

Stock Code:8077

GREEN WORLD HOTELS CO., LTD.
Financial Statements
with Independent Auditors' Report
For the Years Ended December 31, 2024, and 2023

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The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To Green World Hotels Co., Ltd.:

Opinion

We have audited the financial statements of Green World Hotels Co., Ltd. (“the Company”), which comprise the balance sheets as of December 31, 2024, and 2023, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the year ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis of opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters are addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Impairment of assets

Please refer to note 4(10) for the accounting policy; Note 5 for the significant accounting assumptions and judgments; and note 6(4), 6(5) and 6(6) for information on “Property, plant and equipment”, “Right-of-use assets” and “Intangible assets”.

Description of key audit matters:

As of December 31, 2024, the carrying amount of right-of-use assets, intangible assets, and, property, plant, and equipment constitute 77% of the total assets of the Company. The management is required to assess the impairment of the aforementioned assets in accordance with International Financial Reporting Standards (IFRS). Due to the significant assessment involved, the auditors consider the impairment of assets to be a key audit matter.

How the matter was addressed in our audit:

Regarding the key audit matter mentioned above, the executed response procedures include: We cast professional skepticism on management’s impairment assessment model. The work includes evaluating whether management has identified all cash generating units which might have impairments and considering whether all the assets which need to be tested have been included in the impairment assessment.

We also review the main parameters used by management to estimate future cash flow such as expected growth rate, discount rate, cash-basis revenue, and cost increase rate. We verify the reasonableness of the assumptions and accuracy of management’s calculation based on available data.

2. Revenue recognition

Please refer to note 4(11) and 6(16) for accounting policy on “Revenue recognition” and details on “Revenue from contracts with customers”, respectively.

Description of key audit matters:

The Company mainly engages in hotel room service, where the most sources of its customers are individual tourists and travel agents. The revenue from room services constitutes 91% of the total revenue in 2024, which is significant for the financial statements. Therefore, the revenue from room services is a key audit matter.

How the matter was addressed in our audit:

We performed the following audit procedures to address the abovementioned key audit matter:

- (a) Understanding and testing the effectiveness of internal control procedures on room revenue recognition.
- (b) Obtaining daily operating reports from the Company, wherein we audit the reservation records and passenger registration cards of customers to verify whether the amounts of revenue are consistent with those of the room bills and invoices.
- (c) Ensuring the consistency of the amounts of revenue, receivables, and daily operating report.
- (d) Analyzing the housing trends, including the information on room occupancy rates, average room prices, etc., to evaluate the reasonableness of room service revenue.
- (e) Conducting cut off test to confirm whether the timing of the revenue recognition is reasonableness.

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

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

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

Those charged with governance, including the Audit Committee are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from

fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements. As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the financial statements, including the footnote disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentations.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Kuen-Yi Wu and Hsien-En Wu.

MOORE STEPHENS DaHua (Taiwan) CPAs

March 13, 2025

Notes to Readers

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

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(English Translation of Financial Statements Originally Issued in Chinese)

GREEN WORLD HOTELS CO., LTD.

Balance sheet

December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar)

						December 31, 2024		December 31, 2023						
						Amount	%	Amount	%					
Assets						Liabilities and Equity								
Current assets:						Current liabilities:								
1100	Cash and cash equivalents (Note6(1))	\$	298,982	10	264,463	9	2100	Short-term borrowings (Note6(8) and 7)	\$	270,000	9	310,000	10	
1136	Financial assets measured at amortized cost-current (Note6(2))		115,000	4	60,000	2	2130	Current contract liabilities (Note6(16))		29,304	1	29,599	1	
1160	Notes receivable from related parties (Note6(3) 、(16) and 7)		13,625	1	12,510	-	2150	Notes payable		510	-	324	-	
1170	Accounts receivable, net (Note6(3) 、(16))		22,158	1	32,096	1	2170	Accounts payable (Note7)		55,544	2	50,132	2	
1180	Accounts receivable from related parties (Note6(3) 、(16) and 7)		13,869	1	10,733	-	2200	Other payable (Note6(4) and 7)		33,575	1	29,249	1	
1200	Other receivables		1,548	-	1,123	-	2230	Current tax liabilities		1,204	-	-	-	
1220	Current tax assets		416	-	190	-	2280	Current lease liabilities (Note6(10) and 7)		337,179	12	340,365	11	
1479	Other current assets		10,536	-	11,016	-	2320	Current portion of long-term borrowings (Note6(9) and 7)		70,000	3	70,000	2	
							2399	Other current liabilities		2,866	-	1,935	-	
										800,182	28	831,604	27	
Non-current assets:						Non-current liabilities:								
1600	Property, plant and equipment (Note6(4))		545,239	19	617,727	20	2540	Long-term borrowings (Note6(9) and 7)		58,334	2	128,333	4	
1755	Right-of-use assets (Note6(5))		1,678,882	58	1,821,106	60	2580	Non-current lease liabilities (Note6(10) and 7)		1,612,242	56	1,779,042	59	
1780	Intangible assets (Note6(6))		11,912	-	28,957	1	2645	Guarantee deposits		2,609	-	2,499	-	
1840	Deferred tax assets (Note6(13))		2,737	-	27,175	1								
1980	Other non-current financial assets (Note6(7) 、7 and 8)		169,601	6	168,974	6								
										1,673,185	58	1,909,874	63	
										2,473,367	86	2,741,478	90	
								Total liabilities						
								Equity (Note6(14))						
							3100	Capital stock		219,457	8	219,457	7	
							3200	Capital surplus		45,507	1	45,507	1	
							3310	Legal reserve		4,963	-	-	-	
							3350	Unappropriated earnings		141,211	5	49,628	2	
								Total equity		411,138	14	314,592	10	
Total assets						\$	2,884,505	100		\$	2,884,505	100	3,056,070	100
								Total liabilities and equity						

The accompanying notes are an integral part of the financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

GREEN WORLD HOTELS CO., LTD.

