

Stock Code 2719

北海道  
HOKKAIDO

泰國  
Thailand

韓國  
Korea

清州  
CHEONGJU

釜山  
BUSAN

普吉島  
PHUKET

曼谷悅榕庄

Banyan Tree Bangkok

蘇美島悅榕庄

Banyan Tree Samui

喀比悅榕庄

Banyan Tree Krabi

普吉島悅榕庄

Banyan Tree Phuket

峇里島悅榕度假村

蘭珂悅榕酒店

Banyan Tree Langko

蘭珂悅榕酒店

Angsana Langko

濠洲悅椿酒店

Angsana Ho Tram

濠洲悅苑酒店

Dhawa Ho Tram

April  
30

Printed on

燦星旅遊  
STAR TRAVEL

2023 Annual Report

TSG Star Travel Corp

( Formerly named : Star Travel Corp )

Post System : [mops.twse.com.tw/mops/web/index](https://mops.twse.com.tw/mops/web/index) | [www.startravel.com.tw](https://www.startravel.com.tw)

**I. Spokesperson and deputy spokesperson of the Company:**

**Spokesperson: Shu Chen-Chen**

**Job Title: General Manager**

**Telephone: (02) 8183-3888**

**Email: jenny5027@startravel.com.tw**

Spokesperson: To be provided

Position:

Telephone:

Email:

**II. Address and phone number of the headquarters, branch offices and factories:**

Address: 2F., No. 545, Sec. 2, Jiankang Rd., South Dist., Tainan City 702022 , Taiwan (R.O.C.)

Telephone: (02) 8183-3888

Headquarter: 7F., No. 161 、163, Sec. 2, Minsheng E. Rd., Zhongshan Dist., Taipei City 104073 , Taiwan (R.O.C.)

**III. Stock transfer agent:**

Name: Shareholder Services Department of President Securities Corporation

Address: B1F., No. 8, Dongxing Rd., Songshan Dist., Taipei City 105412 , Taiwan (R.O.C.)

Telephone: (02)2747-8266

Website: <https://www.pscnet.com.tw/pscnetStockTransfer/index.do>

**IV. Attesting CPA for the Financial Statements of the Most Recent Year:**

CPAs: Tien Chung-Yu and Hsu Norah

Name of Accounting Firm: PricewaterhouseCoopers, Taiwan

Address: 12F., No. 395, Sec. 1, Linsen Rd., East Dist., Tainan City

Telephone: (06)234-3111

Website: <https://www.pwc.tw/>

**V. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: None.**

**VI. Company website: <http://www.startravel.com.tw>**

**VII. A TPEX primary listed foreign company (an emerging company) shall publish the following matters: None**

1. Board of directors name list (for independent directors domiciled in Taiwan, nationality and principal job experience shall also be specified).: None.
2. Name, title, contact phone number, and e-mail address of the designated agent within the ROC. : None.

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## **Appendix A: 2023 Consolidated Financial Report and CPAs’ Audit Report for TSG Star Travel Corp. and subsidiaries**

**A-1**

## **Appendix B: 2023 Standalone Financial Report and CPAs’ Audit Report for TSG Star Travel Corp.**

**B-1**

## One. Letter to Shareholders

### I. 2023 Operating result

In 2023, due to the good performance of charter flights from Kochi, Japan and Phuket, Thailand, eight consecutive years of losses were ended, with a small surplus. However, customs offices around the world are still short of manpower and unable to cope with the growing demand from international tourists, resulting in limited opening of travel routes. On the other hand, the shortage of airlines and cabin crew personnel has led to rising flight ticket prices, thus increasing operating costs. In order to cope with the opening of the tourism market, the company needs to build manpower, which increases costs and affects the company's profits. The company's consolidated operating results for 2023 are highlighted as follows :

#### (I) Business plan implementation results:

The company's consolidated revenue in 2023 was NT\$1,097,262,000, an increase of 1,241% from the consolidated revenue in 2022 of NT\$81,806,000. This was due to the increase in overseas tourism performance after the country opened up in October 2022.

Expressed in thousands of NTD		
Item	2023	2022
Operating revenue	1,097,262	81,806
Gross profit	114,832	(40)
Operating expenses	156,576	73,802
Operating loss	(41,744)	(73,842)
Net loss	105,316	(44,592)
Net loss attributable to owners of the parent	105,316	(44,592)
EPS (NT\$)	1.53	(1.16)

#### (II) Financial revenue and expenditure and profitability analysis

Item		2023	2022
Financial structure (%)	Debt to asset ratio (%)	36.04	22.47
	Long-term fund to property, plant and equipment ratio (%)	560.81	491.83
Liquidity analysis (%)	Current ratio (%)	257.11	495.85
	Quick ratio (%)	190.38	476.97
Profitability (%)	Return on assets (%)	13.19	(9.57)
	Return on equity (%)	18.7	(15.98)
	Net margin (%)	9.60	(54.51)

## **II. 2023 Business Plan overview**

The company adopts a healthy management attitude, selects travel routes with a blue ocean strategy, concentrates human sales, continues to optimize the company organization and improve customer satisfaction. The relevant strategic directions are as follows:

1. Select the blue ocean tourism market, use air tickets and hotel resources to open up new markets, increase market share and gross profit, and together with Tigerair Taiwan, in addition to the original charter flights to Phuket, Kochi and Akita in Japan, and continue to pay attention to other second-tier cities in Japan. The possibility of charter flights to other tourist destinations in Southeast Asia not only increases the company's visibility, but also creates differentiation and provides consumers with new travel options.
2. Continue to open more stores across the province, establish a comprehensive sales network, expand corporate customers in various regions, and increase direct customer services.
3. Continuously recruit talents, build tourism routes, cultivate middle-level cadres of the company, and optimize the organization.

## **III. Development strategies in the future and the influence of external competition, legal and regulatory environment, and macroeconomic situation**

Looking into the future, although the global tourism market is gradually opening up, the Chinese market has not been able to open up as scheduled. TSG Star Travel should develop other product lines and continue to optimize charter flights to enhance competitiveness. And combine the group's resources to develop more comprehensive tourism products and services. In addition, TSG Star Travel will continue to improve organizational efficiency, digitalization and cost efficiency, hoping to operate steadily in 2024 and become the travel brand of choice for consumers.

**Chairperson:**  
**Hou Yu-Lin**

**General Manager:**  
**Shu Chen-Chen**

**Accounting Officer:**  
**Liao Jian-You**

## Two. Company Profile

**I. Date of establishment:** February 24, 2003.

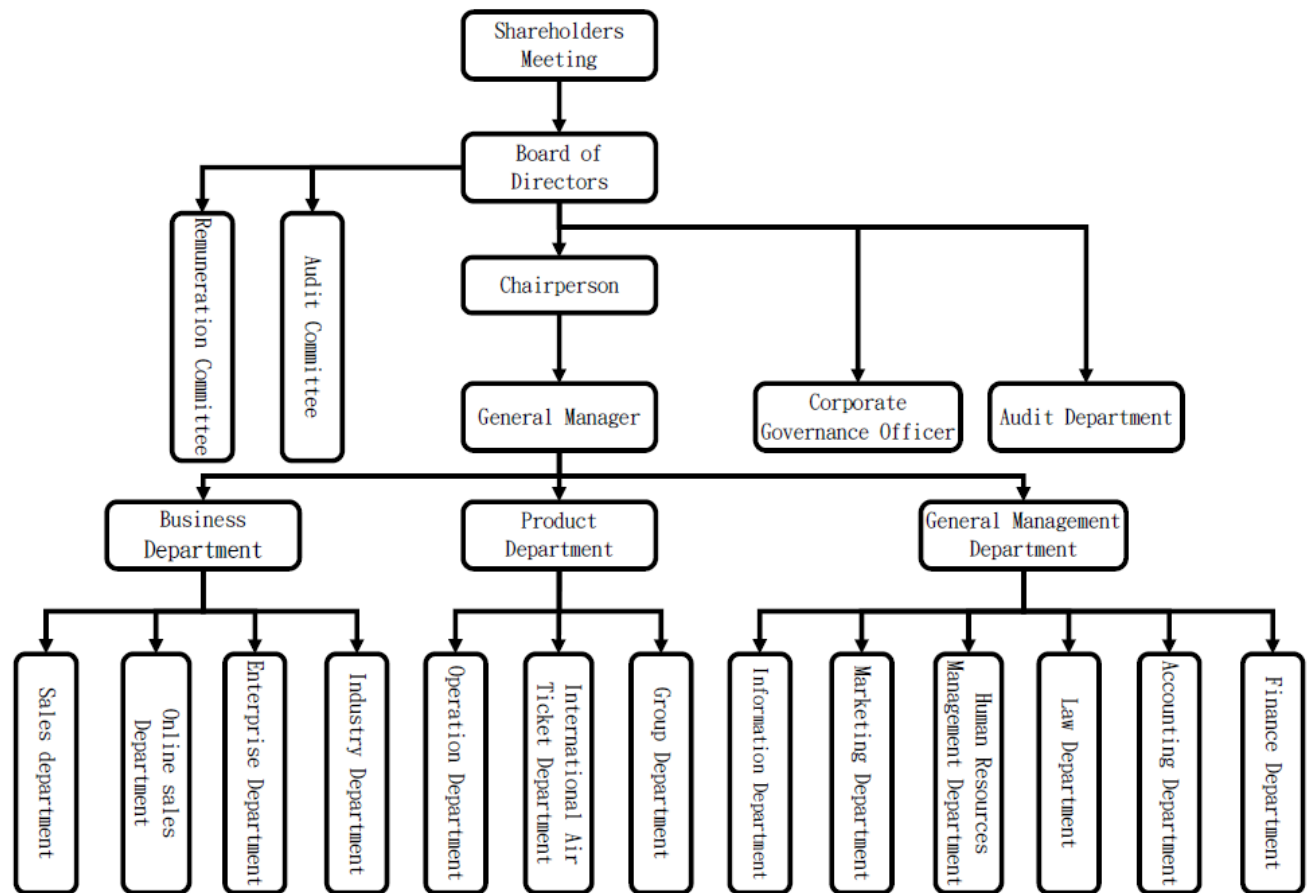
### II. Company History:

February 2003	The Company was registered upon approval with a capital amount of NT\$100 million.
April 2003	The website, <a href="http://www.startravel.com.tw">www.startravel.com.tw</a> , was launched.
February 2004	Conducted a cash capital increase of NT\$100 million. The paid-in capital after the capital increase was NT\$200 million.
January 2008	The Financial Supervisory Commission, Executive Yuan, approved the public offering of the Company's shares.
January 2008	The Company's stock were listed on the Emerging Stock Board of the TPEX.
March 2011	The Company acquired businesses other than those of the Chinese tourists coming to Taiwan and related assets and liabilities of the Company's 100% owned subsidiary, Star Travel Service Corporation.
December 2011	The FSC approved the filing of the Company's stock being listed on the Mainboard of the TPEX on December 5, 2011.
February 2012	The Company's stock were listed on the Mainboard of the TPEX.
May 2020	The corporate director, Star Comgistic Capital Co., Ltd., transferred its shareholding of the Company to the public offerors, Hou Yu-Lin and Cheng Pao-Lien.
June 2020	The Shareholders' Meeting re-elected the Directors, and the Board of Directors elected Mr. Hou Yu-Lin as the Chairperson.
July 2022	Process capital reduction to make up for losses: 15,330,000 issued shares were eliminated, and the capital reduction ratio was approximately 44.993%.
August 2022	Handled private placement of securities worth NT\$500 million. After the capital increase, the paid-in capital amount was NT\$687,421,000.
November 2022	The Shareholders' Meeting re-elected the Directors, and the Board of Directors elected Mr. Hou Yu-Lin as the Chairperson.

### Three. Corporate Governance Report

#### I. Organization System

(I) Organization structure:





(I) Business activities of main departments:

Department	Business
General Manager's Office	<ol style="list-style-type: none"> <li>1. Set short, medium and long-term goals for the company.</li> <li>2. Formulate operational strategies, integrate resources of various units, and create maximum efficiency and profits.</li> <li>3. Handle and track customer complaints.</li> </ol>
Corporate Governance Officer	Responsible for formulating corporate sustainable development policies and promoting the implementation of various corporate sustainable development plans.
Audit Department	<ol style="list-style-type: none"> <li>1. Conduct research, review and revision of internal control systems.</li> <li>2. Internal audit and implementation of internal control self-assessment.</li> <li>3. Check and evaluate the reliability and effectiveness of internal controls and make suggestions for improvement.</li> </ol>
Business Office	<p>Sales Department: Process and sell over-the-counter customer orders and process and sell telephone orders.</p> <p>Online Sales Department: Processes and sells online and telephone orders.</p> <p>Enterprise Department: Develop and process corporate incentive travel business and orders.</p> <p>Industry Department: Business cooperation with tourism industry and sales of tourism products to tourism industry.</p>
Product Department	<p>Operation Department:</p> <ol style="list-style-type: none"> <li>1. Assist in the follow-up processing of orders (booking, invoicing, tickets, certificates).</li> <li>2. Assist in group formation, supplier reconciliation and payment requisition.</li> </ol> <p>International Air Ticket Department: Planning of air tickets, coupons and room booking products for each line.</p> <p>Domestic and foreign product department:</p> <ol style="list-style-type: none"> <li>1. Planning of various domestic travel itineraries.</li> <li>2. Free travel itinerary planning for various overseas groups.</li> </ol>
General Management Office	<p>Information Department:</p> <ol style="list-style-type: none"> <li>1. Program writing and development of ERP system.</li> <li>2. Operation and maintenance of back-end management interface.</li> <li>3. Internal network maintenance and information hardware installation and maintenance.</li> </ol> <p>Marketing Department:</p> <ol style="list-style-type: none"> <li>1. Responsible for advertising business development, advertising planning and production, event promotion, project cooperation and online shopping management.</li> <li>2. The formulation, execution and results of online sales operation goals.</li> </ol> <p>Human Resources Management Department:</p> <ol style="list-style-type: none"> <li>1. Responsible for personnel payroll operations, planning and execution of administrative procedures, and employee education and training.</li> <li>2. Manage general affairs, responsible for general general affairs procurement operations and warehouse management.</li> <li>3. Assist in the management and plan implementation of occupational safety and health.</li> </ol> <p>Law Department:</p> <ol style="list-style-type: none"> <li>1. Contract review and management.</li> <li>2. Handling of general legal affairs.</li> <li>3. Consumer dispute settlement litigation.</li> </ol> <p>Accounting Department:</p> <ol style="list-style-type: none"> <li>1. Establishment of accounting system.</li> <li>2. Various accounting matters, tax processing, announcements and declarations, etc.</li> <li>3. Responsible for the preparation of annual budget and the preparation and analysis of various management reports.</li> <li>4. Financial management and fund scheduling, bank teller operations, etc.</li> <li>5. Matters such as stock affairs business and announcement reporting.</li> </ol> <p>Finance Department:</p> <ol style="list-style-type: none"> <li>1. Financial management and fund scheduling, bank cashier operations, etc.</li> <li>2. Matters such as stock affairs business and announcement reporting.</li> </ol>

## II. Information on Directors, Supervisors, General Manager, Deputy General Manager, Assistant General Manager and Head of Each Department and Branch

### (I) Profiles of Directors and Supervisors

1. Information on name, nationality or place or registration, key education and work experiences, selected current positions at the Company and other companies, date elected (of appointment), term of office, date first elected and shares held by self, spouse, minor child and in the name of others, specialized knowledge, and independence status.

March 31, 2024																			
Title	Nationality or place of registration	Name	Gender and age	Date elected	Term Expires (Years)	Date first elected	Number of Shares Held at Time of Election		Number of Shares Currently Held		Shares currently held by spouse & under-age children		Shares Held in the Name of Others		Main Work Experience or Education Background	Concurrent Position in the Company or other Companies	Other Managerial Officers, Directors or Supervisors who is a spouse or relative within the second degree of kinship		
							Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Title	Name	Relationship
Chairperson	R.O.C.	Hou Yu-Lin	Male 51-60	2022.11.23	3	2020.06.15	2,171,163	3.16	2,141,163	3.114	0	0	0	0	MBA of Fontbonne University, St. Louis, Missouri, U.S.	Note 1	None	None	None
Director	Tainan City	Taiwan Health & Exercise Investment Co. Ltd.		2022.11.23	3	2022.11.23	2,750,000	4.00	2,750,000	4.00	-	-	-	-	-	-	-	-	-
Director	R.O.C.	Taiwan Health & Exercise Investment Co. Ltd. Representative: Xie, Yi-Jin	Female 21-30	2023.06.15	3	2023.06.15	0	0	0	0	0	0	0	0	Master of Institute of Network Engineering, National Yang Ming Chiao Tung University	Note 2	None	None	None
Director	R.O.C.	Taiwan Health & Exercise Investment Co. Ltd. Representative: Chen He-Shun	Male 61-70	2022.11.23	3	2022.11.23	0	0	0	0	0	0	0	0	Department of Chemical Engineering, Yung Ta Institute of Technology	Note 3	None	None	None
Director	R.O.C.	Taiwan Health & Exercise Investment Co. Ltd. Representative: Hsieh Wen-Fang	Female 31-40	2022.11.23	3	2022.11.23	0	0	0	0	0	0	0	0	Master of Computer Information Systems, Boston University	Note 4	None	None	None
Director	R.O.C.	Taiwan Health & Exercise Investment Co. Ltd. Representative: Wu Yi-Ching	Female 41-50	2022.11.23	3	2022.11.23	0	0	0	0	0	0	0	0	Doctorate of Business Management(DBA), Alliant International University (San Diego, USA)	Note 5	None	None	None

Title	Nationality or place of registration	Name	Gender and age	Date elected	Term Expires (Years)	Date first elected	Number of Shares Held at Time of Election		Number of Shares Currently Held		Shares currently held by spouse & under-age children		Shares Held in the Name of Others		Main Work Experience or Education Background	Concurrent Position in the Company or other Companies	Other Managerial Officers, Directors or Supervisors who is a spouse or relative within the second degree of kinship		
							Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Title	Name	Relationship
Independent Director	R.O.C.	Hong,Ren-Jie	Male 61-70	2023.06.15	3	2023.06.15	0	0	0	0	0	0	0	0	Bachelor of Laws, National Hsing University	Note 6	None	None	None
Independent Director	R.O.C.	Chen,Hou-Dian	Male 51-60	2023.06.15	3	2023.06.15	0	0	0	0	0	0	0	0	Master of Electrical Engineering, San Jose State University	Note 7	None	None	None
Independent Director	R.O.C.	Hung Yu-Ting	Female 31-40	2022.11.23	3	2020.06.15	0	0	0	0	0	0	0	0	Bachelor of Business Administration, Cheng Shiu University	Note 8	None	None	None

Note 1 Chairperson , Argo Yachts Development Co., Ltd. Supervisor, Xingtong Investment Co., Ltd. Chairperson, Man-Strong International Manpower Development Co., Ltd.

Director, Man-Strong International Manpower Development Co., Ltd. Chairperson, Li Feng International Co., Ltd. Chairperson, Yu Yu Investments Ltd.

Chairperson, San Xing Management Consulting Co., Ltd. Director, Global Giant Transmigration Corporation Consulting Director, Unicell Biotechnology Co., Ltd.

Director, Sky Elephant Thai Restaurant Co., Ltd. Director, Yun Lo Investment Co., Ltd. Supervisor, Uni Pros Business Consulting Co., Ltd.

Director, Xinggu International Enterprise Co., Ltd. Chairperson, Xingrong Business Management Consulting Co., Ltd. Chairperson, Star Marketing Co., Ltd.

Chairperson ,LOHAS OCEAN LEISURE CO., LTD. Chairperson ,Aryue Development Co.,Ltd. Chairperson, Muyu Investment Co., Ltd.

Chairperson, Thai Manstrong International Real Estate CO., LTD. Director, WORLD-UNION FORTUNE COMPANY Director, THE WU THUN-CHIH FOUNDATION FOR CHARITY AND PUBLIC WELFARE

Note 2 Technical Assistant Manager, MediaTek Co., Ltd. Director, KUEI TIEN CULTURAL & CREATIVE ENTERTAINMENT CO., LTD. Director, Jia Jie Biomedical Co., Ltd.

Director, UFC GYM TAIWAN LIMITED

Note 3 Chairperson, Jia Jie Biomedical Co., Ltd. Director, TSG GhostHawks Co., Ltd. Chairperson,ENSURE GLOBAL CORP., LTD.

Chairperson, Jia Jie Biotechnology Co., Ltd. Chairperson, Xin Apollo Energy Co., Ltd. Chairperson, Daily Cosmetics Co., Ltd.

Chairperson, Jia Jie Investment Co., Ltd. Chairperson, Newsoft Technology Corporation Supervisor, Titan Insurance Broker Co., Ltd.

Note 4 Director, Jia Jie Biomedical Co., Ltd. Director, TSG GhostHawks Co., Ltd. Director, Jia Jie Biotechnology Co., Ltd.

Director, Titan Insurance Broker Co., Ltd. Director, TSG Sports Marketing Co., Ltd. Director, KUEI TIEN CULTURAL & CREATIVE ENTERTAINMENT CO., LTD.

Director, Argo Yachts Development Co., Ltd. Director, UFC GYM TAIWAN LIMITED

Note 5	Director, Chun Yu Works & Co., Ltd. Director, Yangmingshan Tien Lai Resort & Spa Co., Ltd.  Chairperson, MBRAVO IMC LIMITED	Director, Gloria Material Technology Corp. Chairperson, KUEI TIEN CULTURAL & CREATIVE ENTERTAINMENT CO., LTD. Director, UFC GYM TAIWAN LIMITED	Chairperson, Hehe International Development Co., Ltd. Chairperson, Hejing Health Industry Co., Ltd.
Note 6	Director ,Law.Prolaw	Supervisor, AMIT WIRELESS INC.	
Note 7	Senior Manager ,INNOLUX CORPORATION Co., Ltd.	Independent Director, NewSoft Technology Corporation	
Note 8	Independent Director, Ensure Global Corp., Ltd.	Director, Banjiushi Life Co., Ltd.	Supervisor, Chengda Professional Sailing Co., Ltd.

2. Major shareholder of institutional shareholders

April 21, 2024

Name of the institutional shareholder	Major shareholder of institutional shareholders
Taiwan Health & Exercise Investment Co. Ltd.	Chin Chi Fu Asset Management Co., Ltd. (100%)

3. Major shareholder of an institutional shareholder's major shareholder who is a juristic person

April 21, 2024

Name of the institutional shareholder	Major shareholder of institutional shareholders
Chin Chi Fu Asset Management Co., Ltd. (100%)	Chun-Yi Huang (45% of shares)
	Chiung-Fen Wang (36% of shares)
	E-Top Metal Co., Ltd (19% of shares)

4. Information disclosure on Directors' and Supervisors' specialized qualifications and Independent Directors' independence status

March 31, 2024

Name	Criteria	Professional qualifications and experiences	Independence Status (Note 1)												Number of Public Companies in Which He/She Concurrently Serves as an Independent Director
			1	2	3	4	5	6	7	8	9	10	11	12	
Chairperson Hou Yu-Lin	● Possessing business and working experiences required for the Company's Business		✓		✓	✓		✓	✓		✓	✓	✓	✓	-
Taiwan Health & Exercise Investment Co. Ltd. Representative: Xie, Yi-Jin	● Possessing business and working experiences required for the Company's Business		✓		✓	✓	✓	✓	✓		✓	✓	✓	✓	-
Taiwan Health & Exercise Investment Co. Ltd. Representative: Chen He-Shun	● Possessing business and working experiences required for the Company's Business		✓		✓	✓	✓	✓	✓		✓	✓	✓	✓	-
Taiwan Health & Exercise Investment Co. Ltd. Representative: Hsieh Wen-Fang	● Possessing business and working experiences required for the Company's Business		✓		✓	✓	✓	✓	✓		✓	✓	✓	✓	-
Taiwan Health & Exercise Investment Co. Ltd. Representative: Wu Yi-Ching	● Possessing business and working experiences required for the Company's Business		✓		✓	✓	✓	✓	✓		✓	✓	✓	✓	-
Independent Director Hong, Ren-Jie	<ul style="list-style-type: none"> <li>● Holding a lecture and above position in a related department of business, legal, finance, accounting or department required for the Company's business in undergraduate education institutions and a member of the Audit Committee.</li> <li>● Free from any conditions defined in Article 30 of the Company Act.</li> </ul>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Independent Director Chen, Hou-Dian	<ul style="list-style-type: none"> <li>● Holding a lecture and above position in a related department of business, legal, finance, accounting or department required for the Company's business in undergraduate education institutions and a member of the Audit Committee.</li> <li>● Free from any conditions defined in Article 30 of the Company Act.</li> </ul>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Independent Director Hung Yu-Ting	<ul style="list-style-type: none"> <li>● Possessing work experience in the field of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company and being a member of the Audit Committee</li> <li>● Free from any conditions defined in Article 30 of the Company Act.</li> </ul>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

(Note 1): Mark “✓” in the box under a condition if the Director or Supervisor meets such condition during his/her term of office and two years before being elected.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company’s affiliates. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, any subsidiary, or any affiliate under the same parent company, as appointed in accordance with the Securities and Exchange Act of Taiwan or with the laws of the country of the parent company or subsidiary).
3. Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 largest shareholders in terms of shares held.
4. Not a managerial officer stipulated in point 1, nor a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons stipulated in points 2 and 3.
5. Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total outstanding shares of the Company or with shareholding ranked among the five largest shareholders, or appoints a representative as a director or supervisor of the Company by Article 27, Paragraph 1 or Paragraph 2 of the Company Act. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, any subsidiary, or any affiliate under the same parent company, as appointed in accordance with the Securities and Exchange Act of Taiwan or with the laws of the country of the parent company or subsidiary).
6. Not a director, supervisor, or employee of a corporation which is controlled by the same person who has over 50% of voting right shares or board of director seats of the Company. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, any subsidiary, or any affiliate under the same parent company, as appointed in accordance with the Securities and Exchange Act of Taiwan or with the laws of the country of the parent company or subsidiary).
7. Not a director, supervisor, or employee of a corporation or institution which has the same, or their spouse is: chairperson, general manager, or equivalent positions of the Company. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, any subsidiary, or any affiliate under the same parent company, as appointed in accordance with the Securities and Exchange Act of Taiwan or with the laws of the country of the parent company or subsidiary).
8. Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, any subsidiary, or any affiliate under the same parent company, as appointed in accordance with the Securities and Exchange Act of Taiwan or with the laws of the country of the parent company or subsidiary and the specific company or institution hold more than 20% but less or equal than 50% of the Company’s shares).
9. Not a professional individual who, or an owner, partner, director, supervisor, managerial officer, or a spouse thereof of a sole proprietorship, partnership, company, or institution that, provides auditing service or commercial, legal, financial, or accounting services or consultancies with less than NT\$ 500 thousand accumulative compensation within the most recent 2 years to the Company or to any affiliate of the Company. However, Remuneration Committee members, Public Tender Offer Review Committee members, or Acquisition Specialized Committee members who exercise powers based on the Securities and Exchange Act or Corporate Acquisition Act are not limited therein.
10. Not having a marital relationship or a relative within the second degree of kinship to any other director of the Company.
11. Not been a person of any conditions defined in Article 30 of the Company Act.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

## 5. Board of Directors diversity and independence

### (1) Diversity of the Board of Directors:

In addition to the Articles of Incorporation, the Company's Directors shall be elected pursuant to the nomination and qualification examination of Directors through a candidate nomination system specified in the Procedures for Election of Directors. The nomination list shall be resolved by the Board and submitted to the Shareholders' Meeting for election. The Procedures for Election of Directors specifies in Article 3 that the composition of the board of directors shall be determined by taking diversity into consideration, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

- I. Basic requirements and values: Gender, age, nationality, culture, etc.
- II. Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experiences.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. The board of directors shall possess the following abilities: ability to make operational judgments; ability to perform accounting and financial analysis; ability to conduct management administration; ability to conduct crisis management; knowledge of the industry; an international market perspective; ability to lead; and ability to make policy decisions.

The current Board of Directors of the Company consists of 8 directors, among which three are Independent Directors (accounting for 33.33%). The Board has the ability to conduct management administration, the background of financing and accounting, relevant industry knowledge, and the ability to make policy decisions. Four of the Board members are female (accounting for 50%), which is beneficial for gender equality of the Board members. The Board has met specific management objectives of the diversity of the Board of Directors.

March 31, 2024

Title	Name	Gender	Abilities the Board as a Whole Shall Possess (Note 1)							
			Judgments about operations	Accounting and finance	Management Administration	Crisis management	Industry knowledge	International market perspective	Ability to lead	Ability to make decision
Chairperson	Hou Yu-Lin	Male	✓	✓	✓	✓	✓	✓	✓	✓
Director	Taiwan Health & Exercise Investment Co. Ltd. Representative: Xie Yi-Jin	Female	✓	✓	✓	✓	O	✓	✓	✓
Director	Taiwan Health & Exercise Investment Co. Ltd. Representative: Chen He-Shun	Male	✓	✓	✓	✓	O	✓	✓	✓
Director	Taiwan Health & Exercise Investment Co. Ltd. Representative: Hsieh Wen-Fang	Female	✓	✓	✓	✓	O	✓	✓	✓
Director	Taiwan Health & Exercise Investment Co. Ltd. Representative: Wu Yi-Ching	Female	✓	✓	✓	✓	O	✓	✓	✓
Independent Director	Hong, Ren-Jie	Male	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Chen, Hou-Dian	Male	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Hung Yu-Ting	Female	✓	✓	✓	✓	✓	✓	✓	✓

(Note 1) ✓ Stands for fully possessing the ability; O stands for partially possessing the ability

## 6. Independence of the Board:

- (1) The Company's current Board of Directors consists of 5 directors and 3 independent directors. Independent Directors account for 37.5%.
- (2) Independent Directors do not have any of the circumstances specified in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.



