



PHOENIX TOURS™
鳳凰旅遊

Phoenix Tours International, Inc.

2023 Annual Report

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Phoenix Tours International, Inc.

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<u>Name</u>	<u>Nationality</u>	<u>Experience</u>
L.C. Kuo	Republic of China	Vice President of Service Industry Financing Division of Taishin International Bank
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Alan J.T. Chien	Republic of China	Founding partner of Wiseteam Law Firm

3. Name, title, phone, and email of domestic designated representative: Not applicable



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One. Letter to Shareholders

Greetings to all of our valued shareholders,

Amid the lingering effects of the pandemic, the year of 2022 was an eventful year. Furthermore, the Russo-Ukrainian War, shortage of raw materials, inflation, extreme climate, etc., all had varying degrees of impact on business. Fortunately, the vaccination rate in many countries has increased, the number of confirmed cases has reached a certain percentage, and the life after the pandemic has entered the new normal phase. Many countries have begun to lift their border restrictions, and people have gradually resumed their previous activities and have even resumed traveling, which is undoubtedly a boost for the return to normal life in the post-pandemic era. What is even more exciting is that after more than 900 difficult days, the government finally lifted restrictions on group travel abroad on October 13, 2022, enabling the tourism industry to recover.

I. 2023 business results

Unit: In Thousands of New Taiwan Dollars

Items		Year	
		2022	2023
Financial income	Operating revenue	202,676	2,202,650
	Operating income	(59,393)	183,269
	Net profit (loss) before tax	(30,767)	215,176
Profitability	Return on equity (%)	(2.43)	13.31
	Pre-tax income to paid-in capital (%)	(4.17)	29.17
	Earnings per share (NT\$)	(0.43)	2.44

II. Summary of business plan for the current year

In the early stage of the lockdown, long-haul flights to Europe and the United States resumed sooner, so the product has almost recovered to the number before the pandemic. The new flight points such as Milan and Munich in Europe have been used to design more diverse products. In addition, in response to the post-pandemic high-end travel needs, the Company has launched river cruises in Europe, National Parks in the U.S. and Canada, aurora tours, and Antarctic cruises to satisfy the demand for high-end and scarce travel products.

In addition to selling a series of flights to Japan, we are also actively deploying charter flights such as snow viewing in Niigata, Tottori, cherry blossoms and autumn leaves in order to compensate the shortage of group flights and attract people who are interested in group tours to tier 2 and tier 3 cities in Japan.

To continue the passion of cruise tourism among Taiwanese people, we participated in the chartered voyages of the Coastal Coast cruise line. With Keelung as the home port, about 25 sailings to Japan and South Korea were arranged. The hampered cruise tours during the pandemic are still quite popular among tourists, and the chartered cruises include summer vacations, which also attracts many families and parent-child tours. Products from the Mediterranean Sea, the Arabian Sea, and Alaska are also the focus of cruise line promotion.

The group's subsidiary is actively exploring new opportunities for cooperation. AeroK is the latest airline to serve as the agent. Initially, there will be a daily flight from Taipei to Cheongju, and the number of flights and destinations will be increased depending on the demand. In addition, we have also increased the distribution of Mongolian Airlines to the Ulaanbaatar section and Hong Kong, which can package Mongolia and Baikal, Mongolia itineraries.



(I) Achievements of business plan

The 2023 total consolidated revenue is NT\$2.20265 billion (reporting currency), an increase of NT\$1.99997 billion from NT\$202.68 million in 2022. The consolidated operating loss is \$183.27 million, an increase of \$242.66 million from \$59.39 million in 2022. The consolidated non-operating net income is \$31.91 million, an increase of \$5.08 million from \$26.83 million in 2022, with an EPS of \$2.44.

(II) Status on research and development

1. In response to the ESG sustainability issue, the application for the environmental label has been applied, and the green sustainability concept is introduced from the working environment and product design, and then the company cooperates with relevant certification bodies to prepare a sustainability report. In addition to meeting the requirements of the competent authority, it also takes practical actions to implement each sustainability goal.
2. Continue to optimize the Phoenix Cloud APP. In addition to making it easier for passengers to grasp group information such as itinerary, meals, lodging, and tour leader announcements during the itinerary, the Company will also add a member feedback mechanism, an electronic opinion survey function, and a passenger handbook printing willingness survey to improve the digital value-added services and contribute to energy conservation and carbon reduction.
3. For talent cultivation, we cooperated with National Taiwan Normal University on a training program to include learning and discussion on business marketing, information, products, and finance in the one-semester course. Upon graduation, they may have the opportunity to work as cadres.

(III) Impact of the external environment

In the face of a changing external environment, the tourism industry has always faced challenges with maximum resilience and recovered as soon as possible after overcoming adversity. Phoenix Tours adheres to our service philosophy and professionalism to continuously improve our operators in response to changes, and tries to diversify its operating risks through global product deployment and diversified operations.

According to the World Tourism Organization, by the end of 2023, the international tourism industry will recover 80% to the level before the pandemic. The pent-up tourism demand for several years and the recovery of air transportation will lay the foundation for a full recovery in 2024. Although the international community is still under the influence of geopolitics, inflation, extreme climate and other factors, it is believed that the tourism industry can still demonstrate incomparable resilience, overcome difficulties and return to prosperity. I would like to thank all the shareholders, ladies and gentlemen. With your support and encouragement, the management team and all colleagues will go all out to exert their best strength and reach new heights.

Yours sincerely,

The Dragon Soars, the Phoenix Sings! Prosperity in All Endeavors!

William Chang, President



Respectfully yours.



Two. Company Profile

I. Date of establishment

The Company was originally established on April 30, 1957. After half a century of hard work, refinement and cultivation, we have formed the corporate philosophy of "Be the industry benchmark and make people believe in our brand credibility" to continue to set new paradigms for the Company and the travel agencies in Taiwan.

◆ Repeatedly setting new trends in the travel agencies

The first travel agency to go public in Taiwan

Travel agencies are in an industry with low barriers to entry and intensive competition. There are competing products from other industry peers, and the sales channels have undergone tremendous changes. Over the years, Phoenix Tours has remained consistent on applying a flexible business strategy for innovation and adapting to changes. Only by constructing a sound financial position and an excellent management team can we establish a solid and steady growth. In 2001, Phoenix became the first travel agency in Taiwan to be traded over the counter. In 2011, the Company went public and again became the first travel agency in Taiwan to be publicly traded (stock code: 5706). The results of being traded over the counter and publicly gave consumers an assurance that the travel services provided are guaranteed, making the Phoenix Tours a role model in the tourism industry, and with the image greatly improved, the old company became the best travel agency brand in the minds of consumers.

◆ Strict control of quality

ISO 9001 certification

In 1998, Phoenix Tours became the first travel agency to successfully obtain the ISO 9001 certification. For years, we have continued to maintain our certification and are committed to putting every detail of our operation under strict control. We also have reinforced our internal quality audit system, aiming to become a benchmark in the industry. Provide excellent service to passengers. Phoenix adopts a more open attitude and approach to enable consumers to participate in our quality control process. The design and implementation of the "Customer Opinion Questionnaire" enable every traveler participating in the tour groups to grade the quality of Phoenix Tours. The results are used to evaluate the performance of tour leaders and immediately understand things to improve in the itineraries. They are also disclosed on the Company's website, so that travelers can directly check the customer satisfaction at any time.

◆ Comprehensive travel services

Horizontal and vertical expansion for absolute competitive advantage

Phoenix Tours has an innovative and comprehensive line of travel products, including group travel itineraries, independent travel, international air tickets, and reward travel for companies or organizations. In response to the consumer trends, we also offer theme travel itineraries such as luxury cruise, world heritage, ancient civilization, family travel, honeymoon, aurora, etc. We have continuously explored new scenic spots and new types of tours to inject new energy into the tourism market and set new trends.

As the Company develops into a corporate group, Phoenix has several units offering travel-related services. There are Taiwan Orchid Express which specializes in global air ticketing and freight; Yushan Ticketing System which provides a complete selection of international destinations and flights; China Express which is a general agent of well-known airlines, hotels and international car rental companies; and Taiwan Orchid Insurance



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Agency, Inc. which collaborates with Nan Shan Life Insurance Company to promote the travel insurance business, and all units not only provide more comprehensive services for travelers, but also bring more business revenue to the group.

II. Company history

- **1957** The Company was founded and known as Asia Travel Agency. At the time, the travel agency focused on taking foreign tourists on sightseeing tours in Taiwan. The steady operation built up the reputation of the travel agency.
- **1988** Restructured into a consolidated travel agency The Company was restructured with a cash capital increase to become a multipurpose travel agency in order to serve the increasing number of tourists due to that the government of Taiwan lifted the overseas travel restrictions for citizens. After the restructuring, the Company set an astonishing record of 50% business growth for several years.
- **1993** Three-tier marketing system The Company introduced a three-tier market concept for tourism product for the first time to meet different customer needs, and there were Phoenix Aristocrat, Phoenix Classic and Phoenix Value.
- **1995** "Phoenix Tour Foundation" established. To turn the idea of giving back to the society into action. For years, the Foundation has donated to the disadvantaged groups, the recovery efforts in the aftermath of the August 8 flooding and other disasters, sponsored students in the field of tourism or assisted in the promotion of tourism. It also had assisted the Taitung Christian Hospital in raising almost NT\$13 million for the facility expansion.
- **1994 – 1996** Full introduction of information technology.
The Company incorporated the use of information technology into its operations and became the first travel company to use emails and records for all employees, which greatly improved the efficiency of internal operations and strengthened communications with external parties. The Company was the first in the industry to set up its own website, Phoenix Tours, to provide real-time product inquiry. The development of the information system has continued for years to further improve the work efficiency and the Company's competitiveness.
- **1998** Became the first travel agency in Taiwan to obtain the **ISO 9001** certification.
- **2001** Became the first over-the-counter travel agency in Taiwan. The progress encouraged employees and improved the image of the travel agencies. The Company became the most trusted travel agency brand, which also created new opportunities for business expansion.
- **2006** The forming of the corporate group set a new standard in the tourism industry.
 - ▶ The subsidiary Taiwan Orchid Express Inc. is an air passenger and freight forwarding agency working with Alitalia, EGYPT AIR, Transaero, Air New Zealand, Lao Airlines and Biman Bangladesh Airlines.
 - ▶ The first brick-and-mortar travel agency in Taiwan to successfully transformed into an online travel agency - Yushan Ticketing System provides a complete selection of international flights, independent travel packages from airlines, international room reservations, national railways in many countries and the sales of tour tickets and vouchers.
 - ▶ Further improved the services by introducing the "all-in-one tipping" and the "Customer Satisfaction Survey Form" measures, which were welcomed by customers.



- **2007 Celebration of the 50th anniversary**
Welcoming the reputable brand in the tourism industry to start its new future of sustainable business.
- **2008 The corporate group had new members in its line of business.**
 - ▶ China Express Co., Ltd. and Phil-Am Express Travel Service Co., Ltd. were added to the operations.
 - ▶ Tourists from China were allowed to travel in Taiwan starting July 4th, and the Company was the designated reception travel agency for the first wave of tour groups.
- **2009 "Phoenix Value" series of itineraries launched.** In response to market demand, the company will expand its customer base by maintaining its brand service spirit and offering prices that are closer to the needs of most travelers.
- **2010** Invested in tour bus companies to strengthen competitiveness. The subsidiary Taiwan Orchid Express Inc. invested in tour bus companies to provide services to tourists from China.
- **2011** Launched the Gaogang Plan to become the first travel agency in Taiwan to be publicly traded in the Taiwan Stock Exchange.
 - ▶ Launched the Gaogang Plan for long-term business growth, which aligned with the government of policy of visa-free travels available to people from close to a hundred countries, and flexibly offered tour packages to find more tourism business opportunities.
 - ▶ Successfully moved from OTC trading to public trading on the Taiwan Stock Exchange on October 21, becoming the first travel agency in Taiwan to be traded publicly.
- **2012** Phoenix Tours concentrating on core competitive advantages
 - ▶ Going public enables the Company to show the broadening of its business. After establishing Oulan Travel Agency in Paris, the Company set up a subsidiary A Plus in Los Angeles in response to that Taiwan became one of the visa-free candidate countries for the US.
 - ▶ VIP BUS Int'l Inc. was added to the operations.
- **2013 Flexible revenue management to bring greater benefits.**

In a sluggish economy when spending was controlled, Phoenix emphasized flexible revenue management which was obviously effective. The expansion of manpower and the sufficient supply of flight seats on the Japan route, and the boom in tours to locations with ancient civilizations resulted in excellent business performance, making them the most dazzling line of product for the year.
- **2014 Airline agency business expanded the breadth of services.**

The subsidiary Taiwan Orchid Express began selling the direct flight route from Taipei to Moscow available from Transaero, which drove the summer tourism boom in Russia. After the successful merger of American Airlines and US Airways, China Express was designated as the general agent starting July 1st. American Airlines became the most convenient choice for business travelers to the Americas with its dense routes.
- **2015** Active expansion in the market and diversification of business by establishing the subsidiary Park Joy Co., Ltd.
 - ▶ Driven by the depreciation of the Japanese yen and the euro, the tourism market in Japan and Europe continued to flourish, and the profitability of the corporate group was improved due to the adjustment of operating



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strategies. Turkish Airlines started direct flights from Taipei to Istanbul on March 31, which increased the supply of long-haul seats in Europe and the United States. The Company also entered the market of cruise tourism, and continued the cruise charter business in Asia from April to June, which achieved good sales again.

- ▶ Establishment of subsidiary, Park Joy Co., Ltd. to provide operation and management of food courts and shopping malls.
- **2016** Website revision and upgrade/Subsidiary Taiwan Orchid Express began serving as a ticket agency for Jin Air and STARFLYER.
 - ▶ In response to the availability of consumer mobile devices, the office website of Phoenix has been completely redesigned with a RWD approach, enabling travelers to browse more smoothly on their mobile phones or tablets. In response to the increase in demand for independent travel, Yushan Ticketing System for international tickets was also revised in the same year. Met the habits of more consumers. The Phoenix Cloud App was launched the same year, which provided travelers with easier and real-time access to group information such as itinerary, meals, accommodation, and tour leader announcements. During the trip, users can also call the tour leader and map positioning for the most immediate assistance.
 - ▶ Subsidiary Taiwan Orchid Express began serving as a ticket agent for Jin Air of Korea and STARFLYER of Japan.
- **2017** Phoenix Shopkeeper APP launched
 - ▶ 2017 marked the 60th anniversary of Phoenix Tours. The Company, in addition to continuing the promotion on traditional print media and radio stations, added social media advertising such as LINE and Facebook social groups, and organized activities to increase interactions to draw new people to become potential customers. The Company introduced the Phoenix Shopkeeper reward point system after the introduction of the Phoenix Cloud, so that travelers can access the various high-quality packages and the value-added reward point services offered by Phoenix Tours.
- **2018** Entered the food and beverage industry/Subsidiary Taiwan Orchid Express began serving as a ticket agency for LOT Polish Airlines
 - ▶ The subsidiary of Phoenix Tours, Park Joy Co., Ltd., established a new brand Haus Food (opened on 7/26) in the food court of ASE WeMall in Tucheng of New Taipei City.
 - ▶ Subsidiary Taiwan Orchid Express began serving as a ticket agency for LOT Polish Airlines
- **2019** Acquired real estate in the Minsheng area of Qianjin District in Kaohsiung City for investment purposes
- **2020** Entered the fitness industry and opened the **Fitnexx** fitness center/Established the subsidiary Park Castle Co., Ltd. and started the construction of the hotel in Liuqiu
 - ▶ Entered the fitness industry for the diversification of business in response to the trends in the macroeconomy. Fitnexx, opened on 10/16, is located close to the #1 exit of Xinyi Anhe Station of Taipei Metro. The comfortable fitness environment offers the most advanced equipment and professional coaches, and has private and independent spaces.



- ▶ Phoenix acquired the exclusive land use rights for the land property in front of the wharf by the waterfront of Liuqiu, and established the subsidiary Park Castle Co., Ltd. which would construct a resort with the highest international standard in Liuqiu. Construction started on September 21, 2020.
- **2022** Integrated the Phoenix Cloud itinerary service and the Phoenix Shopkeeper member feedback system to welcome the era of smart tourism.
- **2023** Passed environmental protection label/Subsidiary China Express as the agent for Mongolian Airlines and Qantas Airways/Inducted into TTG Asia Hall of Fame
 - ▶ Promote green tourism, and obtained the "Silver-Grade Environmental Protection Tour Operator" seal approved by the Ministry of Environment.
 - ▶ Subsidiaries - China Express Taiwan as the agent of Mongolian Airlines and Qantas Airways
 - ▶ Won the TTG Asia International Award for the 15th year and entered the highest honor "Hall of Fame"

III. Honors and recognitions

For years, the Company has won numerous awards from the Tourism Bureau and airlines and the recognition by media reports, and put in dedication and hard work to share the glory with everyone.

- Awards and affirmations from various government units in Taiwan.
 - ▶ **1984, 1986, 1988, 1992, 1995**
5-time winner of the Excellent Travel Agency Award given by the Tourism Bureau of the Ministry of Transportation and Communications.
 - ▶ **1996** Full implementation of an information technology-based operating system to achieve work performance excellence, and won the Computerization Excellence Vendor Award issued by the Small and Medium Enterprise Administration of the Ministry of Economic Affairs.
 - ▶ **1998** Won the "1998 Excellent National Tour Package - Cultural Heritage Tour Award" issued by the Tourism Bureau of the Ministry of Transportation and Communications for the one-day tour itinerary of Hsinchu, Beipu and Neiwán.
 - ▶ **2001** Chairman Jimmy K. M. Chang of Phoenix Tours was awarded the Excellent Industry Practitioner by the Tourism Bureau of the Ministry of Transportation and Communications for the outstanding business performance.
 - ▶ **2010** Won the "Travel Agencies Ranked Top-5 Customer Satisfaction Accepting Tour Groups From China" issued by the Tourism Bureau of the Ministry of Transportation and Communications.
 - ▶ **2012** Winner in the Taiwan Commercial Service Industry Excellent Brand Award organized by the Department of Commerce of the Ministry of Economic Affairs.
 - ▶ **2012** Won the Gold Standard Travel Awards issued by the Travel Quality Assurance Association for the four itineraries, Hong Kong-Macau-Zhangjiajie of China, Western United States, Central and South Western Europe Region - Italy, and New Zealand and Australia Region - Eastern Australia.



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- ▶ **2013** Won the Gold Standard Travel Awards issued by the Travel Quality Assurance Association for the four itineraries offered, South Asia, Africa and the Middle East - 8-day trip in Armani, Banyan Tree and Burj Al Arab, 12-day in Eastern Europe (Germany, Czech Republic, Austria and Hungary), Northeast Asia - 6-day trip in Myth Tottori, Miyajima clouds, Kitaro and Conan and famous hot springs, Southeast Asia - 5-day trip in villa, Khao Kheow Open Zoo and Chao Phraya riverside feast in Thailand.
- ▶ **2014** The 6-day trip (direct flight) of Golden Phoenix in Lijiang and Shangri-La won the Gold Standard Travel Awards presented by the Travel Quality Assurance Association.
- ▶ **2015** The 9-day trip by high-speed train to Civita di Bagnoregio, Burano and 2-star Michelin restaurants in Italy, 5-day trip in Sea Paradise Villa in Gorgeous Vietnam, and Golden Phoenix 5-day trip in Gangnam Style (no shopping) won the Gold Standard Travel Awards presented by the Travel Quality Assurance Association.
- ▶ **2016** The 10-day slow tour of Lake Louise in the Canadian Rockies, 10-day nature tour strolling in Sri Lanka, and Golden Phoenix 6-day tour of Guilin, Longji and Sanjiang won the Gold Standard Travel Awards presented by the Travel Quality Assurance Association.
- ▶ **2017** The Golden Phoenix 8-day panorama trip of Guangxi in China won the Gold Standard Travel Awards presented by the Travel Quality Assurance Association.
- ▶ **2018** Seven of its itineraries won the Gold Award from the Quality Assurance Association of the Republic of China, setting a record for the travel agency that won the most number of golden tours in history! They were Golden Phoenix 5-day wandering tour in Huangshan; Golden Phoenix 7-day wandering tour in Jiangnan; Golden Phoenix 8-day tour to Lijiang, Shangri-La and Kawa Garbo; 5-day feast in Michelin Korea; 5-day trip in Paradise Elegance Sea Villa in Gorgeous Vietnam; 9-day trip across the fairyland of Nepal's Phewa Lake (including 2 trips of domestic flights); and 11-day solo flying between Meteora of Greece, Michelin restaurants and three islands in the Aegean Sea.
- ▶ **2019** The Golden Phoenix 8-day trip to Zhangjiajie, Golden Phoenix 5-day trip to two water worlds in Jiangnan, and Golden Phoenix 10-day panorama trip to Guizhou in Southwest, South and Central China, respectively, won the Gold Standard Travel Awards.
- ▶ **2021** 2023 Sports Enterprise Certification by the Sports Administration of the Ministry of Education
- ▶ **2023** Passed the environmental protection label review
- ▶ **2023** The hotel has won two Golden Travel Awards from the Taiwan Quality Assurance Association, and the itineraries of "Four Famous Restaurants in China and All Eight Cuisines - 9 Days in Jiangnan," and "11 Days of Famous Mountains and Scenic Views in Jiangxi" and won five "Excellent Traveller Awards" acknowledgments: "Dream Fulfillment 9 Days at Dong'ao", "12 Days of The Pharaohs of the Red Sea," "Five Days in Love with Pinang," "5 Days of Tottori Flowers, Cherry Blossoms and Blowing Snow", and "5 Days of Kagoshima Selection"



- Affirmations from the tourism bureaus or travel organizations in various countries.
 - ▶ **1997** The 9-day trip by the Bay of Islands Vintage Railway in New Zealand won the honors of the Gold Standard Travel Awards and Marketing Innovation Awards in New Zealand and South Pacific Islands.
 - ▶ **1998** Awarded the 1998 New Zealand Tourism Awards - Marketing Campaign category by the New Zealand Ministry of Tourism.
 - ▶ **2000~2004**
Certified by Destination Canada as a Canadian Travel Specialist for five consecutive years.
 - ▶ **2003** Won an award of contribution issued by the New Zealand Ministry of Tourism for promoting the Pure New Zealand program.
 - ▶ **2005~2009**
Continued to be certified in the Aussie Specialist Program by the Tourism Australia.
 - ▶ **2005~2010**
Continued to be certified in the Pure New Zealand Specialist Programme by the New Zealand Ministry of Tourism.
 - ▶ **2005~2011**
Continued to be awarded the quality assurance certificate from the Tourism Authority of Thailand.
 - ▶ **2006~2013**
Continued to be awarded the quality certificate from the Korea Tourism Organization.
 - ▶ **2006** The Golden Phoenix 5-day trip to Guilin became the only itinerary offered by a travel agency to be awarded by the Guilin Tourism Bureau for quality.
 - ▶ **2009** Received the Guilin Tourism Contribution Award issued by the Guilin Tourism Bureau.
 - ▶ **2010** Received the Friends of Thailand Award for international travel agencies issued by the Tourism Authority of Thailand.
 - ▶ **2013** Chairman Jimmy K. M. Chang won the highest honor of the French Tourism Medals, a gold medal, in recognition for his outstanding contributions to the tourism in France.
- Affirmation from major media
 - ▶ **2000, 1999**
Voted as the "Best Travel Agency Award for Service Quality" by readers of the TO'GO Lifestyle Information Magazine in consecutive years.
 - ▶ **2001, 2002, 2004, 2005, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2023**
Won the gold prize of the "Best Travel Agency Awards, Taiwan" issued by TTG Asia 15 times, and has won the award for 10 consecutive years and entered the highest honor, the "Hall of Fame".
 - ▶ **2002** Won the #3 spot of the "International Tours Travel Agency" and the "Domestic Tours Travel Agency" voted by the readers participating in the voting of the 5th Taiwan Elite Alliance Award held by the



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Travelcom Magazine.

- ▶ **2004** Won the #2 spot of the "Overseas Travel Agency for Tours in Europe", #2 of the "Tours in Northeast Asia", and #1 of the "Tours in Africa and the Middle East" voted by the readers participating in the voting of the 7th Taiwan Elite Alliance Award held by the Travelcom Magazine.
- ▶ **2005~2010**
Consecutively ranked in the top 500 of Taiwan's service industry operators by CommonWealth Magazine.
- ▶ **2008~2010**
Ranked among the "Top 100 Best Companies to Work for Among Young People in Taiwan" by Cheers Magazine in four consecutive years.
- ▶ **2011** Won the first place in the travel agency category of the "Frontline Service Quality Survey" conducted by the Global Views Monthly Magazine.
- ▶ **2013** Won #2 in the "Digital Service Power - Tourism and Food and Beverage Industry" survey conducted by the Business Next Magazine.
- ▶ **2014** Won the award of excellence in the "Digital Service Benchmarking Companies - Tourism and Food and Beverage Industry" survey conducted by the Business Next Magazine.
- ▶ Won the "Golden Award for Travel Agencies" held by the Commercial Times for the review of service industry in Taiwan for three years in a row, from **2015 to 2017**.

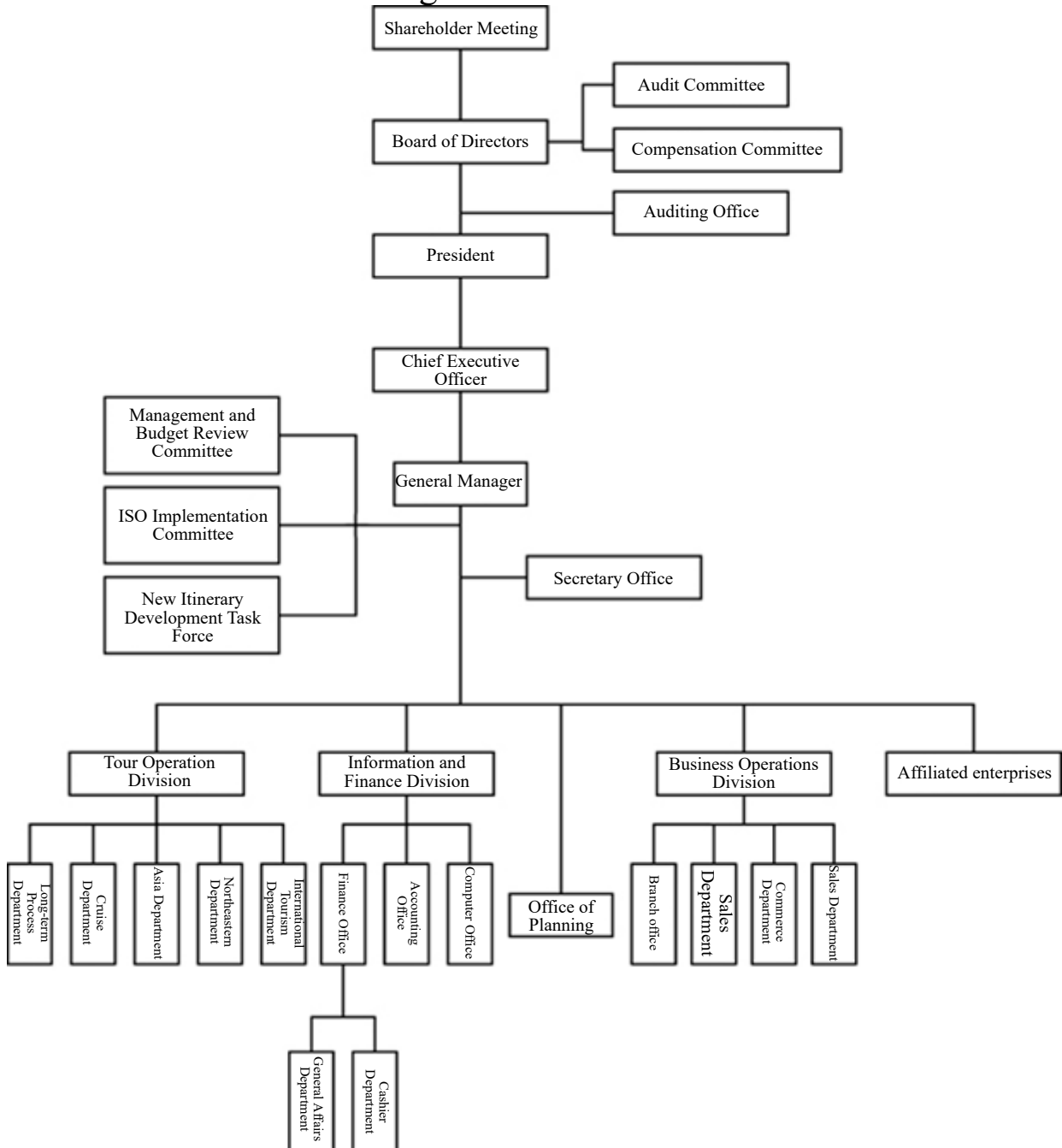


Three. Corporate Governance

I. Organizational Structure

(I) Corporate organization

Phoenix Tours International, Inc. Organizational Chart





(II) Business operations of main departments

Department	Nature of Business
Audit Committee	<p>Main purpose is to supervise the following matters:</p> <ol style="list-style-type: none"> (1) Fair representation of the Company's financial statements. (2) Selection (termination), independence and performance of CPAs. (3) Effective implementation of the Company's internal control. (4) The Company complies with relevant laws and regulations. (5) Management and control of the Company's existing or potential risks.
Compensation Committee	<ol style="list-style-type: none"> (1) Stipulate and regularly review the performance of the directors and managerial officers; as well as the compensation policies, systems, standards and structure. (2) Regularly evaluate and stipulate director and managerial officer compensation.
Auditing Office	<ol style="list-style-type: none"> (1) Investigations, reviews, suggestions for improvement for the tasks handled by each department and its affiliated units. (2) Formulation and implementation of various inspection reports and inventory plans. (3) Check customers' line of credit and various contracts. (4) Audit of procedures for acquisition, use, disposal, and transfer of properties. (5) Review of internal controls.
Management and Budget Review Committee	<ol style="list-style-type: none"> (1) Review internal budget management and audit results. (2) Review the effectiveness and adequacy of the current management system. (3) Review the implementation results of each management plan.
ISO Implementation Committee	<ol style="list-style-type: none"> (1) Implementation of the quality system. (2) Formulation of quality policy. (3) Audit of the quality system. (4) Discussion to resolve quality issues. (5) Maintain the effective operation of the quality system.
New itinerary development task force	<ol style="list-style-type: none"> (1) Form a project organization. (2) Set project goals. (3) Control cost schedule. (4) Report to the President on the implementation and review of project plans.
Tour Operation Division	<ol style="list-style-type: none"> (1) Long-Distance Department: Planning and design, pricing, arrangement of seats, contacting room reservation, rental of transportation equipment and other related travel matters for tours to Europe, America, South Africa, New Zealand and Australia. (2) Cruise Department: Planning and design of travel itineraries for cruise lines. (3) Asia and China Department: Planning and design, pricing, arrangement of seats, contacting room reservation, rental of transportation equipment and other related travel matters for tours to Southeast Asia and China. (4) Northeast Asia: Planning and design, pricing, arrangement of seats, contacting room



Department	Nature of Business
	<p>accommodation, reservation of transportation, tickets to attractions and restaurants and other related travel matters for tours to Japan, Korea, Macau and Hong Kong.</p> <p>(5) Domestic Tour Department: A. Planning and design, room reservation, arrangement of transportation, tickets to attractions and restaurants and other related travel matters for inbound foreign tourists visiting Taiwan and visa application for tourists from China coming to Taiwan. B. Planning and design, pricing, arrangement of seats, room reservation, arrangement of transportation, tickets to attractions and restaurants and other related travel matters for locals taking domestic tours.</p>
Information and Finance Division	<p>(1) Accounting Office: Accounting processing, auditing of various receipts of revenue and expenses, preparation of financial budgets, preparation of final accounts, management and control of funds, and transactions with financial institutions.</p> <p>(2) General Affairs Section: Purchase and repair equipment and office supplies, manage personnel affairs, send and receive letters, answer telephone calls, and handling matters of change of registrations stipulated by the relevant competent authorities.</p> <p>(3) Computer Office: Promotion of computerized operations, establishment and implementation of information systems, computer operation training, operating system planning, programming, modification and security management of computer resources, etc.</p>
Office of Planning	<p>(1) Annual advertising implementation: Media buying, advertising planning and execution, analysis of advertising benefits.</p> <p>(2) Website maintenance and update: Website marketing planning, web page maintenance and update.</p> <p>(3) Cooperative advertising: Plan cooperative advertising programs with various business units.</p> <p>(4) Others: Design, production and distribution of Phoenix Tours Information, design and production of promotional materials, management and review of subcontractors and event planning.</p>
Business Operations Division	<p>(1) Branches: Sales and service matters of various tour businesses in each respective region, as well as matters assigned and authorized by the headquarters.</p> <p>(2) Ticketing Department: Sales of air tickets, room reservations, and tickets to attractions, and the collection and survey of ticketing information on other industry peers, and assist in handling after-sales services for customers who purchase tickets.</p> <p>(3) Sales Department: Wholesale of various tour packages and services related to the needs of industry peers.</p> <p>(4) Corporate Sales Department: Direct sales of personal travel services and the review, signing and performance of corporate travel and business travel contracts.</p>



II. Introduction members of Board of directors

(I) Information of board members

March 21, 2024

Title	Nationality or registration place	Name	Gender Age	Election / Appointment Date	Term Duration	Initial Elected Date	Number of Shares Held at Time of Election		Number of Shareholding Currently Held		Shareholding of Spouse and Minor Children		Shares Held in the Name of Others		Main Work Experience or Education Background	Concurrent Position in the Company or other Companies	Other managers, directors or supervisors who are spouse or blood relatives within the second degree			Notes
							Number of Shares	Shareholding Percentage (%)	Number of Shares	Shareholding Percentage (%)	Number of Shares	Shareholding Percentage (%)	Number of Shares	Shareholding Percentage (%)			Title	Name	Relationship	
President	Taiwan	William Chang	Male 49	2023.06.19	3 years	2005.06.14	6,317,131	8.56	6,317,131	8.56	0	0	0	0	Master's degree from the Graduate Institute of National Development of National Taiwan University Oklahoma Community College in the US Phoenix Tours	President of the Company Director of Taiwan Orchid Express Inc. President of China Express Co., Ltd. President of Phil-Am Express Travel Service Co., Ltd. President of Taiwan Orchid Insurance Agency, Inc. President of Shang Hai Huaxia International Travel Service Co., Ltd. Director of Travelarena Int'l Co., Ltd. Director of VIP BUS Int'l Inc. President of Phoenix Travel Press Co., Ltd. Responsible person of Chuanliu Publishing Director of Yu Lin Travel Service Co., Ltd. President of Pan Asia Express Limited. President of Park Joy Co., Ltd. President of Park Castle Co., Ltd. President of Fitnexx Co., Ltd. Consultant to Taiwan Visitors Association Director of International Cruise Council Taiwan	Director	Jimmy K. M. Chang	Father-son	President
Director	Taiwan	Jimmy K. M. Chang	Male 77	2023.06.19	3 years	1999.08.08	12,135,521	16.45	12,135,521	16.45	0	0	0	0	Doctoral degree from the Department of Marketing and Tourism Management of National Chiayi University, Doctoral degree from EU Business School, EMBA from the College of Management of NSYSU, Department of Tourism Management of Chinese Culture University, manager of the Tourism Department at Golden Dragon Shipping Co., Ltd., sales representative of Malaysia Airlines, adjunct professor-level professional personnel at Chinese Culture University, director of Taiwan Visitors Association	Director of China Express Co., Ltd. Director of Taiwan Orchid Insurance Agency, Inc. President of Tianhe Air Cargo Co., Ltd. Director of Phoenix Travel Press Co., Ltd.	President	William Chang	Father-son	Director
Director	Taiwan	Joe T. H. Chiu	Male 65	2023.06.19	3 years	2011.04.29	176,757	0.24	176,757	0.24	0	0	0	0	Department of Chemical Engineering of Tamkang University Sales representative of Northwest Airlines, KLM Taipei Area Manager	Director of China Express Co., Ltd. Director of Phil-Am Express Travel Service Co., Ltd.	Director	-	-	

Director	Taiwan	Eric Kai	Male 59	2023.06.19	3 years	2020.06.15	0	0	0	0	0	0	0	0	0	Department of Tourism Management of Chinese Culture University	None	Director	-	-	
Director	Taiwan	Jonny Tseng	Male 47	2023.06.19	3 years	2005.06.14	1,891,259	2.56	1,891,259	2.56	0	0	0	0	0	Department of Tourism Management of Chinese Culture University Director of Les Enphants Co., Ltd.	Director of Les Enphants Co., Ltd.	Director	-	-	
Director	Taiwan	Pei Wen Wu	Female 44	2023.06.19	3 years	2014.06.17	379,754	0.51	379,754	0.51	0	0	0	0	0	Master's degree from the Department of Management Science at National Chiao Tung University, Systems Engineering and Naval Architecture at National Taiwan Ocean University	Assistant Manager at Yuanta Securities Assistant Manager at Yuanta Futures	Director	-	-	
Independent Director	Taiwan	Alan J.T. Chien	Male 50	2023.06.19	3 years	2020.06.15	0	0	0	0	0	0	0	0	0	Department of Law, Soochow University Master's degree from the School of Law at Soochow University. Bachelor's degree from the Department of Law at National Chung Hsing University. Adjunct Assistant Professor of Law at Soochow University. Professor	Founding partner of Wiseteam Law Firm Chief Legal Officer at Sinopac Financial Holdings Company	Independent Director	-	-	
Independent Director	Taiwan	L.C. Kuo	Male 59	2023.06.19	3 years	2012.06.18	0	0	0	0	0	0	0	0	0	EMBA from the College of Management of NSYSU Department of Business Administration at Fu Jen Catholic University, TC Bank	Vice President of Service Industry Financing Division of Taishin International Bank Vice President of Overseas Operation Division of Taishin International Bank Director of Taiwan Asset Management Corporation Director of Taishin Securities Investment Trust	Independent Director	-	-	
Independent Director	Taiwan	T.S. Chen	Male 65	2023.06.19	3 years	2015.06.22	0	0	0	0	0	0	0	0	0	Accounting Department, Soochow University; Accountant of Dong-Sheng Accounting Firm	Accountant of Dong-Sheng Accounting Firm	Independent Director	-	-	

1. Principal corporate shareholders: None.

2. Principal corporate shareholders who are representatives of corporate shareholders: None.





3. Professional qualifications of directors and independence of independent directors:

Professional qualifications of directors and independence of independent directors:

Conditions Name and title	Professional qualifications and experience	Independence of independent directors	Concurrently serving as an independent director in other publicly listed companies
William Chang, President	For the professional qualifications and experience of directors, please refer to the annual report, “II. Introduction members of Board of directors” (pp. 14-15) No director is a person under any of the conditions defined in Article 30 of the Company Act. (Note 1)	Not applicable	None
Jimmy K. M. Chang, Director			None
Joe T. H. Chiu, Director			None
Jonny Tseng, Director			None
Pei Wen Wu, Director			None
Eric Kai, Director			None
L.C. Kuo, Independent Director		All independent directors have met the following conditions: 1. Comply with the relevant provisions of Article 14-2 of the Securities and Exchange Act and the Securities and Exchange Act promulgated by the Financial Supervisory Commission. (Note 2) 2. The person (or in the name of others), spouse and minor children do not hold any shares of the Company 3. The amount of remuneration received by providing the Company or its affiliates with business, legal, financial, accounting and other services in the last 2 years.	None
T.S. Chen, Independent Director			None
Alan J.T. Chien, Independent Director			None

Board of Directors diversity and independence:

There are 9 board members, of which 3 are independent directors, accounting for 33.33% of the board seats. All independent directors maintain their independence when conducting business and have no conflicts of interest with the Company. The Company also values gender equality in the composition of the board. The current board of directors includes one female member, accounting for 11.11% of the board seats. In the future, we will strive to increase the proportion of female directors.

The Company respects the opinions of all directors and their objective exercises of their powers. All directors raise constructive questions to express their views for the management and other directors. All directors fully ensure that the discussion and voting of each motion are objective and independent judgment. The positions of director and general manager are held by different people, so the Board of directors can fully supervise the management, guide the Company's strategy, and be responsible to the Company and shareholders.

None of the directors of the current session has any violations of the provisions of Paragraph 3 and 4 of Article 26-3 of the Securities and Exchange Act.

Implementation of diversity policy of members of Board of directors

I. Board diversity policy

The Company considers the composition of the Board of Directors with diversified backgrounds and perspectives, and selects members with diverse backgrounds and perspectives in accordance with the Company's operations, business model and development needs. Factors to be taken into consideration include but are not limited to gender, age, nationality, culture, educational background, professionalism Background (such as law, accounting, industry, finance, marketing), professional skills, and industry experience. In addition, the members of the Board of Directors also considers factors including: Directors should have a reputation for honesty and integrity, enjoy outstanding achievements and experience in various professional fields, and have the ability to assist in business management, and make contributions to the Company, etc. In the case of an independent director, all the eligibility requirements for membership meet the statutory requirements.

The Board of Directors of the Company consists of nine directors. Currently, the nine members of the Board of Directors of the Company have diverse backgrounds, including professional backgrounds in corporate strategy and management, accounting, finance, and law, including three independent directors (accounting for 33%), one Internal directors who are also employees (11%), and one female director (11%). All directors of the Company are nationals. The age distribution of board members shows that 1 director is between 41-45 years old, 3 directors are between 45-50 years old, 2 directors are 55-60 years old, and 2 directors are between 60- 65 years old, and 1 director is 76-80 years old. In order to achieve the diversity of background, experience, and professionalism as required by the Company's diversity policy and to promote diverse perspectives, the Company's board of directors includes financial accounting and other relevant professional backgrounds, and relevant experience covers the tourism industry, such as travel (Director, Jimmy K. M. Chang, Director, William Chang, Director Jonny Tseng, Director Eric Kai), Aviation Industry (Director Joe T. H. Chiu), Independent Director Alan J.T. Chien with legal background, and Independent Director L.C. Kuo, Independent Director T.S. Chen, and Director Pei Wen Wu with Finance background. The specific management goal of the diversity of the Company's Board of Directors has been achieved.





II. Goals of diversity management

The Company's industry experience and diversification are as follows:

Title	President	Director					Independent Director		
Name	William Chang	Jimmy K. M. Chang	Jonny Tseng	Pei Wen Wu	Joe T. H. Chiu	Eric Kai	L.C. Kuo	T.S. Chen	Alan J.T. Chien
Gender	Male	Male	Male	Female	Male	Male	Male	Male	Male
Nationality	Republic of China	Republic of China	Republic of China	Republic of China	Republic of China	Republic of China	Republic of China	Republic of China	Republic of China
Age	49	77	47	44	65	59	59	65	50
Con-current Position as Employee of the Company	V	V				V			

Professional knowledge and skills

Business	★	★	★	★	★	★	★	★	★
Technology									
Finance/Accounting	★	★		★			★	★	
Laws									★
Marketing	★	★	★		★	★	★	★	★
Information security				★					
Others	Innovation/ R&D Education/ Training	Innovation/ R&D Education/ Training		Research and development Education/ Training	Innovation/ R&D Education/ Training	Innovation/ R&D Education/ Training	Innovation/ R&D Education/ Training	Innovation/ R&D Education/ Training	Innovation/ R&D Education/ Training

Capability and experience

Leadership	★	★	★	★	★	★	★	★	★
Decision-making	★	★	★	★	★	★	★	★	★
Vision of the global market	★	★	★	★	★	★	★	★	★
Industry Knowledge	★	★	★	★	★	★	★	★	★
Financial management	★	★	★	★	★	★	★	★	★
Operations and manufacturing	★	★	★	★	★	★	★	★	★
Sales development	★	★	★	★	★	★	★	★	★
Risk management/ Crisis handling	★	★	★	★	★	★	★	★	★
Environmental sustainability	★	★	★	★	★	★	★	★	★
Social participation	★	★	★	★	★	★	★	★	★





(II) Profile of General Managers, Deputy General Managers, Assistant Presidents, and heads of departments and branches

March 21, 2024

Title	Nationality	Name	Gender	Election / Appointment Date	Shareholding		Shareholding of Spouse and Minor Children		Shares Held in the Name of Others		Main Work Experience or Education Background	Concurrent Position in Other Companies	Managerial officers who are Spouse or Blood Relatives Within the Second Degree		
					Number of Shares	Shareholding Percentage (%)	Number of Shares	Shareholding Percentage (%)	Number of Shares	Shareholding Percentage (%)			Title	Name	Relationship with the Company
General Manager	Taiwan	Benjamin Pien	Male	2015.09.11	152,380	0.21%	0	0	0	0	EMBA from the College of Management of NSYSU Department of Tourism Management of Chinese Culture University Phoenix Tours	Supervisor of Taiwan Orchid Express Inc., China Express Co., Ltd., Shang Hai Huaxia International Travel Service Co., Ltd., Phil-Am Express Travel Service Co., Ltd., VIP BUS Int'l Inc., Yu Lin Travel Service Co., Ltd., Taiwan Orchid Insurance Agency, Inc., Travelarena Int'l Co., Ltd., Phoenix Travel Press Co., Ltd., Park Castle Co., Ltd., and Fitnexx Co., Ltd.	-	-	-
Chief Executive Officer of Tour Operation Division	Taiwan	Raymond Tan	Male	2007.11.08	29,055	0.04%	0	0	0	0	Master's degree from the Institute of Tourism Health at National Taipei University of Nursing and Health Sciences Department of Tourism Management of Chinese Culture University Phoenix Tours	Director of Park Joy Co., Ltd. Director of VIP BUS Int'l Inc. Director of Travelarena Int'l Co., Ltd.	-	-	-
General Manager of Tour Operation Division and manager of Taichung branch	Taiwan	Camille Chen	Female	2011.03.01	87,194	0.12%	0	0	0	0	EMBA from the College of Management of NSYSU Department of French Language at Chinese Culture University Phoenix Tours	None	-	-	-
Deputy General Manager of Tour Operation Division	Taiwan	Ken Lin	Male	2007.04.27	1,071	0.00%	0	0	0	0	Computer Engineering at Asia Eastern University of Science and Technology Phoenix Tours	None	-	-	-
Deputy General Manager of Tour Operation Division	Taiwan	Rex Huang	Male	2006.01.05	1,601	0.00%	0	0	0	0	Department of Tourism Management of Chinese Culture University Phoenix Tours	Director of Taiwan Orchid Express Inc. Director of China Express Co., Ltd.	-	-	-
Deputy General Manager of Tour Operation Division	Taiwan	Jessica Lin	Female	103.01.06	31,431	0.04%	0	0	0	0	Department of Business Administration at Hsing Wu University Phoenix Tours	None	-	-	-
Deputy General Manager of Chiayi Branch	Taiwan	Cheng-Feng Li	Male	2006.10.01	10,000	0.01%	0	0	0	0	Sieh Chih Vocational High School Phoenix Tours General Manager of Ming-Sheng International Travel Agency	None	-	-	-
Deputy General Manager of Tour Operation Division	Taiwan	Stanley Shao	Male	2011.03.01	49,603	0.07%	534	0	0	0	EMBA from the College of Management of NSYSU CHAFFEEY COLLEGE Department of Tourism at Tamsui Vocational High School Phoenix Tours	Director of Shang Hai Huaxia International Travel Service Co., Ltd. Director of Fitnexx Co., Ltd.	-	-	-
Director of Finance and Accounting Office	Taiwan	Annie Chou	Female	102.02.01	41,686	0.06%	0	0	0	0	Master of Science in Accountancy, Soochow University Department of Tourism at Providence University Phoenix Tours	Director of Taiwan Orchid Express Inc.; Director of Fitnexx Co., Ltd.; Director of Park Castle Co., Ltd.	-	-	-
Manager of the Audit Office	Taiwan	Chin Yu Chen	Female	107.03.26	31,000	0.04%	0	0	0	0	Major of General Business at Yu Da High School of Commerce and Home Economics Phoenix Tours	None	-	-	-

Note: In situations where the general manager or equivalent position (managerial officer at the highest level) is a spouse or first-degree relative of the President: None.

(III) Remuneration paid to Directors, the General Manager, and Deputy General Manager

1. Remuneration for directors (including independent directors)

Unit: In Thousands of New Taiwan Dollars

Title	Name	Directors' remuneration								Remuneration for concurrent position as an employee														Whether receive remuneration from non-consolidated affiliates					
		Base Compensation (A)		Severance Pay and Pensions (B)		Compensation to Directors (C)		Allowances for Operations (D)		Total Remuneration (A+B+C+D) as a % of the Net Income		Base Compensation, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Employees' Profit Sharing Bonus (G)				Number of Shares Subscribed Through Employee Stock Options (H)		Number of Shares of Employee Restricted Stocks (I)			Total Compensation (A+B+C+D+E+F+G) as a % of the Net Income				
		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	
President	William Chang	0	0	0	0	365	397	80	120	445 0.25%	517 0.29%	195	1,413	0	0	0	0	0	0	95	0	0	0	0	0	0	640 0.36%	2,025 1.14%	None
Director	Jimmy K. M. Chang	0	0	0	0	365	365	80	100	445 0.25%	465 0.26%	406	406	0	0	24	0	0	0	0	0	0	0	0	0	0	875 0.49%	871 0.49%	None
Director	Joe T. H. Chiu	120	120	0	0	365	365	80	90	565 0.32%	575 0.32%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	565 0.32%	575 0.32%	None	
Director	Pei Wen Wu	120	120	0	0	365	365	80	80	565 0.32%	565 0.32%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	565 0.32%	565 0.32%	None	
Director	Jonny Tseng	120	120	0	0	365	365	80	80	565 0.32%	565 0.32%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	565 0.32%	565 0.32%	None	
Director	Eric Kai	120	120	0	0	365	365	80	80	565 0.32%	565 0.32%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	565 0.32%	565 0.32%	None	
Independent Director	Alan J.T. Chien	120	120	0	0	365	365	160	160	645 0.36%	645 0.36%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	645 0.36%	645 0.36%	None	
Independent Director	L.C. Kuo	120	120	0	0	365	365	160	160	645 0.36%	645 0.36%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	645 0.36%	645 0.36%	None	
Independent Director	T.S. Chen	120	120	0	0	365	365	160	160	645 0.36%	645 0.36%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	645 0.36%	645 0.36%	None	

1. Please state the policy, system, standards and structure of remuneration payments to independent directors, and describe the relationship between the responsibility, risk, time committed to the organization and other factors and the amount of remuneration to them:
The remuneration to the independent directors is subject to the Company's measures for director remuneration, and is in line with market salary survey data and the standard of industry peers, and is based on the market average. The compensation and business execution expenses are fixed, and director remuneration is divided equally among all directors.

2. In addition to the disclosure shown in the above table, the remuneration received by the directors for their service provided to all companies listed in the financial reports in the most recent fiscal year: None.





Director Remuneration Grade Table

Remuneration Paid to Directors	Name of Director			
	Total Remuneration from the First Four Items (A+B+C+D)		Total Remuneration from the First Seven Items (A+B+C+D+E+F+G)	
	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report
Below NT\$1,000,000	Jimmy K. M. Chang, Joe T. H. Chiu, Jonny Tseng, Pei Wen Wu, Eric Kai, L.C. Kuo, T.S. Chen, Alan J.T. Chien, William Chang	Jimmy K. M. Chang, Joe T. H. Chiu, Jonny Tseng, Pei Wen Wu, Eric Kai, L.C. Kuo, T.S. Chen, Alan J.T. Chien,	Jimmy K. M. Chang, Joe T. H. Chiu, Jonny Tseng, Pei Wen Wu, Eric Kai, L.C. Kuo, T.S. Chen, Alan J.T. Chien, William Chang	Jimmy K. M. Chang, Joe T. H. Chiu, Jonny Tseng, Pei Wen Wu, Eric Kai, L.C. Kuo, T.S. Chen, Alan J.T. Chien
NT\$1,000,000 to NT\$2,000,000	-	William Chang	-	-
NT\$2,000,000 to NT\$3,500,000	-	-	-	William Chang
NT\$3,500,000 to NT\$5,000,000	-	-	-	-
NT\$5,000,000 to NT\$10,000,000	-	-	-	-
NT\$10,000,000 to NT\$15,000,000	-	-	-	-
NT\$15,000,000 to NT\$30,000,000	-	-	-	-
NT\$30,000,000 to NT\$50,000,000	-	-	-	-
NT\$50,000,000 to NT\$100,000,000	-	-	-	-
Equal to or greater than NT\$100,000,000	-	-	-	-
Total	-	-	-	-

2. Remuneration to General Manager and Deputy General Managers

Unit: In Thousands of New Taiwan Dollars

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonuses and Allowances (C)		Employees' Profit Sharing Bonus (D)				Total Remuneration (A+B+C+D) as a % of the Net Income		Whether receive remuneration from non-consolidated affiliates
		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company		All Companies in the Financial Report		The Company	All Companies in the Financial Report	
								Amount of Cash	Amount of stock	Amount of Cash	Amount of stock			
General Manager	Benjamin Pien	5,264	5,334	0	0	2,024	2,024	675	0	675	0	7,963 4.47%	8,033 4.51%	None
Chief Executive Officer of Tour Operation Division	Raymond Tan													
General Manager of Tour Operation Division	Camille Chen													
Deputy General Manager of Tour Operation Division	Rex Huang													
Deputy General Manager of Tour Operation Division	Stanley Shao													
Deputy General Manager of Tour Operation Division	Jessica Lin													
Deputy General Manager of Tour Operation Division	Ken Lin													
Deputy General Manager of Chiayi Branch	Michael Li													





3. Remuneration Grade Table to General Manager and Deputy General Managers

Remuneration Paid to the General Manager and Deputy General Manager	Name of General Manager and Deputy General Managers	
	The Company	All Companies in the Financial Report
Below NT\$1,000,000	Stanley Shao, Rex Huang, Ken Lin, Michael Li	Stanley Shao, Rex Huang, Ken Lin, Michael Li
NT\$1,000,000 to NT\$2,000,000	Benjamin Pien, Raymond Tan, Camille Chen, Jessica Lin	Benjamin Pien, Raymond Tan, Camille Chen, Jessica Lin
NT\$2,000,000 to NT\$3,500,000	-	-
NT\$3,500,000 to NT\$5,000,000	-	-
NT\$5,000,000 to NT\$10,000,000	-	-
NT\$10,000,000 to NT\$15,000,000	-	-
NT\$15,000,000 to NT\$30,000,000	-	-
NT\$30,000,000 to NT\$50,000,000	-	-
NT\$50,000,000 to NT\$100,000,000	-	-
Equal to or greater than NT\$100,000,000	-	-
Total	-	-



4. Names of managerial officers who are assigned employee remuneration and the status of assignment

December 31, 2023/ In Thousands of New Taiwan Dollars

	Title	Name	Amount of stock	Amount of Cash	Total	Total as % of the Net Income
Managerial officers	General Manager	Benjamin Pien	0	675	675	0.38%
	Chief Executive Officer of Tour Operation Division	Raymond Tan				
	General Manager of Tour Operation Division	Camille Chen				
	Deputy General Manager of Tour Operation Division	Rex Huang				
	Deputy General Manager of Tour Operation Division	Stanley Shao				
	Deputy General Manager of Tour Operation Division	Jessica Lin				
	Deputy General Manager of Tour Operation Division	Ken Lin				
	Deputy General Manager of Chiayi Branch	Michael Li				

(IV) The ratio taken by the gross total of profit sharing from earnings paid by the Company to the directors, general manager and deputy general managers to the net earnings after tax over the past two years, including a description of the policies, criteria and composition of profit sharing from earnings; the procedures to determine profit sharing from earnings, and their interrelations with business performance and future risks:

Analysis of the total remuneration paid, as a percentage of net income, to directors, the general manager and deputy general managers during the most recent two years:

Title	2023 The Company and the Company in a Consolidated Statement Total remuneration as a percentage of net income after tax (%)	2022 total remuneration of the Company and all firms disclosed in the consolidated financial statements as % of the net income
Director	3.99	-8.34
General Manager and Deputy General Managers	4.51	-14.40

1. Remuneration policies, standards and packages

Directors' remuneration is subject to Article 17 of the Company's Articles of Incorporation. The remuneration to the general manager and deputy general managers is in accordance with the provisions of Article 29 of the Company Act, and determined by the board with reference to the industry standard. compensation to the board members and employees is subject to Article 21 of the Articles of Incorporation, and bonus is based on the Company's overall operating performance and individual performance achievement rate as reference for payment.



2. Procedures for determining remuneration

The remuneration for directors and managerial officers is evaluated and determined by the Compensation Committee in accordance with regulations, and submitted to the Board of directors for approval.

3. Correlation with business performance

The directors' remuneration has fully taken the Company's operating objectives, financial position and directors' responsibilities into consideration. The standard for remuneration of general manager and deputy general managers fully considers their professional capacity, the Company's operation and financial position, as well as their personal performance target management and work evaluation.

4. Correlation to future risks

The Company's management make important decisions after weighing various risk factors. The performance of important decisions will be reflected in the profitability, and then tied to the salary of the management, that is, the remuneration of the Company's directors, general manager and deputy general managers is closely related to the performance of future risk control.



III. Implementation of corporate governance

(I) Operation of the Board of directors:

The Board of directors had 8 (A) meetings in 2023, and the attendance of directors is shown as follows:

Title	Name	Actual Attendance in Person (B)	Attendance by Substitution	Actual Attendance Rate (%) (B/A)	Notes
President	William Chang	8	0	100	
Director	Jimmy K. M. Chang	8	0	100	
Director	Joe T. H. Chiu	8	0	100	
Director	Eric Kai	8	0	100	
Director	Jonny Tseng	8	0	100	
Director	Pei Wen Wu	8	0	100	
Director	Alan J.T. Chien	8	0	100	
Independent Director	L.C. Kuo	8	0	100	
Independent Director	T.S. Chen	8	0	100	

Other issues to be recorded:

I. The date, session, proposal content, and resolution specified and the opinion expressed by independent directors shall be specified under any one of the following circumstances:

(I) Matters specified in Article 14-3 of the Securities and Exchange Act:

Session and Date of the Board of directors	Content of Motions	Resolutions	Matters specified in Article 14-3 of the Securities and Exchange Act	Opinions of independent directors	Company's handling of independent directors' opinions
20th meeting of the 22nd session 2023.03.16	Submitted the 2022 Statement on Internal Control for deliberation.	Unanimous vote by all attending directors to approve the Statement after the chairperson consulted with the board.	V	None	None
4th meeting of the 23rd session 2023.11.02	Submitted the appointment and the assessment of independence of the CPAs for deliberation.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board.	V	None	None

(II) Other BOD resolutions to which objections or qualified opinions for the record or in writing are expressed by independent directors: None.

II. For the recusal of directors due to conflicts of interest, please describe the name of the director, the proposal content,



the reason for recusal and the participation in voting.

Session and Date of the Board of directors	Name of Director	Content of Motions	Reasons for Recusal	Voting situation
19th meeting of the 22nd session 2023.01.06	William Chang	2023 retention service bonus for the Company's managerial officers.	President concurrently serving as a managerial officer	President William Chang recused himself due to conflicts of interest, and there was unanimous vote by all attending directors to approve the proposal after the acting chairperson consulted with the board.

III. Execution of Board of directors appraisal

Evaluation cycle	Evaluation period	Scope of evaluation	Assessment methods	Assessment contents
Once a year	2023/01/01 - 2023/12/31	Board of directors as a whole and each individual director	Peer evaluation	Includes the participation in the operation of the Company, improvement of the quality of the Board of directors' decision making, composition and structure of the Board of directors, election and continuing education of the directors and internal control.
Once a year	2023/01/01 - 2023/12/31	Board of directors as a whole and each individual director	Self-evaluation of directors	The alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education and internal control.
Once a year	2023/01/01 - 2023/12/31	Each functional committee	Self-evaluation of directors	The participation in the operation of the Company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, makeup of the functional committee and election of its members and internal control.

IV. An evaluation of targets (such as establishing an audit committee, improving information transparency and others) and performance for strengthening the functional competence of the Board of directors during the current and the most recent years:

The Company has approved the "Rules for Performance Evaluation of Board of Directors" on 2015/08/11, and completed the performance evaluation of the board (and functional committee members) and each board members on 2024/01/29.



(II) Information regarding Audit Committee operation:

1. The Audit Committee held meetings 6 (A) times in 2023, and the attendance of independent directors is shown as follows:

Title	Name	Actual Attendance in Person (B)	Attendance by Substitution	Actual Attendance Rate (%) (B/A)	Notes
Independent Director	L.C. Kuo	6	0	100	
Independent Director	Alan J.T. Chien	6	0	100	
Independent Director	T.S. Chen	6	0	100	

Other issues to be recorded:

I. The date, session and proposal content of Audit Committee meetings, objection, qualified opinions and content of significant recommendations of independent directors, the Audit Committee's resolutions and the Company's handling of the Audit Committee's comments shall be specified under any one of the following circumstances.

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

Session and Date of the Audit Committee Meeting	Content of Motions	Resolutions	Matters specified in Article 14-5 of the Securities and Exchange Act	Audit Committee Opinions	Company's handling of Audit Committee's opinions
15th meeting of the 4th session 2023.03.16	2022 business report and financial statements.	Unanimous vote by all attending committee members to approve the motion and submit it to the Board of directors for resolution.	V	None	None
15th meeting of the 4th session 2023.03.16	Submitted the 2022 Statement on Internal Control for deliberation.	Unanimous vote by all attending committee members to approve the proposal after the chairperson consulted with the members. Reported to the Board of directors for resolution.	V	None	None
2nd meeting of the 5th session 2023.08.03	Submitted the Q2 2023 consolidated financial reports for deliberation.	Unanimous vote by all attending committee members to approve the proposal after the chairperson consulted with the members.	V	None	None
3rd meeting of the 5th session 2023.11.02	Submitted the appointment and the assessment of independence of the CPAs for deliberation.	Unanimous vote by all attending committee members to approve the proposal after the chairperson consulted with the members.	V	None	None

(II) Except for the abovementioned matters, others which have not been passed by the Audit Committee but have been approved by more than two-thirds of all directors: Not this situation.

II. For the recusal of independent directors due to conflicts of interest, please state the name of the independent director, the content of motion, the reason for recusal and the participation in voting: Not this situation.

III. Communication between independent directors and internal auditing managers and accountants (communicate materiality, methods and results of the Company's financial and business conditions).

(I) The Company's head of internal audit produces an internal audit report at the quarterly audit committee meeting. As of



the publication date of this annual report, there is no special situation. The audit committee and the head of internal audit maintain good communication.

- (II) The Company’s certified public accountants report the audit results of the current year’s financial report during the audit committee’s annual meetings, and communicate on the audit status of the financial report of the current year and requirements by related laws and regulations. If special situations arise, the CPA will report to the audit committee immediately. For 2023 and as of the publication date of this annual report, the Company's Audit Committee has maintained good communication with the CPAs, and there was no special situation.

The communication is described as follows:

The Audit Committee is composed of three independent directors. The head of internal audit attends the quarterly Audit Committee meetings to report the results of audit and the implementation of follows-ups. The status and effectiveness of the audit implementation have been fully communicated with the independent directors.

Date	Key points
2023/03/16	1. Report on the 2022 internal audit implementation carried out in accordance with the audit plan. 2. Approved the 2022 Statement on Internal Control.
2023/05/08	Report on the 2022 internal audit implementation carried out in accordance with the audit plan.
2023/08/03	Report on the 2022 internal audit implementation carried out in accordance with the audit plan.
2023/11/02	Report on the 2022 internal audit implementation carried out in accordance with the audit plan.
2024/03/08	1. Report on the 2023 internal audit implementation carried out in accordance with the audit plan. 2. Approved the 2023 Statement on Internal Control.

The Company arranges independent directors to communicate with accountants at least twice a year to discuss matters related to the Company's financial reports and review and audit conducted by the accountants.

Date	Key points
2023/03/16	1. Type and description of review report. 2. Analysis of financial statements. 3. Participants raised questions and discussed various matters.
2023/11/02	1. Method and scope of review. 2. Review and plan the significant risks identified. 3. Preliminary communication on key audit matters. 4. Participants raised questions and discussed various matters.
2024/03/08	1. Type and description of review report. 2. Analysis of financial statements. 3. Participants raised questions and discussed various matters.

2. Composition and responsibilities of the Audit Committee:

The Audit Committee is to assist the Board of directors to carry out its supervisory duties and to be responsible for the tasks entrusted by the Company Act, Securities and Exchange Act and other relevant laws and regulations. The deliberations include: Financial statements, company auditing and accounting policies and procedures, internal control systems, material asset or derivatives transactions, offering or issuing securities, appointment, dismissal or remuneration of certified accountants, and appointment and dismissal of heads finance, accounting or internal audit.

The Audit Committee has the right to conduct any appropriate audits and investigations within the scope of its responsibilities, and has direct communication with the Company's internal auditors, certified accountants and all employees. Currently, the Audit Committee is composed of all three independent directors, and has formulated the Audit Committee Organizational Charter.



(III) Status of corporate governance implementation and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons:

Issues to be Assessed	Implementation Status			Differences from the Corporate Governance Best Practice Principles
	Yes	No	Summary description	
I. Does the Company follow "Corporate Governance Best Practice Principles" to establish and disclose its corporate governance practices?	V		The Company has approved its Corporate Governance Best Practice Principles; Rules of Procedure for Shareholders Meetings; Rules for Election of Directors; Ethics and Code of Conduct; Risk Control Management Measures; Ethical Corporate Management Best Practice Principles, etc. based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and disclosed them on the Market Observation Post System and the Company's website.	No difference
II. Shareholding structure and shareholders' equity	V		(I) The Company has handled shareholder-related matters in accordance with the ISO procedures. In addition to the shareholder services agent, a spokesperson system has been established in accordance with the regulations to handle shareholder suggestions or disputes. Their contact information is also disclosed in the "Investor Relations" page on the Company's website.	No difference
(I) Does the Company have internal operating procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		(II) The Company has followed the regulations of Article 25 of the Security and Exchange Act to report the changes in the shareholdings of insiders to the Market Observation Post System designated by the Securities and Futures Bureau on a monthly basis.	No difference
(II) Does the Company possess a list of major shareholders and beneficial owners of these major shareholders?	V		(III) The Company refer to the internal control system and relevant laws and regulations to regulate matters such as purchase and sales transactions, acquisition or disposal of assets, endorsement and guarantees, and lending of funds to others among related companies.	No difference
(III) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	V		(IV) We have formulated the "Ethics and Code of Conduct" and "Ethical Corporate Management Best Practice Principles," and reminded the insiders with the rules by email every quarter to improve the promotion and regulation of relevant works that the insiders should abide by.	No difference
(IV) Has the Company established internal rules prohibiting insider trading on undisclosed information?				