Statements of comprehensive income

For the years ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar)

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenues (Note6(16) and 7)	\$ 1,066,421	100	978,346	100
5000	Operating costs (Note6(4) 、(5) 、(6) 、(12) and 7)	751,325	70	719,073	73
	Gross profit from operations	315,096	30	259,273	27
	Operating expenses (Note6(4) 、(5) 、(6) 、(10) 、(12) and 7) :				
6100	Selling expenses	100,426	10	108,678	11
6200	Administrative expenses	44,323	4	41,149	4
	Operating expenses	144,749	14	149,827	15
6515	Net other income (Note6(18))	-	-	1,522	-
	Operating income	170,347	16	110,968	12
	Non-operating income and expenses (Note6(4) 、(10) 、(19) and 7)				
7100	Total interest income	4,884	-	3,300	-
7020	Other gains and losses, net	3,368	-	8,410	1
7050	Finance costs	(56,411)	(5)	(60,643)	(6)
	Total non-operating income and expenses	(48,159)	(5)	(48,933)	(5)
7900	Income before income tax	122,188	11	62,035	7
7950	Less: Income tax expenses (Note6(13))	25,642	2	12,407	1
	Net income	96,546	9	49,628	6
8300	Other comprehensive income, net	-	-	-	-
8500	Comprehensive income	<u>\$ 96,546</u>	<u>9</u>	<u>49,628</u>	<u>6</u>
	Earnings per share(Note6(15))				
9750	Basic earnings per share (NT dollars)	<u>\$ 4.40</u>		<u>2.26</u>	
9810	Diluted earnings per share (NT dollars)	<u>\$ 4.40</u>		<u>2.26</u>	

The accompanying notes are an integral part of the financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

GREEN WORLD HOTELS CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar)

	Retained earnings				
	Capital stock	Capital surplus	Legal reserve	Unappropriated earnings (accumulated deficit)	Total equity
Balance on January 1, 2023	\$ 219,457	604,393	8,943	(567,829)	264,964
Net income for the year ended December 31, 2023	-	-		49,628	49,628
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-
Comprehensive income for the year ended December 31, 2023	-	-	-	49,628	49,628
Legal reserve for cover accumulated deficit	-	-	(8,943)	8,943	-
Capital surplus for cover accumulated deficit	-	(558,886)	-	558,886	-
Balance on December 31, 2023	\$ 219,457	45,507	-	49,628	314,592
Balance on January 1, 2024	\$ 219,457	45,507	-	49,628	314,592
Appropriation and distribution of retained earnings:					
Legal reserve appropriated	-	-	4,963	(4,963)	-
Net income for the year ended December 31, 2024	-	-	-	96,546	96,546
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	-
Comprehensive income for the year ended December 31, 2024	-	-	-	96,546	96,546
Balance on December 31, 2024	\$ 219,457	45,507	4,963	141,211	411,138

The accompanying notes are an integral part of the financial statements.

GREEN WORLD HOTELS CO., LTD.
Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollar)

	2024	2023
Cash flows from operating activities:		
Income before tax	\$ 122,188	62,035
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	428,272	431,071
Amortization expense	18,148	18,260
Interest expense	56,411	60,643
Interest income	(4,884)	(3,300)
Impairment loss on non-financial assets	22	-
Total adjustments to reconcile profit	497,969	506,674
Changes in operating assets and liabilities:		
Notes receivable from related parties	(1,115)	(12,191)
Accounts receivable	9,938	(13,551)
Accounts receivable from related parties	(3,136)	(9,609)
Other receivables	(425)	(88)
Other current assets	(164)	(829)
Contract liabilities	(295)	5,080
Notes payable	186	(140)
Accounts payable	5,412	23,768
Other payable	1,241	6,091
Other current liabilities	931	241
Total changes in operating assets and liabilities	12,573	(1,228)
Total adjustments	510,542	505,446
Cash inflow generated from operations	632,730	567,481
Interest received	4,884	3,300
Interest paid	(57,011)	(60,542)
Income taxes paid	(226)	(128)
Net cash flows from operating activities	580,377	510,111
Cash flows from (used in) investing activities:		
Acquisition of financial assets measured at amortized cost	(55,000)	(60,000)
Acquisition of property, plant and equipment	(18,545)	(7,313)
Acquisition of intangible assets	(459)	(361)
Increase in refundable deposits	(627)	(21,371)
Net cash used in investing activities	(74,631)	(89,045)
Cash flows from (used in) financing activities:		
Decrease in short-term loans	(40,000)	(40,000)
Increase in guarantee deposits received	110	911
Repayments of long-term loans	(69,999)	(11,667)
Payment of lease liabilities	(361,338)	(352,146)
Net cash used in financing activities	(471,227)	(402,902)
Net increase in cash and cash equivalents	34,519	18,164
Cash and cash equivalents at beginning of year	264,463	246,299
Cash and cash equivalents at end of year	\$ 298,982	264,463

The accompanying notes are an integral part of the financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

GREEN WORLD HOTELS CO., LTD.

Notes to financial statements

For the years ended December 31, 2024, and 2023

(Expressed in thousands of New Taiwan dollars)

1. History and organization

Green World Hotels Co., Ltd. (the “Company”), which was originally named U Chain Technology Co., Ltd. The Company was established in accordance with the Company Act of the Republic of China and began running business on July 22, 1994. The Company changed its organization type to a company limited by shares in January 1996, and changed its name to “Applied Vacuum Coating Technologies Co., Ltd.” in May 1997. The Company’s common shares were listed on the Taipei Exchange (TPEX) on December 6, 2004.

A resolution was passed during the general shareholders’ meeting held on June 26, 2015, for changing its name to “Green World Hotel Co., Ltd.”, and a resolution of short form merger with the subsidiary Green World Hotel Co., Ltd. was passed during the meeting of Board of Directors held on August 11, 2015. The two parties merged in accordance with the Business Mergers and Acquisitions Act, the date of merger was set on October 1, 2015. After the merger, the Company is the survival one, and the subsidiary is eliminated.

The short-form merger was completed and approved in accordance with Ruling No.10401220100 issued by the Ministry of Economy on December 7, 2015.

A resolution of short-form merger with subsidiary, Green World Hotel ZhongHua Co., Ltd., was passed during the meeting of Board of Directors held on August 8, 2019, with the Company being the sole surviving entity. The date of merger was set on October 1, 2019, and the related registration procedure was completed and approved in accordance with Ruling No. 10801146200 issued by the Ministry of Economy on November 18, 2019.

The major business activities of the Company is Hotels and Restaurants Operation.

2. The date of authorization for issuance of the financial statements and procedures for authorization

The financial statements were authorized for issuance by the Board of Directors on March 13, 2025.