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

May 10, 2024

Title	Nationality	Name	Gender	Date elected	Shares held		Shareholding of Spouse and Minor Children		Shares Held in the Name of Others		Main Work Experience or Education Background	Selected current positions at other companies	Managerial officers who are Spouse or Blood Relatives Within the Second Degree			Note
					Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)			Title	Name	Relationship	
General Manager	R.O.C.	Shu Chen-Chen	Female	2022.03.17	0	0	0	0	0	0	University of Southern Australia EMBA	None	None	None	None	-
Deputy General Manager of Product Department	R.O.C.	Luo Chun-Ying	Male	2023.01.11	0	0	0	0	0	0	Department of International Trade, Ta Hwa Institute of Science and Technology	None	None	None	None	-
Deputy General Manager of Business Department	R.O.C.	Hong,Jia-Hong	Male	2023.12.29	1,000	0.001	0	0	0	0	Florida international university Hospitality management	None	None	None	None	-
Assistant Vice President, Product I Division	R.O.C.	Wang Ching-Ping	Female	2022.08.01	0	0	0	0	0	0	EMBA, Fu Jen Catholic University	None	None	None	None	-
Assistant Vice President, Marketing Division	R.O.C.	Cheng, Pei-Yi	Female	2022.08.01	0	0	0	0	0	0	EMBA, National Chung Cheng University	None	None	None	None	-
Assistant Vice President	R.O.C.	Liao,Jian-You	Female	2023.12.29	0	0	0	0	0	0	Department of Accounting,Fu Jen Catholic University	None	None	None	None	-
Corporate Governance Officer	R.O.C.	Chiu Yi-Cheng	Male	2023.05.03	0	0	0	0	0	0	Department of Accounting Information, Chihlee University of Technology.	None	None	None	None	-
Audit Officer	R.O.C.	Zhang, Ying-Hua	Male	2023.05.03	0	0	0	0	0	0	Department of Political Science, Chinese Culture University	None	None	None	None	-

### III. Remuneration paid to Directors, Supervisors, General Manager, and Deputy General Manager in the most recent year

#### (I) Remuneration paid to Directors, Supervisors, General Manager, and Deputy General Manager in the most recent year

##### 1. Directors' (including Independent Directors) remuneration

Expressed in thousands of NTD

Expressed in thousands of NTD																						
Title	Name	Director's remuneration								Sum of A, B, C and D as a percentage of net income%		Remuneration received by a Director who is also an employee of the Company								Sum of A, B, C, D, E, F, and G as a percentage of net income%		Compensation received from reinvestment business or Parent Company
		Base Compensation (A)		Severance Pay and Pensions (B)		Compensation to Directors (C)		Allowances for Operations (D)				Salary, bonuses, and allowances (E)		Severance Pay and Pensions (F)		Employees' compensation (G)						
		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	
			Amount of Cash	Amount of stock	Amount of Cash	Amount of stock																
Director	Hou Yu-Lin	320	320	-	-	-	-	30	30	0.33	0.33	-	-	-	-	-	-	-	-	0.33	0.33	None
	Cheng Pao-Lien	280	280	-	-	-	-	35	35	0.30	0.30	-	-	-	-	-	-	-	-	0.30	0.30	None
	Taiwan Health & Exercise Investment Co. Ltd. Representative: Wang Chiung-Fen (Note 1)	110	110	-	-	-	-	-	-	0.10	0.10	-	-	-	-	-	-	-	-	0.10	0.10	None
	Taiwan Health & Exercise Investment Co. Ltd. Representative: Chen He-Shun	280	280	-	-	-	-	-	-	0.27	0.27	-	-	-	-	-	-	-	-	0.27	0.27	None
	Taiwan Health & Exercise Investment Co. Ltd. Representative: Hsieh Wen-Fang	280	280	-	-	-	-	5	5	0.27	0.27	-	-	-	-	-	-	-	-	0.27	0.27	None
	Taiwan Health & Exercise Investment Co. Ltd. Representative: Wu Yi-Ching	280	280	-	-	-	-	5	5	0.27	0.27	-	-	-	-	-	-	-	-	0.27	0.27	None
	Taiwan Health & Exercise Investment Co. Ltd. Representative: Xie, Yi-Jin (Note 2)	170	170	-	-	-	-	-	-	0.16	0.16	-	-	-	-	-	-	-	-	0.16	0.16	None
Independent Director	Wu Tsung-Che (Note 3)	100	100	-	-	-	-	-	-	0.09	0.09	-	-	-	-	-	-	-	-	0.09	0.09	None
	Chang Po-Sheng (Note 4)	40	40	-	-	-	-	-	-	0.04	0.04	-	-	-	-	-	-	-	-	0.04	0.04	None
	Hung Yu-Ting	280	280	-	-	-	-	5	5	0.27	0.27	-	-	-	-	-	-	-	-	0.27	0.27	None
	Hong, Ren-Jie (Note 5)	200	200	-	-	-	-	-	-	0.19	0.19	-	-	-	-	-	-	-	-	0.19	0.19	None
	Chen, Hou-Dian (Note 5)	170	170	-	-	-	-	-	-	0.16	0.16	-	-	-	-	-	-	-	-	0.16	0.16	None

1. Please specify the policy, system, standards, and structure of the remuneration paid to Independent Directors, and specify the relation between the amount of remuneration paid and their responsibilities, risks assumed, time contributed, and other factors: According to the Articles of Incorporation, the Board of Directors is authorized to determine the remuneration depending on their engagement in the operation and the value of their contribution. The Board would reasonably remunerate individual independent directors taking into account their responsibilities, time commitment and level of contribution.

2. In addition to the information disclosed in the above table, the remuneration received by the Company's Directors in the most recent fiscal year of service (including serving as the non-employee consultants of the Parent Company/all companies included in the financial statements/reinvestment businesses): None.

Note 1: Resigned on June 15, 2023.

Note 2: Newly appointed on June 15, 2023.

Note 3: Resigned on May 30, 2023.

Note 4: Resigned on February 28, 2023.

Note 5: Newly appointed on June 15, 2023.

Range of remuneration

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 (H)	The Company	All Companies in the Financial Report (I)
Below TWD 1,000,000	Hou Yu-Lin Cheng Pao-Lien Taiwan Health & Exercise Investment Co. Ltd. Representative: Wang Chiung-Fen Taiwan Health & Exercise Investment Co. Ltd. Representative: Chen He-Shun Taiwan Health & Exercise Investment Co. Ltd. Representative: Hsieh Wen-Fang Taiwan Health & Exercise Investment Co. Ltd. Representative: Wu Yi-Ching Taiwan Health & Exercise Investment Co. Ltd. Representative: Xie, Yi-Jin Wu Tsung-Che Chang Po-Sheng Hung Yu-Ting Hong, Ren-Jie Chen, Hou-Dian	Hou Yu-Lin Cheng Pao-Lien Taiwan Health & Exercise Investment Co. Ltd. Representative: Wang Chiung-Fen Taiwan Health & Exercise Investment Co. Ltd. Representative: Chen He-Shun Taiwan Health & Exercise Investment Co. Ltd. Representative: Hsieh Wen-Fang Taiwan Health & Exercise Investment Co. Ltd. Representative: Wu Yi-Ching Taiwan Health & Exercise Investment Co. Ltd. Representative: Xie, Yi-Jin Wu Tsung-Che Chang Po-Sheng Hung Yu-Ting Hong, Ren-Jie Chen, Hou-Dian	Hou Yu-Lin Cheng Pao-Lien Taiwan Health & Exercise Investment Co. Ltd. Representative: Wang Chiung-Fen Taiwan Health & Exercise Investment Co. Ltd. Representative: Chen He-Shun Taiwan Health & Exercise Investment Co. Ltd. Representative: Hsieh Wen-Fang Taiwan Health & Exercise Investment Co. Ltd. Representative: Wu Yi-Ching Taiwan Health & Exercise Investment Co. Ltd. Representative: Xie, Yi-Jin Wu Tsung-Che Chang Po-Sheng Hung Yu-Ting Hong, Ren-Jie Chen, Hou-Dian	Hou Yu-Lin Cheng Pao-Lien Taiwan Health & Exercise Investment Co. Ltd. Representative: Wang Chiung-Fen Taiwan Health & Exercise Investment Co. Ltd. Representative: Chen He-Shun Taiwan Health & Exercise Investment Co. Ltd. Representative: Hsieh Wen-Fang Taiwan Health & Exercise Investment Co. Ltd. Representative: Wu Yi-Ching Taiwan Health & Exercise Investment Co. Ltd. Representative: Xie, Yi-Jin Wu Tsung-Che Chang Po-Sheng Hung Yu-Ting Hong, Ren-Jie Chen, Hou-Dian
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	-	-	-	-
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	-	-	-	-
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	-	-	-	-
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	-	-	-	-
50,000,000 (inclusive) to 100,000,000 (exclusive)	-	-	-	-
NT\$100,000,000 (inclusive) and above	-	-	-	-
Total	12 persons	12 persons	12 persons	12 persons

2. Remuneration to Supervisors: The Company established the Audit Committee since January 31, 2011. Therefore, there is no remuneration paid to supervisors.

### 3. Remuneration to General Manager and Deputy General Managers

Expressed in thousands of NTD

Expressed in thousands of RMB

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonuses and Allowances (C)		Employee remuneration amount (D)				Sum of A, B, C and D as a percentage of net income (%)		Remuneration received from reinvestment business other than subsidiaries or Parent Company
		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	Shu Chen-Chen	4,938	4,938	267.7	267.7	-	-	-	-	-	-	4.94	4.94	None
Deputy General Manager of Product Department (Note 1)	Luo Chun-Ying													
Deputy General Manager of Business Department (Note 2)	Hong,Jia-Hong													

Note 1: Newly appointed on January 11, 2023.

Note 2: Newly appointed on December 29, 2023.

#### Range of remuneration

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 (E)
Below TWD 1,000,000	-	-
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	Luo Chun-Ying 、Hong,Jia-Hong	Luo Chun-Ying 、Hong,Jia-Hong
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	Shu Chen-Chen	Shu Chen-Chen
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	-	-
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	-	-
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	-	-
50,000,000 (inclusive) to 100,000,000 (exclusive)	-	-
NT\$100,000,000 (inclusive) and above	-	-
Total	3 persons	3 persons

#### 4. Remuneration of top-five paid officers

Expressed in thousands of NTD

Expressed in thousands of U.S. dollars

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonuses and Allowances (C)		Employee remuneration amount (D)				Sum of A, B, C and D as a percentage of net income (%)		Remuneration received from reinvestment business other than subsidiaries or Parent Company
		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	Shu Chen-Chen	2,286	2,286	108	108	-	-	-	-	-	-	2.27	2.27	None
Deputy General Managers	Luo Chun-Ying	1,440	1,440	87	87	-	-	-	-	-	-	1.45	1.45	None
Deputy General Managers	Hong,Jia-Hong	1,212	1,212	72.7	72.7	-	-	-	-	-	-	1.22	1.22	None
Assistant Vice President	Cheng, Pei-Yi	1,045	1,045	63	63	-	-	-	-	-	-	1.05	1.05	None
Assistant Vice President	Wang Ching-Ping	1,037	1,037	52.4	52.4	-	-	-	-	-	-	1.03	1.03	None

5. Name of managers who have distributed the employees' remuneration and the distribution thereof: None.

- (II) Analysis of the ratio of total remuneration paid to the Directors, Supervisors, General Manager, and Deputy General Manager in the most recent two years by the Company and all companies in the consolidated financial statements to the net income in the parent company only financial statements, and explanation of the remuneration policy, standards and combinations, procedures for determining remuneration, and their correlation with business performance and future risks.

Year	Remuneration Amount Paid to Directors, Supervisors, General Manager, and Deputy General Manager (NT\$ thousand)		Total as a Percentage of Net Income (%)	
	The Company	All companies disclosed in the financial statements	The Company	All companies disclosed in the financial statements
2023	3,567	3,567	3.39	3.39
2022	3,702	3,702	(8.30)	(8.30)

1. The Company's remuneration policies and standards

The Directors' and Supervisors' remuneration are processed in accordance with the Company's Articles of Incorporation passed by the Shareholders' Meeting. Directors must be paid for monthly remuneration regardless of the Company's financial performance. The Board of Directors is authorized to determine the remuneration amount based on the Director's engagement in the Company's operation and the value of contribution.

2. Procedures for determining remuneration

The remuneration for Directors, supervisors, and managerial officers must be evaluated and determined by the Company's Remuneration Committee on a regular basis, and the outcome to be submitted to the Board of Directors meeting for approval before processing.

#### IV. Operations of Corporate Governance

##### (I) Operation of the Board of directors

1. The Board of Directors has convened meetings for 9 times (A) in the most recent year and the attendance by the Directors as follows:

Title	Name	Actual attendance in person (B)	Attendance by proxy	Actual Attendance Rate (%) [B/A] (Note 2)	Note
Director	Hou Yu-Lin	9	–	100	-
	Cheng Pao-Lien	9	–	100	-
	Taiwan Health & Exercise Investment Co. Ltd. Representative: Chen He-Shun	9	–	100	-
	Taiwan Health & Exercise Investment Co. Ltd. Representative: Hsieh Wen-Fang	9	–	100	-
	Taiwan Health & Exercise Investment Co. Ltd. Representative: Wu Yi-Ching	9	–	100	-
	Taiwan Health & Exercise Investment Co. Ltd. Representative: Wu Xie, Yi-Jin	5	1	83.33	Newly appointed on June 15, 2023.
	Taiwan Health & Exercise Investment Co. Ltd. Representative: Wang Chiung-Fen	2	1	66.67	Resigned on June 15, 2023.
Independent Director	Hong, Ren-Jie	5	1	83.33	Newly appointed on June 15, 2023
	Chen, Hou-Dian	6	–	100	Newly appointed on June 15, 2023
	Hung Yu-Ting	9	–	100	
	Wu Tsung-Che	3	–	100	Resigned on May 15, 2023.
	Chang Po-Sheng	1	–	100	Resigned on February 15, 2023.

Note 1: For Directors and Supervisors who are institutional shareholders, must disclose the names of the institutional shareholders and names of their representatives.

Note 2: (1) In the event that Directors and Supervisors leave before the year is completed, the date when they leave should be indicated in the remark column. The actual attendance rate (%), on the other hand, must be calculated by the number of board meetings held during service and the actual number of attendance (seated) in the meetings.

(2) Should there be any Director and Supervisors re-elected before the end of the calendar year, the outgoing and new Directors and Supervisors must be both listed in the remark column with notes clarifying if these Directors and Supervisors are previously elected, newly elected, or re-elected, and the date of the election. The actual attendance rate to committee session (%) must be calculated on the basis of the number of sessions held by the board meeting in such period and the attendance (seated) in person in the sessions.



## 2. Other matters that require reporting:

- I. For Board of Directors meetings that meet any of the following descriptions, state the date, session, contents of the motions, independent directors' opinions and how the Company has responded to such opinions:

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

Date of convening (term)	Proposal topic	All Independent Directors' opinions and the Company's handling of the Independent Directors' opinions
2023.01.11 (1st in 2023)	1. Discussion on the distribution of the Company's remuneration to Directors.	Passed by all Independent Directors.
2023.03.21 (2nd in 2023)	1. Discussion on the audit fee of PwC Taiwan from 2023. 2. Discussion on the 2022 Statement of Internal Control System.	Passed by all Independent Directors.
2023.05.03 (3th in 2023)	1. Audit supervisor's change case.	Passed by all Independent Directors.
2023.08.02 (5th in 2023)	1. Change of accountant for financial statement certification. 2. Discussion on the independence and competence of attesting CPAs.	Passed by all Independent Directors.
2023.11.08 (7th in 2023)	1. Disposal of real estate(Farglory-U-Town Office) Disposal.	Passed by all Independent Directors.
2023.12.29 (9th in 2023)	1. Discussion on the 2024 internal audit plan. 2. Appoint financial manager.	Passed by all Independent Directors.

(II) Unless otherwise stated, other Independent Directors who expressed opposition or qualified opinions recorded or declared in writing: None.

- II. For directors' avoidance of motions which involves conflict of interest, the names of directors, contents of the motions, reasons of the recusal for conflict of interest, and participation in voting must be disclosed:

- On January 11, 2023, Director Shu Chen-Chen recused herself from the motion of the remuneration distribution for managerial officers as being the party to it. The motion was passed as proposed without objection from the remaining attending Directors when consulted by the Chairman.
- On January 11, 2023, Independent Directors Chang Po-Sheng, Hung Yu-Ting, and Wu Tsung-Che recused themselves from the motion of the remuneration distribution for independent directors as being the parties to it. The motion was passed as proposed without objection from the remaining attending Directors when consulted by the Chairman.
- On January 11, 2023, Chairperson Ho Yu-Lin and Director Chen Pao-Lien recused themselves from the motion of the remuneration distribution for Directors as being the parties to it. The motion was passed as proposed without objection from the remaining attending Directors when consulted by the Chairperson.

### III. The Company's Board of Directors self-evaluation implementation status:

Evaluation cycle	Evaluation period	Scope of evaluation	Assessment methods	Evaluation contents
Implement once a year	January 1, 2023 to December 31, 2023	Board of Directors	Internal self-evaluation of the Board	1. The degree of engagement in the Company's operations. 2. Improvement in the quality of decision making by the Board of Directors. 3. The composition and structure of the Board of Directors. 4. The election of the Directors and their continuing education. 5. Internal control
Implement once a year	January 1, 2023 to December 31, 2023	Board of Directors member	Board of Directors' self-evaluation	1. Grasp of the Company's goals and missions. 2. Recognition of Director's duties. 3. The degree of participation in the Company's operations. 4. Management of internal relationships and communication. 5. The election of the Directors and their continuing education. 6. Internal control
Implement once a year	January 1, 2023 to December 31, 2023	Functional Committee	Internal self-evaluation of the Board	1. The degree of engagement in the Company's operations. 2. Recognition of Functional Committee's duties. 3. Improvement in the quality of decision making by the Functional Committee. 4. The composition and structure of the Functional Committees. 5. Internal control

- IV. Enhancements to the functionality of the Board of Directors in the current and the most recent year, and evaluation on the implementation status thereof (e.g. establishment of an Audit Committee, and improvement of information transparency, etc).:
1. Active in building communications with the stakeholders: The Company has a Spokesperson as the communication channel with its stakeholders. Shareholders with the right to make proposals may submit proposals to the Company during the acceptance and processing period of the shareholders' meeting each year. The Company will convene the Board of Directors meeting to review them in accordance with the regulations.
  2. Improvement in operation efficiency and the quality of decision-making by the Board of Directors:
    - A. The Company has "Rules of Procedures for Board of Directors Meeting" to enhance the functions of the Board and drive positive developments in the participation and decision-making of the Board.
    - B. The Company has "Rules Governing the Scope of Powers of Independent Directors" to enhance science-based decision-making of the Board and strengthen the control mechanism of the Board.
    - C. The Company has "Board Performance Assessment Policy" to implement corporate governance and to increase the Board function enhancing the operation efficiency of the Board.
  3. Enhancing specialized knowledge: The number of hours for further education by the Company's Directors needs to reach the number of hours as prescribed by the competent authority. Board members are also encouraged to participate in various specialized courses to continue to gain new knowledge for sustaining one's specialized advantages and capabilities. The Company has also advocated relevant laws and regulations to ensure compliance.
  4. State of implementation: Each Director has completed the self-assessment for the 2023 Board performance evaluation and the outcomes have been reported to the Board of Directors meeting on March 14, 2024.

(II) State of operation on the Audit Committee and on the Supervisors' engagement in Board meetings

1. The Company has on January 31, 2011 set up the Audit Committee to be responsible for the execution of Supervisor duties regulated by relevant laws. The Audit Committee has convened 6 meetings (A) in the most recent year and the attendance (or non-voting participation) by the Independent Directors as follows:

Title	Name	Actual Attendance in Person (B)	Attendances by proxy	In-person attendance rate (%) (B/A) (Note 1, Note 2)	Note
Independent Director	Hong,Ren-Jie	4	–	100	Newly appointed on June 15, 2023.
Independent Director	Chen,Hou-Dian	4	–	100	Newly appointed on June 15, 2023.
Independent Director	Hung Yu-Ting	6	–	100	-
Independent Director	Wu Tsung-Che	2	–	100	Resigned on May 30, 2023.
Independent Director	Chang Po-Sheng	–	–	–	Resigned on February 28, 2023.

Note 1: In the event that Directors and Supervisors leave before the year is completed, the date when they leave should be indicated in the remark column. The actual attendance rate (%), on the other hand, must be calculated by the number of board meetings held during service and the actual number of attendance (seated) in the meetings.

Note 2: Should there be any Director and Supervisors re-elected before the end of the calendar year, the outgoing and new Directors and Supervisors must be both listed in the remark column with notes clarifying if these Directors and Supervisors are previously elected, newly elected, or re-elected, and the date of the election. The actual attendance rate to committee session (%) must be calculated on the basis of the number of sessions held by the board meeting in such period and the attendance (seated) in person in the sessions.

2. Other matters that require reporting:

- I. For the Audit Committee meetings that meet any of the following descriptions, state the date, session, contents of motion, independent directors' opposing opinions, reservations or key recommendations, Audit Committee's resolutions, and how the Company has responded to Audit Committee's opinions.

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

Date of convening (term)	Proposal topic	Results of the Audit Committee's resolutions and the Company's handling of the Audit Committee's opinion
2023.03.21 (1st in 2023)	1. Discussion on the audit fee of PwC Taiwan from 2023 2. Discussion on the 2022 Statement of Internal Control System. 3. Discussion on 2022 business report and financial report. 4. List of employees for the issuance of employee share subscription warranty.	Agreed and passed by all members of the Audit Committee.
2023.05.03 (2th in 2023)	1. Audit supervisor's change case.	Agreed and passed by all members of the Audit Committee.
2023.08.02 (3th in 2023)	1. Change of accountant for financial statement certification. 2. Discussion on the independence and competence of attesting CPAs 3. Discussion on Consolidated Financial Report for the Second Quarter of 2023	Agreed and passed by all members of the Audit Committee.
2023.11.08 (4th in 2023)	1. Disposal of real estate(Farglory-U-Town Office) Disposal.	Agreed and passed by all members of the Audit Committee.
2023.12.29 (6th in 2023)	1. Discussion on the 2024 internal audit plan. 2. Appoint financial manager.	Agreed and passed by all members of the Audit Committee.

(II) Other than the abovementioned issues, matters failed to be passed by the Audit Committee, but resolved with consent of more than two thirds of all Directors: None.

II. Independent Directors' recusal due to conflicts of interest: None.

III. Communication between independent directors, internal auditing officer, and CPAs:

(I) Communication between independent directors and internal auditing officer:

1. The audit report was submitted to the Audit Committee for review by law. Auditing officer attended the Audit Committee meeting to report the audit operation implementation and the effectiveness. Summary of the communication is as below:

Date	Communication Matter
2023/03/21	Report on the audit operation from October to December 2022. 2022 performance evaluations of the Board of Directors, its members, and the functional committees. 2022 Statement of internal control system
2023/05/03	Report on the audit operation from January to March 2023.
2023/08/02	Report on the audit operation from April to June 2023.
2023/11/08	Report on the audit operation from July to September 2023.
2023/12/29	Discussion on the 2024 internal audit plan

(II) Communication between independent directors and CPAs:

1. The CPA reviews the financial statements for each quarter, and communicates the material transaction matters and other events for communications with the Independent Directors upon the completion of the review.
2. The CPA performs the audit work of the financial statements for each year. The CPA communicates with the Independent Directors the execution status and outcomes of the audit plan, risk evaluation and key audit matters during the audit planning phase and the audit completion phase.
3. Summary of matters for communications between the Independent Directors and CPAs are as follows:

Date	Communication Matter
2023/03/21	The CPAs provided explanations on the audit situation of the 2022 financial statements.
2023/05/03	The CPAs provided explanations on the audit situation of the Q1 2023 financial statements.
2023/08/02	The CPAs provided explanations on the audit situation of the Q2 2023 financial statements.
2023/11/08	The CPAs provided explanations on the audit situation of the Q3 2023 financial statements.

(III) The Company's Independent Directors had no opinions on the communications matters with the internal chief auditor and the CPA.

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

Assessment item	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summarized explanation	
I. Does the Company formulate and disclose its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established its “Corporate Governance Best Practice Principles” and disclosed it on the company website.	No significant differences.
II. The shareholding structure of the Company and shareholders’ rights and interests				No significant differences.
(I) Does the Company have the internal procedures regulated to handle shareholders’ proposals, doubts, disputes, and litigation matters, and have the procedures implemented accordingly?	V		(I) The Company has established its “Handling Procedures for Internal Material Information” and appointed dedicated personnel to deal with suggestions and concerns of, or disputes with shareholders. If any matter is involved with legal issues, it will be transferred to the Legal Department.	
(II) Does the Company possess the list of the Company’s major shareholders and their ultimate controllers?	V		(II) The Company keeps abreast of it by the register of shareholders provided by the stock transfer agent and reports monthly the shareholdings of directors, managers, and major shareholders holding 10% or more of the shares.	No significant differences.
(III) Has the Company built and implemented risk control and firewall mechanism with affiliates?	V		(III) The Company has established the “Operating Procedures for Transactions between Group Entities and Related Parties” and “Management Rules for Supervision of Subsidiaries”, and relevant risk control and firewall mechanism.	No significant differences.
(IV) Does the Company adopt internal rules prohibiting the Company’s insiders from trading securities using information not disclosed to the market?	V		(IV) The Company has established related internal control operation guidelines such as the “Ethical Corporate Management Best Practice Principles” and “Codes of Ethical Conduct”.	No significant differences.

Assessment item	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summarized explanation	
III. Composition and responsibilities of the Board of Directors				
(I) Does the Board of Directors have member diversity policies and specific management goals regulated and implemented substantively?	V		(I) Chapter 3 of the company's "Code of Corporate Governance Practice" has stipulated a diversity policy, and the nomination and selection of board members is in compliance with the provisions of the company's articles of association and adopts a candidate nomination system. In addition to evaluating each candidate's academic experience and qualifications, We also refer to the opinions of stakeholders and comply with the "Director Election Methods" and the "Corporate Governance Code" to ensure the diversity and independence of the board members. The current board of directors consists of 8 directors, including 3 independent directors (accounting for 33.33%), and the independent director Hong Renjie is a practicing lawyer. Possess business management, financial accounting, relevant industry knowledge, leadership decision-making, etc., and there are 4 female directors (accounting for 50%) on the board of directors, which contributes to gender equality among board members and has achieved the specific management goal of board diversity.	No significant differences.
(II) Other than the establishment of Remuneration Committee and Audit Committee which are required by law, does the Company plan to set up other functional committees?		V	(II) The Company has set up the Remuneration Committee and Audit Committee. It has no plan to set up other functional committees,	It will set up other functional committees depending on the future operation and size of the Company.
(III) Does the Company establish a set of policies and assessment methods to evaluate the Board of Directors' performance, conduct the performance evaluation regularly at least on an annual basis, and submit the results of performance	V		(III) The Company has established the "Rules for Performance Evaluation of Board of Directors", and performs the evaluation annually which would be reported to the Board of Directors.	No significant differences.

Assessment item	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor															
	Yes	No	Summarized explanation																
assessments to the Board of Directors and use them as reference in determining remuneration for individual directors, and their nomination for additional office term?																			
(IV) Does the Company regularly evaluate its attesting CPAs' independence?	V		(IV) The company's audit committee evaluates the independence and competency of its certified accountants every year. In addition to requiring the certified accountants to provide "Declaration of Detachment of Independence" and "Audit Quality Indicators (AQIs)", it also relies on the standards and 13 AQI indicators in the table below. to evaluate. It is confirmed that the accountant has no other financial interests or business relationships with the company except for fees for visas and financial and tax cases. The accountant's family members do not violate the independence requirements. With reference to the AQI indicator information, it is confirmed that the accountant and the firm have the best experience and experience in auditing. The number of training hours is better than the industry average. The audit committee and the board of directors recently discussed and approved the independence and competency assessment of accountants on 113/03/14. <table><tr><th>Assessment item</th><th>Assessment results</th><th>If there is independence?</th></tr><tr><td>1. Are the CPAs materially related to the Company directly or indirectly regarding the financial interests?</td><td>No</td><td>Yes</td></tr><tr><td>2. Do the CPAs have any financing or guaranteeing relationship with the Company or any Director?</td><td>No</td><td>Yes</td></tr><tr><td>3. Do the CPAs have a close business relationship or potential employment relationship with the Company?</td><td>No</td><td>Yes</td></tr><tr><td>4. Do the CPAs or any member of the audit team serve or have served as the Director, manager, or other position with great influence on the auditing works at the moment or within the most recent two years?</td><td>No</td><td>Yes</td></tr></table>	Assessment item	Assessment results	If there is independence?	1. Are the CPAs materially related to the Company directly or indirectly regarding the financial interests?	No	Yes	2. Do the CPAs have any financing or guaranteeing relationship with the Company or any Director?	No	Yes	3. Do the CPAs have a close business relationship or potential employment relationship with the Company?	No	Yes	4. Do the CPAs or any member of the audit team serve or have served as the Director, manager, or other position with great influence on the auditing works at the moment or within the most recent two years?	No	Yes	No significant differences.
Assessment item	Assessment results	If there is independence?																	
1. Are the CPAs materially related to the Company directly or indirectly regarding the financial interests?	No	Yes																	
2. Do the CPAs have any financing or guaranteeing relationship with the Company or any Director?	No	Yes																	
3. Do the CPAs have a close business relationship or potential employment relationship with the Company?	No	Yes																	
4. Do the CPAs or any member of the audit team serve or have served as the Director, manager, or other position with great influence on the auditing works at the moment or within the most recent two years?	No	Yes																	

Assessment item	Operation status					Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summarized explanation			
			5. Do the CPAs provide any non-audit services with direct influence on the auditing works to the Company?	No	Yes	
			6. Do the CPAs play the broker of the shares or other securities issued by the Company?	No	Yes	
			7. Do the CPAs defend the Company in legal actions or negotiate conflicts with third parties on behalf of the Company?	No	Yes	
			8. Are the CPAs a relative of the Company’s Director, manager, or any staff holding a position that may greatly influence the auditing works of the Company?	No	Yes	
			9. Are the CPAs involved in litigation with the Company?	No	Yes	
IV. Does the Company have qualified and sufficient corporate governance personnel, and does the Company have a corporate governance officer to be responsible for matters regarding corporate governance (including but not limited to providing Directors and Supervisors with the information required for the implementation of business operations, preparing meeting-related matters and meeting minutes for the Board of Directors meeting, shareholders meeting and so forth in accordance with the laws and regulations)?	V		The Company has dedicated personnel who is responsible for providing shareholders with real-time information via the MOPS or the Company’s website, being abreast of the register of major shareholders holding certain shareholdings in the Company, providing information necessary for directors and supervisors to perform their duties, handling matters relating to board meetings and shareholders meetings according to laws, and producing minutes of board meetings and shareholders meetings.			No significant differences.
V. Does the Company have channels for communications with the stakeholders (including but not	V		The Company establishes a spokesperson system to publish its financial information periodically which enables stakeholders to understand the Company’s operation quickly to protect their rights and interests.			No significant differences.



Assessment item	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summarized explanation	
limited to shareholders, employees, customers, and suppliers), and set up a section for stakeholders on the official website of the Company with the proper response to the concerns of the stakeholders on issues related to corporate social responsibility?				
VI. Has the Company entrusted a specialized shareholder services agency to conduct matters regarding the shareholders' meeting?	V		The Company has entrusted President Securities Corporation to handle matters regarding shareholders' meetings.	No significant differences.
VII. Information disclosure (I) Has the Company set up a website to disclose the Company's business, finance and corporate governance information?	V		(I) In addition to the disclosure on the MOPS, the Company also sets up a website to disclose the Company's overview, profile, and financial information, and has dedicated personnel responsible for the updates. Website: <a href="http://www.starttravel.com.tw">http://www.starttravel.com.tw</a>	No significant differences.
(II) Does the Company adopt other methodology of information disclosure (such as creating an English website, appointing a dedicated person to be responsible for the collection and disclosure of the Company's information, implementing the spokesperson system, and uploading videos of the investor conferences on the Company's website)?	V		(II) The Company has dedicated personnel being responsible for collecting and disclosing the Company's information and a spokesperson to explain the information to the public.	No significant differences.
(III) Has the Company published and reported its annual financial	V		(III) The Company has not performed public announcement and filing with the Competent Authority the financial reports within two months after the close of	No significant differences.

Assessment item	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summarized explanation	
statements within two months after the end of a fiscal year and published and reported its financial statements for the first, second and third quarters as well as its operating status for each month before the specified deadline?			each fiscal year. It only, in accordance with Article 36 of the Securities and Exchange Act, does so within three months and within 45 days after the end of the first, second, and third quarters of each fiscal year, as well as publicly announces and files with the Competent Authority the operating status for the preceding month within the first ten days of each calendar month.	
VIII. Does the Company have other important information that can help in gaining a better understanding of the operations of corporate governance (including but not limited to the employees' rights, employee care, investor relations, supplier relation, rights of interested parties, training status of Directors and Supervisors, implementation status of risk management policies and standards of risk measurement, the implementation of customer policies, the purchase of liability insurance for Directors and Supervisors by the Company, etc).?	V		<ol style="list-style-type: none"> <li>1. Employee rights and caring: The Company establishes an Employee Welfare Committee, which is elected by employees to handle various benefit matters, and to set aside and contribute pensions in accordance with the Labor Standards Act and the Labor Pension Act. The Company's every rules and measures related to labor relations are in accordance with relevant laws and regulations and implemented well. Any addition to or revision of them would be completed after a thorough communication between labor and employer to achieve a win-win situation.</li> <li>2. Investor relationships: The Company convenes a shareholders' meeting each year according to the Company Act and related laws and provides sufficient opportunities for shareholders to raise questions and proposals. There is a spokesperson system to handle the shareholders' suggestions, doubts and disputes. The Company processes matters relating to information announcement and filing according to the regulations of competent authorities and provide various information that may affect investors' decision-making in a timely manner.</li> <li>3. Supplier relationships: The Company's suppliers are all necessary for its business, and all transactions are dealt with in accordance with the contracts agreed upon by both parties. The Company retains long-term and close relationships with suppliers to coordinate with and trust each other, and to pursue sustainable win-win growth.</li> <li>4. Stakeholder rights and interests: The Company maintains smooth communication channels with banks, employees, customers, and suppliers. We also respect and uphold the legal rights and interests of the stakeholders and established a spokesperson system to reply to questions from the investors. It is expected to provide high transparency in financial and business information to investors and stakeholders.</li> </ol>	No significant differences.

