</u>

The bank loans that the group can be required to repay immediately are included in the above-mentioned maturity analysis table within a period shorter than 1 month. As of September 30, 2023, and December 31 and September 30, 2022, the balance of undiscounted principal of these bank loans is NT\$32,985 thousand, NT\$833 thousand and NT\$20,833 thousand, respectively.

The amount of floating rate instruments for the above non-derivative financial liabilities will change due to the difference between the floating rate and the estimated rate on the balance sheet date.

(2) Financing limit

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank facilities (reviewed every year)			
- Amount used	\$ 63,889	\$ 20,000	\$ 20,000
- Unutilized amount	70,000	115,000	205,000
	<u>\$ 133,889</u>	<u>\$ 135,000</u>	<u>\$ 225,000</u>
Guaranteed bank facilities			
- Amount used	\$ 237,791	\$ 150,833	\$ 123,333
- Unutilized amount	438,000	388,000	398,000
	<u>\$ 675,791</u>	<u>\$ 538,833</u>	<u>\$ 521,333</u>

## XXVI. Related-Party Transactions

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 transactions between the merged company and other related parties are disclosed as follows.

### (I) Names of related parties and their relationships

Name of the related parties	Relationship with the merged company
Durban Development Co., Ltd.	Type of related parties
T&W Transportation Services	Type of related parties
Mayer Steel Pipe Corporation	Type of related parties
Mayer Inn Corporation	Type of related parties
Athena Information Systems International Co., Ltd.	Type of related parties
Durban Dive Corporation	Type of related parties
Yu-hung Investment Co., Ltd.	Type of related parties
Ying Shun Construction Co., Ltd.	Type of related parties
Mayer Inn Corporation	Type of related parties
Yuan Chuan Steel Co. Ltd.	Associates
TienPin Development Co., Ltd.	Associates
Miramar Hotel Taipei Co., Ltd.	Associates

### (II) Operating revenue

Accounting item	Type/Name of related parties	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Transportation revenue	Type of related parties T&W Transportation Services	\$ 43,560	\$ 55,044	\$ 142,868	\$ 178,679
Hospitality revenue	Type of related parties Others	262	152	549	308
Hospitality revenue	Associates Others	-	30	-	30
		<u>\$ 43,822</u>	<u>\$ 55,226</u>	<u>\$ 143,417</u>	<u>\$ 179,017</u>

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	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Transportation cost	Type of related parties T&W Transportation Services	\$ 14,626	\$ 12,588	\$ 38,614	\$ 38,554
Dining and travel expenses	Type of related parties Athena Information Systems International Co., Ltd.	92	90	278	237
		<u>\$ 14,718</u>	<u>\$ 12,678</u>	<u>\$ 38,892</u>	<u>\$ 38,791</u>

There was no significant difference in the price of sales between the merged company and the related party, and the non-related party.

## (IV) Operating expense

Accounting item	Type/Name of related parties	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Dining and travel expenses	Type of related parties				
	Athena Information Systems International Co., Ltd.	\$ 169	\$ 130	\$ 496	\$ 346
Transportation expenses	Type of related parties				
	T&W Transportation Services	<u>20</u>	<u>-</u>	<u>75</u>	<u>-</u>
		<u>\$ 189</u>	<u>\$ 130</u>	<u>\$ 571</u>	<u>\$ 346</u>

## (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. For the nine months ended September 30, 2023 and 2022, lease income recognized was NT\$580 thousand and NT\$583 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. For the nine months ended September 30, 2023 and 2022, the lease income recognized was NT\$18 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) Dividend income

Type/Name of related parties	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Type of related parties				
Mayer Steel Pipe Corporation Associates	\$ -	\$ -	\$ 22,100	\$ 59,550
Yuanquan Steel	<u>-</u>	<u>-</u>	<u>27,835</u>	<u>15,814</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,935</u>	<u>\$ 75,364</u>

## (VII) Interest income

Type/Name of related parties	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Type of related parties				
Mayer Steel Pipe Corporation	<u>\$ 274</u>	<u>\$ -</u>	<u>\$ 2,630</u>	<u>\$ -</u>

## (VIII) Other gains and losses

Type/Name of related parties	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Type of related parties				
T&W Transportation Services	<u>(\$ 89)</u>	<u>(\$ 40)</u>	<u>\$ 114</u>	<u>\$ 108</u>

## (IX) Receivables from related parties (excluding loans to related parties)

Accounting item	Type/Name of related parties	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable - related parties	Type of related parties T&W Transportation Services	\$ 35,653	\$ 34,753	\$ 43,724
Accounts receivable - related parties	Type of related parties T&W Transportation Services Others	\$ 30,085	\$ 37,367	\$ 37,293
		16	-	50
		\$ 30,101	\$ 37,367	\$ 37,343
Other receivables - related parties	Type of related parties Mayer Steel Pipe Corporation	\$ -	\$ 270	\$ -

No guarantee is collected for accounts receivable from related parties.