3. New standards, amendments and interpretations adopted

- (1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The following new amendments, effective January 1, 2024, do not have a significant impact on the Company’s financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(2) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its financial statements:

- Amendments to IAS21“Lack of Exchangeability”

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements 	January 1, 2027

Standards or interpretations	Content of amendment	Effective date per IASB
	<p>why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</p> <ul style="list-style-type: none"> • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	

The Company is evaluating the impact on its financial position and performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual improvements to IFRS
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-Dependent Electricity”

4. Summary of significant accounting policies

(1) Compliance statement

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, hereinafter referred to as “the Regulations”, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

(2) Basis of preparation

A. Basis of measurement

The financial statements have been prepared on a historical cost basis. Historical cost is

generally determined by the fair value of the consideration paid to acquire the asset.

B. Functional and presentation currency

The functional currency of each Company entity is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(3) Foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- A. an investment in equity securities designated as at fair value through other comprehensive income;
- B. a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- C. qualifying cash flow hedges to the extent that the hedges are effective.

(4) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.:

- A. It is held primarily for the purpose of trading.
- B. It is expected to be realized within twelve months after the reporting period.
- C. Cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

- A. It is held primarily for the purpose of trading
- B. It is due to be settled within twelve months after the reporting period.
- C. There is no substantive right to extend the settlement period beyond twelve months from the reporting period, even if long-term refinancing or repayment arrangements are completed after the reporting period but before the financial statement is issued.

(5) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(6) Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the financial instrument contract. A financial asset, unless it is an accounts receivable without a significant financing component, or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost, including cash and cash equivalents and receivables measured at amortized cost, are initially recognized at fair value, plus directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost, including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable and other financial assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL.

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk, such as the risk of default occurring over the expected life of the financial instrument, has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward- looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due.

The Company considers time deposits to have low credit risk, since the counterparties are financial institutions with good rating.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date, or a shorter period if the expected life of the instrument is less than 12 months.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured

as the present value of all cash shortfalls, such as the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 90 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

(c) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Financial liabilities

Financial liabilities are classified as measured at amortized cost. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(d) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset, and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(7) Property, plant, and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, or major components, of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- Buildings 21 years
- Transportation equipment 8 years
- Leasehold improvements 2~19 years
- Other equipment 2~12 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(8) Lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. As a lease

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (a) fixed payments;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable under a residual value guarantee; and
- (d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- (a) there is a change in future lease payments arising from the change in an index or rate; or
- (b) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- (c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- (d) there is a change of its assessment on whether it will exercise a extension or termination option; or
- (e) there is any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-

of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

As a practical expedient, the Company elects not to assess all rent concessions that meets all the conditions as follows are lease modifications or not:

- (a) the rent concessions occurring as a direct consequence of the COVID19 pandemic;
- (b) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (c) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- (d) there is no substantive change to other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

B. As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies

IFRS15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of other income.

(9) Intangible assets

A. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets, including customer relationships and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- Trademark 10 years
- Customer relationships 10 years
- Computer software 1~5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(10) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, excluding deferred tax assets, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If it is not possible to estimate the recoverable amount of individual assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the smallest group of cash-generating units on a reasonable basis.

The recoverable amount is the higher of its fair value less costs of disposal and its value in use. If the recoverable amount of an asset or the cash-generating units is less than its

carrying amount, the carrying amount shall be reduced to its recoverable amount. That reduction is an impairment loss.

When impairment losses are reversed, the carrying amount of the asset, cash-generating unit, or related contract asset shall be increased to the recoverable amount, only if the increased carrying amount shall not exceed the carrying amount which has been determined regarding the amount of impairment losses of asset, cash-generating units, and related contract asset that had not been recognized in previous years, which is net of amortization or depreciation. The reversal of impairment losses shall be recognized in loss.

Goodwill acquired in a business combination shall, from the acquisition date, be recognized at the amount determined as goodwill, and it is measured at cost less accumulated impairment losses.

For the impairment testing purposes, Goodwill is allocated to cash-generating units or groups of cash-generating units within the company which is expected to benefit from the combination.

A cash-generating unit to which goodwill has been allocated shall be tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. If goodwill allocated to a cash-generating unit is acquired through a business combination in the current year, an impairment test shall be conducted before the end of the year. If the recoverable amount from the cash-generating unit to which goodwill has been allocated is less than the carrying amount of the unit, the impairment loss shall reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit proportionate on the basis of the carrying amount of each asset in the unit. Any impairment loss shall be recognized as a current loss. An impairment loss recognized for goodwill shall not be reversed in a subsequent period.

When disposing of an operation within a cash-generating unit to which goodwill has been allocated, the goodwill associated with that operation shall be included in the carrying amount of the operation when determining the gain or loss on disposal.

(11) Revenue recognition

The Company provides catering, room accommodation, leasing, and business management services to customers. Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a service to a customer. If the services rendered by the Company exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

(12) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than the above-stated, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(13) Government grants and government assistance

The Company recognizes an unconditional government grant related to operation in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received, and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(14) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

B. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(15) Income Tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- A. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (a) the same taxable entity; or
 - (b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company incorporates consideration of effects from inflation and market interest rate fluctuations into the estimation of cash flows, growth rates, discount rates, profitability, and other relevant significant estimates when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

(1) Evaluation of impairment of assets

In the process of evaluating the potential impairment of right-of-use assets, property, plant and equipment, and intangible assets, the main parameters used by management to estimate future cash flow, such as expected growth rate, discount rate, cash based revenue, and cost increase rate, are affected by uncertainties of industry competition, government policy, and economic environment, and the estimated recoverable amount of future discounted cash flows is highly uncertain; hence, there is a risk of overestimating the carrying amount of property, plant and equipment, right-of-use assets and intangible assets. Please refer to note 6(4), (5), and (6) for further description of recoverable amount and impairment assessment.