Assessment item	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summarized explanation	
			<p>5. Continuing education of Directors and Supervisors: The Company's Directors have to attend continuing education courses and required courses regarding corporate governance. The Company has established the audit committee. It will also, from time to time, arrange suitable continuing courses for Directors in the future.</p> <p>6. Implementation of risk management policy and risk measurement standard: The Company has established the "Procedures for the Acquisition or Disposal of Assets," "Procedures for Endorsements and Guarantees," "Procedures for Lending Funds to Other Parties," and various management procedures. These procedures form the standard as a basis in risk control and risk measurement when the Company's execution units and audit unit are performing the abovementioned work.</p> <p>7. Implementation of customer policy: For a full service and warranty to the customers, the Company conducts sufficient communications with its customers upon receiving a customer complaint to understand the customer's requirements. It is in the hope to drive interactions and outcomes between the Company and customers and for review and improvements discussions during the Company's internal meetings periodically.</p>	
<p>IX. Please explain the improvement status of the corporate governance assessment results issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year and propose improvement measures for those matters that have not been improved: None.</p>				

# 1. Information of remuneration committee members

March 31, 2024

Criteria Identity Name	Professional qualifications and experiences	Independence Status (Note 1)										Serving concurrently as an Independent Director on other public companies in total
		1	2	3	4	5	6	7	8	9	10	
Independent Director Hong,Ren-Jie	<ul style="list-style-type: none"> <li>Holding a lecture and above position in a related department of business, legal, finance, accounting or department required for the Company's business in undergraduate education institutions and a member of the Audit Committee.</li> <li>Free from any conditions defined in Article 30 of the Company Act.</li> </ul>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Independent Director Chen,Hou-Dian	<ul style="list-style-type: none"> <li>Holding a lecture and above position in a related department of business, legal, finance, accounting or department required for the Company's business in undergraduate education institutions and a member of the Audit Committee.</li> <li>Free from any conditions defined in Article 30 of the Company Act.</li> </ul>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Independent Director Hung Yu-Ting	<ul style="list-style-type: none"> <li>Possessing work experience in the field of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company and being a member of the Audit Committee</li> <li>Free from any conditions defined in Article 30 of the Company Act.</li> </ul>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note 1: Mark "✓" in the box under a condition if the member meets such condition during his/her term of office and two years before being elected.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, any subsidiary, or any affiliate under the same parent company, as appointed in accordance with the Securities and Exchange Act of Taiwan or with the laws of the country of the parent company or subsidiary).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of outstanding shares of the Company or ranking in the top 10 largest shareholders in terms of shares held.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons stipulated in the previous three points.
- (5) Not a director, supervisor, or employee of an institutional shareholder that directly holds five percent or more of the total outstanding shares of the Company or with shareholding ranked among the five largest shareholders, or appoints a representative as a director or supervisor of the Company by Article 27, Paragraph 1 or Paragraph 2 of the Company Act. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, any subsidiary, or any affiliate under the same parent company, as appointed in accordance with the Securities and Exchange Act of Taiwan or with the laws of the country of the parent company or subsidiary).
- (6) Not a director, supervisor, or employee of a corporation which is controlled by the same person who has over 50% of voting rights shares or board of director seats of the Company. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, any subsidiary, or any affiliate under the same parent company, as appointed in accordance with the Securities and Exchange Act of Taiwan or with the laws of the country of the parent company or subsidiary).

- (7) Not a director, supervisor, or employee of a corporation or institution which has the same, or their spouse is: chairperson, general manager, or equivalent positions of the Company. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, any subsidiary, or any affiliate under the same parent company, as appointed in accordance with the Securities and Exchange Act of Taiwan or with the laws of the country of the parent company or subsidiary).
- (8) Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, any subsidiary, or any affiliate under the same parent company, as appointed in accordance with the Securities and Exchange Act of Taiwan or with the laws of the country of the parent company or subsidiary and the specific company or institution hold more than 20% but less or equal than 50% of the Company's shares).
- (9) Not a professional individual who, or an owner, partner, director, supervisor, managerial officer, or a spouse thereof of a sole proprietorship, partnership, company, or institution that, provides auditing service or commercial, legal, financial, or accounting services with less than NT\$ 500 thousand accumulative compensation within the most recent 2 years to the Company or to any affiliate of the Company. However, Remuneration Committee members, Public Tender Offer Review Committee members, or Acquisition Specialized Committee members who exercise powers based on the Securities and Exchange Act or Corporate Acquisition Act are not limited therein.
- (10) Not being a person of any conditions defined in Article 30 of the Company Act.

## 2. Information on the operation of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of 3 members.
- (2) Current term: From November 23, 2022 to November 22, 2025. Four meetings were held (A) in the most recent year. Qualifications and attendance of the members are as follows:

Title	Name	Actual Attendance in Person (B)	Attendances by proxy	In-person attendance rate (%) (B/A) (Note)	Note
Convener	Hong, Ren-Jie	1	–	100	Newly appointed on June 15, 2023.
Committee member	Chen, Hou-Dian	1	–	100	Newly appointed on June 15, 2023.
	Hung Yu-Ting	4	–	100	-
	Wu Tsung-Che	3	–	100	Resigned on May 30, 2023.
	Chang Po-Sheng	1	–	100	Resigned on February 28, 2023.

Note: (1) In the event that a Remuneration Committee member leave before the year is completed, the date when they leave should be indicated in the remark column. The actual attendance rate (%), on the other hand, must be calculated by the number of remuneration committee meetings held during service and the actual number of attendance in the meetings.

(2) Should there be any Remuneration Committee members re-elected before the end of the calendar year, the outgoing and new members must be both listed in the remark column with notes clarifying if these members are previously elected, newly elected, or re-elected, and the date of the election. The actual attendance rate to committee session (%) must be calculated on the basis of the number of sessions held by the Remuneration Committee in such period and the attendance in person in the sessions.

Other matters that require reporting

I. Discussions and resolutions of Remuneration Committee Meetings:

Date of convening (Session)	Proposal topic	Resolution results	The Company's handling of the members opinions.
2023.01.11 (1st in 2023)	1. Discussion on the distribution of 2021 year-end bonus to managerial officers 2. Discussion on the distribution of remuneration to Independent Directors. 3. Discussion on the distribution of remuneration to Directors. 4. The appointment of the Company's managerial officer.	Agreed and passed by all members who attended.	Proposed to the Board of Directors' meeting and agreed and passed by all members who attended.
2023.03.21 (2nd in 2023)	1. List of employees for the issuance of employee share subscription warranty.	Agreed and passed by all members who attended.	Proposed to the Board of Directors' meeting and agreed and passed by all members who attended.
2023.05.03 (3rd in 2023)	1. Audit supervisor's change case. 2. Appointment of corporate governance officer	Agreed and passed by all members who attended.	Proposed to the Board of Directors' meeting and agreed and passed by all members who attended.
2023.12.29 (4th in 2023)	1. The appointment of the Company's managerial officer. 2. Manager salary adjustment case.	Agreed and passed by all members who attended.	Proposed to the Board of Directors' meeting and agreed and passed by all members who attended.

II. When the Board of Directors rejects or modifies the recommendations made by the Remuneration Committee, please state the date and session of board meeting, the proposal, board resolutions, and settlement on the opinions of Remuneration Committee members (if the salary and compensation approved by board are superior to that recommended by the Remuneration Committee, please specify the differences and causes): None.

III. When there are objections or qualified opinions for the records or with written statements of Remuneration Committee members to committee resolutions, state the date and session of the committee meeting, the proposal, and the settlement of the opinions for and against the resolution: None.

3. Nomination Committee members' information and its implementation: The Company has yet set up a nomination committee, so this is not applicable.

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

Promoting item	Implementation status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summarized explanation	
I. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development unit with Board of Directors authorization for senior management, which is supervised by the Board of Directors?		V	The Company has yet had a governance structure, and the sustainable development activities are currently implemented by various departments based on their profession and division of work.	The Company's sustainable development is planned to be promoted by the Human Resource Department to implement relevant corporate governance regulations, plan for the human resource system, engage in social welfare, establish environmental and energy-saving measures, and implement relevant energy-saving and carbon reduction plans by the government.
II. Does the Company conduct risk assessments on environmental, social, and corporate governance issues that are relevant to its operations and stipulate risk management policies or strategies based on principles of materiality?		V	The Company has yet established any social responsibility policies or systems, but it has implemented social responsibilities in its daily operations, including promoting corporate governance, strictly abiding by legal regulations, providing a good working environment and reasonable compensation and benefits for employees, actively implementing environmental protection and energy saving efforts, and engaging in social welfare activities.	However, if there are legal or practical considerations, it will follow the "Corporate Social Responsibilities Best Practice Principles for TWSE/TPEX Listed Companies" and related laws and regulations.

Promoting item	Implementation status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summarized explanation	
III. Environmental issues				
(I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	V		(I) The Company conducts lighting management, paper reuse or second use, uses air conditioning according to the standards, and has installed power-saving LED lights for saving energy. To be in line with energy-saving and carbon reduction requirements, all of the Company's units, except for business units, switch off the lights for one hour at noon time each day to reduce the impact on the environment.	No significant differences.
(II) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	V		(II) The Company is in the travel industry and has no production facilities, so there is no environmental pollution problem; In addition, the office implements the garbage sorting and recycling of paper, PET bottles, aluminum cans, and so on resource wastes. Photocopying waste paper is reused again for printing on the other side of the paper, and part of the document information has initiated electronic format for use. This can effectively reduce resources wastages.	No significant differences.



Promoting item	Implementation status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summarized explanation	
(III) Does the Company pay attention to the current and future potential risks and opportunities that climate change may present to enterprises and adopt related responsive measures?	V		(III) The Company is in the travel industry, and the potential risks it faces are mainly in regard to environmental and business aspects, such as natural disasters like typhoons and earthquakes, or diseases like Covid-19, which may have a direct impact on the Company's operations and increase losses. To mitigate the impact of weather, the Company pays attention to the weather and formulates countermeasures in advance to reduce operating cost loss.	No significant differences.
(IV) Does the Company maintain statistics on GHG emission, water consumption, and total waste volume in the last two years, and implement policies aiming at energy conservation & carbon reduction and reduction of GHG, water consumption or other wastes?	V		(IV) As mentioned in the point (I), the Company requires the habit of saving water and electricity in order to conserve energy and mitigate the impact on the environment.	No significant differences.
IV. Social issues (I) Does the Company have policies and procedures in compliance with regulations and internationally recognized human rights principles?	V		(I) The Company formulates various internal management rules according to relevant labor laws and regulations to maintain and protect the legal rights of each employee. In addition, it also sets up an Employee Welfare Committee, and every employee enjoys the same benefit.	No significant differences.

Promoting item	Implementation status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summarized explanation	
(II) Does the Company have appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	V		(II) The Company establishes various salaries and benefit measures in accordance with the “Labor Standard Act” and relevant laws and regulations. It also regularly evaluates performance and distributes bonuses to share the surplus with employees.	No significant differences.
(III) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	V		(III) The company is fully insured with group insurance. Public safety promotion has also been strengthened. Employee health examinations are conducted regularly every two years, health care lectures and workplace illegal infringement awareness lectures are conducted once a year, and various working environments are disinfected once a day to maintain employee safety and a healthy working environment.	No significant differences.
(IV) Does the Company have an effective career capacity development training program established for employees?	V		(IV) Besides creating a pleasant work environment, the Company tailors effective career development training plans for all departments. The successor plan takes the scope of appraisal for the managerial officers into account.	No significant differences.
(V) Does the Company comply with relevant laws and international principles with regard to customers’ health, safety and privacy and marketing and labeling of products and services and stipulate relevant consumer or customer protection policies and complaint procedures?	V		(V) The Company has its handling procedures for customer complain cases. The General Manager Office is responsible for liaison and communication to handle customer complaints and protect consumer rights.	No significant differences.

Promoting item	Implementation status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summarized explanation	
(VI) Does the Company adopt any specific supplier management policy demanding that the suppliers comply with the related regulations governing environmental protection, occupational safety and health or labors' human rights, and how is the policy implemented?	V		(VI) The Company does not specify in the contract with suppliers that the Company may consider not renewing the contract if there is any significant breach of CSR.	No significant differences.
V. Does the Company prepare the corporate social responsibility report or any report of non-financial information based on international reporting standards or guidelines? Does the preceding report obtain verification or opinions from a third-party authentication unit?	V		The Company discloses the implementation of Corporate Social Responsibilities regularly in the annual report.	The Company's annual report not only explains shareholders equity related information but also discloses relevant corporate social responsibility information, which does not differ from the spirit of the system.
VI. If the Company has established its own ethical management principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe the current practices and any deviations thereof from such principles: None.				
VII. Other important information to facilitate a better understanding of the Company's implementation of corporate social responsibilities: None. (I) The Company provides many employment opportunities, sets up the Employee Welfare Committee, implements a pension system, conducts various employee training courses, purchases employee group insurance, arranges regular health checkups, gives birthday gifts to employees, provides travel subsidies to employees, etc. It also holds events to comfort employees for their hard work and to emphasize harmonious labor relations. (I) The Company promotes energy saving, carbon reduction, and resource reuse. (III) To protect consumers' rights and interests, the Company sets up a customer complain taskforce. All policies related to consumer rights are stipulated in accordance with the relevant government laws and regulations so that consumer rights are protected. It also has a 0800 reporting hotline and an online complaint box to provide a transparent and effective channel for consumer complaints.				

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

Assessment item	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof:
	Yes	No	Summarized explanation	
I. Establishment of Ethical Corporate Management Policy and Proposal				
(I) Does the Company establish ethical management policies approved by the Board and state in its regulations or external correspondence about the ethical management polices and practices and the commitment of the Board of Directors and management to actively implement the operating policies?	V		(I) The Company has formulated the "Ethical Corporate Management Best Practice Principles" which was resolved by the Board of Directors in May 2015. The Board of Directors and the managements actively implement their commitment to ethical management policy, and actually execute the ethical management policy in the internal management and business activities of the Company.	No significant differences.
(II) Does the Company establish the assessment mechanism about unethical conduct to analyze and assess the operating activities with higher risk of unethical conduct in the scope of business periodically, and adopt the unethical conduct prevention program based on the mechanism, which shall at least cover the prevention measures referred to in the subparagraphs of Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	V		(II) In the "Labor Contract" in the "Personnel Information Manual for New Recruits" of the Company, there is an "Employee Self-Discipline Undertakings" specifying that the employee undertakes to: avoid benefits, not to accept bribes, not to engage in personal gain, and not to compete inappropriately for the same business, etc. If the employee breaches the above-mentioned undertakings, he/she shall be willing to compensate the company for punitive damages in addition to other damages caused, and shall be willing to accept the termination of the employment contract by the Company by law.	No significant differences.
(III) Does the Company expressly state the SOP, guidelines for conduct and reward & punishment and grievance systems in the unethical conduct prevention program, implement the same	V		(III) The Company arranges educational training and awareness for employees to facilitate a better understanding of the Company's determination, policies, and prevention measures on ethical	No significant differences.

Assessment item	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof:
	Yes	No	Summarized explanation	
precisely, and review amendments to said program?			management, and the consequences of engaging in unethical conduct.	
II. Implementation of Ethical Corporate Management (I) Does the Company evaluate the ethical record of all counterparts it has business relationships with? Are there any ethical management clauses in the agreements it signs with business partners?	V		(I) The purchase contract between the Company and the supplier has a “Product Purchasing Policy” clause, which specifies that the supplier shall ensure an independent status and shall not have inappropriate interests such as marital or third relatives with the managerial officers or person-in-charge of Star Travel without the consent of Star travel. In addition, the supplier shall keep confidential the business secrets it has learned due to exercising the purchase contract (including but not limited to membership data, business data, sales amount, business strategies, and content of the contract, etc). and may not deliver, distribute, or disclose them to a third party.	No significant differences.
(II) Does the Company establish a unit dedicated to promoting ethical corporate management under supervision of the Board of Directors which shall be responsible for reporting the status of implementation of the ethical management policy and unethical conduct prevent program to the Board of Directors periodically (at least for once per year)?		V	(II) The Company has yet set up a dedicated unit for ethical corporate management, and the ethical management is implemented by various departments based on their duties. However, the Company has established the “Codes of Ethical Conduct” and “Ethical Corporate Management Best Practice Principles” which provide norms of behavior to its personnel who is in charge of important affairs to prevent unethical business conduct, such as giving or receiving bribes, providing illegal political contributions, etc.	No significant differences.

Assessment item	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof:
	Yes	No	Summarized explanation	
(III) Does the Company have any policy that prevents a conflict of interest and channels that facilitate the report of conflicts of interest, and implement the same precisely?	V		(III) If there is a conflict of interest when performing duties, per the employment contract, such person shall inform his/her manager beforehand to avoid the conflict of interest. Directors shall be highly self-disciplined. If a Director or a juristic person represented by the Director is an interested party with respect to any proposal for a board meeting, the Director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting.	No significant differences.
(IV) Does the Company fulfill the ethical management by establishing an effective accounting system and internal control system, and have an internal audit unit research and adopt related audit plans based on the unethical conduct risk assessment result and conduct audits on the status of compliance with the unethical conduct prevention program, or appoint a CPA to conduct the audits?	V		(IV) The Company's accounting system is set up in accordance with the relevant laws and regulations of the Securities and Exchange Act, Company Act, Business Entity Accounting Act, Regulations Governing the Preparation of Financial Reports by Public Companies, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), explanations and announcements endorsed and announced by the Financial Supervisory Commission (FSC), and as established based on the actual business situation of the Company. The internal control system was set up by referencing the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and so on regulations. All have been executed accordingly. The Audit Department conducts regular audits of the compliance status of	No significant differences.

Assessment item	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof:
	Yes	No	Summarized explanation	
(V) Does the Company provide internal and external ethical conduct training programs on a regular basis?	V		the accounting system and internal control system and reports the outcomes to the Board of Directors.  (V) The Company values and promotes the value of ethics and honesty and sets up specific reward and disciplinary systems with employee performance evaluation.	No significant differences.
III. Implementation of Whistleblowing Procedures (I) Does the Company have a specific report and reward system stipulated, a convenient whistle-blowing channel established, and a responsible staff designated to deal with the accused party?	V		(I) The Company has established a specific disciplinary system in the “Codes of Conduct for Employees” and announced it to all employees. Whistle-blowing cases would be assigned to dedicated personnel to investigate and handle.	No significant differences.
(II) Does the Company have standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	V		(II) All whistleblowing cases would be investigated by dedicated personnel. If true, the case would be handled in accordance with the “Codes of Conduct for Employees”.	No significant differences.
(III) Does the Company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	V		(III) The complaint handling process would protect the whistleblower to be free from unfair disciplinary action or victimization.	No significant differences.
IV. Enhancing Information Disclosure Does the Company disclose its guidelines on business conduct and ethics as well as information about the implementation of such guidelines on its website and Market Observation Post System (MOPS)?	V		The Company has “Ethical Corporate Management Best Practice Principles” and has disclosed them on the Investor Information section of the Company website and on the MOPS website.	No significant differences.

Assessment item	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof:
	Yes	No	Summarized explanation	
V. If the Company has ethical corporate governance policies based on “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies,” please describe any discrepancy between the policies and their implementation: None.				
VI. Other important information to facilitate a better understanding of the Company’s business conduct and ethics compliance practices (e.g., status of reviewing the Company’s business conduct and ethics policy): None.				

- (VII) If the Company has adopted corporate governance best-practice principles or related bylaws, it must disclose how these are to be searched:  
The Company’s Corporate Governance Best Practice Principles is disclosed on its company website [www.startravel.com.tw](http://www.startravel.com.tw).
- (VIII) Other material information that will provide a better understanding of the state of the Company’s implementation of corporate governance:  
Please refer to “Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor- item VII.”



(IX) Internal control system implementation status

TSG Star Travel Corp.

Statements of Internal Control System

Date: March 14, 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 acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the board and managerial officers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc), reliable, timely and transparent financial reporting, and regulatory compliance.
- II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. However, internal control system of the Company features a self-monitoring mechanism that enables immediate rectification of deficiencies upon discovery.
- III. The Company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the “Regulations Governing the Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as “the Regulations”). The criteria introduced by the Regulations consisted of five major elements, each representing a different stage of internal control: 1. Control environment; 2. Risk assessment; 3. Control operation; 4. Information and communication; and 5. Supervision. Each component has its own items. Please see the Regulations for details.
- IV. The Company has adopted said criteria to validate the effectiveness of its internal control system design and execution thereof.
- V. Based on the assessment result referred to in the preceding paragraph, the Company believes that the design and implementation of the internal control system (including monitoring and management on subsidiaries) as of December 31, 2023, including the achievement rate of effectiveness and efficiency of operations and reliability, timeliness, transparency, and regulatory compliance of reporting, as well as the compliance with applicable laws, regulations, and bylaws, are effective and may reasonably ensure the achievement of aforementioned goals.
- VI. The Statement will be an integral part of the Company’s annual report and prospectus, and will be made public. Any illegal misrepresentation or concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. The Statement was approved by the Board of Directors’ meeting held on March 14, 2024, with none of the 8 directors presented expressing dissenting opinions, and the remainder all affirming the contents of the Statement.

TSG Star Travel Corp.

Chairperson: Hou Yu-Lin

Signature

General Manager: Shu Chen-Chen

Signature

2. CPAs special audit report: None.

- (X) Sanctions received by the Company and its internal personnel pursuant to laws and punitive actions issued by the Company against its internal employees in violation of the internal control system provisions for the latest year until the date of publication of the Annual Report, major deficiency and correction status

Major deficiencies in internal control system	Improvement
None	None

- (XI) Important resolution of the shareholders' meeting and Board of Directors for the latest year until the date of publication of the Annual Report

1. Important resolutions of the Board of Directors

Type of meeting	Date of convening	Proposal Summary
Board of Directors	2023. 01. 11	1. Discussion on the distribution of 2021 year-end bonus to managerial officers 2. Discussion on the distribution of remuneration to Independent Directors. 3. Discussion on the distribution of the Company's remuneration to Directors. 4. The appointment of the Company's managerial officer. 5. Branch manager change case.
Board of Directors	2023. 03. 21	1. Discussion on the audit fee of PwC Taiwan from 2023. 2. Discussion on 2022 business report and financial report. 3. Discussion proposal on loss provision for 2022. 4. Discussion on the 2022 Statement of Internal Control System. 5. Branch relocation discussion case. 6. Revised some articles of the Code of Corporate Governance Practice. 7. Amend some articles of the company's articles of association. 8. Revise some articles of the rules of procedure of the shareholders' meeting. 9. Revised some articles of the Code of Practice on Corporate Social Responsibility. 10. Revise the company organization chart discussion proposal. 11. By-election of two independent directors. 12. Lifting the non-competition restrictions of the new independent directors. 13. It is proposed to pre-approval the certified accountants, their firms and their affiliated companies to provide non-certification services to the company and its subsidiaries. 14. List of employees for the issuance of employee share subscription warranty. 15. Approved the convening of the 2022 Annual Shareholders Meeting.
Board of Directors	2023. 05. 03	1. Discussion on Consolidated Financial Report for the First Quarter of 2023. 2. Candidate nomination and qualification review case for by-election of independent directors. 3. Appointment of members of the Remuneration Committee. 4. Handle credit limit discussion cases for financial institutions. 5. Audit supervisor's change case. 6. Appointment of corporate governance officer 7. Discussion plan for store establishment.
Board of Directors	2023. 06. 15	1. Appointment of members of the Remuneration Committee. 2. Discussion on branch name change. 3. Branch relocation discussion case. 4. Branch establishment discussion case.

Type of meeting	Date of convening	Proposal Summary
Board of Directors	2023. 08. 02	1. Change of accountant for financial statement certification. 2. Discussion on Consolidated Financial Report for the Second Quarter of 2023 3. Taiwan Tigerair Charter Flight Recognition Case. 4. Discussion on the independence and competence of attesting CPAs.
Board of Directors	2023. 10. 02	1. Formulate the base date for the company's name change and stock exchange and the stock exchange operation plan.
Board of Directors	2023. 11. 08	1. Discussion on Consolidated Financial Report for the Third Quarter of 2023 2. Discussion of the exclusive custodian of the endorsement guarantee seal. 3. Disposal of real estate(Farglory-U-Town Office) Disposal. 4. Branch relocation discussion case. 5. Taiwan Tigerair Charter Flight Recognition Case. 6. Handle credit limit discussion cases for financial institutions.
Board of Directors	2023. 11. 29	1. Plans to participate in discussions on the subscription of private placement common shares of ENSURE GLOBAL CORP., LTD. 2. Branch manager change case.
Board of Directors	2023. 12. 29	1. Appoint financial manager. 2. Manager salary adjustment case. 3. Discussion on the 2024 internal audit plan. 4. Subsidiary relocation discussion case. 5. Discussion on the proposed cash capital increase of subsidiary Star Marketing Co., Ltd. 6. Branch relocation discussion case. 7. Branch manager change case.
Board of Directors	2024. 01. 17	1. Discussion on the distribution of 2022 year-end bonus to managerial officers 2. Discussion on the distribution of remuneration to Independent Directors. 3. Discussion on the distribution of the Company's remuneration to Directors.
Board of Directors	2024. 03. 14	1. Taiwan Tigerair Charter Flight Recognition Case. 2. Discussion proposal for new approval authority items 3. Discussion on the 2023 Statement of Internal Control System. 4. Discussion on 2023 business report and financial report. 5. Discussion proposal on loss provision for 2023. 6. Amend some articles of the company's articles of association. 7. Discussion on the independence and competence of attesting CPAs. 8. Discussion on the audit fee of PwC Taiwan from 2024. 9. Approved the convening of the 2024 Annual Shareholders Meeting.
Board of Directors	2024. 04. 11	1. Branch name change and relocation discussion proposal 2. Handle credit limit discussion cases for financial institutions.
Board of Directors	2024. 05. 08	1. Accounting manager appointment case. 2. Discussion on Consolidated Financial Report for the First Quarter of 2024.

## 2. Important resolutions of the shareholders' meeting.

Type of meeting	Date of convening	Proposal Summary
Shareholder Meeting	2024.06.15	1. Amendments to certain provisions of the Articles of Incorporation. 2. Amendments to certain provisions of the Rules of Procedure for Shareholders' Meetings. 3. By-election of independent directors. 4. Lifting of the non-competition restriction on new independent directors.

### 3. Execution and review of the convening of the 2023 shareholders' meeting resolution matters

Resolution matter	Implementation status
Approved the proposal for the amendments to certain provisions of the Articles of Incorporation.	After resolved by the special shareholders' meeting on June 15, 2023, information was announced on the MOPS website according to the regulations
Approved the proposal for the amendments to certain provisions of the Rules of Procedure for Shareholders' Meetings.	
Approved the proposal for the by-election of independent directors.	
Approved the proposal for the lifting of the non-competition restriction on new independent directors.	

(XII) Contents of the objections for the records or with written statements of Directors or Supervisors to important Board of Directors resolutions in the most recent year and as of the date of the annual report publication: None.

(XIII) Summary of resignation/dismissal of the Company's related personnel (including Chairperson, General Manager, accounting manager, financial manager, chief internal auditing officer, chief corporate governance officer or chief R&D officer) in the most recent year and as of the date of publication of the annual report:

Position	Name	Reported to office	Date discharged	Cause of dismiss or removed
Chief internal auditing officer	Chiu Yi-Cheng	2020.03.16	2023.05.03	Job adjustment
Accounting manager	Wang Pin-Ling	2022.01.13	2024.03.29	Resignation

## V. Audit fee of CPAs

### Range of audit fee of CPAs

Unit: NTD Thousand

Name of the CPA firm	Name of CPA		CPA audit period	Audit fee	Non-audit fee	Total	Note
Pricewaterhouse Coopers, Taiwan	Tien Chung-Yu	Yeh Fang-Ting	Q1 2023	1,820	731	2,551	Reason for change: Adjustments to the internal administrative organization of Pricewaterhouse Coopers, Taiwan.
	Tien Chung-Yu	Hsu Norah	Q2 to Q4 2023				

- (I) When non-audit fees paid to the CPA, the CPA firm, and/or to any affiliated company of such firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed: None.
- (II) If a change of CPA firm resulted in a lower audit fee for that year compared to the previous year, the amount and reason for the reduction before and after the change must be disclosed: None.
- (III) If the audit fee of the year is lesser by 10% and more than that of the previous year, then the audit fee before and after the change, the ratio and the reason for the change must be disclosed: None.

## VI. Information on change of CPAs:

Date of replacement	Reported to the Board of Directors on August 02, 2023 and changed the attesting CAPs and accounting firm with effect from that date.		
Cause of replacement, and explanation	Adjustments to the internal administrative organization of Pricewaterhouse Coopers, Taiwan.		
To specify whether the client or CPA terminates or rejects the appointment	Counterparty	CPA	Client
	Status	Not applicable	
	Voluntary termination of the appointment		
	No longer accept (continue) the appointment		
Issuance of the audit report other than the audit report containing unqualified opinions in the most recent two years, and cause thereof	None		
Any disagreement with the issuer	Yes		Accounting principles or practices
			Disclosure of financial report
			Audit scope or steps
			Other expenses
	None	V	
	Explanatory Notes	None	
Other disclosures (To be disclosed under the subparagraphs 6.1(4)~(7) of Article 10 of the Regulations.)	None		

## II. Information relating to the succeeding CPA

Name of Accounting Firm	PricewaterhouseCoopers, Taiwan
Name of CPA	Hsu Norah
Date of appointment	August 02, 2023 (the date of reported to and approved by the Board Meeting)
Consultation about the accounting treatment of or application of accounting principles to a specific transaction or the type of audit opinion that might be rendered prior to the formal engagement, and the consultation result.	Not applicable
Written disagreements from the succeeding CPA against opinions of the former CPA	Not applicable

III. The Company shall mail to the former CPAs a copy of the disclosures it is making pursuant to item A and to (c) of the here preceding item, and advise the CPAs of the need to respond by mail within 10 days should they disagree. The company shall disclose the content of the reply letter from the former CPAs: None.

VII. **Information on anyone among the Company's Chairperson, General Manager, or any managerial officers in charge of finance or accounting affairs who have in the most recent year held a position at the accounting firm of the attesting CPA or an affiliate of the accounting firm:** None.

VIII. **In recent years and until the publication date of the annual report, the Directors, Supervisors, managerial officers and shareholders with more than 10% share equity transferred and changes in pledge of stock rights**

(I) Net change in shareholding by Directors, management, and major shareholders

Title	Name	2023		2024 as of March 31		Note
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	
Chairperson	Hou Yu-Lin	(799,000)	-	-	-	-
Director	Chen Pao-Lien	-	-	-	-	Resigned on January 31, 2024
Director	Taiwan Health & Exercise Investment Co. Ltd. Representative: Xie, Yi-Jin	-	-	-	-	Newly appointed on June 15, 2023
Director	Taiwan Health & Exercise Investment Co. Ltd. Representative: Chen He-Shun	-	-	-	-	-
Director	Taiwan Health & Exercise Investment Co. Ltd. Representative: Hsieh Wen-Fang	-	-	-	-	-
Director	Taiwan Health & Exercise Investment Co. Ltd. Representative: Wu Yi-Ching	-	-	-	-	-
Director	Taiwan Health & Exercise Investment Co. Ltd. Representative: Wang Chiung-Fen	-	-	-	-	Resigned on June 15, 2023
Independent Director	Hong, Ren-Jie	-	-	-	-	Newly appointed on June 15, 2023.
Independent Director	Chen, Hou-Dian	-	-	-	-	Newly appointed on June 15, 2023.
Independent Director	Hung Yu-Ting	-	-	-	-	-
Independent Director	Chang Po-Sheng	-	-	-	-	Resigned on February 28, 2023
Independent Director	Wu Tsung-Che	-	-	-	-	Resigned on May 30, 2023.
Vice Chairperson	Cheng Pao-Lien	-	-	-	-	Resigned on March 31, 2024
General Manager	Shu Chen-Chen	-	-	-	-	-
Deputy General Manager	Luo Chun-Ying	-	-	-	-	Newly appointed on January 11, 2023.