## (X) Payables to related parties (excluding loans from related parties)

Accounting item	Type/Name of related parties	September 30, 2023	December 31, 2022	September 30, 2022
Notes payable - related parties	Type of related parties T&W Transportation Services	\$ 14,362	\$ 10,522	\$ 13,068
Accounts payable - related parties	Type of related parties T&W Transportation Services Others	\$ 5,403	\$ 5,462	\$ 5,929
		102	-	-
		\$ 5,505	\$ 5,462	\$ 5,929
Other payables - related parties	Type of related parties Durban Development Co., Ltd. Athena Information Systems International Co., Ltd.	\$ 630	\$ -	\$ -
		-	41	41
		\$ 630	\$ 41	\$ 41

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

## (XI) Building and land under construction

Accounting item	Type/Name of related parties	September 30, 2023	December 31, 2022	September 30, 2022
Inventory	Type of related parties Durban Development Co., Ltd.	\$ 5,400	\$ 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.

## (XII) Prepayments

Type of related parties	September 30, 2023	December 31, 2022	September 30, 2022
Type of related parties Athena Information Systems International Co., Ltd.	\$ 239	\$ 129	\$ 232

(XIII) Compensation of key management personnel

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Short-term employee benefits	\$ 4,120	\$ 4,492	\$ 13,045	\$ 14,789
Post-employment benefits	165	220	503	600
Termination benefits	210	-	210	-
	<u>\$ 4,495</u>	<u>\$ 4,712</u>	<u>\$ 13,758</u>	<u>\$ 15,389</u>

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

XXVII. 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Operating concession (stated as intangible assets)	\$ 439,025	\$ 397,790	\$ 422,612
Financial assets measured at fair values through other comprehensive income - current	76,890	-	115,500
Property, plant and equipment	111,081	111,436	111,555
Financial assets measured at fair value through profit or loss - current	267,720	211,140	221,720
Building and land under construction (stated as inventory)	74,618	74,618	74,618
Bank deposits (booked in other financial assets - current and non-current)	19,001	10,205	8,279
Pledged certificate of deposit (recognized as financial assets measured at amortized cost - current)	3,050	3,100	3,450
	<u>\$ 991,385</u>	<u>\$ 808,289</u>	<u>\$ 957,734</u>

XXVIII. 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. As of September 30, 2023, the checks for guarantee deposits have been cashed for NT\$80,000 thousand (recognized as refundable deposits). For other guarantee check

for phase 1 in the amount of NT\$80,000 thousand, it is estimated to be cashed on November 28, 2023 based on the consolidation progress of the landowner. 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.

The Company entered into the co-building contract for the building project at Juguang Sec., Wanhua Dist., Taipei City (Juguang Project) in December 2022, and the total co-building guarantee provided was NT\$340,000 thousand; a check of NT\$70,000 was issued and delivered to the landowner as the guarantee for phase 1. In addition, NT\$100,000 thousand was deposited into the trust account based on the consolidation progress of the landowner, and a promissory note of NT\$170,000 thousand was obtained from the landowner. As of September 30, 2023, the checks for guarantee deposits have been cashed for NT\$70,000 thousand (recognized as refundable deposits). The guarantee checks for phase 2 will be issued based on the consolidation progress of the landowner. The Company shall deliver guarantee checks of NT\$170,000 thousand (demand) when the guarantee checks for phase 1 are cashed. 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 September 30, 2023, the small site integration period agreed in the construction project had expired. According to the joint construction contract, the Company gave the landlord a 60-day buffer period (November 29, 2023). If, after the expiration of the 60-day buffer period, the landlord is still unable to consolidate the small site and its buildings up to 90%, or both parties confirm through negotiation that there is no feasibility of building a joint building on the consolidated land at the time, both parties agree to terminate this contract. The landlord shall not only return the security deposits already paid by the Company, but also pay double the liquidated damages of the same amount to the Company.

(II) Miramar Hospitality Co., Ltd.

Operating concession contract

On March 11, 2004, Miramar Hospitality Co., Ltd. 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, 2004 to April 12, 2054. 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 average room price of Miramar Hospitality Co., Ltd. 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 during the nine

months ended September 30, 2023 and 2022 were NT\$12,312 thousand and NT\$14,753 thousand (included under the operating expenses).