6. Details of significant accounts

(1) Cash and cash equivalents

	2024.12.31	2023.12.31
Cash and petty cash	\$ 840	1,012
Demand deposits	298,142	263,451
	\$ 298,982	264,463

Please refer to note 6(20) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

(2) Financial assets measured at amortized cost-current

	2024.12.31	2023.12.31
Time deposits matures in three months or more	\$ 115,000	60,000
Range of interest rates	1.2%~1.5%	1.45%

(3) Notes and accounts receivable

	2024.12.31	2023.12.31
Notes receivable, including related parties	\$ 13,625	12,510
Accounts receivable, including related parties	36,027	42,829
Less: Loss allowance	-	-
	\$ 49,652	55,339

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, account receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

The loss allowance provisions were determined as follows:

	2024.12.31		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 49,647	-	-
Less than 60 days past due	5	-	-
	\$ 49,652		-

	2023.12.31		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 55,339	-	-
Less than 60 days past due	-	-	-
	\$ 55,339		-

As of December 31, 2024, and 2023, the Company didn't provide any receivables as collateral for its borrowings.

(4) Property, plant, and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2024, and 2023, were as follows:

	Land	Buildings and construction	Leasehold improvement and other facilities	Construction in progress	Total
Cost or deemed cost:					
Balance on January 1, 2024	\$ 105,621	12,223	1,536,972	-	1,654,816
Additions	-	-	7,191	15,039	22,230
Reclassifications	-	-	13,908	(13,908)	-
Balance on December 31, 2024	<u>\$ 105,621</u>	<u>12,223</u>	<u>1,558,071</u>	<u>1,131</u>	<u>1,677,046</u>
Balance on January 1, 2023	\$ 105,621	12,223	1,532,586	106	1,650,536
Additions	-	-	4,386	-	4,386
Reclassifications	-	-	-	(106)	(106)
Balance on December 31, 2023	<u>\$ 105,621</u>	<u>12,223</u>	<u>1,536,972</u>	<u>-</u>	<u>1,654,816</u>
Depreciation and impairments loss:					
Balance on January 1, 2024	\$ -	5,171	1,031,918	-	1,037,089
Depreciation	-	559	94,137	-	94,696
Impairment losses	-	-	22	-	22
Balance on December 31, 2024	<u>\$ -</u>	<u>5,730</u>	<u>1,126,077</u>	<u>-</u>	<u>1,131,807</u>
Balance on January 1, 2023	\$ -	4,613	931,883	-	936,496
Depreciation	-	558	100,035	-	100,593
Balance on December 31, 2023	<u>\$ -</u>	<u>5,171</u>	<u>1,031,918</u>	<u>-</u>	<u>1,037,089</u>
Carrying amounts:					
Balance on December 31, 2024	<u>\$ 105,621</u>	<u>6,493</u>	<u>431,994</u>	<u>1,131</u>	<u>545,239</u>
Balance on December 31, 2023	<u>\$ 105,621</u>	<u>7,052</u>	<u>505,054</u>	<u>-</u>	<u>617,727</u>

A. As of December 31, 2024, and 2023, the payments for adding property, plant and equipment due to hotel operation, the Company recognized other payables amounting to \$4,755 thousand and \$1,070 thousand, respectively.

B. After reassessing the future cash flows of each hotel, the carrying amount of certain hotels exceeds their recoverable amount. Therefore, an impairment loss of \$22 thousand on leasehold improvements and other equipment is recognized under other gains and losses for the year ended December 31, 2024.

C. The key assumptions used in the estimation of value in use were as follows:

	2024.12.31	2023.12.31
Discount rate	7.89%	5.84%
Terminal value growth rate	1%~10%	1%~10%

As of December 31, 2024, the discount rate is based on the industry's weighted average cost of capital. The cash flow projections are based on the management's estimated five-year financial budget, with cash flows thereafter extrapolated at a steady rate.

The value in use of the CGUs had been determined by discounting the future cash flows generated from the continued use of the CGUs, unless otherwise stated. As of December 31, 2024, the determination of value in use is similar to that of December 31, 2023. The calculation of this value in use is based on the following key assumptions.

- (i) The estimated cash flows are based on experiences, operating results, and lease expiration dates. Due to the long-term operating cycle of the hotel business, the management believes the above forecast period is reasonable.
 - (ii) Estimated revenues in the financial budget are based on experiences and conditions of operating results.
 - (iii) Estimated operating costs and expenses in the financial budget are based on experiences and various factors of operating costs and expenses.
 - (iv) The recoverable amount of CGU was determined by the discount rate before tax. The values of these key assumptions represent management's assessment of the future trends of the hotel operations, while considering both external and internal information including historical data.
- D. As of December 31, 2024, and 2023, the property, plant and equipment of the Company had not been pledged as collateral for borrowings.

(5) Right-of-use assets

The cost and depreciation of the leased building were as follows:

	Building
Costs	
Balance on January 1, 2024	\$ 4,962,951
Additions	191,352
Balance on December 31, 2024	\$ 5,154,303
Balance on January 1, 2023	\$ 4,871,034
Additions	93,461
Rent Concession	(1,544)
Balance on December 31, 2023	\$ 4,962,951
Accumulated depreciation	
Balance on January 1, 2024	\$ 3,141,845
Depreciation	333,576
Balance on December 31, 2024	\$ 3,475,421
Balance on January 1, 2023	\$ 2,811,367
Depreciation	330,478
Balance on December 31, 2023	\$ 3,141,845
Carrying amounts	
Balance on December 31, 2024	\$ 1,678,882
Balance on December 31, 2023	\$ 1,821,106

(6) Intangible assets

The cost, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2024, and 2023, were as follows:

	Trademarks	Customer relationship	Computer software	Total
Costs:				
Balance on January 1, 2024	\$ 53,000	143,000	31,072	227,072
Additions	-	-	459	459
Reclassification	-	-	644	644
Balance on December 31, 2024	\$ 53,000	143,000	32,175	228,175
Balance on January 1, 2023	\$ 53,000	143,000	30,711	226,711
Additions	-	-	361	361
Balance on December 31, 2023	\$ 53,000	143,000	31,072	227,072
Accumulated amortization and impairment losses				
Balance on January 1, 2024	\$ 46,985	126,772	24,358	198,115
Amortization	3,799	10,249	4,100	18,148
Balance on December 31, 2024	\$ 50,784	137,021	28,458	216,263
Balance on January 1, 2023	\$ 43,187	116,523	20,145	179,855
Amortization	3,798	10,249	4,213	18,260
Balance on December 31, 2023	\$ 46,985	126,772	24,358	198,115
Carrying amounts:				
Balance on December 31, 2024	\$ 2,216	5,979	3,717	11,912
Balance on December 31, 2023	\$ 6,015	16,228	6,714	28,957

A. The amortization of intangible assets are included in the statements of comprehensive income:

	2024	2023
Operating costs	\$ -	-
Operating expenses	18,148	18,260
	\$ 18,148	18,260

(7) Other financial assets

The Company's other financial assets were as follows:

	2024.12.31	2023.12.31
Non-current		
Lease deposits	\$ 166,492	166,274
Other deposits	3,109	2,700
	\$ 169,601	168,974

As of December 31, 2024 and 2023, the assets of the Company had been pledged as collateral, please refer to note 8.