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Issues to be Assessed	Implementation Status			Differences from the Corporate Governance Best Practice Principles
	Yes	No	Summary description	
<p>III. Composition and responsibilities of the Board of directors</p> <p>(I) Has the Board of directors established a diversification policy and specific management objectives for the composition of the board and has it been implemented accordingly?</p>	V		<p>(I) Diversity policy:</p> <ol style="list-style-type: none"> 1. In order to reinforce corporate governance and promote the sound development of the composition and structure of the board, the Company formulated the Corporate Governance Best Practice Principles. Article 20 of the Principles stated that board members should be diverse in a manner that supports the Company's operations, business activities and growth. The diversity policy should be based on, but is not limited to basic criteria and values (gender, age, nationality, culture, etc.), professional knowledge and skills (such as law, accounting, industry, finance, marketing or technology) and experience in the industry. 2. Specific management objectives: The Company's board guides the Company's strategy and supervises the management, and is responsible to the Company and shareholders. In terms of the operation and arrangement of the corporate governance system, the board exercises its powers in accordance with laws and regulations, the Articles of Incorporation or the resolutions of the shareholder meetings. In order to meet the Company's business development needs, the board should be composed of experts and scholars with industry, finance and accounting, management, etc. experience; the board must have at least one person in each of the professional fields such as innovation, business experience, legal affairs, finance, and accounting. 3. Implementation of diversity of board members: The current session of board of directors consists of 9 directors, which includes 3 independent 	No difference



Issues to be Assessed	Implementation Status		Differences from the Corporate Governance Best Practice Principles	
	Yes	No		Summary description
(II) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other functional committees?	V		<p>directors and 6 directors. The relevant information on the education, work experience and the professional skills of each director has been disclosed on the Company's official website at https://holder.travel.com.tw/holder_2-2-4.html. The Corporate Governance Best Practice Principles have considered the diversity policy needed for the composition of board members. Standard of two aspects, professional knowledge and skills.</p> <p>(II) We have included them in the evaluation.</p>	No difference
(III) Has the Company established its Board Performance Appraisal Measures and the evaluation methods, conducted the performance appraisal regularly every year and provided the results to the board as the reference for directors' remuneration and nomination and renewal?	V		<p>(III) We have formulated the Board Performance Appraisal Measures to clearly stipulate the evaluation methods. On 2024/01/29, the 2023 performance evaluation of the board (including functional committees) and the assessment of board members were reviewed and approved by the Audit Committee, and then submitted to the board for approval. The board used the evaluation results as a reference for salary reporting and renewal.</p>	No difference
(IV) (IV) Does the Company regularly evaluate its external auditors' independence?	V		<p>(IV) Pursuant to Article 29 of the Company's "Corporate Governance Best Practice Principles", the Company shall assess the independence and suitability of the CPAs at regular intervals (at least once a year). The Company's evaluation of the CPAs and their audit service units covers the aspects of financial interests, financing and guarantees, business relationships, family and personal relationships, employment relationships, gifts and special</p>	No difference



Issues to be Assessed	Implementation Status			Differences from the Corporate Governance Best Practice Principles
	Yes	No	Summary description	
			incentives, rotation of CPAs, and non-audit services, and obtained Statement of independence issued by CPAs, and the assessment results submitted to the Board of Directors as the basis for whether to hire or re-appoint CPAs. As of December 31, 2023, the CPAs assessed by the Board of Directors on November 02, 2023 and their independence and suitability (eligibility) met the Company's independence assessment standards.	
IV. Has the Company allocated qualified and sufficient number of personnel and appointed managers in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors to comply with laws, handling matters related to board meetings and shareholder meetings according to laws, recording minutes of board meetings and shareholder meetings, etc.)?	V		The company has appointed a chief governance officer to be responsible for corporate governance related matters.	No difference
V. Has the Company established communication channels with stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers) and set up an area dedicated to stakeholders on the Company website and does the Company respond appropriately to corporate social responsibility issues that stakeholders consider important?	V		The Company has established a dedicated section on the official website for stakeholders (http://holder.travel.com.tw/holder_4-21.html), and has set up a point of contact for stakeholders to discuss the suggestions, disputes or concerns addressing CSR to make appropriate responses.	No difference
VI. Has the Company designated an agent specializing in the handling of stock affairs to handle shareholder meeting affairs?	V		Professional shareholder services agent appointed by the Company: Shareholder Services Department of SinoPac Securities Corporation.	No difference
VII. Information disclosure (I) (I) Has the Company established a public website to disclose operational, financial, and corporate governance information?	V		(I) The Company has set up "Investor Relations" and "Corporate Governance" areas on the official website, and disclosed the handling of relevant businesses and finance on the Market	No difference



Issues to be Assessed	Implementation Status			Differences from the Corporate Governance Best Practice Principles
	Yes	No	Summary description	
<p>(II) Has the Company adopted other methods of information disclosure (e.g., setting up an English website, designating a specialist responsible for gathering and disclosing Company information, setting up a spokesperson system, uploading recordings of investor conferences onto the Company website)?</p>	V		<p>Observation Post System regularly or from time to time, which can also be found at http://holder.travel.com.tw</p> <p>(II) 1. Appoint dedicated personnel responsible for the collection and disclosure of the Company's information: The Finance Information Division and the Office of Planning separately appointed dedicated personnel responsible for the collection and disclosure of information.</p> <p>2. Implementation of the spokesperson system: The Company has a spokesperson and an acting spokesperson.</p> <p>3. The proceedings of the conferences for institutional investors has been put in the "Corporate Governance" section of the Company's official website (http://holder.travel.com.tw). The audio and video files of the Company's proceedings for conferences of institutional investors can be accessed on the Company's website and the Market Observation Post System in accordance with the rules specified by the Taiwan Stock Exchange.</p>	No difference
<p>(III) Has the Company published and reported its annual financial report within two months after the end of a fiscal year, and published and reported its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.</p>		V	<p>(III) The Company has announced and submitted the quarterly financial report and the monthly status of operations before the prescribed deadline, but has not announced and submitted the annual financial report within two months after the end of the fiscal year.</p>	
<p>VIII. Does the Company have other important information to facilitate better understanding of the Company's corporate governance practices (including, but not limited to current status of employee rights, employee care, investor relations, supplier relations, stakeholder rights, director and supervisor training regimes, risk</p>	V		<p>(I) The company website has a "Corporate Governance" section, and the important information on the status of corporate governance can be accessed at http://holder.travel.com.tw</p> <p>(II) Establish an employee welfare committee, implement a pension system, encourage employees to participate in various domestic and</p>	No difference



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Issues to be Assessed	Implementation Status		Differences from the Corporate Governance Best Practice Principles
	Yes	No	
management policies, and risk measurement standards as well as the implementation of client policies and the Company's purchase of liability insurance for its directors and supervisors)?			<p>overseas training courses and technical seminars, value labor relations, and provide equal employment opportunities.</p> <p>(III) There are dedicated units responsible for the responses to and communication with suppliers and clients, and the implementation is good. The performance of rights and obligations with banks comply with the requirements of contracts and relevant regulations, and adhere to the good faith principle and requirements of a good communication channel to protect the rights and interests of both parties.</p> <p>(IV) The Company's directors all have professional backgrounds, and they participate in continuing education courses offered by professional institutions as required in accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies issued by the Taiwan Stock Exchange Corporation, which can be accessed at: http://mops.twse.com.tw</p> <p>(V) The Company's internal control system covers all operating activities. It is divided into ten internal control cycles by transaction type, and puts the Company's internal audit operations into practice to reinforce the supervision and management of each unit.</p> <p>(VI) The internal and external factors of the overall risk change with management activities, domestic and foreign political, economic, and social factors, and the Company timely revises management decisions, organizational structure, and duties to eliminate unfavorable factors.</p> <p>(VII) The Company has analyzed and responded to high-possibility and high-impact risk events related to operational</p>



Issues to be Assessed	Implementation Status			Differences from the Corporate Governance Best Practice Principles
	Yes	No	Summary description	
			<p>objectives, financial reporting accuracy, and fraud prevention and control during operations, and the Company's audit unit has recorded, tracked and systematically managed them to reinforce the corporate governance and establish sound risk management operations.</p> <p>(VIII) Customers who participate in the Company's group travel plans are required to purchase liability insurance in accordance with the regulations of the competent authority. We understand customers' feedback through survey forms, and have a dedicated customer complaint handling team.</p> <p>(IX) The status of directors' continuing education has been fully disclosed in the annual report.</p> <p>(X) The Company has begun to purchase liability insurance policies for each directors since the end of 2019.</p>	
<p>IX. Please explain improvements that have been made as well as priorities to improve the results of the Corporate Governance Evaluation issued by the Taiwan Stock Exchange Corporation Governance Center:</p>	V		<p>According to the Corporate Governance Evaluation for the year 2022 (the ninth term), our company is ranked among 66% to 80% of all evaluated listed companies.</p> <p>The improvement status after the evaluation for the year 111 is as follows:</p> <p>(1) Has the company established a policy on the diversity of board members and disclosed the specific management goals and implementation status of the diversity policy on the company's website and annual report?</p> <p>(2) Does the company conduct regular internal performance evaluations of functional committees (including at least the Audit Committee and Remuneration Committee) annually, and disclose the implementation status and evaluation results on the company's website or annual report?</p>	<p>The relevant information has been disclosed in the annual report and on the company's website.</p> <p>The relevant information has been disclosed on the company's website.</p>



(IV) Composition, responsibilities and operations of the Compensation Committee:

The Compensation Committee aims to assist the board in implementing and evaluating the Company's overall remuneration and welfare policies, which include the remuneration of directors and managerial officers. Currently, the Compensation Committee is composed of all three independent directors, and the Compensation Committee Organizational Charter has been formulated.

1. Information on members of the Compensation Committee:

Conditions Name and title	Professional qualifications and experience	Independence	Concurrently serving as an independent director
L.C. Kuo, Independent Director	The Compensation Committee is composed of all three independent directors. Please refer to p.12~14 of this annual report for their professional qualifications and experience.	All committee members have met the following conditions: 1. Conform to the relevant rules of Article 14-6 of the Securities and Exchange Act and the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.	0
T.S. Chen, Independent Director			0
Alan J.T. Chien, Independent Director			0

2. Operations of the Compensation Committee:

- (1) The Compensation Committee has 3 members.
- (2) Term of office for this session: June 28, 2023 to June 27, 2026. The Committee has held 2 meetings (A) in the most recent fiscal year (2023), and the qualifications and attendance of the members are shown as follows:

Title	Name	Actual Attendance in Person (B)	Attendance by Substitution	Actual Attendance Rate (%) (B/A)	Notes
Convener	T.S. Chen	2	0	100	None
Committee member	L.C. Kuo	2	0	100	None
Committee member	Alan J.T. Chien	2	0	100	None

Other issues to be recorded:

- I. If the board of directors does not adopt or amend the recommendations from the Compensation Committee, it shall clarify the date, session, proposal content and resolution of the board and how the Company handles the recommendations of the Committee (such as that the salary and remuneration approved by the board are better than what the Committee recommended, and the differences and reasons should be clarified): None.
- II. If the Compensation Committee members have objections or reservations and there are records or written statements from the meetings, the date, term, proposal content, opinions of all members and the handling of their opinions shall be clearly stated: None.



3. Meeting dates, the session and the contents of motions of the Compensation Committee meetings

Session and Date of the Compensation Committee Meeting	Proposal Content and Follow-up Implementation	Resolutions	Company's handling of Salary and Remuneration Committee's opinions
2nd meeting of the 5th session 2024.01.29	Submitted the proposal for the 2023 year-end bonus of managerial officers for deliberation.	Unanimous vote by all attending committee members to approve the motion, which is then submitted to the board for resolution.	None
3rd meeting of the 5th session 2024.03.08	Submitted the proposal for the 2023 remuneration of directors and employees for deliberation.	Unanimous vote by all attending committee members to approve the motion, which is then submitted to the board for resolution.	None



(V) Status of promotion of sustainable development and its difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons:

Issues to be Assessed	Implementation Status			Differences from the Corporate Social Responsibility Best
	Yes	No	Summary description	
I. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (or one holding concurrent positions) unit to promote sustainable development, with the board authorizing the senior management to manage the organization which is supervised by the board?		V	The general manager's office is an adjunct unit to promote sustainability (formerly known as corporate social responsibility). The general manager serves as the project convener. There are project teams under the convener, and the relevant responsible units send personnel to participate in the project planning process, such as discussions, collection and compilation of information, and implementation, to help the general manager formulate and implement policies. In the future, the board will authorize president to perform the abovementioned tasks in accordance with the regulations, and regularly report and disclose the status of supervision.	Partially conformed.
II. Has the Company conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulated relevant risk management policies and strategies?		V	Material information is announced on the Market Observation Post System in a timely manner to achieve the purpose of information transparency. A project task force is immediately established for material issues. The Company has not yet formulated relevant risk assessment methods and policies.	The Company will discuss its countermeasures according to actual needs in the future.
III. Environmental issues (I) Has the Company set an environmental management system designed to industry characteristics?	V		(I) The Company promotes the environmental management and supervision practice. Each unit implements its environmental management separately, and the Management Department of the head office supervises at any time to ensure that environmental management is implemented in the fundamental operations of each unit.	No difference
(II) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	V		(II) In order to put the environmental policy and the environmental management operations into practice, we promote company-wide environmental education. The head office conducts training and education at the system and policy aspects, and each unit carries out	No difference



Issues to be Assessed	Implementation Status			Differences from the Corporate Social Responsibility Best
	Yes	No	Summary description	
(III) Has the Company assessed the current and future potential risks and opportunities from climate changes and taken measures to address climate-related issues?	V		<p>the training and education on the operation aspect to help employees develop the Earth-loving environmental protection attitude and improve professional capacity. We adopt classification, collection and recycling of the Company's general waste to implement environmental protection policies.</p> <p>(III) We are in the tourism industry, which is susceptible to global warming and climate change factors, and the frequent occurrence of political and economic turmoil, protests, terrorist attacks, strikes, etc. in various countries around the world. For product diversification and global strategic planning, we select suppliers that comply with environmental protection regulations to reduce impacts in the itineraries, and also avoid arranging special attractions that can be adversely affected by climate change caused by sightseeing.</p>	No difference
(IV) Has the Company compiled the greenhouse gas emissions, water consumption and total weight of waste in the past two years and established management policies for energy saving and reduction of greenhouse gas emission, water consumption and other wastes?	V		<p>(IV) The Company is committed to promoting energy management:</p> <ol style="list-style-type: none"> 1. Energy conservation: We pay attention to the temperature control of office air-conditioning at all times, and replace lighting that consumes lots of energy with energy-saving LED lighting to achieve energy saving and carbon reduction. In addition, we set the start and stop time of the air-conditioning system for effective use of electricity. 2. Water conservation: We promote two approaches, cultivating new resources and reducing consumption, for our water conservation policy. 3. We have recycling bins, and we implement waste classification to facilitate the reuse of waste. 4. Promote digitization of process and adopt energy conservation measures for office and activity spaces in line 	No difference



Issues to be Assessed	Implementation Status			Differences from the Corporate Social Responsibility Best
	Yes	No	Summary description	
			with the standard of governmental agencies. Formulate and promote energy conservation and carbon reduction strategies to reduce the impact of company operations on the climate and environment.	
IV. Social Issues				
(I) Does the Company establish policies and procedures in compliance with regulations and internationally recognized human rights principles?	V		(I) We respect the internationally recognized Fundamental Principles and Rights at Work to protect the due rights and interests of workers. There is no discrimination in terms of gender, age, ethnic group and religion in our employment policy, and we implement the principle of equality in remuneration, employment conditions, training and promotion opportunities. We cooperate with the government's labor policy and regulations to formulate various operational rules.	No difference
(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits) and appropriately reflected the business performance or results in the employee remuneration policy?	V		(II) We refer to laws and regulations and respond to changes in the social and economic environment to review relevant employee salary and welfare measures. Employee remuneration is linked to the Company's operating performance, and is also individual performance-oriented, enabling the Company and Employees to work together to create a win-win situation.	No difference
(III) Has the Company provided employees with a safe and healthy working environment and regularly conducted safety and health training?	V		(III) 1. We inspect and replace fire protection, air-conditioning, drinking water and lighting equipment, and disinfect office on a quarterly basis or as needed to ensure a healthy and safe work environment. 2. Employees are also given courses on safety and health education. The design of travel itineraries values the safety of destinations. The Company's various managers provide pre-departure or tour guide training to tour leaders on a quarterly basis or as needed. Subsidies on health	No difference



Issues to be Assessed	Implementation Status			Differences from the Corporate Social Responsibility Best
	Yes	No	Summary description	
(IV) Has the Company established an effective career development training program for employees?	V		<p>checks are provided based on employees' service tenure.</p> <p>3. In 2023, the number of employee occupational injury of the Company was 0, and no employee occupational injury occurred. In 2023, the number of fire incidents of the Company was 0, and no fire incidents occurred.</p> <p>(IV) We plan systemic and comprehensive education and training courses. The promotion of various nurturing program and education and training courses encourages learning and improves employees' knowledge skills. The measures also accumulate the Company's internal knowledge capital and facilitate communication, further helping employees build effective skills for their career.</p> <ol style="list-style-type: none"> 1. Training of new hires. 2. Internal education and training for tour leaders. 3. The Continuing Education Team arranges internal and external lecturers for employee education and training in spring and autumn to improve employees' professional skills. 4. Arrange course sessions conducted by senior tour leaders from time to time, and provide those who are less experienced with opportunities to take their own tour groups. 	No difference
(V) Has the Company complied with the relevant regulations and international standards and formulated policies for protection of consumers and clients' rights and interests and grievance procedures with respect to consumer health and safety, customer privacy, marketing and labeling of products and services?	V		<p>(V) According to the regulations of the competent authority, the tourists who travel with groups need to sign a tour contract before the trip to ensure the rights and responsibilities of both parties. The design and implementation of the "Customer Opinion Questionnaire" enable customers' participation in and control of quality. Each tourist in the group personally grades Phoenix Tours. If the score of</p>	No difference



Phoenix Tours

Issues to be Assessed	Implementation Status			Differences from the Corporate Social Responsibility Best
	Yes	No	Summary description	
(VI) Has the Company established supplier management policies which require suppliers to comply with regulations on environmental protection, occupational safety and health or labor rights, and reported the implementation?	V		<p>the tour group does not meet the standard, service gratuity is refunded to customers. These practices ensure customers' rights and interests, and the Company is able to immediately identify improvements to be made to the itineraries. Customers can submit their complaints through the Company's website or in writing, and there are dedicated personnel responsible for handling their complaints.</p> <p>(VI) In accordance with the Company's ISO operating procedures, in addition to the required assessment before collaboration, we collect and evaluate the records of whether they have affected the environment and society in the past as an important reference for whether to continue listing them as our suppliers, so as to ensure that new suppliers do not cause significant impact on society. Review the collaborate with suppliers at any time to see if improvements should be made. In the event of violations against the abovementioned matters, impose a fine or terminate or rescind the contract at any time according to the conditions specified in the contract.</p>	No difference
V. Has the Company referred to international reporting standards or guidelines in its preparation of sustainability reports and other reports which disclose the Company's non-financial information? Have the abovementioned reports obtained the verification or assurance opinions from third-party certification organizations?		V	The Company has not yet prepared a sustainability report, and will prepare one according to the actual needs and the relevant laws and regulations in the future.	The Company will discuss its countermeasures according to actual needs in the future.
<p>VI. If the Company has established its own sustainability code based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation in the Company: The Company has formulated the Sustainable Development Best Practice Principles to be committed to improving corporate governance, environmental sustainability, social welfare and information disclosure. The training courses for new hires and front-line managers have incorporated ethical corporate management, recusal from conflicts of interest and non-use of power to accept bribes into the improvements. The operations are not significantly different from the established code.</p>				



Issues to be Assessed	Implementation Status			Differences from the Corporate Social Responsibility Best																					
	Yes	No	Summary description																						
<p>VII. Other important information for facilitating the understanding of sustainability and its implementation:</p> <p>1. Charitable donations:</p> <table border="1"> <thead> <tr> <th>Date of donation</th> <th>Donation list</th> <th>Amount (NT\$)</th> </tr> </thead> <tbody> <tr> <td>2023-06-05</td> <td>Donation: New Taipei City Jun-Yun Children's Psychiatry Association</td> <td>14,000</td> </tr> <tr> <td>2023-06-08</td> <td>Donation to Rixin National Elementary School, Datong District, Taipei City</td> <td>99,855</td> </tr> <tr> <td>2023-06-08</td> <td>Donation to Rixin National Elementary School, Datong District, Taipei City</td> <td>43,838</td> </tr> <tr> <td>2023-09-04</td> <td>Donation to Rixin National Elementary School, Datong District, Taipei City</td> <td>80,000</td> </tr> <tr> <td>2023-09-04</td> <td>Donation to Rixin National Elementary School, Datong District, Taipei City</td> <td>150,000</td> </tr> <tr> <td>2023-12-20</td> <td>Donation to Rixin National Elementary School, Datong District, Taipei City</td> <td>51,270</td> </tr> </tbody> </table> <p>2. Tourism promotion and culture cultivation: Annual sponsorship for the promotion of tourism associations.</p> <p>3. Promote industry environmental protection actions: Signed the Global Code of Ethics for Tourism. The purpose is to minimize the negative impact on tourism and cultural heritage, and promote sustainable tourism to relieve poverty and promote the mutual understanding between countries. In addition, Phoenix promotes green tourism, and in 2023, it was approved and issued by the Ministry of the Environment for the "Silver-Grade Environmental Protection Tour Operator" label.</p> <p>4. Promoting sustainable tourism: In 2024, we will cooperate with the Lufthansa Group to purchase sustainable aviation fuel (SAF), which will help reduce carbon emissions from travel, and work together to promote carbon reduction in travel. Progress towards sustainable transformation.</p> <p>5. Purchasing Carbon credit and committing to carbon neutrality: In April 2024, the Company successfully acquired international carbon credits for gas power generation, biogas equipment, and solar energy projects listed on the Taiwan Carbon Exchange. This demonstrates TWSE's commitment to environmental, social and corporate governance (ESG) principles and its active participation in sustainable development.</p> <p>6. Passenger briefing manuals are now paperless Passengers participating in Phoenix tours are encouraged to use the Phoenix Cloud App instead of printed briefing materials. Each additional traveler downloads and uses the "Phoenix Cloud App" will reduce emissions by 180g for the earth. Do your part to reduce carbon for the planet!</p> <p>7. For other relevant information, please visit our website at http://travel.com.tw.</p>					Date of donation	Donation list	Amount (NT\$)	2023-06-05	Donation: New Taipei City Jun-Yun Children's Psychiatry Association	14,000	2023-06-08	Donation to Rixin National Elementary School, Datong District, Taipei City	99,855	2023-06-08	Donation to Rixin National Elementary School, Datong District, Taipei City	43,838	2023-09-04	Donation to Rixin National Elementary School, Datong District, Taipei City	80,000	2023-09-04	Donation to Rixin National Elementary School, Datong District, Taipei City	150,000	2023-12-20	Donation to Rixin National Elementary School, Datong District, Taipei City	51,270
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<p>VIII. If the CSR report has been certified by the relevant certification bodies, please provide details below: None.</p>																									



(VI) Status of the Company's practice of ethical corporate management and differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for discrepancies:

Issues to be Assessed	Implementation Status			Differences from the Ethical Corporate Management Best Practice
	Yes	No	Summary description	
I. Establish corporate conduct and ethics policy and implementation measures.				
(I) Does the company establish ethical management policies approved by the board and have bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures and the commitment regarding the implementation of such policy from the board and the executive management team?	V		(I) 1. The Company has established the "Corporate Governance Best Practice Principles" and "Ethics and Code of Conduct", which can be viewed on the Market Observation Post System: View them at http://mops.twse.com.tw and the Company's website: Query on http://holder.travel.com.tw	No difference
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assessed on regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly which at least cover the prevention measures against the conducts listed in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	V		(II) Employees shall not directly or indirectly accept any illegitimate benefits in the process of engaging in business activities, and the importance of ethics shall be emphasized in the training courses for new hires. Auditors may check at any time whether business activities are in compliance with the regulations, so as to prevent malpractices from happening in advance.	No difference
(III) Has the Company defined operating procedures, conduct guidelines, disciplinary penalties and grievance process in the program preventing unethical conduct and put them in practice, and regularly reviewed and amended the program?	V		(III) The Company shall not provide or promise any facilitation payments, and shall ask all personnel to avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interactions. Serious circumstances shall be reported to the board for deliberation, and handled in	No difference



Issues to be Assessed	Implementation Status			Differences from the Ethical Corporate Management Best Practice
	Yes	No	Summary description	
			accordance with the Company's relevant grievance filing procedures.	
<p>II. Practice ethical operations</p> <p>(I) Does the company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?</p>	V		(I) The Company has set up relevant credit management procedures for business interactions with clients which establish clients' line of credit based on past transactions. For those who have a record of unethical behaviors, we do not conduct transactions with them, and the results of implementation are specified in the business contracts.	No difference
<p>(II) Has the Company established a dedicated unit under the board responsible for the promotion of corporate ethics management, which regularly (at least once a year) reports policies on ethical operations, programs on prevention of unethical conduct and the status of supervision to the board?</p>	V		(II) The General Management Department and the Office of Legal Affairs are responsible for auditing whether there is violation of ethics in the Company, and report the findings to the board on an annual basis or when necessary.	No difference
<p>(III) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?</p>	V		(III) The Company has established the Ethics and Code of Conduct which is enforced by the dedicated personnel of the General Management Department and the Office of Legal Affairs, and there are email boxes available for employees and external parties to file complaints.	No difference
<p>(IV) To implement relevant policies on ethical conducts, does the Company establish effective accounting and internal control systems that are periodically audited by internal auditors or CPA?</p>	V		<p>(IV) 1. We have established an effective accounting system, and revise it in response to the laws and regulations of the competent authority, the International Financial Reporting Standards, or actual business needs when necessary.</p> <p>2. The internal auditors refer to the Regulations Governing Establishment of Internal Control Systems by Public Companies to examine whether the relevant operations are consistent with the internal regulations and control points established, and whether managerial officers and employees violate relevant laws and regulations, rules of the competent authority and the Company's internal regulations.</p>	No difference



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Issues to be Assessed	Implementation Status			Differences from the Ethical Corporate Management Best Practice
	Yes	No	Summary description	
(V) Does the Company provide internal and external ethical conduct training programs on a regular basis?	V		(V) The General Management Department and the Office of Legal Affairs organize education and training sessions on ethical management every quarter or when necessary. High-quality professional consulting companies are also invited to the Company to provide internal education and training, and we also send related personnel to their companies for training.	No difference
III. Operations of the Company's grievance reporting system				
(I) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels and designate responsible individuals to handle the complaint received?	V		(I) The Company has assigned dedicated personnel responsible for handling grievance filing cases through the "Investor Relations", "Stakeholders" and "Corporate Governance" areas, which can be accessed at: Query on http://holder.travel.com.tw	No difference
(II) Does the Company establish standard operating procedures for investigating the complaints received, follow-up measures to be adopted and the related confidentiality measures after investigation?	V		(II) We take the whistleblowing system seriously, and has incorporated the investigation standard and related confidentiality measures into the Measures for Filing Grievances Against Illegal and Immoral or Unethical Behaviors. The confidentiality measures are carried out at the same time as the subsequent protection measures.	No difference
(III) Does the Company adopt proper measures to shield a complainant from retaliation for filing complaints?	V		(III) We encourage the reporting of any illegal behaviors or violation of the code of ethics. Anyone can report such behaviors or violation to the Company's dedicated personnel or e-mail. We shall do our best to keep the identity of the whistleblowers confidential and protect them from threats.	No difference
IV. Enhance information disclosure Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and the Market Observation Post System?	V		The Company has established the "Corporate Governance Best Practice Principles" and "Ethics and Code of Conduct", which have been disclosed on the Market Observation Post System (http://mops.twse.com.tw) and the Company's website (http://holder.travel.com.tw).	No difference



Issues to be Assessed	Implementation Status			Differences from the Ethical Corporate Management Best Practice
	Yes	No	Summary description	
<p>V. If the Company has established its own ethical management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation in the Company:</p> <p style="padding-left: 20px;">In order to establish a corporate culture of ethics for better management, we refer to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies to formulate our own Ethical Corporate Management Best Practice Principles. We abide by the Principles and there has been no discrepancy between the Principles and the way we operate.</p>				
<p>VI. Other important information to facilitate better understanding of the Company's corporate conduct and ethics compliance practices (such as reviewing and amending the Company's existing Ethical Corporate Management Best Practice Principles).</p> <p style="padding-left: 20px;">We formulated the Ethical Corporate Management Best Practice Principles on May 18, 2011 in accordance with regulations and the status of our actual operations. The 1st revision was done on June 18, 2012. The 2nd revision was done on March 20, 2015, and the 3rd revision was done on June 15, 2020.</p>				

(VII) If the Company has adopted corporate governance best practice principles or the related bylaws, disclose how they can be found:

Relevant information can be accessed on the Market Observation Post System at <http://mops.twse.com.tw> and the Company's website at <http://holder.travel.com.tw>.

(VIII) Other material information that will provide a better understanding of the state of the Company's implementation of corporate governance



Phoenix Tours

1. The progress of directors' continuing education:

Title	Name	Date	Host	Course name	Course hours
Director	William Chang	2023/11/23	Securities and Futures Institute	Corporate Governance Trends and the Company's Sustainable Development	3 hours
		2023/12/01	Taiwan Corporate Governance Association	The era of strong personal tax supervision is coming	3 hours
Director	Jimmy K. M. Chang	2023/09/04	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	6 hours
Director	Joe T. H. Chiu	2023/11/23	Securities and Futures Institute	Corporate Governance Trends and the Company's Sustainable Development	3 hours
		2023/12/01	Taiwan Corporate Governance Association	The era of strong personal tax supervision is coming	3 hours
Director	Pei Wen Wu	2023/06/30	Taiwan Corporate Governance Association	Global Future Risks and Opportunities for Sustainable Transformation	3 hours
		2023/07/18	Taiwan Corporate Governance Association	Corporate Governance 3.0 <Sustainability Report> Practical Analysis	3 hours
Director	Jonny Tseng	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance Climate Change Summit	6 hours
Director	Eric Kai	2023/11/16	Securities and Futures Institute	Geopolitics - Opportunities and Challenges for Taiwan's Industries PMI	3 hours
		2023/11/17	Securities and Futures Institute	Discussion of Actual Practices for Anti-Money Laundering and Countering Financing of Terrorism	3 hours
Independent Director	L.C. Kuo	2023/05/18	Taiwan Academy of Banking and Finance	AML/CFT Personnel On-the-Job Workshop (Issue 532)	12 hours
Independent Director	T.S. Chen	2023/03/21	National Federation of CPA Associations	Directors' fiduciary duties and liability for misstatement	3 hours
		2023/03/28	National Federation of CPA Associations	Net-Zero emissions x circular economy x construction projects	3 hours
		2023/11/08	National Federation of CPA Associations	Analysis of the Practical Operation of Independent Directors and Audit Committee	3 hours
Independent Director	Alan J.T. Chien	2023/12/12	Taiwan Corporate Governance Association	2023 International Corporate Governance Summit Forum - Innovation of Corporate Governance and Enhancement of Corporate Value	6 hours



2. Managerial officers participating in continuing education and training related to corporate governance:

Title	Name	Date	Host	Course name	Course hours
Assistant President	Annie Chou	2024/01/25 2024/01/26	Accounting Research and Development Foundation	Continuing education course for Chief Financial Officer at issuers, securities firms and stock exchanges	12 hours
Assistant Manager	Laura Tsai	2024/01/25 2024/01/26	Accounting Research and Development Foundation	Continuing education course for Chief Financial Officer at issuers, securities firms and stock exchanges	12 hours
Manager	Chin Yu Chen	2023/07/17	Accounting Research and Development Foundation	Practice of Self-Assessment	6 hours
		2023/07/18	Accounting Research and Development Foundation	Knowledge of labor law required by auditors - from recruitment to resignation	6 hours
Assistant Manager	Li-Chun Wu	2023/07/17	Accounting Research and Development Foundation	Practice of Self-Assessment	6 hours
		2023/07/18	Accounting Research and Development Foundation	Knowledge of labor law required by auditors - from recruitment to resignation	6 hours

3. The organization and operation of the Company's internal audit have been disclosed on the Company's website: <http://travel.com.tw>.



(IX) Status of implementation of the Company's internal control protocols:

1. Statement on Internal Control:

Phoenix Tours International, Inc.
Statement on Internal Control:



Date: March 8, 2024

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year of 2023:

- I. The Company's board and managerial officers are responsible for establishing, implementing and maintaining a proper internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability of our financial reporting and compliance with applicable laws and regulations.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. However, internal control system of the Company features a self-monitoring mechanism that enables immediate rectification of deficiencies upon discovery.
- III. We evaluate the design and operating effectiveness of the internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: 1. Control environment; 2. Risk assessment and response; 3. Control activities; 4. Information and communication; 5. Monitoring. Each component has its own items. Please see the Regulations for details.
- IV. We have evaluated the design and operating effectiveness of our internal control system according to the aforementioned Regulations.
- V. Based on the findings of such evaluation, the Company believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability of financial reports, and compliance with applicable rulings, laws and regulations.
- VI. This Statement will be an integral part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment or other illegality in the content made public will entail legal liability under Article 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. This Statement was approved by the Board of Directors' meeting held on March 8, 2024, with none of the 9 directors present expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Phoenix Tours International, Inc.

President:



General Manager:





2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.

(X) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the Company or its internal personnel, any sanctions imposed by the Company upon its internal personnel for violations of internal control system, principal deficiencies, and the state of any efforts to make improvements: None.

(XI) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year (2023) or during the current fiscal year up to the date of publication of the annual report:

1. Key resolutions from the shareholder meeting

Date of the Meeting	Key Resolutions	Review Implementation
2023.06.19	<p>Ratification Topics: 1. Presenting the Company's 2022 business report and financial statements for ratification.</p> <p>2. Presenting the Company's 2022 profit distribution for ratification.</p> <p>Discussion Topics: Presenting the cash dividends distribution by additional paid-in capital for deliberation.</p> <p>Election: Proposed the re-election of directors for deliberation.</p> <p>Other proposals: Removal of non-competition restrictions on the newly elected directors</p>	<p>1. The voting results showed the number of votes in favor of the motion exceeded the statutory amount, and the motion was approved.</p> <p>2. The voting results showed the number of votes in favor of the motion exceeded the statutory amount, and the motion was approved.</p> <p>The voting results showed the number of votes in favor of the motion exceeded the statutory amount, and the motion was approved.</p> <p>As a result of the election, the list of elected directors is as follows: Director : William Chang, Jimmy K. M. Chang, Joe T. H. Chiu, Jonny Tseng, Pei Wen Wu, Eric Kai Independent Director L.C. Kuo, T.S. Chen, Alan J.T. Chien</p> <p>The voting results showed the number of votes in favor of the motion exceeded the statutory amount, and the motion was approved.</p>

2. Key resolutions from board meetings:

Date of the Meeting	Key Resolutions
2023.01.06	<p>1. Submitted the proposal for the 2023 retention bonus of managerial officers for deliberation.</p> <p>2. Submitted the 2022 board performance appraisal report for deliberation.</p> <p>3. Proposed the establishment of a dedicated information security unit and manpower allocation for discussion.</p> <p>4. Proposed the amendment to the internal control for deliberation.</p> <p>5. Submitted the proposal to apply to banks for lines of credit and an extension of the repayment period for deliberation.</p> <p>6. Submitted the amendments to the Corporate Governance Best Practice Principles for discussion.</p>
2023.03.16	<p>1. Submitted the 2022 business report and financial statements for deliberation.</p> <p>2. Submitted the 2022 profit distribution for deliberation.</p> <p>3. Presented the cash dividends distribution by additional paid-in capital for deliberation.</p> <p>4. Proposed the re-election of directors for deliberation.</p>



Date of the Meeting	Key Resolutions
	<ol style="list-style-type: none">Proposed the nomination of board members and deliberated on the candidates of directors (including independent directors) for discussion.Submitted the 2022 Statement on Internal Control for deliberation.Proposed the lifting of restrictions on the non-compete clause of the Company's board of directors for deliberation.Submitted the proposal to determine the date, place and agenda of the 2023 AGM and the acceptance of shareholders' proposal for deliberation.Submitted the proposal to apply to Yuanta Commercial Bank for a line of credit of NT\$160 million for deliberation.
2023.05.08	<ol style="list-style-type: none">Proposal for the impairment assessment of the offshore fund held by the Company for deliberation.Q1 2023 consolidated financial report.Approval for applying for a credit line of NT\$50 million from E.SUN Bank for deliberation.
2023.06.19(I)	<ol style="list-style-type: none">Amendments to the Company's "Procedures for Loaning of Funds to Others".
2023.06.19(II)	<ol style="list-style-type: none">Election of the President.
2023.06.28	<ol style="list-style-type: none">Submitted the proposal for the record date, payment date, payout ratio and other matters related to the 2022 cash dividends for deliberation.Proposal of the appointment of the 5th Remuneration Committee members for deliberation.
2023.08.03	<ol style="list-style-type: none">Proposal for the Company's consolidated financial statements for the first half of 2023.Submitted the proposal to apply to banks for lines of credit and an extension of the repayment period for deliberation.Amendments to the Company's "Procedures for Loaning of Funds to Others".
2023.11.02	<ol style="list-style-type: none">Submitted the Q3 2023 Consolidated Financial Statements for deliberation.Submitted the proposal to apply for the total transaction quota of derivatives in 2024 for deliberation.Submitted the appointment and the assessment of independence of the CPAs for deliberation.Submitted the 2024 audit plan for deliberation.Rent evaluation of the subsidiary company for the transfer of the Company's Xiaoliuqiu superficies.

- (XII) Where, during 2023 and up to the date of publication of the annual report, a director has expressed a dissenting opinion with respect to a key resolution passed by the board, and the dissenting opinion has been recorded or prepared as a written declaration: None.
- (XIII) A summary of resignations and dismissals, during 2023 and up to the date of publication of the annual report, of the Company's President, general manager, chief financial officer, principal financial officer, chief internal auditor, principal corporate governance officer and principal research and development officer: None.



IV. Audit fee of independent auditors

Unit: In Thousands of New Taiwan Dollars

Name of Accounting Firm	Name of Accountant	Audit Period	Audit Service	Non-Audit Service	Total	Notes
Diwan & Company	Shu-Ling Liang Jui-Yen Tseng	2023.01.01~2023.12.31	2,000	0	2,000	

- (I) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: Not this situation.
- (II) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by ten percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: Not this situation.

V. Information on the change of auditors in the last two years: Yes.



Information on change of auditors

I. Information about the former CPA

Date of replacement	Approved by the Board of Directors on January 29, 2024		
Reason for replacement and description	Due to the need for CPA rotation as required by relevant laws and regulations, the Company's co-ordinate CPA will be replaced from CPA Wei-Jin Hou to Jui-Yen Tseng starting in 2023		
Appointment terminated or unacceptable by the client or the CPA	Counterparty		
	Situation	Accountants	Principal
	Voluntary termination of appointment	Not applicable	Not applicable
	No longer accepting (continuing) appointment	Not applicable	Not applicable
Reasons for issuing opinions other than unqualified opinions in the last 2 years	None		
Any disagreement with the Company	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit Scope or Procedure
			Others
	None		
	Description: None		
Additional Disclosures (Point 4, Item 1, Subparagraph 5, Article 10 of the guidelines shall be disclosed)	None		



II. Information about the succeeding CPA

Name of Accounting Firm	Diwan & Company
Name of Accountant	Jui-Yen Tseng
Date of appointment	Approved by the Board of Directors on January 29, 2024
Prior to the appointment, opinions and consultation results may be issued on the accounting treatment or accounting principles of specific transactions and financial statements	None
Written opinions of the successor CPA on matters of disagreement with the former CPA	None

III. Former CPA's reply to Point 2, Item 3 and Item 1, Subparagraph 5, Article 10 of the Guidelines: None.



VI. If the President, general manager and managerial officers in charge of the Company's finance and accounting operations held any positions within the Company's independent audit firm or its affiliates during the past one year: None.

VII. Assessment of the independence of the Company's CPAs

The board and Audit Committee both propose to evaluate the independence of CPAs at the end of each year. The Audit Committee verifies that the CPAs have no other financial interests or business relationships with the Company other than the fees for certification and financial and tax auditing, and that the family members of the CPAs also do not violate the requirements of independence, and provides the statement on independence signed by them to the board.

VIII. Changes in the transfer or pledge of shares by directors, managerial officers, and shareholders holding over 10% of the outstanding shares in the previous year and by the date of report publication

(I) Changes in shareholding of directors, managerial officers and principal shareholders:

Title	Name	2023		As of March 31, 2024	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
President	William Chang	(30,000)			
Director	Jimmy K. M. Chang	(329,000)	(800,000)		
Director	Joe T. H. Chiu				
Director	Pei Wen Wu				
Director	Jonny Tseng				
Director	Eric Kai				
Independent Director	Alan J.T. Chien				
Independent Director	L.C. Kuo				
Independent Director	T.S. Chen				
General Manager	Benjamin Pien	(43,000)			
General Manager of Corporate Sales Department	Cheng-Feng Li	(18,600)			
Deputy General Manager	Stanley Shao	(21,000)			
Chief Executive Officer	Raymond Tan	1,000			
Deputy General Manager	Rex Huang	1,000			



Deputy General Manager	Ken Lin	(10,000)			
General Manager of Tour Operation Division	Camille Chen	(3,000)			
Deputy General Manager of Tour Operation Division	Jessica Lin	(3,000)			
Principal shareholder	Jimmy K. M. Chang	(329,000)	(800,000)		
Principal financial officer	Annie Chou	(34,000)			

(II) Stock trade with a related party: None.

(III) Stock pledge with a related party: None.



IX. Information on top ten shareholders and their mutual relationship:

April 9, 2024

Name	Current Shareholding		Shareholding of Spouse and Minor Children		Shares Held in the Name of Others		Title, name and relationship of the top ten shareholders who have mutual relationship as spouse or blood relative within the second degree		Notes
	Number of Shares	Percentage of ownership	Number of Shares	Percentage of ownership	Number of Shares	Percentage of ownership	Item	Relationship with the Company	
Jimmy K. M. Chang	11,830,521	16.04%	0	0	0	0	William Chang Terry Chang	Father-son Father-son	None
William Chang	6,287,131	8.52%	0	0	0	0	Jimmy K. M. Chang Terry Chang	Father-son Brothers	None
Terry Chang	2,545,844	3.45%	0	0	0	0	Jimmy K. M. Chang William Chang	Father-son Brothers	None
Jonny Tseng	1,891,259	2.56%	0	0	0	0	None	None	None
Jie-Bo-Shun Investment Co., Ltd. Representative: Tai-Jung Wang	1,740,551	2.36%	0	0	0	0	None	None	None
	0	0%	2,545,844	3.45%	0	0	Terry Chang Jimmy K. M. Chang William Chang	Spouse Second-degree relative Second-degree relative	None
Phoenix Tours International, Inc.	621,000	0.84%	0	0	0	0	None	None	None
Phoenix Tour Foundation	534,153	0.72%	0	0	0	0	None	None	None
Chih Kuo	486,000	0.66%	0	0	0	0	None	None	None
Yung-Yi Chang	404,900	0.55%	0	0	0	0	None	None	None
Pei Wen Wu	379,754	0.51%	0	0	0	0	None	None	None



X. Total shareholding

April 30, 2024

Investee	Ownership by the Company		Ownership by directors, managerial officers and directly/indirectly owned subsidiaries		Total Ownership	
	Number of shares (thousand)	Percentage of ownership	Number of Shares	Percentage of ownership	Number of shares (thousand)	Percentage of ownership
Taiwan Orchid Express Inc.	18,954	99.76%	0	0	18,954	99.76%
Phoenix Travel Press Co., Ltd.	400	100.00%	0	0	400	100.00%
Park Joy Co., Ltd.	2,800	100.00%	0	0	2,800	100.00%
VIP BUS Int'l Inc.	1,651	33.02%	3,349	66.98%	5,000	100%
Fitnexx Co., Ltd.	760	76%	0	0	760	76%
Park Castle Co., Ltd.	8,200	82%	0	0	8,200	82%



Four. Financing Activities

I. Capitals and shares

(I) Source of capital

1. History of capital formation:

Unit: shares; NTD:

Year and Month	Issue Price	Authorized Share Capital		Paid-in Capital		Notes		
		Number of Shares	Amount	Number of Shares	Amount	Source of capital	Capital Increase by Assets Other than Cash	Others
2007.06	10	50,000,000	500,000,000	27,860,605	278,606,050	Cash capital increase	None	Note 1
2007.07	10	50,000,000	500,000,000	30,637,865	306,378,650	Capitalization of profit	None	Note 2
2008.07	10	50,000,000	500,000,000	32,130,708	321,307,080	Capitalization of profits and additional paid-in capital	None	Note 3
2008.07	10	50,000,000	500,000,000	35,130,708	351,307,080	Cash capital increase	None	Note 4
2009.08	10	50,000,000	500,000,000	36,817,193	368,171,930	Additional paid-in capital	None	Note 5
2009.09	10	50,000,000	500,000,000	39,817,193	398,171,930	Cash capital increase	None	Note 6
2011.06	10	80,000,000	800,000,000	61,456,500	614,565,000	Capitalization of profits and additional paid-in capital	None	Note 7
2012.02	10	-396,000	-3,960,000	61,060,500	610,605,000	Treasury stock cancelled	None	Note 8
2015.08	10	2,979,075	29,790,750	64,039,575	640,395,750	Capitalization of profits and additional paid-in capital	None	Note 9
2017.11	10	-1,479,000	-14,790,000	62,560,575	625,605,750	Treasury stock cancelled	None	Note 10
2018.11	10	-1,500,000	-15,000,000	61,060,575	610,605,750	Treasury stock cancelled	None	Note 11
2019.07	10	2,918,778	29,187,780	63,979,353	639,793,530	Capitalization of profit	None	Note 12
2019.07	10	-2,685,000	-26,850,000	61,294,353	612,943,530	Treasury stock cancelled	None	Note 13
2020.07	10	5,822,964	58,229,640	67,117,317	671,173,170	Capitalization of profit	None	Note 14
2022.08	10	6,649,631	66,496,310	73,766,948	737,669,480	Capitalization of profit	None	Note 15

Note 1: Reported a cash capital increase of NT\$30,000 thousand on March 8, 2007, which was approved and recorded in the Jin-Guan-Zheng-Yi-Zhi Document #0960011671, dated March 26, 2007, issued by the Financial Supervisory Commission, Executive Yuan; Fu-Jian-Shang-Zhi Document #09685737920, dated June 23, 2007, issued by the City Government of Taipei; and Guan-Yeh-Zhi Document #0960015587, dated June 20, 2007, issued by the Tourism Bureau of the Ministry of Transportation and Communications.

Note 2: The cash capital increase of NT\$27,772 thousand was approved and recorded in the Jin-Guan-Zheng-Yi-Zhi Document #0960034367, dated July 5, 2007, issued by the Financial Supervisory Commission, Executive Yuan; Fu-Jian-Shang-Zhi Document #09688394510, dated August 28, 2007, issued by the City Government of Taipei; and Guan-Yeh-Zhi Document #0960021897, dated August 24, 2007, issued by the Tourism Bureau of the Ministry of Transportation and Communications.

Note 3: The cash capital increase of NT\$14,928 thousand was approved and recorded in the Jin-Guan-Zheng-Yi-Zhi Document



#0970033279, dated July 3, 2008, issued by the Financial Supervisory Commission, Executive Yuan; Fu-Jian-Shang-Zhi Document #09789386700, dated September 19, 2008, issued by the City Government of Taipei; and Guan-Yeh-Zhi Document #0970023371, dated September 11, 2008, issued by the Tourism Bureau of the Ministry of Transportation and Communications.

Note 4: Reported a cash capital increase of NT\$30,000 thousand on June 25, 2008, which was approved and recorded in the Jin-Guan-Zheng-Yi-Zhi Document #0970033573, dated July 23, 2008, issued by the Financial Supervisory Commission, Executive Yuan; Fu-Chan-Yeh-Shang-Zhi Document #09790689610, dated October 30, 2008, issued by the City Government of Taipei; and Guan-Yeh-Zhi Document #0973002650, dated October 21, 2008, issued by the Tourism Bureau of the Ministry of Transportation and Communications.

Note 5: The cash capital increase of NT\$16,865 thousand was approved and recorded in the Jin-Guan-Zheng-Fa-Zhi Document #0980033149, dated July 3, 2009, issued by the Financial Supervisory Commission, Executive Yuan; Fu-Chan-Yeh-Shang-Zhi Document #09887723910, dated August 20, 2009, issued by the City Government of Taipei; and Guan-Yeh-Zhi Document #0980023223, dated August 14, 2009, issued by the Tourism Bureau of the Ministry of Transportation and Communications.

Note 6: Reported a cash capital increase of NT\$30,000 thousand on August 26, 2009, which was approved and recorded in the Jin-Guan-Zheng-Fa-Zhi Document #0980044885, dated September 11, 2009, issued by the Financial Supervisory Commission, Executive Yuan; Fu-Chan-Yeh-Shang-Zhi Document #09891043320, dated December 8, 2009, issued by the City Government of Taipei; and Guan-Yeh-Zhi Document #0980035323, dated November 27, 2009, issued by the Tourism Bureau of the Ministry of Transportation and Communications.

Note 7: Reported capitalization of profits and additional paid-in capital of NT\$216,393 thousand, which was approved and recorded in the Jin-Guan-Zheng-Fa-Zhi Document #1000022133, dated May 16, 2011, issued by the Financial Supervisory Commission, Executive Yuan; Jing-Shou-Shang-Zhi Document #10001127230, dated June 23, 2011, issued by the Ministry of Economic Affairs; and Guan-Yeh-Zhi Document #1000019310, dated June 17, 2011, issued by the Tourism Bureau of the Ministry of Transportation and Communications.

Note 8: Reported capital reduction of NT\$3,960 thousand by cancellation of treasury stock, which was approved and recorded in the Jing-Shou-Shang-Zhi Document #10101022020, dated February 8, 2012, issued by the Ministry of Economic Affairs, and 2012 Guan-Yeh-Zhi Document #1010002679, issued by the Tourism Bureau of the Ministry of Transportation and Communications.

Note 9: Reported capitalization of profits of NT\$29,791 thousand, which was approved and recorded in the Jin-Guan-Zheng-Fa-Zhi Document #1040030188, dated August 7, 2015, issued by the Financial Supervisory Commission, Executive Yuan; Jing-Shou-Shang-Zhi Document #10401192910, dated September 17, 2015, issued by the Ministry of Economic Affairs; and Guan-Yeh-Zhi Document #1040011666, dated September 10, 2015, issued by the Tourism Bureau of the Ministry of Transportation and Communications.

Note 10: Reported capital reduction of NT\$14,790 thousand by cancellation of treasury stock, which was approved and recorded in the Jing-Shou-Shang-Zhi Document #10601158170, dated November 17, 2017, issued by the Ministry of Economic Affairs, and 2017 Guan-Yeh-Zhi Document #1060017278, issued by the Tourism Bureau of the Ministry of Transportation and Communications.

Note 11: Reported capital reduction of NT\$15,000 thousand by cancellation of treasury stock, which was approved and recorded in the Jing-Shou-Shang-Zhi Document #10701148950, dated November 26, 2018, issued by the Ministry of Economic Affairs, and 2018 Guan-Yeh-Zhi Document #1070016559, issued by the Tourism Bureau of the Ministry of Transportation and Communications.

Note 12: Reported capitalization of profits of NT\$29,188 thousand, which was reported to the Financial Supervisory Commission, Executive Yuan on July 3, 2019, and approved and recorded in Jing-Shou-Shang-Zhi Document #10801121240, dated August 12, 2019, issued by the Ministry of Economic Affairs, and 2019 Guan-Yeh-Zhi Document #1080013073 issued by the Tourism Bureau of the Ministry of Transportation and Communications.

Note 13: Reported capital reduction of NT\$26,850 thousand by cancellation of treasury stock, which was approved and recorded in the Jing-Shou-Shang-Zhi Document #10801121240, dated August 12, 2019, issued by the Ministry of Economic Affairs, and 2019 Guan-Yeh-Zhi Document #1080013073, issued by the Tourism Bureau of the Ministry of Transportation and Communications.

Note 14: Reported capitalization of profits of NT\$58,230 thousand, which was reported to the Financial Supervisory Commission, Executive Yuan on June 29, 2020, and approved and recorded in Jing-Shou-Shang-Zhi Document #10901150470, dated August 13, 2020, issued by the Ministry of Economic Affairs, and 2020 Guan-Yeh-Zhi Document #1090010362 issued by the Tourism Bureau of the Ministry of Transportation and Communications.

Note 15: Reported capitalization of profits of NT\$66,496 thousand, which was reported to the Financial Supervisory Commission, Executive Yuan on July 11, 2022, and approved and recorded in Jing-Shou-Shang-Zhi Document #11101154200, dated August 12, 2022, issued by the Ministry of Economic Affairs, and 2022 Guan-Yeh-Zhi Document #1110006778 issued by the Tourism Bureau of the Ministry of Transportation and Communications.



Phoenix Tours

2. Type of Shares

April 9, 2024

Type of Shares	Authorized Share Capital			Notes
	Shares outstanding	Un-issued Shares	Total	
Registered common stock	73,766,948 shares	26,233,052 shares	100,000,000 shares	-

3. Information on the shelf registration: None.

(II) Composition of Shareholders

April 9, 2024 (book closure date)

Composition of Shareholders	Government Agencies	Financial Institutions	Other Legal Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Quantity						
Number of People	0	8	92	26,613	50	26,763
Number of Shares Held	0	438,329	3,223,419	69,139,509	965,691	73,766,948
Percentage of ownership	0	0.60%	4.36%	93.73%	1.31%	100.00%
Note: 621,000 shares of treasury stock, with a shareholding of 0.84%.						

Financing Activities



(III) Composition of Shareholders

Par value NT\$10 per shares; April 9, 2024

Shareholder Ownership	Number of Shareholders	Number of Shares Held	Ownership (%)
1 to 999	15,136	1,192,975	1.62%
1,000 to 5,000	9,959	18,505,654	25.09%
5,001 to 10,000	956	7,322,575	9.93%
10,001 to 15,000	287	3,630,518	4.92%
15,001 to 20,000	155	2,827,185	3.83%
20,001 to 30,000	120	3,043,339	4.13%
30,001 to 40,000	48	1,696,841	2.30%
40,001 to 50,000	19	894,226	1.21%
50,001 to 100,000	43	3,136,713	4.25%
100,001 to 200,000	24	3,251,468	4.41%
200,001 to 400,000	7	1,924,095	2.61%
400,001 to 600,000	3	1,425,053	1.93%
600,001 to 800,000	1	621,000	0.84%
800,001 to 1,000,000	0	0	0%
1,000,001 or above	5	24,295,306	32.94%
Total	26,763	73,766,948	100.00%

(IV) List of principal shareholders (Name of shareholders who are ranked top ten of all shareholders)

April 9, 2024

Name of Main Shareholders	Shares	Number of Shares Held	Percentage of ownership
Jimmy K. M. Chang		11,830,521	16.04%
William Chang		6,287,131	8.52%
Terry Chang		2,545,844	3.45%
Jonny Tseng		1,891,259	2.56%
Jie-Bo-Shun Investment Co., Ltd.		1,740,551	2.36%
Phoenix Tours International, Inc.		621,000	0.84%
Phoenix Tour Foundation		534,153	0.72%
Chih Kuo		486,000	0.66%
Yung-Yi Chang		404,900	0.55%
Pei Wen Wu		379,754	0.51%



(V) Market price, net worth, earnings and dividends per share

Unit: NT\$, shares

Items		Year	2022	2023	As of March 31, 2024
Market Price Per Share (Note 1)	Highest		81	128.5	75.6
	Lowest		39.05	58.7	60.70
	Average		59.7	74.14	71.11
Net Worth Per Share (Note 2)	Before distribution		16.58	20.04	17.5
	After distribution		15.64	(Note 10)	—
Earnings per share (Note 3)	Weighted Average Shares		73,145,948	73,145,948	73,145,948
	Before retrospective adjustment		(0.43)	2.44	(0.12)
	After retrospective adjustment		—	—	—
Dividends Per Share	Cash dividends		0.3	2	—
	Bonus Share	Shares from Profit	—	1	—
		Additional paid-in capital	0.3	0	—
	Dividends in Arrears (Note 5)		—	—	—
Analysis of Return on Investment	Price/Earnings Ratio (Note 6)		0	30.39	—
	Price/Dividends Ratio (Note 7)		199	37.07	—
	Cash Dividends Yield (Note 8)		0.005	0.027	—

* If earnings or capital surplus are transferred to issue bonus shares as a capital increase, the information on the market value and cash dividends retrospectively adjusted according to the number of shares issued should be disclosed.

Note 1: Average market price in each year = Actual trading price in each year / Volume.

Note 2: Refer to the number of issued shares at the end of the year and fill in according to the shareholder meeting resolution of the next year.

Note 3: If retrospective adjustment is needed due to bonus shares, the earnings per share before and after the adjustment should be listed.

Note 4: Due to the share repurchase, the dividend per share and allotment percentage are adjusted as there is a change to the number of shares outstanding.

Note 5: The provisions for the issuance of equity securities do not stipulate that the unpaid dividends of the current year may be accumulated to be distributed in the year when there is a surplus, so only the dividends that have been accumulated and unpaid for the year are disclosed.

Note 6: Price-Earnings ratio = Average closing price per share / Earnings per share of the year.

Note 7: Price-Dividends ratio = Average closing price per share / Cash dividends per share of the year.

Note 8: Cash dividends yield = Cash dividend per share / Average closing price per share of the year.

Note 9: Already took into account the treasury stocks that have been affected in accordance with the Taiwan Stock Exchange.

Note 10: The 2023 dividend was approved by the board resolution on March 8, 2024, which has not yet been distributed by the resolution of the shareholder meeting.

Note 11: Data reviewed (audited) by the accountants for the most recent quarter as of the publication date of the annual report should have the net worth and earnings per share filled in. The remaining fields should be filled with data of the year as of the publication date of the annual report.



(VI) Dividend policy and the implementation status

1. Dividend policy:

The provisions of the Company's Articles of Incorporation regarding the dividend policy are as follows:

Annual surpluses concluded by the Company are first subject to taxation and making up for previous losses, followed by a 10% provision for legal reserves; however, no further provision is needed when legal reserves have accumulated to the same amount as the Company's paid-in capital. Any surpluses remaining shall then be subject to provision or reversal of special reserves, as the laws or the competent authority may require. The residual balance can then be added to undistributed earnings carried from previous years per board resolution, and the shareholder meeting resolved to distribute shareholder bonus shares.

The travel agencies are the mature industry currently in a phase of dramatic changes and development. The Company's dividend policy is based on the current and future development plans and considers the investment environment, capital needs, domestic and overseas competition and the interests of shareholders. At least 50% of the distributable earnings of the year shall be allocated as shareholder dividends. The annual cash dividends shall be at least 10%, and no more than 100%, of the total of cash and stock dividends distributed in the year.

2. Status of dividend distribution proposed at the shareholder meeting (approved by the board, but not yet approved by the shareholder meeting)

The Company proposed its 2023 profit distribution as follows: In addition to allocating 10% for NT\$22,378,738 as legal reserve, there are NT\$219,437,846 to be distributed (NT\$2 per share for cash dividends and NT\$1 per share for stock dividends), and the remaining undistributed profit at the end of the period is NT\$42,814,233. The proposal will be handled in accordance with relevant regulations after being approved by the Annual General Meeting resolution on June 7, 2024.

3. No material change is expected in the future dividend policy.

(VII) The impact of bonus shares proposed by the shareholder meeting for the next year on the Company's operating performance and earnings per share: None.

(VIII) Remuneration for employees and directors

1. The percentages or ranges with respect to employees' and directors' remuneration specified in the Articles of Incorporation:

If the Company is profitable in the fiscal year, no less than 2% of the profit shall be offered as remuneration for employees, and no more than 1.5% of the profit shall be allocated as remuneration for directors. However, if the Company still has accumulated losses, an amount shall be reserved in advance to make up for the losses. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, there to a report of such distribution is submitted to the shareholders' meeting. The abovementioned recipients of stock or cash distributed may include the employees of the subsidiaries whose shares the Company holds more than 50%.



2. The basis for estimating the amount of employee and director remuneration, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:
 - (1) The calculation basis for the amount of employee and director remuneration to be distributed in this period: If the Company is profitable in the fiscal year, no less than 2% of the profit shall be offered as remuneration for employees, and no more than 1.5% of the profit shall be allocated as remuneration for directors.
 - (2) The basis for calculating the number of shares to be distributed as stock dividends: Not applicable.
 - (3) Accounting treatment if there is a difference between the actual and planned distributed amounts: Recognized as the annual distribution expenses.
3. Distribution of compensation as approved by the board:
 - (1) Amount of employee and director remuneration distributed in cash or stock: The distribution plan for the 2023 employee and director remuneration has been approved by the board on March 8, 2024. The 2023 director remuneration to be distributed is NT\$4,380,560, and the 2023 employee remuneration to be distributed is NT\$3,285,420.
 - (2) The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the standalone financial reports or individual financial reports for the current period and total employee remuneration: Not applicable.
4. The actual distribution of employee and director remuneration for 2023 (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee and director remuneration, additionally the discrepancy, cause, and how it is treated: No difference.



(IX) Stock buybacks of the Company

Stock buybacks of the Company (completed)

April 30, 2024

Session of share repurchase	7th Meeting	8th Meeting	9th Meeting
Purpose of share repurchase	Transfer shares to employees	Transfer shares to employees	Transfer shares to employees
Period of share repurchase	2015/09/02 to 2015/10/30	2016/03/21 to 2016/05/20	2021/03/24 to 2021/05/22
Price range of share repurchase	NT\$30 to NT\$50	NT\$37 to NT\$57	NT\$18 to NT\$36
Type and number of shares repurchased	1,500,000 shares/Common stock	2,685,000 shares/Common stock	621,000 shares/Common stock
Amount of share repurchased	NT\$59,051,396	NT\$112,047,429	NT\$18,282,647
Percentage of volume repurchased over the estimated volume of share repurchase	100%	89.5%	12.42%
Volume of shares with completed offset and transfer	1,500,000 shares	2,685,000 shares	—
Accumulated number of shares held by the Company	—	—	621,000 shares
Percentage of accumulated number of shares held by the Company over the total number of issued shares (%)	—	—	0.93%

II. Issuance of corporate bonds (including overseas corporate bonds): None.

III. Issue of preferred stocks: None.

IV. Issue of depository receipt: None.

V. Status of employee stock option plan: None.

VI. New share issuance in connection with mergers and acquisitions: None.

VII. Implementation status for plan of utilization of capital: None.



Five. Overview of Operations

I. Description of Business

(I) Scope of business

1. Nature of business: Travel agencies.
2. Core services and their proportion of the overall business:

Services:

- (1) Sell passenger tickets for domestic and foreign sea, land and air transportation businesses as an agent, or purchase passenger tickets and handle luggage for domestic and foreign tours on behalf of tourists.
- (2) Handle exit and entry and visa procedures on behalf of travelers.
- (3) Receive tourists in domestic and overseas tours, and arrange itineraries, meals and accommodation and tour guides.
- (4) Offer tour packages, independent travel groups, domestic and overseas sightseeing tours, meals and accommodation and related services.
- (5) Entrust Class-A travel agencies to solicit business in the preceding paragraph.
- (6) Entrust Class-B travel agencies to solicit domestic group tour business in Paragraph 4.
- (7) Acting as a travel agency for foreign companies to handle liaison, promotion, quotation and other businesses.
- (8) Other matters related to domestic and foreign travel approved by the central competent authority.

Related travel products and their proportion of the overall business:

Unit: In Thousands of New Taiwan Dollars

Main products \ Year	2023	
	Amount	Percentage of operation (%)
Asia tours	151,277	6.87
Americas	162,932	7.40
New Zealand and Australia	158,846	7.21
Europe	1,131,157	51.35
Cruise	151,782	6.89
Northeast Asia	254,462	11.55
China	12,206	0.55
Domestic travel	40,008	1.82
Others	139,980	6.36
Total	2,202,650	100.00%



A. Europe

Post-pandemic, the demand in Europe for welcoming global travelers has increased significantly, but some of the service manpower has not been able to keep up. In addition, inflation has led to higher costs, which is reflected in the gradual increase in tour fees. The supply of national and foreign airliners flying to Europe has gradually resumed, and new destinations have been added to increase product diversity. Themed itineraries such as flower viewing, carnival, Christmas market, and northern lights viewing have all resumed to meet the diverse needs of consumers. In addition, the independent travel (two-person group) routes of the Cool Travel Bus have been added to provide the choice for the increasing number of independent travelers.

B. New Zealand and Australia

With the reduction of aircraft seats, the fares and operating costs in New Zealand and Australia have increased, and the tour fees have also entered the high-priced range. The demand in Australia is mainly for the itineraries to the big cities in Eastern Australia, and itineraries to Western Australia or Tasmania will be added depending on the demand. With its natural purity, New Zealand has also become a popular choice for passengers after the pandemic. Longer days of 10-13 days are the mainstream, and the Air New Zealand has taken advantage of the long-term cooperation with the Air New Zealand to secure seat sales.

C. US-Canada

In the U.S. and Canada, due to the high demand for individual passenger seats, it is necessary to compress the series of seats for groups. It is necessary to more flexibly combine Fit seats, or acquire seats on popular routes in peak seasons ahead of schedule. Compared to pre-pandemic, the number of transportations was significantly increased. The product section focuses on the national park series packaging. When paired with the itineraries of Canadian aurora and South America, the products that are scarcer in the long-day tour are provided to provide travelers with choices.

D. Cruise

The first Keelung cruise ship after the pandemic was chartered with a total of 23 voyages. The sales were good, indicating that the market was mature. Except for the cancellation of several voyages due to typhoons, it was helpful to the revenue growth. In addition, flight cruise sales have also been increased in Resort World Asia, Europe, and Princess Alaska. We will also continue to sell top Antarctic cruise ships and plan ahead for chartered cruises in 2024.

E. Ancient civilizations

The market mainly sells itineraries from Turkey, Greece, Egypt, Morocco. The earthquake and the outbreak of war in Ishih-Kazun had a slight impact on sales. However, after confirming that the itineraries are operating normally, the buying of gas will return to normal.

F. Central Asia

Many routes on the Central/South Asia route have not yet resumed service, and the issuance of group seats is not stable, and the cost is more variable. The sales focus is mainly on Nepal and Sri Lanka. In addition, we will continue to develop new tourist routes such as Uzbekistan, Mongolia with Baikal, Dubai minigroup, Iran, and Arabia to meet the diversified needs of the market and to increase revenue.

G. China

Although mainland China is free from the impact of the pandemic, the government's restrictions on group tours have not been lifted. Only individual independent travels and a few inspection tours are allowed, and the market recovery is slow. In terms of products, the Company continues to deploy ground transportation for existing destinations in advance; for high-speed trains and high-speed rail, the product variety is expanded, and they will be back on the shelves when the ban is lifted. However, due to the insufficient supply of aircraft seats and the increase of operating costs, it is foreseeable that the tour fee will also increase.

H. Southeast Asia

At the beginning of the year, the Company increased the charter flights to Boracay Island to supply the market demand. However, the subsequent addition of charter flights to better destinations in the market resulted in poor sales. The flight group seats of Malaysia Airlines were deployed ahead of schedule. The products of Malaysia performed well during the Chinese New Year. There is a large demand for groups in emerging markets such as Cebu, Da Nang, and Phu Quoc Island, which are favored by employee tours. Others such as Bali, Bangkok, and Singapore are mainly driven by the independent travel demand, driving the buying interest of the minigroup.



I. Northeast Asia

Japan flight: After the lockdown was lifted on October 13, 2022, due to the shortage of manpower on the Japanese side, the ground agency severely affected the flight to the go-around waypoint. The supply of aircraft seats is still recovering. Niigata and Tottori flight charters, as well as reserved seats in Tokyo and Naha, are planned in advance to make up for some of the shortage of seats and provide growth momentum for the Japan flight. However, the fare rise, the travel cost, the depreciation of the yen, the reduction of Japanese people going abroad, and the Japanese government's massive subsidies for international travel have also crowded out related travel resources, which affected the speed of sales and the number of tours.

Korea:

Some airline companies have yet to resume their routes, and the demand for individual passengers has increased significantly, affecting the supply of group seats. However, due to the strong outbound demand of Korean tourists, many new flight points for regional aviation have been added, such as Suncheon, Yeosu, Cheongju, Andong, Danyang, and Jeju. In addition to the original popular itineraries of Seoul and Busan, many new itinerary combinations have been added to enrich the offerings. A new option for in-depth Korean itineraries.

J. Domestic

With the recovery of foreign markets, the travel destinations for Taiwanese people have gradually shifted. However, outbound travel is expensive, package fees are high, and some companies and government agencies are still in the country for 2023, so the domestic market is still better than before. Continue to provide consumers with a variety of seasonal and themed products to choose from. The company also cooperates with social media to disseminate travel information to increase product exposure and raise inquiries. The agency sales of THSR focuses on self-organized packages, THSR holidays, and THSR group tickets. With professional and efficient services, the Company aims to penetrate the highly competitive THSR travel market.

K. Theme travel

New European river cruises are available. Popular cruises such as the Rhine, the Danube, and the Rhine are packaged by UNIWORLD, a top-tier European cruise company, to meet the high-end travel market demand. In addition to attracting tourists who love European culture and pursue good travels, it has also attracted the attention of top-level incentive tour organizers and put forward a demand for chartering boats.

(II) Industry overview

1. Status and responses of the industry

According to the World Tourism Barometer of the World Tourism Organization, by the end of 2023, the international tourism industry will recover to 88% of the pre-pandemic level, and the number of international tourists is expected to reach 1.3 billion. The pent-up travel demand for several years, the improvement of air transport connectivity, and the strong recovery of Asian markets and tourist attractions may lay the foundation for the full recovery of the tourism industry by the end of 2024.

The following is a breakdown of the current situation of the country's tourism industry in terms of outbound travel, inbound travel, and domestic citizen travel:

I. Domestic citizens traveling abroad

According to the statistics of "Number of Visitors and Growth Rate of ROC Nationals Going Abroad from January to December 2023" published by the Tourism Bureau, MOTC, in the post-pandemic era, the outbreak of travel demand, with the gradual resumption of international flights, overseas travel also returned to normal. In 2023, the cumulative number of people from Taiwan going abroad was 11,795,834, an increase of 795.49% compared to 2022.