Title	Name	2023		2024 as of March 31		Note
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	
Deputy General Manager	Hong Jia-Hong					Newly appointed on December 11, 2023.
Assistant Vice President, International Flight Ticket Division	Lin Chao-Jung	-	-	-	-	Resigned on November 12, 2023
Assistant Vice President, Product I Division	Wang Ching-Ping	-	-	-	-	--
Assistant Vice President, Domestic Product Division	Lin Sheng-Chieh	-	-	-	-	Resigned on November 8, 2023
Assistant Vice President, Marketing Division	Cheng, Pei-Yi	-	-	-	-	--
Assistant Vice President	Liao, Jian-You	-	-	-	-	-
Accounting Officer	Wang Pin-Ling	-	-	-	-	Resigned on March 29, 2024
Corporate Governance Officer	Chiu Yi-Cheng	-	-	-	-	Newly appointed on May 11, 2023.
Major shareholder	E-Top Metal Co., Ltd.	-	-	-	-	-

- (II) Any counterparts of share transfer by the Company's Directors, managerial officers and major shareholders are related parties: None of the counterparties of the pledges of shares made by directors, managerial officers, and major shareholders was a related party, therefore this is not applicable.
- (III) Directors, Supervisors, Managers and major shareholders' shareholding pledge information: None of the counterparties of the pledges of shares made by directors, managerial officers, and major shareholders was a related party, therefore this is not applicable.

**IX. Information of top ten shareholders with mutual relationship of related parties, spouse, or relatives within the second degree of kinship.**

April 21, 2024

Name	Shares held		Shareholding of Spouse and Minor Children		Shares held in the name of others		Information on relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree) (Note 3)		Note
	Number of shares	Shareholding Percentage %	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Name	Relationship	
E-Top Metal Co., Ltd. Representative: Yen Ching-Li	47,250,000	68.735%	-	-	-	-	-	-	-
Xiang Li Co., Ltd. Representative: Li Fang-Mei	2,945,326	4.284%	-	-	-	-	-	-	-
Taiwan Health & Exercise Investment Co. Ltd. Representative: Huang Chun-Yi	2,750,000	4%	-	-	-	-	-	-	-
Wang Yu Investment Co., Ltd. Representative: Cheng Wen-Li	2,329,332	3.388%	-	-	-	-	Cheng Wen-Li	Sibling	-
Hou Yu-Lin	1,345,163	1.956%	-	-	-	-	-	-	-
Cheng Pao-Lien	1,295,520	1.884%	-	-	-	-	Cheng Pao-Lien	Sibling	-
Liu Shu-Hua	893,173	1.299%	-	-	-	-	-	-	-
Chen Hsi-Lun	618,139	0.899%	-	-	-	-	-	-	-
Tsann Kuen Investment Co., Ltd. Representative: Tsai Shu-Hui	452,836	0.658%							
Chang Chen-Chen	446,587	0.649%	-	-	-	-	-	-	-

Note 1: Top ten shareholders shall be listed. For those who were juristic-person shareholders, the name of the shareholder and its representative shall be listed respectively.

Note 2: The shareholding ratio is calculated by shareholdings held under his/her name, spouse, minor child, or in the name of others, respectively.

Note 3: The aforementioned shareholders include juristic persons and natural persons, and the relationship between each other shall be disclosed by the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**X. Company, Company's Directors, Supervisors, management and businesses in direct or indirect control by the Company, their number of shares of the reinvestment businesses with shareholding disclosed in aggregate of the said parties**

December 31, 2023 / Unit: thousand shares; %

Reinvestment business (Note 1)	Investment of the Company		Investment by directors, supervisors, managerial officers and any enterprises controlled either directly or indirectly by the Company		Combined investment	
	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership
Star Marketing Co., Ltd.	1,600	100.00%	-	-	1,600	100.00%
Xingrong Business Management Consulting Co., Ltd.	200	100.00%	-	-	200	100.00%

Note 1: The investment accounted for using the equity method of the Company.



## Four. Capital Overview

### I. Source of capital

#### (I) Formation of capital

Month and year	Issue Price	Authorized Share Capital		Paid-in Capital		Note		
		Number of shares (thousand shares)	Amount (in thousand)	Number of shares (thousand shares)	Amount (in thousand)	Source of capital	Capital Increase by Assets Other than Cash	Other expenses
2003.02	NT\$10	20,000	200,000	10,000	100,000	Establishment share capital	-	Approved per 2003.02.24 Jing-Shou-Shang-Zi No. 09201054220
2004.03	NT\$10	20,000	200,000	20,000	200,000	Cash capital increase of NT\$ 100,000 thousand	-	Approved per 2004.03.16 Fu-Jian-Shang-Zi No. 09307269300
2007.01	NT\$10	20,000	200,000	13,800	138,000	Capital reduction of NT\$62,000 thousand	-	Approved per 2007.01.08 Fu-Jian-Shang-Zi No. 09587114010
2007.07	NT\$10	30,000	300,000	13,800	138,000	Raised the authorized capital to NT\$30,000 thousand	-	Approved per 2007.07.03 Fu-Jian-Shang-Zi No. 09686357810
2007.12	NT\$10	30,000	300,000	15,870	158,700	Employee share subscription warrant of NT\$20,700 thousand	-	Approved per 2007.12.18 Fu-Industry-Shang-Zi No. 09693643800
2009.02	NT\$10	30,000	300,000	17,700	177,000	Capital reduction of NT\$30,206 thousand Capital increase of NT\$48,506 thousand	-	Approved per 2009.02.06 Fu-Industry-Shang-Zi No. 09880816300 (Note)
2010.04	NT\$10	30,000	300,000	29,900	299,000	Capital reduction of NT\$49,000 thousand Capital increase of NT\$171,000 thousand	-	Approved per 2009.04.01 Fu-Industry-Shang-Zi No. 09982380910 (Note)
2012.02	NT\$21	60,000	600,000	34,400	344,000	Raised the authorized capital to NT\$60,000 thousand Capital increase of NT\$94,500 thousand	-	Approved per 2012.03.16 Fu-Industry-Shang-Zi No. 10181644520
2012.06	NT\$10	60,000	600,000	36,292	362,920	Capital increase out of earnings by NT\$18,920 thousand	-	Approved per 2012.06.29 Jin-Guan-Zheng-Fa-Zi No. 1010028773
2019.06	NT\$10	60,000	600,000	36,064	360,640	Cancellation of treasury shares of NT\$2,280 thousand	-	Approved per 2019.06.19 Fu-Industry-Shang-Zi No. 10850310810
2019.08	NT\$10	60,000	600,000	18,272	182,721	Capital reduction of NT\$177,919 thousand	-	Approved per 2019.08.26 Fu-Industry-Shang-Zi No. 10852968410
2020.09	NT\$10	60,000	600,000	38,272	382,721	Private placement capital increase of NT\$200,000 thousand	-	Approved per 2020.09.17 New Taipei-Fu-Jing-Si-Zi No. 1098067172
2020.12	NT\$10	60,000	600,000	31,072	310,721	Capital reduction of NT\$72,000 thousand	-	Approved per 2020.12.04 New Taipei-Fu-Jing-Si-Zi No. 1098087316
2021.06	NT\$10	60,000	600,000	34,072	340,721	Private placement capital increase of NT\$30,000 thousand	-	Approved per 2021.06.09 New Taipei-Fu-Jing-Si-Zi No. 1108037817
2021.09	NT\$10	80,000	800,000	34,072	340,721	Raised the authorized capital to NT\$80,000 thousand	-	Approved per 2021.09.15 New Taipei-Fu-Jing-Si-Zi No. 1108066121
2022.06	NT\$10	100,000	1,000,000	18,742	187,421	Raised the authorized capital to NT\$100,000 thousand Capital reduction of NT\$153,300 thousand	-	Approved per 2022.06.13 New Taipei-Fu-Jing-Si-Zi No. 1118039312
2022.09	NT\$10	100,000	1,000,000	68,742	687,421	Private placement capital increase of NT\$500,000 thousand	-	Approved per 2022.09.23 Jing-Shou-Shang-Zi No. 11101185440

Note: Combined capital reduction and capital increase registration.

(II) Types of shares issued

April 21, 2024

Types of shares	Authorized Share Capital			Note
	Outstanding shares	Unissued shares	Total	
Common stock	68,742,100	31,257,900	100,000,000	-

(III) Information on the shelf registration: None.

**II. Composition of shareholders**

April 21, 2024

Composition of shareholders	Government Agencies	Financial Institutions	Other juridical persons	Individual	Foreign institutions and foreigners	Total
Volume						
Number of shareholders	-	-	16	3,495	6	3,517
Number of shares held	-	-	55,757,013	12,916,235	68,852	68,742,100
Ownership (%)	-	-	81.111%	18.789%	0.100%	100.00%

**III. Distribution of shareholding**

(I) Ordinary shares

April 21, 2024; Unit: Shares

Level of shareholding	Number of shareholders	Number of shares held	Shareholding (%)
1-999	1,869	238,471	0.347
1,000~5,000	1,424	2,516,640	3.661
5,001~10,000	114	868,921	1.264
10,001~15,000	39	490,009	0.713
15,001~20,000	9	161,670	0.235
20,001~30,000	13	325,760	0.474
30,001~40,000	7	243,005	0.354
40,001~50,000	9	406,736	0.592
50,001~100,000	10	768,180	1.117
100,001~200,000	9	1,391,812	2.025
200,001~400,000	4	1,004,820	1.462
400,001~600,000	2	899,423	1.308
600,001~800,000	1	618,139	0.899
800,001~1,000,000	1	893,173	1.299
More than 1,000,001	6	57,915,341	84.25
Total	3,517	68,742,100	100

(II) Preferred stock: None

#### IV. List of major shareholders

Name, shareholding amount, and ratio of shareholders holding 5% or more of shares, or the top ten shareholders in terms of shareholding

April 21, 2023

Name of major shareholders	Number of shares held	Shareholding %
E-TOP METAL CO., LTD.	47,250,000	68.735%
Xiang Li Co., Ltd.	2,945,326	4.284%
Taiwan Health & Exercise Investment Co. Ltd.	2,750,000	4%
Wang Yu Investment Co., Ltd..	2,329,332	3.388%
Hou Yu-Lin	1,345,163	1.956%
Cheng Pao-Lien	1,295,520	1.884%
Liu Shu-Hua	893,173	1.299%
Chen Hsi-Lun	618,139	0.899%
Tsann Kuen Investment Co., Ltd.	452,836	0.658%
Chang Chen-Chen	446,587	0.649%

## V. Related information regarding market price, net assets, earnings and dividend per share for the most recent two years

Item \ Year			2023	2022	Current year as of March 31, 2024 (Note 4)
Market price per share	Highest		118.00	41.00	64.00
	Lowest		28.20	12.10	51.20
	Average		71.98	24.65	56.45
Net worth per share	Before distribution		9.00	7.39	-
	After distribution		9.00	7.39	-
Earnings per share	Weighted average number of shares (thousands of shares)		68,742	38,605	-
	Earnings per share	Before adjustment	1.53	(1.16)	-
		After adjustment	1.53	(1.16)	-
Dividend per share	Cash dividends			-	-
	Stock dividends	Stock dividend from retained earnings		-	-
		Dividends from capital surplus		-	-
	Dividends in Arrears			-	-
Analysis on return on investment	Price-earnings ratio (Note 1)		NA	NA	-
	Price-dividend ratio (Note 2)		Note 5	NA	-
	Cash dividend yield (Note 3)		Note 5	NA	-

Note 1: Price to earnings ratio = average closing price per share for the year/earnings per share.

Note 2: Price to dividends ratio = average closing price per share for the year/cash dividend per share.

Note 3: Cash dividends yield = dividends per share/average closing price per share for the year.

Note 4: For fields of net worth per share and earnings per share, must fill in information audited (reviewed) by CPA in the most recent quarter as of the date of the annual report publication; and fill in information of the year as of the date of annual report publication for the rest of the other fields.

Note 5: The proposal for making up for the loss in 2023 has been approved by the Board of Directors' Meeting and is pending the approval of the Shareholders' Meeting.

## VI. Dividends policy and implementation

### (I) Company dividend policy

The Company's settlement each year, where there is a surplus, must first be set aside to pay the taxes, make up for the accumulated losses, and 10% of the remaining balance must be recorded as provision of legal reserve, with exception to legal reserve already at an amount equals to the Company's total paid-in capital. Then it shall be set aside or reversed as special reserve in accordance with the laws or regulations by competent authority. The remaining portion along with the beginning accumulated undistributed earnings and adjustment to current undistributed earnings, except for reservation for the needs of business, may be distributed after submitted to shareholders'

meeting for resolution.

In addition to earnings distribution set out in preceding paragraph, the Company may distribute all of or partial surplus in accordance with the laws or regulations by competent authority.

The Company's dividend and surplus distribution policy takes various factors such as finance, business, and management into consideration for the issuance of new shares or cash distribution method. The ratio of cash distribution should not be less than 5% of the total earnings and surplus for the current year.

- (II) Proposed dividend distribution at the Shareholders' Meeting : None.

## **VII. Impacts of the stock grants proposed by the current Annual General Meeting (AGM) of shareholders on the Company's operations and earnings per share**

There is no proposal for appropriation of stock dividends at the Shareholders' Meeting. Thus, it is not applicable.

## **VIII. Profit sharing remuneration for employees, Directors and Supervisors**

- (I) The number of employees, Directors and Supervisors as indicated in the Company's Articles of Incorporation or scope
1. Employee remuneration: If the Company makes a profit, it must allocate employee remuneration taking between 0.1% to 7% of the remainder from the year's profit before income tax that has not been included in the employee remuneration and deduct the accumulated losses.
  2. Profit sharing remuneration for Directors and Supervisors: None.
- (II) The basis for estimating the cash rewards for employees, Directors and Supervisors of the current period, as well as the basis for calculating rewards for employees in stock and the accounting procedure in cases when the actual allocated amounts are at variance with the estimated amounts. The Company had a operating net loss before tax in 2023, so it did not estimate a cash reward for employees.
- (III) Board of Directors approved the following remuneration distribution
1. Amount of the rewards in cash or shares for employees, Directors, and Supervisors: None.
  2. The proportion of the amount equivalent to the stock distributed as rewards for employees in the net income in the parent company only or individual financial statements of the period and the total amount of compensation for employees: None.
- (IV) When there is a difference in the actual status of reward (including number of shares, amount, and stock price) distributed to employees, Directors, and Supervisors in the previous year, state the amount, causes, and settlement of such difference
1. Employees remuneration: None.
  2. Profit sharing remuneration for employees, Directors and Supervisors: None.

## **IX. Buyback of the Company's stock: None.**

**X. Status of corporate bond, preferred stock, global depositary receipt, employee share subscription warranty, new restricted employee shares, and issuance of new shares in connection with mergers and acquisitions and new shares in connection with receiving transfer of shares of another Company, and the capital allocation plans and their implementation:**

- (I) Issuance of corporate bonds: None.  
 (II) Issuance of preferred shares: None.  
 (III) Issuance of overseas depositary receipts: None.  
 (IV) Status of employee stock warrant plan:

1. Status of the employee stock warrant:

March 31, 2024

Type of employee stock warrant	1st issuance of employee stock warrant (2022)	2nd issuance of employee stock warrant (2022)
Effective date of report	2022/06/24	
Issuing Date	2022/08/02	2023/05/04
Number of units issued	1,617,000 shares	410, 000 shares
Shares subscribable as a percentage of the total shares issued	8.63%	0. 6%
Duration of subscription for shares	2024/08/02 ~ 2027/08/01	2025/05/04 ~ 2028/05/03
Contract performance method	The Company issues new shares	
Restricted subscription time period and ratio	20%, upon expiration of two years 50%, upon expiration of three years 100%, upon expiration of four years	
Number of shares executed	0 share	0 share
Subscription amount executed	NT\$0	NT\$0
Number of shares that have not yet been executed	1,617,000 shares	410, 000 shares
Subscription price per share for those having not yet executed the stock options	NT\$12.49 (Note 1)	NT\$44.00 (Note 1)
Shares that have not yet been subscribed as a percentage of the total shares issued	2.35% (Note 2)	0. 6%
Effect to the shareholders' equity	Employee share subscription warranty is for recruiting and retaining superior talents for the Company, enhancing employees' cohering force and sense of belonging to the Company, so as to improve the overall competitiveness of the Company and create the interests of the Company and shareholders together.	

Note 1: Subscription price per share has been changed from NT\$22.55 to NT\$12.49 on August 9, 2022.

Note 2: Due to a private placement of 50,000,000 shares on August 9, 2022, the total shares issued were changed to 68,742,100 shares.

2. Names and subscription status of managerial officers who have obtained employee stock warrants and of employees who rank among the top ten in terms of the number of shares to which they have subscription rights through employee stock warrants acquired

	Job title (Note 1)	Name	Number of shares subscrib-able from exercise of warrants granted	Ratio of the number of shares subscrib-able from the exercise of warrants granted to the total number of issued shares(Note 4)	Exercised				Unexercised			
					Number of shares	Exercise price (Note 5)	Totale exercis e price	Ratio of the number of exercised shares to the total number of issued shares(Note 4)	Number of shares	Exercise price (Note 5)	Totale exercise price	Ratio of the number of exercised shares to the total number of issued shares(Note 4)
Managerial officers	General Manager	Shu Chen-Chen	447,000	0.97%	-	-	-	-	447,000	12.49	15,263,030	0.97%
	Associate	Wang Ching-Ping										
	Associate	Cheng, Pei-Yi										
	Accounting Officer	Wang Pin-Ling										
	Corporate Governance Officer	Chiu Yi-Cheng										
	Deputy General Manager	Luo Chun-Ying	220,000						220,000	44		
	Deputy General Manager	Hong,Jia-Hong										
Employees (Note 3)	Employee	Li,Fang-De	470,000	0.80%	-	-	-	-	470,000	12.49	9,390,300	0.80%
	Employee	Chen,You-Ren										
	Employee	Chen,Wei-Han										
	Employee	He,Guan-Yi										
	Employee	Liu,Yi-Xing										
	Employee	Lin,Ming-Yu										
	Employee	Gu,Jian-Sheng										
	Employee	Weng,Mi-Sui										
	Employee	Lai,Ming-Da										
	Employee	He,Guan-Yi	80,000						80,000	44		
	Employee	Xu,Yu-Lu										

(V) Status of new restricted employee shares: None.

(VI) Status of issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

(VII) Capital utilization plans and implementation: None.

## Five. Operation Overview

### I. Business activities

#### (I) Business scope

1. The Company's business: Travel industry.
2. Main products and their operating shares

Product \ Year	2022		2023	
	Sales (in thousand)	Percentage of operation (%)	Sales (in thousand)	Percentage of operation (%)
Tour group fee income	71,427	87.31	1,070,928	97.60
Ticketing income	5,916	7.23	12,238	1.12
Other expenses	4,463	5.46	14,096	1.28
Total	81,806	100.00	1,097,262	100.00

#### 3. Current products (services)

The company's main business is to provide consumers with diversified travel product-related consulting and sales services that are not limited by time and space through the operation of the travel website ([www.startravel.com.tw](http://www.startravel.com.tw)) and physical stores across the province.

The scope of travel products and related services provided by the company covers: packaged itineraries and independent travel products for domestic and foreign groups and individuals, booking of domestic (international) air tickets and hotels, sales of various travel tickets and travel-related procedures and services. Travel related formalities and services, etc.

#### 4. New product development plan

In terms of the development of travel products, TSG Star Travel diversifies the products for various travel needs from the perspective of being close to customers, and has launches different themed travel projects to meet customer needs. Create a new trend in travel market through creative thinking and keep develop in the future.

- (1) Mini tour is suitable for families and groups of friends to travel together.
- (2) Tourism products are graded and suitable for all walks of life.
- (3) Themed tourism products such as: honeymoon, island vacation, world heritage, top vacation, cruise ship, yacht.
- (4) Regional diversification of tourism products.
- (5) Domestic and foreign conferences and incentive travel.
- (6) Domestic and international air ticketing and hotel reservations.



- (7) The dynamic packaging machine allows for free mixing of wine.
- (8) LCC low-cost airline ticketing service.
- (9) Global local tours and tickets to attractions and parks in various countries.
- (10) Develop focused tourism products such as seniors, women, parent-child series, etc.
- (11) Annual travel cooperation projects for medium and large enterprises, employee travel project products, etc.
- (12) Sales of extended components of travel products such as travel insurance, international roaming SIM cards, etc.

## (II) Industry Overview

### 1. Status and development of the industry

#### (1) Traveling abroad

According to the tourism statistics of outbound travelers by the Tourism Bureau, MOTC., the accumulative number of outbound visitors in 2023 was about 11,795,834, an increase of 895% compared to 2022.

Outbound Traveler Statistics by Years

Unit: thousand people

First Stop	2018	2019	2020	2021	2022	2023
Asia	15,153	15,757	2,039	233	1,138	10,752
America	710	676	176	114	251	543
Europe	538	364	60	7	58	311
Oceania	224	228	52	5	36	170
Africa	17	0	0	0	0	0
Other expenses	3	76	9	1	1	19
Total	16,644	17,101	2,336	360	1,483	11,796
Growth (%)	6.32	2.75	-86.3	-84.6	312	895

Data source: Tourism Bureau, Ministry of Transportation and Communications(<https://stat.taiwan.net.tw/outboundSearch>)

#### (2) Domestic tours

In 2022, the domestic travel ratio of Chinese people will be 88.3%, and the average number of domestic trips per person will be 8.04 times. The number of domestic travel trips by Chinese people in 2022 will total 168.56 million, an increase of 33.75% compared with 2021.

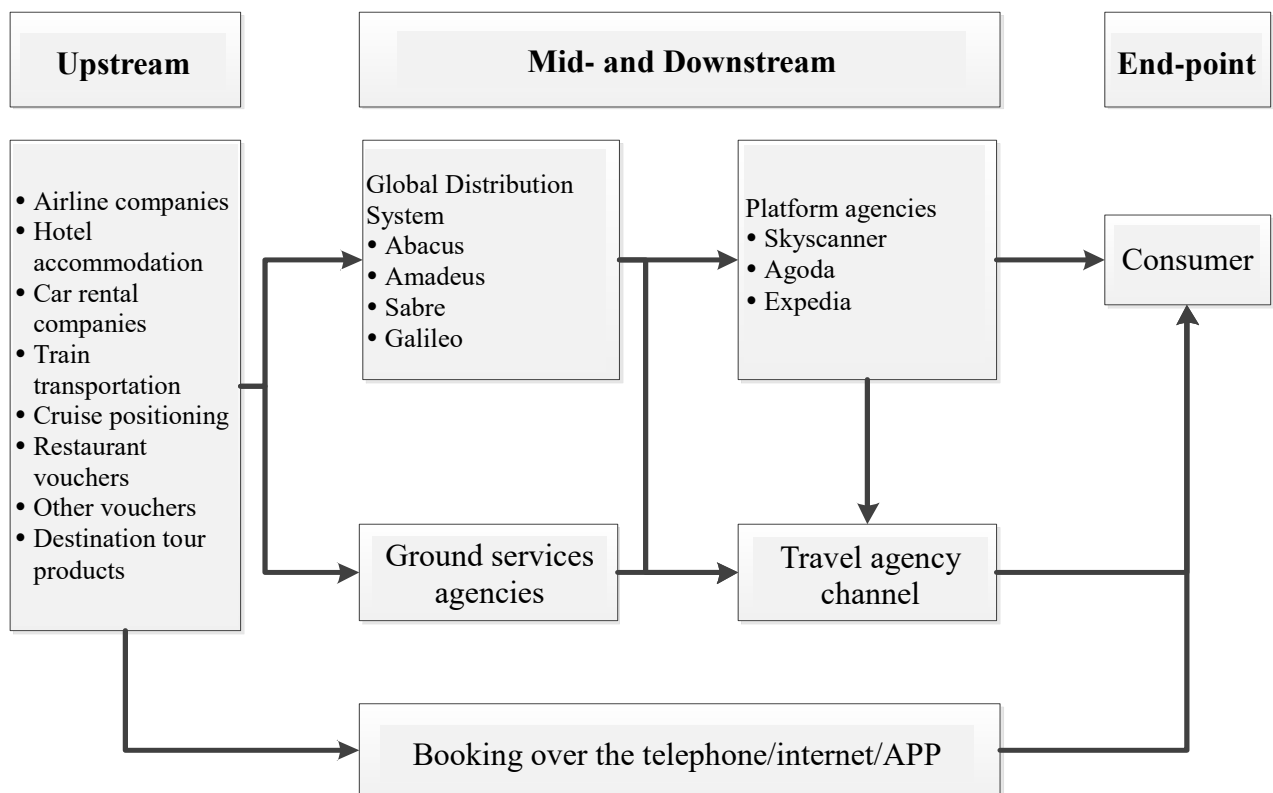
Domestic Travelers Statistics by Years

Unit: thousand people

Year	2017	2018	2019	2020	2021	2022
Number of persons	183,449	171,090	169,279	142,970	126,027	168,558

## 2. Relations between the upstream, midstream, and downstream of the industry and end consumers

Travel industry can be divided into upstream of travel products suppliers, such as airlines, hotels, car rental companies, train transportation, etc; mid- and downstream of Global Distribution System (GDS), travel agencies (including consolidated travel agencies, Class-A travel agencies, and Class-B travel agencies), and platform agencies (such as hotels or independent tourist ticketing services providers); and at the end is the Consumer. Differentiation from the traditional travel industry: Due to the volatility of the travel market, platform agents can provide consumers with more diversified choices and enter into the operation of segment travel markets (especially self-guided travel). Therefore, business strategies for the overall travel industry are no longer group tours and product selling by mid- and downstream travel agencies only. Instead, the upstream, midstream, and downstream entities shall integrate their resources, coupled with various tools (such as website, App, Online real-time services and store integration), and the service and sale of products or product components through the various types of devices used by consumers would meet the current and future trends of consumers purchasing travel products.



Travel industry structure

### 3. Product development trends

Travel industry is getting more mature, and the competition trend of product segmentation is getting more evident. In the face of changing consumer habits, the rise of low-cost carriers, the booming development of mobile commerce, and consumer demands for products, industry players should shift from providing itinerary quotes to focusing on service quality, product information disclosure, and the integration and consistency of various sales channels. Meanwhile, demand for segment tours is rising as well as demand for self-guided tours. Way to adjusting tour packages and components, thematic tours, and segment marketing are all the focus of future development.

The Company not only upholds continuous creative planning, develops new resources and new attractions for product diversity, promotes various tours, and designs different thematic tours to meet customer needs but also strengthens cooperation with suppliers to diversify tour itineraries and improve the service quality. In addition, the Company is working on resource integration and development in the upstream and midstream of the industry, introducing more diversified product components and itinerary design through cross-industry collaboration, as well as enhancing the construction and improvement of the next generation IT information system. In the future, it will increase the proportion of automated sales to improve operational efficiency and reduce sales and service costs to meet the ever-changing market demand.

### 4. Product (service) competition

The travel industry is in the middle of the tourism marketing channel, and this structural characteristic makes its network of relationships with related industries (e.g., transportation, restaurants, hotels, and tour operators) an extremely important competitive advantage.

Their competitive partnership with airline companies (or their agencies), who hold key resources, as well as with emerging platform agencies, is also an important factor in the smooth operation and successful development of travel agencies. If a travel agency cannot effectively develop its relationship networks or transform to adapt to the travel demand of consumers due to financial or operating scale concerns, it may face high operating costs, fail to meet product deadlines, or fail to keep pace with the market, and therefore be eliminated. All of the above affect the operations and survival of a company.

Finally, because it is difficult to claim and identify the creative rights of travel product designs, new products developed by industry operators often lead to plagiarism after being accepted by the market, and then fall into a vortex of price wars.

Therefore, product development capabilities that continuously innovate consumer travel services and product components, evolve the quality of travel products and the specialization and uniqueness of itineraries, and maintain market leadership are also extremely important core competencies for travel companies. . TSG Star Travel researches and designs various niche travel products for various travel themes and according to different customer needs, allowing product competition to break away from the price war model and develop travel products that are close to the needs of customers. At the same time, it provides digital travel product components and more diverse market operations (such as independent travel, additional purchase of travel component products, etc.) in order to maintain the company's competitiveness.

### (III) Overview of technology and research and development

The tour development team of TSG Star Travel combines the advantages of its suppliers and channels to upgrade the whole website into a mobile version, including (1) upgrading from the available and low-cost version to the auto-switch mobile version and providing quick order placement service for non-members, as well as the automation of simultaneously linking to Skyscanner to increase the conversion rate of new customers; (2) upgrading the homepage to mobile version and recommending reference options for customers to purchase; (3) upgrading the outgoing travel group service to a mobile version and optimizing the order placement process; so as to provide the best travel experience for customers.

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

#### I. Short-term plans

Although the travel market differs due to consumer preferences, the Company adheres to an innovative and sound management attitude and uses charter flights strategies to increase competitiveness and increase market share. In addition to continuing to improve customer satisfaction, relevant plans are as follows:

1. Focus on Northeast Asia and Southeast Asia, concentrate resources, and focus on development to build brand adhesion.
2. Focus on corporate customization, employee incentive travel and exquisite tourism market. The company's product design focuses on combining innovative elements, such as developing maritime recreational resources, connecting yachts and sailing boats, creating maritime travel experiences, combining land itineraries, focusing on in-depth tourism, and connecting local innovations. born.
3. Strengthen the sales model of the independent travel product purchasing platform, improve the performance of the independent travel product purchasing platform, increase the richness of the company's products, and provide consumers with more choices for independent travel product purchasing.

#### 4. Diversified business strategy

- (1) OTA platform: connects tourism industry suppliers and peers, and is expected to form alliances with peers and suppliers to provide consumers with a diversified series of travel products.
- (2) High-end travel: Design themed travel and in-depth travel and other related itineraries for group members, top customers, corporate customers, etc. We look forward to creating a better travel experience with unique travel itineraries, establishing a member service hotline, customizing travel plans for members, and providing unique and considerate services.
- (3) Hotel sales agent: Continue to sign sales business of Banyan Tree Group's hotels in Thailand and Vietnam in Taiwan. In the future, we will not only maintain the series of group cooperation between Banyan Tree Group hotels and the original contracted travel agencies, but also use TSG Star Travel to plan VIP itineraries to differentiate the market and increase market share.
- (4) Sports and leisure: Cooperate with affiliated companies of the Taipei Steel Group, such as the three teams of the Taipei Iron and Steel Group Corporation, such as Smart Crown Games, Taipei Falcons, and Taipei Eagles, to create non-traditional tourism promotion and sales channels through cross-industry cooperation.

#### 4. Continue to strengthen the financial structure

- (1) On the premise of maintaining a sound financial structure, the organizational configuration will continue to be streamlined and adjusted, and at the same time, relevant operating expenses will be effectively controlled to continue to promote the bottle saving expenditure policy.
- (2) Adjust product portfolio, marketing strategies and channel platforms, expand diversified channels and expand business scope, with a view to achieving business improvement and development and improving operational efficiency.
- (3) Through the private placement of ordinary shares, the funds obtained will be used to enrich working capital and meet the company's future development needs; it is expected to improve the company's operating efficiency and positively benefit shareholders.

#### 5. Overall business development plan

In terms of channel development, in order to enhance economies of scale and

expand overall market share, the Company not only adheres to the principle of keeping pace with reality, but also strengthens its ability to undertake corporate hospitality groups and incentive travel, and continues to expand service capacity. We are also committed to the development of different channel markets, and adjusting relevant strategies can increase the number of group tours and thresholds, and increase the number of group tours. We have focused on developing employee travel subsidies, employee travel proposals and other services for large corporate users such as Ronggang. It also extends business promotion such as annual cooperation with corporate users and customized product demand quotations through contracting business, in order to increase the company's revenue and market share among corporate customers.