(8) Short-term borrowings

The short-term borrowings were as follows:

	2024.12.31	2023.12.31
Unsecured bank loans	\$ 270,000	310,000
Unused short-term credit lines	\$ 70,000	70,000
Range of interest rates	2.27%~2.32%	2.08%~2.12%

For the guarantee and endorsement from the ultimate parent company, please refer to note 7.

(9) Long-term borrowings

The details were as follows:

	2024.12.31			
	Currency	Rate	Maturity Year	Amount
Unsecured bank loans	NTD	1%~2.720%	2026	\$ 128,334
Less: current portion				(70,000)
Total				\$ 58,334
Unused long-term credit lines				\$ -

	2023.12.31			
	Currency	Rate	Maturity Year	Amount
Unsecured bank loans	NTD	1%~2.595%	2026	\$ 198,333
Less: current portion				(70,000)
Total				\$ 128,333
Unused long-term credit lines				\$ -

A. The long-term borrowings are arranged in accordance with the COVID 19 Pandemic Relief Plan, which is with government credit guarantees.

B. For the years ended December 31, 2024 and 2023, there are no significant issuances, repurchases and repayments of long-term borrowings. Please refer to note 6(19).

C. Please refer to note 7 for details on the Company's endorsement and guarantees provided by related parties to banks.

(10) Lease liabilities

The Company's lease liabilities were as follows:

	2024.12.31	2023.12.31
Current	\$ 337,179	340,365
Non-Current	1,612,242	1,779,042
	\$ 1,949,421	2,119,407

For the maturity analysis, please refer to note 6(20).

The amount recognized in profit or loss was as follows:

	2024	2023
Interest on lease liabilities	\$ 49,040	51,647
Income from sub-leasing right-of-use assets	\$ 18,912	13,849
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 4,325	3,577

The amounts recognized in the statement of cash flows for the Company were as follows:

	2024	2023
Total cash outflow for leases	\$ 414,703	407,370

Real estate leases

The Company leases buildings for its hotel business. The leases typically run for a period of 3 to 17 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases contain extension options exercisable by the Company. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Company and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(11) Operating lease

Leases as lessor

Non-cancellable operating lease rentals payable were as follows:

	2024.12.31	2023.12.31
Less than one year	\$ 14,741	15,339
One to two years	9,592	13,571
Two to three years	8,307	8,886
Three to four years	7,445	8,483
Four to five years	4,091	7,632
Over five years	15,624	20,801
Total undiscounted lease payments	\$ 59,800	74,712

(12) Employee benefits

Defined contribution plans

The pension costs incurred from the contribution to the Bureau of Labor Insurance were as follows:

	2024	2023
Operating costs	\$ 6,555	5,848
Operating expenses	1,190	1,120
	\$ 7,745	6,968

(13) Income taxes

A. Income tax

The components of income tax for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Current tax expense	\$ 1,204	-
Deferred tax expense	24,438	12,407
Income tax expenses	\$ 25,642	12,407

Reconciliation of income tax and profit before tax for the year ended December 31, 2024 and 2023 were as follows:

	2024	2023
Income before income tax	\$ 122,188	62,035
Income tax using the Company's domestic tax rate	24,438	12,407
Non-deductible expenses	1,753	1,749
Unrecognized loss carryforwards	1,191	1,499
Tax-exempt income	-	(304)
Income tax on unappropriated earnings	1,204	-
Others	(2,944)	(2,944)
	\$ 25,642	12,407

B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	2024.12.31	2023.12.31
The carryforward of unused tax losses	\$ 252,335	266,147

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

(b) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2024 and 2023 were as follows:

Deferred tax assets

	Unused tax losses
Balance on January 1, 2024	\$ 27,175
Recognized in profit or loss	(24,438)
Balance on December 31, 2024	<u>\$ 2,737</u>
Balance on January 1, 2023	\$ 39,582
Recognized in profit or loss	(12,407)
Balance on December 31, 2023	<u>\$ 27,175</u>

(c) As of December 31, 2024, the information of the Company's unused tax losses for which no deferred tax assets were recognized are as follows:

<u>Year of loss</u>	<u>Unused tax loss</u>	<u>Expiry date</u>
2019	188,084	2029
2020	453,426	2030
2021	361,265	2031
2022	272,586	2032
	<u>\$ 1,275,361</u>	

C. Business income tax administrative remedies

The Company's income tax return for the year 2022 had been examined by the tax authorities.

(14) Capital and other equity

As of December 31, 2024 and 2023, the total value of authorized ordinary shares are both amounted to \$2,500,000 thousand, and the company's paid-in capital are both \$219,547 thousand, including private placement \$118,866 thousand. Each share has a par value of \$10, with a total amount of 21,946 thousand shares issued. All issued shares are paid up upon issuance.

A. Ordinary and preferred shares

As of December 31, 2024, and 2023, the ordinary shares under private placement are both 11,887 thousand. The aforementioned private placement of ordinary shares and the transfer of any subsequently obtained bonus shares would be subject to section 43(8) requirements under the Securities and Exchange Act. The Company can only apply for these shares to be traded on the Taiwan Stock Exchange after a three-year period has elapsed from the delivery date of the private placement securities, and after applying for a public offering with the Financial Supervisory Commission.

B. Capital surplus

The balances of capital surplus as of December 31, 2024 and 2023, were as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Share capital	<u>\$ 45,507</u>	<u>45,507</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

C. Retained earnings and dividend policy

The Company's Articles of Incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

On June 18, 2024, the Corporation's board of directors approved the distribution of earnings for the year 2023. In addition to allocating NT\$4,963 thousand to the legal reserve, no dividends will be distributed

On June 16, 2023, the Corporation's board of directors approved the allocation of losses for the year 2022. The deficits are mitigated by \$8,943 thousand of legal reserve and \$558,886 thousand of capital surplus.