XXIX. 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 period (excluding investments in subsidiaries, associates, and joint ventures): 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: none.
  11. Information on investees: Table 4.
- (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 period, repatriations of investment income and the 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 period.
    - (2) The amount and percentage of sales and the balance and percentage of the relevant receivables at the end of the period.
    - (3) The value of the property transaction and the amount of profit or loss thereupon.
    - (4) Period-end balance of endorsements/guarantees or collateral provided and the purpose thereof.

- (5) The maximum balance of financing, period-end balance, interest rate range, and total interest of the current period.
- (6) Other transactions that have a significant impact on the profit or loss or financial position of the current period, 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. (Table 5)

XXX. Segments 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	
	January 1 to September 30, 2023	January 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Transportation segment	\$ 284,415	\$ 409,080	( \$ 15,332 )	( \$ 412 )
Hotel segment	156,366	187,499	( 10,551 )	32,032
Other segments	8,696	9,478	( 2,438 )	( 4,737 )
Construction segment	-	-	( 3,937 )	( 3,149 )
Net worth of continuing operations	<u>\$ 449,477</u>	<u>\$ 606,057</u>	( 32,258 )	23,734
Interest income			4,134	1,423
Others			290,841	203,835
Other gains and losses			10,845	( 469,405 )
Finance costs			( 12,454 )	( 9,423 )
Expected credit impairment loss			( 274 )	-
Net income (loss) before tax			<u>\$ 260,834</u>	<u>( \$ 249,836 )</u>

The segment revenue reported above is generated from transactions with external customers. There were no inter-segment sales during the nine months ended September 30, 2023 and 2022.

Segment profit or loss refers to the profit earned by each department, excluding interest revenue, other income, other gains and losses, finance costs, and expected credit impairment to be apportioned. This amount is provided to the chief operating decision-maker for resource allocation to departments and evaluate 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 segment assets is zero.

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries

Loans to others

For the nine months ended September 30, 2023

Table 1

Unit: NT\$ thousand

No.	Name of financing provider	Name of counterparty	Current account	Related party?	Maximum balance during the current period (Note 2)	Balance at the end of the period (Note 2)	Actual amount provided	Interest rates	Nature of financing activity	Amount of sales to (purchase from) counterparty	Reason for short-term financing	Amount of loss allowance provided for	Assets pledged		Limit of financing amount for individual counterparty	Maximum loan amount	Remarks
													Company Name	Value			
0	The company	Miramar Hospitality Co., Ltd.	Other receivables - related parties	Yes	\$ 50,000	\$ 50,000	\$ -	3.45%	Short-term financing	\$ -	Operating turnover	\$ -	None	None	\$ 826,011 (30% of the Company's net worth)	\$ 1,101,348 (40% of the Company's net worth)	
		Mayer Steel Pipe Corporation	Other receivables - related parties	Yes	200,000	-	-	5.00%	Short-term financing	-	Operating turnover	-	None	None	826,011 (30% of the Company's net worth)	1,101,348 (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 period  
 September 30, 2023