In order to expand the overall market share and deepen economies of scale, TSG Star Travel has used the cooperation resources of different industries to deepen its sales in six cities. In the future, it will continue to deepen the integrated marketing work, combining the resources of stores, Internet, and group brands to deepen Access brands and tourism product brands reach customer groups that were inaccessible in the past. We will continue to combine store plans and merge publicity projects with cross-industry cooperation, and propose publicity plans to tourism bureaus or scenic spots in second-tier cities in Japan, South Korea, Thailand, etc., hoping to strengthen cooperation with tourism bureaus or suppliers through cross-industry cooperation models relationship and activate the marginal benefits of the store.

## II. Long-term plans

As the senior population grows rapidly, the travel demand for seniors increases year by year. The Company endeavors to design various LOHAS tours so that silver-haired people can experience a variety of travel itineraries most conveniently and attentively. With the concept of “health and happiness,” the seniors also can enjoy various happy tours at will. It has launched 1 to 2 days of silver-haired package tours to strive for business opportunities.

Most of the travel websites in Taiwan focus on vacation travel as the main product, especially outbound travel, and need to maintain good cooperation with various overseas travel suppliers. For outbound travel products, TSG Star Travel has the ability to design outbound tours, ability to facilitate vacation tours, and experiences in using IT system and arranging local services for outbound tours. Furthermore, it is the agency of various major airlines and has solid cooperation with hotels and travel agencies in major tourist destinations locally. Recently, it gradually launches various innovative and niche services to enlarge the market. Based on the aforementioned reasons, we are confident to grab a higher market share in the competitive outbound travel market.

In order to keep up with the ever-changing travel information, the Company will continue to enhance the operation of e-commerce websites and social networking sites such as LINE, Facebook, etc., optimize the mobile version of the website, revamp the Enterprise Resource Planning (ERP) system, and update the information equipment to increase automation, reduce operating costs, and provide consumers with better and more professional services in order to strengthen our competitiveness.

## II. Overview of the market, production, and sales

### (I) Market analysis

#### 1. Regions where the main products (services) are sold

Expressed in thousands of NTD

Region of Sales \ Year	2022		2023	
	Amount	%	Amount	%
Domestic sales	81,806	100.00	1,097,262	100.00
Export	-	-	-	-
Total	81,806	100.00	1,097,262	100.00

#### 2. Market share

Comparing the tourism statistics of outbound travelers by the Tourism Bureau, MOTC. and the outbound traveler statistics by the Company to estimate the Company's market share in the overall travel market in Taiwan.

Unit: person

Year	TSG Star Travel	Tourism Bureau	Estimated market share
2022	619	1,482,821	0.04
2023	41,637	11,795,834	0.35

Note: Survey of Taiwan Citizens' Outbound Travel by the Tourism Bureau, MOTC

### 3. Future market supply-demand situation and growth

With the successive offering of incentive entry policies by countries, the development and popularization of information technology, and the growth of the global economy, the growth momentum of the travel industry shall not be underestimated. It will mainly be driven by demand in emerging markets (especially Asia) and rising tourism spending.

Today, in addition to the many travel industry peers sharing the market, airlines are also actively expanding their services and offering a variety of packages to capture the independent tourist market. In response to the more and more competitive sales environment, the Company not only constantly provides innovative services but also designs various thematic tour packages to meet the changing travel patterns demanded by consumers, such as: sports themes, family tours, world heritage themes, etc. At the same time, it consolidates internal resources and builds a superior supplier platform to cultivate long-term relationships, and enhances the professional service quality of its channel business colleagues.

In recent years, a variety of service intermediaries and platforms have flourished in the Taiwan travel market. Taiwanese people also prefer to obtain travel information or related services through mobile devices, and plan their own tours or buy air tickets and accommodation via the online service. Therefore, going forward, the Company will focus more on online real-time professional travel services and provide diversified one-stop services for travel products with the newly created instant purchase of vouchers and accommodations, in order to keep up with the current trend of Taiwanese people's consumption of travel products and maintain the competitiveness of the Company's products and brands.

### 4. Competitive niche

#### (1) O2O Network / stores and channels integration

To provide a more diversified, convenient, and reassuring travel sales model, the Company will strengthen the integration for the one-stop service of TSG Star Travel's official website and stores, together with the innovative digital dashboard, as well as the online real-time customer service consultation, seat-with-price, and the travel component sales platform for voucher packages. Provide a full range of travel consultation and sales services to customers timely to enhance their trust and brand adhesion to the Company.

#### (2) Strengthen the development of various projects for corporate customers

In recent years, enterprises have developed a consumption pattern of incentive travel and Welfare Committee travel subsidies. For this consumer



market, they have integrated internal resources and system mechanisms to cooperate with the travel ticket function, and worked hard to develop and introduce it through projects for medium and large enterprise customers, and extend it simultaneously. The company's brand penetration can not only bring new revenue momentum to the company, but also extend to the direct customer market through value-added services for corporate customers.

(3) Close to customers to strengthen the goodwill of the brand

Customers' demand for the quality of tours is gradually getting higher. So is their demand for autonomy in terms of itinerary and transportation. For these trends, increasing the development and sales of self-guided tours and component products can not only bring momentum to performance but also satisfy the customers and provide a full range of solutions to travel demands.

(4) Quality assurance

In view of the fact that e-commerce has dominated market consumption, the Company will enhance the existing e-commerce model and introduce a number of new innovative mechanisms, such as digital platform, mobile phone RWD version, seat-with-price airline ticketing services, corporate customer travel vouchers, etc. to restructure a complete e-commerce platform. In addition, to enhance e-commerce security, the Company strives to establish a secured consuming mechanism to ensure the security of electronic transactions. The Company has received several certificates, including:

- A. Information Transparency Trustworthy e-Shop
- B. Member of Secure Online Shopping Association (SOSA)
- C. Designated merchant of National Travel Card of Tourism Bureau, MOTC
- D. Member of Travel Quality Assurance Association
- E. Member of Travel Agent Association
- F. HiTRUST/VeriSign Global Security Certificate
- G. TWCA Taiwan-CA Inc. Security Certificate
- H. Internet Store verified by VISA

(5) Consumer services

We offer a variety of payment methods, based on the principle of customer convenience and taking into account the general consumer's consumption habits for travel goods. Consumers can just pay the deposit first and then pay the final payment before departure. The Company currently provides following payment methods:

- A. SSL online card payment: Adopting SSL 128bits encryption mechanism to ensure transaction security.
- B. Facsimile card payment: Faxed card slips will be automatically translated into computer files to ensure no leakage.
- C. Bank Transfer: Payment can be made over the counter or by ATM transfer.

- D. Postal remittance: Payment can be made by remittance or mailing cash bags.
- E. Payment at the store: Customer can come to the store in person to pay by cash or credit card
- F. International remittance: Overseas customers can pay by international remittances.

(6) Customer complaint channel

The travel industry is all about “customer service”. Being a renown brand of travel, the Company values “customer service” a lot. We assign a dedicated customer service representative to each order. If consumers have any complaints, they can use multiple channels to file a complaint, and we will respond and handle the cases of consumer complaints as soon as possible. The complaint channels are as follows:

- A. Direct contact the dedicated customer service representative.
- B. Email to Service@startravel.com.tw

In addition to the comprehensive complaint channels, the Company has also introduced the following external dispute resolution mechanisms to resolve disputes through fair and impartial organizations. The transaction dispute resolution mechanisms are shown below:

- A. Secure Online Shopping Association (SOSA)
- B. Travel Quality Assurance Association
- C. Travel Agent Association

(7) Membership service and its add value

The current travel market places great importance on membership service and loyalty. The Company reconsiders the way to effectively cultivate loyal members and expand its customer base and sales reach by using members as a promotional medium. We currently provide customers with membership after their consumption and provide them travel bonus rebates to increase the return and re-purchase rate of members. Going forward, we will keep promoting member-only offers and referral events, as well as remarketing models for returning members, to strengthen member loyalty and brand support.

5. Advantages and disadvantages for future development and countermeasures

(1) Internal advantages

A. Professional management team

Continuously cultivate a good management and service team, and at the same time enhance the cohering force of colleagues, and with various education and training to develop travel experience. The team is creative and diverse and adopts a strategy of integrating both online and offline activities to build brand assets and values and win the trust and attention of customers. It also can develop and technically develop EC and ERP for internal/external customer

service quality.

#### B. Diverse product development

In response to the changing needs of Taiwanese travelers, each product line continues to promote group itineraries and component accommodations. The Company also continues to develop innovative travel products to meet customers' travel preferences and special themed itineraries (e.g. cherry blossom viewing, maple viewing, Kurobe Tateyama, skiing, marathon, etc). In addition, we are constantly updating the contents of our products for escorted group tours and group package tours, in the hope of promoting new concepts of travel for the travel industry. Through diversified product development, the Company can cater to the needs of customers and inject new energy into the travel industry.

#### C. The public's rising awareness of leisure

In recent years, the government has vigorously promoted leisure travel, and with the increase in national income and the ease of going abroad, people's awareness of leisure has risen. The increasing number of leisure days, such as national holidays and annual leaves, has also contributed to the growth of travel demand.

### (2) Internal disadvantages

#### A. Lack of price bargaining power

As the upstream airlines and hotels have greater bargaining power, the Company is often constrained by upstream suppliers in the development and planning of travel products and lacks the ability to engage in final price wars in terms of price negotiations.

Countermeasure: Enhance the relationship management for upstream suppliers. We use the concept of "management and procurement in one" to negotiate prices based on volume. It can enhance the relationship of mutual dependence between the parties, increase their profitability together, and create a good industrial environment together. We propose to airlines the annual demand for airline seats at various destinations and negotiate mutually beneficial cooperation schemes; for hotel operators, we use annual sales volume or prepayment amount to strengthen bargaining power and increase the rebate rate and overall profit. In addition, the brand management of TSG Star Travel is an important basis for facing downstream consumers. By providing good products and proper and comprehensive services, we will have a leading position in the market and become the most important channel player, and we will have stronger bargaining power against upstream suppliers.

#### B. Lack of sound customer service management system

Countermeasure: We have made improvements in both hardware and software. In terms of hardware, we are renewing some of the existing old hardware equipment and making minor repairs and improvements to our stores

in order to provide comfortable and soft travel consultation and services to our customers, and we are introducing mechanisms and modifying functions and analyzing our customer database system so that we can provide products and services that meet consumers' real needs. In terms of software, we have added new service mechanisms and functions (e.g., member travel rebate points, online real-time customer service system, online feedback survey) and established systematic standard operating procedures, covering customer service at all stages, professional knowledge introduction, and information disclosure, and training in product terminology...etc. We have also established a customer complaint handling team to handle customer complaints as soon as they are received. We constantly strengthen customer service educational training for our staff and arrange regular assessments and performance evaluations to provide the best customer service.

#### C. Price wars

The low copying barrier and low reproduction cost of travel goods have resulted in high duplication of travel products, which in turn has led to the easy formation of price wars in the market. In order to gain market share, some players are willing to adopt price reduction strategies and sell at a loss. Moreover, the rise of the internet has also intensified the competition in the already saturated travel market.

Countermeasure: In the face of price-cutting competition from our peers, we do not consider price but rather quality as the core of our products and continue to build the added value of our products. The purpose is to enhance the value of our travel products in the minds of consumers and, coupled with the packaging of the products, to emphasize that there are no shopping itineraries throughout the tour to enhance the brand image of our company.

#### D. Experience is not easy to pass on

The new generation of tourism practitioners lacks a wealth of travel knowledge. This often takes a long time to accumulate experience, which is not easy to cultivate for tourism practitioners. In the increasingly competitive travel market, only highly professional travel practitioners with extensive knowledge can gain consumer recognition and communicate the concept of travel services when introducing products.

Countermeasure: In order to enhance the educational training of our staff, the Company has set up the E-LEARNING platform, with physical teaching as the main part and E-LEARNING teaching as the supplement, both of which are implemented in parallel to improve the quality and expertise of our staff. In addition, the E-LEARNING platform can also be used to pass on and expand knowledge, breaking the constraints of space and time, so that staff can increase their own travel expertise anytime and anywhere.

(II) Important use and manufacturing process of main products

Not applicable. The Company is not a manufacturer.

(III) Supply situation of main raw materials

The Company is mainly engaged in providing travel services and has no supply of main raw materials.

(IV) List of customers contributing at least 10% of the total purchases and sales in any of the year within the past two years, the amount and proportion of procurement or sales, and the reasons for the changes

1. List of suppliers contributing at least 10% of the net purchases in any of the year within the past two years, the amount and proportion of procurement, and the reasons for the changes

Major suppliers in 2022, 2023, and 2024 up to the first quarter are listed in the following table:

Expressed in thousands of NTD											
2022				2023				2024 as of Q1			
Item	Amount	Percentage of the net purchase of the year (%)	Relationship with the Company	Item	Amount	Percentage of the net purchase of the year (%)	Relationship with the Company	Item	Amount	To the annual purchase amount until the previous quarter (%)	Relationship with the Company
Supplier A	227,905	39.57	—	Supplier A	296,837	22.72	—	Supplier A	182,076	25.83	—
Supplier B	15,111	3.82	—	Supplier B	341,316	26.13	—	Supplier B	89,956	12.76	—
Other expenses	152,921	56.61	—	Other expenses	668,169	51.15	—	Other expenses	433,003	61.42	—
Net purchase	395,937	100.00		Net purchase	1,306,322	100.00		Net purchase	705,035	100.00	

Note 1: Setting forth the names of any suppliers that have supplied 10 percent or more of the Company's procurements in either of the preceding two fiscal years, and the monetary amount and the proportion of such procurements as a percentage of total procurements; provided that where the Company is prohibited by contract from revealing the name of a trading counterpart, or where a trading counterpart is an individual person who is not a related party, a code may be used in place of such trading counterpart's actual name.

2. List of customers that have contributed to at least 10% of the total sales in any of the year within the past two years, the amount and proportion of sales, and the reasons for the changes.

Not applicable. In 2022, 2023, and 2024 up to the first quarter, the Company's ultimate sales and services of travel products were mostly to unspecified consumers, and the sales to a single corporate customer never reached 10% of the total sales.

(V) Production in the most recent two years: Not applicable. The Company mainly provides customers with travel services and does not have physical products.

(VI) Sales volume in the most recent two years

Unit: NT\$ thousand / persons

Sales volume Main Products	Year	2022				2023			
		Domestic sales		Export		Domestic sales		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Domestic tours		5,471	55,048	-	-	4,639	41,003	-	-
Asia tours		688	15,964	-	-	36,998	995,687	-	-
Long distance tours		-	-	-	-	-	-	-	-
Others (Note 2)		2,408	10,794	-	-	21,413	60,572	-	-
Total		8,567	81,806	-	-	63,050	1,097,262	-	-

Note 1: Since the Company is a travel agency, and each product line covers different days of tours, the sales volume is listed in the number of persons for reference.

Note 2: Excluding the number of persons to whom visa services are sold.

**III. Information about employees for the most two recent years and until the printing date of the annual report**

Year		2022	2023	Current year as of March 31, 2024
Number of employees	Manager	14	15	21
	General employee	35	58	93
	Total	49	73	114
Average Age		40	40.3	40.6
Average number of years served		5.1	5.1	3.51
Distribution of education	Doctoral degree	0	0	0
	Master's degree	14.9	15.06	13.15
	College and University	73.2	74.85	81.57
	Senior high School	11.9	10.09	5.28
	Below senior high school	0	0	0

#### **IV. Information on environmental protection expenditures:**

Losses (including damages) from environmental pollutions and total value of penalties over the past year up to the date the Annual Report was printed and the countermeasures and possible expenses in the future:

Throughout 2023 up to the date the Annual Report was printed, the Company did not suffer major losses from polluting the environment and impacts from the EU ROHS. Meanwhile, the production and manufacturing of main products available at present do not lead to environmental pollutions. Except for normal environmental protection expenses from the disposal of waste, no major environmental protection-related capital expenditure is expected in the coming years.

#### **V. Labor relations**

- (I) Benefits and welfare, further education, training, and retirement system offered by the Company, and their status of implementation, plus agreement between labor and management and measures to protect employees' rights

1. Employee benefits, continuing education, training, and their implementation status

- (1) For staff's weddings, funerals, injuries, illness, emergency relief, etc., discretionary subsidies are provided.
- (2) Insure employees with Labor Insurance and National Health Insurance by law.
- (3) Comprehensive on-the-job trainings.

2. Employee retirement system and implementation status

In order to stabilize the post-retirement life of employees and to enhance their service spirit during their employment, the Company has established the Employee Retirement Plan in accordance with the Labor Standards Act, which specifies the conditions for retirement, pension payment standards, retirement application, and pension payment. It also makes monthly contributions to the employees' retirement reserve in accordance with the "Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds" and deposits them in statutory financial institutions.

Starting from July 1, 2005, for employees to whom the "Labor Pension Act" is applied, the Company contributes six percent of each one's monthly salary to individual labor pension accounts at the Bureau of Labor Insurance.

3. Labor-management agreement and maintenance measures for various employee rights

The Company's communication channel is smooth, so employees can raise their issues at any time. The company also holds regular meetings with employees to solve problems faced by them in a timely and effective manner.

- (II) In the most recent year and as of the date of publication of the annual report, losses due to labor-management disputes (including labor inspection results that violate the Labor

Standards Act, the date of punishment, the scope of the punishment, the violation of the provisions of the regulations, the contents of the violation of the regulations, the contents of the punishment), and disclose the current and future estimated amount and corresponding measures; if it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be stated: None.

## **VI. Cybersecurity management**

### **(I) Cybersecurity management strategies and structure**

State the cybersecurity risk management structure, cyber security policy, specific management plan and resources for investments in cyber security management:

1. Cybersecurity risk management structure: The senior management is responsible for coordinating and promoting cybersecurity management issues. Depending on the actual needs, an inter-departmental cybersecurity promotion team may be established to coordinate cybersecurity policies, plans, and resource allocation.
2. Cybersecurity policies: The Company established the Cybersecurity Operation Rules in 2010 and documented cybersecurity management as the basis for the Company's current cybersecurity management operations. It has also established a cybersecurity team to strengthen cybersecurity protection and implement cybersecurity risk assessment and management operations to ensure the confidentiality, integrity, and availability of the Company's information assets and the protection of personal data.
3. Specific management program:
  - (1) Off-site backup system and Disaster Recovery (DR) plan drill: Regular data backup; occasional disaster recovery drills for core systems.
  - (2) Endpoint information security: Establish endpoint antivirus measures based on computer types, strengthen malware behavior detection, and replace old computers completely.
  - (3) Host vulnerability scanning: Perform regular host vulnerability scanning every year to fix information security vulnerabilities.
  - (4) Cybersecurity promotion: Regularly promote cybersecurity awareness to employees every month.
  - (5) Network security: Install NGFW firewall: Enhance network security.
  - (6) Social Engineering Drill: Conduct drills by simulating a phishing site to strengthen employees' awareness of cybersecurity and urge managers to enhance the cybersecurity awareness of their staff.
4. Resources invested in cybersecurity management:
  - (1) Cybersecurity case sharing and cybersecurity awareness strengthening promotion.
  - (2) Software inventory: Once a year to ensure the legal use of licensed software and to prevent malware.
  - (3) Endpoint Protection: Check the status of virus code updates and Microsoft operating system updates on a weekly basis.
  - (4) Drill: One core system DR drill annually.



- (5) Host vulnerability scanning: Perform host vulnerability scanning annually to fix information security vulnerabilities.
- (6) Announce the latest cybersecurity cases from time to time to remind and educate employees.

(II) Major cybersecurity events

List in the most recent year and as of the annual report publication date, the losses incurred due to major cybersecurity events, its possible impacts, and countermeasures. If unable to make a reasonable estimation, must explain the facts for not being able to make the estimation:

There were not any major cybersecurity events affecting the Company's operating risk in 2023.

## VII. Material Contracts

Nature of Contract	Counterparty	Contract Period	Important Information	Restrictive clause
Insurance	Union Insurance Co., Ltd.	2023.04.15~2024.04.15	Travel industry performance bond insurance	None
Insurance	Union Insurance Co., Ltd.	2023.04.01~2024.03.31	Travel industry liability insurance	None

Note: List of the contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year.

## Six. Financial Overview

### I. Condensed Balance Sheet and Statements of Comprehensive Income for the most recent five years with names of CPAs and their audit opinion

#### (I) TSG Star Travel Group

##### 1. Condensed Balance Sheet (Consolidated)

Expressed in thousands of NTD

Item \ Year		Financial statements for the past five years					Current financial data up to the date of publication of the Annual Report
		2019	2020	2021	2022	2023	
Current assets		163,315	42,977	65,358	434,468	620,000	660,933
Property, plant, and equipment		13,438	127,096	122,340	121,062	129,448	130,284
Right-of-use assets		29,877	-	-	-	29,841	28,138
Intangible assets		2,167	537	138	-	-	-
Other assets		88,627	44,004	42,320	99,400	187,812	189,624
Total assets		297,424	214,614	230,136	654,930	967,101	1,008,979
Current liabilities	Before distribution	200,454	33,036	33,224	59,513	241,143	256,420
	After distribution	200,454	33,036	33,224	59,513	241,143	256,420
Non-current liabilities		20,157	112,715	146,684	87,621	107,429	104,376
Net debt	Before distribution	220,611	145,751	179,908	147,134	348,572	360,796
	After distribution	220,611	145,751	179,908	147,134	348,572	360,796
Equity attributable to owners of the parent		76,813	68,863	50,248	507,796	618,529	648,183
Share capital		182,721	310721	340721	687,421	687,421	687,421
Capital surplus		10	22	22	2,162	7,579	9,092
Retained earnings	Before distribution	(105,918)	(241,880)	(290,495)	(181,787)	(76,471)	(48,330)
	After distribution	(105,918)	(241,880)	(290,495)	(181,787)	(76,471)	(48,330)
Other equity		-	-	-	-	-	-
Treasury shares		-	-	-	-	-	-
Non-controlling interests		-	-	-	-	-	-
Total equity	Before distribution	76,813	68,863	50,248	507,796	618,529	648,183
	After distribution	76,813	68,863	50,248	507,796	618,529	648,183

Note : The company's financial information has been checked or reviewed by accountants.

## 2. Consolidated Condensed Statements of Comprehensive Income

Expressed in thousands of NTD

Item \ Year	Financial statements for the past five years (Note 1)					Current financial data up to the date of publication of the Annual Report (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	1,696,772	160,292	33,132	81,806	1,097,262	546,025
Total operating cost	1,452,907	131,325	27,949	81,846	982,430	481,861
Gross profit	243,865	28,967	5,183	(40)	114,832	64,164
Operating expenses	357,850	131,672	64,881	73,802	156,576	55,642
Operating profit	(113,985)	(102,705)	(59,698)	(73,842)	(41,744)	8,522
Non-operating income and expense	9,916	15,020	17,045	29,316	146,947	18,148
Income (loss) before tax	(104,069)	(87,685)	(42,653)	(44,526)	105,203	26,670
Profit for the period from continuing operations	(104,069)	(87,685)	(42,653)	(44,526)	105,316	28,141
Income (loss) on discontinued operations	-	-	-	-	-	-
Net income (loss)	(104,523)	(87,962)	(42,615)	(44,592)	105,316	28,141
Other comprehensive income, net	1,102	-	-	-	-	-
Total comprehensive income for the current period	(103,421)	(87,962)	(42,615)	(44,592)	105,316	28,141
Net income attributable to owners of the parent	(104,523)	(87,962)	(42,615)	(44,592)	105,316	28,141
Net income attributable to non-controlling interest	-	-	-	-	-	-
Total comprehensive income attributable to Shareholders of the Parent	(103,421)	(87,962)	(42,615)	(44,592)	105,316	28,141
Comprehensive income attributable to non-controlling interest	-	-	-	-	-	-
Earnings per share	(7.05)	(4.28)	(2.35)(Note 2)	(1.16)	1.53	0.41

Note 1: The company's financial information has been checked or reviewed by accountants..

Note 2: The weighted average shares for 2021 has been adjusted retroactively (capital reduction ratio of 44.993%)

(II) TSG Star Travel Corp.  
1. Condensed Balance Sheet

Expressed in thousands of NTD

Item \ Year		Financial statements for the past five years (Note 1)				
		2019	2020	2021	2022	2024
Current assets		143,741	42,415	57,081	430,257	617,114
Property, plant and equipment		13,438	127,096	122,340	121,062	129,448
Right-of-use assets		29,877	-	-	-	29,841
Intangible assets		1,569	537	138	-	-
Other assets		108,277	44,370	46,893	102,963	190,259
Total assets		296,902	214,418	226,452	654,282	966,662
Current liabilities	Before distribution	199,932	32,840	29,888	59,188	241,027
	After distribution	199,932	32,840	29,888	59,188	241,027
Non-current liabilities		20,157	112,715	146,316	87,298	107,106
Net debt	Before distribution	220,089	145,555	176,204	146,486	348,133
	After distribution	220,089	145,555	176,204	146,486	348,133
Share capital		182,721	310,721	340,721	687,421	687,421
Capital surplus		10	22	22	2,162	7,579
Retained earnings	Before distribution	(105,918)	(241,880)	(290,495)	(181,787)	(76,471)
	After distribution	(108,918)	(241,880)	(290,495)	(181,787)	(76,471)
Other equity		-	-	-	-	-
Treasury shares		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	76,813	68,863	50,248	507,796	618,529
	After distribution	76,813	68,863	50,248	507,796	618,529

Note 1: The parent company only financial statements for the years have been audited and verified by an independent accountant.

## 2. Consolidated Condensed Statements of Comprehensive Income

Expressed in thousands of NTD

Item \ Year	Financial statements for the past five years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	1,694,811	160,208	33,258	78,854	1,097,252
Gross profit	241,904	28,883	5,192	15,355	114,841
Operating profit	(115,344)	(102,644)	(58,976)	(56,332)	(39,151)
Non-operating income and expense	11,120	14,959	16,323	11,800	144,354
Profit before income tax	(104,224)	(87,685)	(42,653)	(44,532)	105,203
Profit for the period from continuing operations	(104,224)	(87,685)	(42,653)	(44,532)	105,316
Income (loss) on discontinued operations	-	-	-	-	-
Net income (loss)	(104,523)	(87,962)	(42,615)	(44,592)	105,316
Other comprehensive income (loss) (Net after tax)	1,102	-	-	-	-
Total comprehensive income for the current period	(103,421)	(87,962)	(42,615)	(44,592)	105,316
Earnings per share	(7.05)	(4.28)	(2.35)(Note 2)	(1.16)	1.53

Note 1: The parent company only financial statements for the years have been audited and verified by an independent accountant.

### (III) Name of CPA and Auditors' Opinions for the last five years

Year	Name of Accounting Firm	Name of CPA	Audit Opinion
2019	PricewaterhouseCoopers, Taiwan	Chang Shu-Chiung, Lin Chun-Yao	Unqualified opinion
2020	Deloitte Taiwan	Li Chi-Chen, Liao Hung-Ju	Unqualified opinion
2021	Deloitte Taiwan	Li Chi-Chen, Liao Hung-Ju	Unqualified opinion
2022	PricewaterhouseCoopers, Taiwan	Tien Chung-Yu, Yeh Fang-Ting	Unqualified opinion
2023	PricewaterhouseCoopers, Taiwan	Tien Chung-Yu, Hsu Norah	Unqualified opinion

## II. Financial analysis for the most recent five years

(I) Financial analysis for the most recent five years and reasons for the changes in financial ratios between the most recent two years

### 1. TSG Star Travel Group

		2019	2020	2021	2022	2023
Financial structure	Debt to asset ratio(%)	74.17	67.91	78.17	22.47	36.04
	Long-term fund to property, plant and equipment ratio(%)	721.61	142.87	160.97	491.83	560.81
Liquidity analysis	Current ratio(%)	81.47	130.09	44.56	495.85	257.11
	Quick ratio(%)	59.25	112.11	38.40	476.97	190.39
	Times interest earned	-	-	-	-	55.32
Operating performance	Receivables turnover rate (times)	43.46	10.87	29.14	17.32	18.22
	Days sales outstanding	8.40	33.56	12.53	21.08	20.24
	Average inventory turnover (times)	1,832.17	875.50	181.49	457.25	0.00
	Average payables turnover (times)	14.10	3.94	4.04	7.89	9.43
	Average days of sales	0.20	0.42	2.01	0.80	000
	Property, plant, and equipment turnover (times)	95.52	2.28	0.27	0.82	2.19
	Total assets turnover (times)	3.79	0.63	0.15	0.23	0.34
Profitability	Return on assets (%)	(23.36)	(34.18)	(19.16)	(9.57)	13.19
	Return on equity (%)	(81.29)	(120.76)	(71.56)	(15.95)	18.70
	Profit before income tax to paid-in capital ratio (%)	(56.96)	(28.22)	(12.52)	(6.48)	15.30
	Net margin (%)	(6.16)	(54.88)	(128.62)	(54.51)	9.60
	Earnings per share (TWD)	(7.05)	(4.28)	(2.35)	(1.16)	1.53
Cash flow	Cash flow ratio (%)	(79.9)	(507.3)	(105.9)	(49.7)	15.58
	Cash flow adequacy ratio (%)	29.70	4.67	(340.27)	(341.58)	(251.35)
	Cash flow reinvestment ratio (%)	(77.13)	(49.36)	(15.48)	(4.62)	4.91
Leverage	Operating leverage	0.56	0.79	0.90	0.84	(2.75)
	Financial leverage	1.00	1.00	1.00	2.00	1.05

Note 1: The consolidated financial statements for the years have been reviewed by CPAs.

## 2.TSG Star Travel Corp.

		2019	2020	2021	2022	2023
Financial structure	Debt to asset ratio	74.13	67.88	77.81	23.39	36.01
	Long-term fund to property, plant and equipment ratio	721.61	142.87	160.67	554.17	560.56
Liquidity analysis	Current ratio	71.89	129.16	190.98	726.93	256.03
	Quick ratio	49.66	111.07	161.59	699.36	187.82
	Times interest earned	-	-	-	(14.44)	52.04
Operating performance	Receivables turnover rate (times)	43.75	10.91	28.17	13.54	18.22
	Days sales outstanding	8.34	33.45	12.96	26.96	20.04
	Average inventory turnover (times)	1,832.17	875.50	0.00	0.00	0
	Average payables turnover (times)	14.13	3.96	4.20	6.22	8.32
	Average days of sales	0.20	0.42	0.00	0.00	43.88
	Property, plant, and equipment turnover (times)	95.41	2.28	0.27	0.65	2.19
	Total assets turnover (times)	3.79	0.63	0.15	0.18	0.34
Profitability	Return on assets (%)	(23.38)	(34.41)	(19.33)	(9.76)	13.2
	Return on equity (%)	(81.29)	(120.76)	(71.56)	(15.98)	18.70
	Profit before income tax to paid-in capital ratio (%)	(57.04)	(28.22)	(12.52)	(6.48)	15.30
	Net margin (%)	(6.17)	(54.90)	(128.13)	(56.55)	9.60
	Earnings per share (in dollars)	(7.05)	(4.28)	(2.35)	(1.16)	1.53
Cash flow	Cash flow ratio (%)	(80.62)	(509.91)	(138.16)	(28.28)	18.57
	Cash flow adequacy ratio (%)	29.97	2.06	(349.09)	(338.88)	(239.87)
	Cash flow reinvestment ratio (%)	(71.43)	(49.34)	(18.66)	(2.64)	5.81
Leverage	Operating leverage	0.56	0.79	0.91	0.90	(2.93)
	Financial leverage	1.00	1.00	1.00	1.00	1.06

Explain the reasons for changes in various financial ratios in the last two years. (If the increase or decrease does not reach 20%, analysis is exempted)

### 1 Financial structure

- (1) Increase in the ratio of liabilities to assets: due to the recovery of the tourism industry, the main source of income is group income, and due to the characteristics of the industry, prepayment is adopted, so contract liabilities have increased significantly compared with 2022, resulting in a significant increase in this ratio.