Regarding the profit distribution for the year 2024, the Corporation's board of directors will determine in the meeting scheduled to convene in 2025.

Information related to the distribution of profits for previous fiscal years of the Company can be found on the website of the Market Observation Post System.

(15) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the years ended December 31, 2024, and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	<u>\$ 96,546</u>	<u>49,628</u>
Weighted average number of ordinary shares on December 31	<u>21,946</u>	<u>21,946</u>
	<u>\$ 4.40</u>	<u>2.26</u>
	<u>2024</u>	<u>2023</u>
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 96,546</u>	<u>49,628</u>
Weighted average number of ordinary shares on December 31	21,946	21,946
Effect of dilutive potential ordinary shares	21	9
Weighted average number of ordinary shares on December 31 (diluted)	<u>21,967</u>	<u>21,955</u>
	<u>\$ 4.40</u>	<u>2.26</u>

(16) Revenue from contracts with customers

A. Disaggregation of revenue

	<u>2024</u>	<u>2023</u>
Primary geographical markets:		
Taiwan	<u>\$ 1,066,421</u>	<u>978,346</u>
Major products/ services lines:		
Hotel room service	\$ 970,417	897,150
Hotel catering service	77,092	67,347
Leasing services	18,912	13,849
	<u>\$ 1,066,421</u>	<u>978,346</u>

B. Contract balance

	2024.12.31	2023.12.31	2023.1.1
Notes and accounts receivable	\$ 49,652	55,339	19,988
Less: allowance for impairment	-	-	-
Total	<u>\$ 49,652</u>	<u>55,339</u>	<u>19,988</u>
Contract liabilities-hotel room service/ unearned revenue	<u>\$ 29,304</u>	<u>29,599</u>	<u>24,519</u>

For details on accounts receivable and allowance for impairment, please refer to note 6(3). The amount of revenue recognized for the years ended December 31, 2024 and 2023 that was included in the contract liability balance at the beginning of the period were \$27,627 thousand and \$21,520 thousand, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no other significant changes during 2024 and 2023.

(17) Employee compensation and directors' remuneration

In accordance with the Articles of Incorporation, the Company should contribute no less than 0.7%~10% of the profit as employee compensation and less than 1% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2024, and 2023, the Company estimated its employee remuneration were \$861 thousand and \$437 thousand respectively, while directors' remuneration were both \$0. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Articles of Incorporation. These remunerations are expensed under operating costs or operating expenses during 2024 and 2023. Any remaining changes in amounts will be adjusted in the subsequent year after the publication of the annual financial report. The amount of remuneration distributed for employees and directors align with the financial report for the year 2023.

Related information would be available at the Market Observation Post System website.

(18) Net other income (expenses)

	2024	2023
Government grants	\$ <u>-</u>	<u>1,522</u>

(19) Non-operating income and expenses

A. Interest income

The details of interest income were as follows:

	2024	2023
Interest income from bank deposits	\$ 3,095	1,807
Other interest income	1,789	1,493
Total interest income	\$ <u>4,884</u>	<u>3,300</u>

B. Other gains and losses

The details of other gains and losses were as follows:

	2024	2023
Tax refund	\$ 6	5,181
Impairment loss on property, plant, and equipment	(22)	-
Others	3,384	3,229
	\$ <u>3,368</u>	<u>8,410</u>

C. Financial costs

The details of finance costs were as follows:

	2024	2023
Interest expense of bank loans	\$ 7,371	8,996
Interest expense of lease liabilities	49,040	51,647
	\$ <u>56,411</u>	<u>60,643</u>

(20) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The cash and deposits are deposited in different financial institutions. The Company manages the credit risk exposure with each of these financial institutions and believes that cash and deposits do not have significant credit risk concentration.

The major business activities of the Company are management consultancy services and hotel business services. The major customers of the Company are centralized in the general customers and travel agencies. Since some of travel agencies are related parties, the Company believes that there is credit risk concentration. However, the Company periodically evaluates the possibility of collecting account receivables, and it doesn't expect to have significant loss in the future.

(c) Receivables

For credit risk exposure of note and trade receivables, please refer to note 6(3). Other financial assets at amortized cost include other receivables, time deposits and lease deposits.

All these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Both in the year 2024 and 2023, no provision for impairment losses was made.

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
December 31, 2024					
Non-derivative financial liabilities					
Non-interest-bearing liabilities	\$ 89,629	89,629	89,629	-	-
Lease liabilities	1,949,421	2,113,487	378,112	1,178,415	556,960
Fixed rate instruments	398,334	403,183	344,258	58,925	-
	\$ 2,437,384	2,606,299	811,999	1,237,340	556,960
December 31, 2023					
Non-derivative financial liabilities					
Non-interest-bearing liabilities	\$ 79,705	79,705	79,705	-	-
Lease liabilities	2,119,407	2,313,626	385,216	1,228,384	700,026
Fixed rate instruments	508,333	515,118	384,434	130,684	-
	\$ 2,707,445	2,908,449	849,355	1,359,068	700,026

The Company does not anticipate significant changes in the timing or amount of cash flows from the maturity analysis.

As of December 31, 2024, although the company's current liabilities exceed current assets by \$324,048 thousand, the Management team maintains sufficient cash positions to support our operations and mitigate the impact of cash flow fluctuations. Bank borrowings are an important source of liquidity for the Company, and the Management

team closely monitors the use of credit facilities and ensures compliance with loan contract terms and the preparation of future cash flow forecasts. Additionally, we actively seek the support of shareholders to mitigate liquidity risks associated with the inability to raise funds to fulfill contractual obligations.

Please refer to Note 6(8) and (9) for information on the Company's bank borrowings and unused credit facilities. The expiration dates and corresponding measures for unused credit facilities are as follows:

Guarantor	Unused credit facilities	Expiration date of credit facilities
H.I.S. Co., Ltd.	\$ 70,000	April, 2025

C. Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis assumes that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Entity management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1% basis points, the Company's net income would have increased / decreased by \$2,385 thousand and \$2,108 thousand for the years ended December 31, 2024, and 2023 with all other variable factors remaining constant, respectively.

This is mainly due to the changes in the Company's variable-interest-rate deposits.