Table 2

Unit: NT\$ thousand

Names of companies held	Types and names of securities	Relationship with the securities issuer	Presentation account	End of period				Remarks
				Number of shares or units (thousand)	Carrying amount	Shareholding ratio (%)	Fair value	
The company	Ordinary shares							
	Mayer Steel Pipe Corporation	Chairman	Financial assets measured at fair value through profit or loss - current	20,876	\$ 607,492	9.38	\$ 607,492	Note 2
	EVERGREEN MARINE CORP. (TAIWAN) LTD.	—	Financial assets measured at fair value through profit or loss - current	2,700	313,200	0.13	313,200	
	Yang Ming Marine Transport Corp.	—	Financial assets measured at fair value through profit or loss - current	1,320	59,994	0.04	59,994	
	ADATA Technology Co., LTD.	—	Financial assets measured at fair value through profit or loss - current	337	28,483	0.11	28,483	
	Panram International Corp.	—	Financial assets measured at fair value through profit or loss - current	300	11,205	0.49	11,205	
	Aerospace Industrial Development Corporation	—	Financial assets measured at fair value through profit or loss - current	650	35,685	0.07	35,685	
	Compal Electronics, Inc.	—	Financial assets measured at fair value through profit or loss - current	500	15,350	0.01	15,350	
	ASUSTEK COMPUTER INC.	—	Financial assets measured at fair value through profit or loss - current	23	8,441	-	8,441	
	China Petrochemical Development Corporation	—	Financial assets measured at fair value through profit or loss - current	680	6,378	0.02	6,378	
	Winbond Electronics Corporation	—	Financial assets measured at fair value through profit or loss - current	200	5,060	0.01	5,060	
	Wisdom Marine Lines Co., Limited	—	Financial assets measured at fair value through profit or loss - current	300	14,535	0.04	14,535	
	FORMOSA INTERNATIONAL HOTELS CORPORATION	—	Financial assets measured at fair value through profit or loss - current	20	4,280	0.02	4,280	
	Wistron Corporation	—	Financial assets measured at fair value through profit or loss - current	70	7,105	-	7,105	
	IBF Financial Holdings Co., Ltd.	—	Financial assets measured at fair values through other comprehensive income - current	11,100	129,315	0.32	129,315	Note 2
	HERMOSA OPTOELECTRONICS CORPORATION	—	Financial assets measured at fair value through profit or loss - Current-Non-current	4,088	-	5.37	-	
	Yuhua Venture Capital Co., Ltd.	—	Financial assets measured at fair value through profit or loss - Current-Non-current	20	231	5.00	231	
	Ouhua Venture Capital Co., Ltd.	—	Financial assets measured at fair value through profit or loss - Current-Non-current	20	131	2.50	131	
	Yuan Chuan Steel Co. Ltd.	—	Financial assets measured at fair value through other comprehensive income - Non-current	4,457	184,214	18.57	184,214	
	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	-		
II 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	39,285	0.61	39,285	
	China Petrochemical Development Corporation	—	Financial assets measured at fair values through other comprehensive income - current	1,734	16,269	0.05	16,269	
	Meilixin Development Co., Ltd.	—	Financial assets measured at fair value through other comprehensive income - Non-current	1,900	3,585	10.00	3,585	
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	5,180	-	5,180	
	Union Money Market Fund	—	Financial assets measured at fair value through profit or loss - current	381	5,156	-	5,156	

(Cont'd)

(Cont'd.)

Names of companies held	Types and names of securities	Relationship with the securities issuer	Presentation account	End of period				Remarks
				Number of shares or units (thousand)	Carrying amount	Shareholding ratio (%)	Fair value	
Hsin Hai Transportation & Terminal Co., Ltd.	Taishin Ta Chong Money Market Fund	—	Financial assets measured at fair value through profit or loss - current	354	\$ 5,158	-	\$ 5,158	
	Nomura Taiwan Select Money Market Fund	—	Financial assets measured at fair value through profit or loss - current	308	5,147	-	5,147	
	CTBC Hua Win Money Market Fund	—	Financial assets measured at fair value through profit or loss - current	457	5,150	-	5,150	
	Fubon Chi-Hsiang Money Market Fund	—	Financial assets measured at fair value through profit or loss - current	321	5,148	-	5,148	

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.

For the nine months ended September 30, 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 Services	Type of related parties	Transportation revenue	( \$ 142,868 )	53%	(Note)	\$ -	—	\$ 65,738	60%	

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

TZE SHIN INTERNATIONAL CO., LTD. and its subsidiaries  
The name and location of the investee company and other relevant information  
For the nine months ended September 30, 2023

Table 4

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 period			Gains (losses) of investees for the current period	Investment gains (losses) recognized in the current period	Remarks
				September 30, 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	\$ 243,710	(\$ 5,294)	(\$ 3,334)	Subsidiary (Note 1)
	Hsin Hai Transportation & Terminal Co., Ltd.	New Taipei City, TW	Automobile container transportation and related business operations and investments	33,787	33,787	2,452	47.47	78,799	7,630	3,082	Subsidiary (Note 1)
	Miramar Resort Co., Ltd.	Taipei City	Management of hotels and water recreation activities	431,702	431,702	40,070	66.18	7,864	( 44)	( 44)	Subsidiary (Note 2)
	ACMC Trading Co., Ltd.	Taipei City	International trade management	22,500	22,500	2,500	100.00	312	( 58)	( 58)	Subsidiary
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	-	( 44)	-	Subsidiary (Note 3)

Note 1: The calculation is based on the financial statements reviewed 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\$44 thousand is recognized.

Note 3: When the share of loss in an associate of Miramar Hospitality Co., Ltd., as stated in IAS, equals to or exceeds its interest in the associate, it immediately discontinues the recognition of further losses.

Note 4: Investment gains or losses from investees, investments accounted for under the equity method and equity in investees are written off.

Tze Shin International Co., Ltd.  
Information of principal shareholders  
September 30, 2023

Table 5

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.