### 2 Solvency

- (1) The decrease in current ratio and quick ratio: This is due to the relatively small business volume of the epidemic in 2022, the relative decrease in contract liabilities and prepayments, and the private placement cash capital increase of 500 million yuan in 2022.
- (2) Interest coverage ratio increased: With the recovery of the tourism industry, the company's operations have become more stable and there is no additional borrowing.

### 3 Operating capabilities and profitability:

- (1) Due to the recovery of the tourism industry, the company's revenue has increased significantly and profits have increased. The overall operating capabilities and profitability have increased significantly compared with 2022.

### 4 Cash flow

- (1) In 2012, business volume increased, revenue increased significantly, and net cash inflow from operating activities was generated, so the overall cash flow increased significantly compared with 2022.

### 5 Leverage

- (1) Operating leverage decreased: Due to the recovery of the tourism industry after the epidemic, personnel expenses and operating expenses increased significantly to cope with the significant increase in business volume, causing operating leverage to decline compared with 2022.

Note 2: The parent company only financial statements for the years have been audited and verified by CPAs.

Note 3: Calculation formula for financial analysis

#### 1. Financial structure

- (1) Debt to asset ratio = Total Liabilities / Total Assets.
- (2) Long-term fund to property, plant and equipment ratio = (Total equity + non-current liabilities) / property, plant and equipment, net.

#### 2. Liquidity analysis

- (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 capability

- (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 = Cost of Sales / 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 / Average Inventory Turnover.
  - (6) Property, plant and equipment=Net sales/average property, plant and equipment, net
  - (7) Total asset turnover = Net sales/ Average total assets.
4. Profitability
- (1) ROA = [Net income + Interest expenses (1 - tax rate)] / Average total assets.
  - (2) ROE=Income after tax/Average total equity
  - (3) Net margin = Net income / Net sales
  - (4) Earnings per share = (Income attributable to owners of the parent- 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 net cash flow from operations / Five-year sum of capital expenditures, increase in inventory, and cash dividend.
  - (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) /  
(Gross Property, Plant, and Equipment + Long-term Investments + Other Non-current Assets + Working Capital).
6. Leverage
- (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating profit.
  - (2) Financial leverage = Operating profit / (Operating profit - Interest expense).



### **III. Audit Committee's review report for the financial report in the most recent year**

## **TSG Star Travel Corp. Audit Committee's Review Report**

The Board of Directors prepared the Company's 2023 annual business report, parent company only and consolidated financial statements and loss compensation plan. Of these, the parent company only and consolidated financial statements have been audited by Tien Chung-Yu, CPA, and Hsu Norah, CPA, of PwC Taiwan and an audit report has been issued. Said business report, parent company only and consolidated financial statements have been reviewed by the Audit Committee and found to have no inconsistencies. This report is issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review accordingly.

Submitted to

2024 Annual General Meeting of TSG Star Travel Corporation

Convener of the Audit Committee:

Hong, Ren-Jie

Independent  
Director

March 14, 2024

- IV. Consolidated financial statements for the most recent year audited and verified by the CPAs:** Please refer to Appendix A.
- V. Parent company only financial statements of the Company for the most recent year audited and verified by the CPAs:** Please refer to Appendix B.
- VI. Occurrence of difficult financial situations encountered by the Company and other affiliated companies for the most recent year and as of the publication date of the annual report:** None.

## Seven. Review and analysis of financial position and performance and risk matters

### I. Financial position comparison and analysis

Expressed in thousands of NTD

Item \ Year	2023	2022	Increase (decrease) in amount	Difference in percentage (%)
Current assets	620,000	434,468	185,532	42.70
Property, plant, and equipment	129,448	121,062	8,386	6.93
Right-of-use assets	29,841	0	29,841	100.00
Intangible assets	0	0	0	0
Other assets	187,812	99,400	88,412	88.95
Total assets	967,101	654,930	312,171	47.66
Current liabilities	241,143	59,513	181,630	305.19
Non-current liabilities	107,429	87,621	19,808	22.61
Net debt	348,572	147,134	201,438	136.91
Share capital	687,421	687,421	0	0.00
Capital surplus	7,579	2,162	5,417	250.56
Retained earnings	(76,471)	(181,787)	105,316	(57.93)
Other equity	0	0	0	0
Non-controlling interests	-	-	-	-
Total equity	618,529	507,796	110,733	21.81
<p>1. Changes which were more than 20% for the period before and after, the main reasons and effects are as follows:</p> <p>(1) The increase in current assets was due to the increase in orders for the recovery of foreign tourism.</p> <p>(2) The increase in right-of-use assets was due to the recovery of tourism after the epidemic and the increase in leasing new business locations.</p> <p>(3) The increase in other assets was due to the increase in financial assets measured at fair value through profit and loss - non-current.</p> <p>(4) The increase in current liabilities was due to the increase in orders and supplier payments after the borders were opened.</p> <p>(5) The increase in non-current liabilities was due to the increase in leasing new business locations.</p> <p>(6) The increase in retained earnings was due to the recovery of tourism this year and the recognition of net benefits from financial assets measured at fair value through profit and loss.</p> <p>2. Future countermeasure: The direction is to implement professional operations in order to enhance the overall operating efficiency, market share, and competitiveness and to strengthen the company's financial structure.</p>				

## II. Financial Performance

### (I) Operating result in the most recent two years

Expressed in thousands of NTD

Item \ Year	2023	2022	Increase (decrease) in amount	Difference in percentage (%)
Operating revenue	1,097,262	81,806	1,015,456	1,241.30
Total operating cost	982,430	81,846	900,584	1,100.34
Gross profit	114,832	(40)	114,872	2,871.8
Operating expenses	156,576	73,802	82,674	112.02
Operating profit	(41,744)	(73,842)	32,098	(43.47 )
Non-operating income and expense	146,947	29,316	117,631	401.25
Profit before income tax	105,203	(44,526)	149,729	336.27
Income tax expense	113	(66)	179	271.21
Net income (loss)	105,316	(44,592)	149,908	336.18
Other comprehensive income, net	0	0	0	0.00
Total comprehensive income for the current period	105,316	(44,592)	149,908	336.18
Net income (loss) attributable to Shareholders of the Parent	105,316	(44,592)	149,908	336.18
Total comprehensive income attributable to Shareholders of the Parent	105,316	(44,592)	149,908	336.18
<p>1. Changes which were more than 20% for the period before and after, the main reasons and effects are as follows:</p> <p>(1) The increase in net operating income, operating costs and operating gross profit is due to the reopening of borders and the vigorous recovery of tourism, group income has increased significantly, and relative costs have increased. In addition, in addition to the previous operating model this year, a charter flight strategy has been added to reduce part of operating costs. to increase gross profit.</p> <p>(2) The increase in operating expenses was due to the increase in business volume due to the opening of borders, and the simultaneous increase in manpower and related operating expenses.</p> <p>(3) The increase in non-operating income and expenses was due to the recognition of net interests in financial assets measured at fair value through profit and loss.</p>				

### (II) Sales volume forecast, the basis therefor, and the effects upon the Company's financial operations as well as countermeasures

Continue to develop products and enhance the added value of travel products to achieve profitability targets through ERP process optimization, strategic alliances, and the development of new mobile functions.

### III. Analysis and review of cash flow

#### (I) Analysis and explanation of cash flow changes for the most recent year

Expressed in thousands of NTD

Balance of cash, beginning	Net cash flows from operating activities	Net cash flows from investing and financing activities	Cash surplus	Remedy for cash shortage	
				Investment Project	Finance plan
404,179	37,852	(35,178)	406,853	—	—
<p>1. Analysis on changes in cash flow for the year</p> <p>(1) Operating activities: The slowdown in the epidemic has slowed down the opening of borders, so the tourism industry has recovered significantly and the overall turnover has increased significantly, resulting in net cash inflow from operating activities.</p> <p>(2) Investing activities: In response to the recovery of tourism, foreign tourism has increased significantly, and the demand for seats has increased, so the guarantee deposits for airline seats have been increased; in addition, the company's idle funds have been used to participate in the private placement of ENSURE GLOBAL CORP., LTD. shares, resulting in overall investment activities Net cash outflow.</p> <p>(3) Funding activities: Repayment of long-term borrowings and lease principals, resulting in net cash outflows from financing activities.</p> <p>2. Remedies for cash shortage: None.</p>					

#### (II) Cash flow analysis for the coming year

Expressed in thousands of NTD

Balance of cash, beginning	Projected net cash flows from operating activities	Projected net cash flows from investing and financing activities	Projected cash surplus	Projected remedy for cash shortage	
				Investment Project	Finance plan
406,853	50,000	(6,000)	450,853	—	—
<p>1. Analysis on changes in cash flow for the coming year:</p> <p>(1) Operating activities: Continue to develop and integrate product capabilities and control product gross profit margins, streamline various costs and expenses, and increase net cash inflow from operating activities.</p> <p>(2) Funding activities: Repayment of long-term borrowings and lease principals, resulting in net cash outflows from financing activities.</p> <p>2. Remedy for projected cash shortage and liquidity analysis: None.</p>					

### IV. Effects of Major Capital Expenditures During the Most Recent Fiscal Year on Financial and Business: None.

**V. The policy, main reason for profit or loss, and improvement plan of reinvestment in the most recent fiscal year and investment plan for the coming year**

(I) Reinvestment situation and reasons for its profit or loss :

- (1) Star Marketing Co., Ltd. : In the past, its main business was the sale of PCR reagents. As the epidemic slowed down, business volume dropped and sales even stopped, resulting in losses.
- (2) Xingrong Business Management Consulting Co., Ltd. : It is still in the early stages of establishment, and its operations are just in its infancy, so it is currently in a state of loss.

Expressed in thousands of NTD

Name of the investees	Nature of the Company	2023		
		Shareholding Percentage	Net loss of investee for the current period	Investment loss recognized for the current period
Star Marketing Co., Ltd.	General wholesale and retail	100%	-1,460	-1,460
Xingrong Business Management Consulting Co., Ltd.	Management consulting	100%	-15	-15

(II) Improvement plan: None.

(III) Investment plan in the coming year: None.

**VI. Analysis and assessment on risk management**

(I) Influence on the income from changes in the interest rate and exchange rate volatility and inflation, and future countermeasures

1. The effect upon the Company's profits (losses) of interest rate fluctuations and countermeasures

In recent years, market interest rates have remained at relatively low levels, and the Company currently has no borrowings from financial institutions, so there are no interest costs for financing. In addition, to avoid the impact of interest rate fluctuations on the Company's cost of capital, the Company keeps an eye on interest rate movements, maintains close contact with banks, and enhances capital efficiency through capital allocation.

2. The effect upon the Company's profits (losses) of exchange rate fluctuations and countermeasures

The majority of the Company's accounts with foreign partners are settled on a monthly or semi-monthly basis. The Company keeps an eye on the changes in the foreign currency position of its funding and purchases the corresponding foreign currency promptly to hedge the risk immediately; For each product line, the Company also adopts a more conservative valuation policy and adjusts product prices in a timely manner to reduce risk exposure. As our business scale expands, demand for foreign exchange position increases. Going forward, the countermeasure will continue to be to enhance the awareness of foreign exchange risk among financial personnel and to hedge the risk of exchange rate fluctuations by purchasing forward or spot foreign exchange.

3. The effect upon the Company's profits (losses) of the inflation and countermeasures

The Company's trading prices with customers and suppliers are adjusted from time to time according to market conditions and are not quite affected by inflation, therefore, the impact on the Company's profit or loss is limited.

- (II) Policies on high-risk and highly leveraged investments, loans to others, provision of endorsements and guarantees, and trading of derivatives; the main reasons of any profit or loss incurred and future response measures

The Company's financial operations are based on conservative and prudent principles and it does not engage in high-risk, high-leverage investments. All derivative transactions are operationally related hedging transactions and are conducted in accordance with the "Procedures for Loaning of Funds," "Procedures for Making of Endorsements/ Guarantees" and "Procedures for Acquisition or Disposal of Assets." As of the printing date of the annual report, the Company has no loans of funds to others nor endorsements and guarantees.

- (III) Future research and development plans, and the projected expenses

Not applicable. The Company is not a manufacturer.

- (IV) Influence of major policies and legal changes at home or abroad on the Company's finance and operations, and countermeasures

The Company conducts its daily operation in accordance with relevant domestic and international laws and regulations. We pay attention to domestic and international policy trends and regulatory changes at all times to keep abreast of and respond to changes in the market environment.

- (V) Impact on the Company's finance and business due to changes in technology (including cyber security and risks) and the industry, and countermeasures

The Company pays attention to changes in the industry at all times, collects market information, and adjusts product packages timely to keep abreast of changes in the market and the industry.

- (VI) The impact of changes in corporate image on corporate crisis management and the countermeasures: None.

- (VII) Expected benefits and potential risks of mergers and acquisitions, and countermeasures: None.

- (VIII) Expected benefits and potential risks of factory expansion and countermeasures: None.

- (IX) Risks associated with any centralized sales or procurement and the countermeasures: None.

- (X) Influence and potential risks of the massive transfer of shares by Directors, Supervisors, or dominant shareholders holding over 10% of the stake of the Company and countermeasures

As of the printing date of the annual report, there was not any massive transfer of shares by Directors, Supervisors, or major shareholders holding over 10% of the stake of the Company.

- (XI) Impacts from the change of ownership on the Company and its risk and corresponding measures: None.

- (XII) Litigious, non-litigious matters that involve the Company and/or any Director,

Supervisor, General Manager, any person with actual responsibility for the Company, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the Company and that have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.

(XIII) Other material risks and countermeasures: None.

**VII. Other important matters:** None.

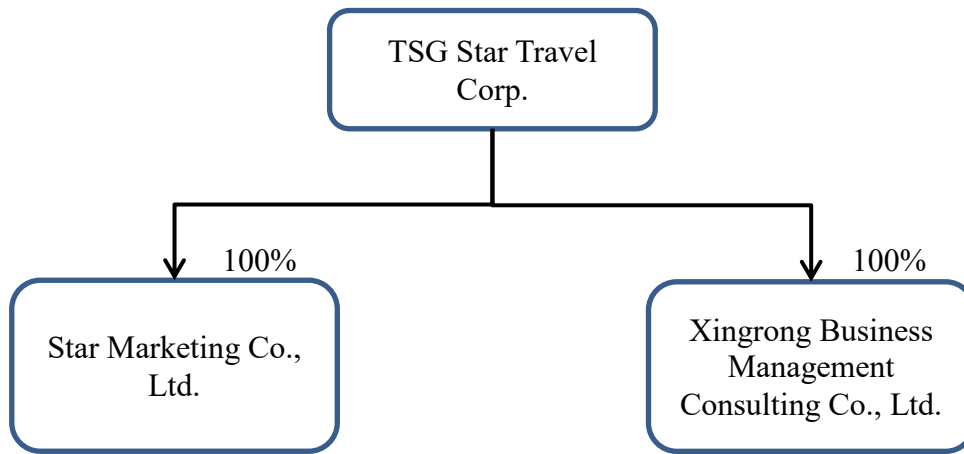


## Eight. Special Disclosure

### I. Information on Associates

#### (I) Consolidated Business Reports of Associates

##### 1. Organization chart of affiliated companies



##### 2. Basic profile of each affiliated Company

March 31, 2024

Expressed in thousands of NTD

Name of Affiliates	Abbreviation	Date of establishment	Address	Paid-in capital	Main business or production items
Star Marketing Co., Ltd.	Star Marketing	September 11, 2012	7F., No. 161, Sec. 2, Minsheng E. Rd., Zhongshan Dist., Taipei City 104073 , Taiwan (R.O.C.)	1,700	Advertisements and marketing
Xingrong Business Management Consulting Co., Ltd.	Xingrong	September 5, 2022	7F., No. 161, Sec. 2, Minsheng E. Rd., Zhongshan Dist., Taipei City 104073 , Taiwan (R.O.C.)	200	Management consulting

##### 3. Information of same shareholders in controlling and controlled entities: None.

##### 4. Industries covered by overall business of affiliated companies and their business transactions

- (1) Star Marketing Co., Ltd.: Catering services and general wholesale and retail business

## 5. Information of Directors, Supervisors and General Manager of the associates

March 31, 2024

Name of enterprise	Title	Name or Representative	Shares held	
			Number of shares	Percentage of ownership
Star Marketing Co., Ltd.	Chairperson	TSG Star Travel Corp. representative: Hou Yu-Lin	1,700,000	100.00%
	Director	TSG Star Travel Corp. representative: Shu Chen-Chen		
	Director	TSG Star Travel Corp. representative: Luo Chun-Ying		
	Supervisor	TSG Star Travel Corp. representative: Chiu Yi-Cheng		
Xingrong Business Management Consulting Co., Ltd.	Chairperson	TSG Star Travel Corp. representative: Hou Yu-Lin	200,000	100.00%
	Director	TSG Star Travel Corp. representative: Shu Chen-Chen		
	Supervisor	TSG Star Travel Corp. representative: Chiu Yi-Cheng		

## 6. Overview of operations of associates

December 31, 2023

Expressed in thousands of NTD

Name of enterprise	Capital amount	Total assets	Total Liabilities	Net value	Operating revenue	Operating profit	Profit and loss for the period (after tax)	Earnings per share (NT\$ dollar) (after tax)
Star Marketing Co., Ltd.	16,000	2,881	2,422	459	22	(2,609)	(1,460)	(0.91)
Xingrong Business Management Consulting Co., Ltd.	2,000	1,951	-	1,951	-	(15)	(15)	(0.07)

### (II) Consolidated Financial Statements of Associates

For the year of 2023 (from January 1 to December 31, 2023), entities are required to be included in the consolidated financial statements of affiliated enterprises pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of the Parent Company and subsidiaries in accordance with International Accounting Standard 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Parent Company and subsidiaries. Therefore, we do not prepare a separate set of Consolidated FS of Affiliates. (Please refer to Appendix A of the annual report)

### (III) Affiliates report: None.

## II. Status of private placement of securities during the most recent fiscal year and up to the date of publication of the annual report

### Private placement of securities in 2022

Item	1st private placement in 2022      Date of issue: August 8, 2022				
Type of securities in private placement	Common stock				
Date of passage at the shareholders' meeting and amount	<p>April 13, 2022</p> <p>The total number of shares to be issued shall be no more than 50,000,000 shares, at a par value of NT\$10 per share. The issuance of ordinary shares in private placement is scheduled to be completed in one to three steps within one year as of the date of resolution by the special shareholders' meeting. The total amount of the private placement will be calculated based on the final private placement price and the total number of shares actually issued.</p>				
Basis and reasonableness of the pricing	<p>The average price for 30 business days prior to the pricing date is set as NT\$26.03, namely the reference price. The issue price shall be no lower than 30% of the reference price.</p> <p>Considering that the Company has generated accumulated loss in recent years and the net worth per share was less than the par value, it is reasonable that the private placement price set by the Company pursuant to the existing laws is lower than the par value.</p>				
Method by which the specific persons are selected	<p>The specific persons are determined in accordance with Article 43-6 of the Securities and Exchange Act and Order (2002)-Tai-Cai-Zheng-I No. 0910003455 issued by the Financial Supervisory Commission, Executive Yuan, on June 13, 2002, and it shall be limited to strategic investors.</p>				
Reasons for necessity of the private placement	<p>The Company has suffered losses for two consecutive years. According to Article 270 of the Company Act, the Company is not allowed to engage in the public offering of new shares. Therefore, the Company raises funds from specific persons in private placement in a timely manner, in order to invest the fund as required.</p>				
Number of shares (or number of corporate bonds)	50,000,000 shares				
Date of purchase price payment completion	August 8, 2022				
Information about subscribers	Placees	Qualifications (Note 1)	Quantity of subscription	Relationship with the Company	Participation in the Company's operations
	E-TOP METAL CO., LTD.	Subparagraph 2	47,250,000	None	None
	Taiwan Health & Exercise Investment Co. Ltd.	Subparagraph 2	2,750,000	None	None
Actual subscription (or conversion) price	10				
Difference between actual subscription (or conversion) price and reference price	<p>The average price for 30 business days prior to the pricing date is set as NT\$26.03, namely the reference price. The issue price shall be no lower than 30% of the reference price.</p>				
Effect of the private placement on shareholders' equity	<p>The ordinary shares in private placement are issued at a price lower than the par value. The effect on shareholders' equity is a loss generated from the difference between the actual issue price and par value, which results in an</p>				

(e.g., increase in accumulated loss)	increase in accumulated loss. This will be mitigated gradually subject to the state of the Company's operations, or reduction of capital and earnings to compensate the loss may be adopted as an alternative option.
Utilization of private placement funds and plan execution progress	Increasing the working capital and responding to the needs for the Company's long-term business development will help improve the Company's financial structure and strengthen the flexible adjustment of the funds.
Effect produced by the private placement	The working capital and net worth increased accordingly.

Note: Specify whether it is subparagraph 1, 2, or 3 of paragraph 1 of Article 43-6 of the Securities and Exchange Act.

**III. The shares in the Company held or disposed of by subsidiaries in the most recent year and as of the date of publication of the annual report:** None.

**IV. Other supplementary information:** None.

**V. As of the recent year until the annual report publication date, any matter which has had a significant impact on shareholders' rights or the price for the securities referred to in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act**

- (I) Non-sufficient funds, rejected for dealings, or other matters relating to the loss of credit: None.
- (II) Material effects on the Company's finances or business due to litigious or non-litigious matter, administrative disposition, administrative dispute, conservatory proceeding, or compulsory execution matter: None.
- (III) Effects on the Company's business due to serious situations of reduced or severally ceased productions, all of or major parts of assets pledged such as the Company's factory or major lease equipment: None.
- (IV) Occurrence of one of the events as stated under Article 185, Paragraph 1 of the Company Act: None.
- (V) Ban on the transfer of the Company's shares as ruled by the court under Article 287, Paragraph 1, Subparagraph 5 of the Company Act: None.
- (VI) Change to the Chairperson, General Manager or more than one-third of Directors:  
Director Cheng Pao-lien ,Resigned on January 31, 2024.  
Taiwan Health & Exercise Investment Co. Ltd. Representative Wang Chiung-Fen ,Resigned on June 15, 2023.  
Taiwan Health & Exercise Investment Co. Ltd. Representative Xie,Yi-Jin, Newly appointed on June 15, 2023.  
Independent Director Chang Po-Sheng,Resigned on February 28, 2023.  
Independent Director Wu Tsung-Che,Resigned on May 30, 2023.  
Independent Hong,Ren-Jie, Newly appointed on June 15, 2023.  
Independent Chen,Hou-Dian, Newly appointed on June 15, 2023.
- (VII) Change of CPA. Provided that it does not apply to changes due to the accounting firm's internal adjustments: Please refer to "Three. Corporate Governance Report, VI. Information on change of CPAs"
- (VIII) Material effects on the Company's finance or business due to the signing, change, termination or rescission of important memorandums, strategic alliance or other business collaborative plans or important contracts, change of important contents to business plans, completion of new product development, tested products which have been developed successfully and entered mass production state, acquisition of other business, acquisition or transfer of patent rights, trademark exclusive rights, copyrights or other transactions of intellectual property: None.
- (IX) Other material events that have an effect on the Company's continuing operation: None.

**TSG STAR TRAVEL CORP.**  
**(FORMERLY STAR TRAVEL CORP.) AND**  
**SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2023 AND 2022**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the companies that are required to be included in the consolidated financial statements of affiliates, are the same as the company required to be included in the consolidated financial statements under International Financial Reporting Standard No.10. And, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

TSG STAR TRAVEL CORP.

March 14, 2024

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of TSG Star Travel Corp.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of TSG Star Travel Corp. and subsidiaries (the “Group”, and formerly “Star Travel Corp.”) as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

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



### ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

#### **Faithful representation of the revenue recognition of group tours**

##### Description

Refer to Note 4(25) for accounting policy on revenue recognition and Note 6(17) for details of operating revenue.

The Group's operating revenue arise mainly from travel services. For the year ended December 31, 2023, domestic and international tourism markets gradually recovered due to the easing of the COVID-19 pandemic. Due to the large and diverse customer base and the significant number of transactions in group travel services, verifying the authenticity of transactions requires a longer time and is material to the parent company only financial statements. Thus, we considered the faithful representation of the revenue recognition of group tours as a key audit matter.

##### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Obtained an understanding of and assessed the Group's internal controls over group tours revenue, and tested the effectiveness of related internal control's design and execution.
- B. Selected samples from list of completed group tours at the balance sheet date, reviewed the customised travel contracts, orders, receipts and relevant collection vouchers to confirm the faithful representation of the revenue recognition of group tours.

***Other matter – Parent company only financial reports***

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

***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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed 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 misstatement, whether due to fraud or error.

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

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

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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

- A. 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.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's

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

- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Tien, Chung-Yu

Independent Accountants

Hsu, Huei-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 14, 2024

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**STAR TRAVEL CORP. AND SUBSIDIARIES**  
**(FORMERLY STAR TRAVEL CORP.)**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 406,853	42	\$ 404,179	62
1136	Financial assets at amortised cost - current	6(1)(2) and 8	22,300	2	300	-
1150	Notes receivable, net	6(3) and 7	2,766	-	232	-
1170	Accounts receivable, net	6(3) and 12	13,542	2	9,736	1
1180	Accounts receivable, net-related parties	6(3), 7 and 12	3,074	-	768	-
1200	Other receivables	6(4), 7 and 12	10,400	1	2,677	-
1220	Current income tax assets	6(24)	142	-	36	-
130X	Inventories	6(5)	-	-	50	-
1410	Prepayments	6(6) and 7	160,923	17	16,490	3
11XX	Total current assets		620,000	64	434,468	66
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(7)	127,050	13	-	-
1535	Financial assets at amortised cost - non-current	6(2) and 8	47,431	5	89,400	14
1600	Property, plant and equipment	6(8) and 8	129,448	14	121,062	19
1755	Right-of-use assets	6(9)	29,841	3	-	-
1840	Deferred income tax assets	6(24)	882	-	519	-
1915	Prepayments for equipment	6(8)	-	-	13	-
1920	Guarantee deposits paid		12,449	1	9,468	1
15XX	Total non-current assets		347,101	36	220,462	34
1XXX	Total assets		\$ 967,101	100	\$ 654,930	100

(Continued)

**STAR TRAVEL CORP. AND SUBSIDIARIES**  
**(FORMERLY STAR TRAVEL CORP.)**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2130	Contract liabilities - current	6(17)	\$ 157,222	16	\$ 19,648	3
2150	Notes payable		7,506	1	727	-
2170	Accounts payable	7	37,056	4	14,326	2
2200	Other payables	6(10) and 7	28,324	3	13,924	2
2280	Lease liabilities - current	6(9)	6,636	1	-	-
2320	Long-term liabilities, current portion	6(11) and 8	4,397	-	4,360	1
2399	Other current liabilities		2	-	6,528	1
21XX	Total current liabilities		241,143	25	59,513	9
Non-current liabilities						
2540	Long-term borrowings	6(11) and 8	82,939	9	87,298	13
2570	Deferred tax liabilities	6(24)	257	-	-	-
2580	Lease liabilities - non-current	6(9)	23,910	2	-	-
2645	Guarantee deposits received		323	-	323	-
25XX	Total non-current liabilities		107,429	11	87,621	13
2XXX	Total liabilities		348,572	36	147,134	22
Equity attributable to owners of parent						
Share capital						
3110	Common stock	6(13)	687,421	71	687,421	105
3200	Capital surplus	6(14)(15)	7,579	1	2,162	1
	Accumulated deficit	6(13)(16)				
3350	Accumulated deficit		( 76,471)	( 8)	( 181,787)	( 28)
3XXX	Total equity		618,529	64	507,796	78
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	Total liabilities and equity		\$ 967,101	100	\$ 654,930	100

The accompanying notes are an integral part of these consolidated financial statements.

**STAR TRAVEL CORP. AND SUBSIDIARIES**  
**(FORMERLY STAR TRAVEL CORP.)**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amount)

	Items	Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(17) and 7	\$ 1,097,262	100	\$ 81,806	100
5000	Operating costs	6(5)(22)(23) and 7	( 982,430)	( 90)	( 81,846)	( 100)
5900	Gross profit (loss)		114,832	10	40	-
	Operating expenses	6(9)(12)(15)(22)(23) and 7				
6100	Selling expenses		( 86,762)	( 8)	( 32,407)	( 40)
6200	General and administrative expenses		( 66,582)	( 6)	( 41,425)	( 51)
6450	Expected credit (loss) gain	12	( 3,232)	-	30	-
6000	Total operating expenses		( 156,576)	( 14)	( 73,802)	( 91)
6900	Operating loss		( 41,744)	( 4)	( 73,842)	( 91)
	Non-operating income and expenses					
7100	Interest income	6(2)(18)	3,815	-	1,163	1
7010	Other income	6(19) and 7	53,314	5	30,709	38
7020	Other gains and losses	6(7)(20)	91,924	9	233	-
7050	Finance costs	6(9)(21)	( 2,106)	-	( 2,789)	( 3)
7000	Total non-operating income and expenses		146,947	14	29,316	36
7900	<b>Profit (loss) before income tax</b>		105,203	10	( 44,526)	( 55)
7950	Income tax benefit (expense)	6(24)	113	-	( 66)	-
8200	<b>Profit (loss) for the year</b>		\$ 105,316	10	\$ 44,592	( 55)
8500	<b>Total comprehensive income (loss) for the year</b>		\$ 105,316	10	\$ 44,592	( 55)
	Profit (loss) attributable to:					
8610	Owners of the parent		\$ 105,316	10	\$ 44,592	( 55)
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		\$ 105,316	10	\$ 44,592	( 55)
	Earnings (loss) per share (in dollars)	6(25)				
9750	Basic		\$ 1.53		\$ 1.16	
9850	Diluted		\$ 1.53		\$ 1.16	

The accompanying notes are an integral part of these consolidated financial statements.



STAR TRAVEL CORP. AND SUBSIDIARIES  
(FORMERLY STAR TRAVEL CORP.)  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent			
	Notes	Share capital - common stock	Capital surplus	Accumulated deficit	Total equity
<u>For the year ended December 31, 2022</u>					
Balance at January 1, 2022		\$ 340,721	\$ 22	(\$ 290,495)	\$ 50,248
Loss for the year		-	-	( 44,592)	( 44,592)
Total comprehensive loss for the year		-	-	( 44,592)	( 44,592)
Capital reduction to offset against accumulated deficit	6(13)	( 153,300)	-	153,300	-
Issuance of common stock for cash	6(13)	500,000	-	-	500,000
Compensation cost recognised from employee stock options	6(14)(15)	-	2,090	-	2,090
Issuance of fractional shares from capital reduction	6(14)	-	9	-	9
Exercise of the right of disgorgement	6(14)	-	41	-	41
Balance at December 31, 2022		<u>\$ 687,421</u>	<u>\$ 2,162</u>	<u>(\$ 181,787)</u>	<u>\$ 507,796</u>
<u>For the year ended December 31, 2023</u>					
Balance at January 1, 2023		\$ 687,421	\$ 2,162	(\$ 181,787)	\$ 507,796
Profit for the year		-	-	105,316	105,316
Total comprehensive income for the year		-	-	105,316	105,316
Compensation cost recognised from employee stock options	6(14)(15)	-	5,417	-	5,417
Balance at December 31, 2023		<u>\$ 687,421</u>	<u>\$ 7,579</u>	<u>(\$ 76,471)</u>	<u>\$ 618,529</u>

The accompanying notes are an integral part of these consolidated financial statements.