◆ Statistics on the number of ROC citizens traveling abroad

Unit: Thousand people

Summary	2019	2020	2021	2022	2023
Number of People	17,101	2,336	359	1,482	11,795
Growth Rate	2.74%	-86.34%	-84.59%	411.92%	795.49%

Source: Tourism Bureau of the Ministry of Transportation and Communications

II. Accepting tourists

According to the statistics "Number and Growth Rate of Travelers Coming to Taiwan Between January and December 2023" announced by the Tourism Bureau of the Ministry of Transportation and Communications, Taiwan was able to welcome back international tourists after getting rid of the pandemic., the overall number of inbound travelers has grown exponentially compared with the previous year, albeit the rather unstable pandemic situation during the gradual lifting of restrictions, a total of only 6,486,951 people came to Taiwan in 2023, a growth of 724.02% from the number in 2022.

◆ Travelers coming to Taiwan over the years

Unit: Thousand people

Summary	2019	2020	2021	2022	2023
Number of People	11,864	1,378	140	895	6,486
Growth Rate	7.21%	-88.39%	-89.8%	637.79%	724.02%

Source: Tourism Bureau of the Ministry of Transportation and Communications

III. Travel of domestic citizens

The government's policy in improving the travel quality for the people and promoting the industry transformation after the pandemic depends on main strategies such as building attractions, preparing themed travel, improving the industry environment and promoting digital experience, which can serve as the foundation for subsequent promotion of international tourism.

After the pandemic, the company will focus on "expanding the international tourism market and strengthening international marketing." Through the strategy of "expanding the source of tourism customers", we will gradually expand the source of visitors and polish the image of the tourism brand in Taiwan.

Expanding the source of tourists: The Company will gradually adjust the publicity pace depending on the development of the pandemic. After the lockdown is lifted, the priority will be to recover the number of visitors to Taiwan, and then aim for steady growth. The focus includes accurately exploring the source of customers in the international market, striving for the target customer group with high consumption, and strengthening the effectiveness of regional tourism marketing and international marketing partnerships.

(1) Online marketing remains popular: Before the global travel market recovers (2021-2022) According to the simple control criteria for tourist arrivals, the Ministry of Foreign Affairs uses the aforementioned criteria to target countries that may be bubbled up for tourism business, and then evaluates the local epidemic situation and negotiates on quarantine regulations between the two countries. The Tourism Bureau then gradually activates the promotion and bilateral tourism cooperation; in addition, Focus on the main target markets (Japan, South Korea, New South Korea, Hong Kong, Macau, Europe and the United States), focus on the production of theme videos, electronic, Internet, print, and outdoor advertising, and expand online OTA network marketing and data analysis. We will attract customers from major markets to continue to pay attention to Taiwan, and look forward to and choose Taiwan as a post-pandemic travel destination.



(2) Full sprint recovery: From 2023 to 2025, we will grasp the pulse of the international tourism market. On the one hand, we will expand precision marketing, strengthen cooperation with influencers, large OTAs, tour agencies or other industries, and actively participate in local travel exhibitions and online seminars, and spare no efforts to develop the main markets in the key ten countries (Japan, South Korea, Malaysia, Vietnam, Singapore, the Philippines, Thailand, Indonesia, Hong Kong, Macau, and China), emerging markets (such as New Zealand and Australia, India, the Middle East, and Israel), long-haul markets (such as Europe, America), and specific customer groups (such as Muslims, incentive travel, study travel and other potential groups); on the other hand, deepen the tourism brand in Taiwan, combine tourism circles to form regional and tourist routes, and strengthen the theme and digital We also encourage local governments to go overseas for marketing and increase marketing efforts by combining the central and local governments.

◆ Number of people in domestic sightseeing and recreation areas over the years

Unit: Thousand people

Summary	2019	2020	2021	2022	2023
Number of People	332,968	266,831	211,824	274,892	412,802
Growth Rate	18.43%	-19.86%	-20.61%	129.77%	150.17%

Source: Tourism Bureau of the Ministry of Transportation and Communications

2. Product development trends

(1) Product value-added and innovation to expand benefits of brand management

Grasp new market trends and focus on value creation and innovation. Consumers prioritize quality, and our core value of "Brand. Quality. Professionalism" has placed "Industry benchmark. Brand reputation" the goals for everyone working in the company. We tie innovative thinking to our product development. From design innovation to service innovation, we try to create more value for our products, hoping to exceed customer expectations and create brand loyalty.

We cooperate with the government policy on "Making the technology industry more service-oriented. Making the service industry more technology-oriented". The ever-changing technology and the Internet have greatly changed our life. Consumers can access a large amount of travel information through the Internet and various types of handheld devices, and complete transactions online. We should continue to apply technology to transform the travel industry and make services more convenient and user-friendly. The Phoenix Cloud App was launched in response to the smart travel initiative, which enabled travelers to easily grasp information of itineraries, meals, accommodation, tour leader and announcements of groups. During the journey, the company can also call the tour leader and map a location for the most immediate assistance. Innovative value-added services are provided by combining social media functions and member feedback.

With the availability of information and communication equipment and social media, the exposure of products has been done through the use of Facebook, LINE and other tools.

(2) Intra- and inter-industry alliances

The traditional marketing approaches adopted by the travel agencies mainly include print advertisement and product conferences. Applying modern technology and concepts, combined with traditional marketing methods, to maximize benefits has become one of the key directions for the development of marketing of travel agencies operators. The intra- and inter-industry collaboration for



the travel agencies has long been common in travel products. In the future, business owners will expand channels to find more market opportunities, and the collaborative promotion through intra- and inter-industry alliances will be one of the key marketing strategies.

(3) Trends of theme differentiation of travel products

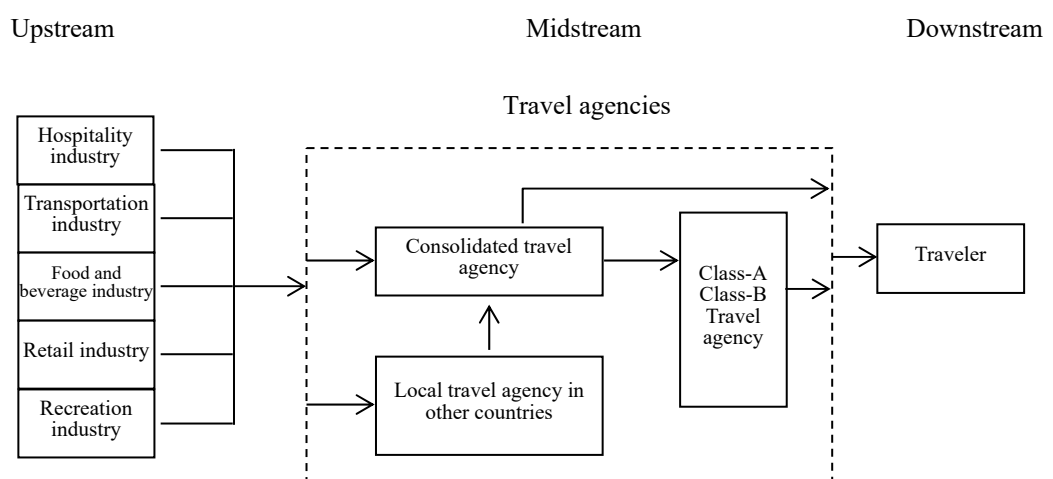
The traditional way of traveling in which tourists just move along the traffic is no longer the mainstream. Only the itineraries with distinct themes, such as flower, snow and aura view, special festivals, road running, honeymoon, Michelin dining, trips for vegans, European river cruises can attract consumers' attention. In the future, our travel products will focus on diversification. On the other hand, the most practical travel plans for consumers are short-term and packages for two or four people, and the design of travel itineraries tends to be light and short.

(4) Promote independent travel products

The availability of information and transportation vehicles has greatly developed the growth of flight and hotel combos of domestic citizen travel. Especially that short-distance destinations, shopping, gourmet food and vacationing itineraries in which groups can be composed with just a few people, without the limitations of date and scheduling. The casual arrangements attract many tourists who prefer making their own choices.

3. Relations between upstream, midstream and downstream of the industry

The travel agencies serve as an important link between tourism companies and tourists. In order to serve a large number of consumers and meet their tourism needs, the industry has obtained upstream resources such as transportation, food and beverage, accommodation and other tourism businesses, and packaged them into travel products to be used by tourists. Relations between the upstream, midstream and downstream of the industry:



4. Competition of products

The competition for travel products is fierce. Depending on the scale of companies, they can contact individual customers to recruit tour groups, and accept commissioning of companies to provide customized trips as company incentives or for meetings.



Phoenix Tours

We specialize in tour packages and provide services related to independent travel groups and arrangement of domestic and overseas tourism for tourists. In recent years, we have actively helped companies organize their company incentive trips or accommodate groups. We also have formed intra- and inter-industry alliances to expand to different marketing channels and scopes of business, which is another strategy to improve product advantages.

As independent travel products become a trend of personal travel, airlines and reservation platforms have also become competitors from suppliers. We also actively develop more convenient flight and hotel combo reservation measures to draw independent travelers.

(III) Overview of technologies, research and development

1. Technical aspect of operations

We specialize in various travel packages, such as arrangement of itineraries (screening of scenic areas, selection of transportation vehicles, control of traveling time between destinations, consideration of accommodation locations, etc.), cost estimation (control of flight costs, stability of travel cost between destinations, the critical point of profit and loss for travel groups, etc.), and marketing (acceptance of customers, exclusion of customer sources, difficulty of product packaging, market positioning, etc.), and the degree of details and complexity to be considered is far more sophisticated than other industry peers, so that we can grasp the competitive advantages.

With our decades of experience and teamwork, we have become an industry benchmark and a pioneer of new itineraries, enabling us to fully grasp market trends to meet bigger business challenges at any time.

In recent years, airlines have strictly implemented revenue management. It is difficult to get group seating from them, or that group rates are even higher than individual rates. We will actively formulate new strategies to acquire seats in each route. We also have to reinforce the use of group seats of the airlines for which the subsidiary serves as a commission agent, and combine the packaging of itineraries and control of seats to elaborate on the synergy of vertical integration.

2. Itinerary planning and design

Our company is in the travel service industry, and we do not have a dedicated research and development department like other industries responsible for developing new itineraries or improving production technologies. However, due to the ever-changing information of the tourism market and the constant introduction of new products from upstream suppliers, we need to have combos of new or existing travel products to meet consumer needs, so we now have a dedicated department responsible for the design and planning of travel products.

For the integrated development of work quality and cost considerations, the Tour Operation Division is responsible for coordinating the planning and design of itineraries of travel products and collection and analysis of market information. We also make good use of specialized travel experience accumulated the past few decades to actively develop unique travel products to cater to customers' needs and attract premium clients to further improve our revenue.

3. Products successfully developed

Based on the regional market trends, we cooperate with local tourism promotion agencies of various countries, such as the Tourism Australia, Korea Tourism Organization, Thailand Tourism Division, etc., and apply the years of experience in providing travel services and the constant collection of information of attractions around the world to design distinct and diverse travel products. There are tours in Italy, special packages in China available in different seasons and with local characteristics, Oceania regions, the Americas, long- and short-distance cruises, Central Asia, South Africa, ancient civilizations, Northeast Asia and Southeast Asia, and all have been well received by the market.



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

Based on the market trends of our observation, we have planned to establish the following future business development plans:

1. Short-term plan

- (1) Based on the experience working on group tours, we actively explore diverse travel products to meet the different needs of customers. In addition to maintaining the existing customer base, we actively develop new markets. We use Facebook, LINE groups and social media tools, radio broadcasting, advertisements at MRT stations to display our product information and market the products to people who plan honeymoon, senior citizens, backpackers, etc. to expand the market acceptance.
- (2) We have established independent travel departments responsible for developing and communicating with the customer base of independent travelers which has been growing. We offer travel packages for small groups, with the price of plane tickets slotted between the prices for group and individual travel, which provide group specials and the convenience for individual travelers.
- (3) In response to the popularity of independent travel, we have improved our order process for flight and hotel combos and introduced the Phoenix flight+hotel Easy GO reservation system which offers immediate confirmation for available prices and seating, so that the more convenient order process can meet the needs of independent travelers.
- (4) We have improved our operations to actively and efficiently customize trips that companies use for employee travel, hosting distributors, conferences and other services.
- (5) The growth of cruise tours has been astonishing. Therefore, in addition to selling the existing routes in Europe, the US and Canada and the Middle East, we plan to adopt the charter cruise approach to sell tours to Japan and Korea from Keelung.
- (6) We continue to recruit talents in the industry and provide systematic education and training to prepare for offering more comprehensive services for the ever-growing customer base.
- (7) We embrace the era of smart tourism, and have launched the Phoenix Cloud App which consolidates information (such as itinerary, accommodation, tour leader's announcement, LINE group functions, photo sharing, etc.) needed during a trip to be distributed through information and communication devices to provide more attentive services. Further integrates group specials and reward point redeeming functions to improve customer loyalty.

2. Long-term plan

- (1) We strive to obtain the Taiwan distributorship of foreign airlines, which can bring more revenue from air ticket sales and integrate with our travel product packages. The Integration of resources downstream and upstream can create more added value.
- (2) "Industry benchmark. Brand reputation" have long been part of our corporate culture and the goals that our employees strive to pursue. In order to achieve the highest customer satisfaction, we will continue to improve the professional capabilities of employees, service quality, and customer support and trust in the Company, and build brand awareness.
- (3) With the availability of handheld devices and mobile economy, we have followed the principle of "Mobile First" to develop a mobile version of our website to drive traffic. We also have continued to improve the proportion of sales through e-commerce websites and social networking sites such as Facebook and LINE groups to explore opportunities at all time. In recent years, domestic users have shifted from print media to e-commerce websites and even to mobile commerce when looking for



travel information and products. We have improved our computer system to make the existing network more convenient and provide high-quality user experience tools.

- (4) Seek key intra- or inter-industry alliances to promote faster growth of the Company to reach new directions in our business development. The travel agencies are people-oriented. As it is difficult to nurture talents quickly, we seek key intra-industry alliances to achieve faster growth of the Company. Through the inter-industry alliance approach, we actively rebuild the Phoenix Tours brand or a second brand to create more diversified marketing channels.
- (5) In terms of our financial strategy, we continue to incorporate e-commerce operations into our intranet to improve the utilization of resources, timeliness and cost reduction and provide the management with immediate information for decision-making.
- (6) Invest in the property management of HAUS FOOD plaza, construct a hotel in Liuqiu and invest in a gym to diversify the Company's operations.
- (7) In order to refine our services, standardize operations and reduce errors to achieve the ISO goal of zero-defect operation, we have adopted a cross-check practice in the internal operations to ensure our product quality and make the process more robust.

II. Markets, production, and marketing

(I) Market analysis

1. Regions of distribution (provision) of major products (services)

Major markets of the Company's products, such as foreign group travel itineraries:

Unit: In Thousands of New Taiwan Dollars

Sales regions	Year	2023		2022	
		Amount	(%)	Amount	(%)
Taipei head office (Northern)		1,312,798	64.90	93,924	99.62
Taoyuan		96,346	4.76	43	0.05
Hsinchu		100,255	4.96	44	0.05
Taichung		196,722	9.73	147	0.16
Chiayi		59,193	2.93	28	0.03
Tainan		106,397	5.26	40	0.04
Kaohsiung		150,930	7.46	60	0.06
Total amount of income from group tours collected by the Company		2,022,641	100.00	94,286	100.00
Total number of travelers going abroad in groups		38,199		8,978	

2. Market share

According to the statistics compiled by the Tourism Bureau, the number of citizens traveling abroad has shown a steady growth. The Company has been operating the business of overseas travel for a long time, has accumulated considerable experience, and has distributed products globally. We provide consumers with one-stop shopping services, which can diversify business risks. Our persistence in our product quality and the focus on the management travel products have helped us accumulate many loyal customers. We



will continue to develop new products to meet the different needs of diverse customer groups and increase market share.

3. Future supply and demand of the market

In view of the huge business opportunities in the travel market, airlines have also continued to collaborate with tourism operators around the world to launch discounted package tours. In the increasingly competitive business environment, tourism operators promote corporate incentive itineraries to specific companies to win more customers, and continue to introduce promotional programs, hoping to offer diverse and rich itineraries or improve service quality of trips to attract more consumers. In addition, the booming cruise business and charter flights for short-term customized itineraries, which have certain entry barriers, can bring considerable profits. In the future, the travel agencies are bound to become more specialized, where big players will stay big, and the stronger companies live and the weaker companies are eliminated.

4. Competitive niche

(1) Control of travel service quality: In view of the difficulty in controlling the quality of travel services, we have successfully adopted the ISO9001 quality control system in 1994, and completed implementation of the new edition in 2010. We have incorporated the system into our group travel, cruise itineraries, independent travel packages, ticketing and certification to standardize our operations, further improving the quality of our travel services. The quality of employees is also a key factor causing quality variation. We have planned comprehensive education and training courses. In terms of training for new hires, we arrange department supervisors to introduce businesses of respective departments and serve as mentors to enable new hires to adapt to their new jobs under comprehensive training. Internal education and training courses for tour leaders: Regularly organize courses on the latest travel information, crisis management skills training, first aid training, and various aesthetics and art appreciation courses. Establish an e-learning platform in the computer system, so that employees can conduct self-directed learning at any time. We also arrange course sessions conducted by senior tour leaders from time to time, and provide those who are less experienced with opportunities to take their own tour groups, and there are also local guides who provide assistance in the training for tour leaders. We value customer input. All our tour groups recover tourist suggestion survey forms, which can ensure that the products and hardware and equipment we provide meet customer needs and the services provided by tour leaders and tour guides are properly reviewed so that they can improve their services in the future.

(2) Brand identity and popularity: The Company has been awarded TTG News Asia's Best Travel Agency 15 times, and it has been the consecutive 10 years since 2010! We are fortunate to be inducted into the Hall of Fame together with Singapore Airlines/ Singapore Changi Airport/ Raffles Hotel/ Regal Airport Hotel/ Qantas/ Thai Airways/ Banyan Tree Spa/ Sabre Asia Pacific. From 2012 to 2023, many of our products won the Golden Travel Agency Awards issued by the Travel Industry Quality Assurance Association. Consumers will carefully select excellent travel agencies with genuine brand assurance among many domestic travel agencies. The Company has been in business for more than sixty years, and the scale of operations has placed it among the leaders in the travel agencies. After years of cultivation, we have arranged conference, government official and travel tours for TWSE, TWSA, TTVMA, Taiwan Knitting Industry Association, Taiwan Marble Association, Yuanta Securities, President Securities, CTBC Bank, ASUS, MSI, FISC, NSYSU, Chinese Culture University, NTU, Sinyi Realty, Lih Pao Construction, ROCHE DIAGNOSTICS, Eisai, Yahoo, Trans Globe Life Insurance, Fubon Life Insurance, Cathay Life Insurance, Nan Shan Life Insurance, Hontai Life, Yung Shiu Insurance Broker, FCF Co., Ltd., and accumulated a large client base.



Phoenix Tours

In recent years, we have been recommended by the Taiwan Visitors Association, the Travel Agent Association, the Travel Quality Assurance Association, etc., and won the Excellent Travel Agency Award given by the Tourism Bureau of the Ministry of Transportation and Communications. We also have been affirmed by many domestic and foreign organizations, and have accumulated considerable brand reputation, which will be beneficial to the development of the Company's business.

- (3) Application of computer network: In response to the trends of "Making the technology industry more service-oriented. Making the service industry more technology-oriented", we have established an internal network which can handle group itineraries, individual air tickets, accounting, etc. to fully integrate the Company's real-time information. In response to the emergence of the era of mobile commerce, we have published travel information and marketing materials in Chinese, and introduced the RWD of the mobile version of the Phoenix Tours website, mobile ticketing, Taiwan Orchid Insurance Agency (selling travel insurance policies) and other Apps, so that consumers can use various devices to check our products through the cloud, making the services more convenient to them. In response to the development of smart tourism, we have also launched Apps such as Phoenix Cloud and Phoenix Shopkeeper. The former provides travelers with easier and real-time access to group information such as itinerary, meals, accommodation, and group leader announcements. During the trip, users can also call the tour leader and map positioning for the most immediate assistance. The latter combines with the membership reward program to provide innovative value-added services. In order to effectively integrate the operations of domestic and overseas branches, we have established a virtual operation center, which also reduces costs and increases work efficiency. We also connect online with the reservation systems of major airlines, such as Sabre, Amadeus and Galileo, all of which can simultaneously provide convenient and quick reservation and billing services. In view of the fact that independent travel has become a trend, we have developed the Phoenix flight+hotel Easy GO reservation system to improve the reservation measures for independent travel, so that consumers can easily confirm their air tickets and hotel accommodation at the same time.

- (4) Grasp upstream resources of travel products:

The subsidiary serving as a commission agent for airlines sells tickets for general individual passengers and group seats to be sold as packages based on the destinations to increase the supply and achieve the synergy of vertical integration and competitive advantages.

5. Factors favorable to the development

- (1) The "little happiness" brought by long holidays, and people have more awareness of personal leisure, and traveling abroad is convenient.

As people have more holidays to use, such as personal paid holidays, annual leave, two-day weekend, long holiday, early retirement, etc., and the procedures for traveling abroad become simpler and many countries have started to offer visa-free entry, and people have more awareness of personal leisure, the needs for travel also grow.

- (2) Taiwan has become a transit point for travel, and international travel operators value the importance of Taiwan market.

Inspired by the bullishness, international airlines continue to increase flights or add direct flights. In the future, they will use Taiwan as a transit point to China. The convenience will increase domestic citizens' willingness to travel. In recent years, the cruise market has boomed, and for large European and American cruise operators, the trips in Asia have grown exponentially. They also use Keelung as the entry and exit point for the Northeast Asia route, signifying the importance of the Taiwan market.



(3) Overseas tourism driving the development of domestic tourism

Many countries develop their tourism businesses domestically first. However, as Taiwan developed its domestic tourism facilities late, the development of tourism businesses started with overseas travel first, before driving the development of construction of domestic travel. The Tourism Bureau of the Ministry of Transportation and Communications has been active collaborating with local competent authorities in recent years, planning travel activities with local characteristics to drive the upsurge of local tourism. The government also has continued to promote the "Tourism Nation Active Plan" to actively improve the tourism industry and manpower, integrate and market products with local characteristics, incorporate the use of smart tourism, and encourage green and medical tourism to take the competitiveness of Taiwan's tourism to another level.

(5) Product diversity to reduce business risks

We chose to take on long-distance routes which presented the highest level of difficulty, such as the routes to Europe and the Americas, when we started our business in the travel market. In response to the ever-changing business environment, we have continued to develop and plan new itineraries and bring in innovative ideas. In addition to group tours to five continents, we have personalized private tours, flight and hotel combo independent travel, travel consultation services, etc. We also have established a cruise department to promote cruise trips, the first agency to do so in Taiwan, and the diverse product planning can meet the different needs of consumers and achieve the goal of diversifying the operating risks of each travel routes. Due to the pandemic, domestic travel has become more favored by consumers. In addition to the existing outlying islands, Hualien and Taitung areas for group tours, there are tours to remote indigenous tribal areas, cycling activities, KOL-recommended spots, which enable us to connect with new customers.

6. Factors unfavorable to the development, and countermeasures

- (1) Unfavorable factor 1: Large OTA online travel agencies and budget airlines have entered the market, and travel products have become even more segmented, and the demand for independent travel has eroded the group travel market.

Large online platforms now provide special discounts and price comparison of rooms and flight seats, or even enable the arrangement of itineraries and tour guides, which have taken elements of tours apart to let tourists put together their own trips, and the market for traditional group travel has gradually been divided. Special discounts and flexible ticket prices from budget airlines have stimulated the willingness of many consumers to travel abroad.

◎Countermeasures:

Apply our experience in the richness of product packaging, and continue to introduce new elements to attract customers of group travel who wish to receive comprehensive services and can get more added value and shop with confidence and convenience from the group discounts. We also have actively established the flight and hotel Easy Go reservation process to help consumers arrange their independent travel itineraries.

- (2) Unfavorable factor 2: Price-cutting competitors from the same industry and the businesses from other industries trying to come into the market of travel industry.

Due to the low barriers to entry in the industry, services without proper permits have emerged, resulting in fierce competition in and uneven quality in the industry. In order to gain market share, some operators do not hesitate to cut prices or even sell at a loss. The rise of the Internet and diversification of business of companies have led to common intra- and inter-industry vertical and horizontal integration, making the competition in the matured travel market even more intense.



◎Countermeasures:

We have adhered to our product positioning that values quality, not compromising on prices easily, in the competitive market where many industry peers adopt the price war approach. As our service quality is generally accepted by consumers, we have successfully established our position and have loyal customers, and we have continued to adhere to our principle amid the intense price war. In view of competition from players from different industries, we offer better quality and services to improve the added value and competitiveness of products.

- (3) Unfavorable factor 3: The vague and uneasy relationship with airlines making the environment of ticketing business less ideal.

Airline seating is one of the most important components of travel products, and securing the sources of tickets is extremely important. Nowadays, as many industries try to stand out in a crowd of competitors, they continue to update their products and marketing methods. The phenomenon has gradually changed the relationship between airline and travel agency channels. The most apparent is that travel agencies have continued to see their commission on ticket sales of airline decline or being cancelled all together. This is due to the convenience of online ticketing. E-ticket also has become a new trend as it greatly reduces airlines' channel cost and improves their profitability, making the value of travel agencies' services less important. Besides, airlines will also gradually shift from being seat providers to sellers of tour packages and itineraries. As airlines become more involved in travel products, they appear more of intra-industry competitors to travel agencies.

◎Countermeasures:

The Company has always been one of the main and good partners of airline companies, and the Company focuses on overseas group travel products. Due to the demand for this large group air ticket, the airline companies will not give up this channel easily. Taiwanese people still rely on itinerary suggestions and consultations, as well as assured after-sales service from travel agencies, and cooperation with airline companies is an important tool for revenue generation and customer service.

- (4) Unfavorable factor 4: The market for tourists from China traveling to Taiwan has entered a period of decline, and the number of group tourists and individual travelers is decreasing sharply.

◎Countermeasures:

We mainly receive high-quality tourism groups and official visiting groups, and strategically exchange tour groups with China's travel agencies to win with quality instead of quantity. In response to the New Southbound Policy, we have actively developed customer base in Southeast Asia and other regions, so as to increase the diversity of inbound travelers.

- (5) Unfavorable factor 5: Our business is susceptible to global warming and climate change factors, and the frequent occurrence of political and economic turmoil, protests, terrorist attacks, strikes, etc. in various countries around the world.

◎Countermeasures:

We have diverse products, and our global strategic planning provides rich travel products for consumers to choose from, further reducing the impact of unfavorable factors in the regions on the Company's operations.

- (6) Unfavorable factor 6: Large-scale infectious diseases such as the novel coronavirus pandemic (COVID-19) have been spreading around the world, and the lockdown of cities and countries have



affected the economy, people's livelihood and medical systems, and the travel industry is hit almost the hardest.

◎Countermeasures:

Streamline the organization and manpower internally, and cut cost. We have adopted vertical integration for years, and acting as an agent to airlines and cruise operators helps us obtain resources to our travel products. In recent years, we have tried to diversify our operations, and introduced measures such as setting up an insurance agency, food court management, investment in land properties, construction of a hotel in Liuqiu and gyms and other projects to spread business risks.

(II) Key uses and production process of main products

1. Key purposes of main products:

Using the professional skills and experience accumulated and the information on transportation, dining, accommodation, sightseeing and entertainment in many countries around the world gathered, we have designed a variety of itineraries, and we also arrange dedicated personnel to explain the local customs, history, artifacts, local characteristics, etc. For consumers who are busy with their work or do not know where to start with their travel plans, they just have to decide the destination, and travel agencies will handle the rest. In addition to providing various itineraries, we help domestic or foreign airlines sell their tickets or package tours as an agency to immediately complete the seat reservation and ticketing procedures. We can automatically search for hotels that have room and price availability on the global reservation system Expedia, and then simultaneously complete the reservation of plane seats and hotels, which saves time and is convenient. The specialized services are immediate and convenient to business travelers who frequently travel around the world or individual travelers.

2. Our company is in the tourism service industry, not a manufacturing business, so there is no manufacturing process.

As for group travel, our operation process is as follows: Understand the trends the travel market → Obtain airline seats → Develop and package overseas attractions → Seek local operators in other countries for collaboration and price quotation → Obtain relevant information on visas → Calculation of travel costs and assessment of market acceptance → Promotion to the consumer market.

(III) Supply status of main raw materials

Our company is in the tourism service industry, not a manufacturing business, so there are no raw materials for manufacturing.

Our products are mainly supplied by the IATA ticketing center, airlines, HSR, cruise companies (Costa Cruise, Princess Cruises, Royal Caribbean Cruises) and travel agencies in other countries with whom we have collaboration. We are one of the primary agents in Taiwan for China Airlines, Thai Airways, Turkish Airlines, Korean Air, Japan Airlines, Cathay Pacific Airways and other international airlines. Due to the long-term collaboration, we have a stable supply of airline seats. As for overseas subcontracting, we have our overseas branches and 2 to 3 high-quality local operators as our partners, we regularly evaluate the collaboration to facilitate cost and quality control.



Phoenix Tours

(IV) List of main clients in the last two years

1. Amount and percentage of any customers accounting for 10% or more of the Company's total sales amount in the 2 most recent fiscal years:

The counterparties of the final sales and service of our products are all unspecified consumers, and none of them account for more than 10% of the total amount, so it is not applicable.

2. Information on the main suppliers (top-ten in the year) the last two years

Unit: In Thousands of New Taiwan Dollars

Year	2022				2023			
Items	Title	Amount	Percentage of the net purchase of the year (%)	Relationship with the Company	Title	Amount	Percentage of the net purchase of the year (%)	Relationship with the Company
1	IATA	134,518	41.04	None	IATA	410,230	16.58	None
2	Others	193,255	58.96	None	Others	2,063,760	83.42	None
	Net purchase	327,773	100.00		Net purchase	2,473,990	100.00	

Note: We adopt the Billing and Settlement Plan (BSP) of the International Air Transport Association (IATA) to participate the ticketing, sales settlement, fund transfer and ticketing management between airlines and travel agencies. As the Association is the largest ticket supplier for domestic travel agencies, it is our top supplier in the last two years. The increase in purchases from major suppliers in the last 2 years is mainly due to the fact that the ban on overseas tours has been lifted since October 2021, resulting in a significant increase in purchases from major suppliers. None of the suppliers during this period exceed 10% of the total purchase.

(V) Production volume the most recent two years

Unit: In Thousands of New Taiwan Dollars

Main Products	Year	2022		2023	
		Production volume (Note 1)	Production value (Note 2)	Production volume (Note 1)	Production value (Note 2)
Overseas travel groups	Asia tours	77	1,558	3,824	137,774
	Americas	79	10,712	1,288	148,476
	New Zealand and Australia	129	9,306	1,794	151,559
	Europe	1,004	45,545	11,489	968,819
	Cruise	—	—	7,372	112,901
	Northeast Asia	703	10,544	5,571	218,768
	China	—	—	149	10,376
Domestic travel		6,985	49,671	6,712	33,933
Others (Note 3)		—	25,134		51,288
Total		8,978	152,470	38,199	1,833,894

Note 1: We are in the service industry, and each product line covers itineraries of different number of days, so the production volume cannot be estimated. The volume here indicates the number of people joining our group tours.

Note 2: Output value refers to the total amount we pay on behalf of all group tours for the whole year; other output value refers to other operating costs listed.

Note 3: Others refer to the handling fee costs, commission expenses, and operating costs of subsidiaries.

Overview of Operations



(VI) Sales volume the most recent two years

Unit: In Thousands of New Taiwan Dollars

Main Products \ Year		2022		2023	
		Sales volume (Note 1)	Sales value (Note 2)	Sales volume (Note 1)	Sales value (Note 2)
Overseas travel groups	Asia tours	77	3,143	3,824	151,277
	Americas	79	12,238	1,288	162,932
	New Zealand and Australia	129	11,231	1,794	158,846
	Europe	1,004	57,088	11,489	1,131,157
	Cruise	—	—	7,372	151,782
	Northeast Asia	703	12,743	5,571	254,462
	China	—	—	149	12,206
Domestic travel		6,985	53,112	6,712	40,008
Others (Note 3)		—	53,121		139,980
Total		8,978	202,676	38,199	2,202,650

Note 1: Sales volume refers to the number of people joining group tours.

Note 2: Sales value refers to the total amount collected for group tours for the whole year.

Note 3: Others refer to the net income from air ticket handling fee, commission income and revenue of subsidiaries.

III. Information on employees for the most recent two years

Year		2022	2023	2024 and as of the publication date of the annual report
Number of Employees	Managers and above	42	35	43
	General employees	119	140	154
	Total	161	175	197
Average Age		46.51	46.38	44.76
Average Service Tenure		13.04	12.17	9.96
Distribution of Educational Background (%)	Doctoral degree	0.62%	0.57%	0.5%
	Master's degree	6.21%	8.28%	6.6%
	University	75.16%	75.72%	74.63%
	Senior high School	18.01%	15.43%	18.27%



IV. Environmental protection expenditure

(I) Amount of loss incurred due to pollution as of the most recent year and the date of publication of the annual report: None.

(II) Our countermeasures for future environmental protection issues:

1. Implement the environmental management and supervision practice:

The Company promotes the environmental management and supervision practice. Each unit implements its environmental management separately, and the Management Department of the head office supervises at any time to ensure that environmental management is implemented in the fundamental operations of each unit.

2. Implement company-wide environmental education:

In order to put the environmental policy and the environmental management operations into practice, we promote company-wide environmental education. The head office conducts training and education at the system and policy aspects, and each unit carries out the training and education on the operation aspect to help employees develop the Earth-loving environmental protection attitude and improve professional capacity.

3. Promote energy management:

(1) Energy conservation: We pay attention to the temperature control of office air-conditioning at all times, and replace lighting that consumes lots of energy with energy-saving LED lighting to achieve energy saving and carbon reduction. In addition, we set the start and stop time of the air-conditioning system for effective use of electricity.

(2) Water conservation: We promote two approaches, cultivating new resources and reducing consumption, for our water conservation policy.

4. We have recycling bins, and we implement waste classification to facilitate the reuse of waste.

(III) Disclose the RoHS (Restriction of Hazardous Substances Directive) information based on Tai-Cheng-Shang-Zhi Document #0950007006 dated April 13, 2006: We are in the tourism industry, and the RoHS is not applicable.

(IV) Expected environmental capital expenditure for the year and in the next three years: None.

(V) Impact of environmental protection expenditure on earnings: None.

(VI) Impact of environmental protection expenditure on competitive positioning:

Performance of environmental protection has become one of the important indicators for companies to demonstrate their social responsibilities. As green consumption becomes more popular, actively participating in environmental protection work is expected to have a positive impact on our competitive positioning and improve our image.

V. Labor relations

(I) Employee benefit plans, continuing education, training, retirement systems and the status of their implementation, as well as the status of labor-management agreements and measures for preserving employees' rights and interests.

1. Harmonious labor relations:



We have spokespersons and a legal unit, which are responsible for handling employee grievances. The communication and relation between the labor and management are good, and in accordance with the Labor Standards Act and the Regulations for Implementing Labor-Management Meeting, we regularly hold labor-management meetings to coordinate the labor-management relation, promote collaboration and prevent various labor issues before they happen.

2. Preparation of retirement system and pension:

Based on the Labor Standards Act, we formulate employee retirement measures and stipulate retirement criteria, pension payment standards and application to retirement. Every month, we allocate employees' retirement reserve funds to be deposited in a statutory financial institution based on the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds.

3. Starting July 1, 2005, employees who choose to apply for the pension system of the Labor Pension Act have 6% of their monthly salary allocated to the individual pension account of the Bureau of Labor Insurance.

4. Employer-employee agreement and maintenance measures for various employee rights:

Employee-employer meetings are regularly held in accordance with the Regulations for Implementing Labor-Management Meeting to coordinate the relationship, promote collaboration and improve work efficiency. Employees who have opinions for improvement or grievances should report to their direct supervisors in writing, in addition to bringing them up at relevant meetings. Supervisors at all levels should consider whether the reasons are justified, and make necessary adjustment, so as to timely and effectively resolve the conflicts. The communication channels are functioning properly, and we have not had labor disputes.

5. Welfare measures:

We have set up the Employee Welfare Committee, which allocates welfare funds in accordance with the law to organize various welfare activities:

Bonuses (gifts) for the three main national festivals, employee trips, spring feast lucky draw activities, wedding and funeral allowance, subsidies for well wishes for injuries and illness, pre-employment and on-the-job training, TOEIC test tutoring, etc. and emergency relief subsidies, comprehensive pre-employment and in-service training, TOEIC test counseling, etc.

6. The promotion of various nurturing program and education and training courses encourages learning and improves employees' knowledge skills. The measures also accumulate the Company's internal knowledge capital and facilitate communication, paving the road for making the Company a learning organization. We have adopted and planned systematic education and training courses:

(1) Training of new hires: We arrange department supervisors to introduce businesses of respective departments and serve as mentors to enable new hires to adapt to their new jobs under comprehensive training.

(2) Internal education and training courses for tour leaders: Regularly organize courses on the latest travel information, crisis management skills training, first aid training, and various aesthetics and art appreciation courses.

(3) Establish an e-learning platform in the computer system, so that employees can conduct self-directed learning at any time.

(4) We arrange course sessions conducted by senior tour leaders from time to time, and provide those who are less experienced with opportunities to take their own tour groups, and there are also local guides who provide assistance in the training for tour leaders, so that every tour leader can provide travelers with comprehensive travel services.



(II) Protection measures for work environment and employees' personal safety:

1. Regularly carry out disinfection of the work environment:

We hire professional companies to regularly conduct disinfection, elimination of insects and rodents, and cleaning of air-conditioning filters, etc., to keep the office environment comfortable and clean.

2. Regularly replace the filters of water dispensers:

We have a contractor who regularly replace the filters of water dispensers in the office to provide employees with clean drinking water in the work environment.

3. Travel insurance:

We increase the coverage amount of liability insurance policies in the travel agencies to help our tour leader feel more secured in their work.

4. Install security system:

We have installed a security system to add more protection to our property and the personal safety of employees working at night or on holidays.

(III) Any loss sustained as a result of labor disputes and the estimate of losses incurred to date or likely to be incurred in the future in the most recent fiscal year and up to the date of the publication of the annual report: None.

VI. Cybersecurity management

(I) Cybersecurity risk management framework

Our Computer Room is the responsible unit for information security. The Office has one supervisor and several professional information personnel. They are responsible for establishing internal information security policies, planning and carrying out information security procedures and promoting and implementing the policies.

(II) Cybersecurity policy

1. Maintain continuous operation of various information systems
2. Prevent hacker and virus intrusion and damage
3. Prevent inappropriate or illegal use by intention
4. Prevent leakage of sensitive data
5. Prevent accidents caused by human errors
6. Maintain safety of physical environment

(III) Specific management solutions

1. Computer equipment safety management

- (1) We put our mainframe, application servers and other equipment in the dedicated computer room, and restrict personnel access. We maintain the records of necessary access by personnel.
- (2) The computer room has its own air-conditioning, and there is a gas fire extinguishing system to ensure the operation and safety of the equipment.



- (3) The mainframe in the computer room is equipped with uninterruptible power supply and voltage stabilizing equipment to ensure the normal operation of the computer application system.
 - (4) Monitoring management of 24-hour application performance and status.
2. Network security management
- (1) The gateway connected to the external network is equipped with an enterprise-level firewall to prevent illegal intrusion by hackers.
 - (2) Employees must apply for a VPN account to log in to the intranet to access system data remotely. Only through the secure method of SSL VPN can they log in, and all access records are kept for future audit.
 - (3) Configure Internet behavior management and filtering equipment to control Internet access. Block access to network addresses and content that are harmful or not allowed by our policy. Strengthen network security and prevent bandwidth from being improperly occupied.
 - (4) Install WAF (Web Application Firewall) to protect website applications, monitor and filter website transmission requests, compare network attacks such as viruses and malware, and reject suspicious and malicious traffic. Safeguard the security of the website in the event of malicious attacks or data leakage.
3. Virus protection and management
- (1) Endpoint protection software is installed in the server and employees' terminal computer equipment. The virus code is automatically updated to ensure that the system can block out the latest virus, and at the same time detect and prevent the installation of system execution files with potential threats.
 - (2) The email server is equipped with mail anti-virus and spam filtering measures to prevent viruses or spam from entering users' PC.
4. System access control
- (1) Employees apply for the account and password they need for the access of each application system. After their appropriate authorization level is approved, the Department of Information creates the account and password for them, and then the system administrator allows them to have the access with the functions and authorization level they apply for.
 - (2) Account and password are changed periodically. Before resigning (retiring) from the job, employees have to notify the Department of Information through an application form to delete their account on all systems.
5. Ensure continuous operation of the system
- (1) Perform regular backup of the system, and the backup data is stored separately to ensure the safety of the system and data.
 - (2) Conduct disaster recovery drills once a year.
6. Information security promotion and education and training
- (1) Reminder: Employees are required to change their system password periodically to maintain their account security.
 - (2) Seminar: Offer cybersecurity-related education and training courses to employees every year.



(IV) Resources committed to cybersecurity management

Relevant measures currently implemented:

1. All computers in the Company are installed with anti-virus software to prevent viruses from infecting systems and files.
2. Control the list of people accessing the Internet and receiving external emails to reduce the chance of virus intrusion.
3. Strengthen network firewall and network control to prevent computer viruses.
4. Important data and servers are regularly backed, tested and restored.
5. Security filtering and antivirus scanning of emails.

Future continuous improvement:

1. Install MDR endpoint control to prevent malicious programs, ransomware and hackers from intruding the system and stealing files.
2. The third-party information security unit scans for vulnerabilities and proposes information security improvement suggestions.
3. Build an integrated information security incident management platform.
4. Defense against email APT attacks and commercial fraud.
5. The losses and possible impacts suffered from major cybersecurity incidents and the countermeasures in the most recent year to the date of publication of the annual report: Not this situation.



VII. Important contracts

Nature of Contract	Counterparty	Contract Period	Important Information
Sabre reservation system contract	Sabre Travel Network	2022.12.01~2026.11.30	System connection, application system, equipment and software rental and lease contract
Computer reservation and ticketing operation system user contract	Travelport Taiwan	2022.12.01~2025.11.30	Travelport computer reservation and ticketing operation system
Information equipment service	Dwins Digital Service	2022.10.01~2028.09.30	Information equipment service contract
Insurance	Fubon Property and Casualty Insurance	2023.03.01~2024.03.01	Travel liability insurance policy
Insurance	Cathay Century Insurance	2023.10.01~2024.10.01	Travel liability insurance policy
Insurance	Cathay Century Insurance	2024.01.23~2025.01.23	travel agencies performance bond insurance policy
Construction Contract	Ding-Hsin Construction Co., Ltd.	2020.11.20 until the construction project is completed	Construction of a hotel in Liuqiu
Commissioned Design Service Contract	Cosmos D&M Co., Ltd.	2021.04.12 - until completion of interior decoration	Design service contract for the index design of space and visual system of Xiao Liu Qiu Hotel



Six. Overview of Financial Status

I. Condensed balance sheets and statements of comprehensive income for the last five fiscal years

(I) Condensed balance sheet - Consolidated

Unit: In Thousands of New Taiwan Dollars

Items	Year	Financial information for the past five fiscal years (Note 1)					Financial information as March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Current assets		1,685,408	1,452,852	1,700,632	1,690,429	2,059,816	2,256,133
Property, plant and equipment (Note 3)		248,494	251,308	285,929	424,283	541,163	563,007
Intangible assets		31,141	9,114	9,114	9,114	9,114	9,114
Other assets		533,485	624,888	604,605	585,534	541,097	517,664
Total assets		2,498,528	2,338,162	2,600,280	2,709,360	3,151,190	3,345,918
Current liabilities	Before distribution	1,273,055	997,149	974,009	1,204,492	1,538,480	1,645,262
	After distribution	1,291,443	1,017,097	1,040,505	1,226,463	(Note 4)	(Note 4)
Non-current liabilities		68,906	217,192	229,795	292,100	147,149	134,004
Total Liabilities	Before distribution	1,341,961	1,214,341	1,203,804	1,496,592	1,685,629	1,779,266
	After distribution	1,360,349	1,234,289	1,270,300	1,518,536	(Note 4)	(Note 4)
Equity attributable to the parent		1,133,230	1,095,486	1,364,131	1,185,113	1,421,121	1,523,075
Share capital		612,944	671,174	671,174	737,670	737,670	737,670
Capital surplus		223,447	223,447	205,086	205,086	183,167	183,081
Retained earnings	Before distribution	341,281	275,020	407,412	293,819	517,607	595,905
	After distribution	264,663	273,519	340,916	293,819	(Note 4)	(Note 4)
Others		(44,442)	(55,872)	98,742	(33,179)	960	24,702
Treasury stock		0	(18,283)	(18,283)	(18,283)	(18,283)	(18,283)
Non-controlling interests		23,337	28,335	32,345	27,655	44,440	43,577
Total equity	Before distribution	1,156,567	1,123,821	1,396,476	1,212,768	1,465,561	1,566,652
	After distribution	1,138,179	1,103,873	1,329,980	1,190,824	(Note 4)	(Note 4)

Note 1: The financial information for the last five years has been audited and verified by accountants.

Note 2: The financial data ended March 31, 2024 has been reviewed by accountants, and a review report with a qualified opinion has been issued.

Note 3: Those listed above have not undergone asset revaluation in the last five years.

Note 4: The dividend payment for 2023 has not been approved by the shareholders general meeting.

Overview of Financial Status



(II) Condensed balance sheet - Parent only

Unit: In Thousands of New Taiwan Dollars

Items		Year	Financial information for the past five fiscal years (Note 1)				
			2019	2020	2021	2022	2023
Current assets			1,347,214	1,126,070	1,243,462	1,321,037	1,587,181
Property, plant and equipment (Note 2)			175,523	171,253	142,102	140,962	138,415
Intangible assets			—	—	—	—	—
Other assets			826,414	918,016	1,085,759	1,130,934	1,283,914
Total assets			2,349,151	2,215,339	2,471,323	2,592,933	3,009,510
Current liabilities	Before distribution		1,187,836	947,427	920,609	1,150,921	1,478,779
	After distribution		1,206,224	967,375	987,105	1,172,865	(Note 3)
Non-current liabilities			28,085	172,426	186,583	256,899	109,610
Total Liabilities	Before distribution		1,215,921	1,119,853	1,107,192	1,407,820	1,588,389
	After distribution		1,234,309	1,139,801	1,173,688	1,429,764	(Note 3)
Share capital			612,944	671,174	671,174	737,670	737,670
Capital surplus			223,447	223,447	205,086	205,086	183,167
Retained earnings	Before distribution		341,281	275,020	407,412	293,819	517,607
	After distribution		264,663	273,519	340,916	293,819	(Note 3)
Others			(44,442)	(55,872)	98,742	-33,179	960
Treasury stock			0	(18,283)	(18,283)	(18,283)	(18,283)
Total equity	Before distribution		1,133,230	1,095,486	1,364,131	1,185,113	1,421,121
	After distribution		1,114,842	1,075,538	1,297,635	1,163,169	(Note 3)

Note 1: The financial information for the last five years has been audited and verified by accountants.

Note 2: Those listed above have not undergone asset revaluation in the last five years.

Note 3: The dividend payment for 2023 has not been approved by the shareholders general meeting.

Note 4: There has not been correction or restatement to the above financial information.



(III) Condensed statement of comprehensive income - Consolidated

Unit: In Thousands of New Taiwan Dollars

Items \ Year	Financial information for the past five fiscal years (Note 1)					Financial information as March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	2,974,759	489,508	149,935	202,676	2,202,650	596,630
Gross profit	419,436	129,958	43,790	50,206	368,756	98,946
Operating income	186,626	(31,931)	(66,040)	(59,393)	(183,269)	54,024
Non-operating income and expenses	57,755	48,558	150,549	28,626	31,907	39,040
Profit before income tax	244,381	16,627	84,509	(30,767)	215,176	93,064
Profit of (loss) for the period from continuing operations	200,740	13,477	83,374	(31,694)	178,253	76,066
Profit or loss from discontinued operation	—	—	—	—	—	—
Profit (loss) for the year	200,740	13,477	83,374	(31,694)	178,253	76,066
Other comprehensive income or loss of the period (net after taxes)	(28,062)	(10,939)	210,865	(80,613)	79,349	26,694
Total comprehensive income	172,678	2,538	294,239	(112,307)	257,602	102,760
Net income attributable to shareholders of the parent company	198,753	10,210	77,739	(31,236)	178,174	76,193
Net income attributable to non-controlling interests	1,987	3,267	5,635	(458)	79	(127)
Total comprehensive income attributable to shareholders of the parent entity	172,192	(1,073)	288,507	(112,522)	257,927	102,532
Total comprehensive income attributable to non-controlling interests	486	3,611	5,732	215	(325)	228
Earnings per share	2.69	0.14	1.06	(0.43)	2.44	1.04

Note 1: The financial information for the last five years has been audited and verified by accountants.

Note 2: The financial data ended March 31, 2024 has been reviewed by accountants, and a review report with a qualified opinion has been issued.

Note 3: The profit or loss of the discontinued operations is presented as a net amount after deduction of income tax.

Overview of Financial Status



(IV) Condensed statement of comprehensive income - Parent-only

Unit: In Thousands of New Taiwan Dollars

Items	Year	Financial information for the past five fiscal years (Note 1)				
		2019	2020	2021	2022	2023
Operating revenue		2,859,954	428,223	97,177	155,480	2,132,767
Gross profit		330,352	88,199	13,245	30,219	326,303
Operating income		151,000	(33,781)	(61,829)	(43,234)	184,769
Non-operating income and expenses		83,388	43,316	134,915	13,940	26,593
Profit before income tax		234,388	9,535	73,086	(29,294)	211,362
Profit of (loss) for the period from continuing operations		198,753	10,210	77,739	(31,236)	178,174
Profit (loss) for the year		198,753	10,210	77,739	(31,236)	178,174
Other comprehensive income or loss of the period (net after taxes)		(26,561)	(11,283)	210,768	(81,286)	79,753
Total comprehensive income		172,192	(1,073)	288,507	(112,522)	257,927
Earnings per share		2.69	0.14	1.06	(0.43)	2.44

Note 1: The financial information for the last five years has been audited and verified by accountants.

Note 2: There has not been correction or restatement to the above financial information.

(V) Names and opinions of auditors for the last five years

Year	Name of Accounting Firm	Name of Accountant	Opinion
2019	Diwan & Company	Jui-Yen Tseng, Wei-Jin Hou	An unqualified opinion
2020	Diwan & Company	Jui-Yen Tseng, Wei-Jin Hou	An unqualified opinion
2021	Diwan & Company	Shu-Ling Liang, Wei-Jin Hou	An unqualified opinion
2022	Diwan & Company	Shu-Ling Liang, Wei-Jin Hou	An unqualified opinion
2023	Diwan & Company	Shu-Ling Liang, Jui-Yen Tseng	An unqualified opinion



II. Financial analysis for the past five years

(I) Financial analysis - Consolidated

Items to be analyzed		Year (Note 1)	Financial analysis for the past five fiscal years (Note 1)					As of March 31, 2023 (Note 2)
			2019	2020	2021	2022	2023	
Financial structure (%)	Debt to asset ratio		53.71	51.94	46.30	55.24	53.49	53.18
	Long-term fund to property, plant and equipment ratio		176.19	169.93	199.67	160.75	155.30	160.95
Solvency (%)	Current ratio		132.39	145.70	174.60	140.34	133.89	137.13
	Quick ratio		118.22	140.29	170.69	127.16	118.88	117.63
	Times interest earned		39.42	3.60	15.01	-2.22	16.99	38.78
Operating performance	Receivables turnover ratio (times)		27.59	9.99	10.44	5.18	30.29	28.25
	Days sales outstanding		13.22	36.53	34.96	70.46	12.05	12.92
	Average inventory turnover (times)		—	—	—	—	-	—
	Accounts payable turnover ratio (times)		17.00	4.20	2.94	2.67	22.50	18.17
	Average inventory turnover days		—	—	—	—	-	—
	Property, plant and equipment turnover (times)		6.16	0.66	0.19	0.23	2.23	2.28
	Total assets turnover (times)		1.34	0.20	0.06	0.08	0.75	0.73
Profitability	Return on total assets (%)		9.26	0.77	3.57	(0.91)	6.45	2.40
	Return on equity (%)		17.84	1.18	6.62	(2.43)	13.31	5.02
	Pre-tax income to paid-in capital (%)		39.87	2.48	12.59	(4.17)	29.17	12.62
	Net margin (%)		6.75	2.75	55.61	(15.64)	8.09	12.75
	Earnings per share (NT\$)		2.69	0.14	1.06	(0.43)	2.44	1.04
Cash flow	Cash flow ratio (%)		32.61	(10.49)	(11.07)	7.5	19.88	15.33
	Cash flow adequacy ratio (%)		90.69	55.16	46.69	43.32	60.14	41.61
	Cash flow reinvestment ratio (%)		23.71	(8.28)	(7.17)	1.42	15.91	13.43
Leverage	Operating leverage		1.09	0.46	0.85	0.84	1.05	1.09
	Financial leverage		1.04	0.83	0.92	0.86	1.08	1.05

Increase/decrease more than 20% in financial ratios over the past 2 fiscal years:

1. increase in multiple of interest coverage, increase in receivables turnover (times), increase in accounts payable turnover (times), increase in property, plant and equipment turnover (times), increase in total asset turnover (times), return on assets (times) %, return on equity (%), net income before tax to paid-in capital ratio (%), net profit margin (%), earnings per share (NT\$), cash flow ratio, cash reinvestment ratio, The increase in operating leverage and the increase in financial leverage is mainly due to the increase in profit and cash inflow from operating activities due to the government's lifting of the ban on foreign group travel, resulting in an increase in related financial ratios.

Note 1: The financial information for the last five years has been audited and verified by accountants.

Note 2: The financial data ended March 31, 2024 has been reviewed by accountants, and a review report with a qualified opinion has been issued.

Note 3: Please refer to p.98 for details on the above formulas.

Overview of Financial Status



(II) Financial analysis - Parent-only

Year (Note 1)		Financial analysis for the past five fiscal years (Note 1)				
		2019	2020	2021	2022	2023
Items to be analyzed						
Capital structure (%)	Debt to asset ratio	51.76	50.55	44.80	54.29	52.78
	Long-term fund to property, plant and equipment ratio	202.19	189.21	210.55	166.18	159.33
Solvency %	Current ratio	113.42	118.86	135.07	114.78	107.33
	Quick ratio	98.46	113.21	131.01	102.08	92.61
	Times interest earned	47.00	2.84	17.68	(2.43)	17.87
Operating performance	Receivables turnover ratio (times)	30.85	10.48	33.84	5.49	33.37
	Days sales outstanding	11.83	34.82	10.78	66.48	10.93
	Average inventory turnover (times)	—	—	—	—	—
	Accounts payable turnover ratio (times)	24.81	6.40	7.93	3.36	25.77
	Average inventory turnover days	—	—	—	—	—
	Property, plant and equipment turnover (times)	7.61	0.69	0.14	0.19	2.33
	Total assets turnover (times)	1.37	0.19	0.04	0.06	0.76
Profitability	Return on total assets (%)	9.71	0.63	3.49	(0.96)	6.72
	Return on equity (%)	18.14	0.92	6.32	(2.45)	13.67
	Pre-tax income to paid-in capital (%)	38.24	1.42	10.89	(3.97)	28.65
	Net margin (%)	6.95	2.38	80.00	(20.09)	8.35
	Earnings per share (NT\$)	2.69	0.14	1.06	(0.43)	2.44
Cash flow	Cash flow ratio (%)	26.72	(7.97)	(5.92)	12.7	20.55
	Cash flow adequacy ratio (%)	85.63	53.61	42.82	48.04	60.22
	Cash flow reinvestment ratio (%)	18.11	(6.94)	(4.54)	5.16	17.35
Leverage	Operating leverage	1.01	0.92	1.05	1.04	1.00
	Financial leverage	1.03	0.87	0.93	0.84	1.07
Increase/decrease more than 20% in financial ratios over the past 2 fiscal years:						
1. increase in multiple of interest coverage, increase in receivables turnover (times), increase in accounts payable turnover (times), increase in property, plant and equipment turnover (times), increase in total asset turnover (%), return on assets (%), return on equity (%), net income before tax to paid-in capital ratio (%), net profit margin (%), earnings per share (NT\$), cash flow ratio, cash adequacy ratio. The increase in operating leverage and the increase in cash reinvestment ratio is mainly due to the increase in profit and cash inflow from operating activities due to the government's lifting of the ban on foreign group travel, resulting in an increase in related financial ratios. 7						

Note 1: The financial information for the most recent year has been audited and verified by accountants.

Note 2: Formulas are shown as follows:



1. Financial structure

(1) Debt-to-asset ratio = Total liabilities / Total assets

(2) Long-term funds to fixed assets = (Net shareholders' equity + Long-term liabilities) / Net fixed assets.

2. Solvency

(1) Current ratio = Current assets / Current liabilities

(2) Quick ratio = (Current assets - inventories - pre-paid expenses) / Current liabilities

(3) Times interest earned = Earnings before interest and taxes / Interest expenses

3. Operating performance

(1) Receivables (including accounts receivable and notes receivable due to business operation) turnover = Net sales / the balance of average receivables of different periods (including accounts receivable and notes receivable due to business operation).

(2) Days sales outstanding = 365 / Average collection turnover

(3) Average inventory turnover = Operating costs / Average inventory

(4) Payables (including accounts payables and notes payable due to business operation) turnover = Cost of goods sold / the balance of average payables of different periods (including accounts payables and notes payable due to business operation).

(5) Average inventory turnover days = 365 / Inventory turnover.

(6) Asset turnover = Net sales / Net fixed assets.

(7) Total asset turnover = Net sales / Total assets.

4. Profitability

(1) Return on total assets = [Net income + Interest expenses \times (1 - tax rate)] / Average total assets.

(2) Return on equity attributable to shareholders of the parent = Net income attributable to shareholders of the parent / Average equity attributable to shareholders of the parent.

(3) Net margin = Net income / Net sales

(4) Earnings per share = (Net income - Preferred stock dividend) / Weighted average number of shares outstanding.

5. Cash flow

(1) Cash flow ratio = Net cash provided by operating activities / Current Liabilities

(2) Cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend.

(3) Cash flow reinvestment ratio = (Cash provided by operating activities - cash dividends) / (Gross fixed assets + long-term investments + other assets + working capital).

6. Leverage:

(1) Operating leverage = (Net operating income - Variable operating costs and expenses) / Operating profit.

(2) Financial leverage = Operating profit / (Operating profit - Interest expense).



- III. Audit committee review of the most recent annual financial report: Please see Attachment 1.
- IV. Consolidated financial statements and independent auditor's review report for the most recent year: Please see Attachment 2.
- V. Parent-only financial statements and independent auditor's review report for the most recent year: Please see Attachment 3.
- VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: Not this situation.



Seven. Review and Analysis of the Financial Position and Performance and Risk Management

I. Review and analysis of financial position (consolidated)

(I) Comparison of financial position

Unit: In Thousands of New Taiwan Dollars

Items	Year	2023	2022	Difference	
				Amount	%
Current assets		2,059,816	369,387	819,387	21.85%
Property, plant and equipment		541,163	424,283	116,880	27.55%
Other assets		550,211	594,648	-44,437	-0.07%
Total assets		3,151,190	2,709,360	441,830	16.31%
Current liabilities		1,538,480	1,204,492	333,988	27.73%
Non-current liabilities		147,149	292,100	-144,951	-49.62%
Total Liabilities		1,685,629	1,496,592	189,037	12.63%
Capital		737,670	737,670	0	0.00%
Capital surplus		183,167	205,086	-21,919	-10.69%
Retained earnings		517,607	293,819	223,788	76.17%
Others		960	-33,179	34,139	102.89%
Treasury stock		-18,283	-18,283	0	0.00%
Non-controlling interests		44,440	27,655	16,785	60.69%
Total Equity		1,465,561	1,212,768	252,793	20.84%

(II) Analysis of percentage increase / decrease over 20%:

1. Increase in current assets: mainly due to the increase in investment in financial assets and the recovery of market value.
2. Increase in property, plant and equipment: Mainly due to continuous investment in hotel construction.
3. Increase in current liabilities: Mainly due to the lifting of the restrictions on overseas group travel, which resulted in an increase in contract liabilities.
4. Increase in non-current liabilities: Mainly due to the increase in long-term borrowings.
5. Increase in retained earnings: mainly due to the recovery of the core business, resulting in higher profits and the reversal of the special reserve.
6. Increase in other equity: mainly due to the recovery of the market value of the financial assets invested.
7. Increase of non-controlling interests: mainly due to the failure to participate in the capital increase in cash of the subsidiary, Park Castle Co., Ltd., in proportion to the shareholding in the current period.
8. Increase in total equity: mainly due to the recovery of the main business, the increase in profits and the recovery of the market value of the financial assets.

Review and Analysis of the Financial Position and Performance and Risk Management



(III) The impact of material changes in long-term borrowings in the last two years and future response plans: Not this situation.

II. Review and analysis of financial performance (consolidated)

(I) Comparison of operating results

Unit: In Thousands of New Taiwan Dollars

Year	2023	2022	Different in amount	Change in %
Operating revenue	2,202,650	202,676	1,999,974	986.78%
Operating costs	1,833,894	152,470	1,681,424	1102.79%
Gross profit	368,756	50,206	318,550	634.49%
Operating expenses	191,600	117,719	73,881	62.76%
Operating income	183,269	-59,393	242,662	-408.57%
Non-operating income and expenses	31,907	28,626	3,281	11.46%
Net profit (loss) before tax from continuing operations	215,176	-30,767	245,943	-799.37%
Less: Income tax expense	-36,923	-927	-35,996	3883.06%
Net profit (loss) after tax from continuing operations	178,253	- 31,694	209,947	-662.42%

(II) Analysis of percentage increase / decrease over 20%:

1. Increase in operating revenue, increase in operating cost, increase in gross profit, and increase in net income before and after tax: Mainly due to the government's lifting of restrictions on overseas group travel, which increased both operating cost and revenue.
2. Increase in operating expenses: mainly due to the increase in the demand for tourism, the Company continues to make up for manpower and increase the salaries of employees.
3. Increase of income tax expenses: The income tax expenses increased due to the recovery of net profit before tax.

(III) Expected sales and its bases: None.

(IV) Possible impact on the future financial position and the relevant response plan:

After the lifting of travel restrictions, we will continue to explore new markets and routes, focus on connecting with old clients, and add more airline seats to achieve our profit goals.



III. Cash flow

(I) Comparison of cash flow (consolidated)

Unit: In Thousands of New Taiwan Dollars

Items \ Year	2023	2022	Different in amount	Change in %
Cash and cash equivalents at beginning of year	297,625	236,596	61,029	25.79%
Net cash generated by operating activities (outflow)	305,924	90,355	215,569	238.58%
Net cash generated by (used in) investing activities	-187,019	-64,711	-122,308	189.01%
Net cash generated by (used in) financing activities	-119,384	35,380	-154,764	-437.43%
Exchange effect	-1,157	5	-1,162	-23,240.00%
Cash and cash equivalents at end of year	295,989	297,625	-1,636	-0.55%

Analysis of percentage increase / decrease over 20%:

1. Increase in cash inflow from operating activities: mainly due to the gradual slowdown of the COVID-19 pandemic, the lifting of ban on foreign tour groups, and the increase in demand for sightseeing
This is due to the recovery of the Company's operating revenue, so the increase in cash inflow from operations.
2. Increase in net cash outflow from investing activities: Mainly due to hotel construction and additional financial assets at fair value through other comprehensive income.
3. Increase in net cash outflow from financing activities: mainly due to the repayment of bank loans.

(II) Remedy for insufficient cash this year (consolidated): None.

(III) Cash flow analysis for the coming year (parent-only):

The estimated cash flow used in 2024 is mainly for paying the construction project in Liuqiu and cash dividends, etc., which are covered by cash generated from operating activities.

IV. impact of major capital expenditures on financial operations in the most recent year: None.

V. Company's re-investment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year: None.

Review and Analysis of the Financial Position and Performance and Risk Management



VI. Analysis and assessment of risks in the most recent fiscal year and up to publication date of the annual report

(I) Impact of changes in interest rates and currency exchange and inflation on the Company's profit and loss and the response measures to be taken in the future:

Unit: In Thousands of New Taiwan Dollars

Summary description	2023	2022
Interest income and expense (net)	-10,556	-7,737
Exchange gain (net)	20,590	3,010

1. The working capital needed by the Company is mainly covered by internal funding, so interest rate fluctuations have no material impact on us. We adopt the principle of conservativeness and prudence for our capital planning, and the top priority is on safety and liquidity, and there are no high-risk investments.

2. Impact of interest rate on the Company's profit and loss and the future responsive measures:

We adopt the net 30 days' payment terms with our overseas collaborating partners, and we pay attention to the changes in foreign currency at all times, and purchase foreign currency in a timely manner to flexibly adjust to the exchange rate. We also adopt a more conservative quotation policy and adjust our product price in a timely manner to reduce losses.

(II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees and derivatives transactions is the main reason contributing to its profits and losses and the response measures to be taken in the future:

1. In order to control transaction risks, we have formulated the "Management Measures for Endorsement and Guarantee", "Operation Procedures for Lending Funds to Others", "Procedures for Handling Derivatives Transactions", "Procedures for Acquisition and Disposal of Assets" and "Risk Control Management Measures" in accordance with the regulations and rules of the Securities and Futures Bureau.

2. We have not engaged in high-risk or highly leveraged investments in recent years.

3. Risk management of derivative instruments trading:

(1) Credit risk management: Our transaction counterparties are banks with whom the Company has long-term business dealings. The credit is good, and the possibility of credit risk is extremely small.

(2) Market and risk management: Our derivative transactions are equity-linked instrument contracts, and the market price risk is linked to the closing price of the underlying contracts. We diversify risks in the form of investment portfolio. The transaction amount complies with the limit stipulated by our procedures for handling derivatives.

(3) Liquidity risk management: Our derivative transactions are equity-linked instrument contracts, and are funded with our own funds within the contract period, so there is no significant liquidity risk.

(4) Operational risk management: Subject to the laws and regulations of the authority and the Company's standards.

(5) Legal risk management: The equity-linked instrument contracts currently signed are with financial institutions with good credit, so there is no legal risk problem.

(6) Cash flow risk management: Our sources of funding for derivatives transactions are our own funds, and there is no cash flow risk problem.



(III) Future R&D projects and the projected R&D expenses: Not applicable.

(IV) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

The daily operations of the Company are handled in accordance with the domestic and foreign laws and regulations. The Company also pays attention to the development trends of the domestic and overseas policies and regulatory changes, and provide information to the management for decision and consult relevant professional experts to adjust the Company's operations strategy. In the most recent year and as of the publication date of the annual report, the Company has not experienced any impact to the financial operations caused by changes in major policies or regulations both at home and abroad.

(V) Effect on the Company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:

Due to the rapid development of technology and the availability of the Internet, most of the travel products can be sold through online. We continue to pay attention to the technological changes related to cybersecurity, grasps technological trends, continuously improve the multi-level protection measures for regulatory compliance, and evaluate their impact on our operations to reduce the overall cybersecurity risk. In the most recent year and as of the publication date of the annual report, technological changes (cybersecurity risks) and industry changes have not had a significant impact on the Company's operations.

(VI) Effect on the Company's crisis management from changes in the Company's corporate image, and measures to be taken in response:

We adhere to the principles of honest and virtuous business management and customer first. We have continued to build a positive image and refine various service details, and actively participate in social welfare to fulfill our responsibility of corporate citizenship. In the event of false or negative news, information or incidents that affect our image, we respond and handle them immediately, including issuing press releases for clarification, etc., to minimize the negative impact.

(VII) Expected benefits and possible risks associated with any merger and acquisitions: None.

(VIII) Expected benefits and possible risks associated with any plant expansion: None.

(IX) Risks associated with any consolidation of sales or purchasing operations: None.

(X) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director or principal shareholder holding greater than a 10% stake in the Company has been transferred or has otherwise changed hands:

None.

(XI) Effect upon and risk to Company associated with any change in the management right:

None.

Review and Analysis of the Financial Position and Performance and Risk Management



- (XII) Major litigation, non-litigation or administrative incidents that involve the Company and/or any director, the general manager, any person with actual responsibility for the firm, any principal shareholder holding a stake of greater than 10% and/or any other company or companies controlled by the Company and of which the results may have a significant impact on the Company's shareholders' interests or the securities prices.

The Company's current directors, principal shareholders holding a stake of greater than 10%, responsible person, the general manager or the person with actual control of the Company have no major litigation, non-litigation or administrative incidents in the most recent year and as of the publication date of the annual report.

- (XIII) Other important risks: We have no other important risk matters as of the publication date of the annual report.