D. Fair value of financial instruments

(a) Types and fair values of financial instruments

The financial assets and financial liabilities of the Company are not measured at fair value, and the carrying amount of these financial instruments represents a reasonable approximation of their fair value, with the exception of lease liabilities, which are not required to disclose fair value information in accordance with regulations.

(b) Valuation techniques for financial instruments not measured at fair value

(i) Financial assets and financial liabilities measured at amortized cost.

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(21) Financial risk management

A. Overview

The Company has exposures to the following risks from its financial instruments:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

The following likewise discusses the Company's objectives, policies, and processes for measuring and managing the above-mentioned risks. For more disclosure's details, please refer to notes.

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The management of the Company reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversee how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's supervisors are assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors and the audit committee.

C. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers.

(a) Accounts receivable and other receivables

The Company's major business is hotel business service. The major customers are travel agencies. The management periodically evaluates the collections of accounts receivable from travel agencies and expects there would be no significant credit risk. The Company does not require any collaterals of accounts receivable and other receivables.

(b) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations. Therefore, there is no significant credit risk arising from these counterparties.

(c) Guarantees

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2024, and 2023, no other guarantees were outstanding.

D. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

As of December 31, 2024, although the amount of current liabilities exceeded the current assets of \$324,048 thousand, and the debt ratio reaches to 86%, the management of the Company has maintained sufficient cash to support the operation to reduce the impact of volatility caused by cash flow.

Since bank loan is one of the important sources of liquidity of the Company, the Company had obtained from different financial institutions through the government's tourism industry recovery and revitalization policy. Due to its financial situation, the Company is also actively soliciting the support of its shareholders to authorize the parent company, H.I.S. Co., Ltd., to guarantee the amount of \$340,000 thousand for the Company.

As of 2024 and 2023, the unused credit lines were \$70,000 thousand and \$70,000 thousand, respectively. The management of the Group has strictly followed the terms of the loan contract and prepared a forecast statement of future cash receipts and payments to monitor the use of the bank's financing line at any time. It is expected that there will be no liquidity that prevents the Company from raising funds to fulfill its contractual obligations risk.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, which affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(22) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity.

As of December 31, 2024, the Group's capital management strategy is consistent with the prior year as of December 31, 2023, and the gearing ratio is maintained stable so as to ensure financing at reasonable cost. The Group's debt-to-equity ratio at the end of the reporting period as of December 31, 2024, and 2023 was as follows:

	2024.12.31	2023.12.31
Total liabilities	\$ 2,473,367	2,741,478
Less: cash and cash equivalents	(298,982)	(264,463)
Net debt	\$ 2,174,385	2,477,015
Total equity	\$ 411,138	314,592
Total Adjusted capital	\$ 2,585,523	2,791,607
Debt-to-equity ratio	84.10%	88.73%

(23) Investing and financing activities not affecting current cash flow

The reconciliation of investing and financing activities not affecting current cash flow of the Company is as follows:

Non-cash flow					
	2024.1.1	Cash flow	Lease payment changes	Others (Note)	2024.12.31
Lease liabilities	\$ 2,119,407	(361,338)	-	191,352	1,949,421
Liabilities from investing and financing activities	\$ 2,119,407	(361,338)	-	191,352	1,949,421

Note: The amount includes a new lease of \$191,352 thousand.

Non-cash flow					
	2023.1.1	Cash flow	Lease payment changes	Others (note)	2023.12.31
Lease liabilities	\$ 2,379,638	(352,146)	-	91,915	2,119,407
Liabilities from investing and financing activities	\$ 2,379,638	(352,146)	-	91,915	2,119,407

Note: The amount includes a new lease of \$93,461 thousand and decrease in right-of-use assets of \$1,544 thousand.

7. Related party transactions

(1) Parent company and ultimate controlling company

H.I.S. Hotel Holdings Co., Ltd. is the parent company of the Company, holding 51% of all outstanding ordinary shares of the Company. The ultimate controlling party of the Company is H.I.S. Co., Ltd.

(2) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the financial statements.

Name of related party	Relationship with the Company
Sanpu Travel Service Co.,Ltd.(Sanpu Travel)	Same chairman with the Company
Tour Royale Service Co.,Ltd.	Same chairman with the Company
Star Light Co.,Ltd.	Same chairman with the Company
Cherry Tourist Co.,Ltd.	Same chairman with the Company
H.I.S. Sanken Travel Co.,Ltd.	Same chairman with the Company
Green World Co.,Ltd.	Same chairman with the Company
Nian Fu Investment Co., Ltd.	Same chairman with the Company
Honyi Transportation Co., Ltd.	The Chairman of the Company is also a member of the Board of Directors.
H.I.S. Hotel Holdings Co.,Ltd.	The Company's parent company
H.I.S. Co.,Ltd.	The Company's ultimate parent company
Other related party	Chairman and related party in substance

(3) Significant transactions with related parties

A. Sales

The amounts of significant sales by the Company to related parties are as follows:

	<u>2024</u>	<u>2023</u>
Hotel rooms and catering service revenue		
Sanpu Travel	\$ 125,782	70,294
Others	7,166	5,483
	<u>\$ 132,948</u>	<u>75,777</u>

The credit term for hotel room service and catering service is 45 days for related parties and 30 to 60 days for non-related parties. The Company negotiates with each travel agency according to the current market prices, and offers discount to those lease a constant level of accommodation. The terms of transaction with related parties are the same as those mentioned above, which are not significantly different with those offered to non-related parties.

B. Receivables from Related Parties

The receivables from related parties are as follows:

<u>Account</u>	<u>Relationship</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Notes receivable	Sanpu Travel	\$ 12,303	11,451
Notes receivable	Others	1,322	1,059
Accounts receivable	Sanpu Travel	13,246	10,117
Accounts receivable	Others	623	616
		<u>\$ 27,494</u>	<u>23,243</u>

C. Payables to Related Parties

The payables to related parties are as follows:

<u>Account</u>	<u>Relationship</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Other payables	Others	-	38
Other payables	Parent company	664	672
Other payables	Other related parties	371	229
		<u>\$ 1,035</u>	<u>939</u>

D. The Company leased office buildings and hotels from other parties and signed lease agreements with reference to the rental market for offices in neighboring areas. The company acquired right-of-use assets amounted to \$173,254 thousand and \$1,301 thousand in 2024 and 2023, respectively. In the years ended December 31, 2024, and 2023, the Company recognized interest expenses of \$10,801 thousand and \$7,622

thousand, respectively. As of December 31, 2024 and 2023, the balance of lease liabilities are \$458,665 thousand and \$339,719 thousand, respectively. The lease deposits are \$21,496 thousand and \$21,768 thousand respectively and are recorded as other non-current financial assets.