STAR TRAVEL CORP. AND SUBSIDIARIES  
(FORMERLY STAR TRAVEL CORP.)  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit (loss) before tax		\$ 105,203	( \$ 44,526 )
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss (gain)	12	3,232	( 30 )
Reversal of inventory market price decline	6(5)	( 627 )	( 8 )
Gain on financial assets at fair value through profit or loss	6(20)	( 91,050 )	-
Depreciation	6(8)(9)(22)	5,394	3,092
Loss on disposal of property, plant and equipment	6(20)	94	-
Amortisation	6(22)	-	138
Compensation cost recognised from employee stock options	6(14)(15)	5,417	2,090
Interest income	6(18)	( 3,815 )	( 1,163 )
Interest expense	6(21)	2,106	2,789
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable	(	2,534 )	( 232 )
Accounts receivable	(	6,205 )	( 9,265 )
Accounts receivable - related parties	(	2,306 )	( 415 )
Other receivables	(	8,582 )	666
Inventories		677	266
Prepayments	(	144,433 )	( 7,770 )
Other current assets		-	248
Changes in operating liabilities			
Contract liabilities - current		137,574	9,692
Notes payable		6,779	727
Accounts payable		22,730	8,641
Other payables		13,044	1,664
Other current liabilities	(	6,526 )	5,788
Cash inflow (outflow) generated from operations		36,172	( 27,608 )
Interest received		3,841	928
Interest paid	(	2,062 )	( 2,890 )
Income tax refund		-	20
Income tax paid	(	99 )	( 34 )
Net cash flows from (used in) operating activities		<u>37,852</u>	<u>( 29,584 )</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortised cost - current	(	22,000 )	-
Decrease (increase) in financial assets at amortised cost - non-current		41,969	( 56,800 )
Acquisition of financial assets at fair value through profit or loss - non-current	6(7)	( 36,000 )	-
Cash paid for acquisition of property, plant and equipment	6(26)	( 10,439 )	( 1,966 )
Increase in prepayments for equipment		-	( 13 )
Increase in guarantee deposits paid	(	2,981 )	( 327 )
Net cash flows used in investing activities	(	<u>29,451</u>	<u>59,106</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payment of lease liabilities	6(27)	( 1,405 )	-
Increase in long-term borrowings	6(27)	-	22,469
Repayments of long-term borrowings	6(27)	( 4,322 )	( 81,457 )
Decrease in guarantee deposits received	6(27)	-	( 45 )
Issuance of common stock for cash	6(13)	-	500,000
Issuance of fractional shares from capital reduction	6(14)	-	9
Exercise of the right of disgorgement	6(14)	-	41
Net cash flows (used in) from financing activities	(	<u>5,727</u>	<u>441,017</u>
Net increase in cash and cash equivalents		2,674	352,327
Cash and cash equivalents at beginning of year	6(1)	404,179	51,852
Cash and cash equivalents at end of year	6(1)	\$ 406,853	\$ 404,179

The accompanying notes are an integral part of these consolidated financial statements.

TSG STAR TRAVEL CORP. AND SUBSIDIARIES  
(FORMERLY STAR TRAVEL CORP.)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**1. HISTORY AND ORGANIZATION**

- (1) TSG Star Travel Corp. (the “Company”, and formerly “Star Travel Corp.”) was established on February 24, 2003. The Company and its subsidiaries (collectively referred herein as “Group”) are primarily engaged in travel agency services. On May 5, 2020, the Company conducted a simple merger with its wholly-owned subsidiary, Star Travel Service Corporation, and the Company was the surviving company. The information on main business activities of the Company’s subsidiaries is provided in Note 4(3).
- (2) The Company’s shares are traded in the Taipei Exchange since February 24, 2012.
- (3) E-Top Metal Co., Ltd. holds 68.73% of the Company’s shares since August 2022, and is the Company’s parent company.
- (4) The Company was formerly Star Travel Corp., and was renamed TSG Star Travel Corp., on September 6, 2023. The change was approved by the Ministry of Economic Affairs.

**2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION**

These consolidated financial statements were authorized for issuance by the Board of Directors on March 14, 2024.

**3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (“IASB”)
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standard issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28, '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
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

- A. Except for “financial assets at fair value through profit or loss”, the consolidated financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, ‘Critical accounting judgements, estimates and key sources of assumption uncertainty’.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
  - (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
  - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
  - (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e., transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
  - (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or

losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiaries	Main business activities	Ownership (%)	
			December 31, 2023	December 31, 2022
Company	Star Marketing Co., Ltd.	General wholesale	100.00	100.00
Company	Xing Ron Management Consulting Co., Ltd.	Retail management consulting	100.00	100.00

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries with non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

C. All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'Other gains and losses'.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- Assets held mainly for trading purposes;
- Assets that are expected to be realised within twelve months from the balance sheet date;
- Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

- A. Cash equivalent refers to a short-term and highly liquid investment, that are readily convertible to known amounts of cash and which are subject to an significant risk of changes in value.
- B. Time deposits that meet the above definition and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit

losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Leasing arrangements (lessor)-operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:



Assets	Useful lives
Buildings (including accessory equipment)	8 ~ 50 years
Computer and telecommunication equipment	3 years
Office equipment	4~5 years
Leasehold assets	5 years

(15) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
  - (a) The amount of the initial measurement of lease liability; and
  - (b) Any lease payments made at or before the commencement date;

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(16) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Borrowings

Borrowings comprise long-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any

difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(21) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the

consolidated balance sheet. However, the deferred tax is not accounted for an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(22) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(23) Employee share-based basic benefits

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

- A. The Group provides travel-related services. Revenue from group tours arises from arranging domestic and overseas sightseeing tours for tourists and providing related services such as transportation, food and accommodation and activity planning. Since the group tour service is a package tour, revenue from rendering such service is recognised based on the number of days of services consumed by customers as the Group provides benefits to customers based on the number of days of performance of services. However, revenue from the sales of group tour packages to the same industry is recognised based on the net amount. Revenue from ticket sales arises from agency services for booking tickets for domestic and overseas transportation and

tickets for tourist attractions, and applying the immigration visa on behalf of the customers, and the revenue is recognised on a net basis when the services are completed and the amount of revenue and costs can be measured reliably.

- B. Some contracts include multiple deliverables, such as purchasing tickets or purchasing self-guided tour, which should be recognised as revenue over time or at a point in time in accordance with the nature of performance obligation after identifying performance obligations and allocating the transaction price separately. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.
- C. The Group's estimate about revenue, costs and the percentage of inputs of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

(26) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

As the Group's operating scale and the industry that it belongs to are not complex, the estimation and valuation of carrying amounts of assets and liabilities can be verified objectively. The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimated concerning future events. There is no significant risk that these estimates and assumptions would cause a material adjustment to the carrying amount of assets and liabilities within the next financial year.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash:		
Cash on hand	\$ 4,131	\$ 1,650
Checking accounts and demand deposits	<u>122,722</u>	<u>102,529</u>
	<u>126,853</u>	<u>104,179</u>
Cash equivalents:		
Time deposits	<u>280,000</u>	<u>300,000</u>
	<u>\$ 406,853</u>	<u>\$ 404,179</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The time deposits maturing over three months and within one year (listed as ‘Financial assets at amortised cost - current’) both amounted to \$300 as of December 31, 2023 and 2022.
- C. Details of the Group’s time deposits pledged to others as collateral as of December 31, 2023 and 2022 are provided in Note 8, ‘PLEDGED ASSETS’.

### (2) Financial assets at amortised cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Time deposits maturing over three months	\$ 300	\$ 300
Restricted time deposit	<u>22,000</u>	<u>-</u>
	<u>\$ 22,300</u>	<u>\$ 300</u>
Non-current items:		
Restricted bank deposit	<u>\$ 47,431</u>	<u>\$ 89,400</u>

- A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income	<u>\$ 2,794</u>	<u>\$ 781</u>

- B. As of December 31, 2023 and 2022, the Group’s financial assets at amortised cost pledged to others as collateral are provided in Note 8, ‘PLEDGED ASSETS’.
- C. As of December 31, 2023 and 2022, without taking into account any other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was the carrying amount.
- D. The counterparties of the Group’s investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 2,766	\$ 232
Accounts receivable (including related parties)	\$ 19,393	\$ 10,882
Less: Allowance for uncollectible accounts	( 2,777)	( 378)
	<u>\$ 16,616</u>	<u>\$ 10,504</u>

A. The ageing analysis of notes receivable and accounts receivable (including related parties) is as follows:

	December 31, 2023		December 31, 2022	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Up to 30 days	\$ 245	\$ 12,784	\$ -	\$ 9,714
31 to 90 days	2,381	2,990	4	414
91 to 180 days	140	644	228	340
Over 181 days	-	2,975	-	414
	<u>\$ 2,766</u>	<u>\$ 19,393</u>	<u>\$ 232</u>	<u>\$ 10,882</u>

The above aging analysis was based on invoice date.

B. As of December 31, 2023 and 2022, notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$1,289.

C. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk was the carrying amount.

D. As of December 31, 2023 and 2022, the Group did not hold any collateral as security for notes receivable and accounts receivable.

E. Information about credit risk of notes receivable and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(4) Other receivables

	December 31, 2023	December 31, 2022
Sponsorship receivable	\$ 9,700	\$ -
Grants receivable	-	1,439
Others	1,533	1,531
	<u>11,233</u>	<u>2,970</u>
Less: Allowance for uncollectible accounts	( 833)	( 293)
	<u>\$ 10,400</u>	<u>\$ 2,677</u>

(5) Inventories

	<u>December 31, 2022</u>
Merchandise	\$ 677
Less: Allowance for price decline of inventories	( 627)
	<u>\$ 50</u>

As of December 31, 2023, all inventory was discarded.

The cost of inventories recognised as expense:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Cost of goods sold	\$ -	\$ 240
Reversal of inventory market price decline (Note)	( 627)	( 8)
Loss on discarding of inventory	677	-
	<u>\$ 50</u>	<u>\$ 232</u>

(Note) The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because inventories which were previously provided with allowance were subsequently sold or discarded for the years ended December 31, 2023 and 2022.

(6) Prepayments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments for tours	\$ 140,158	\$ 3,322
Prepayments for airline tickets	17,283	7,378
Prepayments for room reservation	488	2,217
Prepaid rent	818	294
Other prepayments	2,176	3,279
	<u>\$ 160,923</u>	<u>\$ 16,490</u>

(7) Financial assets at fair value through profit or loss

	<u>December 31, 2023</u>
Non-current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Listed stocks - private placement	\$ 36,000
Valuation adjustment	91,050
	<u>\$ 127,050</u>

There was no such transaction for the year ended December 31, 2022.

- A. The Group recognised net gain (listed as “Other gains and losses”) of \$ 91,050 for the year ended December 31, 2023. There was no such transaction for the year ended December 31, 2022.
- B. In November 2023, the Company subscribed 5,000 thousand shares of ENSURE GLOBAL CORP., LTD. through private placement. The private placement shares are restricted to be transferred within three years.
- C. As of December 31, 2023, the Group has no financial assets at fair value through profit or loss pledged to others.

(8) Property, plant and equipment

	Land	Buildings	Computer and telecommunication equipment	Office equipment	Leasehold assets	Construction in progress and equipment to be inspected	Total
<u>January 1, 2023</u>							
Cost	\$ 46,740	\$ 77,298	\$ 7,907	\$ 1,394	\$ 1,401	\$ -	\$ 134,740
Accumulated depreciation	-	( 4,968)	( 7,299)	( 1,256)	( 155)	-	( 13,678)
	<u>\$ 46,740</u>	<u>\$ 72,330</u>	<u>\$ 608</u>	<u>\$ 138</u>	<u>\$ 1,246</u>	<u>\$ -</u>	<u>\$ 121,062</u>
<u>For the year ended December 31, 2023</u>							
At January 1	\$ 46,740	\$ 72,330	\$ 608	\$ 138	\$ 1,246	\$ -	\$ 121,062
Additions	-	-	743	285	10,573	150	11,751
Reclassifications	-	-	-	-	150	( 150)	-
Transferred from prepayment for equipment	-	-	-	-	13	-	13
Depreciation	-	( 2,292)	( 344)	( 95)	( 553)	-	( 3,284)
Disposals - cost	-	-	-	-	( 152)	-	( 152)
- accumulated depreciation	-	-	-	-	58	-	58
At December 31	<u>\$ 46,740</u>	<u>\$ 70,038</u>	<u>\$ 1,007</u>	<u>\$ 328</u>	<u>\$ 11,335</u>	<u>\$ -</u>	<u>\$ 129,448</u>
<u>December 31, 2023</u>							
Cost	\$ 46,740	\$ 77,298	\$ 8,650	\$ 1,679	\$ 11,985	\$ -	\$ 146,352
Accumulated depreciation	-	( 7,260)	( 7,643)	( 1,351)	( 650)	-	( 16,904)
	<u>\$ 46,740</u>	<u>\$ 70,038</u>	<u>\$ 1,007</u>	<u>\$ 328</u>	<u>\$ 11,335</u>	<u>\$ -</u>	<u>\$ 129,448</u>



	Land	Buildings	Computer and telecommunication equipment	Office equipment	Leasehold assets	Total
<u>January 1, 2022</u>						
Cost	\$ 46,740	\$ 77,298	\$ 7,342	\$ 1,394	\$ 152	\$ 132,926
Accumulated depreciation	-	( 2,675)	( 6,915)	( 996)	-	( 10,586)
	<u>\$ 46,740</u>	<u>\$ 74,623</u>	<u>\$ 427</u>	<u>\$ 398</u>	<u>\$ 152</u>	<u>\$ 122,340</u>
<u>For the year ended December 31, 2022</u>						
At January 1	\$ 46,740	\$ 74,623	\$ 427	\$ 398	\$ 152	\$ 122,340
Additions	-	-	565	-	1,249	1,814
Depreciation	-	( 2,293)	( 384)	( 260)	( 155)	( 3,092)
At December 31	<u>\$ 46,740</u>	<u>\$ 72,330</u>	<u>\$ 608</u>	<u>\$ 138</u>	<u>\$ 1,246</u>	<u>\$ 121,062</u>
<u>December 31, 2022</u>						
Cost	\$ 46,740	\$ 77,298	\$ 7,907	\$ 1,394	\$ 1,401	\$ 134,740
Accumulated depreciation	-	( 4,968)	( 7,299)	( 1,256)	( 155)	( 13,678)
	<u>\$ 46,740</u>	<u>\$ 72,330</u>	<u>\$ 608</u>	<u>\$ 138</u>	<u>\$ 1,246</u>	<u>\$ 121,062</u>

- A. The Group's property, plant and equipment are all occupied by the owner for operating purpose as of December 31, 2023 and 2022.
- B. No borrowing cost was capitalised as part of property, plant and equipment for the years ended December 31, 2023 and 2022.
- C. Information about the property, plant and equipment that were pledged as collateral as of December 31, 2023 and 2022 is provided in Note 8, 'PLEDGED ASSETS'.

(9) Leasing arrangements — lessee

A. The Group leases buildings. Rental contracts are typically made for periods of 3 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	For the year ended December 31, 2023
	Carrying amount	Depreciation charge
Buildings	\$ 29,841	\$ 2,110

There was no such transaction for the year ended December 31, 2022.

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$31,951 and \$—, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	For the year ended December 31, 2023
<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	\$ 280
Expense on short-term lease contracts or leases of low-value assets	3,499

There was no such transaction for the year ended December 31, 2022.

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$ 5,184 and \$—, respectively.

(10) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonuses payable	\$ 17,231	\$ 4,803
Service fee payable	1,496	-
Payables for equipment	1,312	-
Labour and health insurance payable	1,130	1,742
Pension payable	842	1,437
Refund tickets payable	-	2,048
Others	6,313	3,894
	<u>\$ 28,324</u>	<u>\$ 13,924</u>

(11) Long-term borrowings

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2023	Note
Secured bank borrowings	2020.10~ 2040.10	2.03%	Land and buildings	\$ 87,336	(Note)
Less: Current portion				( 4,397)	
				<u>\$ 82,939</u>	

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2022	Note
Secured bank borrowings	2020.10~ 2040.10	1.28% ~ 1.78%	Land and buildings	\$ 91,658	(Note)
Less: Current portion				( 4,360)	
				<u>\$ 87,298</u>	

(Note) The principal is payable after a grace period of 18 months, and the interest is payable monthly.

Information about interest expenses recognised in profit or loss for the years ended December 31, 2023 and 2022 is provided in Note 6(21), 'Finance costs'.

(12) Pensions

Effective July 1, 2005, the Group has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Group were \$2,900 and \$1,980 for the years ended December 31, 2023 and 2022, respectively.

(13) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows:

(Unit: in thousand shares):

	For the years ended December 31,	
	2023	2022
Beginning balance	68,742	34,072
Capital reduction to offset against accumulated deficit	- (	15,330)
Issuance of shares for cash	-	50,000
Ending balance	<u>68,742</u>	<u>68,742</u>

B. The shareholders during the extraordinary general meeting on April 13, 2022 resolved to reduce capital to offset against accumulated deficit. The capital reduction amounted to \$153,300, constituting 15,330 thousand shares with a par value of \$10 (in dollars) per share, at a capital reduction ratio of 44.993%. The capital reduction has been approved by the Securities and

Futures Bureau, Financial Supervisory Commission, with the record date set on May 13, 2022. The registration of the capital reduction was completed on June 13, 2022.

- C. To increase the Company's working capital, the stockholders at their special meeting on April 13, 2022 resolved to raise additional cash through private placement, and the Board of Directors on July 26, 2022 adopted a resolution to increase capital by issuing 50,000 thousand shares with subscription price at par value of \$10 (in dollars). The effective date was set on August 9, 2022. The capital raised through the private placement had been registered. The securities may not be re-sold to other parties, except for the parties who are accordance with the R.O.C. Securities and Exchange Act during three full years have elapsed since delivery date. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.
- D. As of December 31, 2023, the Company's authorised capital was \$1,000,000, and the paid-in capital was \$687,421 (including shares through private placement amounting to \$605,820 and \$4,000 which can be issued as stock option certificates), consisting of 68,742 thousand shares of ordinary stock with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(14) Capital surplus

For the year ended December 31, 2023				
	Share premium	Employee share options	Others	Total
Balances at January 1	\$ 31	\$ 2,090	\$ 41	\$ 2,162
Compensation cost recognised from employee stock options	-	5,417	-	5,417
Balances at December 31	\$ 31	\$ 7,507	\$ 41	\$ 7,579

For the year ended December 31, 2022				
	Share premium	Employee share options	Others	Total
Balances at January 1	\$ 22	\$ -	\$ -	\$ 22
Compensation cost recognised from employee stock options	-	2,090	-	2,090
Issuance of fractional shares from capital reduction	9	-	-	9
Exercise of the right of disgorgement	-	-	41	41
Balances at December 31	\$ 31	\$ 2,090	\$ 41	\$ 2,162

- A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or

to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

- B. Information about capital surplus-employee share options is provided in Note 6(15). ‘Share-based payment-employee compensation’.

(15) Share-based payment-employee compensation

- A. On May 4, 2023, the Company issued compensatory employee stock option plan of 410 thousand units, and the subscription price was \$44 (in dollars) per share, which shall not be lower than the closing price of the Company’s ordinary shares on the issuance date. Employees can subscribe for 1 share per unit of the stock option. After the issuance of the stock options, if there is any change in the Company’s ordinary shares, the subscription price shall be adjusted based on the specific formulas. The vesting period of the issued stock options is 4 years. Employees can exercise their subscription rights each year under the regulations governing employee stock options after two years of service from the issuance date. The compensation cost (listed as ‘Capital surplus - share options’) recognised for the compensatory employee stock option amounted to \$1,608 for the year ended December 31, 2023. There was no such transaction for the year ended December 31, 2022.
- B. On August 2, 2022, the Company issued compensatory employee stock option plan of 1,617 thousand units, and the subscription price was \$22.55 (in dollars) per share, which shall not be lower than the closing price of the Company’s ordinary shares on the issuance date. Employees can subscribe for 1 share per unit of the stock option. After the issuance of the stock options, if there is any change in the Company’s ordinary shares, the subscription price shall be adjusted based on the specific formulas. As of December 31, 2023, the subscription price of employees’ stock options has been adjusted to \$12.49 (in dollars). The vesting period of the issued stock options is 4 years. Employees can exercise their subscription rights each year under the regulations governing employee stock options after two years of service from the issuance date. The compensation cost (listed as ‘Capital surplus-share options’) recognised for the compensatory employee stock option amounted to \$3,809 and \$2,090 for the years ended December 31, 2023 and 2022, respectively.
- C. The relevant information on the Company's employee stock option plan is disclosed as follows:

	For the year ended December 31, 2023	
	Quantity (In thousand units)	Weighted average exercise price (in dollars)
Options outstanding at January 1	1,577	\$ 12.49
Options granted	410	44.00
Options forfeited	( 370)	15.04
Options outstanding at December 31	1,617	19.89
Options exercisable at December 31	-	-

	For the year ended December 31, 2022	
	Quantity (In thousand units)	Weighted average exercise price (in dollars)
Options outstanding at January 1	-	\$ -
Options granted	1,617	22.45
Options forfeited	( 40)	12.49
Options outstanding at December 31	1,577	12.49
Options exercisable at December 31	-	-

D. The fair value of stock options granted is measured using the Black-Scholes option-pricing model.

The relevant information is as follows:

Grant Date	May 4, 2023	August 2, 2022
Share price	\$ 44.00 (in dollars)	\$ 22.55 (in dollars)
Exercise price	\$ 44.00 (in dollars)	\$ 22.55 (in dollars)
Dividend yield rate	0%	0%
Expected price volatility rate	68.47%	66.99%
Risk-free interest	1.06%	1.00%
Expected duration	4.15 years	4.15 years
Fair value per unit (per share)	\$ 23.07 (in dollars)	\$ 11.59 (in dollars)

(16) Accumulated deficit

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After that, special reserve shall be set aside or reverse in accordance with the related laws or the regulations made by the regulatory authority. The remainder, if any, along with beginning unappropriated earnings and the adjustment of undistributed earnings for the current year, except the amount that shall be maintained for operation needs, shall be proposed to the shareholders for the resolution of appropriation.
- B. The Company's dividend policy is determined in accordance with the Company Act and the Company's Articles of Incorporation, taking into consideration the Company's capital, financial structure, operating condition, earnings and the nature and cycle of the industry to which the

Company belongs. Dividends may be distributed in the form of shares or cash taking into account the factors such as the Company's finance, business and operations. However, cash dividends distributed should account for at least 5% of the total dividends distributed for the year.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. The shareholders have resolved the deficit compensation for 2022 and 2021 during the shareholders' meeting on June 15, 2023 and June 28, 2022, respectively. On March 14, 2024, the board of directors decided to offset the profit for fiscal year 2023 against the accumulated deficit from previous years, and therefore, there will be no distribution of earnings. Details of the resolution of deficit compensation are provided in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(17) Operating revenue

- A. The Group derives revenue from the group tours over time and revenue from tickets at a point in time as follows:

	For the years ended December 31,	
	2023	2022
Group tours revenue	\$ 1,070,928	\$ 71,427
Ticketing revenue	12,238	5,916
Others	14,096	4,463
	<u>\$ 1,097,262</u>	<u>\$ 81,806</u>

- B. Contract liabilities:

- (a) The Group has recognised the following revenue-related contract liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities – airline tickets for travelers, group tour fees and visa fees	<u>\$ 157,222</u>	<u>\$ 19,648</u>	<u>\$ 9,956</u>

- (b) Revenue recognised amounted to \$ 19,648 and \$9,956 for the years ended December 31, 2023 and 2022 that was included in the contract liabilities as of January 1, 2023 and 2022, respectively.

(18) Interest income

	For the years ended December 31,	
	2023	2022
Bank deposits	\$ 1,021	\$ 382
Interest income from financial assets measured at amortised cost	2,794	781
	<u>\$ 3,815</u>	<u>\$ 1,163</u>

(19) Other income

	For the years ended December 31,	
	2023	2022
Sponsorship income	\$ 37,643	\$ -
Court settlement income	7,000	-
Human resources income	2,169	-
Government grants income	2,155	4,791
Lease revenue	1,083	1,635
Commissions revenue	53	4,680
Others	3,211	19,603
	<u>\$ 53,314</u>	<u>\$ 30,709</u>

(20) Other gains and losses

	For the years ended December 31,	
	2023	2022
Net gains on financial assets and liabilities at fair value through profit or loss	\$ 91,050	\$ -
Net currency exchange gains	2,474	355
Net losses on disposal of property, plant and equipment	( 94)	-
Others	( 1,506)	( 122)
	<u>\$ 91,924</u>	<u>\$ 233</u>

(21) Finance costs

	For the years ended December 31,	
	2023	2022
Bank borrowings	\$ 1,826	\$ 2,789
Interest expense on lease liabilities	280	-
	<u>\$ 2,106</u>	<u>\$ 2,789</u>

(22) Expenses by nature

	For the year ended December 31, 2023		
	Operating cost	Operating expense	Total
Employee benefit expense	\$ 3,028	\$ 90,107	\$ 93,135
Depreciation	-	5,394	5,394
	<u>\$ 3,028</u>	<u>\$ 95,501</u>	<u>\$ 98,529</u>



	For the year ended December 31, 2022		
	Operating cost	Operating expense	Total
Employee benefit expense	\$ 472	\$ 39,554	\$ 40,026
Depreciation	-	3,092	3,092
Amortisation	-	138	138
	<u>\$ 472</u>	<u>\$ 42,784</u>	<u>\$ 43,256</u>

(23) Employee benefit expense

	For the year ended December 31, 2023		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 3,028	\$ 73,166	\$ 76,194
Compensation cost recognised from employee stock options	-	5,417	5,417
Labor and health insurance expenses	-	5,777	5,777
Pension costs	-	2,900	2,900
Other personnel expenses	-	2,847	2,847
	<u>\$ 3,028</u>	<u>\$ 90,107</u>	<u>\$ 93,135</u>

	For the year ended December 31, 2022		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 472	\$ 30,292	\$ 30,764
Compensation cost recognised from employee stock options	-	2,090	2,090
Labor and health insurance expenses	-	3,863	3,863
Pension costs	-	1,980	1,980
Other personnel expenses	-	1,329	1,329
	<u>\$ 472</u>	<u>\$ 39,554</u>	<u>\$ 40,026</u>

- A. According to the Articles of Incorporation of the Company, the earnings, if any, shall be distributed as employees' compensation which shall account for 0.1%~7% of the amount of pre-tax profit before deduction of employees' compensation less accumulated deficit. Regardless of profit or loss, the Company authorises the Board of Directors to determine the directors' remuneration based on their participation in the operations of the Company and the value of their contribution to the Company.
- B. The Company did not accrue employees' compensation due to the accumulated deficit as of December 31, 2023 and 2022. Information about employees' compensation and directors' and supervisors' remuneration of the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Components of income tax (benefit) expense:

	For the years ended December 31,	
	2023	2022
Current tax:		
Income tax incurred in current year	\$ 8	\$ -
Prior year income tax (over) under estimation	( 15)	6
	( 7)	6
Deferred tax:		
Origination and reversal of temporary differences	( 106)	60
Income tax (benefit) expense	(\$ 113)	\$ 66

B. Reconciliation between income tax (benefit) expense and accounting loss:

	For the years ended December 31,	
	2023	2022
Tax calculated based on loss before tax and statutory tax rate	\$ 21,041	(\$ 8,907)
Effect from tax exempt income by tax regulation	( 18,290)	3,171
Prior year income tax (over) under estimation	( 15)	6
Temporary differences not recognised as deferred tax assets	7	( 1)
Taxable loss not recognised as deferred tax assets	-	5,797
Change in assessment of realisation of deferred tax assets	( 2,856)	-
Income tax (benefit) expense	(\$ 113)	\$ 66

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

For the year ended December 31, 2023				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Allowance for doubtful accounts	\$ 73	\$ 439	\$ -	\$ 512
Unrealised loss on inventory market value decline	126	( 126)	-	-
Unused compensated absences	296	74	-	370
Unrealised exchange loss	24	( 24)	-	-
	<u>\$ 519</u>	<u>\$ 363</u>	<u>\$ -</u>	<u>\$ 882</u>
Deferred tax liabilities:				
Temporary differences:				
Unrealised exchange gain	\$ -	(\$ 257)	\$ -	(\$ 257)
	<u>\$ 519</u>	<u>\$ 106</u>	<u>\$ -</u>	<u>\$ 625</u>
For the year ended December 31, 2022				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Allowance for doubtful accounts	\$ 72	\$ 1	\$ -	\$ 73
Unrealised loss on inventory market value decline	127	( 1)	-	126
Unused compensated absences	230	66	-	296
Unrealised exchange loss	150	( 126)	-	24
	<u>\$ 579</u>	<u>(\$ 60)</u>	<u>\$ -</u>	<u>\$ 519</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2015	\$ 3,232	\$ -	\$ -	2025
2016	43,252	32,203	6,440	2026
2017	64,305	64,305	12,861	2027
2018	147,074	147,074	29,415	2028
2019	105,782	105,782	21,156	2029
2020	99,274	99,274	19,855	2030
2021	52,424	52,424	10,485	2031
2022	28,985	28,985	5,797	2032
	<u>\$ 544,328</u>	<u>\$ 530,047</u>	<u>\$ 106,009</u>	

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2015	\$ 3,232	\$ 3,232	\$ 646	2025
2016	43,252	43,252	8,650	2026
2017	64,305	64,305	12,861	2027
2018	147,074	147,074	29,415	2028
2019	105,782	105,782	21,156	2029
2020	99,274	99,274	19,855	2030
2021	52,424	52,424	10,485	2031
2022	28,985	28,985	5,797	2032
	<u>\$ 544,328</u>	<u>\$ 544,328</u>	<u>\$ 108,865</u>	

E. The Group's income tax returns through 2021 have been assessed and approved by the Tax Authority. There were no disputes existing between the Group and the Tax Authority as of March 14, 2024.

(25) Earnings (loss) per share

	For the year ended December 31, 2023		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 105,316</u>	<u>68,742</u>	<u>\$ 1.53</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 105,316	68,742	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>301</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 105,316</u>	<u>69,043</u>	<u>\$ 1.53</u>
For the year ended December 31, 2022			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders	<u>(\$ 44,592)</u>	<u>38,605</u>	<u>(\$ 1.16)</u>

For the year ended December 31, 2022, employee stock options had anti-dilutive effect, and thus they were not included in the calculation of diluted loss per share.

(26) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	<u>2023</u>	<u>2022</u>
Acquisition of property, plant and equipment	\$ 11,751	\$ 1,814
Add: Beginning balance of payable for equipment	-	152
Less: Ending balance of payable for equipment	<u>(1,312)</u>	<u>-</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 10,439</u>	<u>\$ 1,966</u>

B. Investing activities with no cash flow effects:

	For the years ended December 31,	
	2023	2022
Prepayments for equipment transferred to property, plant and equipment	\$ 13	\$ -

(27) Changes in liabilities from financing activities

	Lease liabilities	Long-term borrowings (including current portion)	Guarantee deposits received	Total
At January 1, 2023	\$ -	\$ 91,658	\$ 323	\$ 91,981
Changes in cash flow from financing activities	( 1,405)	( 4,322)	-	( 5,727)
Changes in other non-cash items	31,951	-	-	31,951
At December 31, 2023	\$ 30,546	\$ 87,336	\$ 323	\$ 118,205

	Long-term borrowings (including current portion)	Guarantee deposits received	Total
At January 1, 2022	\$ 150,646	\$ 368	\$ 151,014
Changes in cash flow from financing activities	( 58,988)	( 45)	( 59,033)
At December 31, 2022	\$ 91,658	\$ 323	\$ 91,981

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
E-TOP METAL Co., Ltd.	Parent company
Man-Strong Manpower Mgt.Co., Ltd.	Substantive related party
Argo Yachts Development Co., Ltd.	Substantive related party
Man-Strong Manpower Co., Ltd.	Substantive related party
TMPCO Steel Co.,Ltd	Substantive related party
Li-Fung International Co., Ltd.	Substantive related party
Lohas Ocean Leisure Co., Ltd.	Substantive related party
Sanxing Management Consulting Co., Ltd.	Substantive related party
Juyang International Consulting Co., Ltd.	Substantive related party
Xiyu International Co., Ltd.	Substantive related party
Sidley International Human Resources, Ltd.	Substantive related party
Honggu Human Resources, Ltd.	Substantive related party
World-Union Fortune Company	Substantive related party
Argo Qingwan Ocean Cultural and Creative Co., Ltd.	Substantive related party
TSG Hawks Baseball Co., Ltd.	Substantive related party
Taiwan Steel Group United Co., Ltd.	Substantive related party
TSG Sports Marketing Co., Ltd.	Substantive related party
Chun Yu Works & Co., Ltd.	Substantive related party
OFCO Industrial Corporation	Substantive related party
E-Sheng Steel Co., Ltd.	Substantive related party
Yuyu Investment Ltd.	Substantive related party
Arpeng Yacht Development Co.,Ltd.	Substantive related party
Chun Yu Bio-Tech Corp.	Substantive related party
Yacht PinAN Development Co., Ltd.	Substantive related party
Tung-Bo Enterprise Corp.	Substantive related party
S-Tech Corp.	Substantive related party
Gloria Material Technology Corp.	Substantive related party
Chun Bang Precision Co.,Ltd.	Substantive related party
Kings Asset Management Corp.	Substantive related party
Aryue Development Co.,Ltd.	Substantive related party
Thai Manstrong International Real Estate Co., Ltd.	Substantive related party

(2) Significant related party transactions

A. Operating revenue

	For the years ended December 31,	
	2023	2022
Group tour income - fee income:		
Substantive related parties	\$ 11,071	\$ 5,045
Parent company	7	29
	<u>\$ 11,078</u>	<u>\$ 5,074</u>

Operating revenue mainly arise from sales of airline tickets and providing travel service to related parties. Transportation prices are determined based on mutual agreement and the collection term is 30 days after monthly billings.