VII. Other important matters: Status of continuing education of personnel related to transparency of financial information

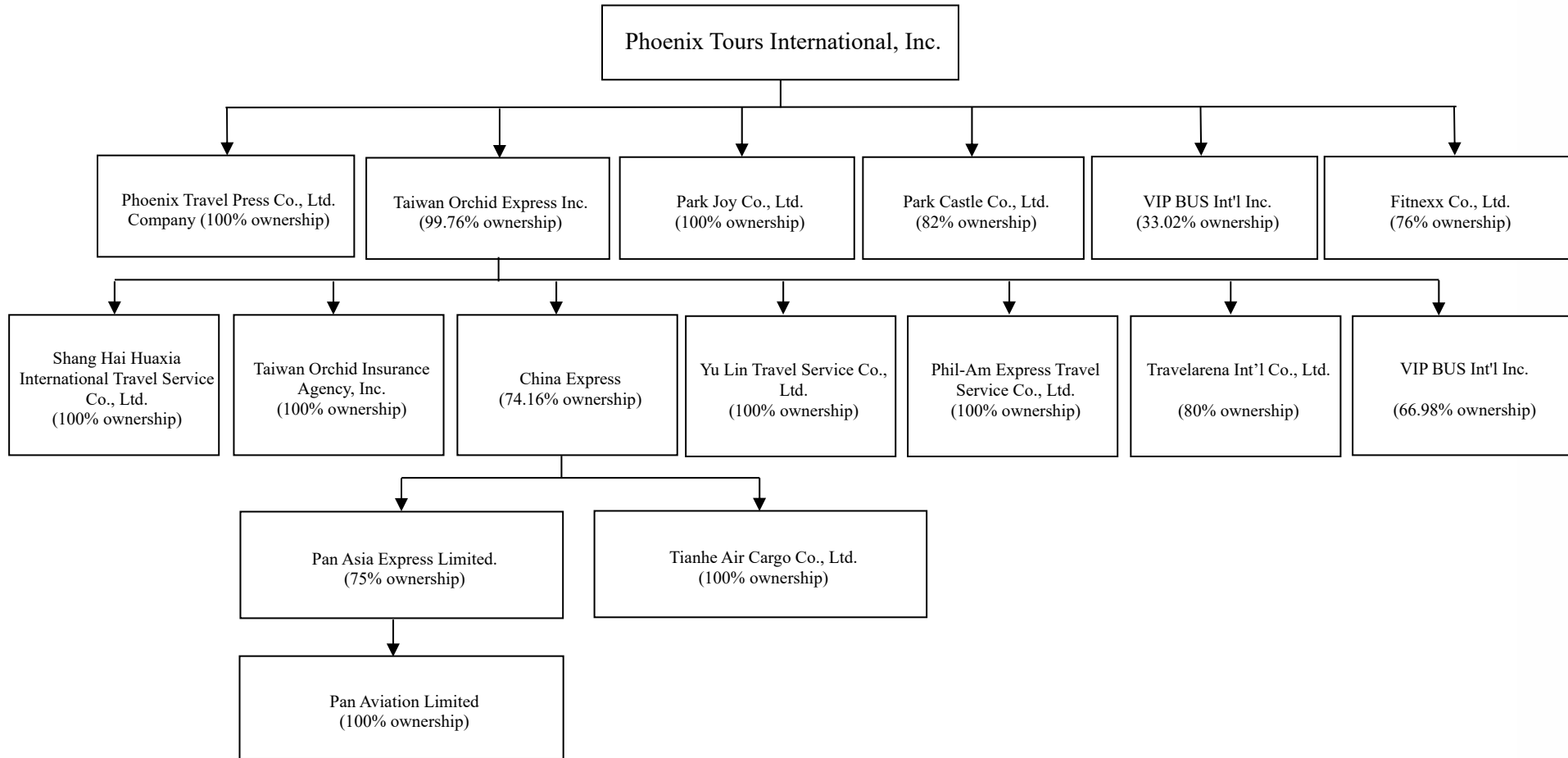
Title	Name	Date	Host	Course name	Course hours
CFO	Annie Chou	2024/01/25 2024/01/26	Accounting Research and Development Foundation	Continuing education course for Chief Financial Officer at issuers, securities firms and stock exchanges	12 hours
Assistant Manager	Laura Tsai	2024/01/25 2024/01/26	Accounting Research and Development Foundation	Continuing education course for Chief Financial Officer at issuers, securities firms and stock exchanges	12 hours



Eight. Special Matters to be Included

I. Information related to the Company's affiliates

(I) Organizational chart of affiliates



Special Items to be Included



(II) Basic information of each affiliate

Unit: In Thousands of New Taiwan Dollars

Company Name	Date of Establishment	Address	Paid-in capital	Main business activities or products
Taiwan Orchid Express Inc.	1989.05.11	Floor 11, No. 25, Section 1, Chang-An East Road, Taipei City	190,000	Civil Air General agent, Air Freight Forwarder, Travel Agencies
Phoenix Travel Press Co., Ltd.	2006.12.11	Floor 4, No. 25, Section 1, Chang-An East Road, Taipei City	4,000	Press Release, Magazine Publishing, Book Publishing, Audio Publishing
Yu Lin Travel Service Co., Ltd.	1998.08.15	Floor 5, No. 25, Section 1, Chang-An East Road, Taipei City	6,000	Travel Agencies
Shang Hai Huaxia International Travel Service Co., Ltd.	1998.06.26	Floor 5, No. 25, Section 1, Chang-An East Road, Taipei City	6,000	Travel Agencies
China Express Co., Ltd.	1970.06.29	Floor 11, No. 25, Section 1, Chang-An East Road, Taipei City	35,000	Passenger transportation and freight forwarder
Phil-Am Express Travel Service Co., Ltd.	2002.02.25	Floor 11, No. 25, Section 1, Chang-An East Road, Taipei City	6,000	Travel Agencies
Tianhe Air Cargo Co., Ltd.	2003.07.15	Floor 11, No. 25, Section 1, Chang-An East Road, Taipei City	5,000	Freight forwarding
Travelarena Int'l Co., Ltd.	2004.09.27	Floor 11, No. 25, Section 1, Chang-An East Road, Taipei City	3,500	Information Software Services, Retail Sale of Computer Software, Retail Sale of Electronic Materials, Retail Sale of Computers and Clerical Machinery Equipment
Pan Asia Express Limited. Limited company	2005.09.04	Block E, 15th Floor, No. 18, Caoxi North Road, Xuhui District, Shanghai	USD 1 million	Freight forwarding
Pan Aviation Limited Limited company	2008.03.04	Block E, 15th Floor, No. 18, Caoxi North Road, Xuhui District, Shanghai	RMB 5 million	Freight forwarding
VIP BUS Int'l Inc.	2003.09.02	Floor 11, No. 25, Section 1, Chang-An East Road, Taipei City	50,000	Tourist Bus Transportation Enterprise
Taiwan Orchid Insurance Agency, Inc.	2009.09.07	Floor 11, No. 25, Section 1, Chang-An East Road, Taipei City	5,000	Property Insurance Agents
Park Joy Co., Ltd.	2015.12.07	B2, No. 210, Section 2, Xuefu Road, Tucheng District, New Taipei City	28,000	Wholesale and retail of food and general goods, daily necessities, medical equipment, food and beverage industry, other industrial and commercial services



Company Name	Date of Establishment	Address	Paid-in capital	Main business activities or products
Park Castle Co., Ltd.	2020.10.15	Floor 4, No. 25, Section 1, Chang-An East Road, Taipei City	100,000	Wholesale and retail of food and general goods, daily necessities, food and beverage industry, general hotels and other industrial and commercial services
Fitnexx Co., Ltd.	2020.09.14	2nd Floor, No. 137, Section 1, Anhe Road, Da-An District, Taipei City	10,000	Gym business

(III) Information on the controlling and subordinate companies presumably sharing the same shareholders: None.

(IV) Business sectors covered by other affiliates:

Main business or production items of each affiliate. Please refer to the above (II) Basic information of each affiliate.

(V) Mutual business relationship between the Company and each affiliate:

1. Purchase from affiliates:

- (1) Taiwan Orchid Express Inc. - Tickets from Jin Air, STARFLYER, EGYPT AIR and other foreign airlines.
- (2) China Express Co., Ltd. - Tickets from American Airlines, Aero K, El Al Israel Airlines and other foreign airlines.
- (3) Yu Lin Travel Service Co., Ltd. - Air ticket payment.
- (4) Phil-Am Express Travel Service Co., Ltd.- Charter flight seats of Philippine Airlines and collaboration in group tours to Southeast Asia.
- (5) Taiwan Orchid Insurance Agency, Inc. - Travel insurance.
- (6) VIP BUS Int'l Inc. - Rental of domestic tour buses.
- (7) Park Joy Co., Ltd. - Personal dining arrangements.
- (8) Travelarena Int'l Co., Ltd. - Maintenance of information equipment and rental and lease of tour guide devices.
- (9) Fitnexx - Personal or group fitness training arrangement.

2. Sales to affiliates:

Taiwan Orchid Express, Yu Lin Travel, Phil-Am Express, China Express Co., Ltd. - Air ticket payment

Special Items to be Included



(VI) Information on the directors, supervisors and general manager of each affiliate

(As of March 31, 2024)

Company name	Title	Name or Representative	Number of Shares	Percentage of ownership
Taiwan Orchid Express Inc.	President	Phoenix Tours International, Inc.: Terry Chang	18,954,000	99.76%
	Director	Phoenix Tours International, Inc.: William Chang	18,954,000	99.76%
	Director	Phoenix Tours International, Inc.: Rex Huang	18,954,000	99.76%
	Director	Phoenix Tours International, Inc.: Li-Li Yang	18,954,000	99.76%
	Director	Phoenix Tours International, Inc.: Annie Chou	18,954,000	99.76%
	Supervisor	Benjamin Pien	0	0%
China Express Co., Ltd.	President	Taiwan Orchid Express Inc.: William Chang	2,595,685	74.16%
	Director	Taiwan Orchid Express Inc.: Jimmy K. M. Chang	2,595,685	74.16%
	Director	Taiwan Orchid Express Inc.: Lily Yang	2,595,685	74.16%
	Director	Taiwan Orchid Express Inc.: Joe T. H. Chiu	2,595,685	74.16%
	Director	Taiwan Orchid Express Inc.: Terry Chang	2,595,685	74.16%
	Director	Taiwan Orchid Express Inc.: Nai-Kung Wang	2,595,685	74.16%
	Director	Pei-Jung Chen	700,000	20.00%
	Supervisor	Benjamin Pien	0	0%
VIP BUS Int'l Inc.	President	Taiwan Orchid Express Inc.: Terry Chang	3,349,207	66.98%
	Director	Taiwan Orchid Express Inc.: Raymond Tan	3,349,207	66.98%
	Director	Taiwan Orchid Express Inc.: William Chang	3,349,207	66.98%
	Supervisor	Phoenix Tours International, Inc.: Benjamin Pien	1,650,793	33.02%
Shang Hai Huaxia International Travel Service Co., Ltd.	President	Taiwan Orchid Express Inc.: William Chang	600,000	100%
	Director	Taiwan Orchid Express Inc.: Terry Chang	600,000	100%
	Director	Taiwan Orchid Express Inc.: Stanley Shao	600,000	100%
	Supervisor	Taiwan Orchid Express Inc.: Benjamin Pien	600,000	100%
Phil-Am Express Travel Service Co., Ltd.	President	Taiwan Orchid Express Inc.: William Chang	600,000	100%
	Director	Taiwan Orchid Express Inc.: Joe T. H. Chiu	600,000	100%
	Director	Taiwan Orchid Express Inc.: Terry Chang	600,000	100%
	Supervisor	Taiwan Orchid Express Inc.: Benjamin Pien	600,000	100%
Yu Lin Travel Service Co., Ltd.	President	Taiwan Orchid Express Inc.: Terry Chang	600,000	100%
	Director	Taiwan Orchid Express Inc.: William Chang	600,000	100%
	Director	Taiwan Orchid Express Inc.: Tzu-Hui Li	600,000	100%
	Supervisor	Taiwan Orchid Express Inc.: Benjamin Pien	600,000	100%
Travelarena Int'l Co., Ltd.	President	Taiwan Orchid Express Inc.: Terry Chang	280,000	80%
	Director	Taiwan Orchid Express Inc.: William Chang	280,000	80%
	Director	Taiwan Orchid Express Inc.: Raymond Tan	280,000	80%
	Supervisor	Benjamin Pien	0	0%
Taiwan Orchid Insurance Agency, Inc.	President	Taiwan Orchid Express Inc.: William Chang	500,000	100%
	Director	Taiwan Orchid Express Inc.: Jimmy K. M. Chang	500,000	100%
	Director	Taiwan Orchid Express Inc.: Terry Chang	500,000	100%
	Supervisor	Taiwan Orchid Express Inc.: Benjamin Pien	500,000	100%
Phoenix Travel Press Co., Ltd.	President	Phoenix Tours International, Inc.: William Chang	400,000	100%
	Director	Phoenix Tours International, Inc.: Jimmy K. M. Chang	400,000	100%
	Director	Phoenix Tours International, Inc.: Terry Chang	400,000	100%
	Supervisor	Phoenix Tours International, Inc.: Benjamin Pien	400,000	100%
Tianhe Air Cargo Co., Ltd.	Director	China Express Co., Ltd.: Jimmy K. M. Chang	-	100%
Pan Asia Express Limited.	President	China Express Co., Ltd.: William Chang	-	75%
	Director	China Express Co., Ltd.: Kuan-Shuo Lin	-	75%
	Director	China Express Co., Ltd.: Nai-Kung Wang	-	75%
	Director	Charles Wijesundera	-	10%
	Supervisor	China Express Co., Ltd.: Chiu-Hsia Chao	-	75%

Phoenix Tours

Company name	Title	Name or Representative	Number of Shares	Percentage of ownership
Pan Aviation Limited	President	Pan Asia Express Limited.: Nai-Kung Wang	-	100%
	Director	Pan Asia Express Limited.: Jo-Hua Peng	-	100%
	Director	Pan Asia Express Limited.: Ying Tung	-	100%
	Supervisor	Pan Asia Express Limited.: Chiu-Hsia Chao	-	100%
Park Joy Co., Ltd.	President	Phoenix Tours International, Inc.: William Chang	2,800,000	100%
	Director	Phoenix Tours International, Inc.: Benjamin Pien	2,800,000	100%
	Director	Phoenix Tours International, Inc.: Raymond Tan	2,800,000	100%
	Supervisor	Phoenix Tours International, Inc.: Terry Chang	2,800,000	100%
Park Castle Co., Ltd.	President	Phoenix Tours International, Inc.: William Chang	8,200,000	82%
	Director	Phoenix Tours International, Inc.: Annie Chou	8,200,000	82%
	Director	Jing-Fen Kuo	0	0%
	Supervisor	Benjamin Pien	0	0%
Fitnexx Co., Ltd.	President	Phoenix Tours International, Inc.: William Chang	760,000	76%
	Director	Phoenix Tours International, Inc.: Stanley Shao	760,000	76%
	Director	Phoenix Tours International, Inc.: Annie Chou	760,000	76%
	Supervisor	Benjamin Pien	0	0%
	Supervisor	Shao-Chun Wen	240,000	24%

(VII) Overview of the business operations of each affiliate

December 31, 2023

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

Company name	Paid-in capital	Total assets	Total Liabilities	Net value	Operating revenue	Operating (loss) gain	Profit and loss for the period	Earnings per share
Taiwan Orchid Express Inc.	190,000	326,630	23,702	302,928	8,281	(1,534)	21,260	1.12
China Express Co., Ltd.	35,000	69,426	28,033	41,393	8,548	(2,766)	(739)	-0.21
VIP BUS Int'l Inc.	50,000	46,762	1,340	45,421	8,217	(1,934)	(616)	-0.12
Yu Lin Travel Service Co., Ltd.	6,000	11,631	6,596	5,035	2,601	(25,158)	790	1.32
Travelarena Int'l Co., Ltd.	3,500	6,943	700	6,243	7,209	2,215	1,793	5.12
Shang Hai Huaxia International Travel Service Co., Ltd.	6,000	6,882	6	6,876	0	(17)	71	0.12
Phil-Am Express Travel Service Co., Ltd.	6,000	4,996	5	4,991	0	(20)	40	0.07
Taiwan Orchid Insurance Agency, Inc.	5,000	10,286	1,605	8,680	9,517	2,705	2,259	4.52
Phoenix Travel Press Co., Ltd.	4,000	3,420	360	3,060	1,972	(238)	(222)	-0.56
Tianhe Air Cargo Co., Ltd.	5,000	4,738	13	4,725	0	(7)	29	-
Pan Asia Express Limited.	35,270	53,047	9,160	43,886	11,180	185	1,254	-
Pan Aviation Limited	22,045	22,008	0	22,008	0	(22)	383	-
Park Joy Co., Ltd.	28,000	58,049	37,479	20,570	19,761	(427)	(153)	-0.05
Fitnexx Co., Ltd.	10,000	11,674	6,633	5,041	4,543	(830)	(828)	-0.83
Park Castle Co., Ltd.	100,000	99,549	90	99,459	0	(924)	(381)	-0.04

Note: 2023 ending exchange rate: 1 CNY = TWD 4.3290



(VIII) Affiliated Enterprise Consolidated Financial Statements:

The relevant information that should be disclosed in the Consolidated Financial Statements of affiliates has been disclosed in the consolidated financial reports, and the Consolidated Financial Statements of affiliates will not be prepared separately.

(IX) Affiliation report: We are not a subsidiary of other companies, so there is no need to prepare an affiliation report.

II. Status of private placement of securities during the most recent fiscal year and up to the date of publication of the annual report: Not this situation.

III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year and up to the date of publication of the annual report: Not this situation.

IV. Other matters that require additional description: None.

Nine. Matters with Significant Impact on Shareholder Equity or Share Price in the Most Recent Year and as of the Date of Publication of Annual Report: Not this situation.

[Attachment 1]

Phoenix Tours International, Inc. Audit Committee Report

The board has prepared and submitted the 2023 business report, financial reports (parent-only and consolidated financial reports), proposal for earnings distributions, etc., among which the financial reports (parent-only and consolidated financial reports) have been audited and verified by accountants Shu-Ling Liang and Jui-Yen Tseng of Diwan & Company.

The abovementioned business report, financial reports (parent-only and consolidated financial reports) and proposal for earnings distributions have been reviewed and determined to be correct and accurate by the Audit Committee.

According to Article 14-4 and Article 36 of the Securities and Exchange Act and Article 219 and Article 228 of the Company Act, we hereby submit this report.

Sincerely,

The 2024 Annual General Meeting

Phoenix Tours International, Inc.

Convener of the Audit Committee: L.C. Kuo

March 8, 2024

[Attachment 2]

Consolidated financial statements and independent auditor's review report for the most recent year

致遠 聯合會計師事務所

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Independent Member of
PrimeGlobal

Diwan & Company

Independent Auditors' Report Translated from Chinese

To Phoenix Tours International, Inc.:

Opinion

We have audited the accompanying consolidated balance sheets of Phoenix Tours International, Inc. and its subsidiaries (hereinafter referred to as Phoenix Tours) as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Phoenix Tours as of December 31, 2023 and 2022, and the consolidated financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission.

Basis for Opinion

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

<To be continued in the next page>

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Key Audit Matters

Key audit issues are those that, in our professional judgment, were of most significance in Phoenix Tours audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these issues. We have determined the following key audit matters:

Revenue Recognition

For the accounting policies on operating revenue, refer to Note IV.18 of the consolidated financial statements. For the description of operating revenue items, refer to Note VI.26 of the consolidated financial statements.

Phoenix Tours' revenue mainly comes from various travel business services, domestic transportation, air passenger and freight forwarding, sales of domestic insurance contracts as an agent, food courts, ticketing agency and other operations. It is necessary to determine whether the Company serves as the principal or agent in each transaction, and then recognize revenue on a gross or net basis. For the cut-off point of revenue recognition, the group and land transportation revenue is gradually recognized over time. Other operating income shall be recognized in accordance with the transaction conditions for the provision of labor services. Since revenue recognition in gross or net amount and the cut-off point for revenue recognition are important matters and have an impact on the financial performance of Phoenix Tours, we have listed revenue recognition as a key audit matter.

Relevant audit procedures performed by us include understanding Phoenix Tours's business and collection processes, testing internal controls related to revenue recognition, reviewing transaction terms of business contracts for various business models, performing revenue cut-off testing, and performing analytical procedures.

Other matters

We have audited and expressed an unqualified opinion on the parent company only financial statements of Phoenix Tours as of and for the years ended December 31, 2023 and 2022.

<To be continued in the next page>

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing Phoenix Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

<To be continued in the next page>

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- I. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- II. Obtain an understanding of the 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 Phoenix Group's internal controls.
- III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- IV. 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 Phoenix Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Phoenix Group to cease to continue as a going concern.
- V. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- VI. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the corporate group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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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 Phoenix Group's consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's 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.

Diwan & Company
Financial Supervisory Commission Approval
Document Number:
Jin-Guan-Zheng-Shen-Zhi #1100149341
Jin-Guan-Zheng-Shen-Zhi #0990071790

Shu-Ling Liang
Accountants:
Jui-Yen Tseng

March 8, 2024

Phoenix Tours International, Inc. and Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Code	Assets	Notes	December 31, 2023		December 31, 2022		Code	Liabilities and Owner's Equity	Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%				Amount	%	Amount	%
11xx	Current assets						21xx	Current liabilities					
1100	Cash and cash equivalents	IV and VI.1	\$ 295,989	9	\$ 297,625	11	2102	Bank loan	IV, VI.13, VI.33 and VIII	\$ 603,900	19	\$ 646,500	24
1110	Financial assets at fair value through profit or loss - Current	IV and VI.2					2111	Short-term notes payable	IV, VI.14, VI.33 and VIII	179,854	6	179,885	7
	Financial assets measured - Current		393,045	13	327,123	12	2120	Financial assets at fair value through profit or loss - Current					
1120	Unrealized gains and losses on equity investments measured at fair value	IV, VI.3 and VIII						Financial liabilities at fair value through profit or loss - Current	IV and VI.2	17,100	1	-	-
	other comprehensive income Financial assets measured - Current		987,384	31	828,760	31	2130	Contract liabilities - Current	IV and VI.26	385,872	12	189,140	7
1150	Notes receivable, net	IV, V and VI.4	52,568	2	44,683	2	2150	Notes payable	4	19,357	1	36,944	1
1170	Accounts receivable, net	4, 5 and 6.5	30,782	1	16,377	1	2170	Accounts payable	4	68,271	2	38,449	1
1200	Other receivables	IV, V, VI.2 and VI.17	32,135	1	3,235	-	2200	Other payables	4	73,414	2	16,473	1
1220	Current tax assets	IV and VI.31	1,013	-	2,288	-	2230	Tax liability	IV and VI.31	37,153	1	361	-
1410	Prepayments	VI.6	230,873	7	158,762	6	2280	Lease liabilities - Current	IV, VI.9, VI.15 and VI.33	8,658	-	8,134	-
1470	Other current assets		-	-	19	-	2322	Long-term borrowings maturing within one year	IV, VI.16, VI.33 and VIII	128,552	4	56,563	2
1476	Other financial assets - Current	IV, VI.7 and VIII	36,027	1	11,557	-	2399	Other current liabilities		16,349	1	32,043	1
	Total current assets		2,059,816	65	1,690,429	63		Total current liabilities		1,538,480	49	1,204,492	44
15xx	Non-current assets						25xx	Non-current liabilities					
1517	Unrealized gains and losses on equity investments measured at fair value	IV, VI.3 and VIII					2570	Long-term bank loans	IV, VI.16, VI.33 and VIII	40,130	2	170,590	7
	through other comprehensive income Financial assets measured - Non-current		-	-	49,160	2	2580	Deferred tax liabilities	IV and VI.31	6,188	-	2,605	-
1600	Property, plant and equipment	IV, VI.8 and VIII	541,163	17	424,283	16	2640	Lease liabilities - Non-current	IV, VI.10, VI.15 and VI.33	100,032	3	108,690	4
1755	Right-of-use assets	IV, VI.9 and VIII	101,096	3	106,538	4	2645	Net defined benefit liability - Non-current	IV and VI.17	-	-	4,077	-
1760	Investment property	IV, VI.10 and VIII	396,187	14	405,358	15		Guarantee deposits		799	-	6,138	-
1805	Goodwill	IV, V and VI.11	9,114	-	9,114	-		Total non-current liabilities		147,149	5	292,100	11
1840	Deferred tax assets	4, 5 and 6.31	14,212	-	8,275	-	2xxx	Total liabilities		1,685,629	54	1,496,592	55
1920	Refundable deposits	VI.2	29,182	1	12,899	-							
1970	Long-term investments	IV and VI.12	-	-	-	-	31xx	Equity attributable to the parent					
1975	Net defined benefit assets - Non-current	IV and VI.17	-	-	444	-	3100	Share capital					
1984	Other financial assets - Non-current	IV, VI.7 and VIII	420	-	2,860	-	3110	Common stock	IV and VI.18	737,670	23	737,670	27
	Total non-current assets		1,091,374	35	1,018,931	37	3200	Capital surplus	VI.19	183,167	6	205,086	8
							3300	Retained earnings					
							3310	Legal reserve	VI.20	232,976	7	231,036	9
							3320	Special reserve	VI.21	33,179	1	-	-
							3350	Unappropriated earnings	VI.22	251,452	8	62,783	2
							3400	Others					
							3410	Exchange differences on translation of foreign operations	IV, VI.23 and VI.30	(1,202)	-	(714)	-
							3420	Unrealized gain or loss on financial assets measured at fair value through other comprehensive income	IV, VI.23 and VI.30	2,162	-	(32,465)	(1)
							3500	Treasury stock	VI.24	(18,283)	(1)	(18,283)	(1)
								Equity attributable to shareholders of the parent company		1,421,121	44	1,185,113	44
							36xx	Non-controlling interests	VI.25	44,440	2	27,655	1
							3xxx	Total equity		1,465,561	46	1,212,768	45
1xxx	Total liabilities and equity		\$ 3,151,190	100	\$ 2,709,360	100		Total Liabilities and Equity		\$ 3,151,190	100	\$ 2,709,360	100

(See notes to consolidated financial statements)

Chairman: William Chang

Managerial officer: Benjamin Pien

Chief Financial Officer: Annie Chou

Phoenix Tours International, Inc. and Subsidiaries
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars, except for earnings per share)

Code	Assets	Notes	2023		2022	
			Amount	%	Amount	%
4100	Net revenue	IV, VI.26 and VII	\$ 2,202,650	100	\$ 202,676	100
5000	Operating costs	IV and VI.27	(1,833,894)	(83)	(152,470)	(75)
5900	Gross profit		368,756	17	50,206	25
6000	Operating expenses	IV and VI.27				
6100	Sales and marketing expenses		(141,611)	(7)	(77,604)	(38)
6200	General and administrative expenses		(49,989)	(2)	(40,115)	(20)
	Subtotal		(191,600)	(9)	(117,719)	(58)
6500	Other revenues and expenses, net	IV, VI.28 and VII	6,113	-	8,120	4
6900	Operating income (loss)		183,269	8	(59,393)	(29)
7000	Non-operating income and expenses					
7020	Other gains and losses	IV and VI.29	30,901	2	11,061	5
7050	Finance costs	IV and VI.29	(13,460)	(1)	(9,547)	(5)
7055	Expected loss on credit impairment	IV, VI.2 and VI.29	(33,617)	(2)	-	-
7100	Interest income	IV and VI.29	2,904	-	1,810	1
7130	Dividend income	IV, VI.3 and VI.29	31,935	2	36,215	18
7235	Financial assets (liabilities) at fair value through profit or loss	IV, VI.2 and VI.29				
	Net gain (loss)		13,244	1	(10,913)	(5)
	Subtotal		31,907	2	28,626	14
7900	Net profit (loss) before tax from continuing operations		215,176	10	(30,767)	(15)
7950	Income tax (expense) benefit	IV and VI.31	(36,923)	(2)	(927)	-
8200	Profit (loss) for the year		178,253	8	(31,694)	(15)
8300	Other comprehensive income	IV, VI.3, VI.17 and VI.30				
	Not to be reclassified to profit or loss in subsequent periods:					
8311	Re-measurement of defined benefit plans		-	-	7,250	4
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		80,262	4	(87,209)	(43)
8399	Income tax related to items that will not be reclassified		-	-	(1,450)	(1)
	Total		80,262	4	(81,409)	(40)
	To be reclassified to profit or loss in subsequent periods:					
8361	Exchange differences on translation of foreign operations		(913)	-	796	-
8399	Relevant income tax for items that will may be reclassified:		-	-	-	-
	Total		(913)	-	796	-
	Total other comprehensive(loss)income, net of tax		79,349	4	(80,613)	(40)
8500	Total comprehensive income		\$ 257,602	12	\$ (112,307)	(55)
8600	Net income attributable to:					
8610	Shareholders of the parent company		\$ 178,174	8	\$ (31,236)	(15)
8620	Non-controlling interests		79	-	(458)	-
	Profit (loss) for the year		\$ 178,253	8	\$ (31,694)	(15)
8700	Total comprehensive income attributable to:					
8710	Shareholders of the parent company		\$ 257,927	12	\$ (112,522)	(55)
8720	Non-controlling interests		(325)	-	215	-
	Total comprehensive income		\$ 257,602	12	\$ (112,307)	(55)
	Earnings per share (NT\$)					
9750	Basic earnings per share (NT\$)	IV and VI.32	\$ 2.44		\$ (0.43)	
9850	Diluted earnings per share (NT\$)	IV and VI.32	\$ 2.43		\$ (0.43)	

(See notes to consolidated financial statements)

Chairman: William Chang

Managerial officer: Benjamin Pien

Chief Financial Officer: Annie Chou

Phoenix Tours International, Inc. and Subsidiaries
Consolidated Statement of Changes in Equity
For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Items	Equity attributable to the parent									Non-controlling interests	Total Equity
	Share capital	Capital surplus	Retained earnings			Other Components of Equity		Treasury stock	Total		
			Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gain or loss on financial assets measured at fair value through other comprehensive				
Balance at January 1, 2022	\$ 671,174	\$ 205,086	\$ 217,646	\$ 55,872	\$ 133,894	\$ (1,156)	\$ 99,898	\$ (18,283)	\$ 1,364,131	\$ 32,345	\$ 1,396,476
Appropriations and distributions of 2021 earnings (Note VI.22):											
Legal reserve	-	-	13,390	-	(13,390)	-	-	-	-	-	-
Reversal of special reserves	-	-	-	(55,872)	55,872	-	-	-	-	-	-
Cash dividends for shareholders	-	-	-	-	(66,496)	-	-	-	(66,496)	-	(66,496)
Stock dividends for shareholders	66,496	-	-	-	(66,496)	-	-	-	-	-	-
Disposal of equity instruments at fair value through other comprehensive income											
Equity instrument measured	-	-	-	-	44,912	-	(44,912)	-	-	-	-
2022 net loss	-	-	-	-	(31,236)	-	-	-	(31,236)	(458)	(31,694)
2022 other comprehensive income	-	-	-	-	5,723	442	(87,451)	-	(81,286)	673	(80,613)
2022 total comprehensive income	-	-	-	-	(25,513)	442	(87,451)	-	(112,522)	215	(112,307)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(4,905)	(4,905)
Balance as of December 31, 2022	737,670	205,086	231,036	-	62,783	(714)	(32,465)	(18,283)	1,185,113	27,655	1,212,768
Appropriations and distributions of 2022 earnings (Note VI.22):											
Legal reserve	-	-	1,940	-	(1,940)	-	-	-	-	-	-
Allocated special reserve	-	-	-	33,179	(33,179)	-	-	-	-	-	-
Cash dividends for shareholders	-	(21,944)	-	-	-	-	-	-	(21,944)	-	(21,944)
Difference between actual acquisition price and carrying value of equity in subsidiaries	-	25	-	-	-	-	-	-	25	(25)	-
Disposal of equity instruments at fair value through other comprehensive income											
Equity instrument measured	-	-	-	-	45,614	-	(45,614)	-	-	-	-
2023 net income	-	-	-	-	178,174	-	-	-	178,174	79	178,253
2023 other comprehensive income	-	-	-	-	-	(488)	80,241	-	79,753	(404)	79,349
2023 total comprehensive income	-	-	-	-	178,174	(488)	80,241	-	257,927	(325)	257,602
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	17,135	17,135
Balance at December 31, 2023	\$ 737,670	\$ 183,167	\$ 232,976	\$ 33,179	\$ 251,452	\$ (1,202)	\$ 2,162	\$ (18,283)	\$ 1,421,121	\$ 44,440	\$ 1,465,561

(See notes to consolidated financial statements)

Chairman: William Chang

Managerial officer: Benjamin Pien

Chief Financial Officer: Annie Chou

Phoenix Tours International, Inc. and Subsidiaries
Consolidated Statement of Cash Flows
For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Items	2023	2022
Cash flows from operating activities:		
Net profit (loss) before tax for the period	\$ 215,176	\$ (30,767)
Net income before tax		
Adjustments to reconcile profit (loss)		
Depreciation	19,797	21,811
Expected gain on credit impairment	33,617	-
Net losses (gains) on financial assets (liabilities) at fair value through profit or loss	(13,244)	10,913
Interest expense	13,460	9,547
Interest income	(2,904)	(1,810)
Dividend income	(31,935)	(36,215)
Gain on disposal of property, plant and equipment	(286)	-
Unrealized exchange loss	467	196
Changes in operating assets and liabilities		
Financial assets mandatorily measured at fair value through profit or loss	(83,397)	61,366
Notes receivable	(7,885)	(40,991)
Accounts receivable	(14,405)	(3,992)
Other receivables	(357)	(295)
Prepayments	(57,609)	(120,622)
Other current assets	19	(1)
Net defined benefit assets - Non-current	-	(1)
Contract liabilities - Current	196,732	167,266
Notes payable	(17,587)	34,583
Accounts payable	29,822	2,181
Other payables	21,890	(10,344)
Other current liabilities	(15,694)	4,665
Net defined benefit liabilities - Non-current	-	(31)
Cash flow from operating activities	285,677	67,459
Interest received	2,982	1,799
Dividends received	31,935	36,215
Interest paid	(13,460)	(9,547)
Income tax paid	(1,210)	(5,571)
Net cash flow from operating activities	305,924	90,355
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	(199,605)	(138,609)
Disposal of financial assets measured at fair value through other comprehensive income	187,402	156,469
Disposal of financial assets at amortized cost	-	22,135
Increase in prepayments for investments	(14,502)	-
Decrease (increase) in other financial assets	(21,925)	795
Acquisition of property, plant and equipment	(122,392)	(143,222)
Proceeds from disposal of property, plant and equipment	286	-
Increase or decrease in refundable deposits	(16,283)	125
Decrease in other long-term investments	-	37,596
Net cash used in investing activities	(187,019)	(64,711)
Cash flows from financing activities:		
Increase (Decrease) in short-term borrowings	(42,600)	467,500
Decrease in short-term notes payable	(31)	(459,236)
Increase in long-term loans	27,080	106,930
Decrease in long-term loans	(85,551)	-
Changes in non-controlling interests	17,135	(4,905)
Decrease in guarantee deposit	(5,339)	(90)
Repayment of principal of lease liabilities	(8,134)	(8,323)
Cash dividends paid	(21,944)	(66,496)
Net cash generated from (used in) financing activities	(119,384)	35,380
Effect of exchange rate changes on cash and cash equivalents	(1,157)	5
Increase (decrease) in cash and cash equivalents in the current period	(1,636)	61,029
Cash and cash equivalents at beginning of year	297,625	236,596
Cash and cash equivalents at end of year	\$ 295,989	\$ 297,625

(See notes to consolidated financial statements)

Chairman: William Chang

Managerial officer: Benjamin Pien

Chief Financial Officer

Phoenix Tours International, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

I. Company history

Phoenix Tours International, Inc. (hereinafter referred to as the Company) was approved to be established on April 30, 1957, and the registered and principal business address is Floor 4, No. 25, Section 1, Chang-An East Road, Taipei City. The main business areas include tour packages, independent travel groups, domestic and overseas sightseeing tours, meals and accommodation and related services, provide tour guides to travelers both at home and abroad, sell domestic and overseas transportation tickets as a commissioned agent, purchase domestic and overseas tickets on behalf of customers, check-in luggage and process entry-exit visa procedures on behalf of customers, etc.

The Company's stock was listed and traded on the Taipei Exchange (TPEX) starting November 2001, and then was transferred to be listed and traded on the Taiwan Stock Exchange Corporation starting October 2011.

II. Date and procedures for approving the financial report

The consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as the “Group”) for 2023 and 2022 were authorized for issue by the board resolution on March 8, 2024.

III. Newly released and amended standards and interpretations

1. Have adopted the standards and interpretations approved and announced effective by the Financial Supervisory Commission (FSC)

The International Financial Reporting Standards, the International Accounting Standards, IFRIC Interpretations, and SIC Interpretations announced as applicable for 2023 on the website of the Securities and Futures Bureau of the FSC will be applicable starting January 1, 2023. There is no significant impact on the Consolidated Financial Statements.

2. The following summarizes the newly released, corrected and amended standards and interpretations from the International Accounting Standards Board (IASB) which have been approved by the FSC but not yet adopted

Newly released / corrected / amended standards and interpretations	Important Information	IASB announced that they became effective in the year after the following announcement date
IAS 1 (amendment)	Classification of liabilities as current or non-current	January 1, 2024
IAS 1 (amendment)	Non-current liabilities with covenants	January 1, 2024
IAS No. 7 and IFRS No. 7 (Amendment)	Supplier financing arrangements	January 1, 2024
IFRS 16 (amendment)	Lease Liability in a Sale and Leaseback	January 1, 2024

Phoenix Tours International, Inc. and Subsidiaries Notes to Consolidated Financial Statements

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

The Group's management believes that the amendments to the above standards will not have a material impact on the Group's Consolidated Financial Statements.

3. Newly released, corrected and amended standards and interpretations announced effective by the IASB but have not been recognized and announced effective by the FSC

<u>Newly released / corrected / amended standards and interpretations</u>	<u>Important Information</u>	<u>IASB announced that they became effective in the year after the following</u>
IFRS 10 and IAS 28 (amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined by IASB
IFRS 17	Insurance contracts	January 1, 2023
IFRS 17 (amendment)	Amendment to IFRS 17	January 1, 2023
IFRS 17 (amendment)	Initial Application of IFRS 17 and IFRS 9 - Comparative Information	January 1, 2023
IAS 21 (amendment)	Lack of convertibility	January 1, 2025

The Group's management is currently assessing the potential impact of the above new standards or amendments, so it is not likely to reasonably estimate the impact on the Group's Consolidated Financial Statements at this point.

IV. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. Unless otherwise stated, the accounting policies are consistently applied to all periods of presentation.

1. Financial report preparation and measurement basis

(1) Compliance statement

The consolidated financial report has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Preparation Regulations), and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC.

(2) Measurement basis

The consolidated financial statements have been prepared under the historical cost convention, except for financial instruments that have been measured at fair value. Historical cost, for assets, refers to the fair value of cash, cash equivalents or other consideration paid to acquire assets; for liabilities, it refers to the amount received when obligations are assumed, or the amount expected to be paid to clear liabilities.

(3) Functional and presentation currency

Each of the Group's entities has its functional currency as the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial

Phoenix Tours International, Inc. and Subsidiaries Notes to Consolidated Financial Statements

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

information is expressed in thousands of New Taiwan Dollars unless otherwise stated.

2. The scope for the preparation of consolidated financial statements

The Company's control over its investees is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has the following three elements of control:

- (1) Power over the investee, i.e. existing rights that give it the current ability to direct the relevant activities of the investee;
- (2) Exposure, or rights, to variable returns from its involvement with the investee, and
- (3) the ability to use its power over the investee to affect its returns.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three abovementioned elements of control.

The preparation of the Consolidated Financial Statements on the subsidiaries and their changes related to parent is as follows:

Name of the investors	Name of subsidiaries	Location	Main Business Activity	Ownership (%)	
				2023.12.31	2022.12.31
The Company	Taiwan Orchid Express Inc.	(Note 1)	Serving as an agent of airline businesses and air freight forwarder businesses	99.76	99.76
The Company	Phoenix Travel Press Co., Ltd.	(Note 3)	Publishing	100.00	100.00
The Company	Park Joy Co., Ltd.	(Note 5)	Market management	100.00	100.00
The Company	Vip Bus Int'l Inc.	(Note 1)	Tour bus transportation contracting	33.02	33.02
The Company	Fitnexx Co., Ltd.	(Note 6)	Sports training	54.00	54.00
The Company	Boyi Co., Ltd.	(Note 3)	Housing and Building Development and Rental	82.00 (註 7)	100.00
Taiwan Orchid Express Inc.	Shang Hai Huaxia International Travel Service Co., Ltd.	(Note 2)	Travel Agencies	100.00	100.00
Taiwan Orchid Express Inc.	Yu Lin Travel Service Co., Ltd.	(Note 2)	Airline ticket agent	100.00	100.00

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Phoenix Tours International, Inc. and Subsidiaries Notes to Consolidated Financial Statements

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

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Name of the investors	Name of subsidiaries	Location	Main Business Activity	Ownership (%)	
				2023.12.31	2022.12.31
Taiwan Orchid Express Inc.	China Express Co., Ltd.	(Note 1)	Serving as an agent of airline businesses and air freight forwarder businesses	74.16	74.16
Taiwan Orchid Express Inc.	Phil-Am Express Travel Service Co., Ltd.	(Note 1)	Travel Agencies	100.00	100.00
Taiwan Orchid Express Inc.	Travelarena Int'l Co., Ltd.	(Note 1)	Data processing services	80.00	80.00
Taiwan Orchid Express Inc.	Taiwan Orchid Insurance Agency Co., Ltd.	(Note 1)	Insurance agent	100.00	100.00
Taiwan Orchid Express Inc.	Vip Bus Int'l Inc.	(Note 1)	Tour bus transportation contracting	66.98	66.98
China Express Co., Ltd.	Tianhe Air Cargo Co., Ltd.	(Note 1)	Representing airline company Cargo transportation	100.00	100.00
China Express Co., Ltd.	Pan Asia Express Limited (Note 8)	(Note4)	International freight forwarding agent for import and export goods	75.00	75.00
Pan Asia Express Limited	Pan Aviation Limited (Note 8)	(Note4)	International freight forwarding agent for import and export goods	100.00	100.00

Note 1: Floor 11, No. 25, Section 1, Chang-An East Road, Taipei City

Note 2: Floor 5, No. 25, Section 1, Chang-An East Road, Taipei City

Note 3: Floor 4, No. 25, Section 1, Chang-An East Road, Taipei City

Note 4: Block E, 15th Floor, No. 18, Caoxi North Road, Shanghai

Note 5: B2, No. 210, Section 2, Xuefu Road, Tucheng District, New Taipei City

Note 6: 2nd Floor, No. 137, Section 1, Anhe Road, Da-An District, Taipei City

Note 7: On October 27, 2023, with the consent of the directors, the subsidiary, Boyi Co., Ltd., made a cash increase of NT\$75,000 thousand divided into 7,500 thousand shares with a par value of NT\$10 per share. The Company subscribed 5,700 thousand shares with an investment amount of NT\$57,000 thousand. Since the Company has control over the said cash capital increase, it is processed as equity transaction, and the participating cash capital increase of the subsidiary and the corresponding acquisition of the subsidiary's net asset book value the difference of NT\$25 thousand, which shall be adjusted for increased capital reserve. After participating in the cash capital increase, its shareholding decreased from 100% to 82%.

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Note 8: The Company was established in China, which is a country with foreign exchange control, and the transfer of funds is restricted by local laws. As of December 31, 2023 and 2022, the cash and bank deposits subject to foreign exchange control totaled NT\$27,248 thousand and NT\$29,407 thousand, respectively.

The 2023 and 2022 Consolidated Financial Statements for separate subsidiaries are prepared based on the financial statements audited by accountants for the same period.

3. The principles for the preparation of consolidated financial statements

(1) The Consolidated Financial Statements are prepared in accordance with the IFRS 10 "Consolidated Financial Statements". The relevant Group's assets and liabilities, equity, income, expenses and cash flows for the transactions between the entities within the Group have been eliminated in the preparation of the financial reports, and a unified accounting policy has been adopted for similar transactions and matters under similar circumstances. The Consolidated Financial Statements include the income and expenses of subsidiaries from the date of gaining control to the date of cessation of control. The comprehensive income also attributes to the owners of the parent company and non-controlling interest, even if this results in the non-controlling interests having a deficit balance.

(2) Transactions between owners of the Company and non-controlling interests

A. Not leading to loss of control

Treated as an equity transaction. For the purchase of non-controlling interests, the difference between the fair value of any consideration paid and the relevant book value of the net assets of the acquired subsidiary is recognized as equity and belongs to the owner of the company. Gain or loss on the disposal of non-controlling interests is also recognized in equity.

B. Leading to loss of control

If the change in ownership interest of the subsidiary leads to a loss of control, on the date of loss of control, the difference between the assets, liabilities, non-controlling interests and all other equity components related to the former subsidiary before the derecognition, and the total of fair value of the consideration received, the share distribution of the former subsidiary's equity transaction to the owners and the fair value of any retained investment is recognized as gain or loss. Any retained investment in the former subsidiary is measured at fair value on the date when control is lost, and is treated as the fair value of the originally recognized financial assets, or as the cost of the initial investment in an affiliate or joint venture.

4. Classification of current and non-current items

(1) Current assets include cash and cash equivalents (unless there are restrictions on exchanging such assets or using them to settle liabilities within 12 months after the reporting period), assets held primarily for trading, assets expected to be realized within twelve months after the reporting period or assets that are expected to be realized, sold or consumed in the normal business cycle; and assets that are not current assets are non-current assets.

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

- (2) Current liabilities include liabilities held primarily for trading, liabilities that are expected to be settled within twelve months after the reporting period or liabilities that are expected to be settled in its normal business cycle, and liabilities that cannot be unconditionally extended to at least 12 months after the reporting period (the terms of the liabilities may result in settlement by issuing equity instruments at the option of the counterparty, which does not affect the classification); and liabilities that are not current liabilities are non-current liabilities.

5. Foreign currency transactions and translation of foreign operations

- (1) The New Taiwan dollar is the functional currency of the Company and the presentation currency of the Consolidated Financial Statements. The financial report of each consolidated entity is prepared and presented in the functional currency of the entity; when preparing the Consolidated Financial Statements, the financial performance and position of each consolidated entity are translated into NT\$. The initial recognition of the foreign currency transactions of each consolidated entity is recorded by using the spot exchange rate between the functional currency and the foreign currency on the transaction date to translate the amount of foreign currency into the functional currency. Monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rate on the reporting date. Non-monetary items in a foreign currency measured at historical cost are not retranslated. Non-monetary items in a foreign currency measured at fair value are translated at the exchange rate on the date when the fair value is determined. Exchange differences on monetary items are recognized as profit or loss in the period in which they occur. If gains or losses on non-monetary items are recognized as other comprehensive income, any exchange components of such gains or losses are also recognized as other comprehensive income. If gains or losses on non-monetary items are recognized as income, any exchange components of such gains or losses are also recognized as income.
- (2) Assets and liabilities of foreign operations, including goodwill arising from acquisitions and fair value adjustments made by acquisitions to the carrying amounts of assets and liabilities, are recognized in their functional currency. The results and financial position of an entity whose functional currency is not the currency of a hyperinflationary economy are translated into a different presentation currency using the following procedures:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet.
 - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period. However, if the exchange rate fluctuates sharply, the exchange rate on the transaction date shall be used for translation.
 - C. All resulting exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of, resulting in the loss of control over the subsidiary, the cumulative amount of the exchange differences recognized in other comprehensive income and accumulated in the separate component of equity relating to that foreign operation shall be reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of a subsidiary that includes a foreign operation, the entity shall re-attribute the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income to the non-controlling interests in that foreign operation.

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(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

A monetary item that is receivable from or payable to a foreign operation, and for which settlement is neither planned nor likely to occur in the foreseeable future, is a part of the entity's net investment in that foreign operation, and the exchange difference generated is recognized as other comprehensive income.

6. Cash and cash equivalents

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

7. Financial instruments

- (1) Financial assets or financial liabilities are recognized when the Company has become a party to the financial instrument contract of balance sheet. The financial assets that are purchased or sold in accordance with the general trade practice are processed in accordance with the trade date accounting.
- (2) At initial recognition, an entity measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.
- (3) The Group shall classify the financial instrument, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.
- (4) Financial assets and financial liabilities are offset only when the Group has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.
- (5) The Group uses financial instruments as follows:
 - A. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include those that are mandatorily classified and those designated. Financial assets that are mandatorily measured at FVPL include investments in equity instrument not designated by the Company to be measured at FVOCI, and investments in debt instrument that do not qualify for classification as measured at amortized cost or at fair value through other comprehensive income. Financial assets measured at fair value through profit or loss are measured at fair value, with any gain or loss on remeasurement recognized in profit or loss.
 - B. Financial assets measured at amortized cost

Refer to financial assets that meet both of the following two conditions and are not designated as measured at fair value through profit or loss, and measured at amortized cost, including cash and cash equivalents presented in the balance sheet, notes receivable, accounts receivable, other receivables and other financial assets.

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

- (A) The objective of the business model is achieved by collecting contractual cash flows.
- (B) The assets' contractual cash flows solely represent payments of principal and interest.

Financial assets measured at amortized cost are measured, after initial recognition, at amortized cost of the gross carrying amount less impairment losses determined using the effective interest method. When there is derecognition, amortization process or recognition of impairment benefit or In the event of a loss, the gain or loss is recognized in profit or loss.

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

Refer to investments in debt instrument that meet both of the following two conditions and are not designated as measured at fair value through profit or loss; or refer to investments in equity instrument not held for trading as an irrevocable election at initial recognition to recognize the changes in fair value in other comprehensive income:

- (A) A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- (B) The assets' contractual cash flows solely represent payments of principal and interest.

Subsequent measurement is based on fair value, and its value changes, besides impairment losses of debt instrument investments, foreign currency exchange gains and losses of monetary financial assets and interest calculated using the effective interest method, and dividends on equity instrument investments that do not clearly represent part of the investment cost recovery, are recognized as other comprehensive income before derecognition or reclassification. At the derecognition, with respect to the accumulated gains or losses previously recognized in other comprehensive income, investments in debt instrument are reclassified from equity to income; and investments in equity instrument are reclassified as retain earnings. In addition, dividends from investments in equity instrument are recognized when the right to receive dividends is obtained.

D. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated as at fair value through profit or loss. Financial liabilities held for trading are measured at fair value, and the gains or losses arising from remeasurement are recognized in gains and losses.

E. Financial liabilities at amortized cost

Financial liabilities that are not measured at fair value through profit or loss are financial liabilities measured at amortized cost, including bank borrowings, bills payable, notes payable, accounts payable, other payables and lease liabilities; for the short-term payables that have not had the interest paid measured at amortize cost using the effective interest rate method, they are measured at the initial transaction amount if the impact of discounting is not significant.

F. Non-hedging derivatives and embedded derivatives

Non-hedging derivatives are initially recognized at fair value when the contract is signed, and are subsequently re-measured at fair value on the balance sheet date. The gains or losses resulting from the subsequent measurement are directly listed in profit or loss, and

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are designated as effective hedging tools. The timing of recognition of derivatives in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative is positive, it is listed as a financial asset; when the fair value is negative, it is listed as a financial liability. If the derivative instrument is embedded in the host contract, it is a financial asset under IFRS 9 "Financial Instruments" (hereinafter referred to as IFRS 9), and the terms of the overall hybrid contract determine the classification of the financial asset. If the derivative embedded in the main contract is not a financial asset to which IFRS 9 is applicable, it should be assessed whether the embedded derivative is closely related to the host contract. If not, the embedded derivative should be separated from the host contract and treated as a derivative, unless the whole hybrid contracts are measured at fair value through profit or loss.

8. Fair value measurement

- (1) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The structure of fair value measurement considers the characteristics of a particular asset or liability, including the condition and location of the asset, and the restrictions on the sale or use of the asset, and assumes that the transaction of selling the asset or transferring the liability occurs in the principal market for the asset or liability, or, in the absence of a principal market, the most advantageous market for the asset or liability. The principal or most advantageous market must be those to which the Group has access, assuming that market participants act in their economic best interests when setting prices.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

- (2) With respect to the fair value measured by valuation techniques, an entity uses valuation techniques appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

9. De-recognition of financial assets and liabilities

(1) Financial assets

For the termination of the contractual rights to the cash flows from the financial asset, or the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred, or substantially all the risks and rewards of ownership of the financial asset have not been transferred and have not been retained and the control of the financial asset is not retained, the financial asset is derecognized, and any rights and obligations arising or retained by the transfer are separately recognized as assets or liabilities. The difference between the carrying amount of the derecognized portion of the financial asset measured at amortized cost and the consideration received is recognized in profit or loss on the de-recognition date. The difference between the carrying amount of investments in derecognized equity instruments measured at fair value through other comprehensive income and the sum of accumulated gains or losses recognized in other comprehensive income of the consideration received is recognized as retained earnings; and the investments in debt instrument is recognized in profit or loss. For financial assets that have not been derecognized in their entirety, the individual book value are apportioned based on the relative

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(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

fair value of the continuously recognized parts. If the transfer of financial assets does not qualify for de-recognition, the entire transferred asset shall be continuously recognized and the consideration received shall be recognized as a financial liability.

(2) Financial liabilities

A financial liability or part of the financial liability is de-recognized when the obligation under the contract is fulfilled, canceled or expires and the financial liability is extinguished. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability or part of a financial liability extinguished or transferred to another party and the consideration paid shall be recognized in profit or loss.

10. Impairment of assets

(1) Impairment of financial assets

- A. The Group recognizes loss allowance for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets, etc.).
- B. The Group measures expected credit losses of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information (that is available without undue cost or effort at the reporting date) about past events, current conditions and forecasts of future economic conditions. Except for notes receivable, accounts receivable and other receivables, where the simplified approach is applied and the allowance for loss is measured on the basis of the lifetime ECL on the reporting date, if the credit risk of cash and cash equivalents, financial assets measured at amortized cost and other financial assets on the reporting date is low or has not increased significantly since the initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses; and if the credit risk on that financial instrument has increased significantly since initial recognition, the loss allowance for the financial instrument at an amount equal to the lifetime ECL.
- C. The book value of the abovementioned financial assets is reduced through the loss allowance, and the recognition and reversal amount of the loss allowance is recognized in the profit and loss.

(2) Impairment of non-financial assets

For the assets to which IAS 36 "Impairment of Assets" is applicable, except for goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use, which are tested for impairment every year for that there are indications that they may have been impaired, the group assesses whether there is any indication that the assets may have been impaired. If there is an indication that an asset may be impaired, then the asset's recoverable amount must be calculated. The recoverable amount of an asset or a cash-generating unit (CGU) is the higher of its fair value less costs of disposal and its value in use. If the recoverable amount of the asset is lower than its carrying amount, the carrying amount

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

shall be reduced to the recoverable amount, and this reduction shall be the impairment loss, which shall be recognized as profit or loss. If there is any indication that the asset impairment loss other than goodwill recognized previously may no longer exist or have been decreased on the reporting date, the recoverable amount of the asset shall be re-estimated. If the estimate of the recoverable amount of the asset increases, the impairment loss is reversed, provided that the increase in the carrying amount of the asset due to the reversal of the impairment loss shall not exceed the carrying amount of the asset after deducting the amortization or depreciation that should be provided for if the impairment loss was not recognized in the previous year.

For cash-generating units that are subject to goodwill, the unit is tested for impairment by comparing the carrying amount of the unit that includes the goodwill with its recoverable amount. If the carrying amount of the unit exceeds its recoverable amount, an impairment loss must be recognized. When the impairment loss is recognized, the carrying amount of the allocated goodwill of the unit shall be reduced first, and the carrying amount of each asset shall be reduced in proportion to the carrying amount of other assets in the unit after deducting the shortfall. An impairment loss recognized for goodwill is not reversed in subsequent periods.

11. Property, plant and equipment

- (1) It is held for the provision of labor services, leasing to others or for management purposes. Its recognition and subsequent measurement adopt the cost model, and it is presented at the cost after deducting accumulated depreciation and accumulated impairment losses. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or the costs of dismantling and removing and restoring its location. When the major components of property, plant and equipment have different service life, it is treated as a separate item of property, plant and equipment.
- (2) The depreciation of property, plant and equipment, except that land is not depreciated, is apportioned according to the following useful life using the straight-line method, and the residual value, useful life and depreciation method of the asset are examined at the end of each year. If the expected value is different from the previous estimate, or the expected consumption pattern of the future economic benefits contained in the asset has changed significantly, the depreciation method needs to be changed to reflect the pattern after change, and the change is based on the change of the accounting estimate. If the property, plant and equipment has been recognized as asset impairment loss, the depreciation expense of the asset in the future periods shall be adjusted to allocate the revised carrying amount of the asset less its residual value, and shall be amortized according to the straight-line method over the remaining useful life:

Buildings	29-55	years
Ancillary equipment of houses and buildings	5	years
Computer and communication equipment	3-5	years
Transportation equipment	4-5	years
Office equipment	3-6	years
Lease improvement	5	years

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Rental property 29-55 years

- (3) Replacement and major repair costs are recognized in the carrying amount of property, plant and equipment items; routine repair costs are recognized in profit or loss when incurred. Capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.
- (4) When disposing of property, plant and equipment, or when it is expected that the use or disposal will not generate future economic benefits, the carrying amount should be de-recognized. The gain or loss generated from the de-recognition shall be recognized as profit or loss, and the profit shall not be classified as income.

12. Intangible assets - Goodwill

Goodwill is measured at cost less accumulated impairment losses. The Group has chosen to apply the exemption requirements of IFRS 1 "First-Time Adoption of International Financial Reporting Standards" for business combinations that occurred before the date of migration to IFRS. Therefore, the amount of goodwill arising from business combinations before the date is presented based on the amount recognized under the generally accepted accounting principles used before the adoption of the IAS.

13. Leases

(1) Group as a lessor

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of asset ownership to the lessee; leases other than finance leases are operating leases.

When the Group subleases the right-of-use asset, it determines the classification of the sublease based on the right-of-use asset (not the underlying asset). If the main lease is a short-term lease for which the recognition exemption applies, the sublease is classified as an operating lease.

A. Under a finance lease, the net lease investment is measured at the present value of the sum of payments to be received from the lessee and the unguaranteed residual value plus the initial direct cost, and shall be expressed as finance lease receivables. The recognition of finance lease income is based on the constant periodic rate of return that can reflect the Group's outstanding net lease investment in each lease period.

B. Lease income from operating leases shall be recognized in income on a straight-line basis over the lease term. If the lease contract provides an incentive to facilitate the lessee to sign the lease contract, the total cost of the incentive is recognized as a deduction of rental income on a straight-line basis during the lease term. Initial direct costs incurred by lessors in negotiating and arranging an operating lease shall be added to the carrying amount of the underlying asset and recognized as an expense over the lease term on a straight-line basis.

If there is any variable rent in the lease agreement that does not depend on an index or rate, it is recognized as income in the period in which it occurs.

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(2) Group as a lessee

Except for short-term leases and lease payments of low-value underlying assets, which are recognized as expenses on a straight-line basis over the lease term, other leases are recognized as right-of-use assets and lease liabilities on the lease inception date.

A. The initial recognition and subsequent measurement of right-of-use assets adopt the cost model, and are presented at the cost after deducting the accumulated depreciation and accumulated impairment losses and adjusting the remeasurement amount of the lease liability. For the recognition and measurement of use-of-right assets that meet the definition of investment property, please refer to Note IV.14 Accounting policies for investment property in the Consolidated Financial Statements. The right-of-use asset recognized on a straight-line basis is depreciated from the commencement date to the earlier of the end of the asset's service life or the end of lease term. For the right-of-use assets (including rights of land and superficies) that are recognized and measured for construction on ground leases, the depreciation of the relevant right-of-use assets are deferred to the aforementioned houses and buildings and amortized as an expense on a straight-line basis over the usable period before the houses and buildings under construction reach the intended use state.

B. The initial recognition of the lease liability is measured by the present value of the unpaid lease payments at the inception date of the lease. If the implicit interest rate is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easily determined, the lessee's incremental borrowing rate is used. Subsequent measurement is at amortized cost using the effective interest method. The remeasurement of the lease liability is an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss.

If there is any variable rent in the lease agreement that does not depend on an index or rate, it is recognized as expense in the period in which it occurs.

14. Investment property

(1) Refers to real property and right-of-use assets held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or sale in the ordinary course of business. The initial recognition and subsequent measurement of investment property adopt the cost model, and the depreciation method, useful life and residual value are treated according to the cost model for property, plant and equipment. The useful life of property and right-of-use assets is 50 years and 2-10 years (from the commencement date of the lease to the expiry of the useful life of the right-of-use asset or the expiry of the lease term, whichever is earlier), respectively. Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The gain or loss arising from the derecognition is recognized as profit or loss.

(2) Investment property can only be reclassified at the carrying amount of the converted real property and right-of-use assets when the use of the real property is changed and there is evidence to prove it.

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15. Long-term investments

Other long-term investments refer to the Group's investment in a business, which is recognized at the initial investment cost, subsequently recognized as an income when the right to receive distributed profits is obtained.

16. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the amount after deducting direct issuance costs from the obtained proceeds.

17. Treasury stock

The consideration paid by any of the Group's companies to buy back the Company's shares is deducted from the equity attributable to the Company until the shares are canceled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

18. Revenue Recognition

Revenue is measured by the consideration to which the services are transferred and to which they are expected to be entitled. The Group recognizes revenue when control of the service is transferred to the customer and performance obligations are satisfied. The main income items of the Group are described as follows:

Provision of services

The Group mainly arranges domestic and overseas sightseeing tours for tourists, there are tour package or independent travel options to arrange travel, dining, accommodation, transportation and relevant services for tourists, and the revenue is recognized gradually over time through reasonably measuring the degree of fulfillment of performance obligations. The degree of completion measured is the performance result of the control of the transfer of the promised services to the customer, and the degree of completion is measured by the proportion of the cost invested to the estimated total cost at the end of the reporting period. As circumstances change over time, the measure of progress shall be updated to reflect any changes in the outcome of the performance obligation. Such changes to the measure of progress shall be accounted for as a change in accounting estimate.

If the Group generates agency service income by being entrusted to sell passenger tickets for domestic and overseas transportation companies and sell domestic insurance contracts, purchase domestic and overseas tickets for customers, and handle entry and exit visa procedures, the revenue is recognized when the control of goods is transferred to customers.

If the result of the performance obligation of providing services cannot be reasonably measured, revenue is only recognized within the recoverable scope of the incurred costs.

When the Group transfers control of goods or services and has the right to unconditionally receive the consideration, it recognizes accounts receivable. If the goods or services have been transferred to the customer, but the Group still has no right to unconditionally receive the consideration, it recognizes the contract assets. If there is an obligation to transfer goods or services to the customer because the consideration has been received or can be received from the customer

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before the goods or services are transferred to customers, the Group recognizes contract liabilities.

If the payment cut-off time of the contract agreement provides customers or the Group with significant financial benefits explicitly or implicitly in the transaction of transferring goods or services, the Group adjusts the promised consideration amount to reflect the time value of money. For sales contracts where the time interval between the delivery of goods or services to the customer and the time when the customer pays for the goods or services is not expected to exceed one year, the Group does not adjust the promised consideration amount.

19. Borrowing costs

Consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (referring to the asset that must take a long period of time to reach the intended use or sale state) as part of the cost of that asset, and other borrowing costs are recognized as expenses in the period in which they are incurred. Funds are often temporarily invested pending their expenditure on the qualifying asset, and any investment income earned on such funds is deducted from the borrowing costs actually incurred. Capitalization of borrowing costs shall cease when almost all necessary activities for qualifying assets meeting the requirements for intended use or sale have been completed. If the active development of qualifying assets is suspended for a long period, the capitalization of borrowing costs is also suspended during the period.

20. Employee benefits

(1) Short-term employee benefits

Refer to employee benefits (other than severance package) that are expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, which is measured at a non-discounted amount expected to be paid in exchange for the employee's services and is recognized as expenses and liabilities. The expected cost of profit sharing and bonus payment is recognized as expenses and liabilities in accordance with the aforementioned provisions when it meets the present legal or constructive payment obligations due to past events, and the obligations can be estimated reliably.

(2) Post-employment benefits

A. All regular employees of the Company and subsidiaries Taiwan Orchid Express Inc. (hereinafter referred to as Taiwan Orchid Express) and China Express Co., Ltd. (referred to as China Express) are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the abovementioned companies. Therefore, fund assets are not included in the Group's consolidated financial statements.

B. For the defined contribution plan, the Group (except for overseas subsidiaries) will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Group recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

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C. A post-employment benefit plan that is a defined benefit plan shall be listed in the actuarial report on the annual report date according to the projected unit credit method, and the remeasurement amount shall be included in other comprehensive income when it occurs, and immediately recognized in retained earnings.

21. Government subsidies

- (1) Government grants are recognized once it is reasonably convinced that the Group complies with the conditions for subsidies and will be receiving the subsidies.
- (2) Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related asset costs for which the grants are intended to compensate. If it is used as compensation for previously incurred expenses or losses, or for the purpose of providing immediate financial support to the Group without future related costs, it is recognized in profit or loss during the period in which it can be collected.
- (3) Government grants related to assets are recognized in the balance sheet as deferred income or a deduction of the carrying amount of related assets; government grants related to income can be expressed separately in the consolidated income statement as government grant benefits, included in other income or used as a deduction of related expenses.

22. Income tax

- (1) The tax expense for the period comprises current and deferred tax. Current and deferred tax is recognized as profit or loss for the period, except in connection with business combinations and items recognized directly in equity or other comprehensive income.
- (2) The current income tax expense refers to the estimated tax payable or tax refund receivable calculated on the taxable income or loss of the current year based on the tax rate that has been enacted or substantively enacted on the reporting date, and any adjustment to the tax payable or refund receivable of previous years.
- (3) Deferred tax expenses are calculated and recognized based on temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position.
- (4) Deferred tax assets and liabilities are measured at the tax rate applicable when the temporary difference is expected to reverse, and based on the tax rate that has been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.
- (5) Unused tax losses and tax credits and deductible temporary differences are recognized as deferred tax assets to the extent that future taxable income is likely to be available, and are assessed on each reporting date, and adjustments are made to the extent that the relevant income tax benefits are not likely to be realized.

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- (6) For domestic companies in the Group, the part of profit-seeking enterprise income tax of the undistributed earnings of the current year shall be recognized as income tax expenses of undistributed earnings based on the distribution of actual earnings after the shareholders' meeting approves the earnings distribution plan in the next year.

23. Earnings per share

The Group expresses the basic and diluted earnings per share attributable to the owners of ordinary shares of the Company for the current period. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding in the current period; diluted earnings per share is calculated by adjusting profit or loss attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

24. Reporting of operating segments

Operating segments are a component of the Group that engages in operating activities that may earn revenues and incur expenses (including revenues and expenses arising from transactions with other components within the Group), and the operating results are regularly reviewed by the Group's chief operating decision-maker to make decisions about resources to be allocated to the segments and assess its performance and for which discrete financial information is available.

V. Significant accounting judgments, estimates and assumptions

When the Group prepares Consolidated Financial Statements, the management must make judgments, estimates and assumptions, which will affect the reported amounts of revenues, expenses, assets and liabilities. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the future, that is, actual results may differ from estimates.

1. In the process of adopting accounting policies, the management has made judgments that have a material impact on the amounts recognized in the Consolidated Financial Statements:
For the classification of investment property, please refer to the explanation under Note VI.8(2) of the Consolidated Financial Statements.
2. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Impairment of accounts receivable

As stated in Notes IV.10, VI.4 and VI.5 of the Consolidated Financial Statements, the loss allowance of accounts receivable is measured at the reporting date by the amount of lifetime expected credit losses using a simplified approach. Receivables are classified based on common risk characteristics that represent the customer's ability to pay all amounts due in accordance with the contractual terms; and by taking into account reasonable and supportable information (that is available without undue cost or effort at the reporting date) about past events, current conditions and forecasts of future economic conditions, expected credit losses are estimated based on the estimated default rate and expected credit loss rate. Any changes in the Group's management's estimates of the classification, default rate, and expected loss

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rate of the aforementioned receivables or changes in estimates due to economic conditions will affect the estimated amount of loss allowance on receivables.

The Company's net receivables on December 31, 2023 is NT\$115,490 thousand (including notes receivable, accounts receivable and other receivables), which have deducted the estimated loss allowance of NT\$34,117 thousand.

(2) Realization of deferred tax assets

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group's domicile.

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. The Group's deferred tax assets as of December 31, 2023 is NT\$14,212 thousand. Please refer to Note VI.31 of the Consolidated Financial Statements for the Group's unrecognized deferred tax assets.

(3) Impairment test for cash-generating units of apportioned goodwill

As stated in Note IV.10 of the Consolidated Financial Statements, the Group conducts impairment tests on the goodwill apportioned to cash-generating units on a regular basis every year and when there is evidence of impairment. For cash-generating units that are subject to goodwill, the unit is tested for impairment by comparing the carrying amount of the unit that includes the goodwill with its recoverable amount. If the carrying amount of the unit exceeds its recoverable amount, an impairment loss must be recognized. Any changes in the Group's management's estimates of the aforementioned recoverable amount or changes in estimates due to economic conditions will affect the estimated amount of loss on goodwill impairment. Please refer to Note VI.11 of the Consolidated Financial Statements.