E. Guarantee

	<u>2024</u>	<u>2023</u>
H.I.S. Co., Ltd.	\$ 340,000	380,000
Other related parties	128,334	198,333
	<u>\$ 468,334</u>	<u>578,333</u>

F. Management consultant fee

The details of the payments made by the Company to the management consultant services are as follows:

	<u>2024</u>	<u>2023</u>
H.I.S. Hotel Holdings Co., Ltd.	\$ <u>2,425</u>	<u>2,770</u>

(4) Key management personnel compensation

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ <u>2,844</u>	<u>1,911</u>

8. Pledged assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Other financial			
asset-non-current	Guarantee for rental payment	\$ <u>35,500</u>	<u>35,500</u>

9. Commitments and contingencies

Please refer to Note 6(10) for more information on the lease agreements signed by the Company on December 31, 2024, and 2023. Additionally, the bills issued due to leasing were \$332,484 thousand and \$469,542 thousand, respectively.

10. Losses due to major disasters: None

11. Subsequent events :None.

12. Other

(1) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	2024			2023		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	118,601	24,874	143,475	109,256	21,834	131,090
Labor and health insurance	13,807	2,515	16,322	12,426	2,360	14,786
Pension	6,555	1,190	7,745	5,848	1,120	6,968
Remuneration of directors	-	840	840	-	900	900
Others	6,809	2,310	9,119	6,087	2,089	8,176
Depreciation	426,727	1,545	428,272	428,854	2,217	431,071
Amortization	-	18,148	18,148	-	18,260	18,260

As of December 31, 2024, and 2023, the additional information of the number of employees and employee benefits expense of the Company were as follows:

	2024	2023
Number of employees	284	272
Number of directors (excluding those are employees concurrently)	6	6
Average employee benefits	635	605
Average employee salary	516	493
Average adjustment of employee salary	4.67%	10.04%

The Company's remuneration policy information, including directors, managers, and employees, is as follows:

- A. When directors are performing their duties, regardless of the Company's profits and losses, their salaries will be handled by the Board of Directors in accordance with the same industry level and relevant legal provisions. For example, transportation allowance payments for attending the board meeting, a fixed payment of \$20 thousand per month for each non-executive director and \$10 thousand for each executive director. Please refer to note 6(17) for directors' remuneration regulations.
- B. The Company's policy for the remunerations to managers and employees, apart from base salary, is based on different job properties to facilitate the management and computation. Please refer to note 6(17) for employee remuneration regulations. The payroll system is as follows:
 - Job allowance: based on different jobs; job allowances are paid every month.
 - Various allowance: based on different job requirements, night shift allowance, parental allowance, special bonus, and understaffing allowance will be offered.

- Business meal expense: each person gets \$3,000 food allowance per month.
- Overtime pay: computed and paid according to Article 24 of Labor Standards Act.
- Performance bonus: paid extra bonus according to different work performances.

(2) Seasonality in Business Operations:

The Company's hotel business and other tourism-related operations are subject to seasonality fluctuations due to consecutive holidays.

13. Other disclosures

(1) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

- A. Loans to other parties: None
- B. Guarantees and endorsements for other parties: None
- C. Securities held as of December 31, 2024, excluding investment in subsidiaries, associates and joint ventures: None
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock :None
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
- I. Trading in derivative instruments: None

(2) Information on investees: None

(3) Information on investment in mainland China: None

(4) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
H.I.S. Hotel Holdings Co., Ltd.		11,192,291	50.99%
Sheng-Yang Investment Co., Ltd.		1,586,100	7.22%

14. Segment information

General information:

The Company's hotel business is considered as operating segment, whose segment profit or loss, assets, and liabilities are similar to the report. Please refer to the balance sheets and the statements of comprehensive income.

GREEN WORLD HOTELS CO., LTD.
Statement of cash and cash equivalents
December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(1).

Statement of changes in property, plant, and equipment
For the Year Ended December 31, 2024

Please refer to note 6(4).

Statement of changes in right-of-use assets
For the Year Ended December 31, 2024

Please refer to note 6(5).

GREEN WORLD HOTELS CO., LTD.
Statement of long-term and short-term borrowings
December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Type	Nature	Ending	Contract Period	Interest rates	Credit	Collateral
		Balance			Limit	
Sumitomo Mitsui Banking Co.	Credit	\$ 150,000	2024/12/3~2025/6/3	2.27%	150,000	Guarantor: H.I.S. Co., Ltd.
"	"	40,000	2024/5/31~2025/5/30	2.32%	40,000	"
"	"	80,000	2024/10/25~2025/4/25	2.32%	150,000	"
Total short-term borrowings	"	<u>270,000</u>			<u>340,000</u>	
Mega International Commercial Bank Co., Ltd.	Credit	\$ 128,334	2021/8/3~2026/10/1	1%~2.270%	128,334	Credit guarantee fund
Total long-term borrowings		<u>\$ 128,334</u>			<u>198,334</u>	

GREEN WORLD HOTELS CO., LTD.
Statement of lease liabilities
December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(10).

Statement of operating revenue
For the year ended December 31, 2024

Please refer to note 6(16).

GREEN WORLD HOTELS CO., LTD.
Statement of operating costs
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Depreciation expenses	\$ 426,727
Salary expenses	118,601
Utilities expenses	52,880
Food ingredients expenses	32,466
Others (Note)	120,651
	\$ <u>751,325</u>

Note: The amount of each item in others does not exceeds 5% of the account balance.

GREEN WORLD HOTELS CO., LTD.
Statement of operating expenses
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Total
Commission fee	\$ 50,636	-	\$ 50,636
Salary expenses	4,678	21,036	25,714
Amortization expenses	16,263	1,885	18,148
Handling fee	20,935	1	20,936
Professional service fees	54	3,592	3,646
Others (Note)	7,860	17,809	25,669
Total	<u>\$ 100,426</u>	<u>44,323</u>	<u>\$ 144,749</u>

Note: The amount of each item in others does not exceeds 5% of the account balance.