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VI. Statement of significant accounting items1. Cash and cash equivalents

	<u>2023.12.31</u>	<u>2022.12.31</u>
Cash and petty cash	\$9,389	\$3,533
Checking accounts and demand deposits	95,008	230,366
Cash equivalents - Certificate of deposit	39,302	43,726
Cash equivalents - Bond repurchase	152,290	20,000
Total	<u>\$295,989</u>	<u>\$297,625</u>

- (1) The abovementioned time deposits and bond repurchase mature within one year from the date of acquisition, and are considered deposits or investments that can be converted into fixed cash immediately, and have little risk of changes in value.
- (2) As of December 31, 2023 and 2022, the repurchase bonds signed between the Company and a In December, the bills were bought back by a brokerage company for NT\$62,308 thousand and NT\$20,008 thousand, respectively.
- (3) As of December 31, 2023, the bond repurchase undertaken between the subsidiary, Boyi Co., Ltd., and the bill finance company is arranged to have the bill finance company buy back at NT\$78,064 thousand in January 2024.
- (4) As of December 31, 2023, the bond repurchase undertaken between the subsidiary, China Express, and the bill finance company is arranged to have the bill finance company buy back at NT\$12,011 thousand in January 2024.
- (5) The abovementioned bank deposits and bond repurchase have not involved the provision of guarantees or pledges.

2. Financial assets and liabilities measured at fair value through profit and loss - currentFinancial asset measured at fair value through profit or loss

	<u>2023.12.31</u>	<u>2022.12.31</u>
Mandatorily measured at fair value through		
Beneficiary certificates	\$294,339	\$281,197
Equity-linked instruments	98,706	45,926
Total	<u>\$393,045</u>	<u>\$327,123</u>

Financial liabilities at fair value through profit or loss

	<u>2023.12.31</u>	<u>2022.12.31</u>
Held for trading:		
Obligation to cover short sells	<u>\$17,100</u>	<u>\$-</u>

- (1) The equity-linked products that the Company and the subsidiary Taiwan Orchid Express trade are mainly to obtain higher investment returns, so the underlying products highly correlated

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with the stock market prices are chosen. Equity-linked products have a contract period of five years. During the contract period, if the underlying products were to issue dividends, the dividend amount is withdrawn before each date of payment of cash dividends. If there was a date of record for cash capital reduction, and the date of trade resumption of the underlying products for capital reduction was no later than the date of maturity, the refund would be withdrawn before the distribution date of the refund. If the intraday or closing price of the underlying equity-linked product is less than or equal to the lower limit price on any day from the day after (inclusive) the trading day to the third expected business day (inclusive) before the maturity date, and that the aforementioned event does not happen and that the underlying product does not have a down limit price and suspension of trading on the second expected business day before the maturity date, and that the Company and the subsidiary Taiwan Orchid Express apply for early termination of the product (a penalty must be paid), it is considered maturing in advance, and settle the cash amount to be withdrawn or the number of shares equivalent to the settlement price according to the contract.

- (2) In March 2023, the Company and the subsidiary, Taiwan Orchid Express, invested in funds to the offshore fund issuers, City Credit Investment Bank Limited (CCIB) and City Credit Asset Management Co., Ltd. (CCAM) applied for redemption of all overseas funds (diversified foreign currency (euro) investment portfolio, Changsheng Japanese Yen Fund and Chang Sheng Fund), but CCAM announced on March 27, 2023 that due to The Bank has launched an unprecedented comprehensive financial inspection system for the prevention of international money laundering in 2022. Fund companies or investment banks that engage in foreign exchange and digital currency transactions are particularly subject to stringent financial inspections. 80% of CCAM's products are arbitrage traded, and the huge trade volume naturally attracts the scrutiny and attention of the financial inspection authorities. Since the fourth quarter of 2022, CCAM has undergone the most stringent series of financial inspections and bank money laundering inspections. As a result, it took longer for product redemption operations and remittances to take longer, causing customers to become worried and impatient. The execution of the complaint by the financial competent authority led to the second inspection by the competent authority. The largest trader was also temporarily suspended by the competent authority due to frequent customer complaints. In addition, the recent negative media reports have triggered more customers to speculate on withdrawal runs, and further delays the withdrawal process. In order to avoid irreparable losses due to short-term large-scale redemptions and to protect the rights and interests of all investors, CCAM undertakes the following measures:

- A. Starting from January 1, 2023, CCAM will suspend the redemption of principal of all products, and only open the redemption of dividend and incremental income. Product principal redemption is available for acceptance in November 2023. All principal redemption operated from January 1, 2023 to March 27, 2023, the principal of the product will be calculated at an annualized rate of 2% based on the number of days from the redemption date to the end of March 2023 and will be credited to the investor's cash column. If the product is redeemed with a redemption fee, it will also be returned to the investor in cash. Investors may change the principal to purchase any product to accumulate performance, and the income must be withdrawn by re-signing the redemption letter.
- B. CCAM will endeavor to complete the remittance of all cash redemption orders executed before January 1, 2023 by the end of May 2023. Starting June 1, 2023, CCAM will start

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processing all revenue withdrawals on the account starting January 1, 2023.

As of June 7, 2023, CCAM announced on its official website that the redemption orders for pure commodity income already processed from January to March 2023 do not need to be re-signed, and will be handled sequentially thereafter. CCAM started to process outward withdrawal of funds at the end of May 2023 and will process all revenue withdrawals from January 1, 2023 onwards. The CCAM platform has contacted other suitable brokers to resume trading, and will start accepting commodity principal redemption from November 2023 as appropriate once the trading volume returns to normal.

In addition, CCIB announced on its official website that the High Court under its jurisdiction has issued an order on October 16, 2023 to appoint the provisional liquidator of the company.

Afterwards, CCAM announced on its official website that the court under its jurisdiction had appointed the joint official liquidators of the Company in January 2024.

The above events have resulted in the Company and its subsidiary, Taiwan Orchid Express, having applied for redemption and obtained redemption confirmation with a total of NT\$33,617 thousand (Euro 890,849.84 and USD 150,862.81), due to the significant increase in credit risk, the impairment loss was fully recognized in 2023 first quarter and recorded under the non-operating income and expense - expected credit impairment loss. The Company and its subsidiary Taiwan Orchid Express will continue to The fund issuer communicated with CCIB and CCAM to confirm the recoverable date of the aforementioned fund redemption; in addition, the Company's canceled redemption investments booked in financial assets at fair value through gains and losses - current amounted to \$29,806 thousand (Euro 595,373.02 and JPY 51,607,232.10), due to the significant uncertainty in market quotation and market transaction activity, after evaluating the reliability of the fund-related information, restrictions, the current level of market activity, transaction at the end of 2023, the impact of the above events was included in the assessment of its fair value, and all valuation losses were recognized as non-operating income and expenses - financial assets at fair value through profit or loss (Liabilities) under net income (loss).

- (3) The Company had sold short selling ordinary shares of domestic listed companies in December 2023. As of December 31, 2023, the Company had outstanding share settlement of NT\$17,676 thousand and The cash deposits paid for the aforementioned short-selling transactions amounting to NT\$15,908 thousand were recorded under other receivables and refundable deposits. The bonds were repaid in January 2024 and the difference was recovered.
- (4) The net gains and losses on financial assets (liabilities) measured at fair value through profit and loss 2023 and 2022 were NT\$13,244 thousand, respectively (including the wasted as stated in Note VI.2(2) to the consolidated financial statements) The overseas fund that was fully recognized in the redemption transaction was fully recognized as the valuation loss) and the loss was NT\$10,913 thousand.
- (5) The abovementioned "financial assets measured at fair value through profit or loss - current" do not involve the provision of guarantee or pledge.

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- (6) Please refer to Notes XII.2(3) A and B of the Consolidated Financial Statements for the disclosure of market risk and credit risk information on the Group's financial assets measured at fair value through profit or loss.

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

	<u>2023.12.31</u>	<u>2022.12.31</u>
<u>Equity instruments</u>		
Acquisition cost:		
Domestic listed and emerging stock board stocks - Common stock	\$591,300	\$573,769
Domestic listed stocks - Preferred stock	393,936	336,648
Subtotal	<u>985,236</u>	<u>910,417</u>
Valuation adjustment:		
Domestic listed and emerging stock board stocks - Common stock	10,555	(18,340)
Domestic listed stocks - Preferred stock	(8,407)	(14,157)
Subtotal	<u>2,148</u>	<u>(32,497)</u>
Total	<u>\$987,384</u>	<u>\$877,920</u>
Recognized as current assets	\$987,384	\$828,760
Recognized as non-current assets	-	49,160
Total	<u>\$987,384</u>	<u>\$877,920</u>

- (1) Equity instruments measured at fair value through other comprehensive income are not investments held for trading, so the Group chooses to designate them as measured at fair value through other comprehensive income.
- (2) The 2023 and 2022 dividend income from equity instruments measured at fair value through other comprehensive income are NT\$31,935 thousand and NT\$36,215 thousand, respectively.
- (3) The 2023 and 2022 cumulative profits attributable to the owners of the parent reclassified from the unrealized gains or losses of financial assets measured at fair value through other comprehensive income to the undistributed earnings attributable to the owners of the parent due to the sales of common stocks of domestic listed companies, emerging stock market, domestic unlisted (or Non-OTC) companies are NT\$45,614 thousand and NT\$44,912 thousand, respectively.
- (4) The Series A preferred stock issued by Cathay Financial Holding held by the Company and the subsidiary Taiwan Orchid Express generates dividends at a 7-year IRS rate (1.9225% to 3.9225%), and the undistributed or fractional dividends that cannot be distributed will be accumulated. The stock cannot participate in the distribution of cash and capitalization of earnings and capital reserve related to common stock, and cannot be converted into common stock, and there is no maturity date. However, the Company may reacquire all or part of the preferred stock at the initial issue price any time starting the day after the 7-year deadline with the consent of the competent authority.
- (5) The Series A preferred stock issued by Union Bank of Taiwan held by the Company and the

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subsidiary Taiwan Orchid Express generates dividends at an annual rate of 4.8% (5-year IRS rate 0.89125% + fixed markup percentage 3.90875%), and the undistributed or fractional dividends that cannot be distributed will be accumulated. The stock cannot participate in the distribution of cash and capitalization of earnings and capital reserve related to common stock, and cannot be converted into common stock, and there is no maturity date. However, the Company may reacquire all or part of the preferred stock at the initial issue price any time starting the day after the 5.5-year deadline with the consent of the competent authority.

- (6) The Series A preferred stock issued by WT Microelectronics generates dividends at an annual rate of 4% (5-year IRS rate 0.6125% + fixed markup percentage 3.3875%), and the undistributed or fractional dividends that cannot be distributed will be accumulated. The stock cannot participate in the distribution of cash and capitalization of earnings and capital reserve related to common stock, and cannot be converted into common stock, and there is no maturity date. However, the Company may reacquire all or part of the preferred stock at the initial issue price any time starting the day after the 5-year deadline with the consent of the competent authority.
- (7) Please refer to Note VIII of the Consolidated Financial Statements for more details on financial assets measured at fair value through other comprehensive income under pledge.
- (8) Please refer to Notes XII.2(3) A and B of the Consolidated Financial Statements for the disclosure of market risk and credit risk information on the Group's financial assets measured at fair value through other comprehensive income.

4. Notes receivable, net

	2023.12.31	2022.12.31
Notes receivable	\$52,568	\$44,683
Less: loss allowance	-	-
Net amount	<u>\$52,568</u>	<u>\$44,683</u>

Please refer to Note VI.5(2) of the Consolidated Financial Statements for the changes in the Group's loss allowance for 2023 and 2022 notes receivable.

5. Net accounts receivable

	2023.12.31	2022.12.31
Accounts receivables	\$31,282	\$16,877
Less: loss allowance	(500)	(500)
Net amount	<u>\$30,782</u>	<u>\$16,377</u>

- (1) The Group's allowance for notes receivable and accounts receivable is measured by the amount of lifetime expected credit losses using a simplified approach. Notes receivable and receivables are classified based on common risk characteristics that represent the customer's ability to pay all amounts due in accordance with the contractual terms; and by taking into account reasonable and supportable information (that is available without undue cost or effort at the reporting date) about past events, current conditions and forecasts of future economic

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conditions, expected credit losses are estimated based on the estimated default rate and expected credit loss rate.

(2) Changes of increase and decrease in the Group's allowance are as follows:

	2023	2022
Beginning balance	\$500	\$500
Allowance account		
provision for impairment		
of notes receivable and		
accounts receivable	-	-
Reversal of allowance		
account for impairment of		
notes receivable and		
accounts receivable	-	-
Ending balance	\$500	\$500

(3) Please refer to Notes XII.2(3) B of the Consolidated Financial Statements for the disclosure of credit risk information on the Group's notes receivable and accounts receivable.

6. Prepayments

	2023.12.31	2022.12.31
Prepaid group tour fees	\$198,082	\$134,688
Air fare prepayment	12,225	15,036
Prepayments for investments	14,502	-
Others	6,064	9,038
Total	\$230,873	\$158,762

The prepayment for investment is for the participation in the cash capital increase of the investee, WT MICROELECTRONICS CO., LTD. in December 2023. The amount of stock paid is NT\$14,502 thousand. The base date was January 9, 2024; therefore, it was recorded in the prepayment account on December 31, 2023. The subscribed shares were acquired in January 2024 and reclassified to the account of financial assets at fair value through other comprehensive income - current.

7. Other financial assets

	2023.12.31	2022.12.31
<u>Other financial assets - Current</u>		
Time deposits with a maturity		
period of less than 1 year	\$29,266	\$4,799
Pledged demand deposits	6,761	6,758
Total	\$36,027	\$11,557

Phoenix Tours International, Inc. and Subsidiaries Notes to Consolidated Financial Statements

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Other financial assets - Non-current

Time deposits with a maturity period of more than 1 year

\$420

\$2,860

(1) Please refer to Note VIII of the Consolidated Financial Statements for the abovementioned financial assets (including current and non-current) under pledge.

(2) Please refer to Note XII.2(3) B of the Consolidated Financial Statements for the disclosure of credit risk information on the Group's other financial assets (including current and non-current).

8. Property, plant and equipment

	<u>2023.12.31</u>	<u>2022.12.31</u>
Personal-use	\$529,836	\$412,802
Operating leases	11,327	11,481
Total	<u>\$541,163</u>	<u>\$424,283</u>

Phoenix Tours International, Inc. and Subsidiaries Notes to Consolidated Financial Statements

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(1) Changes in the Group's self-use property, plant and equipment are as follows:

	2023							
	Land	Buildings	Computer and communication equipment	Transportation equipment	Office equipment	Lease improvement	Construction in progress and equipment awaiting examination	Total
Initial cost:								
Beginning balance	\$84,423	\$132,786	\$25,368	\$18,310	\$11,599	\$2,726	\$249,305	\$524,517
Added this period	8,144	5,042	1,085	4,136	219	180	103,586	122,392
Disposal this period	-	(319)	(23,694)	(5,300)	(1,885)	-	-	(31,198)
Reclassification this period	-	-	-	-	-	-	2,584 (Note)	2,584
Exchange differences	-	(641)	(23)	-	(10)	-	-	(674)
Ending balance	<u>92,567</u>	<u>136,868</u>	<u>2,736</u>	<u>17,146</u>	<u>9,923</u>	<u>2,906</u>	<u>355,475</u>	<u>617,621</u>
Accumulated depreciation:								
Beginning balance	-	(61,181)	(24,478)	(14,997)	(8,383)	(2,676)	-	(111,715)
Depreciation this period	-	(4,271)	(431)	(1,987)	(860)	(65)	-	(7,614)
Disposal this period	-	319	23,694	5,300	1,885	-	-	31,198
Exchange differences	-	322	15	-	9	-	-	346
Ending balance	<u>-</u>	<u>(64,811)</u>	<u>(1,200)</u>	<u>(11,684)</u>	<u>(7,349)</u>	<u>(2,741)</u>	<u>-</u>	<u>(87,785)</u>
Accumulated impairments	-	-	-	-	-	-	-	-
Ending carrying amount	<u>\$92,567</u>	<u>\$72,057</u>	<u>\$1,536</u>	<u>\$5,462</u>	<u>\$2,574</u>	<u>\$165</u>	<u>\$355,475</u>	<u>\$529,836</u>

Phoenix Tours International, Inc. and Subsidiaries Notes to Consolidated Financial Statements

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

	2022							
	Land	Buildings	Computer and communication equipment	Transportation equipment	Office equipment	Lease improvement	Construction in progress and equipment awaiting examination	Total
Initial cost:								
Beginning balance	\$84,423	\$132,274	\$24,483	\$15,250	\$11,591	\$2,726	\$107,086	\$377,833
Added this period	-	-	873	3,060	-	-	139,289	143,222
Disposal this period	-	-	-	-	-	-	-	-
Reclassification this period	-	-	-	-	-	-	2,930 (註)	2,930
Exchange differences	-	512	12	-	8	-	-	532
Ending balance	<u>84,423</u>	<u>132,786</u>	<u>25,368</u>	<u>18,310</u>	<u>11,599</u>	<u>2,726</u>	<u>249,305</u>	<u>524,517</u>
Accumulated depreciation:								
Beginning balance	-	(56,783)	(24,219)	(13,294)	(6,890)	(2,354)	-	(103,540)
Depreciation this period	-	(4,190)	(249)	(1,703)	(1,485)	(322)	-	(7,949)
Disposal this period	-	-	-	-	-	-	-	-
Exchange differences	-	(208)	(10)	-	(8)	-	-	(226)
Ending balance	<u>-</u>	<u>(61,181)</u>	<u>(24,478)</u>	<u>(14,997)</u>	<u>(8,383)</u>	<u>(2,676)</u>	<u>-</u>	<u>(111,715)</u>
Accumulated impairments	-	-	-	-	-	-	-	-
Ending carrying amount	<u>\$84,423</u>	<u>\$71,605</u>	<u>\$890</u>	<u>\$3,313</u>	<u>\$3,216</u>	<u>\$50</u>	<u>\$249,305</u>	<u>\$412,802</u>

Note: Before the houses and buildings under construction reach the intended use state, the depreciation of the right-of-use assets (including rights of land and superficies) for construction on ground leases are deferred to the aforementioned houses and buildings and amortized as an expense on a straight-line basis over the usable period. Please refer to Note VI.9(1) of the Consolidated Financial Statements.

Phoenix Tours International, Inc. and Subsidiaries Notes to Consolidated Financial Statements

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

- (2) Changes in the Group's self-use property, plant and equipment for operating leases are as follows:

	2023		
	Land	Buildings	Total
Initial cost:			
Beginning balance	\$9,607	\$4,629	\$14,236
Added this period	-	-	-
Disposal this period	-	-	-
Ending balance	9,607	4,629	14,236
Accumulated depreciation:			
Beginning balance	-	(2,755)	(2,755)
Depreciation this period	-	(154)	(154)
Disposal this period	-	-	-
Ending balance	-	(2,909)	(2,909)
Accumulated impairments	-	-	-
Ending carrying amount	\$9,607	\$1,720	\$11,327

Phoenix Tours International, Inc. and Subsidiaries Notes to Consolidated Financial Statements

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

	2022		
	Land	Buildings	Total
Initial cost:			
Beginning balance	\$9,607	\$4,629	\$14,236
Added this period	-	-	-
Disposal this period	-	-	-
Ending balance	<u>9,607</u>	<u>4,629</u>	<u>14,236</u>
Accumulated depreciation:			
Beginning balance	-	(2,600)	(2,600)
Depreciation this period	-	(155)	(155)
Disposal this period	-	-	-
Ending balance	<u>-</u>	<u>(2,755)</u>	<u>(2,755)</u>
Accumulated impairments	<u>-</u>	<u>-</u>	<u>-</u>
Ending carrying amount	<u><u>\$9,607</u></u>	<u><u>\$1,874</u></u>	<u><u>\$11,481</u></u>

A. The Group rents out some floors of its own office to related parties and non-related parties. Since the office cannot be sold into separate units, and is still mainly used for providing services and held for management purposes, it is not classified under the investment property item.

B. The subsidiary, Vip Bus Int'l Inc. ("Vip Bus") purchased property, plant and equipment - land and buildings and structures from a non-related party in April 2023 for a total contractual price of NT\$12,250 thousand (including tax), and has completed the transfer registration process.

(3) During the construction period of the hotel in 2023 and 2022, the borrowing costs borne for the funds paid for the asset was capitalized as the PP&E cost. Information about the capitalization of borrowing costs is as follows:

	2023	2022
Amount of capitalization of borrowing costs	<u>\$7,387</u>	<u>\$4,819</u>
Capitalization rate of borrowing costs	<u>1.60%-3.5%</u>	<u>0.56%~3.5%</u>

(4) In December 31, 2023 and 2022, the Company had no impairment of PP&E.

Phoenix Tours International, Inc. and Subsidiaries Notes to Consolidated Financial Statements

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(5) Please refer to Note VIII of the Consolidated Financial Statements for PP&E as guarantee or pledge.

(6) Maturity analysis of undiscounted lease payments receivable of the Group's own PP&E on operating leases in future years:

period	2023.12.31	2022.12.31
Not later than one year	\$576	\$143
More than 1 year but less than 5 years	138	-
Total	<u>\$714</u>	<u>\$143</u>

9. Right-of-use assets

(1) Changes in increase and decrease in the Group's right-of-use assets are as follows:

	2023			
	Land	Buildings	Right of superficies	Total
Initial cost:				
Beginning balance	\$-	\$20,711	\$99,249	\$119,960
Added this period	-	-	-	-
Expire this period	-	-	-	-
Decrease this period	-	-	-	-
Ending balance	<u>-</u>	<u>20,711</u>	<u>99,249</u>	<u>119,960</u>
Accumulated depreciation:				
Beginning balance	-	(7,824)	(5,598)	(13,422)
Depreciation this period	-	(2,858)	(2,584) (註)	(5,442)
Expire this period	-	-	-	-
Decrease this period	-	-	-	-
Ending balance	<u>-</u>	<u>(10,682)</u>	<u>(8,182)</u>	<u>(18,864)</u>
Accumulated impairments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending carrying amount	<u>\$-</u>	<u>\$10,029</u>	<u>\$91,067</u>	<u>\$101,096</u>

Phoenix Tours International, Inc. and Subsidiaries Notes to Consolidated Financial Statements

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

	2022			
	Land	Buildings	Right of superficies	Total
Initial cost:				
Beginning				
balance	\$865	\$20,711	\$99,249	\$120,825
Added this period	-	-	-	-
Expire this period	(865)	-	-	(865)
Decrease this				
period	-	-	-	-
Ending balance	-	20,711	99,249	119,960
Accumulated				
depreciation:				
Beginning				
balance	(519)	(4,967)	(3,014)	(8,500)
Depreciation this				
period	(346) (註)	(2,857)	(2,584) (註)	(5,787)
Expire this period	865	-	-	865
Decrease this				
period	-	-	-	-
Ending balance	-	(7,824)	(5,598)	(13,422)
Accumulated				
impairments	-	-	-	-
Ending carrying				
amount	\$-	\$12,887	\$93,651	\$106,538

Note: Before the houses and buildings under construction reach the intended use state, the 2023 and 2022 depreciation of the right-of-use assets (including rights of land and superficies) for construction on ground leases are deferred to the aforementioned houses and buildings and amortized as an expense on a straight-line basis over the usable period. Please refer to Note VI.8(1) of the Consolidated Financial Statements.

- (2) On November 1, 2020, the Company signed a lease agreement on the land lot #286 on Baisha Section in Liuqiu Township, Pingtung County with a non-related party to build a hotel. The lease period starts from November 1, 2020 and ends on March 30, 2059, and the total agreed rent is NT\$140,500 thousand. According to the aforementioned contract, if the lease is not renewed after the term ends, the Company shall transfer the buildings and ancillary buildings built on the leased property to the lessor free of charge.
- (3) The Group did not have subleases of right-of-use assets in 2023 and 2022.
- (4) There was no impairment of right-of-use assets on December 31, 2023 and 2022.
- (5) Please refer to Note VIII of the Consolidated Financial Statements for right-of-use assets as

Phoenix Tours International, Inc. and Subsidiaries Notes to Consolidated Financial Statements

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

guarantee or pledge.

10. Investment property

(1) Changes in increase and decrease in the Group's investment property are as follows:

	2023			
	Land	Buildings	Right-of-use assets	Total
Initial cost:				
Beginning balance	\$194,200	\$196,000	\$68,488	\$458,688
Added this period	-	-	-	-
Disposal this period	-	-	-	-
Ending balance	194,200	196,000	68,488	458,688
Accumulated depreciation:				
Beginning balance	-	(14,411)	(38,919)	(53,330)
Depreciation this period	-	(3,844)	(5,327)	(9,171)
Disposal this period	-	-	-	-
Ending balance	-	(18,255)	(44,246)	(62,501)
Accumulated impairments	-	-	-	-
Ending carrying amount	\$194,200	\$177,745	\$24,242	\$396,187
	2022			
	Land	Buildings	Right-of-use assets	Total
Initial cost:				
Beginning balance	\$194,200	\$196,000	\$68,488	\$458,688
Added this period	-	-	-	-
Disposal this period	-	-	-	-
Ending balance	194,200	196,000	68,488	458,688
Accumulated depreciation:				
Beginning balance	-	(10,568)	(31,912)	(42,480)
Depreciation this period	-	(3,843)	(7,007)	(10,850)
Disposal this period	-	-	-	-
Ending balance	-	(14,411)	(38,919)	(53,330)
Accumulated impairments	-	-	-	-
Ending carrying amount	\$194,200	\$181,589	\$29,569	\$405,358

(2) Investment property - Land, houses and buildings have a lease term of 10 years, and the rent is increased every year according to the agreed percentage starting the 7th year. The lessee does not have the preferential purchase right of the investment property at the end of the lease

Phoenix Tours International, Inc. and Subsidiaries Notes to Consolidated Financial Statements

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

period. The lease was terminated early in October 2023.

(3) The Group subleases the right to use ASE WeMall out to lessees who need counter space in the form of operating leases, and the lease terms are one to four years. Please refer to Note VI.26 of the Consolidated Financial Statements for the calculation of fixed lease payment and the variable lease payment of sublease contracts.

(4) Maturity analysis of undiscounted lease payments receivable of the Group's investment properties (including subleases) on operating leases in future years:

period	2023.12.31	2022.12.31
Not later than one year	\$3,448	\$ 16,259
More than 1 year but less than 5 years	6,984	50,313
More than five years	-	14,687
Total	<u>\$10,432</u>	<u>\$81,259</u>

(5) Fair value of the investment property held by the Group evaluated by external appraisers is as follows:

Items	2023.12.31	2022.12.31
Investment property - Land, houses and buildings	\$466,000	\$466,000
Investment property - Right-of-use assets	27,182	29,283
Total	<u>\$493,182</u>	<u>\$495,283</u>

A. The fair value of investment property - land, houses and buildings held by the Group is evaluated by appraisers of REPro Knight Frank on December 31, 2023 and 2022. The aforementioned fair value evaluation is measured by using the cost method and discounted cash flow method with Level 3 inputs, and the significant unobservable input values include a discount rate of 4% and an income capitalization rate of 2.82%.

B. The fair value of investment property - right-of-use assets held by the Company is evaluated by appraisers of DTZ Cushman & Wakefield Real Estate Appraiser Office on the valuation dates of December 31, 2023 and 2022. The aforementioned fair value evaluation is measured by using the discounted cash flow method with Level 3 inputs, and the significant unobservable input values include a discount rate of 13%.

(6) Income and expenses generated from the Group's investment property are as follows:

	2023	2022
Rental income from investment property		
Land, buildings and structures for lease	\$ 9,525	\$ 11,429
Sublease of right-of-use assets (Note)	9,119	7,416
Total	<u>\$18,644</u>	<u>\$18,845</u>

Direct operating expenses incurred from investment property that generates rental income

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(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Other gains and losses - Depreciation	\$ 3,844	\$ 3,843
Operating cost - Depreciation	5,327	7,007
Total	<u>\$9,171</u>	<u>\$10,850</u>

Note: The variable sales counter rental income for 2023 and 2022 is NT\$5,129 thousand and NT\$4,114 thousand, respectively.

(7) In December 31, 2023 and 2022, the Group had no impairment of investment property.

(8) Please refer to Note VIII of the Consolidated Financial Statements for investment property as guarantee or pledge.

11. Intangible assets - Goodwill

Changes in the Group's intangible assets are as follows:

	<u>2023</u>	<u>2022</u>
Initial cost:		
Beginning balance	\$31,553	\$31,553
Increase this period - From separate acquisition	-	-
Decrease this period	-	-
Ending balance	<u>\$31,553</u>	<u>\$31,553</u>
	<u>2023</u>	<u>2022</u>
Accumulated impairment:		
Beginning balance	\$(22,439)	\$(22,439)
Increase this period	-	-
Decrease this period	-	-
Ending balance	<u>(22,439)</u>	<u>(22,439)</u>
Ending carrying amount	<u>\$9,114</u>	<u>\$9,114</u>

In 2019, the Group assessed that the investment value of the subsidiary Phil-Am Express Travel Service Co., Ltd. had been impaired, and the estimated recoverable amount was lower than the carrying amount, so the difference of NT\$412 thousand was recognized as an impairment loss. The recoverable amount is calculated based on the cash and equivalent cash held by the aforementioned subsidiary and the amount of refundable deposit at the time of measurement.

In Q2 2020, due to that the economic impact caused by the novel coronavirus pandemic created impairment to the allocated goodwill of cash-generating units, the Group assessed that the investment value of the subsidiaries China Express and Vip Bus had been impaired, and the estimated recoverable amounts were lower than the carrying amounts, so the differences of NT\$7,324 thousand and NT\$14,703 thousand were recognized as an impairment loss. The recoverable amount is determined on the basis of the value in use. The cash flow estimate of the financial budgeting for the next five years approved by the management of the subsidiaries China Express Co., Ltd. and Vip Bus is calculated using an annual discount rate of 15.30%, and the cash flow after the five years is extrapolated with zero growth rate. Other relevant assumptions include estimated revenue and gross profit. These assumptions refer to the past operating conditions of these cash-generating units and management's expectations of the market.

Phoenix Tours International, Inc. and Subsidiaries Notes to Consolidated Financial Statements

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

12. Long-term investments

(1) Changes in the Group's other long-term investments are as follows:

	2023	2022
Beginning balance	\$-	\$37,596
Decrease this period	-	(37,596)
Ending balance	\$-	\$-

(2) The Company signed a hot air balloon investment contract with a non-related party on July 19, 2019. The investment amount was EUR 1,200 thousand, and the investment term was four years (date of maturity on July 31, 2023). The distributable profit is calculated on a monthly basis (changed to calculation on an annual basis starting July 2020) based on the method agreed on the hot air balloon profit starting the next month after the date of investment. After receiving the distribution of profits for a year, the Company may apply for an early termination of the investment two months before the planned termination to withdraw the original investment amount. In September 2022, the Company terminated the investment ahead of schedule through mutual agreement and recovered all the investment funds in Q4 2022.

(3) In 2022, the Company received NT\$0 profits from other long-term investments.

13. Bank loan

	2023.12.31	2022.12.31
Bank mortgage	\$603,900	\$606,500
Bank credit loan	-	40,000
Total	\$603,900	\$646,500

(1) Interest rate information on the Group's bank borrowings is as follows:

Type of borrowings	2023.12.31	2022.12.31
Bank mortgage	0.50%-1.86%	1.43%-1.82%
Bank credit loan	-%	1.725%

(2) Among the Company's bank loans on December 31, 2023, the amount of NT\$35,000 thousand was for project financing applied to financial institutions in accordance with the "Guidelines of Project Lending to Assist Small and Medium Enterprises of the Ministry of Economic Affairs in Post-pandemic Revitalization" Loans are guaranteed by the Small and Medium Enterprise Credit Guarantee Fund.

(3) For the information on the joint guarantor of the Group's bank borrowings, please refer to Note VII.3 of the Consolidated Financial Statements; for the collaterals provided by the Group for the bank borrowings, please refer to Note VIII of the Consolidated Financial Statements.

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14. Short-term notes payable

	2023.12.31	2022.12.31
Commercial papers payable	\$180,000	\$180,000
Less: Discount on short-term notes payable	(146)	(115)
Net amount	<u>\$179,854</u>	<u>\$179,885</u>

Short-term notes payable not yet due:

Guarantee/ underwriting institutions	Face value	Discount value	Carrying amount	Interest rates
<u>2023.12.31</u>				
Shanghai Commercial and Savings Bank	<u>\$180,000</u>	<u>\$(146)</u>	<u>\$179,854</u>	1.392%
<u>2022.12.31</u>				
Shanghai Commercial and Savings Bank	<u>\$180,000</u>	<u>\$(115)</u>	<u>\$179,885</u>	1.232%

The issuance of the abovementioned short-term notes is repaid at maturity by the promissory notes of the same amount issued by the Company. For the information on the joint and several guarantors of the short-term notes, please refer to Note VII.3 of the Consolidated Financial Statements. The Company provides collaterals for short-term notes issued by guarantee or acceptance institutions. Please refer to Note VIII of the Consolidated Financial Statements.

15. Lease liabilities

	Discount rate	2023.12.31	2022.12.31
Lease liabilities			
Buildings	1.00%~2.50%	\$37,552	\$45,649
Right of superficies	3.50%	71,138	71,175
Subtotal		<u>108,690</u>	<u>116,824</u>
Less: Lease liabilities maturing within one year		<u>(8,658)</u>	<u>(8,134)</u>
Lease liabilities maturing within one year		<u>\$100,032</u>	<u>\$108,690</u>

- (1) The Group rents its office space through leases and recognizes it under the right-of-use assets. The lease terms are between two and five years, and the lease payments are made monthly. The Group has no preferential purchase rights for the leased houses and buildings.
- (2) The Group rents its gym through leases and recognizes it under the right-of-use assets. The lease term is eight years, and the lease payments are made monthly. In the sixth year of the aforementioned agreed lease terms, the lease payments are adjusted at agreed amounts. The Group has no preferential purchase rights for the leased houses and buildings.

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

- (3) The Group rents its right of superficies in Liuqiu through leases and recognizes them under the right-of-use assets. The lease terms are 461 months, and the lease payments are made monthly. Starting the third year of the aforementioned agreed lease terms, the lease payments are adjusted at agreed amounts every five years. The Group has no preferential purchase rights for the leased right of superficies.
- (4) The Group rents the food court at ASE WeMall through leases and recognizes it under the investment property. The lease term is ten years, and the lease payments are made monthly. In the fourth and seventh year of the aforementioned agreed lease term, the lease payments are adjusted at agreed amounts. In addition to the fixed lease payments, a specific percentage of the revenue of the food court is used to calculate the variable lease payments. The Group has no preferential purchase rights for the leased houses and buildings.
- (5) Other information on the leases is as follows:

	<u>2023</u>	<u>2022</u>
Expenses relating to short-term leases	<u>\$2,460</u>	<u>\$1,964</u>
Total cash used in leases	<u>\$ 10,594</u>	<u>\$ 10,287</u>
Interest expenses on lease liabilities	<u>\$3,362(Note)</u>	<u>\$3,522(Note)</u>

Note: The 2023 and 2022 amounts including the capitalized borrowing costs are NT\$2,491 thousand and NT\$2,493 thousand, respectively.

In 2023 and 2022, the Group elected to apply the lease recognition exemption to short-term leases of NT\$2,460 thousand and NT\$1,964 thousand, and would not recognize the relevant right-of-use assets and lease liabilities for the leases.

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(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

16. Long-term bank loans

<u>Lenders</u>	<u>Type of borrowings</u>	<u>Contract Period</u>	<u>Amount</u>	<u>Repayment method</u>
<u>2023.12.31</u>				
Taipei Fubon Commercial Bank	(Note 1)	2020/07/10 ~ 2025/07/10	\$40,824	(Note 1)
Taipei Fubon Commercial Bank	(Note 1)	2020/05/19 ~ 2025/07/10	25,778	(Note 1)
Taipei Fubon Commercial Bank	(Note 1)	2021/12/22 ~ 2025/12/22	3,070	(Note 1)
Taipei Fubon Commercial Bank	(Note 1)	2022/01/28 ~ 2025/12/22	6,170	(Note 1)
Taipei Fubon Commercial Bank	(Note 1)	2022/04/14 ~ 2025/12/22	3,620	(Note 1)
Taipei Fubon Commercial Bank	(Note 1)	2022/05/12 ~ 2025/12/22	3,620	(Note 1)
Taipei Fubon Commercial Bank	(Note 1)	2022/06/08 ~ 2025/12/22	3,520	(Note 1)
O-Bank	(Note 2)	2022/03/31 ~ 2024/09/30	75,000	(Note 2)
E.SUN Bank	(Note 3)	2023/11/22~ 2026/11/22	1,470	(Note 3)
E.SUN Bank	(Note 3)	2023/12/08~ 2026/12/08	3,230	(Note 3)
E.SUN Bank	(Note 3)	2023/12/18~ 2026/12/18	1,280	(Note 3)
E.SUN Bank	(Note 3)	2023/12/25~ 2026/12/25	1,100	(Note 3)
Subtotal			168,682	
Less: Long-term borrowings maturing within one year			(128,552)	
Non-current portion			\$40,130	
<u>2022.12.31</u>				
Taipei Fubon Commercial Bank	(Note 1)	2020/07/10 ~ 2025/07/10	\$87,153	(Note 1)
Taipei Fubon Commercial Bank	(Note 1)	2020/05/19 ~ 2025/07/10	30,000	(Note 1)
Taipei Fubon Commercial Bank	(Note 1)	2021/12/22 ~ 2025/12/22	3,070	(Note 1)
Taipei Fubon Commercial Bank	(Note 1)	2022/01/28 ~ 2025/12/22	6,170	(Note 1)
Taipei Fubon Commercial Bank	(Note 1)	2022/04/14 ~ 2025/12/22	3,620	(Note 1)

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Commercial Bank Taipei Fubon Commercial Bank	(Note 1)	2022/05/12 ~ 2025/12/22	3,620	(Note 1)
Taipei Fubon Commercial Bank	(Note 1)	2022/06/08 ~ 2025/12/22	3,520	(Note 1)
O-Bank	(Note 2)	2022/03/31 ~ 2024/09/30	90,000	(Note 2)
Subtotal			<u>227,153</u>	
Less: Long-term borrowings maturing within one year			<u>(56,563)</u>	
Non-current portion			<u>\$170,590</u>	

Note 1: Based on the "Key Points for Loans and Interests of Relief Subsidies for Business in Difficulties Affected by the Novel Coronavirus Pandemic introduced by the Ministry of Economic Affairs", the Group applied to financial institutions for special financing loans guaranteed by the Small and Medium Enterprise Credit Guarantee Fund of Taiwan. As of December 31, 2023 and 2022, the loan amounts were both NT\$145,000 thousand, and the unused loan amounts were both NT\$0. For the first 12 months after the date of loan allocation, the Group only needed to repay the interest, not the principal (the grace period and due date of the loan amounts of NT\$95,000 thousand and NT\$30,000 thousand were extended for another 12 months starting October 2021, June and September 2022). Starting from the 13th month, the amortized loan is repaid monthly for 24 periods, which interest rates ranging from 0.085% to 2.002%. In addition, the principal of NT\$40,000 thousand was repaid early in February 2023.

Note 2: The Group applied to financial institutions for loans to build non-residential houses. As of December 31, 2023 and 2022, the accumulated loan amounts obtained were both NT\$180,000 thousand, and the unused loan amount were NT\$70,000 thousand and NT\$90,000 thousand. After the fund disbursement from financial institutions, the principal grace period is 12 months, and the interest is collected monthly during the grace period. The date when the grace period expires is the date of the first installment, and thereafter every three months one installment is due, with the principal being repaid in seven installments. 6% is repaid in the first installment, 3% in each of the second to sixth installments, and the balance is paid off in the last installment. The two parties signed a supplementary agreement in March 2023 to modify the aforementioned repayment method to the principal with a 20-month extension from the date of automatic disbursement, with interest collected monthly during the extension period, and the expiration date of the first instalment of , and each instalment is made up of 11 instalments. The first instalment is 4%, and each instalment 2-6 is 8%. The balance is repaid in the last instalment. Interest rate is between 2.677% and 2.72%. In addition, the principal of NT\$35,000 thousand was repaid early in December 2023.

Note 3: In accordance with the "Guidelines of Project Lending to Assist Small and Medium Enterprises of the Ministry of Economic Affairs in Post-pandemic Revitalization", the financing projects applied for by the financial institutions are guaranteed by the Small and Medium Enterprise Credit Guarantee Fund. As of

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December 31, 2023, the obtained credit line was NT\$7,080 thousand, and the undrawn line was NT\$0. The interest is payable 12 months prior to the date of auto-approval with a non-repayment of principal, and the 13th month onward. Each instalment is divided into 24 instalments. The principal and interest are repaid evenly, and the interest rate is 0.5%.

For the information on joint and several guarantor of the Company's long-term borrowings, please refer to Note VII.3 of the Consolidated Financial Statements. In addition, the Company provides bank loans as collateral. Please refer to Note VIII of the Consolidated Financial Statements.

17. Post-employment benefits(1) Defined-benefits plan

A. The Company and the subsidiaries Taiwan Orchid Express and China Express Co., Ltd. have formulated measures for employee retirement based on the service tenure and the expected salary before retirement of employees, and allocated a certain percentage of the total monthly salary as the retirement reserve funds according to the Labor Standards Act to be saved in and used by the special account of the Labor Retirement Fund Supervisory Committee. As the retirement reserve fund is completely separated from the Company and the subsidiaries Taiwan Orchid Express and China Express Co., Ltd., it is not included in the Consolidated Financial Statements.

B. Remeasurements of the net defined benefit plan recognized in other comprehensive income have a cumulative amount as follows:

	2022
Opening amount	\$19,752
Remeasurements of net defined benefit plans	(7,250)
Ending amount	\$12,502

C. Reconciliation of the present value of the defined-benefit obligations and the fair value of plan assets are as follows:

	2022.12.31
Defined benefit obligation	\$31,423
Fair value of plan assets	(27,790)
Net defined-benefit assets and liabilities	\$3,633
Recognized as net defined-benefit assets	\$(444)
Recognized as net defined-benefit liabilities	4,077
Net defined-benefit assets and liabilities	\$3,633

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D. Changes in present value of defined benefit obligation:

	2022
Opening carrying amount	\$36,287
Current period service costs	168
Interest expense	229
Remeasurements of net defined benefit plans	
Actuarial gains arising from changes in financial assumptions	(2,806)
Actuarial gains due to experience adjustment	(2,455)
Ending carrying amount	<u>\$31,423</u>

E. Changes in fair value of plan assets are as follows:

	2022
Opening carrying amount	\$25,372
Interest income	160
Return on plan assets (excluding current interests)	1,989
Contributions by employer	269
Plan asset payment	-
Ending carrying amount	<u>\$27,790</u>

- (A) In accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", the revenue and expense, safeguarding and use of plan assets of the Company and the subsidiaries Taiwan Orchid Express and China Express Co., Ltd. are entrusted by the competent authority and the Ministry of Finance to the Bank of Taiwan handles, of which safeguarding and use can be entrusted to other financial institutions. The scope of application of the fund includes depositing in financial institutions at home and abroad; investing in domestic and foreign listed, OTC or privately placed equity securities; investing in domestic and foreign debt securities; investing in domestic publicly offered or privately placed securities investment trust funds; beneficiary certificates of futures trust funds; beneficiary securities of mutual trust funds or collective trust products; beneficiary certificates issued or managed by foreign fund management institutions; fund shares or investment units; investing in securitized products of real estate at home or abroad, etc. The minimum income distributed based on the annual final accounts shall not be lower than the income calculated based on the 2-year CD rate of local banks. For the information on the use of labor pension fund assets, including fund allocation and yields provided by the Bank of Taiwan, and the fund asset allocation published on the website of the Bureau of Labor Funds of the Ministry of Labor, Executive Yuan, please refer to the website of the Bureau of Labor Funds.
- (B) As of December 31, 2022, the balances of the retirement reserve deposited in the Group's special account in the Bank of Taiwan was NT\$27,790 thousand, respectively.
- (C) The Group expects to contribute NT\$0 thousand to its defined benefit plan during the

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12 months beginning after December 31, 2023.

F. The main actuarial assumptions used are as follows:

	<u>2022.12.31</u>
Discount rate	1.500%
Expected rate of salary increases	2.000%~2.250%

G. General information on the expiration of defined benefit obligations is as follows:

	<u>2022.12.31</u>
Weighted average life	<u>8.7 years to 13.6</u>

Maturity analysis of benefit payment
for the next 10 years

Within 1 year	\$893
2 to 5 years	7,171
Over 6 years	<u>9,840</u>
Total undiscounted amount	<u><u>\$17,904</u></u>

H. The Company, its subsidiary, Taiwan Orchid Express and Taiwan China Express made a net difference of NT\$402 thousand for the employees who are under the defined benefit plan in December 2023. Respectively, NT\$442 thousand of pension expenses and NT\$40 thousand of other gains were recognized in the current year, and recorded under operating expenses - sales and marketing expenses - salary expenses and non-operating income and expense, other gains and losses - other gains. As of December 31, 2023, the remainder of the labor pension fund of NT\$14,419 thousand has not yet been collected, so it is recognized as other receivables.

I. Amount of pension expenses recognized as profit or loss is as follows:

	<u>2023</u>	<u>2022</u>
Current period service costs	\$-	\$168
Interest expense	-	229
Interest income	-	(160)
Difference in settlement years	442	-
Total	<u>\$442</u>	<u>\$237</u>
Marketing expenses - Payroll expenses	<u>\$442</u>	<u>\$237</u>

(2) Defined contribution plan

A. The Company and the domestic subsidiaries started adopting the defined contribution plan after the Labor Pension Act became effective in July 2005. Employees may choose to continue their eligibility for the pensions under the "Labor Standards Act" and retain the service tenure under the conditions for which the eligibility applies. For employees who

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are eligible, the Company and the domestic subsidiaries make a monthly contribution of no less than 6% of the monthly wages of the employees to the labor pension personal accounts set up by the Bureau of Labor Insurance. After allocating the monthly contribution to the pension accounts, the Company and the domestic subsidiaries do not have the legal and constructive obligations to pay more contribution funds.

B. Subsidiaries located in China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

C. The amount of pension expenses recognized by the Group due to the adoption of the defined contribution plan is as follows:

	2023	2022
Marketing expenses - Payroll expenses	\$5,108	\$4,546
Administrative expenses - Payroll expenses	964	721
Total	<u>\$6,072</u>	<u>\$5,267</u>

18. Share capital

	Authorized capital (in thousand)	Common shares have been issued, with a face value of NT\$10 per share	
		Number of shares (thousand)	Common stock
Balance on 2022.01.01	\$1,000,000	67,117	\$671,174
Capitalization of shareholder dividends	-	6,650	66,496
Balance on 2022.12.31	<u>\$1,000,000</u>	<u>73,767</u>	<u>\$737,670</u>
Balance on 2023.01.01	\$1,000,000	73,767	\$737,670
Balance on 2023.12.31	<u>\$1,000,000</u>	<u>73,767</u>	<u>\$737,670</u>

The relevant rights, priorities and restrictions of common stock issued by the Company are as follows:

- A. Each share the shareholder holds counts as one vote.
- B. The distribution of dividends and bonuses shall be based on the proportion of shares held by each shareholder.
- C. After the debt is paid off, the remaining property is distributed in proportion to the shares held by each shareholder.

The shareholders' meeting on June 15, 2022 resolved that the shareholder bonus of NT\$66,496 thousand would be capitalized to issue new shares. The par value of each share is NT\$10, and there are 6,650 thousand shares. Please refer to Note VI.22 of the Consolidated Financial Statements for details. On the same day, the board resolved to authorize the chairman to set the date of record for stock dividend, and the chairman set August 6, 2022 as the date of record for stock dividends. The Company has applied to the competent authority for the abovementioned capital increase which has been declared effective, and the registration change procedures for the capital increase have been completed.

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19. Capital surplus

	2023.12.31	2022.12.31
Premium on common stock	\$173,246	\$195,190
Share-based payments	9,810	9,810
Difference between actual acquisition price and carrying value of equity in subsidiaries	25	-
Difference between actual disposal price and carrying value of equity in subsidiaries	86	86
Total	<u>\$183,167</u>	<u>\$205,086</u>

In accordance with the Company Act, the capital reserve shall not be used except for making up for the Company's losses. If the Company has no losses, all or part of the premium arising from paid-in capital in excess of the par value on issuance of common stock and donations can be used to issue new shares or cash to shareholders in proportion to their ownership. Capital surpluses should not be used to cover accumulated deficit unless the legal reserve is insufficient.

The annual general meeting held on June 19, 2023 approved the resolution to distribute NT\$21,944 thousand in cash from the capital surplus - common stock premium to shareholders. Please refer to Note VI.22 of the Consolidated Financial Statements for details.

For the difference between the equity price and book value of the disposal of subsidiaries on October 27, 2023, please refer to Note IV.2 Note 7 of the Consolidated Financial Statements.

20. Legal reserve

According to the provisions of the Company Act, after all taxes are paid, 10% of the profits shall be allocated as the legal reserve, and shall continue to be appropriated until the total amount reaches the total share capital. The legal reserve can be used to make up for the Company's losses. If the Company has no losses, the portion of the legal reserve exceeding 25% of the paid-in capital can be used to issue new shares or cash to shareholders in proportion to their shareholding.

21. Special reserve

The Company sets aside and reverses special reserve in accordance with Jin-Guan-Zheng-Fa-Zi Document #1010012865 and #1010047490 and the provisions of the "Q&A for Setting Aside Special Reserve After Adopting the IFRS". If there is a subsequent reversal of the balance of other deducted items of equity, the profits may be distributed from the reversed portion. The FSC has published the order Jin-Guan-Zheng-Fa-Zi Document #1090150022 on March 31, 2021. After the issuance of the order, the original Jin-Guan-Zheng-Fa-Zi Document #1010012865 and #1010047490 were abolished on December 31, and March 31, 2021, respectively. The Company will comply with the relevant orders for future procedures.

22. Profit distribution and dividend policy

(1) According to the Articles of Incorporation, annual surpluses concluded by the Company are first subject to taxation and making up for previous losses, followed by a 10% provision for legal reserves; however, no further provision is needed when legal reserves have accumulated to the same amount as the Company's paid-in capital. Any surpluses remaining shall then be subject to provision or reversal of special reserves, as the laws or the competent authority may

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require. The residual balance can then be added to undistributed earnings carried from previous years per board resolution, and the shareholder meeting resolved to distribute shareholder bonus shares.

(2) Dividend policy: The travel agencies is a mature industry currently in a phase of dramatic changes and development. The Company's dividend policy is based on the current and future development plans and considers the investment environment, capital needs, domestic and overseas competition and the interests of shareholders. At least 50% of the distributable earnings of the year shall be allocated as shareholder dividends. The annual cash dividends shall be at least 10%, and no more than 100%, of the total of cash and stock dividends distributed in the year.

(3) The motions for profit distribution and capital surpluses distributed as cash dividends to shareholders resolved by the annual general meeting are summarized as follows:

	2022	2021	
Legal reserve allocated	\$1,940	\$13,390	
Special reserve allocated (reversed)	\$33,179	\$(55,872)	
Shareholder dividends			
Cash	\$-	\$66,496	
Cash dividend per share	-		NT\$1
Stock (face value: NT\$10/share)	-	6,650 thousand shares	
Stock dividends per share	-		NT\$1
Capital surpluses distributed to shareholders			
Cash	\$21,944		\$-
Cash dividend per share	NT\$0.3		-

23. Other equities (net after tax)

	<u>Equity attributable to the parent</u>		<u>Non-controlling interests</u>		<u>Total</u>
	Exchange differences on translation of foreign operations	Unrealized gain or loss on financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Unrealized gain or loss on financial assets measured at fair value through other comprehensive income	
<u>2023</u>					
Beginning balance	\$(714)	\$(32,465)	\$(6,466)	\$(32)	\$(39,677)
Occurred this period - The Group	(488)	80,241	(425)	21	79,349
Not reclassified to					

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profit or loss					
-- The Group	-	(45,614)	-	-	(45,614)
Reclassified to profit or loss	-	-	-	-	-
Ending balance	<u>\$(1,202)</u>	<u>\$2,162</u>	<u>\$(6,891)</u>	<u>\$(11)</u>	<u>\$(5,942)</u>
<u>2022</u>					
Beginning balance	\$(1,156)	\$99,898	\$(6,820)	\$162	\$92,084
Occurred this period -					
The Group	442	(87,451)	354	242	(86,413)
Not reclassified to profit or loss					
-- The Group	-	(44,912)	-	(436)	(45,348)
Reclassified to profit or loss	-	-	-	-	-
Ending balance	<u>\$(714)</u>	<u>\$(32,465)</u>	<u>\$(6,466)</u>	<u>\$(32)</u>	<u>\$(39,677)</u>

24. Treasury stock

(1) The Company implements the treasury stock measures to buy back outstanding shares from the centralized market, and the changes according to the reasons for the buy-back as follows:

(Unit: Thousand shares)

Reason for share repurchase	Beginning balance		Increase this period		Decrease this period		Ending balance	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
<u>2023</u>								
Transfer shares to employees	621	<u>\$18,283</u>	-	<u>\$-</u>	-	<u>\$-</u>	621	<u>\$18,283</u>
<u>2022</u>								
Transfer shares to employees	621	<u>\$18,283</u>	-	<u>\$-</u>	-	<u>\$-</u>	621	<u>\$18,283</u>

(2) The Securities and Exchange Act stipulates that the percentage of the Company's repurchase of outstanding shares shall not exceed 10% of the Company's total issued shares, and the total value of shares purchased shall not exceed the retained earnings plus the premium of issued shares and the amount of realized capital reserve. The calculation basis resolved on the date of the board meeting complies with the provisions of the Securities and Exchange Act.

(3) The treasury stocks held by the Company shall not be pledged and shall not be entitled to dividend distribution, voting power, and other rights in accordance with the Securities and Exchange Act. The shares repurchased to be transferred to employees shall be transferred in one or multiple issues within five years from the date of the buy-back. If the transfer is not

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made within the time limit, the shares are deemed as unissued shares, and change of authorized capital registration shall be made.

25. Non-controlling interests

	2023	2022
Beginning balance	\$27,655	\$32,345
Profit (loss) attributable to non-controlling interests	79	(458)
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences on translation of foreign operations	(425)	354
Unrealized gain or loss on financial assets measured at fair value through other comprehensive income	21	242
Re-measurement of defined benefit plans	-	77
Difference between actual acquisition price and carrying value of equity in subsidiaries	(25)	-
Increase (decrease) in non-controlling interest	17,135	(4,905)
Ending balance	<u>\$44,440</u>	<u>\$27,655</u>

26. Net revenue

	2023	2022
Group revenue	\$2,062,670	\$149,555
Other operating income	139,980	53,121
Net revenue	<u>\$2,202,650</u>	<u>\$202,676</u>

(1) Disaggregation of revenue:

A. Main items

	2023	2022
Group revenue	\$2,062,670	\$ 149,555
Commission revenue	45,413	21,511
Revenue from counter rental		
(Note)	9,119	7,416
Land transportation revenue	6,455	1,948
Freight revenue	19	27
Revenue from handling fees, etc.	78,974	22,219
Total	<u>\$2,202,650</u>	<u>\$202,676</u>

Note: Revenue from counter rental includes the calculation of commission based on the monthly revenue of the service counters and the guaranteed revenue amount by the end of the month, whichever is higher. The commission based on the monthly revenue

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of the counter is separately negotiated with each merchant who leases the service counter at a specific percentage.

B. For the revenue breakdown by segment reporting, please refer to Note XIV of the Consolidated Financial Statements.

(2) Contract assets and contract liabilities:

	2023.12.31	2022.12.31
Contract assets	\$-	\$-
Contract liabilities	\$385,872	\$189,140

A. For the disclosure of notes receivable, accounts receivable and their impairments, please refer to Notes VI.4 and VI.5 of the Consolidated Financial Statements.

B. Significant changes in the balance of contract liabilities are explained as follows:

	Contract liabilities	
	2023	2022
Opening balance of contract liabilities recognized in the current period as revenue	\$189,140	\$21,874
Increase in cash received in advance in the current period	385,872	189,140

(3) Partially completed client contracts:

The transaction price apportioned for performance obligations that have not been fully satisfied and the expected cut-off point of revenue recognition are as follows:

	2023.12.31	2022.12.31
Fulfilled in Q1 2024 or 2023		
Sports training courses	\$1,202	\$1,092
Group travel contracts	\$9,216	\$6,690

27. Operating costs and operating expenses

Summary schedule of employee benefits and depreciation expenses by function:

By function Type	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Payroll expenses (Note 1)	\$4,548	\$107,695	\$112,243	\$3,609	\$52,423	\$56,032
Labor and health insurance	232	10,267	10,499	-	9,523	9,523

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Pension costs	103	6,411	6,514	59	5,445	5,504
Directors' remuneration	-	5,085	5,085	-	1,640	1,640
Other employee benefits expense	23	4,364	4,387	4	2,344	2,348
Total	4,906	133,822	138,728	3,672	71,375	75,047
Depreciation expense (Note 2)	6,825	8,974	15,799	8,054	9,759	17,813

Note 1: (1) The estimated and actual distribution of employee and director remuneration in the above payroll expenses are explained as follows:

- A. If the Company is profitable in the fiscal year, no less than 2% of the profit shall be offered as remuneration for employees, and no more than 1.5% of the profit shall be allocated as remuneration for directors. However, if the Company still has accumulated losses, an amount shall be reserved in advance to make up for the losses. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, there to a report of such distribution is submitted to the shareholders' meeting. The abovementioned recipients of stock or cash distributed may include the employees of the subsidiaries whose shares the Company holds more than 50%.
- B. The estimated amounts of remuneration payable to employees and directors in 2023 are NT\$4,381 thousand and NT\$3,285 thousand, respectively. The remuneration is estimated based on the profit of the period in 2023 (pre-tax profit before deducting the distribution of employee and director remuneration) using 2% and 1.5%, respectively, to obtain the amounts for employees and directors. The estimated remuneration of employees and directors is recognized as the operating expenses of the current period. If the estimated amount is different from the actual amount resolved by the board of directors, it is recognized as profit or loss of the next year.
- C. The Company had a net loss before tax for 2022, so it is not necessary to accrue and distribute employee and director remuneration.
- D. There is no difference between the estimated amount of 2023 remuneration payable to employees and directors and the amount distributed by the board resolution on March 8, 2024. The Company had a net loss before tax for 2022, so it is not necessary to accrue and distribute employee and director remuneration.

(2) Information on employees remuneration and director remuneration of the Company as resolved by the board can be accessed through the Market Observation Post System.

Note 2: The depreciation expenses recognized in 2023 and 2022 were NT\$19,797 thousand and NT\$21,811 thousand, respectively, of which the depreciation expenses of PP&E - Lease assets and Investment property - Houses and buildings recognized both amounted to NT\$3,998 thousand, respectively, which were recognized under other net gains and losses.

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28. Other net gains and losses

	2023	2022
Property, plant and equipment - Lease assets		
Rental income	\$586	\$689
Depreciation	(154)	(155)
Investment property		
Rental income	9,525	11,429
Depreciation	(3,844)	(3,843)
Other revenues and expenses, net	<u>\$6,113</u>	<u>\$8,120</u>

29. Non-operating income and expenses(1) Other gains and losses

	2023	2022
Net foreign exchange profit	\$20,590	\$3,010
Gain on disposal of property, plant and equipment	286	-
Government grants (Note)	3,099	4,359
Industry Innovation Platform Project Grants	-	800
Project entrustment service fee	-	(1,500)
Other gains	6,926	4,392
Total	<u>\$30,901</u>	<u>\$11,061</u>

Note: The subsidy for the promotion of characteristic group tours was obtained from the Tourism Bureau, MOTC.

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(2) Financing cost

	2023	2022
Interest on bank borrowings	\$(14,556)	\$(9,231)
Interest on notes payable	(2,929)	(1,613)
Interest on lease liabilities	(3,362)	(3,522)
Subtotal	(20,847)	(14,366)
Less: Amount of capitalization of borrowing costs (Note)	7,387	4,819
Total	<u>\$(13,460)</u>	<u>\$(9,547)</u>

Note: Please refer to Note VI.8(3) of the Consolidated Financial Statements.

(3) Expected loss on credit impairment

(See Note VI.2(2) to consolidated financial statements).

(4) Interest income

	2023	2022
Interest from cash in the bank	\$2,372	\$934
Interest from financial assets measured at amortized cost	-	763
Interest for bond repurchase	532	113
Total	<u>\$2,904</u>	<u>\$1,810</u>

(5) Dividend income

	2023	2022
Dividend income	<u>\$31,935</u>	<u>\$36,215</u>

(6) Net losses (gains) on financial assets (liabilities) at fair value through profit or loss

(See Note VI.2(4) to consolidated financial statements).

Phoenix Tours International, Inc. and Subsidiaries Notes to Consolidated Financial Statements

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30. Other comprehensive income

Components of other comprehensive income	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax (expense) benefit	Other comprehensive income, net of tax
<u>2023</u>					
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	\$80,262	\$-	\$80,262	\$-	\$80,262
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	(913)	-	(913)	-	(913)
Total	\$79,349	\$-	\$79,349	\$-	\$79,349
<u>2022</u>					
Not to be reclassified to profit or loss in subsequent periods:					
Re-measurement of defined benefit plans	\$7,250	\$-	\$7,250	\$(1,450)	\$5,800
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(87,209)	-	(87,209)	-	(87,209)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	796	-	796	-	796
Total	\$(79,163)	\$-	\$(79,163)	\$(1,450)	\$(80,613)

31. Income tax

- (1) The income tax declaration of the profit-seeking enterprises of the Group must be filed separately with each entity, and consolidated reporting is not allowed. The profit-seeking enterprise income tax settlement reporting for the Company and the subsidiaries, Taiwan Orchid Express Inc., China Express, Vip Bus, Tianhe Air Cargo Co., Ltd., Yu Lin Travel

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Service Co., Ltd., Phil-Am Express Travel Service Co., Ltd., Shang Hai Huaxia International Travel Service Co., Ltd., Travelarena Int'l Co., Ltd., Phoenix Travel Press, Taiwan Orchid Insurance Agency Co., Ltd., Fitnexx Co., Ltd., Boyi Co., Ltd. and Park Joy Co., Ltd. before 2021 (included) has been approved and filed by the tax collection authority.

(2) Components of income tax expense:

A. Income tax recognized in profit or loss

	2023	2022
Current income tax expense		
Income tax expenses payable in the current period	\$39,010	\$2,804
Non-deductible tax on foreign income	269	274
Current income tax of the previous year recognized as an adjustment in this period	(2)	(111)
Deferred income tax (benefit) expense		
Deferred tax expense gain relating to origination and reversal of temporary differences	(8,677)	(1,706)
Deferred income tax (expense) benefit related to the reversal of taxable losses and initial occurrence	6,323	(334)
Income tax (expense) benefit	<u>\$36,923</u>	<u>\$927</u>

B. Income taxes relating to components of other comprehensive income:

	2023	2022
Deferred tax expense relating to origination and reversal of temporary differences	<u>\$-</u>	<u>\$1,450</u>

(3) Reconciliation between income tax expense and accounting profit:

	2023	2022
Accounting profit		
Net profit (loss) before tax	<u>\$215,176</u>	<u>\$(30,767)</u>
Tax at the rates applicable to profits in the country concerned	\$48,084	\$(9,990)
Domestic surtax on unappropriated retained earnings	1	1,995
Adjustment		
Income tax effects of permanent differences	(11,478)	8,725
Income tax effects of temporary differences	8,712	1,740
Effects of loss deduction	<u>(6,309)</u>	<u>334</u>

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Income tax expenses payable in the current period	39,010	2,804
Non-deductible tax on foreign income	269	274
Current income tax of the previous year recognized as an adjustment in this period	(2)	(111)
Deferred income tax benefit	(2,354)	(2,040)
Income tax (expense) benefit	<u>\$36,923</u>	<u>\$927</u>

(4) Analysis of deferred tax assets and liabilities:

	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance
<u>2023</u>				
Deferred tax assets				
Unrealized disposition among affiliates				
Capital gains	\$318	\$(34)	\$-	\$284
Unrealized measurement loss of financial assets	184	5,463	-	5,647
Unrealized exchange losses	60	106	-	166
Pension adjustment	815	(32)	-	783
Unrealized expected credit impairment loss	-	6,723	-	6,723
Loss deduction	6,898	(6,289)	-	609
Total	<u>\$8,275</u>	<u>\$5,937</u>	<u>\$-</u>	<u>\$14,212</u>
Deferred tax liabilities				
Unrealized measurement gain of financial assets	\$1,053	\$3,782	\$-	\$4,835
Unrealized long-term equity investment income	1,443	(351)	-	1,092
Unrealized gain on exchange	20	1	-	21
Pension adjustment	89	151	-	240
Total	<u>\$2,605</u>	<u>\$3,583</u>	<u>\$-</u>	<u>\$6,188</u>
<u>2022</u>				
Deferred tax assets				
Unrealized disposition among affiliates				
Capital gains	\$352	\$(34)	\$-	\$318
Allowance for bad debts over the limit	97	(97)	-	-

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Unrealized measurement loss of financial assets	-	184	-	184
Unrealized exchange losses	1,736	(1,676)	-	60
Pension adjustment	2,200	(7)	(1,378)	815
Loss deduction	6,564	334	-	6,898
Total	<u>\$10,949</u>	<u>\$(1,296)</u>	<u>\$(1,378)</u>	<u>\$8,275</u>
Deferred tax liabilities				
Unrealized measurement gain of financial assets	\$3,078	\$(2,025)	\$-	\$1,053
Unrealized long-term equity investment income	2,774	(1,331)	-	1,443
Unrealized gain on exchange	-	20	-	20
Pension adjustment	17	-	72	89
Total	<u>\$5,869</u>	<u>\$(3,336)</u>	<u>\$72</u>	<u>\$2,605</u>

(5) Information on unused tax losses of entities within the Group is summarized as follows:

According to the Income Tax Act, those who entrust accountants to audit and verify the reporting of income tax for profit-seeking enterprises may deduct the losses of each period in the last ten years that have been approved by the taxation authority from the net income of the current period, and then carry out the income tax assessment for profit-seeking enterprises. The balance of losses that have not been deducted by the Company and subsidiaries Taiwan Orchid Express, China Express, Vip Bus, Park Joy Co., Ltd., Fitnexx Co., Ltd. and Boyi Co., Ltd. is shown as follows:

Occurred year	Amount not yet deducted		Last year of deduction
	2023.12.31	2022.12.31	
2017	\$669	\$669	2027
2019	34	34	2029
2020	7,391	7,391	2030
2021	5,109	35,219	2031
2022	1,821	3,328	2032
2023	2,599	-	2033
Total	<u>\$17,623</u>	<u>\$46,641</u>	

(6) Unrecognized deferred tax assets:

	2023.12.31	2022.12.31
Unused taxable loss	<u>\$2,915</u>	<u>\$2,430</u>

32. Earnings per share(1) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding in the current period:

Phoenix Tours International, Inc. and Subsidiaries Notes to Consolidated Financial Statements

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	2023	2022
Current profits (loss) attributable to shareholders of the parent company	\$178,174	\$(31,236)
Number of shares outstanding at the beginning of period (treasury stock already deducted)	73,146 thousand shares	66,496 thousand shares
2022.08.06 Capitalization of shareholder dividends	-	6,650
Weighted Average Shares	73,146 thousand shares	73,146 thousand shares
Basic earnings per share (after tax) (NT\$)	\$2.44	\$(0.43)

(2) Diluted earnings per share

Diluted earnings per share is calculated by adjusting profit or loss attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares:

	2023	2022
Current profits (loss) attributable to shareholders of the parent company	\$178,174	\$(31,236)
Weighted Average Shares	73,146 thousand shares	73,146 thousand shares
Add: Employee compensation assuming issue of bonus shares	60	-
Weighted average shares after adjustment	73,206 thousand shares	73,146 thousand shares
Diluted earnings per share (after tax) (NT\$)	\$2.43	\$(0.43)

Phoenix Tours International, Inc. and Subsidiaries Notes to Consolidated Financial Statements

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33. Reconciliation for liabilities arising from financing activities

Assets	Beginning balance	Cash flow	Non-cash change			Ending balance
			Added leases	Lease modification	Others	
<u>2023</u>						
Bank loan	\$646,500	\$(42,600)	\$-	\$-	\$-	\$603,900
Short-term notes payable	179,885	(31)	-	-	-	179,854
Long-term bank loans						
(Mature within one year)	227,153	(58,471)	-	-	-	168,682
Lease liabilities						
(Mature within one year)	116,824	(8,134)	-	-	-	108,690
Total	<u>\$1,170,362</u>	<u>\$(109,236)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,061,126</u>
<u>2022</u>						
Bank loan	\$179,000	\$467,500	\$-	\$-	\$-	\$646,500
Short-term notes payable	639,121	(459,236)	-	-	-	179,885
Long-term bank loans						
(Mature within one year)	120,223	106,930	-	-	-	227,153
Lease liabilities						
(Mature within one year)	125,147	(8,323)	-	-	-	116,824
Total	<u>\$1,063,491</u>	<u>\$106,871</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,170,362</u>

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VII. Related-party transactions

Account balances, transactions, gains and losses among entities within the Group have been eliminated in full when the Group prepares the Consolidated Financial Statements. For the business relationship and the status and amount of key transactions between the Company and subsidiaries and between subsidiaries, please refer to Table 6 of Note XIII.1.(10) to the Consolidated Financial Statements. The transactions between the Group and other related parties are disclosed as follows:

1. Name and nature of relationship of the related parties

Type/Name of related parties	Nature of relationship of the related parties
Others/Wing On Travel	Our Chairman and the chairman of that company are second-degree relatives
All directors, general manager and deputy general managers	Relatives within Main managerial personnel of the Company and subsidiaries

2. Significant transactions with the related parties(1) Operating revenue

Type of related parties	2023	2022
Main managerial personnel (Chairman)	\$84	\$-

The Company's sales price and collection method to related parties are similar to those of general customers.

(2) Rental income

Rental income generated by the Group renting out offices to other related parties (the rent is collected on a monthly basis) is as follows:

Type of related parties	2023	2022
<u>Other net gains and losses - Rental income</u>		
Others	\$-	\$114

3. Endorsement and guarantee

Related parties serving as joint and several guarantors for the Group borrowing from banks, applying for financing facilities and issuing short-term notes:

Lending banks and guarantee/acceptance institutions	Joint guarantor
<u>2023.12.31</u>	
Chinatrust Commercial Bank, Shanghai Commercial and Savings Bank, Taipei Fubon Commercial Bank, First Commercial Bank, O-Bank, Yuanta Bank and E.Shan Bank	Main managerial personnel (Chairman and Director Jimmy K. M. Chang)
<u>2022.12.31</u>	
Chinatrust Commercial Bank, Shanghai Commercial and Savings Bank, Taipei Fubon Commercial Bank, First Commercial Bank, O-Bank and Mega Bills Finance	Main managerial personnel (Chairman and Director Jimmy K. M. Chang)

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4. Compensation of key management personnel

Information on the total amount of remuneration paid by the Group to directors, general manager and deputy general managers and other key management personnel is summarized as follows:

Items	2023	2022
Short-term benefits	\$18,333	\$13,070
Post-employment benefits	223	136
Total	\$18,556	\$13,206

The Group's Salary and Remuneration Committee refers to the standard among industry peers and considers individual performance, company's business performance and future risks and the reasonableness of their relevance in determining the remuneration of key management personnel.

VIII. Pledge assets

The guarantee, collateral and the Group's travel agency deposits provided as the guarantee or acceptance for the Group's borrowings, application for credit line, issue of short-term notes to financial institutions and Tourism Bureau of the Ministry of Transportation and Communications as of December 31, 2023 and 2022 are as follows:

Accounting item	2023.12.31	2022.12.31	CollateralO agency
Financial assets (current and non-current) at fair value through other comprehensive income	\$536,825	\$535,791	First Commercial Bank, Taipei Fubon Bank, O-Bank, Mega Bills Finance, Shanghai Commercial & Savings Bank, and Mega Bills Yuanta Bank
Other financial assets (current and non-current) -- Demand deposit and certificate of deposit	36,447	14,417	Shanghai Commercial and Savings Bank, Chinatrust Commercial Bank, Citibank, Cathay United Bank and the Tourism Bureau of MOTC and O-Bank
Property, plant and equipment - Land, house and building	144,943	147,433	Chinatrust Commercial Bank and Shanghai Commercial and Savings Bank
Right-of-use assets - Right of superficies	91,067	93,651	O-Bank
Investment property - Land, houses and buildings	371,945	375,789	Chinatrust Commercial Bank
Total	\$1,181,227	\$1,167,081	

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

As of December 31, 2023, the Group has the following material contingent liabilities and unrecognized contractual commitments not included in the abovementioned Consolidated Financial Statements:

1. In order to conduct business with the International Air Transport Association (IATA) and airlines, the Group provides pledged assets as stated in Note VIII of the Consolidated Financial Statements and entrusts financial institutions with issuing a guarantee letter with an amount of NT\$175,893 thousand.
2. As of December 31, 2023, the Company has signed a significant contract amounting to NT\$373,216 thousand for the construction of the hotel, of which NT\$60,121 thousand was not yet paid.
3. The Company signed a lease agreement on the land lot #286 on Baisha Section in Liuqiu Township, Pingtung County with a non-related party to build a hotel. If the lease is not renewed at the end of the term, the ownership transfer of buildings and ancillary buildings on the leased property is detailed in Note VI.9(2) of the Consolidated Financial Statements.
4. The total amount of guarantee issued by the Company for the issuance of short-term notes is NT\$180,000 thousand.

X. Losses due to major disasters

No such situation.

XI. Major subsequent issues

No such situation.

XII. Others

1. Capital management

- (1) The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to protect stakeholders' interests, maintain an optimal capital structure to reduce the cost of capital, and offer products or services priced on relevant risk levels to provide adequate returns to shareholders.
- (2) The Group sets the share capital amount based on the risk level, and manages the capital structure and adjusts it appropriately according to the changes in the economic situation and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, conduct capital reduction to return capital to shareholders, issue new shares or sell assets to reduce debt.
- (3) In line with other industry peers, the Group's capital control is based on the ratio of net debt to total capital. The ratio is calculated as net debt divided by total capital. Net debt is total liabilities less cash and cash equivalents; total capital is all components of equity (share capital,

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capital surplus, retained earnings, other equities and non-controlling interests) plus net debt.

- (4) The Group does not have any externally imposed capital requirements. The ratio of net debt to total capital for each period is as follows:

	2023.12.31	2022.12.31
Total Liabilities	\$1,685,629	\$1,496,592
Less: Cash and cash equivalents	(295,989)	(297,625)
Net liabilities	1,389,640	1,198,967
Total Equity	1,465,561	1,212,768
Total capital	\$2,855,201	\$2,411,735
Ratio of net debt to total capital	48.67%	49.71%

2. Financial risk management

- (1) The Group's major financial instruments include cash and cash equivalents, financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, other financial assets, bank borrowings, short-term bills payable, The Group uses these financial instruments to adjust its operating capital requirements, so the Company has to bear a number of financial risks for its operations. Such risks include market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk. The Group's overall financial risk management focuses on minimizing potential adverse effects on the Group's exposure to financial risks due to changes in financial markets.
- (2) The Group's Financial Management Department identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units, and coordinates operations in the domestic and overseas financial markets, and manages financial risks relevant to the Group's operations, and is supervised and manage by the board.
- (3) The Group's financial instruments have the following main risks:

A. Market risk

The main market risk is the exchange rate risk arising from the operating activities denominated in non-functional currency, and the interest rate risk or price risk arising from the transaction of financial instruments.

(A) Foreign exchange risk

The main exchange rate risks arise from operating activities denominated in non-functional currencies. We pay attention to the changes in foreign currency at all times, and purchase foreign currency and trades derivatives in a timely manner to flexibly adjust to the exchange rate. We also adopt a more conservative quotation policy and adjust our product price in a timely manner to reduce losses. As net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

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The Group's financial assets and liabilities denominated in non-functional currencies with significant exposure to exchange rate fluctuations on the reporting date, and the information on their sensitivity analysis are shown as follows (the Company and domestic subsidiaries use New Taiwan dollars as the functional currency, and the subsidiaries in China use RMB as the functional currency). Sensitivity analysis refers to the impact on pre-tax income or equity of the Group's financial assets and liabilities denominated in non-functional currencies on the reporting date when the New Taiwan dollar appreciates by 3% against the relevant foreign currencies. If the New Taiwan dollar depreciates by 3% against the relevant foreign currencies, the pre-tax income or equity can go in the opposite direction:

	Foreign currency (in thousand)	Exchange rate	Carrying amount	Fluctuation	Sensitivity Analysis	
					Changes in net profit (loss) before tax	Changes in equity
<u>2023.12.31</u>						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 675	30.71	\$ 20,734	3%	\$622	\$-
EUR : NTD	1,133	34.01	38,522	3%	1,156	-
JPY : NTD	7,480	0.2175	1,627	3%	49	-
<u>Non-monetary items</u> : None.						
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$347	30.71	\$10,661	3%	\$320	\$-
EUR : NTD	277	34.01	9,440	3%	283	-
<u>Non-monetary items</u> : None.						
<u>2022.12.31</u>						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 487	30.70	\$ 14,944	3%	\$448	\$-
EUR : NTD	784	32.74	25,660	3%	770	-
JPY : NTD	25,644	0.233	5,965	3%	179	-
<u>Non-monetary items</u> : None.						
<u>Financial liabilities</u>						
<u>Monetary items</u>						

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USD : NTD	\$22	30.70	\$678	3%	\$20	\$-
EUR : NTD	82	32.74	2,693	3%	81	-

Non-monetary
items : None.

The information on the amount of exchange gains and losses (realized and unrealized) translated into the amount in functional currency and the exchange rate of presentation currency for the translation into the Consolidated Financial Statements is as follows:

Functional	2023		2022	
	Exchange	Average	Exchange	Average
NT\$	\$20,589	-	\$2,141	-
RMB	1	-	869	-
Total	<u>\$20,590</u>		<u>\$3,010</u>	

(B) Interest rate risk

Interest rate risks include fair value interest rate risk for fixed rate financial instruments and cash flow interest rate risk for floating rate financial instruments. Financial instruments with fixed interest rates refer to cash equivalents - time deposits, cash equivalents to repurchase agreements, other financial assets, time deposits, some short-term bank loans, short-term bills payable and lease liabilities; financial instruments with floating interest rates are Demand deposits, some short-term bank loans, and long-term bank loans (including those due within one year). The Group evaluates and analyzes interest rate risk on a dynamic basis, and controls the degree of exposure to interest rate risk by maintaining an appropriate combination of fixed and floating interest rates. If there is a material exposure to interest rate risk in the future, risk management is expected to be carried out through interest rate swap contracts or forward rate agreements within the scope permitted by policy.

a. Fixed and floating rate financial assets and liabilities

	<u>2023.12.31</u>	<u>2022.12.31</u>
Fixed interest rate		
Financial assets	\$221,278	\$71,385
Financial liabilities	<u>(548,444)</u>	<u>(296,709)</u>
Net amount	<u>\$(327,166)</u>	<u>\$(225,324)</u>
Floating rate		
Financial assets	\$101,732	\$237,087
Financial liabilities	<u>(512,682)</u>	<u>(873,653)</u>
Net amount	<u>\$(410,950)</u>	<u>\$(636,566)</u>

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b. Sensitivity Analysis

If the market lending rate on the reporting date increases by 1%, and the Group's floating-rate financial liabilities are to be held for one fiscal year, while all other factors are held unchanged, the 2023 net loss after tax decreases by NT\$5,127 thousand and the 2022 net profit after tax increases by NT\$8,737 thousand.

The Group holds demand deposits as floating-rate financial assets, and does not expect to have significant cash flow interest rate risk.

(C) Other price risks

For the Group's holding financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, and financial liabilities measured at fair value through profit or loss, equity-linked instruments, beneficiary certificates, equity securities, the Company diversifies the price risk through portfolio replacement.

Sensitivity Analysis

If the closing price of the financial assets measured at fair value through profit or loss - equity-linked instruments at the reporting date goes up by 10%, while other factors remain unchanged, the impact on the pre-tax net income is shown as follows. If the closing price goes down by 10%, it will have the opposite effect on the pre-tax net income.

Financial assets measured at fair value through profit or loss (beneficiary certificate), financial assets measured at fair value through other comprehensive profit or loss (common shares for domestic and emerging companies and preferred shares for domestic listed companies), and Financial liabilities measured at value - If the price of the financial asset rose by 10% on the reporting date, and all other factors remain unchanged, the impact on the net profit (loss) and The impact of other comprehensive income before tax is as follows. If the price of the aforementioned financial assets falls by 10%, it will have an opposite impact on the net profit (loss) before tax and other comprehensive income before tax.

	2023	2022
Increase pre-tax net profit or decrease in net loss		
Beneficiary certificates of financial assets measured at fair value through profit or loss	\$29,434	\$28,120
Equity-linked instruments	22,789	11,737
Obligation to cover short selling of financial liabilities measured at fair value through profit or loss	(1,710)	-
Subtotal	<u>50,513</u>	<u>39,857</u>
Increase in other		

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comprehensive income before tax		
Financial assets measured at fair value through other comprehensive income	98,738	87,792
Total	<u>\$149,251</u>	<u>\$127,649</u>

B. Credit risk

(A) The credit risk mainly refers to the potential impact of financial assets on the counterparty or other party's failure to perform the contract. The impact includes the credit risk concentration, components, contract amount and other receivables of the financial assets which the Group trades. In order to reduce credit risk, the counterparties of bank deposits, cash equivalents - time deposit, cash equivalents - bond repurchase, financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, and other financial assets are all well-known domestic and foreign financial institutions, securities institutions or investment companies. As for accounts receivable, we continuously evaluate the financial status, prior experience and other factors of the transaction counterparties, and in a timely manner adjust the transaction limit and transaction method of each individual customer, so as to improve the credit quality of the Group to customers.

(B) The Group evaluates and analyzes financial assets that are overdue or impaired on the balance sheet date, and the amount of credit risk exposure is as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Amount of credit risk exposure		
Allowance for loss - 12-months expected credit		
Loss amount measured	\$-	\$-
Allowance for loss - Lifetime expected credit		
Loss amount measured		
Notes receivable	-	-
Accounts receivable	500	500
Other receivables	33,617	-
Total	<u>\$34,117</u>	<u>\$500</u>

The above credit risk exposure amount comes from the recovery of notes and accounts receivable and other receivables. The Group has continuously assessed the loss events that affect the estimated future cash flows of receivables and provided appropriate allowance account. Therefore, The book value of notes receivable, accounts and other receivables has appropriately considered and reflected the credit risk. The Group does not hold collaterals as a guarantee for the impairment of financial assets in the allowance account.

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(C) The expected credit loss analysis of the Group's notes receivable and accounts receivable is as follows:

<u>2023.12.31</u>	Total carrying amount of notes receivable and accounts receivable	Provision matrix (loss rate)	Allowance for loss (lifetime expected credit loss)
Same industry:			
0-180 days	\$1,670	1%	\$17
181-240 days	-	1%	-
241-300 days	-	1%	-
more than 301 days	5	100%	5
Subtotal	<u>1,675</u>		<u>22</u>
Direct customer:			
0-30 days	79,823	0%	-
31-60 days	2,328	0%	-
61-120 days	24	0%	-
more than 121 days	-	100%	-
Subtotal	<u>82,175</u>		<u>-</u>
Total	<u><u>\$83,850</u></u>		22
Unreversed allowance for losses			<u>(478)</u>
Carrying amount of allowance for loss			<u><u>\$500</u></u>
 <u>2022.12.31</u>			
Same industry:			
0-180 days	\$1,643	1%	\$16
181-240 days	-	1%	-
241-300 days	-	1%	-
more than 301 days	5	100%	5
Subtotal	<u>1,648</u>		<u>21</u>
Direct customer:			
0-30 days	58,980	0~1%	525
31-60 days	932	0~1%	9
61-120 days	-	0~1%	-
more than 121 days	-	100%	-
Subtotal	<u>59,912</u>		<u>534</u>
Total	<u><u>\$61,560</u></u>		555
Unrecognized allowance for losses			<u>(55)</u>
Carrying amount of allowance for loss			<u><u>\$500</u></u>

Phoenix Tours International, Inc. and Subsidiaries Notes to Consolidated Financial Statements

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(D) The analysis of the credit risk concentration of accounts receivable is as follows:

The counterparties of the final sales of the Group's products or services are all unspecified consumers or airlines, and none of the unspecified consumers account for more than 10% of the total amount; and for airlines, accounts receivable is deducted from the air ticket payments collected on behalf of the airlines, so these are not applicable.

C. Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to obtain bank financing, meet all contractual obligations of operations, and mitigate the impact of cash flow fluctuations. Bank financing is an important source of liquidity for the Group. The management ensures the re-acquisition of bank financing through capital structure management, supervision of the use of bank financing and compliance with the terms of loan contracts, thereby reducing liquidity risk.

(A) Amount of available bank financing

	<u>2023.12.31</u>	<u>2022.12.31</u>
Available short-term loans	\$627,100	\$256,600
Movable amount of short-term notes payable	-	300,000
Available long-term loans	<u>50,000</u>	<u>90,000</u>
Total	<u>\$677,100</u>	<u>\$646,600</u>

(B) Maturity analysis of undiscounted non-derivative financial liabilities

	<u>Less than 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>> 5 years</u>	<u>Total</u>
<u>2023.12.31</u>					
<u>Non-derivative financial instruments</u>					
Bank loan	\$605,420	\$-	\$-	\$-	\$605,420
Short-term notes payable	180,000	-	-	-	180,000
Long-term bank loans (Mature within one year)	130,951	36,955	3,555	-	171,461
Notes payable	19,357	-	-	-	19,357
Accounts payable	68,271	-	-	-	68,271
Other payables	73,414	-	-	-	73,414
Lease liabilities (Mature within one year)	11,853	12,132	29,221	118,663	171,869
Total	<u>\$1,089,266</u>	<u>\$49,087</u>	<u>32,776</u>	<u>\$118,663</u>	<u>\$1,289,792</u>

Phoenix Tours International, Inc. and Subsidiaries Notes to Consolidated Financial Statements

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

	Less than 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
<u>2022.12.31</u>					
<u>Non-derivative</u>					
<u>financial instruments</u>					
Bank loan	\$647,858	\$-	\$-	\$-	\$647,858
Short-term notes payable	180,000	-	-	-	180,000
Long-term bank loans (Mature within one year)	64,797	121,947	46,991	-	233,735
Notes payable	36,944	-	-	-	36,944
Accounts payable	38,449	-	-	-	38,449
Other payables	16,473	-	-	-	16,473
Lease liabilities (Mature within one year)	11,495	11,854	34,174	125,842	183,365
Total	<u>\$996,016</u>	<u>\$133,801</u>	<u>\$81,165</u>	<u>\$125,842</u>	<u>\$1,336,824</u>

(4) Fair value of financial instruments

The carrying amounts of the Group's financial instruments are reasonable approximations of fair values.

A. Methods used for the fair value of financial instruments and assumptions used when using valuation techniques

- (A) The fair value of short-term financial instruments is estimated on the basis of their carrying amount on the balance sheet. The maturity of such financial instruments is relatively close, and the present value of future cash flow discounted at the market interest rate is close to the carrying amount, so the carrying amount should be a reasonable basis for estimating fair value. This method applies to cash and cash equivalents, notes receivable - net, accounts receivable - net, other receivables, bank loans, short-term notes payable, notes payable, and accounts payable.
- (B) The fair value of financial assets measured at fair value through profit or loss - equity-linked instruments is the amount expected to be obtained or must be paid if the Group terminates the contract according to the contract period, generally including the unrealized gain or loss of current outstanding contracts which are estimated based on the closing price of the linked instruments according to the settlement method stipulated in the contract.
- (C) The fair value of financial assets classified as held for trading and measured at fair value through profit or loss, specifically the beneficiary certificates of overseas funds, can be found in Note VI.2(2) of the Consolidated Financial Statements. For other financial assets measured at fair value through profit or loss (common shares of domestic and emerging companies and preferred shares of domestic listed companies), as well as financial liabilities measured at fair value through profit or loss, such as margin loan obligations related to short selling (common shares of domestic and emerging companies), the fair value is determined based on quoted

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

market prices in active markets.

- (D) The fair value of other financial assets is estimated on the basis of their carrying amount. As the present value of future payment collection discounted at the market interest rate is close to the carrying amount, so the carrying amount should be a reasonable basis for estimating fair value.
- (E) Lease liabilities are discounted at the incremental borrowing rate of each lessee under the Group based on the remaining lease payment at the commencement date of the lease, and then measured at the amortized cost of the effective interest method. The carrying amount is the reasonable approximation of fair value.
- (F) The Company's long-term bank borrowings adopt a variable rate, and the fair value is estimated based on the carrying amount on the balance sheet. They have been adjusted with reference to market conditions, so the Company's borrowing rate should be close to the market rate.

B. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement. Each Levels inputs are described as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability

For assets and liabilities originally measured at fair value on a recurring basis and are recognized on the balance sheet, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(A) Classification hierarchy of financial instruments measured at fair value and recognized on the balance sheet

The Group does not have assets and liabilities that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2023.12.31</u>				
<u>Assets</u>				
Financial asset measured at fair value through profit or loss				

Phoenix Tours International, Inc. and Subsidiaries Notes to Consolidated Financial Statements

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Beneficiary certificates Equity-linked instruments	\$294,339	\$-	\$-	\$294,339
	-	98,706	-	98,706
Financial assets measured at fair value through other comprehensive income				
Equity securities	987,384	-	-	987,384
	Level 1	Level 2	Level 3	Total
<u>2023.12.31</u>				
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Obligation to cover short sells	\$17,100	\$-	\$-	\$17,676
<u>2022.12.31</u>				
<u>Assets</u>				
Financial asset measured at fair value through profit or loss				
Beneficiary certificates Equity-linked instruments	\$281,197	\$-	\$-	\$281,197
	-	45,926	-	45,926
Financial assets measured at fair value through other comprehensive income				
Equity securities	877,920	-	-	877,920

(B) Fair value transfers between Level 1 and Level 2:

The Group did not have significant fair value transfers between Level 1 and Level 2 in 2023 and 2022.

(C) Reconciliation of Level 3 financial instruments measured at fair value:

Financial assets measured at fair value through other comprehensive income - Non-current

	Domestic unlisted (non-OTC) companies - Common stock	
	2023	2022
Beginning balance	\$-	\$5,373
Increase this period	-	-
Disposal this period	-	(6,032)
Recognized in other comprehensive income in this period	-	659
Ending balance	\$-	\$-

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

- (D) The methods and assumptions applied in measuring the fair value of financial instruments:
- a. For financial assets traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price.
 - b. Fair value of financial assets measured at fair value through profit or loss - Equity-linked instruments is evaluated based on the announced net value or the closing price of the linked instruments according to the settlement method stipulated in the contract.
- (E) Quantitative information on fair value measurement of significant unobservable inputs (Level 3):
The Company's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

XIII. Additional disclosures

1. Significant transactions information

Supplementary disclosure of various information of the Group in 2023:

- (1) Financing provided to other: Please refer to Table 1.
- (2) Endorsement/Guarantee provided to others: Please refer to Table 2.
- (3) Marketable securities held at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 3.
- (4) Acquisition or sale of the same security with the accumulated cost reaching NT\$300 million or 20% of the Company's paid-in capital: None.
- (5) Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- (6) Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- (7) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- (8) Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- (9) Engage in derivative transactions: See Note VI.2 of the Consolidated Financial Statements.
- (10) Business relationships and significant intercompany transactions between the parent company and subsidiaries: Please refer to Table 6.

2. Information on investees

Supplemental disclosure of relevant information on the Group's direct or indirect significant influence or control over, or a joint venture interest in an investee company that is not in China as of 2023: Please refer to Table 4.

3. Information on investments in China

- (1) Names, main businesses and products, total amount of paid-in capital, method of investment, accumulated outflow of investment from Taiwan, percentage of ownership, investment income recognized, carrying amount of investment at the end of period, accumulated inward

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

remittance of earnings, and upper limit on investment of investees in China: Please refer to Table 5.

(2) Significant transactions with investees in China in the current period:

- A. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None.
- B. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None.
- C. The amount of property transactions and the amount of the resultant gains or losses: None.
- D. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
- E. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.
- F. Other transactions that have a material effect on the profit or loss for the period or on the financial position: None.

4. Information on principal shareholders

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Please refer to Table 7.

Phoenix Tours International, Inc. and Subsidiaries Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

XIV. Segment Information

The Group has four reportable segments, and the details are as follows:

1. Group Travel Department: Planning, design and packaging of travel routes, and a variety of travel business services.
2. Domestic Transportation Department: Domestic tour bus rental.
3. Air Passenger and Freight Forwarding Department: Civil air passenger transportation general agent and air cargo contracting agency.
4. Ticketing and other departments: Reservation of plane seats and accommodation, and transportation equipment rental for individuals, insurance brokerage, sports training, market management and handling of relevant travel licenses.

Reportable segment profit or loss is measured as pre-tax operating income (excluding total management and logistics costs, other net profits and expenses, non-operating income and expenses, and income tax expenses) and serves as the basis for evaluating performance. This measure is provided to operating decision makers to decide on the allocation of resources to these segments and to evaluate the performance of these segments. The accounting policies of the operating segments are the same as those in the summary of the significant accounting policies described in Note IV to the Consolidated Financial Statements.

Since the information on segment asset and liability is not provided for the reference of operating decision-makers or for decision-making purposes, segment assets and liabilities are not disclosed.

Segments information

	Group travel	Domestic Transportation Department	Air Passenger and Freight Forwarding Department	Ticketing and other departments	Reconciliation and cancellation	Consolidated
<u>2023</u>						
Revenue						
External customer	\$2,062,670	\$6,455	\$28,009	\$105,516	\$-	\$2,202,650
Inter-segment	-	1,762	-	17,158	(18,920)	-
Total revenue	<u>\$2,062,670</u>	<u>\$8,217</u>	<u>\$28,009</u>	<u>\$122,674</u>	<u>\$(18,920)</u>	<u>\$2,202,650</u>
Segment profit	<u>\$280,064</u>	<u>\$457</u>	<u>\$27,951</u>	<u>\$60,284</u>	<u>\$-</u>	<u>368,756</u>
General management and logistics costs						(191,600)
Other revenues and expenses, net						6,113
Non-operating income and expenses						31,907
Net profit before tax from continuing operations						<u>\$215,176</u>
Depreciation						<u>\$19,797</u>
Income tax (expense) benefit						<u>\$(36,923)</u>
Capital expenditure of non-current assets						<u>\$122,392</u>

Phoenix Tours International, Inc. and Subsidiaries Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

	Group travel	Domestic Transportation Department	Air Passenger and Freight Forwarding Department	Ticketing and other departments	Reconciliation and cancellation	Consolidated
<u>2022</u>						
Revenue						
External customer	\$149,555	\$1,948	\$20,984	\$30,189	\$-	\$202,676
Inter-segment	-	2,599	-	1,922	(4,521)	-
Total revenue	<u>\$149,555</u>	<u>\$4,547</u>	<u>\$20,984</u>	<u>\$32,111</u>	<u>\$(4,521)</u>	<u>\$202,676</u>
Segment profit	<u>\$22,219</u>	<u>\$387</u>	<u>\$20,962</u>	<u>\$6,638</u>	<u>\$-</u>	<u>\$50,206</u>
General management and logistics costs						(117,719)
Other revenues and expenses, net						8,120
Non-operating income and expenses						28,626
Net loss before tax from continuing operations						<u>\$(30,767)</u>
Depreciation						<u>\$21,811</u>
Income tax (expense) benefit						<u>\$(927)</u>
Capital expenditure of non-current assets						<u>\$(143,222)</u>

Table 1 : Financing provided to others

No.	Name of financing provide	Name of counter party	General ledger account	Related party?	Maximum balance of the period	the end of period (Note 1)	Actual amount provided	Interest rates	Nature of financing activity	to (purchase from) counter-party	Reason for short-term financing	Allowance for doubtful accounts	Assets pledged		financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Pan Aviation Limited	Pan Asia Express Limited	Other accounts receivable -	Yes	\$4,446	\$4,329	\$2,597	1.95%	(Note 2)	\$-	Business operations	\$-	-	\$-	(Note 3)	(Note 3)

Note 1: Amount resolved by the board.

Note 2: There is a need for short-term financing.

Note 3: The individual lending limit and the total limit based on the net equity value of Pan Aviation Limited as of December 31, 2023 are NT\$22,008 thousand x 40% = NT\$8,803 thousand.

Table 2 : Endorsement/Guarantee provided to others for the year ended December 31, 2021

No.	Name of endorsement and guarantee company	Endorsee		Endorsement limit for a single entity (Note 3)	Maximum balance for the period	Outstanding endorsement/guarantee balance	Actual amount provided	Amount of collateral guarantee/endorsement (Note 6)	Percentage (%) of accumulated guarantee amount to net assets value from the latest financial statement	Cumulative amount of endorsements/guarantees provided (Note 4)	Guarantee provided by Parent Company	Guarantee provided by a Subsidiary (Note 7)	Guarantee provided to Subsidiaries in China
		Company name	Relationship with the Company										
1	Taiwan Orchid Express, Inc.	China Express Co., Ltd.	Subsidiary	\$60,586	\$60,586	\$60,586	\$29,180	\$29,180	9.63	\$302,928	N	N	N
						(Note 1)							
1	Taiwan Orchid Express, Inc.	Phil-Am Express Travel Service Co., Ltd.	Subsidiary	60,586	29,000	29,000	-	-	-	302,928	N	N	N
						(Note 2)							
1	Taiwan Orchid Express, Inc.	Yu Lin Travel Service Co., Ltd.	Subsidiary	60,586	29,000	29,000	-	-	-	302,928	N	N	N
						(Note 2)							
1	Taiwan Orchid Express, Inc.	Tianhe Air Cargo Co., Ltd.	Second-tier subsidiary	60,586	29,000	29,000	-	-	-	302,928	N	N	N
						(Note 2)							

Note 1: Amount of guarantee handled by the chairman in accordance with relevant laws and regulation authorized by the board resolution.

Note 2: Endorsement and guarantee ceilings approved by the board.

Note 3: Endorsement guarantee for a single company shall not exceed 20% of its net worth on the latest financial statement.

Note 4: The maximum amount of external endorsement guarantees shall not exceed 100% of the net worth of its most recent financial statement.

Note 5: The calculation of the limit is based on the evaluation of the latest net worth on the financial statement audited by accountants.

Note 6: Taiwan Orchid Express Inc. provides real properties to China Express Co., Ltd., Phil-Am Express Travel Service Co., Ltd., Yu Lin Travel Service Co., Ltd. and Tianhe Air Cargo Co., Ltd. as collaterals for financial institutions to issue a letter of guarantee.

Note 7: Fill in 'Y' for those where the parent company of the listed company endorses the subsidiary company, the subsidiary company endorses the parent company of the listed company, or where it belongs to the mainland region's endorsement group.

Table 3: Securities held at the end of the period (excluding the equity part of subsidiaries, affiliates and joint ventures)

Names of companies held	Types of negotiable securities	Names of negotiable securities	Relationship with the securities issuer	Accounting item	End of year (2023.12.31)				Notes	
					Number of shares / Units	Carrying amount	Owner ship (%)	Fair value / Net value		
Phoenix Tours International Inc.	Structured products	Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	5,000,000	\$7,352	-	\$7,352		
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	3,000,000	6,119	-	6,119		
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	3,707,865	4,254	-	4,254		
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	3,893,805	4,468	-	4,468		
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	4,023,224	5,765	-	5,765		
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	1,284,587	3,266	-	3,266		
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	5,000,000	3,969	-	3,969		
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	10,000,000	10,676	-	10,676		
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	5,000,000	6,135	-	6,135		
		Fund	Fuh Hwa South Africa Short-Term Income	-	Financial assets measured at fair value through profit or loss - Current	474,856	15,000	-	15,000	
			Fuh Hwa South Africa Fixed-Income ZAR	-	Financial assets measured at fair value through profit or loss - Current	349,000	10,683	-	10,683	
			TCB Taiwan Money Market Fund	-	Financial assets measured at fair value through profit or loss - Current	4,878,598	50,807	-	50,807	
			Diversified Foreign Currency (Euro) Portfolio	-	Financial assets measured at fair value through profit or loss - Current	186,497	-	-	-	Note
			Changsheng Japanese Yen Fund	-	Financial assets measured at fair value through profit or loss - Current	3,661	-	-	-	Note
	Fubon Auspicious Money Market		-	Financial asset measured at fair value through profit or loss - Current	1,261,461	20,314	-	20,314		
	Fuh Hwa Money Market		-	Financial asset measured at fair value through profit or loss - Current	2,038,874	30,152	-	30,152		
	SinoPac TWD Money Market Fund		-	Financial asset measured at fair value through profit or loss - Current	1,406,420	20,113	-	20,113		
	Forte Radium Fund		-	Financial asset measured at fair value through profit or loss - Current	72,822	5,117	-	5,117		
	CAPITAL MONEY MARKET FUND		-	Financial asset measured at fair value through profit or loss - Current	1,814,596	30,099	-	30,099		
	Stock		Chunghwa Telecom Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income - Current	2,400,000	288,000	-	288,000	
			China Airlines, Limited	-	Financial assets at fair value through other comprehensive income - Current	1,880,462	40,712	-	40,712	
			FDC International Hotels Corporation	-	Financial assets at fair value through other comprehensive income - Current	200,000	16,640	-	16,640	
		Tigerair Taiwan Co., Ltd.	-	Financial assets at fair value through other comprehensive income - Current	1,953,248	65,629	-	65,629		
		Fubon Taiwan high dividend ETF	-	Financial assets at fair value through other comprehensive income - Current	1,500,000	20,670	-	20,670		
		China Development Financial Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income - Current	1,200,000	15,060	-	15,060		
		Cathay Financial Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income - Current	410,856	18,797	-	18,797		
		EVA AIRWAYS CORPORATION	-	Financial assets at fair value through other comprehensive income - Current	1,600,000	50,320	-	50,320		
Cathay Financial Holding Series A preferred stock		-	Financial assets at fair value through other comprehensive income - Current	3,917,000	233,453	-	233,453			
Union Bank of Taiwan Series A preferred stock		-	Financial assets at fair value through other comprehensive income - Current	1,218,000	62,484	-	62,484			
WT Microelectronics Co., Ltd. Series A preferred stock	-	Financial assets at fair value through other comprehensive income - Current	1,542,000	70,392	-	70,392				
Taiwan Orchid Express, Inc.	Fund	Emerging Market High Yield Bond Fund A	-	Financial assets measured at fair value through profit or loss - Current	1,858,546	15,872	-	15,872		
		Fuh Hwa Money Market	-	Financial assets measured at fair value through profit or loss - Current	545,295	8,064	-	8,064		
		Forte Radium Fund	-	Financial assets measured at fair value through profit or loss - Current	72,463	5,092	-	5,092		
		TCB Taiwan Money Market Fund	-	Financial assets measured at fair value through profit or loss - Current	1,447,833	15,078	-	15,078		

<To be continued in the next page>

Table 3: Securities held at the end of the period (excluding the equity part of subsidiaries, affiliates and joint ventures)(to be continued in the next page)

Names of companies held	Types of negotiable securities	Names of negotiable securities	Relationship with the securities issuer	Accounting item	End of year (2023.12.31)				Notes
					Number of shares / Units	Carrying amount	Owner ship (%)	Fair value / Net value	
<Continued from the previous page>									
Taiwan Orchid Express, Inc.	Structured products	Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	4,194,902	\$7,834	-	\$7,834	
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	4,233,937	5,922	-	5,922	
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	4,304,857	6,021	-	6,021	
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	4,446,366	6,219	-	6,219	
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	11,076,233	10,023	-	10,023	
	Stock	Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	10,000,000	10,683	-	10,683	
		China Airlines, Limited	-	Financial assets at fair value through other comprehensive income - Cur	900,733	19,501	-	19,501	
		Chunghwa Telecom Co., Ltd.	-	Financial assets at fair value through other comprehensive income - Cur	200,000	24,000	-	24,000	
		Tigerair Taiwan Co., Ltd.	-	Financial assets at fair value through other comprehensive income - Cur	34,721	1,166	-	1,166	
		Fubon Taiwan high dividend ETF	-	Financial assets at fair value through other comprehensive income - Cur	1,500,000	20,670	-	20,670	
		EVA AIRWAYS CORPORATION	-	Financial assets at fair value through other comprehensive income - Cur	200,000	6,290	-	6,290	
Vip Bus Int'l Inc.	Fund	Cathay Financial Holding Series A preferred	-	Financial assets at fair value through other comprehensive income - Cur	150,000	8,940	-	8,940	
		Union Bank of Taiwan Series A preferred st	-	Financial assets at fair value through other comprehensive income - Cur	200,000	10,260	-	10,260	
	Fund	A -rated bonds	-	Financial assets measured at fair value through profit or loss - Current	300,000	3,044	-	3,044	
		Fuh Hwa Money Market	-	Financial assets measured at fair value through profit or loss - Current	679,394	10,047	-	10,047	
	Stock	Chunghwa Telecom Co., Ltd.	-	Financial assets at fair value through other comprehensive income - Cur	120,000	14,400	-	14,400	
	Fund	Fuh Hwa Money Market	-	Financial assets measured at fair value through profit or loss - Current	144,767	2,141	-	2,141	
	Fund	KGI Victory Money Market Fund	-	Financial assets measured at fair value through profit or loss - Current	560,572	6,670	-	6,670	
	Fund	TCB Taiwan Money Market Fund	-	Financial assets measured at fair value through profit or loss - Current	491,121	5,115	-	5,115	
		Fuh Hwa Money Market	-	Financial assets measured at fair value through profit or loss - Current	2,000,000	2,029	-	2,029	
	Fund	TCB Taiwan Money Market Fund	-	Financial assets measured at fair value through profit or loss - Current	440,369	4,586	-	4,586	
	Fund	TCB Taiwan Money Market Fund	-	Financial assets measured at fair value through profit or loss - Current	1,171,463	12,200	-	12,200	
Fuh Hwa Money Market		-	Financial assets measured at fair value through profit or loss - Current	481,123	7,115	-	7,115		
Fund	Fubon Auspicious Money Market Fund	-	Financial assets measured at fair value through profit or loss - Current	931,544	15,001	-	15,001		

Note: Please refer to the descriptions under Note VI.2(2) to the Consolidated Financial Statements.

Table 4: Names, locations and other information of investee companies (not including investees in China)

Name of the investors	Name of the investees	Location	Main business and products	Original / investment amount		Shares held as of the end of period (2023.12.31)			Net profit (loss) of the investee for the current period	Investment (gain) loss recognized for the current period	Notes
				balance of the period	balance of last period	Number of Shares	Percentage (%)	Carrying amount			
Phoenix Tours International In	Taiwan Orchid Express, Inc.	Taipei City	Airline ticket agent	\$216,701	\$216,701	18,954,000	99.76	\$299,586	\$21,260	\$21,181	Subsidiaries (Note 1 and Note 2)
	Phoenix Travel Press Co., Ltd.	Taipei City	Publishing	4,000	4,000	400,000	100.00	3,060	(222)	(222)	Subsidiaries (Note 1 and Note 2)
	Park Joy Co., Ltd.	Taipei City	Market management	28,000	28,000	2,800,000	100.00	20,690	(153)	(153)	Subsidiaries (Note 1 and Note 2)
	Vip Bus Int'l Inc.	Taipei City	Tourist Bus Transportation I	13,208	13,208	1,651,000	33.02	14,998	(616)	(204)	Subsidiaries (Note 1 and Note 2)
	Fitnexx Co., Ltd.	Taipei City	Sports training	5,400	5,400	360,000	54.00	2,722	(828)	(447)	Subsidiaries (Note 1 and Note 2)
	Boyi Co., Ltd.	Taipei City	Housing and Building Devel	82,000	25,000	8,200,000	82.00	81,557	(381)	(308)	Subsidiaries (Note 1 and Note 2)
Taiwan Orchid Express, Inc.	Shang Hai Huaxia International	Taipei City	Airline ticket agent	5,368	5,368	600,000	100.00	6,876	71	-	Second-tier subsidiary (Note 1 and Note 2)
	Yu Lin Travel Service Co., Ltd.	Taipei City	Travel Agencies	2,449	2,449	600,000	100.00	5,035	790	-	Second-tier subsidiary (Note 1 and Note 2)
	China Express Co., Ltd.	Taipei City	Airline ticket agent	33,870	33,870	2,595,685	74.16	30,807	(739)	-	Second-tier subsidiary (Note 1 and Note 2)
	Phil-Am Express Travel Service	Taipei City	Travel Agencies	5,550	5,550	600,000	100.00	4,991	40	-	Second-tier subsidiary (Note 1 and Note 2)
	Travelarena Int'l Co., Ltd.	Taipei City	Data processing services	1,725	1,725	280,000	80.00	4,317	1,793	-	Second-tier subsidiary (Note 1 and Note 2)
	Taiwan Orchid Insurance Agency	Taipei City	Insurance agent	5,000	5,000	500,000	100.00	8,680	2,259	-	Second-tier subsidiary (Note 1 and Note 2)
Vip Bus Int'l Inc.	Taipei City	Tourist Bus Transportation I	35,518	35,518	3,349,207	66.98	30,423	(616)	-	Subsidiaries (Note 1 and Note 2)	
China Express Co., Ltd.	Tianhe Air Cargo Co., Ltd.	Taipei City	Freight forwarding	5,000	5,000	500,000	100.00	4,725	29	-	Second-tier subsidiary (Note 1 and Note 2)

Note 1: The evaluation is based on the financial statements of the investee audited by accountants during the same period.

Note 2: Already included in the entities prepared for the consolidated financial report.

Table 5: Information on investments in China

Unit: NT\$/US\$/RMB thousand

Investee in China	Main business and products	Amount of paid-in	Method of investment	Accumulated amount of remittance from Taiwan to China	Investment flows		Cumulative Investment Amount Exported from Taiwan for the Current Period	Net profit (loss) of the investee for the current period	Ownership held by the Company (direct or indirect) (%)	Investment (loss) gain recognized for the current period (Note 3)	Carrying value at end of year (Note 3)	Accumulated amount of investment income remitted back to Taiwan as of the end of this period
					Remitted to	Recovered						
Pan Asia Express Limited	Freight forwarding	USD 1,000	Investee of the second-tier subsidiary China Express Co., Ltd.	USD 950	\$-	\$-	USD 950	\$1,255 (RMB 286)	75.00	\$941 (RMB 214)	\$32,913 (RMB 7,603)	USD1,122
Pan Aviation Limited	Freight forwarding	RMB 5,000	Investee of Pan Asia	(Note 2)	-	-	(Note 2)	382 (RMB 87)	75.00	287 (RMB 65)	16,506 (RMB 3,813)	-

Amount of remittance from Taiwan to China as of the end of the reporting period	Investment amounts authorized by Investment Commission, MOEA	on investments in China imposed by the Investment Commission of MOEA (Note 3)
\$29,174 (USD 950)	\$29,174 (Note 2) (USD 950)	\$879,337

Note 1: Subject to the provisions of the "Review for Conducting Investment or Technological Collaboration in China" established by the Investment Commission of the Ministry of Economic Affairs.

Note 2: Pan Aviation Limited is a wholly owned subsidiary of Pan Asia Express Limited. The Company's subsidiary China Express Co., Ltd. invested in Pan Asia Express Limited in 2005, resulting in indirect ownership of Pan Aviation Limited. Pan Asia Express Limited is a wholly owned subsidiary of Pan Asia Express Agency Co., Ltd., so it holds Pan Aviation Limited indirectly.

Note 3: The evaluation is based on the financial statements of the investee audited by accountants during the same period.

Table 6: Significant inter-company transactions during the reporting periods

No. (Note 1)	Company	Counter-party	Relationship (Note 2)	Status of transaction			consolidated total operating revenues or total assets (Note 3)
				Account	Amount	Term	
<u>2023.01.01-2023.12.31</u>							
0	Phoenix Tours International, Inc.	Taiwan Orchid Express Inc.	1	Operating costs	\$ 5,268	Separate negotiation	0.24
0	Phoenix Tours International, Inc.	Taiwan Orchid Express Inc.	1	Operating expense	127	Separate negotiation	0.01
0	Phoenix Tours International, Inc.	Taiwan Orchid Express Inc.	1	Others	446	Separate negotiation	0.02
0	Phoenix Tours International, Inc.	Taiwan Orchid Express Inc.	1	Interest expense	29	Separate negotiation	-
0	Phoenix Tours International, Inc.	Taiwan Orchid Express Inc.	1	Accounts receivab	201	Flexible payment based on mutual	0.01
0	Phoenix Tours International, Inc.	Taiwan Orchid Express Inc.	1	Refundable depos	340	Pay security deposit according to t	0.01
0	Phoenix Tours International, Inc.	China Express Co., Ltd.	1	Operating costs	1,469	Separate negotiation	-
0	Phoenix Tours International, Inc.	China Express Co., Ltd.	1	Operating revenue	13	Separate negotiation	-
0	Phoenix Tours International, Inc.	China Express Co., Ltd.	1	Rental income	914	Separate negotiation	0.04
0	Phoenix Tours International, Inc.	China Express Co., Ltd.	1	Others	273	Separate negotiation	0.01
0	Phoenix Tours International, Inc.	China Express Co., Ltd.	1	Accounts receivab	95	Flexible payment based on mutual	-
0	Phoenix Tours International, Inc.	Vip Bus Int'l Inc.	1	Operating costs	1,752	Separate negotiation	0.08
0	Phoenix Tours International, Inc.	Vip Bus Int'l Inc.	1	Rental income	57	Separate negotiation	-
0	Phoenix Tours International, Inc.	Vip Bus Int'l Inc.	1	Others	229	Separate negotiation	0.01
0	Phoenix Tours International, Inc.	Boyi Co., Ltd.	1	Rental income	57	Separate negotiation	-
0	Phoenix Tours International, Inc.	Yu Lin Travel Service Co., Ltd.	1	Operating revenue	134	Separate negotiation	0.01
0	Phoenix Tours International, Inc.	Yu Lin Travel Service Co., Ltd.	1	Operating expense	25,901	Separate negotiation	1.18
0	Phoenix Tours International, Inc.	Yu Lin Travel Service Co., Ltd.	1	Accounts receivab	814	Flexible payment based on mutual	0.03
0	Phoenix Tours International, Inc.	Yu Lin Travel Service Co., Ltd.	1	Accounts payable	131	Flexible payment based on mutual	-
0	Phoenix Tours International, Inc.	Yu Lin Travel Service Co., Ltd.	1	Other payables	4,190	Flexible payment based on mutual	0.13
0	Phoenix Tours International, Inc.	Taiwan Orchid Insurance Agency Inc.	1	Accounts payable	21	Separate negotiation	-
0	Phoenix Tours International, Inc.	Phoenix Travel Press Co., Ltd.	1	Operating costs	1,972	Separate negotiation	0.09
0	Phoenix Tours International, Inc.	Phoenix Travel Press Co., Ltd.	1	Rental income	34	Separate negotiation	-
0	Phoenix Tours International, Inc.	Phoenix Travel Press Co., Ltd.	1	Other payables	109	Flexible payment based on mutual	-
0	Phoenix Tours International, Inc.	Phoenix Travel Press Co., Ltd.	1	Guarantee deposit	15	Pay security deposit according to t	-
0	Phoenix Tours International, Inc.	Travelarena Int'l Co., Ltd.	1	Operating costs	3,497	Separate negotiation	0.16
0	Phoenix Tours International, Inc.	Travelarena Int'l Co., Ltd.	1	Operating expense	2,591	Separate negotiation	0.12
0	Phoenix Tours International, Inc.	Travelarena Int'l Co., Ltd.	1	Other payables	231	Flexible payment based on mutual	0.01

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No. (Note 1)	Company	Counter-party	Relationship (Note 2)	Status of transaction			Percentage (%) of consolidated total operating
				Account	Amount	Term	
<Continued from the previous page>							
<u>2023.01.01-2023.12.31</u>							
1	Taiwan Orchid Express Inc.	Travelarena Int'l Co., Ltd.	3	Operating expenses	\$ 386	Separate negotiation	0.02
1	Taiwan Orchid Express Inc.	Travelarena Int'l Co., Ltd.	3	Rental income	229	Separate negotiation	0.01
1	Taiwan Orchid Express Inc.	Yu Lin Travel Service Co., Ltd.	3	Rental income	399	Separate negotiation	0.02
1	Taiwan Orchid Express Inc.	Taiwan Orchid Insurance Agency Inc.	3	Rental income	91	Separate negotiation	-
2	China Express Co., Ltd.	Travelarena Int'l Co., Ltd.	3	Operating expenses	240	Separate negotiation	0.01
2	China Express Co., Ltd.	Pan Asia Express Limited	3	Other receivables	2,425	Separate negotiation	0.11
3	Vip Bus Int'l Inc.	Yu Lin Travel Service Co., Ltd.	3	Operating revenue	10	Separate negotiation	-
3	Vip Bus Int'l Inc.	Boyi Co., Ltd.	3	Operating revenue	5	Separate negotiation	-
4	Travelarena Int'l Co., Ltd.	Fitnexx Co., Ltd.	3	Operating revenue	7	Separate negotiation	-
5	Park Joy Co., Ltd.	Fitnexx Co., Ltd.	3	Rental income	1,086	Separate negotiation	0.05
6	Pan Asia Express Limited	Pan Aviation Limited	3	Other payables	2,597	Repay according to the contract	0.08

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. Fill in "0" for parent company.
2. The subsidiaries are numbered in order starting from "1".

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

Note 3: Regarding the ratio of the transaction amount to consolidated total operating revenues or total assets, it is computed based on the period-end balance of the transaction to the consolidated total as

Table 7: Information on principal shareholders

Shares/Name	Number of Shares Held (shares)	Ownership (%)
Jimmy K. M. Chang	11,830,521	16.03
William Chang	6,287,131	8.52

Note 1: The information on principal shareholders presented in this schedule is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last preparation basis. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market

[Attachment 3]

Parent-only financial statements and independent auditor's review report for the most recent year

致遠聯合會計師事務所

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Independent Member of
PrimeGlobal

Diwan & Company

Independent Auditors' Report Translated from Chinese

To Phoenix Tours International, Inc.:

Opinion

We have audited the accompanying parent-only balance sheets of the Company as of December 31, 2023 and 2022, and the related parent-only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the Parent Company Only Financial Statements, including the summary of significant accounting policies (together "the Parent Company Only Financial Statements").

In our opinion, the Parent Company Only Financial Statements referred to above present fairly, in all material respects, the parent-only financial position of the Company as of December 31, 2023 and 2022, and the parent-only financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those that, in our professional judgment, were of utmost significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following key audit matters:

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Revenue Recognition

For the accounting policies on operating revenue, refer to Note IV.16 of the Parent Company Only Financial Statements. For the description of operating revenue items, refer to Note VI.25 of the Parent Company Only Financial Statements.

the Company's revenue mainly comes from various travel business services, ticketing agency and other operations. It is necessary to determine whether the Company serves as the principal or agent in each transaction, and then recognize revenue on a gross or net basis. For the cut-off point of revenue recognition, the tour group revenue is gradually recognized over time. Other operating income shall be recognized in accordance with the transaction conditions for the provision of labor services. Since revenue recognition in gross or net amount and the cut-off point for revenue recognition are important matters and have an impact on the financial performance of the Company, we have listed revenue recognition as a key audit matter.

Relevant audit procedures performed by us include understanding the Company's business and collection processes, testing internal controls related to revenue recognition, reviewing transaction terms of business contracts for various business models, performing revenue cut-off testing, and performing analytical procedures.

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

Management is responsible for the preparation and fair presentation of the Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of Parent Company Only Financial Statements that are free from material misstatements, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Phoenix Tours' ability to continue as a going concern, disclosing, as applicable, matters related to a 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.

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Those charged with governance, including the audit committee, are responsible for overseeing financial reporting process of the Company.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- I. Identify and assess the risks of material misstatement of the Parent Company Only 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.
- II. Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- IV. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast a 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 auditor's report to the related disclosures in the Parent Company Only 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- V. Evaluate the overall presentation, structure and content of the Parent Company Only Financial Statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- VI. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Phoenix Tours to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit for the entity. We are remaining solely responsible for our audit opinion on the Parent Company Only Financial Statements.

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.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023, and are therefore the key audit matters. We describe these matters in our auditor's 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.

Diwan & Company

Financial Supervisory Commission Approval

Document Number:

Jin-Guan-Zheng-Shen-Zhi #1100149341

Jin-Guan-Zheng-Shen-Zhi #0990071790

Shu-Ling Liang

Accountants:

Jui-Yen Tseng

March 8, 2024

Phoenix Tours International, Inc.
Parent Only Balance Sheets
December 31, 2023 and December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Code	Assets	Notes	December 31, 2023		December 31, 2022		Code	Financial liabilities and equity	Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%				Assets	Amount	%	Amount
11xx	Current assets						21xx	Current liabilities					
1100	Cash and cash equivalents	IV and VI.1	\$ 126,304	4	\$ 179,266	7	2102	Bank loan	IV, VI.13, VI.32 and VIII	\$ 603,900	20	\$ 636,500	25
1110	Financial assets at fair value through profit or loss - Current	IV and VI.2	234,289	8	203,837	8	2111	Short-term notes payable	IV, VI.14, VI.32 and VIII	179,854	6	179,885	7
	Financial assets measured - Current						2120	Financial assets at fair value through profit or loss - Current	IV and VI.2	17,100	1	-	-
1120	Unrealized gains and losses on equity investments measured at fair value through other comprehensive income	IV, VI.3 and VIII	882,157	29	731,334	28	2130	Financial liabilities at fair value through profit or loss - Current					
	Financial assets measured - Current						2130	Contract liabilities - Current	IV and VI.25	358,140	12	172,401	7
1150	Notes receivable, net	IV, V and VI.4	51,414	2	44,125	2	2150	Notes payable	4	18,252	1	35,638	1
1170	Accounts receivable, net	IV, V, VI.5 and VII	20,826	1	10,463	-	2170	Accounts payable	4 and 7	56,834	2	29,469	1
1200	Other receivables	IV, V, VI.2 and VI.17	30,321	1	3,102	-	2200	Other payables	4	58,418	2	5,511	-
1220	Current tax assets	IV and VI.30	-	-	1,287	-	2220	Other payables - Related parties	4 and 7	4,530	-	1,603	-
1410	Prepayments	VI.6 and VII	217,690	7	146,233	6	2230	Tax liability	IV and VI.30	35,254	1	103	-
1476	Other financial assets - Current	IV, VI.7 and VIII	24,180	1	1,390	-	2280	Lease liabilities - Current	IV, VI.11, VI.15, VI.32 and VII	3,177	-	3,114	-
	Total current assets		1,587,181	53	1,321,037	51	2322	Long-term borrowings maturing within one year	IV, VI.16, VI.32 and VIII	128,492	4	56,563	2
							2399	Other current liabilities		14,828	-	30,134	1
								Total current liabilities		1,478,779	49	1,150,921	44
15xx	Non-current assets						25xx	Non-current liabilities					
1517	Unrealized gains and losses on equity investments measured at fair value through other comprehensive income	IV, VI.3 and VIII	-	-	49,160	2	2541	Long-term bank loans	IV, VI.16, VI.32 and VIII	33,110	1	170,590	7
	Financial assets measured - Non-current						2570	Deferred tax liabilities	IV and VI.30	2,738	-	-	-
1550	Investment accounted for under the equity method	IV, V and VI.8	422,613	14	336,775	13	2580	Lease liabilities - Non-current	IV, VI.11, VI.15, VI.32 and VII	72,994	3	76,171	4
1600	Property, plant and equipment	IV, VI.9 and VIII	138,415	5	140,962	6	2640	Net defined benefit liability - Non-current	IV and VI.17	-	-	4,031	-
1755	Right-of-use assets	IV, VI.10	4,960	-	8,026	-	2645	Guarantee deposits	7	768	-	6,107	-
1760	Investment property	IV, VI.11 and VIII	817,345	27	718,745	28		Total non-current liabilities		109,610	4	256,899	11
1840	Deferred tax assets	IV, V and VI.30	12,397	-	7,072	-	2xxx	Total liabilities		1,588,389	53	1,407,820	55
1920	Refundable deposits	VI.2 and VII	26,329	1	10,096	-							
1970	Long-term investments	IV and VI.12	-	-	-	-							
1984	Other financial assets - Non-current	IV, VI.7 and VIII	270	-	1,060	-							
	Total non-current assets		1,422,329	47	1,271,896	49							
							31xx	Equity					
							3100	Share capital					
							3110	Common stock	IV and VI.18	737,670	25	737,670	28
							3200	Capital surplus	VI.8 and VI.19	183,167	6	205,086	8
							3300	Retained earnings					
							3310	Legal reserve	VI.20	232,976	8	231,036	9
							3320	Special reserve	VI.21	33,179	1	-	-
							3350	Unappropriated earnings	VI.22	251,452	8	62,783	2
							3400	Others					
							3410	Exchange differences on translation of foreign operations	IV, VI.8, VI.23 and VI.29	(1,202)	-	(714)	-
							3420	Unrealized gain or loss on financial assets measured at fair value through other comprehensive income	IV, VI.3, VI.8, VI.23 and VI.29	2,162	-	(32,465)	(1)
							3500	Treasury stock	IV and VI.24	(18,283)	(1)	(18,283)	(1)
								Total equity		1,421,121	47	1,185,113	45
1xxx	Total liabilities and equity		\$ 3,009,510	100	\$ 2,592,933	100	3xxx	Total Liabilities and Equity		\$ 3,009,510	100	\$ 2,592,933	100

(Notes to the Parent Company Only Financial Statements)

Chairman: William Chang

Managerial officer: Benjamin Pien

Chief Financial Officer: Annie Chou

Phoenix Tours International, Inc.
Parent Only Statement of Comprehensive Income
For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars, except for earnings per share)

Code	Assets	Notes	2023		2022	
			Amount	%	Amount	%
4100	Net revenue	IV, VI.25 and VII	\$ 2,132,767	100	\$ 155,480	100
5000	Operating cost	VI.26 and VII	(1,806,464)	(85)	(125,261)	(81)
5900	Gross profit		326,303	15	30,219	19
6000	Operating expenses	IV, VI.26 and VII				
6100	Sales and marketing expenses		(121,042)	(5)	(62,431)	(40)
6200	General and administrative expenses		(27,679)	(1)	(20,167)	(13)
	Subtotal		(148,721)	(6)	(82,598)	(53)
6500	Other revenues and expenses, net	IV, VI.27 and VII	7,187	-	9,145	6
6900	Operating profit (loss)		184,769	9	(43,234)	(28)
7000	Non-operating income and expenses					
7020	Other gains and losses	IV and VI.28 and VII	27,366	1	6,795	4
7050	Finance costs	IV and VI.28	(12,527)	(1)	(8,533)	(5)
7055	Expected loss on credit impairment		(29,006)	(1)	-	-
7060	Share of gains or losses of the subsidiaries recognized by using the equity method	IV, VI.8 and VI.28	19,847	1	(16,754)	(11)
7100	Interest income	IV and VI.28	1,763	-	1,092	1
7130	Dividend income	IV, VI.3 and VI.28	27,578	1	30,648	21
7210	Gain on disposal of property, plant and equipment	IV, VI.9 and VI.28	136	-	136	1
7235	Financial assets (liabilities) at fair value through profit or loss	IV, VI.2 and VI.28	(8,564)	-	556	-
	Net gains (losses)					
	Subtotal		26,593	1	13,940	11
7900	Net profit (loss) before tax		211,362	10	(29,294)	(17)
7950	Income tax expense	IV and VI.30	(33,188)	(2)	(1,942)	(1)
8200	Profit (loss) for the year		178,174	8	(31,236)	(18)
8300	Other comprehensive income	IV, VI.3, VI.8				
8310	Not to be reclassified to profit or loss in subsequent periods:	, VI.17, VI.23				
8311	Remeasurements of defined benefit plans	and VI.29	-	-	5,581	4
8316	Unrealized gains and losses of equity instruments measured at fair value through other comprehensive income		70,923	3	(74,582)	(48)
8320	Share of other comprehensive income of the subsidiaries recognized using the equity method		9,318	1	(11,611)	(7)
8349	Income tax related to items that will not be reclassified		-	-	(1,116)	(1)
	Total		80,241	4	(81,728)	(52)
8360	To be reclassified to profit or loss in subsequent periods:					
8380	Share of other comprehensive income of the subsidiaries recognized using the equity method		(488)	-	442	-
8399	Relevant income tax for items that will may be reclassified:		-	-	-	-
	Total		(488)	-	442	-
	Total other comprehensive(loss)income, net of tax		79,753	4	(81,286)	(52)
8500	Total comprehensive income		\$ 257,927	12	\$ (112,522)	(70)
	Earnings per share (NT\$)					
9750	Basic earnings per share (NT\$)	IV and VI.31	\$ 2.44		\$ (0.43)	
9850	Diluted earnings per share (NT\$)	IV and VI.31	\$ 2.43		\$ (0.43)	

(Notes to the Parent Company Only Financial Statements)

Chairman: William Chang

Managerial officer: Benjamin Pien

Chief Financial Officer: Annie Chou

Phoenix Tours International, Inc.
Parent Only Statement of Changes in Equity
For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Items	Share capital	Capital surplus	Retained earnings			Other Components of Equity		Treasury stock	Total
			Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gain or loss on financial assets measured at fair value through other		
Balance at January 1, 2022	\$ 671,174	\$ 205,086	\$ 217,646	\$ 55,872	\$ 133,894	\$ (1,156)	\$ 99,898	\$ (18,283)	1,364,131
Appropriations and distributions of 2021 earnings (Note VI.22):									
Legal reserve	-	-	13,390	-	(13,390)	-	-	-	-
Reversal of special reserves	-	-	-	(55,872)	55,872	-	-	-	-
Cash dividends for shareholders	-	-	-	-	(66,496)	-	-	-	(66,496)
Stock dividends for shareholders	66,496	-	-	-	(66,496)	-	-	-	-
Disposal of equity instruments at fair value through other comprehensive income									
Equity instrument measured	-	-	-	-	44,912	-	(44,912)	-	-
2022 net loss	-	-	-	-	(31,236)	-	-	-	(31,236)
2022 other comprehensive income	-	-	-	-	5,723	442	(87,451)	-	(81,286)
2022 total comprehensive income	-	-	-	-	(25,513)	442	(87,451)	-	(112,522)
Balance as of December 31, 2022	737,670	205,086	231,036	-	62,783	(714)	(32,465)	(18,283)	1,185,113
Appropriations and distributions of 2022 earnings (Note VI.22):									
Legal reserve	-	-	1,940	-	(1,940)	-	-	-	-
Allocated special reserve	-	-	-	33,179	(33,179)	-	-	-	-
Cash dividends for shareholders	-	(21,944)	-	-	-	-	-	-	(21,944)
Difference between actual acquisition price and carrying value of equity in subsidiaries	-	25	-	-	-	-	-	-	25
Disposal of equity instruments at fair value through other comprehensive income									
Equity instrument measured	-	-	-	-	45,614	-	(45,614)	-	-
2023 net income	-	-	-	-	178,174	-	-	-	178,174
2023 other comprehensive income	-	-	-	-	-	(488)	80,241	-	79,753
2023 total comprehensive income	-	-	-	-	178,174	(488)	80,241	-	257,927
Balance at December 31, 2023	\$ 737,670	\$ 183,167	\$ 232,976	\$ 33,179	\$ 251,452	\$ (1,202)	\$ 2,162	\$ (18,283)	\$ 1,421,121

(Notes to the Parent Company Only Financial Statements)

Chairman: William Chang

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Chief Financial Officer: Annie Chou

Phoenix Tours International, Inc.
Parent Only Statement of Cash Flows
For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Items	2023	2022
Cash flows from operating activities:		
Net profit (loss) before tax for the period	\$ 211,362	\$ (29,294)
Net income before tax		
Adjustments to reconcile profit (loss)		
Depreciation	11,050	11,534
Expected loss on credit impairment	29,006	-
Financial assets (liabilities) at fair value through profit or loss	8,564	(556)
Net losses (gains)		
Interest expense	12,527	8,533
Interest income	(1,763)	(1,092)
Dividend income	(27,578)	(30,648)
Share of gains or losses of the subsidiaries recognized by using the equity method	(19,847)	16,754
Gain on disposal of property, plant and equipment	(136)	(136)
Unrealized exchange loss	830	299
Changes in operating assets and liabilities		
Financial assets mandatorily measured at fair value through profit or loss	(39,592)	45,920
Notes receivable	(7,289)	(43,944)
Accounts receivable	(39,369)	(9,615)
Other receivables	(9,465)	(2,676)
Prepayments	(56,955)	(108,854)
Contract liabilities	185,739	156,861
Notes payable	(17,386)	34,575
Accounts payable	27,365	21,142
Other payables	31,877	(10,629)
Other payables - Related parties	2,927	424
Other current liabilities	(15,306)	3,676
Net defined benefit liability - Non-current	-	(42)
Cash flow from operating activities	<u>286,561</u>	<u>62,232</u>
Interest received	1,685	1,081
Dividends received	27,578	93,286
Interest paid	(12,527)	(8,533)
Income tax refunded or paid	663	(1,892)
Net cash flow from operating activities	<u>303,960</u>	<u>146,174</u>
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	(190,091)	(94,711)
Disposal of financial assets measured at fair value through other comprehensive income	176,350	102,056
Disposal of financial assets at amortized cost - Current	-	22,135
Increase in prepayments for investments	(14,502)	-
Acquisition of investments accounted for under the equity method	(57,000)	-
Acquisition of property, plant and equipment	(1,594)	(3,485)
Acquisition of investment property	(102,443)	(139,289)
Acquisition of other financial assets	(22,000)	-
Decrease (increase) in refundable deposits	(16,233)	125
Decrease in other long-term investments	-	37,596
Net cash used in investing activities	<u>(227,513)</u>	<u>(75,573)</u>
Cash flows from financing activities:		
Short-term bank borrowings	603,900	457,500
Repayment of short-term bank borrowings	(636,500)	-
Decrease in short-term notes payable	(31)	(459,236)
Long-term bank borrowings	20,000	106,930
Repayment of long-term bank borrowings	(85,551)	-
Decrease in guarantee deposit	(5,339)	(90)
Cash dividends paid	(21,944)	(66,496)
Repayment of principal of lease liabilities	(3,114)	(3,432)
Net cash generated from (used in) financing activities	<u>(128,579)</u>	<u>35,176</u>
Effect of exchange rate changes on cash and cash equivalents	(830)	(485)
Increase (decrease) in cash and cash equivalents in the current period	(52,962)	105,292
Cash and cash equivalents at beginning of year	179,266	73,974
Cash and cash equivalents at end of year	<u>\$ 126,304</u>	<u>\$ 179,266</u>

(Notes to the Parent Company Only Financial Statements)

Chairman: William Chang

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Chief Financial Officer: Annie Chou

Phoenix Tours International, Inc.
Notes to the Parent Company Only Financial Statements
For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

I. Company history

Phoenix Tours International, Inc. (hereinafter referred to as the Company) was approved to be established on April 30, 1957, and the registered and principal business address is Floor 4, No. 25, Section 1, Chang-An East Road, Taipei City. The main business areas include tour packages, independent travel groups, domestic and overseas sightseeing tours, meals and accommodation and related services, provide tour guides to travelers both at home and abroad, sell domestic and overseas transportation tickets as a commissioned agent, purchase domestic and overseas tickets on behalf of customers, check-in luggage and process entry-exit visa procedures on behalf of customers, etc.

The Company's stock was listed and traded on the Taipei Exchange (TPEX) starting November 2001, and then was transferred to be listed and traded on the Taiwan Stock Exchange Corporation starting October 2011.

II. Date and procedures for approving the financial report

The parent-only financial statements of the Company for 2023 and 2022 were authorized for issue by the board resolution on March 8, 2024.

III. Newly released and amended standards and interpretations

1. Have adopted the standards and interpretations approved and announced effective by the Financial Supervisory Commission (FSC)

The International Financial Reporting Standards, the International Accounting Standards, IFRIC Interpretations, and SIC Interpretations announced as applicable for 2023 on the website of the Securities and Futures Bureau of the FSC will be applicable starting January 1, 2023. There is no significant impact on the Parent Company Only Financial Statements.

2. The following summarizes the newly released, corrected and amended standards and interpretations from the International Accounting Standards Board (IASB) which have been approved by the FSC but not yet adopted

Newly released / corrected / amended standards and interpretations	Important Information	IASB announced that they became effective in the year after the following announcement date
IAS 1 (amendment)	Classification of liabilities as current or non-current	January 1, 2024
IAS 1 (amendment)	Non-current liabilities with covenants	January 1, 2024
IAS No. 7 and IFRS No. 7 (Amendment)	Supplier financing arrangements	January 1, 2024
IFRS 16 (amendment)	Lease Liability in a Sale and Leaseback	January 1, 2024

The Company's management believes that the amendments to the above standards will not have a material impact on the Company's Parent Company Only Financial Statements.

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

3. Newly released, corrected and amended standards and interpretations announced effective by the IASB but have not been recognized and announced effective by the FSC

Newly released / corrected / amended standards and interpretations	Important Information	IASB announced that they became effective in the year after the following announcement date
IFRS 10 and IAS 28 (amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined by IASB
IFRS 17	Insurance contracts	January 1, 2023
IFRS 17 (amendment)	Amendment to IFRS 17	January 1, 2023
IFRS 17 (amendment)	Initial Application of IFRS 17 and IFRS 9 - Comparative Information	January 1, 2023
IAS 21 (amendment)	Lack of convertibility	January 1, 2025

The Company's management is currently assessing the potential impact of the above new standards or amendments, so it is not likely to reasonably estimate the impact on the Company's Parent Company Only Financial Statements at this point.

IV. Summary of Significant Accounting Policies

The significant accounting polices applied in the preparation of these parent-only financial statements are set out below. Unless otherwise stated, the accounting policies are consistently applied to all periods of presentation.

1. Financial report preparation and measurement basis

(1) Compliance statement

These parent company only financial statements of the Company have been prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers."

(2) Measurement basis

A. Pursuant to Article 21 of the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers," the profit or loss during the period and other comprehensive income presented in the parent company only financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to the owners of the parent company presented in the financial reports prepared on a consolidated basis and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, investments in subsidiaries are expressed as the investment using the equity method in the Parent Corporation Only Financial Statements, and necessary evaluation adjustments are made.

B. The parent-only financial statements have been prepared under the historical cost convention, except for financial instruments that have been measured at fair value. Historical cost, for assets, refers to the fair value of cash, cash equivalents or other consideration paid to acquire assets; for liabilities, it refers to the amount received when obligations are assumed, or the amount expected to be paid to clear liabilities.

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(3) Functional and presentation currency

The Company has its functional currency as the currency of the primary economic environment in which it operates. The parent-only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information is expressed in thousands of New Taiwan Dollars unless otherwise stated.

2. Classification of current and non-current asset and liability items

- (1) Current assets include cash and cash equivalents (unless there are restrictions on exchanging such assets or using them to settle liabilities within 12 months after the reporting period), assets held primarily for trading, assets expected to be realized within twelve months after the reporting period or assets that are expected to be realized, sold or consumed in the normal business cycle; and assets that are not current assets are non-current assets.
- (2) Current liabilities include liabilities held primarily for trading, liabilities that are expected to be settled within twelve months after the reporting period or liabilities that are expected to be settled in its normal business cycle, and liabilities that cannot be unconditionally extended to at least 12 months after the reporting period (the terms of the liabilities may result in settlement by issuing equity instruments at the option of the counterparty, which does not affect the classification); and liabilities that are not current liabilities are non-current liabilities.

3. Foreign currency transactions and translation of foreign operations

- (1) The New Taiwan dollar is the functional currency of the Company and the presentation currency of the Parent Corporation Only Financial Statements. The initial recognition of the foreign currency transactions of the Company is recorded by using the spot exchange rate between the functional currency and the foreign currency on the transaction date to translate the amount of foreign currency into the functional currency. Monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rate on the reporting date. Non-monetary items in a foreign currency measured at historical cost are not retranslated. Non-monetary items in a foreign currency measured at fair value are translated at the exchange rate on the date when the fair value is determined. Exchange differences on monetary items are recognized as profit or loss in the period in which they occur. If gains or losses on non-monetary items are recognized as other comprehensive income, any exchange components of such gains or losses are also recognized as other comprehensive income. If gains or losses on non-monetary items are recognized as income, any exchange components of such gains or losses are also recognized as income.
- (2) Assets and liabilities of foreign operations, including goodwill arising from acquisitions and fair value adjustments made by acquisitions to the carrying amounts of assets and liabilities, are recognized in their functional currency. The results and financial position of an entity whose functional currency is not the currency of a hyperinflationary economy are translated into a different presentation currency using the following procedures:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet.
 - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period. However, if the exchange rate fluctuates sharply, the exchange rate on the transaction date shall be used for translation.

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

C. All resulting exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of, resulting in the loss of control over the subsidiary, the cumulative amount of the exchange differences recognized in other comprehensive income and accumulated in the separate component of equity relating to that foreign operation shall be reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of a subsidiary that includes a foreign operation, the entity shall transfer the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income to the treatment of equity transactions and change them to the "investment using the equity method".

A monetary item that is receivable from or payable to a foreign operation, and for which settlement is neither planned nor likely to occur in the foreseeable future, is a part of the entity's net investment in that foreign operation, and the exchange difference generated is recognized as other comprehensive income.

4. Cash and cash equivalents

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

5. Financial instruments

- (1) Financial assets or financial liabilities are recognized when the Company has become a party to the financial instrument contract of balance sheet. The financial assets that are purchased or sold in accordance with the general trade practice are processed in accordance with the trade date accounting.
- (2) At initial recognition, an entity measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.
- (3) The Company shall classify the financial instrument, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.
- (4) Financial assets and financial liabilities are offset only when the Company has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.
- (5) The Company uses financial instruments as follows:
 - A. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include those that are mandatorily classified and those designed. Financial assets that are mandatorily measured at FVPL include investments in equity instrument not designated by the Company to be measured at FVOCI, and investments in debt instrument that do not qualify for classification as measured at amortized cost or at fair value through other comprehensive income. Financial assets measured at fair value through profit or loss

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

are measured at fair value, with any gain or loss on remeasurement recognized in profit or loss.

B. Financial assets measured at amortized cost

Refer to financial assets that meet both of the following two conditions and are not designated as measured at fair value through profit or loss, and measured at amortized cost, including cash and cash equivalents presented in the balance sheet, notes receivable, accounts receivable, other receivables and other financial assets.

- (A) The objective of the business model is achieved by collecting contractual cash flows.
- (B) The assets' contractual cash flows solely represent payments of principal and interest.

Financial assets measured at amortized cost are measured, after initial recognition, at amortized cost of the gross carrying amount less impairment losses determined using the effective interest method. When there is derecognition, amortization process or recognition of impairment benefit or In the event of a loss, the gain or loss is recognized in profit or loss.

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

Refer to investments in debt instrument that meet both of the following two conditions and are not designated as measured at fair value through profit or loss; or refer to investments in equity instrument not held for trading as an irrevocable election at initial recognition to recognize the changes in fair value in other comprehensive income:

- (A) A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- (B) The assets' contractual cash flows solely represent payments of principal and interest.

Subsequent measurement is based on fair value, and its value changes, besides impairment losses of debt instrument investments, foreign currency exchange gains and losses of monetary financial assets and interest calculated using the effective interest method, and dividends on equity instrument investments that do not clearly represent part of the investment cost recovery, are recognized as other comprehensive income before derecognition or reclassification. At the derecognition, with respect to the accumulated gains or losses previously recognized in other comprehensive income, investments in debt instrument are reclassified from equity to income; and investments in equity instrument are reclassified as retain earnings. In addition, dividends from investments in equity instrument are recognized when the right to receive dividends is obtained.

D. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated as at fair value through profit or loss. Financial liabilities held for trading are measured at fair value, and the gains or losses arising from remeasurement are recognized in gains and losses.

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

E. Financial liabilities at amortized cost

Financial liabilities that are not measured at fair value through profit or loss are financial liabilities measured at amortized cost, including bank borrowings, bills payable, notes payable, accounts payable, other payables and lease liabilities; for the short-term payables that have not had the interest paid measured at amortize cost using the effective interest rate method, they are measured at the initial transaction amount if the impact of discounting is not significant.

(6) Non-hedging derivatives and embedded derivatives

Non-hedging derivatives are initially recognized at fair value when the contract is signed, and are subsequently re-measured at fair value on the balance sheet date. The gains or losses resulting from the subsequent measurement are directly listed in profit or loss, and are designated as effective hedging tools. The timing of recognition of derivatives in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative is positive, it is listed as a financial asset; when the fair value is negative, it is listed as a financial liability. If the derivative instrument is embedded in the host contract, it is a financial asset under IFRS 9 "Financial Instruments" (hereinafter referred to as IFRS 9), and the terms of the overall hybrid contract determine the classification of the financial asset. If the derivative embedded in the main contract is not a financial asset to which IFRS 9 is applicable, it should be assessed whether the embedded derivative is closely related to the host contract. If not, the embedded derivative should be separated from the host contract and treated as a derivative, unless the whole hybrid contracts are measured at fair value through profit or loss.

6. Fair value measurement

- (1) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The structure of fair value measurement considers the characteristics of a particular asset or liability, including the condition and location of the asset, and the restrictions on the sale or use of the asset, and assumes that the transaction of selling the asset or transferring the liability occurs in the principal market for the asset or liability, or, in the absence of a principal market, the most advantageous market for the asset or liability. The principal or most advantageous market must be those to which the Company has access, assuming that market participants act in their economic best interests when setting prices.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

- (2) With respect to the fair value measured by valuation techniques, an entity uses valuation techniques appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

7. De-recognition of financial assets and liabilities

(1) Financial assets

For the termination of the contractual rights to the cash flows from the financial asset, or the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred, or substantially all the risks and rewards of ownership of the financial asset have not been transferred and have not been retained and the control of the financial asset is not retained, the financial asset is derecognized, and any rights and obligations arising or retained by the transfer are separately recognized as assets or liabilities. The difference between the carrying amount of the derecognized portion of the financial asset measured at amortized cost and the consideration received is recognized in profit or loss on the de-recognition date. The difference between the carrying amount of investments in derecognized equity instruments measured at fair value through other comprehensive income and the sum of accumulated gains or losses recognized in other comprehensive income of the consideration received is recognized as retained earnings; and the investments in debt instrument is recognized in profit or loss. For financial assets that have not been derecognized in their entirety, the individual book value are apportioned based on the relative fair value of the continuously recognized parts. If the transfer of financial assets does not qualify for de-recognition, the entire transferred asset shall be continuously recognized and the consideration received shall be recognized as a financial liability.

(2) Financial liabilities

A financial liability or part of the financial liability is de-recognized when the obligation under the contract is fulfilled, canceled or expires and the financial liability is extinguished. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability or part of a financial liability extinguished or transferred to another party and the consideration paid shall be recognized in profit or loss.

8. Impairment of assets

(1) Impairment of financial assets

A. The Company recognizes loss allowance for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets, etc.).

B. The Company measures expected credit losses of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information (that is available without undue cost or effort at the reporting date) about past events, current conditions and forecasts of future economic conditions. Except for notes receivable, accounts receivable and other receivables, where the simplified approach is applied and the allowance for loss is measured on the basis of the lifetime ECL on the reporting date, if the credit risk of cash and cash equivalents, and other financial assets on the reporting date is low or has not increased significant since the initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses; and if the credit risk on that financial instrument has increased significantly since initial recognition, the loss allowance for the financial instrument at

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

an amount equal to the lifetime ECL.

C. The book value of the abovementioned financial assets is reduced through the loss allowance, and the recognition and reversal amount of the loss allowance is recognized in the profit and loss.

(2) Impairment of non-financial assets

For the assets to which IAS 36 "Impairment of Assets" is applicable, except for goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use, which are tested for impairment every year for that there are indications that they may have been impaired, the Company assesses whether there is any indication that the assets may have been impaired. If there is an indication that an asset may be impaired, then the asset's recoverable amount must be calculated. The recoverable amount of an asset or a cash-generating unit (CGU) is the higher of its fair value less costs of disposal and its value in use. If the recoverable amount of the asset is lower than its carrying amount, the carrying amount shall be reduced to the recoverable amount, and this reduction shall be the impairment loss, which shall be recognized as profit or loss. If there is any indication that the asset impairment loss other than goodwill recognized previously may no longer exist or have been decreased on the reporting date, the recoverable amount of the asset shall be re-estimated. If the estimate of the recoverable amount of the asset increases, the impairment loss is reversed, provided that the increase in the carrying amount of the asset due to the reversal of the impairment loss shall not exceed the carrying amount of the asset after deducting the amortization or depreciation that should be provided for if the impairment loss was not recognized in the previous year.

For cash-generating units that are subject to goodwill, the unit is tested for impairment by comparing the carrying amount of the unit that includes the goodwill with its recoverable amount. If the carrying amount of the unit exceeds its recoverable amount, an impairment loss must be recognized. When the impairment loss is recognized, the carrying amount of the allocated goodwill of the unit shall be reduced first, and the carrying amount of each asset shall be reduced in proportion to the carrying amount of other assets in the unit after deducting the shortfall. An impairment loss recognized for goodwill is not reversed in subsequent periods.

9. Investments accounted for using equity method

- (1) The entity that the Company has control over is a subsidiary of the Company. The Company's investment in subsidiaries is evaluated using the equity method, and, pursuant to Article 21 of the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers", is expressed by the "investments using the equity method" for necessary evaluation adjustments. The profit or loss during the period and other comprehensive income presented in the Parent Company Only Financial Statements shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to the owners of the parent company presented in the financial reports prepared on a consolidated basis and the owners' equity presented in the Parent Company Only Financial Statements shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.
- (2) Under the equity method, investments are initially recognized at cost, and subsequently adjusted according to changes in the share of net assets of the subsidiary. When the Company's share of losses on a subsidiary exceeds its equity in the subsidiary, it continues

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

to recognize losses in proportion to its shareholding. If the investment cost exceeds the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiary on the date of acquisition, the difference is goodwill related to the subsidiary, which is included in the carrying amount of the investment and amortization is not permitted; on the other hand, it is recognized as income immediately after reassessment.

- (3) Changes in the Company's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions. Any difference between the carrying amount of investments and the fair value of the consideration paid or received is directly recognized in equity.
- (4) When a subsidiary has a change in equity not from profit or loss or other comprehensive income that does not affect the shareholding of the subsidiary, the Company will recognize the share of changes in equity of the subsidiary as the "capital reserve" based on the shareholding percentage.
- (5) When the Company loses control over the subsidiary, the Company recognizes the remaining investment in the former subsidiary based on the fair value on the date when the significant influence is lost. The difference between the fair value of the remaining investment and the proceeds from disposal and the carrying amount of the investment that has lost control is recognized as the current profit or loss. For all amounts related to the subsidiary recognized in other comprehensive income, the basis of accounting treatment is the same as that when the Company would have to comply with if it had directly disposed of the related asset or liability.
- (6) Unrealized gains and losses resulting from transactions between the Company and the subsidiary are eliminated to the extent of the Company's related interest in the subsidiary.

10. Property, plant and equipment

- (1) It is held for the provision of labor services, leasing to others or for management purposes. Its recognition and subsequent measurement adopt the cost model, and it is presented at the cost after deducting accumulated depreciation and accumulated impairment losses. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or the costs of dismantling and removing and restoring its location. When the major components of property, plant and equipment have different service life, it is treated as a separate item of property, plant and equipment.
- (2) The depreciation of property, plant and equipment, except that land is not depreciated, is apportioned according to the following useful life using the straight-line method, and the residual value, useful life and depreciation method of the asset are examined at the end of each year. If the expected value is different from the previous estimate, or the expected consumption pattern of the future economic benefits contained in the asset has changed significantly, the depreciation method needs to be changed to reflect the pattern after change, and the change is based on the change of the accounting estimate. If the property, plant and equipment has been recognized as asset impairment loss, the depreciation expense of the asset in the future periods shall be adjusted to allocate the revised carrying amount of the asset less its residual value, and shall be amortized according to the straight-line method over the remaining useful life:

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Buildings	29-55	years
Ancillary equipment of houses and buildings	5	years
Computer and communication equipment	3-5	years
Transportation equipment	5	years
Office equipment	3-6	years
Lease improvement	5	years
Rental property	29-55	years

- (3) Replacement and major repair costs are recognized in the carrying amount of property, plant and equipment items; routine repair costs are recognized in profit or loss when incurred. Capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.
- (4) When disposing of property, plant and equipment, or when it is expected that the use or disposal will not generate future economic benefits, the carrying amount should be de-recognized. The gain or loss generated from the de-recognition shall be recognized as profit or loss, and the profit shall not be classified as income.

11. Leases

(1) Company as a lessor

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of asset ownership to the lessee; leases other than finance leases are operating leases.

When the Company subleases the right-of-use asset, it determines the classification of the sublease based on the right-of-use asset (not the underlying asset). If the main lease is a short-term lease for which the recognition exemption applies, the sublease is classified as an operating lease.

- A. Under a finance lease, the net lease investment is measured at the present value of the sum of payments to be received from the lessee and the unguaranteed residual value plus the initial direct cost, and shall be expressed as finance lease receivables. The recognition of finance lease income is based on the constant periodic rate of return that can reflect the Company's outstanding net lease investment in each lease period.
- B. Lease income from operating leases shall be recognized in income on a straight-line basis over the lease term. If the lease contract provides an incentive to facilitate the lessee to sign the lease contract, the total cost of the incentive is recognized as a deduction of rental income on a straight-line basis during the lease term. Initial direct costs incurred by lessors in negotiating and arranging an operating lease shall be added to the carrying amount of the underlying asset and recognized as an expense over the lease term on a straight-line basis.

If there is any variable rent in the lease agreement that does not depend on an index or rate, it is recognized as income in the period in which it occurs.

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(2) Company as a lessee

Except for short-term leases and lease payments of low-value underlying assets, which are recognized as expenses on a straight-line basis over the lease term, other leases are recognized as right-of-use assets and lease liabilities on the lease inception date.

A. The initial recognition and subsequent measurement of right-of-use assets adopt the cost model, and are presented at the cost after deducting the accumulated depreciation and accumulated impairment losses and adjusting the remeasurement amount of the lease liability. For the recognition and measurement of use-of-right assets that meet the definition of investment property, please refer to Note IV.12 Accounting policies for investment property in the Parent Company Only Financial Statements. The right-of-use asset recognized on a straight-line basis is depreciated from the commencement date to the earlier of the end of the asset's service life or the end of lease term.

B. The initial recognition of the lease liability is measured by the present value of the unpaid lease payments at the inception date of the lease. If the implicit interest rate is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easily determined, the lessee's incremental borrowing rate is used. Subsequent measurement is at amortized cost using the effective interest method. The remeasurement of the lease liability is an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss.

If there is any variable rent in the lease agreement that does not depend on an index or rate, it is recognized as expense in the period in which it occurs.

12. Investment property

(1) Refers to real property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or sale in the ordinary course of business. The initial recognition and subsequent measurement of investment property adopt the cost model, and the depreciation method, useful life and residual value are treated according to the cost model for property, plant and equipment. For the right-of-use assets that are recognized and measured for construction on ground leases, the depreciation of the relevant right-of-use assets are deferred to the aforementioned houses and buildings and amortized as an expense on a straight-line basis over the usable period before the houses and buildings under construction reach the intended use state. Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The gain or loss arising from the derecognition is recognized as profit or loss.

Buildings	50	years
Right-of-use assets	25-461	months

(2) Investment property can only be reclassified at the carrying amount of the converted real property when the use of the real property is changed and there is evidence to prove it.

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13. Other long-term investments

Other long-term investments refer to the Company's investment in a business, which is recognized at the initial investment cost, subsequently recognized as an income when the right to receive distributed profits is obtained.

14. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the amount after deducting direct issuance costs from the obtained proceeds.

15. Treasury stock

The consideration paid by the Company or any of the Company's subsidiaries to buy back the Company's shares is deducted from the equity attributable to the Company until the shares are canceled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

16. Revenue recognition

Revenue is measured by the consideration to which the services are transferred and to which they are expected to be entitled. The Company recognizes revenue when control of the service is transferred to the customer and performance obligations are satisfied. The main income items of the Company are described as follows:

Provision of services

The Company mainly arranges domestic and overseas sightseeing tours for tourists, there are tour package or independent travel options to arrange travel, dining, accommodation, transportation and relevant services for tourists, and the revenue is recognized gradually over time through reasonably measuring the degree of fulfillment of performance obligations. The degree of completion measured is the performance result of the control of the transfer of the promised services to the customer, and the degree of completion is measured by the proportion of the cost invested to the estimated total cost at the end of the reporting period. As circumstances change over time, the measure of progress shall be updated to reflect any changes in the outcome of the performance obligation. Such changes to the measure of progress shall be accounted for as a change in accounting estimate.

If the Company generates agency service income by being entrusted to sell passenger tickets for domestic and overseas transportation companies, purchase domestic and overseas tickets for customers, and handle entry and exit visa procedures, the revenue is recognized when the control of goods is transferred to customers.

If the result of the performance obligation of providing services cannot be reasonably measured, revenue is only recognized within the recoverable scope of the incurred costs.

When the Company transfers control of goods or services and has the right to unconditionally receive the consideration, it recognizes accounts receivable. If the goods or services have been transferred to the customer, but the Group still has no right to unconditionally receive the consideration, it recognizes the contract assets. If there is an obligation to transfer goods or services to the customer because the consideration has been received or can be received from the customer before the goods or services are transferred to customers, the Group recognizes contract liabilities.

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If the payment cut-off time of the contract agreement provides customers or the Company with significant financial benefits explicitly or implicitly in the transaction of transferring goods or services, the Company adjusts the promised consideration amount to reflect the time value of money. For sales contracts where the time interval between the delivery of goods or services to the customer and the time when the customer pays for the goods or services is not expected to exceed one year, the Company does not adjust the promised consideration amount.

17. Borrowing costs

Consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (referring to the asset that must take a long period of time to reach the intended use or sale state) as part of the cost of that asset, and other borrowing costs are recognized as expenses in the period in which they are incurred. Funds are often temporarily invested pending their expenditure on the qualifying asset, and any investment income earned on such funds is deducted from the borrowing costs actually incurred. Capitalization of borrowing costs shall cease when almost all necessary activities for qualifying assets meeting the requirements for intended use or sale have been completed. If the active development of qualifying assets is suspended for a long period, the capitalization of borrowing costs is also suspended during the period.

18. Employee benefits

(1) Short-term employee benefits

Refer to employee benefits (other than severance package) that are expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, which is measured at a non-discounted amount expected to be paid in exchange for the employee's services and is recognized as expenses and liabilities. The expected cost of profit sharing and bonus payment is recognized as expenses and liabilities in accordance with the aforementioned provisions when it meets the present legal or constructive payment obligations due to past events, and the obligations can be estimated reliably.

(2) Post-employment benefits

A. All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Company's Parent Company Only Financial Statements.

B. For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Group recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

C. A post-employment benefit plan that is a defined benefit plan shall be listed in the actuarial report on the annual report date according to the projected unit credit method, and the rereasurement amount shall be included in other comprehensive income when it occurs, and immediately recognized in retained earnings.

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19. Government grants

- (1) Government grants are recognized once it is reasonably convinced that the Company complies with the conditions for subsidies and will be receiving the subsidies.
- (2) Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related asset costs for which the grants are intended to compensate. If it is used as compensation for previously incurred expenses or losses, or for the purpose of providing immediate financial support to the Company without future related costs, it is recognized in profit or loss during the period in which it can be collected.
- (3) Government grants related to assets are recognized in the balance sheet as deferred income or a deduction of the carrying amount of related assets; government grants related to income can be expressed separately in the consolidated income statement as government grant benefits, included in other income or used as a deduction of related expenses.

20. Income tax

- (1) The tax expense for the period comprises current and deferred tax. Current and deferred tax is recognized as profit or loss for the period, except in connection with business combinations and items recognized directly in equity or other comprehensive income.
- (2) The current income tax expense refers to the estimated tax payable or tax refund receivable calculated on the taxable income or loss of the current year based on the tax rate that has been enacted or substantively enacted on the reporting date, and any adjustment to the tax payable or refund receivable of previous years.
- (3) Deferred tax expenses are calculated and recognized based on temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position.
- (4) Deferred tax assets and liabilities are measured at the tax rate applicable when the temporary difference is expected to reverse, and based on the tax rate that has been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.
- (5) Unused tax losses and tax credits and deductible temporary differences are recognized as deferred tax assets to the extent that future taxable income is likely to be available, and are assessed on each reporting date, and adjustments are made to the extent that the relevant income tax benefits are not likely to be realized.
- (6) The Company's profit-seeking enterprise income tax of the undistributed earnings of the current year shall be recognized as income tax expenses of undistributed earnings based on the distribution of actual earnings after the shareholders' meeting approves the earnings distribution plan in the next year.

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21. Earnings per share

The Company expresses the basic and diluted earnings per share attributable to the owners of ordinary shares of the Company for the current period. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding in the current period; diluted earnings per share are calculated by adjusting the profit or loss attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

V. Significant accounting judgments, estimates and assumptions

When the Company prepares the Parent Company Only Financial Statements, the management must make judgments, estimates and assumptions, which will affect the reported amounts of revenues, expenses, assets and liabilities. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the future, that is, actual results may differ from estimates.

1. In the process of adopting accounting policies, the management has made judgments that have a material impact on the amounts recognized in the Parent Company Only Financial Statements:

For the classification of investment property, please refer to the explanation under Note VI.9(2) of the Parent Company Only Financial Statements.

2. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Impairment of accounts receivable

As stated in Notes IV.8, VI.4 and VI.5 of the Parent Company Only Financial Statements, the loss allowance of accounts receivable is measured at the reporting date by the amount of lifetime expected credit losses using a simplified approach. Receivables are classified based on common risk characteristics that represent the customer's ability to pay all amounts due in accordance with the contractual terms; and by taking into account reasonable and supportable information (that is available without undue cost or effort at the reporting date) about past events, current conditions and forecasts of future economic conditions, expected credit losses are estimated based on the estimated default rate and expected credit loss rate. Any changes in the Company's management's estimates of the classification, default rate, and expected loss rate of the aforementioned receivables or changes in estimates due to economic conditions will affect the estimated amount of loss allowance on receivables.

The Company's net receivables on December 31, 2023 is NT\$102,561 thousand (including notes receivable, accounts receivable and other receivables), which have deducted the estimated loss allowance of NT\$29,506 thousand.

(2) Realization of deferred tax assets

As stated in Note IV.20 of the Parent Company Only Financial Statements, deferred income tax assets are only recognized when it is highly likely that there will be sufficient taxable income in the future for the use of deductible temporary differences. When assessing the realizability of deferred income tax assets, significant accounting judgments and estimates

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of the management must be involved, including assumptions such as expected future revenue growth and profit margins, available income tax deductions, and tax planning. Any changes in the global economic environment, industry environment, and laws and regulations may cause major adjustments to deferred income tax assets.

The Company's amount of deferred tax assets as of December 31, 2023 was NT\$12,397 thousand.

(3) Impairment testing of investment using the equity method

As mentioned in Note IV.8 of the Parent Company Only Financial Statements, for cash-generating units that are subject to goodwill, the unit is tested for impairment by comparing the carrying amount of the unit that includes the goodwill with its recoverable amount. If the carrying amount of the unit exceeds its recoverable amount, an impairment loss must be recognized. Any changes in the Company's management's estimates of the aforementioned recoverable amount or changes in estimates due to economic conditions will affect the estimated amount of impairment loss of investments using the equity method.

The Company's investment using the equity method as of December 31, 2023 does not recognize impairment.

VI. Statement of significant accounting items

1. Cash and cash equivalents

	2023.12.31	2022.12.31
Cash and petty cash	\$8,415	\$3,012
Demand deposit	43,603	156,254
Cash equivalents - Certificate of deposit	12,000	-
Cash equivalents - Bond repurchase	62,286	20,000
Total	\$126,304	\$179,266

(1) The abovementioned time deposits and bond repurchase mature within one year from the date of acquisition, and are considered deposits and investments that can be converted into fixed cash immediately, and have little risk of changes in value.

(2) As of December 31, 2023 and 2022, the repurchase bonds signed between the Company and a In December, the bills were bought back by a brokerage company for NT\$62,308 thousand and NT\$20,008 thousand, respectively.

(3) The abovementioned bank deposits and bond repurchase have not involved the provision of guarantees or pledges.

2. Financial assets and liabilities measured at fair value through profit and loss - current

Financial asset measured at fair value through profit or loss

	2023.12.31	2022.12.31
Mandatorily measured at fair value through profit or loss:		
Beneficiary certificates	\$182,285	\$185,303
Equity-linked instruments	52,004	18,534

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Total	<u>\$234,289</u>	<u>\$203,837</u>
<u>Financial liabilities at fair value through profit or loss</u>		
	<u>2023.12.31</u>	<u>2022.12.31</u>
Held for trading:		
Obligation to cover short sells	<u>\$17,100</u>	<u>\$-</u>

- (1) The equity-linked products that the Company trades are mainly to obtain higher investment returns, so the underlying products highly correlated with the stock market prices are chosen. Equity-linked products have a contract period of five years. During the contract period, if the underlying products were to issue dividends, the dividend amount is withdrawn before each date of payment of cash dividends. If there was a date of record for cash capital reduction, and the date of trade resumption of the underlying products for capital reduction was no later than the date of maturity, the refund would be withdrawn before the distribution date of the refund. If the intraday or closing price of the underlying equity-linked product is less than or equal to the lower limit price on any day from the day after (inclusive) the trading day to the third expected business day (inclusive) before the maturity date, and that the aforementioned event does not happen and that the underlying product does not have a down limit price and suspension of trading on the second expected business day before the maturity date, and that the Company applies for early termination of the product (a penalty must be paid), it is considered maturing in advance, and settle the cash amount to be withdrawn or the number of shares equivalent to the settlement price according to the contract.
- (2) In March 2023, the Company invested in funds to the offshore fund issuers, City Credit Investment Bank Limited (CCIB) and City Credit Asset Management Co., Ltd. (CCAM) applied for redemption of all overseas funds (diversified foreign currency (euro) investment portfolio and Chang Sheng Fund), but CCAM announced on March 27, 2023 that due to The Bank has launched an unprecedented comprehensive financial inspection system for the prevention of international money laundering in 2022. Fund companies or investment banks that engage in foreign exchange and digital currency transactions are particularly subject to stringent financial inspections. 80% of CCAM's products are arbitrage traded, and the huge trade volume naturally attracts the scrutiny and attention of the financial inspection authorities. Since the fourth quarter of 2022, CCAM has undergone the most stringent series of financial inspections and bank money laundering inspections. As a result, it took longer for product redemption operations and remittances to take longer, causing customers to become worried and impatient. The execution of the complaint by the financial competent authority led to the second inspection by the competent authority. The largest trader was also temporarily suspended by the competent authority due to frequent customer complaints. In addition, the recent negative media reports have triggered more customers to speculate on withdrawal runs, and further delays the withdrawal process. In order to avoid irreparable losses due to short-term large-scale redemptions and to protect the rights and interests of all investors, CCAM undertakes the following measures:
- A. Starting from January 1, 2023, CCAM will suspend the redemption of principal of all products, and only open the redemption of dividend and incremental income. Product principal redemption is available for acceptance in November 2023. All principal redemption operated from January 1, 2023 to March 27, 2023, the principal of the

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product will be calculated at an annualized rate of 2% based on the number of days from the redemption date to the end of March 2023 and will be credited to the investor's cash column. If the product is redeemed with a redemption fee, it will also be returned to the investor in cash. Investors may change the principal to purchase any product to accumulate performance, and the income must be withdrawn by re-signing the redemption letter.

B. CCAM will endeavor to complete the remittance of all cash redemption orders executed before January 1, 2023 by the end of May 2023. Starting June 1, 2023, CCAM will start processing all revenue withdrawals on the account starting January 1, 2023.

As of June 7, 2023, CCAM announced on its official website that the redemption orders for pure commodity income already processed from January to March 2023 do not need to be re-signed, and will be handled sequentially thereafter. CCAM started to process outward withdrawal of funds at the end of May 2023 and will process all revenue withdrawals from January 1, 2023 onwards. The CCAM platform has contacted other suitable brokers to resume trading, and will start accepting commodity principal redemption from November 2023 as appropriate once the trading volume returns to normal.

In addition, CCIB announced on its official website that the High Court under its jurisdiction has issued an order on October 16, 2023 to appoint the provisional liquidator of the company.

Afterwards, CCAM announced on its official website that the court under its jurisdiction had appointed the joint official liquidators of the Company in January 2024.

The above events have resulted in the redemption of overseas funds that the Company has applied for and obtained redemption confirmation. A total of NT\$29,006 thousand (Euro 890,849.84, booked in The credit impairment loss was fully recognized in the first quarter of 2023 and accounted for under the item of non-operating income and expense - expected credit impairment loss. the Company's canceled redemption investments booked in financial assets at fair value through profit or loss - current amounted to NT\$29,806 thousand (euro 595,373.02 and JPY 51,607,232.10). and significant uncertainty in market transactions. After evaluating the reliability of fund-related information, restrictions, current market dynamics, significant uncertainties in transactions and other factors, the abovementioned The impact of the event is included in the assessment of its fair value, and all valuation losses are recognized under the "non-operating income and expense - financial assets (liabilities) net gains (losses) measured at fair value through gains and losses."

- (3) The Company had sold short selling ordinary shares of domestic listed companies in December 2023. As of December 31, 2023, the Company had outstanding share settlement of NT\$17,676 thousand and The cash deposits paid for the aforementioned short-selling transactions amounting to NT\$15,908 thousand were recorded under other receivables and refundable deposits. The bonds were repaid in January 2024 and the difference was recovered.
- (4) The net gains and losses on financial assets (liabilities) as measured at fair value through profit or loss recognized in 2023 and 2022 were NT\$8,564 thousand, respectively (including the losses stated in Note VI.2(2) to the parent company only financial statements The overseas fund on the redemption transaction was fully recognized (value loss) and

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profit of NT\$556 thousand.

- (5) The abovementioned "financial assets measured at fair value through profit or loss - current" do not involve the provision of guarantee or pledge.
- (6) Please refer to Notes XII.2(3) A and B of the Parent Company Only Financial Statements for the disclosure of market risk and credit risk information on the Company's financial assets measured at fair value through profit or loss.

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

	2023.12.31	2022.12.31
<u>Equity instruments</u>		
Acquisition cost:		
Domestic listed and emerging stock board stocks - Common stock	\$500,016	\$482,321
Domestic listed stocks - Preferred stock	374,347	317,059
Subtotal	874,363	799,380
Valuation adjustment:		
Domestic listed and emerging stock board stocks - Common stock	15,812	(5,488)
Domestic listed stocks - Preferred stock	(8,018)	(13,398)
Subtotal	7,794	(18,886)
Total	\$882,157	\$780,494
Recognized as current assets	\$882,157	\$731,334
Recognized as non-current assets	-	49,160
Total	\$882,157	\$780,494

- (1) Equity instruments measured at fair value through other comprehensive income are not investments held for trading, so the Company chooses to designate them as measured at fair value through other comprehensive income.
- (2) The 2023 and 2022 dividend income from equity instruments measured at fair value through other comprehensive income are NT\$27,578 thousand and NT\$30,648 thousand, respectively.
- (3) The 2023 and 2022 cumulative profits reclassified from the unrealized gains or losses of financial assets measured at fair value through other comprehensive income to the undistributed earnings due to the sales of the common stocks of listed companies and emerging stock market unlisted (non-OTC) companies are NT\$44,244 thousand and NT\$37,207 thousand, respectively.

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- (4) The Series A preferred stock issued by Cathay Financial Holding generates dividends at a 7-year IRS rate (1.9225% to 3.9225%), and the undistributed or fractional dividends that cannot be distributed will be accumulated. The stock cannot participate in the distribution of cash and capitalization of earnings and capital reserve related to common stock, and cannot be converted into common stock, and there is no maturity date. However, the Company may reacquire all or part of the preferred stock at the initial issue price any time starting the day after the 7-year deadline with the consent of the competent authority.
- (5) The Series A preferred stock issued by Union Bank of Taiwan generates dividends at an annual rate of 4.8% (5-year IRS rate 0.89125% + fixed markup percentage 3.90875%), and the undistributed or fractional dividends that cannot be distributed will be accumulated. The stock cannot participate in the distribution of cash and capitalization of earnings and capital reserve related to common stock, and cannot be converted into common stock, and there is no maturity date. However, the Company may reacquire all or part of the preferred stock at the initial issue price any time starting the day after the 5.5-year deadline with the consent of the competent authority.
- (6) The Series A preferred stock issued by WT Microelectronics generates dividends at an annual rate of 4% (5-year IRS rate 0.6125% + fixed markup percentage 3.3875%), and the undistributed or fractional dividends that cannot be distributed will be accumulated. The stock cannot participate in the distribution of cash and capitalization of earnings and capital reserve related to common stock, and cannot be converted into common stock, and there is no maturity date. However, the Company may reacquire all or part of the preferred stock at the initial issue price any time starting the day after the 5-year deadline with the consent of the competent authority.
- (7) Please refer to Note VIII of the Parent Company Only Financial Statements for more details on financial assets measured at fair value through other comprehensive income under pledge.
- (8) Please refer to Notes XII.2(3) A and B of the Parent Company Only Financial Statements for the disclosure of market risk and credit risk information on the Company's financial assets measured at fair value through other comprehensive income.

4. Notes receivable, net

	2023.12.31	2022.12.31
Notes receivable	\$51,414	\$44,125
Less: loss allowance	-	-
Net amount	\$51,414	\$44,125

Please refer to Note VI.5(2) of the Parent Company Only Financial Statements for the changes in the Company's loss allowance for 2023 and 2022 notes receivable.

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5. Net accounts receivable

	2023.12.31	2022.12.31
Accounts receivables	\$21,326	\$10,963
Less: loss allowance	(500)	(500)
Net amount	<u>\$20,826</u>	<u>\$10,463</u>

(1) The Company's allowance for notes receivable and accounts receivable is measured by the amount of lifetime expected credit losses using a simplified approach. Notes receivable and receivables are classified based on common risk characteristics that represent the customer's ability to pay all amounts due in accordance with the contractual terms; and by taking into account reasonable and supportable information (that is available without undue cost or effort at the reporting date) about past events, current conditions and forecasts of future economic conditions, expected credit losses are estimated based on the estimated default rate and expected credit loss rate.

(2) The changes in the allowance for notes receivable and accounts receivable of the Company are as follows:

	2023	2022
Beginning balance	\$500	\$500
Allowance account provision for impairment of notes receivable and accounts receivable	-	-
Reversal of allowance account for impairment of notes receivable and accounts receivable	-	-
Write off irrecoverable notes and accounts receivable	-	-
Ending balance	<u>\$500</u>	<u>\$500</u>

(3) Please refer to Notes XII.2(3) B of the Parent Company Only Financial Statements for the disclosure of credit risk information on the Company's notes receivable and accounts receivable.

6. Prepayments

	2023.12.31	2022.12.31
Prepaid group tour fees	\$198,082	\$137,081
Prepayments for investments	14,502	-
Others	5,106	9,152
Total	<u>\$217,690</u>	<u>\$146,233</u>

The prepayment for investment is for the participation in the cash capital increase of the investee, WT MICROELECTRONICS CO., LTD. in December 2023. The amount of stock paid is NT\$14,502 thousand. The base date was January 9, 2024; therefore, it was recorded in the prepayment account on December 31, 2023. The subscribed shares were acquired in January 2024 and reclassified to the account of financial assets at fair value through other

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comprehensive income - current.

7. Other financial assets

	2023.12.31	2022.12.31
<u>Other financial assets - Current</u>		
Time deposits with a maturity period of less than 1 year	\$24,180	\$1,390
<u>Other financial assets - Non-current</u>		
Time deposits with a maturity period of more than 1 year	\$270	\$1,060

- (1) Please refer to Note VIII of the Parent Company Only Financial Statements for the abovementioned financial assets (including current and non-current) under pledge.
- (2) Please refer to Note XII.2(3) B of the Parent Company Only Financial Statements for the disclosure of credit risk information on the Company's other financial assets (including current and non-current).

8. Investments accounted for using equity method

- (1) The following table lists the investments accounted for using the equity method of the Company:

Name of subsidiaries	2023.12.31	Equity ownership percentage (%)	2022.12.31	Equity ownership percentage (%)
<u>Subsidiary</u>				
Taiwan Orchid Express Inc.	\$299,586	99.76	\$270,055	99.76
Vip Bus Int'l Inc.	14,998	33.02	14,586	33.02
Phoenix Travel Press Co., Ltd.	3,060	100	3,282	100
Park Joy Co., Ltd.	20,690	100	20,843	100
Fitnexus Co., Ltd.	2,722	54	3,169	54
Boyi Co., Ltd.	81,557	82	24,840	100
Total	<u>\$422,613</u>		<u>\$336,775</u>	

- (2) Fair value of the Company's investment using the equity method with publicly quoted prices:
Not applicable.

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(3) Changes in investments accounted for using equity method:

	2023	2022
Beginning balance	\$336,775	\$427,200
Investments added for the period	57,000	-
Adjustment to realized gain from downstream transactions	136	136
Share of (loss) gain in the current period	19,847	(16,754)
Cash dividends distributed by subsidiaries	-	(62,638)
Share of other comprehensive income of the subsidiaries recognized using the equity method	8,830	(11,169)
Difference between actual acquisition price and carrying value of equity in subsidiaries	25	-
Ending balance	<u>\$422,613</u>	<u>\$336,775</u>

(4) The difference in the changes in ownership interest of the subsidiaries recognized by the Company in 2023 and 2022 under the equity method and the changes in the equity shares are evaluated according to the financial statements of the subsidiaries for the same period that have been audited by the Company and obtained.

(5) On October 27, 2023, with the consent of the directors, the subsidiary, Boyi Co., Ltd., made a cash increase of NT\$75,000 thousand divided into 7,500 thousand shares with a par value of NT\$10 per share. The Company subscribed 5,700 thousand shares with an investment amount of NT\$57,000 thousand. Since the Company has control over the said cash capital increase, it is processed as equity transaction, and the participating cash capital increase of the subsidiary and the corresponding acquisition of the subsidiary's net asset book value the difference of NT\$25 thousand, which shall be adjusted for increased capital reserve. After participating in the cash capital increase, its shareholding decreased from 100% to 82%.

(6) The Company's subsidiaries have been included in the consolidated entities for the preparation of the 2023 and 2022 Consolidated Financial Statements.

(7) The abovementioned investments using the equity method have not involved the provision of guarantees or pledges.

9. Property, plant and equipment

	2023.12.31	2022.12.31
Personal-use	\$123,957	\$126,361
Operating leases	14,458	14,601
Total	<u>\$138,415</u>	<u>\$140,962</u>

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(1) Changes in the Company's self-use property, plant and equipment are as follows:
2023

	Land	Buildings	Computer and communication equipment	Transportation equipment	Office equipment	Lease improvement	Total	
Initial cost:								
Beginning balance	\$72,998	\$91,037	\$20,750	\$7,710	-	\$5,100	\$1,039	\$198,634
Added this period	-	633	742	-	219	-	-	1,594
Disposal this period	-	(319)	(20,325)	-	(881)	-	-	(21,525)
Reclassification this period	-	-	-	-	-	-	-	-
Ending balance	<u>72,998</u>	<u>91,351</u>	<u>1,167</u>	<u>7,710</u>	<u>4,438</u>	<u>1,039</u>	<u>-</u>	<u>178,703</u>
Accumulated depreciation:								
Beginning balance	-	(41,501)	(20,384)	(4,406)	-	(4,993)	(989)	(72,273)
Depreciation this period	-	(2,310)	(253)	(1,238)	-	(147)	(50)	(3,998)
Disposal this period	-	319	20,325	-	881	-	-	21,525
Ending balance	<u>-</u>	<u>(43,492)</u>	<u>(312)</u>	<u>(5,644)</u>	<u>-</u>	<u>(4,259)</u>	<u>(1,039)</u>	<u>(54,746)</u>
Accumulated impairments	-	-	-	-	-	-	-	-
Ending carrying amount	<u>\$72,998</u>	<u>\$47,859</u>	<u>\$855</u>	<u>\$2,066</u>	<u>\$179</u>	<u>\$-</u>	<u>\$-</u>	<u>\$123,957</u>

	Land	Buildings	Computer and communication equipment	Transportation equipment	Office equipment	Lease improvement	Total
Initial cost:							
Beginning balance	\$72,998	\$91,037	\$20,325	\$4,650	\$5,100	\$1,039	\$195,149
Added this period	-	-	425	3,060	-	-	3,485
Disposal this period	-	-	-	-	-	-	-
Reclassification this period	-	-	-	-	-	-	-
Ending balance	<u>72,998</u>	<u>91,037</u>	<u>20,750</u>	<u>7,710</u>	<u>5,100</u>	<u>1,039</u>	<u>198,634</u>
Accumulated depreciation:							
Beginning balance	-	(39,176)	(20,325)	(3,036)	(4,339)	(915)	(67,791)
Depreciation this period	-	(2,325)	(59)	(1,370)	(654)	(74)	(4,482)
Disposal this period	-	-	-	-	-	-	-
Ending balance	<u>-</u>	<u>(41,501)</u>	<u>(20,384)</u>	<u>(4,406)</u>	<u>(4,993)</u>	<u>(989)</u>	<u>(72,273)</u>
Accumulated impairments	-	-	-	-	-	-	-
Ending carrying amount	<u>\$72,998</u>	<u>\$49,536</u>	<u>\$366</u>	<u>\$3,304</u>	<u>\$107</u>	<u>\$50</u>	<u>\$126,361</u>

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- (2) Changes in the Company's self-use property, plant and equipment for operating leases are as follows:

	2023		
	Land	Buildings	Total
Initial cost:			
Beginning balance	\$11,425	\$6,429	\$17,854
Added this period	-	-	-
Disposal this period	-	-	-
Ending balance	11,425	6,429	17,854
Accumulated depreciation:			
Beginning balance	-	(3,253)	(3,253)
Depreciation this period	-	(143)	(143)
Disposal this period	-	-	-
Ending balance	-	(3,396)	(3,396)
Accumulated impairments	-	-	-
Ending carrying amount	\$11,425	\$3,033	\$14,458
2022			
	Land	Buildings	Total
Initial cost:			
Beginning balance	\$11,425	\$6,429	\$17,854
Added this period	-	-	-
Disposal this period	-	-	-
Ending balance	11,425	6,429	17,854
Accumulated depreciation:			
Beginning balance	-	(3,110)	(3,110)
Depreciation this period	-	(143)	(143)
Disposal this period	-	-	-
Ending balance	-	(3,253)	(3,253)
Accumulated impairments	-	-	-
Ending carrying amount	\$11,425	\$3,176	\$14,601

The Company rents out some floors of its own office to related parties and non-related parties. Since the office cannot be sold into separate units, and is still mainly used for providing services and held for management purposes, it is not classified under the investment property item.

- (3) The Company did not have capitalization of the borrowing costs due to the acquisition of PP&E in 2023 and 2022.
- (4) In December 31, 2023 and 2022, the Company had no impairment of PP&E.

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(5) Please refer to Note VIII of the Parent Company Only Financial Statements for PP&E as guarantee or pledge.

(6) Maturity analysis of undiscounted lease payments receivable of the Company's own PP&E on operating leases in future years:

period	2023.12.31	2022.12.31
Not later than one year	\$1,197	\$694
More than 1 year but less than 5 years	362	4
Total	\$1,559	\$698

10. Right-of-use assets

(1) Changes in increase and decrease in the Company's right-of-use assets are as follows:

	2023	2022
	Buildings	Buildings
Initial cost:		
Beginning balance	\$15,330	\$15,330
Added this period	-	-
Expire this period	-	-
Ending balance	15,330	15,330
Accumulated depreciation:		
Beginning balance	(7,304)	(4,238)
Depreciation this period	(3,066)	(3,066)
Expire this period	-	-
Ending balance	(10,370)	(7,304)
Accumulated impairments	-	-
Ending carrying amount	\$4,960	\$8,026

(2) The Company did not have subleases of right-of-use assets in 2023 and 2022.

(3) There was no impairment of right-of-use assets on December 31, 2023 and 2022.

(4) The abovementioned right-of-use assets have not involved the provision of guarantees or pledges.

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11. Investment property

(1) Changes in increase and decrease in the Company's investment property are as follows:

	2023				
	Land	Buildings	Right-of-use assets	Investment property in construction	Total
Initial cost:					
Beginning balance	\$194,200	\$196,000	\$99,249	\$249,305	\$738,754
Added this period	-	-	-	102,443	102,443
Expire this period	-	-	-	-	-
Reclassification this period	-	-	-	2,583(Notes)	2,583
Ending balance	194,200	196,000	99,249	354,331	843,780
Accumulated depreciation:					
Beginning balance	-	(14,411)	(5,598)	-	(20,009)
Depreciation this period	-	(3,843)	(2,583) (Notes)	-	(6,426)
Expire this period	-	-	-	-	-
Ending balance	-	(18,254)	(8,181)	-	(26,435)
Accumulated impairments	-	-	-	-	-
Ending carrying amount	\$194,200	\$177,746	\$91,068	\$354,331	\$817,345

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	2022				Total
	Land	Buildings	Right-of-use assets	Investment property in construction	
Initial cost:					
Beginning balance	\$194,200	\$196,000	\$100,114	\$107,086	\$597,400
Added this period	-	-	-	139,289	139,289
Expire this period	-	-	(865)	-	(865)
Reclassification this period	-	-	-	2,930(Notes)	2,930
Ending balance	<u>194,200</u>	<u>196,000</u>	<u>99,249</u>	<u>249,305</u>	<u>738,754</u>
Accumulated depreciation:					
Beginning balance	-	(10,568)	(3,533)	-	(14,101)
Depreciation this period	-	(3,843)	(2,930) (Notes)	-	(6,773)
Expire this period	-	-	865	-	865
Ending balance	<u>-</u>	<u>(14,411)</u>	<u>(5,598)</u>	<u>-</u>	<u>(20,009)</u>
Accumulated impairments	-	-	-	-	-
Ending carrying amount	<u>\$194,200</u>	<u>\$181,589</u>	<u>\$93,651</u>	<u>\$249,305</u>	<u>\$718,745</u>

Note: Before the investment properties under construction reach the intended use state, the depreciation of the right-of-use assets for construction on ground leases are deferred to the aforementioned investment properties and amortized as an expense on a straight-line basis over the usable period.

- (2) On November 1, 2020, the Company signed a lease agreement on the land lot #286 on Baisha Section in Liuqiu Township, Pingtung County with a non-related party to build a hotel. The lease period starts from November 1, 2020 and ends on March 30, 2059, and the total agreed rent is NT\$140,500 thousand. According to the aforementioned contract, if the lease is not renewed after the term ends, the Company shall transfer the buildings and ancillary buildings built on the leased property to the lessor free of charge.

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(3) Investment property - Land, houses and buildings have a lease term of 10 years, and the rent is increased every year according to the agreed percentage starting the 7th year. The lessee does not have the preferential purchase right of the investment property at the end of the lease period. The lease was terminated early in October 2023.

(4) Maturity analysis of undiscounted lease payments receivable of the Company's investment properties on operating leases in future years:

period	2023.12.31	2022.12.31
Not later than one year	\$-	\$12,000
More than 1 year but less than 5 years	-	48,832
More than five years	-	14,687
Total	\$-	\$75,519

(5) Fair value of the investment property (excluding investment property under construction and right-of-use asset related to construction on ground leases) held by the Company evaluated by external appraisers is as follows:

Items	2023.12.31	2022.12.31
Investment property - Land, houses	\$466,000	\$466,000

The fair value of investment property - land, houses and buildings held by the Company is evaluated by appraisers of REPro Knight Frank on the valuation dates of December 31, 2023 and 2022. The aforementioned fair value evaluation is measured by using the cost method and discounted cash flow method with Level 3 inputs, and the significant unobservable input values include a discount rate of 4% and an income capitalization rate of 2.82%.

(6) Income and expenses generated from the Company's investment property are as follows:

	2023	2022
Rental income from investment property		
Land, buildings and structures for lease	\$9,524	\$11,429
Direct operating expenses incurred by investment property that generates rental income		
Direct operating expenses incurred		
Other gains and losses -		
Depreciation	\$3,843	\$3,843

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- (7) During the construction period of the hotel in 2023 and 2022, the borrowing costs borne for the funds paid for the asset was capitalized as the investment property cost. Information about the capitalization of borrowing costs is as follows:

	2023	2022
Amount of capitalization of borrowing costs	\$7,387	\$4,819
Capitalization rate of borrowing costs	1.60%-3.5%	0.56%~3.5%

- (8) In December 31, 2023 and 2022, the Company had no impairment of investment property.

- (9) Please refer to Note VIII of the Parent Company Only Financial Statements for investment property as guarantee or pledge.

12. Long-term investments

- (1) Changes in the Company's other long-term investments are as follows:

	2023	2022
Beginning balance	\$-	\$37,596
Decrease this period	-	(37,596)
Ending balance	\$-	\$-

- (2) The Company signed a hot air balloon investment contract with a non-related party on July 19, 2019. The investment amount was EUR 1,200 thousand, and the investment term was four years (date of maturity on July 31, 2023). The distributable profit is calculated on a monthly basis (changed to calculation on an annual basis starting July 2020) based on the method agreed on the hot air balloon profit starting the next month after the date of investment. After receiving the distribution of profits for a year, the Company may apply for an early termination of the investment two months before the planned termination to withdraw the original investment amount. In September 2022, the Company terminated the investment ahead of schedule through mutual agreement and recovered all the investment funds in Q4 2022.

- (3) In 2022, the Company received NT\$0 profits from other long-term investments.

13. Bank loan

	2023.12.31	2022.12.31
Bank mortgage	\$603,900	\$596,500
Bank credit loan	-	40,000
Total	\$603,900	\$636,500

- (1) Interest rate information on the Company's bank borrowings is as follows:

Type of borrowings	2023.12.31	2022.12.31
Bank mortgage	0.50%-1.86%	1.43%-1.82%
Bank credit loan	-%	1.725%

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- (2) Among the Company's bank loans on December 31, 2023, the amount of NT\$35,000 thousand was for project financing applied to financial institutions in accordance with the "Guidelines of Project Lending to Assist Small and Medium Enterprises of the Ministry of Economic Affairs in Post-pandemic Revitalization" Loans are guaranteed by the Small and Medium Enterprise Credit Guarantee Fund.
- (3) For the information on the joint guarantor of the Company's bank borrowings, please refer to Note VII.9 of the Parent Company Only Financial Statements; for the collaterals provided by the Company for the bank borrowings, please refer to Note VIII of the Parent Company Only Financial Statements.

14. Short-term notes payable

	<u>2023.12.31</u>	<u>2022.12.31</u>
Commercial papers payable	\$180,000	\$180,000
Less: Discount on short-term notes payable	<u>(146)</u>	<u>(115)</u>
Net amount	<u>\$179,854</u>	<u>\$179,885</u>

Short-term notes payable not yet due:

Guarantee or acceptance institution	Face value	Discount value	Carrying amount	Interest rates
<u>2023.12.31</u>				
Shanghai	<u>\$180,000</u>	<u>\$(146)</u>	<u>\$179,854</u>	1.392%
<u>2022.12.31</u>				
Shanghai Commercial and Savings Bank	<u>\$180,000</u>	<u>\$(115)</u>	<u>\$179,885</u>	1.232%

The issuance of the abovementioned short-term notes is repaid at maturity by the promissory notes of the same amount issued by the Company. For the information on the joint and several guarantors of the short-term notes, please refer to Note VII.9 of the Parent Company Only Financial Statements. The Company provides collaterals for short-term notes issued by guarantee or acceptance institutions. Please refer to Note VIII of the Parent Company Only Financial Statements.

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15. Lease liabilities

	<u>Discount rate</u>	<u>2023.12.31</u>	<u>2022.12.31</u>
Lease liabilities			
Buildings	1.00%~2.50%	\$5,033	\$8,111
Right of superficies	3.50%	71,138	71,174
Subtotal		76,171	79,285
Less: Lease liabilities maturing within one year		(3,177)	(3,114)
Lease liabilities maturing within one year		<u>\$72,994</u>	<u>\$76,171</u>

(1) The Company rents its office space, right of superficies and land through leases and recognizes them under the right-of-use assets and investment property. The lease terms are between 25 and 461 months, and the lease payments are made monthly. The Company has no preferential purchase rights for the leased houses and buildings, right of superficies and land.

(2) Other information on the leases is as follows:

	<u>2023</u>	<u>2022</u>
Expenses relating to short-term leases	<u>\$2,460</u>	<u>\$1,964</u>
Total cash used in leases	<u>\$5,574</u>	<u>\$5,396</u>
Interest expenses on lease liabilities	<u>\$2,558(Note)</u>	<u>\$2,592(Note)</u>

Note: The 2023 and 2022 amounts including the capitalized borrowing costs are NT\$2,491 thousand and NT\$2,493 thousand, respectively.

In 2023 and 2022, the Company elected to apply the lease recognition exemption to short-term leases of NT\$2,460 thousand and NT\$1,964 thousand, and would not recognize the relevant right-of-use assets and lease liabilities for the leases.

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16. Long-term bank loans

<u>Lenders</u>	<u>Type of borrowings</u>	<u>Contract Period</u>	<u>Amount</u>	<u>Repayment method</u>
<u>2023.12.31</u>				
Taipei Fubon Commercial	(Note 1)	2020/07/10 ~ 2025/07/10	\$40,824	(Note 1)
Taipei Fubon Commercial	(Note 1)	2020/05/19 ~ 2025/07/10	25,778	(Note 1)
Taipei Fubon Commercial	(Note 1)	2021/12/22 ~ 2025/12/22	3,070	(Note 1)
Taipei Fubon Commercial	(Note 1)	2022/01/28 ~ 2025/12/22	6,170	(Note 1)
Taipei Fubon Commercial	(Note 1)	2022/04/14 ~ 2025/12/22	3,620	(Note 1)
Taipei Fubon Commercial	(Note 1)	2022/05/12 ~ 2025/12/22	3,620	(Note 1)
Taipei Fubon Commercial	(Note 1)	2022/06/08 ~ 2025/12/22	3,520	(Note 1)
O-Bank	(Note 2)	2022/03/31 ~ 2024/09/30	75,000	(Note 2)
Subtotal			161,602	
Less: Long-term borrowings maturing within one year			(128,492)	
Non-current portion			<u>\$33,2021</u>	

<u>Lenders</u>	<u>Type of borrowings</u>	<u>Contract Period</u>	<u>Amount</u>	<u>Repayment method</u>
<u>2022.12.31</u>				
Taipei Fubon Commercial Bank	(Note 1)	2020/07/10 ~ 2025/07/10	\$87,153	(Note 1)
Taipei Fubon Commercial Bank	(Note 1)	2020/05/19 ~ 2025/07/10	30,000	(Note 1)
Taipei Fubon Commercial Bank	(Note 1)	2021/12/22 ~ 2025/12/22	3,070	(Note 1)
Taipei Fubon Commercial Bank	(Note 1)	2022/01/28 ~ 2025/12/22	6,170	(Note 1)
Taipei Fubon Commercial Bank	(Note 1)	2022/04/14 ~ 2025/12/22	3,620	(Note 1)
Taipei Fubon Commercial Bank	(Note 1)	2022/05/12 ~ 2025/12/22	3,620	(Note 1)
Taipei Fubon Commercial Bank	(Note 1)	2022/06/08 ~ 2025/12/22	3,520	(Note 1)

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O-Bank	(Note 2)	2022/03/31 ~ 2024/09/30	90,000	(Note 2)
Subtotal			227,153	
Less: Long-term borrowings maturing within one year			(56,563)	
Non-current portion			<u>\$170,590</u>	

Note 1: Based on the "Key Points for Loans and Interests of Relief Subsidies for Business in Difficulties Affected by the Novel Coronavirus Pandemic introduced by the Ministry of Economic Affairs", the Group applied to financial institutions for special financing loans guaranteed by the Small and Medium Enterprise Credit Guarantee Fund of Taiwan. As of December 31, 2023 and 2022, the loan amounts were both NT\$145,000 thousand, and the unused loan amounts were both NT\$0. For the first 12 months after the date of loan allocation, the Group only needed to repay the interest, not the principal (the grace period and due date of the loan amounts of NT\$95,000 thousand and NT\$30,000 thousand were extended for another 12 months starting October 2021, June and September 2022). Starting from the 13th month, the amortized loan is repaid monthly for 24 periods, which interest rates ranging from 0.085% to 2.002%. In addition, the principal of NT\$40,000 thousand was repaid early in February 2023.

Note 2: The Group applied to financial institutions for loans to build non-residential houses. As of December 31, 2023 and 2022, the accumulated loan amounts obtained were both NT\$180,000 thousand, and the unused loan amount were NT\$70,000 thousand and NT\$90,000 thousand. After the fund disbursement from financial institutions, the principal grace period is 12 months, and the interest is collected monthly during the grace period. The date when the grace period expires is the date of the first installment, and thereafter every three months one installment is due, with the principal being repaid in seven installments. 6% is repaid in the first installment, 3% in each of the second to sixth installments, and the balance is paid off in the last installment. The two parties signed a supplementary agreement in March 2023 to modify the aforementioned repayment method to the principal with a 20-month extension from the date of automatic disbursement, with interest collected monthly during the extension period, and the expiration date of the first instalment of, and each instalment is made up of 11 instalments. The first instalment is 4%, and each instalment 2-6 is 8%. The balance is repaid in the last instalment. Interest rate is between 2.677% and 2.72%. In addition, the principal of NT\$35,000 thousand was repaid early in December 2023.

For the information on joint and several guarantor of the Company's long-term borrowings, please refer to Note VII.9 of the Parent Company Only Financial Statements. In addition, the Company provides bank loans as collateral. Please refer to Note VIII to the parent company only financial statements.

17. Post-employment benefits

(1) Defined-benefits plan

A. The Company has formulated measures for employee retirement based on the service tenure and the expected salary before retirement of employees, and allocated a certain percentage of the total monthly salary as the retirement reserve funds according to the Labor Standards Act to be saved in and used by the special account of the Labor

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Retirement Fund Supervisory Committee. As the retirement reserve fund is completely separated from the Company, it is not included in the Parent Company Only Financial Statements.

B. Remeasurements of the net defined benefit plan recognized in other comprehensive income have a cumulative amount as follows:

	<u>2022</u>
Opening amount	\$15,025
Remeasurements of net defined benefit plans	<u>(5,581)</u>
Ending amount	<u><u>\$9,444</u></u>

C. Reconciliation of the present value of the defined-benefit obligations and the fair value of plan assets are as follows:

	<u>2022.12.31</u>
Defined benefit obligation	\$28,921
Fair value of plan assets	<u>(24,890)</u>
Net confirmed benefit debt	<u><u>\$4,031</u></u>

D. Changes in present value of defined benefit obligation:

	<u>2022</u>
Opening carrying amount	\$32,349
Current period service costs	168
Interest expense	202
Remeasurements of net defined benefit plans	
Actuarial gains arising from changes in financial assumptions	(2,591)
Actuarial gains due to experience adjustment	<u>(1,207)</u>
Ending carrying amount	<u><u>\$28,921</u></u>

E. Changes in fair value of plan assets are as follows:

	<u>2022</u>
Opening carrying amount	\$22,695
Interest income	143
Return on plan assets (excluding current interests)	1,783
Contributions by employer	<u>269</u>
Ending carrying amount	<u><u>\$24,890</u></u>

(A) In accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", the revenue and expense, safeguarding and use of plan assets of the Company are entrusted by the competent authority

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and the Ministry of Finance to the Bank of Taiwan handles, of which safeguarding and use can be entrusted to other financial institutions. The scope of application of the fund includes depositing in financial institutions at home and abroad; investing in domestic and foreign listed, OTC or privately placed equity securities; investing in domestic and foreign debt securities; investing in domestic publicly offered or privately placed securities investment trust funds; beneficiary certificates of futures trust funds; beneficiary securities of mutual trust funds or collective trust products; beneficiary certificates issued or managed by foreign fund management institutions; fund shares or investment units; investing in securitized products of real estate at home or abroad, etc. The minimum income distributed based on the annual final accounts shall not be lower than the income calculated based on the 2-year CD rate of local banks. For the information on the use of labor pension fund assets, including fund allocation and yields provided by the Bank of Taiwan, and the fund asset allocation published on the website of the Bureau of Labor Funds of the Ministry of Labor, Executive Yuan, please refer to the website of the Bureau of Labor Funds.

(B) As of December 31, 2022, the balances of the retirement reserve deposited in the Company's special account in the Bank of Taiwan was NT\$24,890 thousand, respectively.

F. The main actuarial assumptions used are as follows:

	2022.12.31
Discount rate	1.500%
Expected rate of salary increases	2.000%

G. General information on the expiration of defined benefit obligations is as follows:

	2022.12.31
Weighted average life	9.6 years
Maturity analysis of benefit payment for the next 10 years	
Within 1 year	\$836
2 to 5 years	6,695
Over 6 years	8,977
Total undiscounted amount	\$16,508

H. The Company had settled with its employees under the defined benefit plan in December 2023, and had recognized the difference, NT\$305 thousand, arising from the annual contributions as pension expense for the year Expenses - marketing expenses - salaries. As of December 31, 2023, the remainder of the labor pension fund of NT\$12,645 thousand has not yet been collected, so it is recognized as other receivables.

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I. Amount of pension expenses recognized as profit or loss is as follows:

	2023	2022
Current period service costs	\$-	\$168
Interest expense	-	202
Interest income	-	(143)
Difference in settlement years	305	-
Total	<u>\$305</u>	<u>\$227</u>
Marketing expenses - Payroll expenses	<u>\$305</u>	<u>\$227</u>

(2) Defined contribution plan

A. The Company started adopting the defined contribution plan after the Labor Pension Act became effective in July 2005. Employees may choose to continue their eligibility for the pensions under the "Labor Standards Act" and retain the service tenure under the conditions for which the eligibility applies. For employees who are eligible, the Company makes a monthly contribution of no less than 6% of the monthly wages of the employees to the labor pension personal accounts set up by the Bureau of Labor Insurance. After allocating the monthly contribution to the pension accounts, the Company does not have the legal and constructive obligations to pay more contribution funds.

B. The amount of pension expenses recognized by the Company due to the adoption of the defined contribution plan is as follows:

	2023	2022
Marketing expenses - Payroll expenses	<u>\$3,105</u>	<u>\$3,154</u>

18. Share capital

	Authorized capital (in thousand)	Common shares have been issued, with a face value of NT\$10 per share	
		Number of shares (thousand)	Common stock
Balance on 2022.01.01	\$1,000,000	67,117	\$671,174
Capitalization of shareholder dividends	-	6,650	66,496
Balance on 2022.12.31	<u>\$1,000,000</u>	<u>73,767</u>	<u>\$737,670</u>
Balance on 2023.01.01	<u>\$1,000,000</u>	<u>73,767</u>	<u>\$737,670</u>
Balance on 2023.12.31	<u>\$1,000,000</u>	<u>73,767</u>	<u>\$737,670</u>

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The relevant rights, priorities and restrictions of common stock issued by the Company are as follows:

- A. Each share the shareholder holds counts as one vote.
- B. The distribution of dividends and bonuses shall be based on the proportion of shares held by each shareholder.
- C. After the debt is paid off, the remaining property is distributed in proportion to the shares held by each shareholder.

The shareholder meeting on June 15, 2022 resolved that the shareholder bonus of NT\$66,496 thousand would be capitalized to issue new shares. The par value of each share is NT\$10, and there are 6,650 thousand shares. Please refer to Note VI. 22 of the Parent Company Only Financial Statements for details. On the same day, the board resolved to authorize the chairman to set the date of record for stock dividends, and the chairman set August 6, 2022 as the date of record for stock dividends. The Company has applied to the competent authority for the abovementioned capital increase which has been declared effective, and the registration change procedures for the capital increase have been completed.

19. Capital surplus

	2023.12.31	2022.12.31
Premium on common stock	\$173,246	\$195,190
Share-based payments	9,810	9,810
Difference between actual acquisition price and carrying value of equity in subsidiaries	25	-
Difference between actual disposal price and carrying value of equity in subsidiaries	86	86
Total	\$183,167	\$205,086

In accordance with the Company Act, the capital reserve shall not be used except for making up for the Company's losses. If the Company has no losses, all or part of the premium arising from paid-in capital in excess of the par value on issuance of common stock and donations can be used to issue new shares or cash to shareholders in proportion to their ownership. Capital surpluses should not be used to cover accumulated deficit unless the legal reserve is insufficient.

The annual general meeting held on June 19, 2023 approved the resolution to distribute NT\$21,944 thousand in cash from the capital surplus - common stock premium to shareholders. Please refer to Note VI.22 of the Parent Company Only Financial Statements for details.

For the difference between the equity price and book value of the disposal of subsidiaries on October 27, 2023, please refer to Note VI.8(5) of the Parent Company Only Financial Statements.

20. Legal reserve

According to the provisions of the Company Act, after all taxes are paid, 10% of the profits shall be allocated as the legal reserve, and shall continue to be appropriated until the total amount reaches the total share capital. The legal reserve can be used to make up for the Company's losses. If the Company has no losses, the portion of the legal reserve exceeding 25% of the paid-in capital can be used to issue new shares or cash to shareholders in proportion to their shareholding.

21. Special reserve

The Company sets aside and reverses special reserve in accordance with Jin-Guan-Zheng-Fa-Zi Document #1010012865 and #1010047490 and the provisions of the "Q&A for Setting Aside Special Reserve After Adopting the IFRS". If there is a subsequent reversal of the balance of other deducted items of equity, the profits may be distributed from the reversed portion. The FSC has published the order Jin-Guan-Zheng-Fa-Zi Document #1090150022 on March 31, 2021. After the issuance of the order, the original Jin-Guan-Zheng-Fa-Zi Document #1010012865 and #1010047490 were abolished on December 31, and March 31, 2021, respectively. The Company will comply with the relevant orders for future procedures.

22. Profit distribution and dividend policy

- (1) According to the Articles of Incorporation, annual surpluses concluded by the Company are first subject to taxation and making up for previous losses, followed by a 10% provision for legal reserves; however, no further provision is needed when legal reserves have accumulated to the same amount as the Company's paid-in capital. Any surpluses remaining shall then be subject to provision or reversal of special reserves, as the laws or the competent authority may require. The residual balance can then be added to undistributed earnings carried from previous years per board resolution, and the shareholder meeting resolved to distribute shareholder bonus shares.
- (2) Dividend policy: The travel agencies is a mature industry currently in a phase of dramatic changes and development. The Company's dividend policy is based on the current and future development plans and considers the investment environment, capital needs, domestic and overseas competition and the interests of shareholders. At least 50% of the distributable earnings of the year shall be allocated as shareholder dividends. The annual cash dividends shall be at least 10%, and no more than 100%, of the total of cash and stock dividends distributed in the year.
- (3) The motions for profit distribution and capital surpluses distributed as cash dividends to shareholders resolved by the annual general meeting are summarized as follows:

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	2022	2021
Legal reserve allocated	\$1,940	\$13,390
Special reserve allocated (reversed)	\$33,179	\$(55,872)
Shareholder dividends		
Cash	\$-	\$66,496
Cash dividend per share	-	NT\$1
Stock (face value: NT\$10/share)	-	6,650 thousand shares
Stock dividends per share	-	NT\$1
Capital surpluses distributed to shareholders		
Cash	\$21,944	\$-
Cash dividend per share	NT\$0.3	-

23. Other equities (net after tax)

	Exchange differences on translation of foreign operations	Unrealized gain or loss on financial assets measured at fair value through other comprehensive income
<u>2023</u>		
Beginning balance	\$(714)	\$(32,465)
Occurred this period		
- The Company	-	70,923
- Subsidiaries recognized using the equity method	(488)	9,318
Not reclassified to profit or loss		
- The Company	-	(44,244)
- Subsidiaries recognized using the equity method	-	(1,370)
Reclassified to profit or loss	-	-
Ending balance	\$(1,202)	\$2,162

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2022

Beginning balance	\$(1,156)	\$99,898
Occurred this period		
- The Company	-	(74,582)
- Subsidiaries recognized using the equity method	442	(12,869)
Not reclassified to profit or loss		
- The Company	-	(37,207)
- Subsidiaries recognized using the equity method	-	(7,705)
Reclassified to profit or loss	-	-
Ending balance	<u>\$(714)</u>	<u>\$(32,465)</u>

24. Treasury stock

(1) The Company implements the treasury stock measures to buy back outstanding shares from the centralized market, and the changes according to the reasons for the buy-back as follows:

(Unit: Thousand shares)

Reason for share repurchase	Beginning balance		Increase this period		Decrease this period		Ending balance	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
<u>2023</u>								
Transfer shares to employees	621	<u>\$18,283</u>	-	<u>\$-</u>	-	<u>\$-</u>	621	<u>\$18,283</u>

2022

Transfer shares to employees	621	<u>\$18,283</u>	-	<u>\$-</u>	-	<u>\$-</u>	621	<u>\$18,283</u>
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(2) The Securities and Exchange Act stipulates that the percentage of the Company's repurchase of outstanding shares shall not exceed 10% of the Company's total issued shares, and the total value of shares purchased shall not exceed the retained earnings plus the premium of issued shares and the amount of realized capital reserve. The calculation basis resolved on the date of the board meeting compiles with the provisions of the Securities and Exchange Act.

(3) The treasury stocks held by the Company shall not be pledged and shall not be entitled to dividend distribution, voting power, and other rights in accordance with the Securities and Exchange Act. The shares repurchased to be transferred to employees shall be transferred in one or multiple issues within five years from the date of the buy-back. If the transfer is not made within the time limit, the shares are deemed as unissued shares, and change of authorized capital registration shall be made.

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25. Net revenue

	2023	2022
Group revenue	\$2,062,670	\$143,891
Other operating income	70,097	11,589
Net revenue	<u>\$2,132,767</u>	<u>\$155,480</u>

(1) Disaggregation of revenue:

Main items

	2023	2022
Group revenue	\$2,062,670	\$143,891
Commission revenue	17,584	6,253
Revenue from handling fees, etc.	52,513	5,336
Net revenue	<u>\$2,132,767</u>	<u>\$155,480</u>

(2) Contract assets and contract liabilities:

	2023.12.31	2022.12.31
Contract assets	<u>\$-</u>	<u>\$-</u>
Contract liabilities	<u>\$358,140</u>	<u>\$172,401</u>

A. For the disclosure of notes receivable, accounts receivable and their impairments, please refer to Notes VI.4 and VI.5 of the Parent Company Only Financial Statements.

B. Significant changes in the balance of contract liabilities are explained as follows:

	Contract liabilities	
	2023	2022
Opening balance of contract liabilities recognized in the current	\$172,401	\$15,540
Increase in cash received in advance in the current period	358,140	172,401

(3) Partially completed client contracts:

The transaction price apportioned for performance obligations that have not been fully satisfied and the expected cut-off point of revenue recognition are as follows:

	2023.12.31	2022.12.31
Group travel contracts		
-Fulfilled in Q1 2024 or 2023	<u>\$9,216</u>	<u>\$6,690</u>

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26. Operating costs and operating expenses

Summary schedule of employee benefits and depreciation expenses by function:

Function Type	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Payroll expenses (Note 1)	\$-	\$62,345	\$62,345	\$528	\$29,072	\$29,600
Labor and health insurance	-	5,379	5,379	-	5,372	5,372
Pension costs	-	3,410	3,410	-	3,381	3,381
Directors' remuneration	-	5,085	5,085	-	1,640	1,640
Other employee benefits expense	-	2,355	2,355	-	1,517	1,517
Total	-	78,574	78,574	528	40,982	41,510
Depreciation expense (Note 2)	-	7,064	7,064	-	7,548	7,548

Note 1: (1) The estimated and actual distribution of employee and director remuneration in the above payroll expenses are explained as follows:

A. If the Company is profitable in the fiscal year, no less than 2% of the profit shall be offered as remuneration for employees, and no more than 1.5% of the profit shall be allocated as remuneration for directors. However, if the Company still has accumulated losses, an amount shall be reserved in advance to make up for the losses. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, there to a report of such distribution is submitted to the shareholders' meeting. The abovementioned recipients of stock or cash distributed may include the employees of the subsidiaries whose shares the Company holds more than 50%.

B. The estimated amounts of remuneration payable to employees and directors in 2023 are NT\$4,381 thousand and NT\$3,285 thousand, respectively. The remuneration is estimated based on the profit of the period in 2023 (pre-tax profit before deducting the distribution of employee and director remuneration) using 2% and 1.5%, respectively, to obtain the amounts for employees and directors. The estimated remuneration of employees and directors is recognized as the operating expenses of the current period. If the estimated amount is different from the actual amount resolved by the board of directors, it is recognized as profit or loss of the next year.

C. The Company had a net loss before tax for 2022, so it is not necessary to accrue and distribute employee and director remuneration.

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D. There is no difference between the estimated amount of 2023 remuneration payable to employees and directors and the amount distributed by the board resolution on March 8, 2024. The Company had a net loss before tax for 2022, so it is not necessary to accrue and distribute employee and director remuneration.

(2) Information on employees remuneration and director remuneration of the Company as resolved by the board can be accessed through the Market Observation Post System.

Note 2: The depreciation expenses recognized in 2023 and 2022 were NT\$11,050 thousand and NT\$11,534 thousand, respectively, of which the depreciation expenses of PP&E - Lease assets and Investment property - Houses and buildings recognized both amounted to NT\$3,986 thousand, respectively, which were recognized under other net gains and losses.

Note 3: (1) As of the end of 2023 and 2022, there were 98 and 107 employees, respectively, which included 7 directors who did not hold a concurrent employee position.

(2) The average employee benefit expenses in 2023 and 2022 were NT\$808 thousand and NT\$399 thousand, respectively.

(3) The average employee salary expenses in 2023 and 2022 were NT\$685 thousand and NT\$296 thousand, respectively, and the average employee salary expenses in 2023 increased by 131.42% compared with 2022.

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- (4) Salary and remuneration policies for directors, managerial officers and employees:
 The Company follows the provisions of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" to propose the policies to the Salary and Remuneration Committee for deliberation. The remuneration policy for managerial officers is based on the standard among industry peers and takes into account individual performance, company's business performance and future risks and the reasonableness of their relevance; remuneration for employees and directors is subject to the Articles of Incorporation in the years when there is earnings surplus. Employee remuneration includes basic salary, various allowances, position bonus, overtime pay and various rewards. The basic salary is determined based on the education background, professional skills, the value of the position, and the pay standard of industry peers. Bonuses are determined by the annual profits and the achievement of department and individual goals.

27. Other net gains and losses

	2023	2022
Property, plant and equipment - Lease assets		
Rental income	\$1,649	\$1,702
Depreciation	(143)	(143)
Investment property		
Rental income	9,524	11,429
Depreciation	(3,843)	(3,843)
Other revenues and expenses, net	\$7,187	\$9,145

28. Non-operating income and expenses

(1) Other gains and losses

	2023	2022
Net foreign exchange profit	\$20,302	\$998
Government grants (Note)	1,054	2,606
Industry Innovation Platform Project Grants	-	800
Project entrustment service fee	-	(1,500)
Remuneration to corporate directors of subsidiaries	-	610
Other gains	6,010	3,281
Total	\$27,366	\$6,795

Note: Subsidy for promoting safe travels for the travel industry from the Tourism Bureau, MOTC.

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(2) Finance costs

	2023	2022
Interest on bank borrowings	\$(14,427)	\$(9,147)
Interest on lease liabilities	(2,558)	(2,592)
Interest on notes payable	(2,929)	(1,613)
Subtotal	(19,914)	(13,352)
Less: Amount of capitalization of borrowing costs (Note)	7,387	4,819
Total	\$(12,527)	\$(8,533)

Note: Please refer to Note VI.11(7) of the Parent Company Only Financial Statements.

(3) Expected loss on credit impairment

Please refer to Note VI.2(2) of the Parent Company Only Financial Statements.

(4) Share of gains or losses of the subsidiaries recognized by using the equity method

Please refer to Note VI.8 of the Parent Company Only Financial Statements.

(5) Interest income

	2023	2022
Interest from cash in the bank	\$1,244	\$329
Interest from financial assets measured at amortized cost	519	763
Total	\$1,763	\$1,092

(6) Dividend income

	2023	2022
Dividend income	\$27,578	\$30,648

(7) Gain on disposal of property, plant and equipment

	2023	2022
Gain on disposal of property, plant and equipment	\$136	\$136

(8) Net losses (gains) on financial assets (liabilities) at fair value through profit or loss

Please refer to Note VI.2 of the Parent Company Only Financial Statements.

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29. Other comprehensive income

Components of other	Arising	Reclassificat ion	Other comprehensi	Income tax (expense)	Other
<u>2023</u>					
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains and losses of equity instruments measured at fair value through other comprehensive income					
Valuation profit or loss	\$70,923	\$-	\$70,923	\$-	\$70,923
Share of other comprehensive income of the subsidiaries recognized using the equity method					
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	9,318	-	9,318	-	9,318
To be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of the subsidiaries recognized using the equity method					
Exchange differences on translation of foreign operations	(488)	-	(488)	-	(488)
Total	\$79,753	\$-	\$79,753	\$-	\$79,753
<u>2022</u>					
Not to be reclassified to profit or loss in subsequent periods:					
Re-measurement of defined benefit plans	\$5,581	\$-	\$5,581	\$(1,116)	\$4,465
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(74,582)	-	(74,582)	-	(74,582)
Share of other comprehensive income of the subsidiaries recognized using the equity method					
Remeasurements of defined benefit plans	1,258	-	1,258	-	1,258

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Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(12,869)	-	(12,869)	-	(12,869)
To be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of the subsidiaries recognized using the equity method					
Exchange differences on translation of foreign operations	442	-	442	-	442
Total	<u><u>\$(80,170)</u></u>	<u><u>\$-</u></u>	<u><u>\$(80,170)</u></u>	<u><u>\$(1,116)</u></u>	<u><u>\$(81,286)</u></u>

30. Income tax

(1) The Company's income tax returns through 2021 have been assessed and approved by the tax authority.

(2) Components of income tax benefit (expense):

A. Income tax recognized in profit or loss:

	<u>2023</u>	<u>2022</u>
Income tax (expense) benefit		
Income tax expenses payable in the current period	\$(35,777)	\$(1,995)
Current income tax of the previous year recognized as an adjustment in this period	2	-
Deferred income tax (expense) benefit Deferred tax expense gain relating to origination and reversal of temporary differences	8,609	20
Deferred income tax (expense) benefit related to the reversal of taxable losses and initial occurrence	(6,022)	33
Income tax (expense) benefit	<u><u>\$(33,188)</u></u>	<u><u>\$(1,942)</u></u>

B. Income taxes relating to components of other comprehensive income:

	<u>2023</u>	<u>2022</u>
Deferred tax expense relating to origination and reversal of temporary differences	<u><u>\$-</u></u>	<u><u>\$(1,116)</u></u>

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(3) Reconciliation between income tax benefit (expense) and accounting profit:

	2023	2022
Accounting profit		
Net profit (loss) before tax from continuing operations	\$211,362	\$(29,294)
Tax at the rates applicable to profits	\$(42,272)	\$5,859
Surtax on unappropriated retained earnings	-	(1,995)
Adjustment		
Income tax effects of permanent	9,082	(5,806)
Income tax effects of temporary	(2,587)	(20)
Income tax effect of unused tax losses	-	(33)
Income tax expenses payable in the current period	(35,777)	(1,995)
Current income tax of the previous year recognized as an adjustment in this period	2	-
Deferred income tax benefit	2,587	53
Income tax (expense) benefit	\$ (33,188)	\$ (1,942)

(4) No income tax related to direct debit or credit equity items in 2023 and 2022.

(5) Analysis of deferred tax assets and liabilities:

	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance
<u>2023</u>				
Deferred tax assets				
Pension adjustment	\$806	\$(24)	\$-	\$782
Unrealized exchange losses	60	106	-	166
Measurement loss of financial assets	184	5,464	-	5,648
Loss deduction	6,022	(6,022)	-	-
Unrealized expected credit impairment loss	-	5,801	-	5,801
Total	\$7,072	\$5,325	\$-	\$12,397
Deferred tax liabilities				
Measurement gain of financial assets	\$-	\$(2,738)	\$-	\$(2,738)

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2022

Deferred tax assets				
Allowance for bad debts over the limit	\$97	\$(97)	\$-	\$-
Pension adjustment	1,931	(9)	(1,116)	806
Unrealized exchange losses	1,691	(1,631)	-	60
Measurement loss of financial assets	-	184	-	184
Loss deduction	5,989	33	-	6,022
Total	<u>\$9,708</u>	<u>\$(1,520)</u>	<u>\$(1,116)</u>	<u>\$7,072</u>
Deferred tax liabilities				
Measurement gain of financial assets	<u>\$(1,573)</u>	<u>\$1,573</u>	<u>\$-</u>	<u>\$-</u>

(6) Unrecognized deferred tax assets:

As of December 31, 2023 and 2022, the amounts of deferred income tax assets that the Company has not recognized due to unlikely taxable income were NT\$0.

(7) According to the Income Tax Act, those who entrust accountants to audit and verify the reporting of income tax for profit-seeking enterprises may deduct the losses of each period in the last ten years that have been approved by the taxation authority from the net income of the current period, and then carry out the income tax assessment for profit-seeking enterprises. The losses of previous years that have not been offset are summarized as follows:

Year of occurrence	Amount not yet deducted		Final year of
	2023.12.31	2022.12.31	
2021	<u>\$-</u>	<u>\$30,110</u>	2031

31. Earnings per share

(1) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding in the current period:

	2023	2022
Net profit (loss) of common stock equity holders of the Company	<u>\$178,174</u>	<u>\$(31,236)</u>
Number of shares outstanding at the beginning of period (treasury stock already deducted)	73,146 thousand shares	66,496 thousand shares
2022.08.06 Capitalization of shareholder dividends	-	6,650
Weighted Average Shares	<u>73,146 thousand shares</u>	<u>73,146 thousand shares</u>
Basic earnings per share (after tax) (NT\$)	<u>\$2.44</u>	<u>\$(0.43)</u>

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(2) Diluted earnings per share

Diluted earnings per share is calculated by adjusting profit or loss attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares:

	2023	2022
Net profit (loss) of common stock equity holders of the Company	\$178,174	\$(31,236)
Weighted Average Shares	73,146 thousand shares	73,146 thousand shares
Add: Employee compensation assuming issue of bonus shares	60	-
Weighted average shares after adjustment	<u>73,206 thousand shares</u>	<u>73,146 thousand shares</u>
Diluted earnings per share (after tax) (NT\$)	<u>\$2.43</u>	<u>\$(0.43)</u>

32. Reconciliation for liabilities arising from financing activities

Assets	Beginning balance	Cash flow	Non-cash change		Ending balance
			Added leases	Others	
<u>2023</u>					
Bank loan	\$636,500	\$(32,600)	\$-	\$-	\$603,900
Short-term notes payable	179,885	(31)	-	-	179,854
Long-term bank loans (Mature within one year)	227,153	(65,551)	-	-	161,602
Lease liabilities (Mature within one year)	79,285	(3,114)	-	-	76,171
Total	<u>\$1,122,823</u>	<u>\$(101,296)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,021,527</u>
<u>2022</u>					
Bank loan	\$179,000	\$457,500	\$-	\$-	\$636,500
Short-term notes payable	639,121	(459,236)	-	-	179,885
Long-term bank loans (Mature within one year)	120,223	106,930	-	-	227,153
Lease liabilities (Mature within one year)	82,717	(3,432)	-	-	79,285
Total	<u>\$1,021,061</u>	<u>\$101,762</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,122,823</u>

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

VII. Related-party transactions

1. Name and nature of relationship of the related parties

<u>Type/Name of related parties</u>	<u>Relationship with the Company</u>
Subsidiary/Taiwan Orchid Express Inc. (Taiwan Orchid Express)	Subsidiary of the Company
Subsidiary/Phoenix Travel Press Co., Ltd. (Phoenix Travel Press)	Subsidiary of the Company
Subsidiary/Vip Bus Int'l Inc. (Vip Bus)	Subsidiary of the Company
Subsidiary/Boyi Co., Ltd.	Subsidiary of the Company
Subsidiary/Park Joy Co., Ltd. (Park Joy)	Subsidiary of the Company
Subsidiary/Fitnexx Co., Ltd.	Subsidiary of the Company
Subsidiary/China Express Co., Ltd. (China Express)	Indirect subsidiary
Subsidiary/Taiwan Orchid Insurance Agency Co., Ltd. (Taiwan Orchid Insurance Agency)	Indirect subsidiary
Subsidiary/Yu Lin Travel Service Co., Ltd. (Yu Lin Travel)	Indirect subsidiary
Subsidiary/Travelarena Int'l Co., Ltd.(Travelarena)	Indirect subsidiary
Other related party/Wing On Travel	Our Chairman and the chairman of that company are second-degree relatives
All directors, general manager and deputy general managers	Main managerial personnel of the Company

2. Significant transactions with the related parties

According to the provisions of IFRS 15 "Revenue from customer contract", when an enterprise controls the specific goods or services before transferring the goods or services to the customer, the enterprise is the principal; however, if the enterprise only obtains the legal ownership of the goods for a short time before transferring the legal ownership of the goods to the customer, the enterprise is not necessarily the principal. The Company sells air tickets for related parties as an agent, so net fee income (expense) is recognized. The Company is considered the principal when it undertakes group travel business and pays air ticket and transportation fares and insurance premiums to other subsidiaries, and the operating costs incurred are recognized as the total cost for group travel business. The abovementioned transactions between the Company and its subsidiaries and other related parties are listed as follows:

(1) Operating revenue

<u>Type/Name of related parties</u>	<u>2023</u>	<u>2022</u>
Subsidiary/China Express	\$13	\$10
Subsidiary/Yu Lin Travel	134	51
Total	<u>\$147</u>	<u>\$61</u>

There is no significant difference between the transaction price of the Company's sales of air tickets as an agent to the abovementioned related parties and other non-related parties. Flexible payment collection terms are based on mutual agreement.

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(2) Operating costs

<u>Type/Name of related parties</u>	<u>2023</u>	<u>2022</u>
Subsidiary/Taiwan Orchid Express	\$5,268	\$40
Subsidiary/China Express	1,469	-
Subsidiary/Vip Bus	1,752	1,455
Subsidiary/Phoenix Travel Press	1,972	28
Subsidiary/Travelarena International	3,497	156
Subsidiary/Taiwan Orchid Insurance Agency	-	174
Total	<u>\$13,958</u>	<u>\$1,853</u>

Air tickets, land transportation, insurance premiums, advertising, printing, tour guide system and other costs paid to related parties due to the Company undertaking group travel business are subject to the quotations provided by airlines or prices through mutual agreement, and there no other transactions available for comparison. Flexible payment terms are based on mutual agreement.

3. The Company sells air tickets for related parties as an agent, so net handling fee income is recognized. The collection arising from the abovementioned transactions is as follows:

<u>Type/Name of related parties</u>	<u>2023</u>	<u>2022</u>
<u>Receipts under custody</u>		
Subsidiary/Yu Lin Travel	\$31,931	\$5,466
Subsidiary/China Express	1,705	1,744

4. Operating expenses

<u>Type/Name of related parties</u>	<u>2023</u>	<u>2022</u>
Subsidiary/Taiwan Orchid Express	\$127	\$116
Subsidiary/Yu Lin Travel	25,901	4,262
Subsidiary/Travelarena International	2,591	1,292
Subsidiary/Park Joy Co., Ltd.	-	300
Total	<u>\$28,619</u>	<u>\$5,970</u>

5. Other gains and losses

<u>Type/Name of related parties</u>	<u>2023</u>	<u>2022</u>
Subsidiary/China Express	\$273	\$313
Subsidiary/Taiwan Orchid Express	446	982
Subsidiary/Vip Bus	229	238
Subsidiary/Fitnxx	-	2
Total	<u>\$948</u>	<u>\$1,535</u>

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

6. Rental income

(1) Rental income generated by the Company renting out offices to subsidiaries and other related parties (the rent is collected on a monthly basis) is as follows:

Type/Name of related parties	2023	2022
Subsidiary/China Express	\$914	\$914
Subsidiary/Phoenix Travel Press	34	34
Subsidiary/Boyi	57	57
Subsidiary/VIP Bus	57	-
Other related party/Wing On Travel	-	114
Total	\$1,062	\$1,119

(2) The security deposits collected by the Company for renting out offices to subsidiaries and other related parties as of December 31, 2023 and 2022 were both NT\$15 thousand, which were recorded as security deposits.

7. Lease agreement

The security deposits paid by the Company for renting offices from subsidiaries as of December 31, 2023 and 2022 were both NT\$340 thousand, which were recorded as refundable deposits.

8. Except for those already disclosed or recognize, the obligations and debts arising from the above transactions

Type/Name of related parties	2023.12.31	2022.12.31
<u>Accounts receivable</u> (Note)		
Subsidiary/Taiwan Orchid Express	\$201	\$7
Subsidiary/China Express	95	10
Subsidiary/Yu Lin Travel	814	844
Total	\$1,110	\$861

Note: There is no collaterals or endorsement guarantee provided for the obligations and debt of the Company and subsidiaries, and there is no need to recognize impairment loss after assessment.

Prepayments

Subsidiary/Taiwan Orchid Express	\$-	\$2,997
<u>Accounts payable</u>		
Subsidiary/Vip Bus	\$-	\$245
Subsidiary/Travelarena International	-	55
Subsidiary/Taiwan Orchid Insurance Agency	21	155
Subsidiary/Yu Lin Travel	131	-
Total	\$152	\$455

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Other payables - Related parties

Subsidiary/Phoenix Travel Press	\$109	\$-
Subsidiary/Yu Lin Travel	4,190	1,511
Subsidiary/Travelarena International	231	92
Total	<u>\$4,530</u>	<u>\$1,603</u>

Lease liabilities (Current and non-current)

Subsidiary/Taiwan Orchid Express	<u>\$1,772</u>	<u>\$3,686</u>
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9. Endorsement and guarantee

Related parties serving as joint and several guarantors for the Company borrowing from banks, applying for financing facilities and issuing short-term notes:

<u>Lending banks and guarantee/acceptance institutions</u>	<u>Joint guarantor</u>
<u>2023.12.31</u>	
Chinatrust Commercial Bank, Shanghai Commercial and Savings Bank, Taipei Fubon Commercial Bank, First Commercial Bank, Yuanta Bank, E.Shan Bank and O-Bank	Main managerial personnel (Chairman and Director Jimmy K. M. Chang)
<u>2022.12.31</u>	
Chinatrust Commercial Bank, Shanghai Commercial and Savings Bank, Taipei Fubon Commercial Bank, First Commercial Bank, Mega Bills Finance and O-Bank	Main managerial personnel (Chairman and Director Jimmy K. M. Chang)

10. Compensation of key management personnel

Information on the total amount of remuneration paid by the Company to directors, general manager and deputy general managers and other key management personnel is summarized as follows:

<u>Items</u>	<u>2023</u>	<u>2022</u>
Short-term benefits	\$12,181	\$8,077
Post-employment benefits	144	126
Total	<u>\$12,325</u>	<u>\$8,203</u>

The Company's Salary and Remuneration Committee refers to the standard among industry peers and considers individual performance, company's business performance and future risks and the reasonableness of their relevance in determining the remuneration of key management personnel.

VIII. Pledge assets

The guarantee, collateral and the Company's travel agency deposits provided as the guarantee or acceptance for the Company's borrowings, application for credit line, issue of short-term notes to financial institutions and Tourism Bureau of the Ministry of Transportation and Communications as of December 31, 2023 and 2022 are as follows:

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Accounting item	2023.12.31	2022.12.31	CollateralO agency
Financial assets (current and non-current) at fair value through other comprehensive income	\$493,625	\$488,561	Taipei Fubon Commercial Bank, Mega Bills Finance, First Commercial Bank, O-Bank and Yuanta Bank
Other financial assets (current and non-current) - Certificate of deposit	24,450	2,450	Shanghai Commercial and Savings Bank, O-Bank and Tourism Bureau of the Ministry of Transportation and Communications
Property, plant and equipment - Land, house and building	133,808	135,974	Chinatrust Commercial Bank and Shanghai Commercial and Savings Bank
Investment property -- Right-of-use assets 1	91,068	93,651	O-Bank
Investment property - Land, houses and buildings	371,946	375,789	Chinatrust Commercial Bank
Total	\$1,114,897	\$1,096,425	

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

As of December 31, 2023, the Company has the following material contingent liabilities and unrecognized contractual commitments not included in the abovementioned Parent Company Only Financial Statements:

1. In order to conduct business with the International Air Transport Association (IATA) and airlines, the Company provides pledged assets as stated in Note VIII of the Parent Company Only Financial Statements and entrusts financial institutions with issuing a guarantee letter with an amount of NT\$96,613 thousand.
2. As of December 31, 2023, the Company has signed a significant contract amounting to NT\$373,216 thousand for the construction of the hotel, of which NT\$60,121 thousand was not yet paid.
3. The Company signed a lease agreement on land lot #286 on Baisha Section in Liuqiu Township, Pingtung County with a non-related party to build a hotel. If the lease is not renewed at the end of the term, the ownership transfer of buildings and ancillary buildings on the leased property is detailed in Note VI.11(2) of the Parent Company Only Financial Statements.
4. The total amount of guarantee issued by the Company for the issuance of short-term notes is NT\$180,000 thousand.

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

X. Losses due to major disasters
No such situation.

XI. Major subsequent issues
No such situation.

XII. Others

1. Capital management

- (1) The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to protect stakeholders' interests, maintain an optimal capital structure to reduce the cost of capital, and offer products or services priced on relevant risk levels to provide adequate returns to shareholders.
- (2) The Company sets the share capital amount based on the risk level, manages the capital structure, and adjusts it appropriately according to the changes in the economic situation and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, conduct capital reduction to return capital to shareholders, issue new shares or sell assets to reduce debt.
- (3) In line with other industry peers, the Company's capital control is based on the ratio of net debt to total capital. The ratio is calculated as net debt divided by total capital. Net debt is total liabilities less cash and cash equivalents; total capital is all components of equity (share capital, capital surplus, retained earnings and other equities) plus net debt.
- (4) The Company does not have any externally imposed capital requirements. The ratio of net debt to total capital for each period is as follows:

	2023.12.31	2022.12.31
Total Liabilities	\$1,588,389	\$1,407,820
Less: Cash and cash equivalents	(126,304)	(179,266)
Net liabilities	1,462,085	1,228,554
Total Equity	1,421,121	1,185,113
Total capital	\$2,883,206	\$2,413,667
Ratio of net debt to total capital	50.71%	50.90%

2. Financial risk management

- (1) The Company's major financial instruments include cash and cash equivalents, financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, other financial assets, bank borrowings, short-term bills payable, The Company uses these financial instruments to adjust its operating capital requirements, so the Company has to bear a number of financial risks for its operations. Such risks include market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk. The Company's overall financial risk management focuses on minimizing potential adverse effects on the Company's exposure to financial risks due to changes in financial markets.

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

- (2) The Company's Financial Management Department identifies, evaluates and hedges financial risks in close collaboration with the Company's operating units, and coordinates operations in the domestic and overseas financial markets, and manages financial risks relevant to the Company's operations, and is supervised and managed by the board.
- (3) The Company's financial instruments have the following main risks:

A. Market risk

The main market risk is the exchange rate risk arising from the operating activities denominated in non-functional currency, and the interest rate risk or price risk arising from the transaction of financial instruments.

(A) Foreign exchange risk

The main exchange rate risks arise from operating activities denominated in non-functional currencies. We pay attention to the changes in foreign currency at all times, and purchase foreign currency and trades derivatives in a timely manner to flexibly adjust to the exchange rate. We also adopt a more conservative quotation policy and adjust our product price in a timely manner to reduce losses.

The sensitivity analysis for the Company's financial assets and liabilities denominated in non-functional currencies with significant exchange rate fluctuations on the reporting date is as follows. The sensitivity analysis is for the Company's financial assets and liabilities denominated in non-functional currencies on the reporting date. If NT\$ appreciates 3% against each relevant foreign currency, the impact on pre-tax profit (loss) or equity; if NT\$ depreciates 3% against each relevant foreign currency, the impact on pre-tax net income (loss) or equity will be in the opposite direction. impact.

	Foreign currency (in thousand)	Exchange rate	Carrying amount	Fluctuation	Sensitivity Analysis	
					Changes in net profit (loss) before tax	Changes in equity Increase or decrease
<u>2023.12.31</u>						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$432	30.71	\$13,267	3%	\$398	\$-
EUR : NTD	242	34.01	8,230	3%	247	-
JPY : NTD	7,478	0.2175	1,626	3%	49	-
<u>Non-monetary items: None.</u>						
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$347	30.71	\$10,656	3%	\$320	\$-
EUR : NTD	277	34.01	9,421	3%	283	-
JPY : NTD	6,152	0.2175	1,338	3%	40	-
<u>Non-monetary items: None.</u>						

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
 (Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

2022.12.31

Financial assets

Monetary items

USD : NTD	\$149	30.70	\$4,566	3%	\$137	\$-
EUR : NTD	784	32.74	25,660	3%	770	-
JPY : NTD	25,644	0.233	5,965	3%	179	-

Non-monetary items: None.

Financial

Monetary items

USD : NTD	\$22	30.70	\$678	3%	\$20	\$-
EUR : NTD	82	32.74	2,693	3%	81	-

Non-monetary items: None.

The information on the amount of exchange gains and losses (realized and unrealized) translated into the amount in functional currency and the exchange rate of presentation currency for the translation into the Parent Company Only Financial Statements is as follows:

Functional currency	2023		2022	
	Exchange gain	Average exchange rate	Exchange gain	Average exchange rate
NT\$	\$20,302	-	\$998	-

(B) Interest rate risk

Interest rate risks include fair value interest rate risk for fixed rate financial instruments and cash flow interest rate risk for floating rate financial instruments. Financial instruments with fixed interest rates refer to cash equivalents - time deposits, cash equivalents to repurchase agreements, other financial assets, some short-term bank loans, short-term bills payable and lease liabilities; financial instruments with floating interest rates are Demand deposits, some short-term bank loans, and long-term bank loans (including those due within one year). The Company evaluates and analyzes interest rate risk on a dynamic basis, and controls the degree of exposure to interest rate risk by maintaining an appropriate combination of fixed and floating interest rates. If there is a material exposure to interest rate risk in the future, risk management is expected to be carried out through interest rate swap contracts or forward rate agreements within the scope permitted by policy.

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
 (Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

a. Fixed and floating rate financial assets and liabilities

	<u>2023.12.31</u>	<u>2022.12.31</u>
Fixed interest rate		
Financial assets	\$98,736	\$22,450
Financial liabilities	<u>(515,925)</u>	<u>(259,170)</u>
Net amount	<u><u>\$(417,189)</u></u>	<u><u>\$(236,720)</u></u>
Floating rate		
Financial assets	\$43,603	\$156,254
Financial liabilities	<u>(505,602)</u>	<u>(863,653)</u>
Net amount	<u><u>\$(461,999)</u></u>	<u><u>\$(707,399)</u></u>

b. Sensitivity Analysis

If the market lending rate on the reporting date increases by 1%, and the Company's floating-rate financial liabilities are to be held for one fiscal year, while all other factors are held unchanged, the 2023 net loss after tax decreases by NT\$5,056 thousand and the 2022 net profit after tax increases by NT\$8,637 thousand.

The Company holds demand deposits as floating-rate financial assets, and does not expect to have significant cash flow interest rate risk.

(C) Other price risks

For the Company's holding financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, and financial liabilities measured at fair value through profit or loss, equity-linked instruments, beneficiary certificates, equity securities, the Company diversifies the price risk through portfolio replacement.

Sensitivity Analysis

If the closing price of the financial assets measured at fair value through profit or loss - equity-linked instruments at the reporting date goes up by 10%, while other factors remain unchanged, the impact on the pre-tax net income is shown as follows. If the closing price goes down by 10%, the pre-tax net income will be affected in the opposite direction.

Financial assets measured at fair value through profit or loss (beneficiary certificate), financial assets measured at fair value through other comprehensive profit or loss (common shares for domestic and emerging companies and preferred shares for domestic listed companies), and Financial liabilities measured at value - If the price of the financial asset or liability rose by 10% on the reporting date, and all other factors remain unchanged, the impact on the net profit (loss) and The impact of other comprehensive income before tax is as follows. If the price of the aforementioned financial assets and liabilities falls by 10%, it will have an opposite impact on the net profit (loss) before tax and other comprehensive income before tax.

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
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	2023	2022
Increase pre-tax net profit or decrease in net loss		
Beneficiary certificates of financial assets measured at fair value through profit or loss	\$18,229	\$18,530
Equity-linked instruments	11,757	5,186
Obligation to cover short selling of financial liabilities measured at fair value through profit or loss	(1,710)	-
Subtotal	<u>28,276</u>	<u>23,716</u>
Increase in other comprehensive income before tax		
Financial assets measured at fair value through other comprehensive income	88,216	78,049
Total	<u><u>\$116,492</u></u>	<u><u>\$101,765</u></u>

B. Credit risk

(A) The credit risk mainly refers to the potential impact of financial assets on the counterparty or other party's failure to perform the contract. The impact includes the credit risk concentration, components, contract amount and other receivables of the financial assets which the Company trades. In order to reduce the credit risk, the Company's financial assets such as bank deposits, cash equivalents - bonds with repurchase agreements, financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, and other financial assets. Its counterparties are all well-known domestic and foreign financial institutions, securities institutions or investment companies. For receivables, the financial position, historical experience and other factors of the counterparties are continuously evaluated, and the transaction limits and transaction methods of individual customers are adjusted in a timely manner to improve the Company's credit quality to customers.

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
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(B) The Company evaluates and analyzes financial assets that are overdue or impaired on the balance sheet date, and the amount of credit risk exposure is as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Amount of credit risk exposure		
Allowance for loss - 12-months expected credit loss	\$-	\$-
Amount measured		
Allowance for loss - Lifetime expected credit loss		
Amount measured		
Notes receivable	-	-
Accounts receivable	500	500
Other receivables	29,006	-
Total	<u>\$29,506</u>	<u>\$500</u>

The above credit risk exposure amount comes from the recovery of notes and accounts receivable and other receivables. The Company has continuously assessed the loss events that affect the estimated future cash flows of receivables and provided appropriate allowance account. Therefore, The book value of notes receivable, accounts receivable and other receivables has appropriately considered and reflected the credit risk. The Company does not hold collaterals as a guarantee for the impairment of financial assets in the allowance account.

(C) The expected credit loss analysis of the Company's notes receivable and accounts receivable is as follows:

<u>2023.12.31</u>	<u>Total carrying amount of notes receivable and accounts receivable</u>	<u>Provision matrix (loss rate)</u>	<u>Allowance for loss (lifetime expected credit loss)</u>
Same industry:			
0-180 days	\$1,670	1%	\$17
181-240 days	-	1%	-
241-300 days	-	1%	-
more than 301 days	5	100%	5
Subtotal	<u>1,675</u>		<u>22</u>
Direct customer			
0-30 days	68,854	0%	-
31-60 days	2,197	0%	-
61-120 days	14	0%	-
more than 121 days	-	100%	-
Subtotal	<u>71,065</u>		<u>-</u>
Total	<u>\$72,740</u>		<u>22</u>
Unreversed allowance for losses			<u>478</u>
Carrying amount of allowance for loss			<u>\$500</u>

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

<u>2022.12.31</u>			
Same industry:			
0-180 days	\$1,643	1%	\$16
181-240 days	-	1%	-
241-300 days	-	1%	-
more than 301 days	5	100%	5
Subtotal	<u>1,648</u>		<u>21</u>
Direct customer			
0-30 days	52,556	1%	525
31-60 days	884	1%	9
61-120 days	-	1%	-
more than 121 days	-	100%	-
Subtotal	<u>53,440</u>		<u>534</u>
Total	<u>\$55,088</u>		<u>555</u>
Unrecognized allowance for losses			<u>(55)</u>
Carrying amount of allowance for loss			<u>\$500</u>

(D) The analysis of the credit risk concentration of accounts receivable is as follows:
The counterparties of the final sales of our products or services are all unspecified consumers or corporate clients, and none of them account for more than 10% of the total amount, so it is not applicable.

C. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to obtain bank financing, meet all contractual obligations of operations, and mitigate the impact of cash flow fluctuations. Bank financing is an important source of liquidity for the Company. The management ensures the re-acquisition of bank financing through capital structure management, supervision of the use of bank financing and compliance with the terms of loan contracts, thereby reducing liquidity risk.

(A) Amount of available bank financing

	<u>2023.12.31</u>	<u>2022.12.31</u>
Available short-term loans	\$577,100	\$236,600
Movable amount of short-term notes payable	-	300,000
Available long-term loans	50,000	90,000
Total	<u>\$627,100</u>	<u>\$626,600</u>

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(B) Maturity analysis of undiscounted non-derivative financial liabilities

	Less than 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
<u>2023.12.31</u>					
<u>Non-derivative financial instruments</u>					
Bank loan	\$605,420	\$-	\$-	\$-	\$605,420
Short-term notes payable	180,000	-	-	-	180,000
Long-term bank borrowings (including due in one year)	130,854	33,337	-	-	164,191
Notes payable	18,252	-	-	-	18,252
Accounts payable	56,834	-	-	-	56,834
Other payables (including related parties)	62,948	-	-	-	62,948
Lease liabilities (maturing within one year)	5,700	3,982	9,241	118,662	137,585
Total	<u>\$1,060,008</u>	<u>\$37,319</u>	<u>\$9,241</u>	<u>\$118,662</u>	<u>\$1,225,230</u>

	Less than 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
<u>2022.12.31</u>					
<u>Non-derivative financial instruments</u>					
Bank loan	\$637,769	\$-	\$-	\$-	\$637,769
Short-term notes payable	180,000	-	-	-	180,000
Long-term bank borrowings (including due in one year)	64,797	121,947	46,991	-	233,735
Notes payable	35,638	-	-	-	35,638
Accounts payable	29,469	-	-	-	29,469
Other payables (including related parties)	7,114	-	-	-	7,114
Lease liabilities (maturing within one year)	5,672	5,700	10,443	121,442	143,257
Total	<u>\$960,459</u>	<u>\$127,647</u>	<u>\$57,434</u>	<u>\$121,442</u>	<u>\$1,266,982</u>

(4) Fair value of financial instruments

The carrying amounts of the Company's financial instruments are reasonable approximations of fair values.

A. Methods used for the fair value of financial instruments and assumptions used when using valuation techniques

(A) The fair value of short-term financial instruments is estimated on the basis of their carrying amount on the balance sheet. The maturity of such financial instruments is relatively close, and the present value of future cash flow discounted at the market interest rate is close to the carrying amount, so the carrying amount should

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be a reasonable basis for estimating fair value. This method applies to cash and cash equivalents, notes receivable - net, accounts receivable - net, other receivables, bank loans, short-term notes payable, notes payable, accounts payable, and other).

- (B) The fair value of financial assets measured at fair value through profit or loss - equity-linked instruments is the amount expected to be obtained or must be paid if the Company terminates the contract according to the contract period, generally including the unrealized gain or loss of current outstanding contracts which are estimated based on the closing price of the linked instruments according to the settlement method stipulated in the contract.
- (C) The fair value of financial assets classified as held for trading and measured at fair value through profit or loss, specifically the beneficiary certificates of overseas funds, can be found in Note VI.2(2) of the Parent Company Only Financial Statements. For other financial assets measured at fair value through profit or loss (common shares of domestic and emerging companies and preferred shares of domestic listed companies) , as well as financial liabilities measured at fair value through profit or loss, such as margin loan obligations related to short selling (common shares of domestic and emerging companies), the fair value is determined based on quoted market prices in active markets.
- (D) The fair value of other financial assets is estimated on the basis of their carrying amount. As the present value of future payment collection discounted at the market interest rate is close to the carrying amount, so the carrying amount should be a reasonable basis for estimating fair value.
- (E) Lease liabilities are discounted at the incremental borrowing rate of the Company based on the remaining lease payment at the commencement date of the lease, and then measured at the amortized cost of the effective interest method. The carrying amount is the reasonable approximation of fair value.
- (F) The Company's long-term bank borrowings adopt a variable rate, and the fair value is estimated based on the carrying amount on the balance sheet. They have been adjusted with reference to market conditions, so the Company's borrowing rate should be close to the market rate.

B. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement. Each Levels inputs are described as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability

For assets and liabilities originally measured at fair value on a recurring basis and are recognized on the balance sheet, the Company determines whether transfers have occurred

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
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between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(A) Classification hierarchy of financial instruments measured at fair value and recognized on the balance sheet

The Company does not have assets and liabilities that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2023.12.31</u>				
<u>Assets</u>				
Financial asset measured at fair value through profit or loss				
Beneficiary certificates	\$182,285	\$-	\$-	\$182,285
Equity-linked instruments	-	52,004	-	52,004
Financial assets measured at fair value through other comprehensive income				
Equity securities	882,157	-	-	882,157
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Obligation to make up for short selling by lending and borrowing	17,100			17,100
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2022.12.31</u>				
<u>Assets</u>				
Financial asset measured at fair value through profit or loss				
Beneficiary certificates	\$185,303	\$-	\$-	\$185,303
Equity-linked instruments	-	18,534	-	18,534
Financial assets measured at fair value through other comprehensive income				
Equity securities	780,494	-	-	780,494

(B) Fair value transfers between Level 1 and Level 2:

The Company did not have significant fair value transfers between Level 1 and Level 2 in 2023 and 2022.

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
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- (C) Reconciliation of Level 3 financial instruments measured at fair value:
Financial assets measured at fair value through other comprehensive income - Non-current

	Domestic unlisted (non-OTC) companies - Common stock	
	2023	2022
Beginning balance	\$-	\$5,373
Increase this period	-	-
Disposal this period	-	(6,032)
Recognized in other comprehensive income in this period	-	659
Ending balance	\$-	\$-

- (D) The methods and assumptions applied in measuring the fair value of financial instruments:
- For financial assets traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price.
 - Fair value of financial assets measured at fair value through profit or loss - Equity-linked instruments is evaluated based on the closing price of the linked instruments according to the settlement method stipulated in the contract.
- (E) Evaluation of fair value measurement of significant unobservable inputs (Level 3):
The Company's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

XIII. Additional disclosures

1. Significant transactions information

Supplementary disclosure of various information of the Company and subsidiaries in 2023:

- Financing provided to other: Please refer to Table 1.
- Endorsement/Guarantee provided to others: Please refer to Table 2.
- Marketable securities held at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 3.
- Acquisition or sale of the same security with the accumulated cost reaching NT\$300 million or 20% of the Company's paid-in capital: None.
- Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- Engage in derivative transactions: See Note VI.2 of the Parent Company Only Financial

Phoenix Tours International, Inc. Notes to Parent Company Only Financial Statements (Continued)
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Statements.

- (10) Business relationships and significant intercompany transactions between the parent company and subsidiaries: Please refer to Table 6.

2. Information on investees

Supplemental disclosure of relevant information on the Company's direct or indirect significant influence or control over, or a joint venture interest in an investee company that is not in China as of 2023: Please refer to Table 4.

3. Information on investments in China

- (1) Names, main businesses and products, total amount of paid-in capital, method of investment, accumulated outflow of investment from Taiwan, percentage of ownership, investment income recognized, carrying amount of investment at the end of period, accumulated inward remittance of earnings, and upper limit on investment of investees in China: Please refer to Table 5.

- (2) Significant transactions with investees in China in the current period:

- A. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None.
- B. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None.
- C. The amount of property transactions and the amount of the resultant gains or losses: None.
- D. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
- E. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.
- F. Other transactions that have a material effect on the profit or loss for the period or on the financial position: None.

4. Information on principal shareholders

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Please refer to Table 7.

XIV. Segment Information

The Company has disclosed the segment information in the Consolidated Financial Statements, so the Parent Company Only Financial Statements will not be disclosed according to regulations.

Table 1 : Financing provided to others

No.	Name of financing provide	Name of counter party	General ledger account	Related party?	Maximum balance of the period	the end of period (Note 1)	Actual amount provided	Interest rates	Nature of financing activity	to (purchase from) counter-party	Reason for short-term financing	Allowance for doubtful accounts	Assets pledged		financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Pan Aviation Limited	Pan Asia Express Limited	Other accounts receivable -	Yes	\$4,446	\$4,329	\$2,597	1.95%	(Note 2)	\$-	Business operations	\$-	-	\$-	(Note 3)	(Note 3)

Note 1: Amount resolved by the board.

Note 2: There is a need for short-term financing.

Note 3: The individual lending limit and the total limit based on the net equity value of Pan Aviation Limited as of December 31, 2023 are NT\$22,008 thousand x 40% = NT\$8,803 thousand.

Table 2 : Endorsement/Guarantee provided to others for the year ended December 31, 2021

No.	Name of endorsement and guarantee company	Endorsee		Endorsement limit for a single entity (Note 3)	Maximum balance for the period	Outstanding endorsement/guarantee balance	Actual amount provided	Amount of collateral guarantee/endorsement (Note 6)	Percentage (%) of accumulated guarantee amount to net assets value from the latest financial	Guarantee amount of endorsements/guarantees provided (Note 4)	Guarantee provided by Parent Company	Guarantee provided by a Subsidiary (Note 7)	Provision of endorsements/guarantees to the parent
		Company name	Relationship with the										
1	Taiwan Orchid Express, Inc.	China Express Co., Ltd.	Subsidiary	\$60,586	\$60,586	\$60,586	\$29,180	\$29,180	9.63	\$302,928	N	N	N
						(Note 1)							
1	Taiwan Orchid Express, Inc.	Phil-Am Express Travel Service Co., Ltd.	Subsidiary	60,586	29,000	29,000	-	-	-	302,928	N	N	N
						(Note 2)							
1	Taiwan Orchid Express, Inc.	Yu Lin Travel Service Co., Ltd.	Subsidiary	60,586	29,000	29,000	-	-	-	302,928	N	N	N
						(Note 2)							
1	Taiwan Orchid Express, Inc.	Tianhe Air Cargo Co., Ltd.	Second-tier	60,586	29,000	29,000	-	-	-	302,928	N	N	N
						(Note 2)							

Note 1: Amount of guarantee handled by the chairman in accordance with relevant laws and regulation authorized by the board resolution.

Note 2: Endorsement and guarantee ceilings approved by the board.

Note 3: Endorsement guarantee for a single company shall not exceed 20% of its net worth on the latest financial statement.

Note 4: The maximum amount of external endorsement guarantees shall not exceed 100% of the net worth of its most recent financial statement.

Note 5: The calculation of the limit is based on the evaluation of the latest net worth on the financial statement audited by accountants.

Note 6: Taiwan Orchid Express Inc. provides real properties to China Express Co., Ltd., Phil-Am Express Travel Service Co., Ltd., Yu Lin Travel Service Co., Ltd. and Tianhe Air Cargo Co., Ltd. as collaterals for financial institutions to issue a letter of guarantee.

Note 7: Fill in 'Y' for those where the parent company of the listed company endorses the subsidiary company, the subsidiary company endorses the parent company of the listed company, or where it belongs to the mainland region's endorser

Table 3: Securities held at the end of the period (excluding the equity part of subsidiaries, affiliates and joint ventures)

Names of companies held	Types of negotiable securities	Names of negotiable securities	Relationship with the securities issuer	Accounting item	End of year (2023.12.31)				Notes	
					Number of shares / Units	Carrying amount	Owner ship (%)	Fair value / Net value		
Phoenix Tours International Inc.	Structured products	Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	5,000,000	\$7,352	-	\$7,352		
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	3,000,000	6,119	-	6,119		
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	3,707,865	4,254	-	4,254		
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	3,893,805	4,468	-	4,468		
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	4,023,224	5,765	-	5,765		
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	1,284,587	3,266	-	3,266		
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	5,000,000	3,969	-	3,969		
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	10,000,000	10,676	-	10,676		
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	5,000,000	6,135	-	6,135		
		Fund	Fuh Hwa South Africa Short-Term Income	-	Financial assets measured at fair value through profit or loss - Current	474,856	15,000	-	15,000	
			Fuh Hwa South Africa Fixed-Income ZAR	-	Financial assets measured at fair value through profit or loss - Current	349,000	10,683	-	10,683	
			TCB Taiwan Money Market Fund	-	Financial assets measured at fair value through profit or loss - Current	4,878,598	50,807	-	50,807	
			Diversified Foreign Currency (Euro) Portfolio	-	Financial assets measured at fair value through profit or loss - Current	186,497	-	-	-	Note
			Changsheng Japanese Yen Fund	-	Financial assets measured at fair value through profit or loss - Current	3,661	-	-	-	Note
	Fubon Auspicious Money Market		-	Financial asset measured at fair value through profit or loss - Current	1,261,461	20,314	-	20,314		
	Fuh Hwa Money Market		-	Financial asset measured at fair value through profit or loss - Current	2,038,874	30,152	-	30,152		
	SinoPac TWD Money Market Fund		-	Financial asset measured at fair value through profit or loss - Current	1,406,420	20,113	-	20,113		
	Forte Radium Fund		-	Financial asset measured at fair value through profit or loss - Current	72,822	5,117	-	5,117		
	CAPITAL MONEY MARKET FUND		-	Financial asset measured at fair value through profit or loss - Current	1,814,596	30,099	-	30,099		
	Stock		Chunghwa Telecom Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income - Current	2,400,000	288,000	-	288,000	
			China Airlines, Limited	-	Financial assets at fair value through other comprehensive income - Current	1,880,462	40,712	-	40,712	
			FDC International Hotels Corporation	-	Financial assets at fair value through other comprehensive income - Current	200,000	16,640	-	16,640	
		Tigerair Taiwan Co., Ltd.	-	Financial assets at fair value through other comprehensive income - Current	1,953,248	65,629	-	65,629		
		Fubon Taiwan high dividend ETF	-	Financial assets at fair value through other comprehensive income - Current	1,500,000	20,670	-	20,670		
		China Development Financial Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income - Current	1,200,000	15,060	-	15,060		
		Cathay Financial Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income - Current	410,856	18,797	-	18,797		
		EVA AIRWAYS CORPORATION	-	Financial assets at fair value through other comprehensive income - Current	1,600,000	50,320	-	50,320		
Cathay Financial Holding Series A preferred shares		-	Financial assets at fair value through other comprehensive income - Current	3,917,000	233,453	-	233,453			
Union Bank of Taiwan Series A preferred shares		-	Financial assets at fair value through other comprehensive income - Current	1,218,000	62,484	-	62,484			
WT Microelectronics Co., Ltd. Series A preferred shares	-	Financial assets at fair value through other comprehensive income - Current	1,542,000	70,392	-	70,392				
Taiwan Orchid Express, Inc.	Fund	Emerging Market High Yield Bond Fund A	-	Financial assets measured at fair value through profit or loss - Current	1,858,546	15,872	-	15,872		
		Fuh Hwa Money Market	-	Financial assets measured at fair value through profit or loss - Current	545,295	8,064	-	8,064		
		Forte Radium Fund	-	Financial assets measured at fair value through profit or loss - Current	72,463	5,092	-	5,092		
		TCB Taiwan Money Market Fund	-	Financial assets measured at fair value through profit or loss - Current	1,447,833	15,078	-	15,078		

<To be continued in the next page>

Table 3: Securities held at the end of the period (excluding the equity part of subsidiaries, affiliates and joint ventures)

Names of companies held	Types of negotiable securities	Names of negotiable securities	Relationship with the securities issuer	Accounting item	End of year (2023.12.31)				Notes
					Number of shares / Units	Carrying amount	Owner ship (%)	Fair value / Net value	
<Continued from the previous page>									
Taiwan Orchid Express, Inc.	Structured products	Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	4,194,902	\$7,834	-	\$7,834	
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	4,233,937	5,922	-	5,922	
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	4,304,857	6,021	-	6,021	
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	4,446,366	6,219	-	6,219	
		Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	11,076,233	10,023	-	10,023	
	Stock	Equity-linked instruments	-	Financial assets measured at fair value through profit or loss - Current	10,000,000	10,683	-	10,683	
		China Airlines, Limited	-	Financial assets at fair value through other comprehensive income - Current	900,733	19,501	-	19,501	
		Chunghwa Telecom Co., Ltd.	-	Financial assets at fair value through other comprehensive income - Current	200,000	24,000	-	24,000	
		Tigerair Taiwan Co., Ltd.	-	Financial assets at fair value through other comprehensive income - Current	34,721	1,166	-	1,166	
		Fubon Taiwan high dividend ETF	-	Financial assets at fair value through other comprehensive income - Current	1,500,000	20,670	-	20,670	
		EVA AIRWAYS CORPORATION	-	Financial assets at fair value through other comprehensive income - Current	200,000	6,290	-	6,290	
		Cathay Financial Holding Series A preferred shares	-	Financial assets at fair value through other comprehensive income - Current	150,000	8,940	-	8,940	
		Union Bank of Taiwan Series A preferred shares	-	Financial assets at fair value through other comprehensive income - Current	200,000	10,260	-	10,260	
Vip Bus Int'l Inc.	Fund	A -rated bonds	-	Financial assets measured at fair value through profit or loss - Current	300,000	3,044	-	3,044	
		Fuh Hwa Money Market	-	Financial assets measured at fair value through profit or loss - Current	679,394	10,047	-	10,047	
	Stock	Chunghwa Telecom Co., Ltd.	-	Financial assets at fair value through other comprehensive income - Current	120,000	14,400	-	14,400	
Tianhe Air Cargo Co., Ltd.	Fund	Fuh Hwa Money Market	-	Financial assets measured at fair value through profit or loss - Current	144,767	2,141	-	2,141	
Shang Hai Huaxia International Travel Service Co., Ltd.	Fund	KGI Victory Money Market Fund	-	Financial assets measured at fair value through profit or loss - Current	560,572	6,669	-	6,669	
Taiwan Orchid Insurance Agency Inc	Fund	TCB Taiwan Money Market Fund	-	Financial assets measured at fair value through profit or loss - Current	491,121	5,115	-	5,115	
		Fuh Hwa Money Market	-	Financial assets measured at fair value through profit or loss - Current	2,000,000	2,029	-	2,029	
Phil-Am Express Travel Service Co., Ltd.	Fund	TCB Taiwan Money Market Fund	-	Financial assets measured at fair value through profit or loss - Current	440,369	4,586	-	4,586	
Boyi Co., Ltd.	Fund	TCB Taiwan Money Market Fund	-	Financial assets measured at fair value through profit or loss - Current	1,171,463	12,199	-	12,199	
		Fuh Hwa Money Market	-	Financial assets measured at fair value through profit or loss - Current	481,123	7,115	-	7,115	
Park Joy Co., Ltd.	Fund	Fubon Auspicious Money Market Fund	-	Financial assets measured at fair value through profit or loss - Current	931,544	15,001	-	15,001	

Note: Please refer to the descriptions under Note VI.2(2) to the Consolidated Financial Statements.

Table 4: Names, locations and other information of investee companies (not including investees in China)

Name of the investors	Name of the investees	Location	Main business and products	Original / investment amount		Shares held as of the end of period (2023.12.31)			Net profit (loss) of the investee for the current period	Investment (gain) loss recognized for the current period	Notes
				balance of the period	balance of last period	Number of Shares	Percentage (%)	Carrying amount			
Phoenix Tours International In Taiwan	Orchid Express, Inc.	Taipei City	Airline ticket agent	\$216,701	\$216,701	18,954,000	99.76	\$299,586	\$21,260	(\$21,181)	Subsidiaries (Note 1 and Note 2)
	Phoenix Travel Press Co., Ltd.	Taipei City	Publishing	4,000	4,000	400,000	100.00	3,060	(222)	(222)	Subsidiaries (Note 1 and Note 2)
	Park Joy Co., Ltd.	Taipei City	Market management	28,000	28,000	2,800,000	100.00	20,690	(153)	(153)	Subsidiaries (Note 1 and Note 2)
	Vip Bus Int'l Inc.	Taipei City	Tourist Bus Transportation	13,208	13,208	1,651,000	33.02	14,998	(616)	(204)	Subsidiaries (Note 1 and Note 2)
	Fitnexx Co., Ltd.	Taipei City	Sports training	5,400	5,400	360,000	54.00	2,722	(828)	(447)	Subsidiaries (Note 1 and Note 2)
	Boyi Co., Ltd.	Taipei City	Housing and Building Development	82,000	25,000	8,200,000	82.00	81,557	(381)	(308)	Subsidiaries (Note 1 and Note 2)
Taiwan Orchid Express, Inc.	Shang Hai Huaxia International	Taipei City	Airline ticket agent	5,368	5,368	600,000	100.00	6,876	71	-	Second-tier subsidiary (Note 1 and Note 2)
	Yu Lin Travel Service Co., Ltd.	Taipei City	Travel Agencies	2,449	2,449	600,000	100.00	5,035	790	-	Second-tier subsidiary (Note 1 and Note 2)
	China Express Co., Ltd.	Taipei City	Airline ticket agent	33,870	33,870	2,595,685	74.16	30,807	(739)	-	Second-tier subsidiary (Note 1 and Note 2)
	Phil-Am Express Travel Service	Taipei City	Travel Agencies	5,550	5,550	600,000	100.00	4,991	40	-	Second-tier subsidiary (Note 1 and Note 2)
	Travelarena Int'l Co., Ltd.	Taipei City	Data processing services	1,725	1,725	280,000	80.00	4,317	1,793	-	Second-tier subsidiary (Note 1 and Note 2)
	Taiwan Orchid Insurance Agency	Taipei City	Insurance agent	5,000	5,000	500,000	100.00	8,680	2,259	-	Second-tier subsidiary (Note 1 and Note 2)
	Vip Bus Int'l Inc.	Taipei City	Tourist Bus Transportation	35,518	35,518	3,349,207	66.98	30,423	(616)	-	Subsidiaries (Note 1 and Note 2)
China Express Co., Ltd.	Tianhe Air Cargo Co., Ltd.	Taipei City	Freight forwarding	5,000	5,000	500,000	100.00	4,725	29	-	Second-tier subsidiary (Note 1 and Note 2)

Note 1: The evaluation is based on the financial statements of the investee audited by accountants during the same period.

Note 2: Already included in the entities prepared for the consolidated financial report.

Table 5: Information on investments in China

Unit: NT\$/US\$/RMB thousand

Investee in China	Main business and products	Amount of paid-in capital	Method of investment	Accumulated amount of remittance from Taiwan to China	Investment flows		Accumulated amount of remittance from Taiwan to China at	Net profit (loss) of the investee for the current period	Ownership held by the Company (direct or indirect) (%)	Investment (loss) gain recognized for the current period	Carrying value at end of year (Note 3)	Accumulated amount of investment income remitted back to Taiwan
					Remitted to	Recovered						
Pan Asia Express Limited	Freight forwarding	USD 1,000	Investee of the second-tier subsidiary China Express Co., Ltd.	USD 950	\$-	\$-	USD 950	\$1,255 (RMB 286)	75.00	\$941 (RMB 214)	\$32,913 (RMB 7,603)	USD1,122
Pan Aviation Limited	Freight forwarding	RMB 5,000	Investee of Pan Asia	(Note 2)	-	-	(Note 2)	382 (RMB 87)	75.00	287 (RMB 65)	16,506 (RMB 3,813)	-

Amount of remittance from Taiwan to China as of the end of the reporting period	Investment amounts authorized by Investment Commission, MOEA	Investment restrictions on investments in China imposed by the Investment Commission of MOEA
\$29,174 (USD 950)	\$29,174 (Note 2) (USD 950)	\$879,337

Note 1: Subject to the provisions of the "Review for Conducting Investment or Technological Collaboration in China" established by the Investment Commission of the Ministry of Economic Affairs.

Note 2: Pan Aviation Limited is a wholly owned subsidiary of Pan Asia Express Limited. The Company's subsidiary China Express Co., Ltd. invested in Pan Asia Express Limited in 2005, resulting in indirect ownership of Pan Aviation Limited.

Note 3: The evaluation is based on the financial statements of the investee audited by accountants during the same period.

Table 6: Significant inter-company transactions during the reporting periods

No. (Note 1)	Company	Counter-party	Relationship (Note 2)	Status of transaction			g (%) consolidated total operating revenues or total assets
				Account	Amount	Term	
<u>112.01.01-112.12.31</u>							
0	Phoenix Tours International, Inc.	Taiwan Orchid Express Inc.	1	Operating costs	\$ 5,268	Separate negotiation	0.24
0	Phoenix Tours International, Inc.	Taiwan Orchid Express Inc.	1	Operating expense	127	Separate negotiation	0.01
0	Phoenix Tours International, Inc.	Taiwan Orchid Express Inc.	1	Others	446	Separate negotiation	0.02
0	Phoenix Tours International, Inc.	Taiwan Orchid Express Inc.	1	Interest expense	29	Separate negotiation	-
0	Phoenix Tours International, Inc.	Taiwan Orchid Express Inc.	1	Accounts receivab	201	Flexible payment based on mutual	0.01
0	Phoenix Tours International, Inc.	Taiwan Orchid Express Inc.	1	Refundable depos	340	Pay security deposit according to t	0.01
0	Phoenix Tours International, Inc.	China Express Co., Ltd.	1	Operating costs	1,469	Separate negotiation	-
0	Phoenix Tours International, Inc.	China Express Co., Ltd.	1	Operating revenue	13	Separate negotiation	-
0	Phoenix Tours International, Inc.	China Express Co., Ltd.	1	Rental income	914	Separate negotiation	0.04
0	Phoenix Tours International, Inc.	China Express Co., Ltd.	1	Others	273	Separate negotiation	0.01
0	Phoenix Tours International, Inc.	China Express Co., Ltd.	1	Accounts receivab	95	Flexible payment based on mutual	-
0	Phoenix Tours International, Inc.	Vip Bus Int'l Inc.	1	Operating costs	1,752	Separate negotiation	0.08
0	Phoenix Tours International, Inc.	Vip Bus Int'l Inc.	1	Rental income	57	Separate negotiation	-
0	Phoenix Tours International, Inc.	Vip Bus Int'l Inc.	1	Others	229	Separate negotiation	0.01
0	Phoenix Tours International, Inc.	Boyi Co., Ltd.	1	Rental income	57	Separate negotiation	-
0	Phoenix Tours International, Inc.	Yu Lin Travel Service Co., Ltd.	1	Operating revenue	134	Separate negotiation	0.01
0	Phoenix Tours International, Inc.	Yu Lin Travel Service Co., Ltd.	1	Operating expense	25,901	Separate negotiation	1.18
0	Phoenix Tours International, Inc.	Yu Lin Travel Service Co., Ltd.	1	Accounts receivab	814	Flexible payment based on mutual	0.03
0	Phoenix Tours International, Inc.	Yu Lin Travel Service Co., Ltd.	1	Accounts payable	131	Flexible payment based on mutual	-
0	Phoenix Tours International, Inc.	Yu Lin Travel Service Co., Ltd.	1	Other payables	4,190	Flexible payment based on mutual	0.13
0	Phoenix Tours International, Inc.	Taiwan Orchid Insurance Agency Inc.	1	Accounts payable	21	Separate negotiation	-
0	Phoenix Tours International, Inc.	Phoenix Travel Press Co., Ltd.	1	Operating costs	1,972	Separate negotiation	0.09
0	Phoenix Tours International, Inc.	Phoenix Travel Press Co., Ltd.	1	Rental income	34	Separate negotiation	-
0	Phoenix Tours International, Inc.	Phoenix Travel Press Co., Ltd.	1	Other payables	109	Flexible payment based on mutual	-
0	Phoenix Tours International, Inc.	Phoenix Travel Press Co., Ltd.	1	Guarantee deposit	15	Pay security deposit according to t	-
0	Phoenix Tours International, Inc.	Travelarena Int'l Co., Ltd.	1	Operating costs	3,497	Separate negotiation	0.16
0	Phoenix Tours International, Inc.	Travelarena Int'l Co., Ltd.	1	Operating expense	2,591	Separate negotiation	0.12
0	Phoenix Tours International, Inc.	Travelarena Int'l Co., Ltd.	1	Other payables	231	Flexible payment based on mutual	0.01

<To be continued in the next page>

No. (Note 1)	Company	Counter-party	Relationship (Note 2)	Status of transaction			Percentage (%) of consolidated total operating
				Account	Amount	Term	
<Continued from the previous page>							
<u>112.01.01-112.12.31</u>							
1	Taiwan Orchid Express Inc.	Travelarena Int'l Co., Ltd.	3	Operating expenses	\$ 386	Separate negotiation	0.02
1	Taiwan Orchid Express Inc.	Travelarena Int'l Co., Ltd.	3	Rental income	229	Separate negotiation	0.01
1	Taiwan Orchid Express Inc.	Yu Lin Travel Service Co., Ltd.	3	Rental income	399	Separate negotiation	0.02
1	Taiwan Orchid Express Inc.	Taiwan Orchid Insurance Agency Inc.	3	Rental income	91	Separate negotiation	-
2	China Express Co., Ltd.	Travelarena Int'l Co., Ltd.	3	Operating expenses	240	Separate negotiation	0.01
2	China Express Co., Ltd.	Pan Asia Express Limited	3	Other receivables	2,425	Separate negotiation	0.11
3	Vip Bus Int'l Inc.	Yu Lin Travel Service Co., Ltd.	3	Operating revenue	10	Separate negotiation	-
3	Vip Bus Int'l Inc.	Boyi Co., Ltd.	3	Operating revenue	5	Separate negotiation	-
4	Travelarena Int'l Co., Ltd.	Fitnexx Co., Ltd.	3	Operating revenue	7	Separate negotiation	-
5	Park Joy Co., Ltd.	Fitnexx Co., Ltd.	3	Rental income	1,086	Separate negotiation	0.05
6	Pan Asia Express Limited	Pan Aviation Limited	3	Other payables	2,597	Repay according to the contract	0.08

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. Fill in "0" for parent company.
2. The subsidiaries are numbered in order starting from "1".

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

Note 3: Regarding the percentage of the transaction amount to consolidated total operating revenues or total assets, it is computed based on the period-end balance of the transaction to the consolidated t

Table 7: Information on principal shareholders

Shares/Name	Number of Shares Held (shares)	Ownership (%)
Jimmy K. M. Chang	11,830,521	16.03
William Chang	6,287,131	8.52

Note 1: The information on principal shareholders presented in this schedule is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and pr

The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparatic

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declar

Phoenix Tours International, Inc.

Chairman: William Chang

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