B. Operating cost

	For the years ended December 31,	
	2023	2022
Substantive related parties	\$ 392	\$ 2,763

Operating costs mainly arise from leasing yachts and purchasing goods from related parties. Transportation prices are determined based on mutual agreement and the payment term is 30 days after monthly billings.

C. Commissions expense

	For the years ended December 31,	
	2023	2022
Substantive related parties	\$ -	\$ 189

D. Advertisement expense

	For the years ended December 31,	
	2023	2022
Substantive related parties	\$ 731	\$ 198

E. Professional service fees

	For the years ended December 31,	
	2023	2022
Substantive related parties	\$ 2,635	\$ 297

F. Other expenses

	For the years ended December 31,	
	2023	2022
Substantive related parties	\$ -	\$ 325



G. Other income

	For the years ended December 31,	
	2023	2022
Argo Yachts	\$ 2,936	\$ -
Substantive related parties	289	154
	<u>\$ 3,225</u>	<u>\$ 154</u>

H. Receivables from related parties

	December 31, 2023	December 31, 2022
Notes receivable:		
Substantive related parties	<u>\$ -</u>	<u>\$ 4</u>
Accounts receivable:		
Substantive related parties	<u>\$ 3,074</u>	<u>\$ 768</u>
Other receivables:		
Substantive related parties	<u>\$ 80</u>	<u>\$ 48</u>

The receivables from related parties arise mainly from sales transactions. The receivables are unsecured in nature and bear no interest.

I. Prepayments

	December 31, 2023	December 31, 2022
Argo Yachts	\$ -	\$ 331
Substantive related parties	-	14
	<u>\$ -</u>	<u>\$ 345</u>

J. Prepaid expenses

	December 31, 2023	December 31, 2022
Substantive related parties	<u>\$ -</u>	<u>\$ 381</u>

K. Payables to related parties

	December 31, 2023	December 31, 2022
Accounts payable:		
Substantive related parties	<u>\$ 37</u>	<u>\$ 379</u>
Other payables:		
Substantive related parties	<u>\$ 394</u>	<u>\$ 18</u>

The payables to related parties arise mainly from group tour transactions. The payables bear no interest.

(3) Key management compensation

	For the years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 3,567	\$ 3,702
Compensation cost recognised from employee stock options	1,622	707
Post-employment benefits	192	109
	<u>\$ 5,381</u>	<u>\$ 4,518</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Time deposits (Note 1)	\$ 69,431	\$ 89,400	Guarantees for Tourism Bureau, issuance of airline tickets, ticket booking system, Insurance Bureau, and deposits for corporations
Land (Note 2)	46,740	46,740	Collateral for borrowing facilities
Buildings (Note 2)	70,038	72,330	Collateral for borrowing facilities
	<u>\$ 186,209</u>	<u>\$ 208,470</u>	

(Note 1) Listed as 'Financial assets at amortised cost - current' and 'Financial assets at amortised cost - non-current'.

(Note 2) Listed as 'Property, plant and equipment'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) As of December 31, 2023 and 2022, in order to cooperate with airline companies and hotels, the Group commissioned financial institutions to provide comprehensive facilities of \$311,300 and \$211,300, respectively (including performance guarantees and short-term loan facilities), and the actual drawn amount of guarantees were \$145,274 and \$164,300, respectively.

(2) Due to the gradual recovery of tourism industry, the Company has signed charter flight contracts with airlines during in 2023. As of December 31, 2023, the remaining balance for unpaid amounts was \$76,374.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a

going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ <u>127,050</u>	\$ <u>-</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 406,853	\$ 404,179
Financial assets at amortised cost - current	22,300	300
Notes receivable	2,766	232
Accounts receivable (including related parties)	16,616	10,504
Other receivables	10,400	2,677
Financial assets at amortised cost - non-current	47,431	89,400
Guarantee deposits paid	12,449	9,468
	<u>\$ 518,815</u>	<u>\$ 516,760</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable	\$ 7,506	\$ 727
Accounts payable	37,056	14,326
Other payables	28,324	13,924
Long-term borrowings (including current portion)	87,336	91,658
Guarantee deposits received	323	323
	<u>\$ 160,545</u>	<u>\$ 120,958</u>
Lease liability	<u>\$ 30,546</u>	<u>\$ -</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Group, derivative financial instruments are used to hedge certain risk.
- (b) Risk management is carried out by Group's treasury department under policies approved by the Board of Directors. Group's treasury department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

## C. Significant financial risks and degrees of financial risks

### (a) Market risk

#### Foreign exchange risk

- i. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. The Group's treasury department uses forward foreign exchange contracts to manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.
- ii. The Group's businesses involve some non-functional currency operations (the Group's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
JPY:NTD	\$ 109,207	0.2172	\$ 23,720
USD:NTD	34	30.71	1,044
HKD:NTD	461	3.93	1,812
THB:NTD	1,802	0.9017	1,625
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	25	30.71	768

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 112	30.71	\$ 3,451
JPY:NTD	9,761	0.2324	2,268
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	4	30.71	109

- iii. Sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD

to all foreign currencies had appreciated/depreciated by 1% with all other variables held constant, post-tax profit would have increased/decreased by \$219 and \$45 for the years ended December 31, 2023 and 2022, respectively.

- iv. The total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group amounted to \$2,474 and \$355 for the years ended December 31, 2023 and 2022, respectively.

#### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the year ended December 31, 2023 would have increased/decreased by \$1,271 as a result of gains/losses on equity securities classified as at fair value through profit or loss. There was no such transaction for the year ended December 31, 2022.

#### Cash flow and fair value interest rate risk

- i. The Group's interest rate risk mainly arises from long-term borrowings issued at floating rates, exposing the Group to cash flow interest rate risk. The Group's loans issued at floating interest rates in 2023 and 2022 were mainly denominated in New Taiwan Dollars.
- ii. The Group's borrowings are measured at cost after amortization, and the annual interest rate will be re-priced according to the contract, so the Group is exposed to the risk of future market interest rate changes.
- iii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 1% or with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have decrease/increase by \$15 and \$59, respectively. The main factors is that changes in interest expense result from floating rate borrowings.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial assets on the contract obligations. The main factor is that counterparties could not repay in full the contract cash flows of accounts receivable based on the agreed terms.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the

credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Group applies the modified approach to estimate the expected credit loss on an individual assessment basis.
- iv. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principle repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable (including related parties) are as follows:

	For the years ended December 31,	
	2023	2022
Beginning balance	\$ 378	\$ 378
Provision for impairment	2,399	-
Ending balance	<u>\$ 2,777</u>	<u>\$ 378</u>

- vii. The Group individually assesses the impairment loss of other receivables, and movements in related loss allowance are as follows:

	For the years ended December 31,	
	2023	2022
Beginning balance	\$ 293	\$ 323
Provision (reversal) for impairment	833 (	30)
Write-offs	( 293)	-
Ending balance	<u>\$ 833</u>	<u>\$ 293</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group's treasury Department. Group's treasury Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed

borrowing facilities at all times so that the Company does not breach borrowing limits or covenants.

- ii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating rate:		
Expiring within one year	<u>\$ 87,000</u>	<u>\$ 47,000</u>

- iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Notes payable	\$ 7,506	\$ -	\$ -	\$ -
Accounts payable	37,056	-	-	-
Other payables	28,324	-	-	-
Lease liability	8,314	8,104	18,567	-
Long-term borrowings (including current portion)	6,129	6,129	18,388	72,532
Guarantee deposits received	-	-	323	-
<u>December 31, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Notes payable	\$ 727	\$ -	\$ -	\$ -
Accounts payable	14,326	-	-	-
Other payables	13,924	-	-	-
Long-term borrowings (including current portion)	6,603	6,068	18,205	77,878
Guarantee deposits received	-	323	-	-

- iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

### (3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset

or liability, either directly or indirectly. The fair value of the Group's investment in Stock investment in private placement (with liquidity discount of 24.82%) is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

- B. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost - current, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid, notes payable, accounts payable, other payables, long-term borrowings (including current portion) and guarantee deposits received) are approximate to their fair values.
- C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
Financial assets at fair value through				
profit or loss				
Equity securities	\$ -	\$ 127,050	\$ -	\$ 127,050

There was no such transaction for the year ended December 31, 2022.

- D. The fair value of the above financial instruments is determined based on their closing prices, taking into account the liquidity discount.
- E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- F. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.



### 13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Group is only required to disclose the information for the year ended December 31, 2023.

#### (1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures): Refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital or more: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to Note 7, 'Related party transactions'. Details are not disclosed separately due to each individual amount and total amount are immaterial between subsidiaries' transactions.

#### (2) Information on investees

Names, locations and other information of investee companies (excluding investees in Mainland China): Refer to table 2.

#### (3) Information on investments in Mainland China

None.

#### (4) Major shareholders information

Refer to table 3.

### 14. SEGMENT INFORMATION

#### (1) General information

The Group operates business only in a single industry relating to travel agencies. The chief operating decision-maker who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

#### (2) Measurement of departmental information

The Group is a single reportable operating segment. The information of the reportable segment is consistent with that in the consolidated financial statements.

#### (3) Reconciliation information of departmental profit and loss, assets and liabilities

As the amounts in the statement provided to the chief operating decision-maker for managing segment are in agreement with the segment profit or loss and therefore the reconciliation is not needed.

(4) Reconciliation information of departmental profit and loss, assets and liabilities

As the amounts in the statement provided to the chief operating decision-maker for managing segment are in agreement with the segment profit or loss, total assets and total liabilities, and therefore the reconciliation is not needed.

(5) Information on products and services

Revenue from external customers is mainly from the tourism service segment. The details of the revenue are provided in Note 6(17), 'Operating revenue'.

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	<u>For the year ended December 31, 2023</u>		<u>For the year ended December 31, 2022</u>	
	<u>Revenue (Note 1)</u>	<u>Non-current assets (Note 2)</u>	<u>Revenue (Note 1)</u>	<u>Non-current assets (Note 2)</u>
Taiwan	\$ <u>1,097,262</u>	\$ <u>159,289</u>	\$ <u>81,806</u>	\$ <u>121,075</u>

(Note 1) Revenue recognised based on the country where the customers are located.

(Note 2) Non-current assets included property, plant and equipment, right-of-use assets and prepayments for equipment.

(7) Important customer information

The Group's revenue from any single customer for the years ended December 31, 2023 and 2022 did not exceed 10% of the Group's operating income.

TSG STAR TRAVEL CORP. AND SUBSIDIARIES

(FORMERLY STAR TRAVEL CORP.)

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				
				Number of shares	Book value	Ownership (%)	Fair value	Footnote
TSG Star Travel Corp.	Stock - EnSure Global Corp., Ltd.	—	Note 1	5,000	\$ 127,050	3.16	\$ 127,050	—

(Note 1) Listed as 'Financial assets at fair value through profit or loss - non-current'.

TSG STAR TRAVEL CORP. AND SUBSIDIARIES

(FORMERLY STAR TRAVEL CORP.)

Information on investees (not including investees in China)

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023				Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the company for the year ended December 31, 2023	Footnote
				Balance at December 31, 2023	Balance at December 31, 2022	Number of shares	Ownership (%)	Book value				
TSG Star Travel Corp.	Star Marketing Co., Ltd.	Taiwan	General wholesale and retail	\$ 19,500	\$ 19,500	1,600,000	100	\$ 459	(\$ 1,460)	(\$ 1,460)		Subsidiary
TSG Star Travel Corp.	Golden Wheel Co., Ltd.	Taiwan	Management consulting	2,000	2,000	200,000	100	1,951	( 15)	( 15)		Subsidiary

TSG STAR TRAVEL CORP. AND SUBSIDIARIES

(FORMERLY STAR TRAVEL CORP.)

Major shareholders information

December 31, 2023

Table 3

Name of the major shareholder	Number of shares held	
	Common share	Ownership (%)
E-TOP METAL CO., LTD.	47,250,000	68.73%

(Note) The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preferred shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.

**TSG STAR TRAVEL CORP.**  
**(FORMERLY STAR TRAVEL CORP.)**  
**PARENT COMPANY ONLY FINANCIAL**  
**STATEMENTS AND INDEPENDENT AUDITORS’**  
**REPORT**  
**DECEMBER 31, 2023 AND 2022**

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For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of TSG Star Travel Corp.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of TSG Star Travel Corp. (the “Company”, and formerly “Star Travel Corp.”) as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### ***Basis for opinion***

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

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 parent company only financial statements. 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, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

**Faithful representation of the revenue recognition of group tours**

Description

Refer to Note 4(25) for accounting policy on revenue recognition and Note 6(18) for details of operating revenue.

The Company's operating revenue arise mainly from travel services. For the year ended December 31, 2023, domestic and international tourism markets gradually recovered due to the easing of the COVID-19 pandemic. Due to the large and diverse customer base and the significant number of transactions in group travel services, verifying the authenticity of transactions requires a longer time and is material to the parent company only financial statements. Thus, we considered the faithful representation of the revenue recognition of group tours as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of and assessed the Company's internal controls over group tours revenue, and tested the effectiveness of related internal control's design and execution.
2. Selected samples from list of completed group tours at the balance sheet date, reviewed the customised travel contracts, orders, receipts and relevant collection vouchers to confirm the faithful representation of the revenue recognition of group tours.

***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 misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for



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

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

***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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

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

- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial

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

Tien, Chung-Yu

Independent Accountants

Hsu, Huei-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 14, 2024

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 403,521	42	\$ 394,305	60
1136	Financial assets at amortised cost - current	6(1)(2) and 8	22,300	2	300	-
1150	Notes receivable, net	6(3) and 7	2,766	-	232	-
1170	Accounts receivable, net	6(3) and 12	13,542	2	9,736	2
1180	Accounts receivable, net - related parties	6(3), 7 and 12	3,074	-	768	-
1200	Other receivables	6(4) and 12	10,160	1	2,053	-
1210	Other receivables - related parties	6(4) and 7	2,026	-	6,513	1
1220	Current income tax assets	6(25)	139	-	33	-
1410	Prepayments	6(6) and 7	159,586	17	16,317	3
11XX	Total current assets		617,114	64	430,257	66
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(7)	127,050	13	-	-
1535	Financial assets at amortised cost - non-current	6(2) and 8	47,431	5	89,400	14
1550	Investments accounted for under equity method	6(8)	2,410	-	3,885	1
1600	Property, plant and equipment	6(9) and 8	129,448	14	121,062	18
1755	Right-of-use assets	6(10)	29,841	3	-	-
1840	Deferred income tax assets	6(25)	882	-	519	-
1915	Prepayments for equipment	6(9)	-	-	13	-
1920	Guarantee deposits paid	7	12,486	1	9,146	1
15XX	Total non-current assets		349,548	36	224,025	34
1XXX	Total assets		\$ 966,662	100	\$ 654,282	100

(Continued)

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			Notes	December 31, 2023		December 31, 2022		
				AMOUNT	%	AMOUNT	%	
Current liabilities								
2130	Contract liabilities - current	6(18)	\$	157,222	16	\$	19,452	3
2150	Notes payable			6,775	1		8	-
2170	Accounts payable			37,017	4		13,909	2
2180	Accounts payable - related parties	7		37	-		1,303	-
2200	Other payables	6(11) and 7		28,943	3		13,629	2
2280	Lease liabilities - current	6(10)		6,636	1		-	-
2320	Long-term liabilities, current portion	6(12) and 8		4,397	-		4,360	1
2399	Other current liabilities			-	-		6,527	1
21XX	Total current liabilities			241,027	25		59,188	9
Non-current liabilities								
2540	Long-term borrowings	6(12) and 8		82,939	9		87,298	13
2570	Deferred tax liabilities	6(25)		257	-		-	-
2580	Lease liabilities - non-current	6(10)		23,910	2		-	-
25XX	Total non-current liabilities			107,106	11		87,298	13
2XXX	Total liabilities			348,133	36		146,486	22
Equity								
Share capital								
3110	Ordinary share	6(14)		687,421	71		687,421	105
3200	Capital surplus	6(15)(16)		7,579	1		2,162	1
Accumulated deficit								
3350	Accumulated deficit	6(14)(17)	(	76,471)	( 8)	(	181,787)	( 28)
3XXX	Total Equity			618,529	64		507,796	78
Significant Contingent Liabilities and							9	
Unrecognised Contract Commitments								
3X2X	Total liabilities and equity		\$	966,662	100	\$	654,282	100

The accompanying notes are an integral part of these parent company only financial statements.

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amount)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(18) and 7		\$ 1,097,252	100	\$ 78,854	100
5000 Operating costs	6(4)(5)(24) and 7	(	982,411)	( 89)	( 63,499)	( 81)
5900 Gross profit			114,841	11	15,355	19
5910 Unrealised loss from sales, net	6(8)		-	-	( 2)	-
5950 Gross profit, net			114,841	11	15,353	19
Operating expenses	6(10)(13)(16)(23) (24) and 7					
6100 Selling expenses		(	86,680)	( 8)	( 32,363)	( 41)
6200 General and administrative expenses		(	64,913)	( 6)	( 39,352)	( 50)
6450 Expected credit (loss) gain	12	(	2,399)	-	30	-
6000 Total operating expenses		(	153,992)	( 14)	( 71,685)	( 91)
6900 Operating loss		(	39,151)	( 3)	( 56,332)	( 72)
Non-operating income and expenses						
7100 Interest income	6(2)(19)		3,776	-	1,153	2
7010 Other income	6(20) and 7		51,430	5	26,196	33
7020 Other gains and losses	6(7)(21)		92,729	8	349	-
7050 Finance costs	6(10)(22)	(	2,106)	-	( 2,789)	( 3)
7070 Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	6(8)	(	1,475)	-	( 13,109)	( 17)
7000 Total non-operating income and expenses			144,354	13	11,800	15
7900 Profit (loss) before income tax			105,203	10	( 44,532)	( 57)
7950 Income tax benefit (expense)	6(25)		113	-	( 60)	-
8200 Profit (loss) for the year			<u>\$ 105,316</u>	<u>10</u>	<u>(\$ 44,592)</u>	<u>( 57)</u>
8500 Total comprehensive income (loss) for the year			<u>\$ 105,316</u>	<u>10</u>	<u>(\$ 44,592)</u>	<u>( 57)</u>
Earnings (loss) per share (in dollars)	6(26)					
9750 Basic			<u>\$ 1.53</u>		<u>(\$ 1.16)</u>	
9850 Diluted			<u>\$ 1.53</u>		<u>(\$ 1.16)</u>	

The accompanying notes are an integral part of these parent company only financial statements.

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>Share capital - common stock</u>	<u>Capital surplus</u>	<u>Accumulated deficit</u>	<u>Total equity</u>
<u>For the year ended December 31, 2022</u>					
Balance at January 1, 2022		\$ 340,721	\$ 22	(\$ 290,495)	\$ 50,248
Loss for the year		-	-	( 44,592)	( 44,592)
Total comprehensive loss for the year		-	-	( 44,592)	( 44,592)
Capital reduction to offset against accumulated deficit	6(14)	( 153,300)	-	153,300	-
Issuance of common stock for cash	6(14)	500,000	-	-	500,000
Compensation cost recognised from employee stock options	6(15)(16)	-	2,090	-	2,090
Issuance of fractional shares from capital reduction	6(15)	-	9	-	9
Exercise of the right of disgorgement	6(15)	-	41	-	41
Balance at December 31, 2022		<u>\$ 687,421</u>	<u>\$ 2,162</u>	<u>(\$ 181,787)</u>	<u>\$ 507,796</u>
<u>For the year ended December 31, 2023</u>					
Balance at January 1, 2023		\$ 687,421	\$ 2,162	(\$ 181,787)	\$ 507,796
Profit for the year		-	-	105,316	105,316
Total comprehensive income for the year		-	-	105,316	105,316
Compensation cost recognised from employee stock options	6(15)(16)	-	5,417	-	5,417
Balance at December 31, 2023		<u>\$ 687,421</u>	<u>\$ 7,579</u>	<u>(\$ 76,471)</u>	<u>\$ 618,529</u>

The accompanying notes are an integral part of these parent company only financial statements.

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		For the years ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit (loss) before tax		\$ 105,203	( \$ 44,532 )
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss (gain)	12	2,399	( 30 )
Reversal of inventory market price decline	6(5)	( 627 )	( 8 )
Gain on financial assets at fair value through profit or loss	6(7)(21)	( 91,050 )	-
Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	6(8)	1,475	13,109
Unrealised profit from operating sales	6(8)	-	2
Depreciation	6(9)(10)(23)	5,394	3,092
Loss on disposal of property, plant and equipment	6(21)	94	-
Amortisation	6(23)	-	138
Compensation cost recognised from employee stock options	6(15)(16)	5,417	2,090
Interest income	6(19)	( 3,776 )	( 1,153 )
Interest expense	6(22)	2,106	2,789
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 2,534 )	( 232 )
Accounts receivable		( 6,205 )	( 9,265 )
Accounts receivable - related parties		( 2,306 )	( 328 )
Other receivables		( 8,172 )	( 1,358 )
Other receivables - related parties		4,487	( 1,074 )
Inventories		627	8
Prepayments		( 143,269 )	( 7,533 )
Changes in operating liabilities			
Contract liabilities - current		137,770	9,668
Notes payable		6,767	8
Accounts payable		23,108	8,815
Accounts payable - related parties		( 1,266 )	1,209
Other payables		13,958	4,009
Other current liabilities		( 6,527 )	5,814
Cash inflow (outflow) generated from operations		43,073	( 14,762 )
Interest received		3,841	918
Interest paid		( 2,062 )	( 2,890 )
Income tax paid		( 99 )	( 5 )
Net cash flows from (used in) operating activities		44,753	( 16,739 )
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortised cost - current		( 22,000 )	-
Decrease (increase) in financial assets at amortised cost - non-current		41,969	( 56,800 )
Acquisition of financial assets at fair value through profit or loss - non-current	6(7)	( 36,000 )	-
Acquisition of investments accounted for under equity method	6(8)	-	( 12,000 )
Cash paid for acquisition of property, plant and equipment	6(27)	( 10,439 )	( 1,966 )
Increase in prepayments for equipment		-	( 13 )
Increase in guarantee deposits paid		( 3,340 )	( 428 )
Net cash flows used in investing activities		( 29,810 )	( 71,207 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payment of lease liabilities	6(28)	( 1,405 )	-
Increase in long-term borrowings	6(28)	-	22,469
Repayments of long-term borrowings	6(28)	( 4,322 )	( 81,457 )
Issuance of common stock for cash	6(14)	-	500,000
Issuance of fractional shares from capital reduction	6(15)	-	9
Exercise of the right of disgorgement	6(15)	-	41
Net cash flows (used in) from financing activities		( 5,727 )	441,062
Net increase in cash and cash equivalents		9,216	353,116
Cash and cash equivalents at beginning of year	6(1)	394,305	41,189
Cash and cash equivalents at end of year	6(1)	\$ 403,521	\$ 394,305

The accompanying notes are an integral part of these parent company only financial statements.



TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**1. HISTORY AND ORGANIZATION**

- (1) TSG Star Travel Corp. (the “Company”, and formerly “Star Travel Corp.”) was established on February 24, 2003. The Company is primarily engaged in travel agency services. On May 5, 2020, the Company conducted a simple merger with its wholly-owned subsidiary, Star Travel Corporation, and the Company was the surviving company.
- (2) The Company’s shares are traded in the Taipei Exchange since February 24, 2011.
- (3) E-Top Metal Co., Ltd. holds 68.73% equity interest in the Company and is the Company’s ultimate parent company.
- (4) The Company was formerly Star Travel Corp., and was renamed TSG Star Travel Corp., on September 6, 2023. The change was approved by the Ministry of Economic Affairs.

**2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION**

These parent company only financial statements were authorized for issuance by the Board of Directors on March 14, 2024.

**3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS<sup>®</sup>”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board (“IASB”)</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 10 and IAS 28, '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
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

- A. Except for “financial assets at fair value through profit or loss”, the parent company only financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC<sup>®</sup> Interpretations, and SIC<sup>®</sup> Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5, ‘critical accounting judgements estimates and key sources of assumption uncertainty’.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

- A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- C. All foreign exchange gains and losses based on the nature of those transactions are presented in the parent company only statement of comprehensive income within ‘other gains and losses’.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;

- (c) Liabilities that are to be settled within 12 months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

- A. Cash equivalents refer to 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.
- B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit

losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(13) Investments accounted for under equity method – subsidiaries

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equal or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. If the Company loses significant influence over the subsidiary, the amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed

of.

- F. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall be equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall be equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Useful lives
Buildings (including accessory equipment)	8 ~ 50 years
Computer and telecommunication equipment	3 years
Office equipment	4~5 years
Leasehold assets	5 years

(15) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments

are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability; and
- (b) Any lease payments made at or before the commencement date;

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Borrowings

Borrowings comprise long-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(21) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only financial statements. However, the deferred tax is not accounted for an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit



will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(22) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(23) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

- A. The Company provides travel-related services. Revenue from group tours arises from arranging domestic and overseas sightseeing tours for tourists and providing related services such as transportation, food and accommodation and activity planning. Since the group tour service is a package tour, revenue from rendering such service is recognised based on the number of days of services consumed by customers as the Company provides benefits to customers based on the number of days of performance of services. However, revenue from the sales of group tour packages to the same industry is recognised based on the net amount. Revenue from ticket sales arises from agency services for booking tickets for domestic and overseas transportation and tickets for tourist attractions, and applying the immigration visa on behalf of the customers, and the revenue is recognised on a net basis when the services are completed and the amount of revenue and costs can be measured reliably.
- B. Some contracts include multiple deliverables, such as purchasing tickets or purchasing self-guided tour, which should be recognised as revenue over time or at a point in time in accordance with the nature of performance obligation after identifying performance obligations and allocating the transaction price separately. In this case, the transaction price will be allocated to each performance obligation based on the stand alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.
- C. The Company's estimate about revenue, costs and the percentage of inputs of a performance

obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

(26) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

As the Company's operating scale and the industry that it belongs to are not complex, the estimation and valuation of carrying amounts of assets and liabilities can be verified objectively. The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. There is no significant risk that these estimates and assumptions would cause a material adjustment to the carrying amount of assets and liabilities within the next financial year.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash:		
Cash on hand	\$ 4,131	\$ 1,650
Checking accounts and demand deposits	119,390	92,655
	<u>123,521</u>	<u>94,305</u>
Cash equivalents:		
Time deposit	280,000	300,000
	<u>\$ 403,521</u>	<u>\$ 394,305</u>

- A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The time deposits maturing over three months and within one year (listed as 'Financial assets at amortised cost - current') both amounted to \$300 as of December 31, 2023 and 2022.
- C. Details of the Company's time deposits pledged to others as collateral as of December 31, 2023 and 2022 are provided in Note 8, 'PLEDGED ASSETS'.

(2) Financial assets at amortised cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Time deposits maturing over three months	\$ 300	\$ 300
Restricted time deposits	22,000	-
	<u>\$ 22,300</u>	<u>\$ 300</u>
Non-current items:		
Restricted bank deposit	<u>\$ 47,431</u>	<u>\$ 89,400</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income	<u>\$ 2,794</u>	<u>\$ 781</u>

B. As of December 31, 2023 and 2022, the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8, 'PLEDGED ASSETS'.

C. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was the carrying amount.

D. The counterparties of the Company's investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	<u>\$ 2,766</u>	<u>\$ 232</u>
Accounts receivable (including related parties)	\$ 19,393	\$ 10,882
Less: Allowance for uncollectible accounts	( 2,777)	( 378)
	<u>\$ 16,616</u>	<u>\$ 10,504</u>

A. The ageing analysis of notes receivable and accounts receivable (including related parties) is as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>
Up to 30 days	\$ 245	\$ 12,784	\$ -	\$ 9,714
31 to 90 days	2,381	2,990	4	414
91 to 180 days	140	644	228	340
Over 181 days	-	2,975	-	414
	<u>\$ 2,766</u>	<u>\$ 19,393</u>	<u>\$ 232</u>	<u>\$ 10,882</u>

The above ageing analysis was based on invoice date.

- B. As of December 31, 2023 and 2022, notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$1,289.
- C. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk was the carrying amount.
- D. As of December 31, 2023 and 2022, the Company did not hold any collateral as security for notes receivable and accounts receivable.
- E. Information about credit risk of notes receivable and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(4) Other receivables (including related parties)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Sponsorship receivable	\$ 9,700	\$ -
Commission receivable	1,945	6,475
Others	<u>541</u>	<u>2,384</u>
	12,186	8,859
Less: Allowance for uncollectible accounts	<u>-</u>	<u>(293)</u>
	<u><u>\$ 12,186</u></u>	<u><u>\$ 8,566</u></u>

(5) Inventories

	<u>December 31, 2022</u>
Merchandise	\$ 627
Less: Allowance for price decline of inventories	<u>(627)</u>
	<u><u>\$ -</u></u>

As of December 31, 2023, all inventory was discarded.

The cost of inventories recognised as expense:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Cost of goods sold	\$ -	\$ 240
Reversal of inventory market price decline (Note)	( 627)	( 8)
Loss on discarding of inventory	<u>627</u>	<u>-</u>
	<u><u>\$ -</u></u>	<u><u>\$ 232</u></u>

(Note) The Company reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because the inventories which were previously provided with allowance were subsequently sold or discarded for the years ended December 31, 2023 and 2022.

(6) Prepayments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments for tours	\$ 140,158	\$ 3,322
Prepayments for airline tickets	17,283	7,378
Prepayments for room reservation	488	2,217
Prepayments for rent	104	-
Other prepayments	1,553	3,400
	<u>\$ 159,586</u>	<u>\$ 16,317</u>

(7) Financial assets at fair value through profit or loss

	<u>December 31, 2023</u>
Non-current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Listed stocks - private placement	\$ 36,000
Valuation adjustment	91,050
	<u>\$ 127,050</u>

There was no such transaction for the year ended December 31, 2022.

- A. The Company recognised net gain (listed as “Other gains and losses”) of \$91,050 for the year ended December 31, 2023. There was no such transaction for the year ended December 31, 2022.
- B. In November 2023, the Company subscribed 5,000 thousand shares of ENSURE GLOBAL CORP., LTD. through private placement. The private placement shares are restricted to be transferred within three years.
- C. As of December 31, 2023, the Company has no financial assets at fair value through profit or loss pledged to others.

(8) Investments accounted for under equity method

- A. Movements of investments accounted for under equity method:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
At January 1	\$ 3,885	\$ 4,996
Acquisition of investments accounted for under equity method	-	12,000
Unrealised profit from sales	- (	2)
Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	( 1,475)	( 13,109)
At December 31	<u>\$ 2,410</u>	<u>\$ 3,885</u>

B. Details of investments accounted for under equity method are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries:		
Star Marketing Co., Ltd.	\$ 459	\$ 1,919
Xing Rong Management Consulting Co., Ltd.	<u>1,951</u>	<u>1,966</u>
	<u>\$ 2,410</u>	<u>\$ 3,885</u>

C. For more information about the subsidiaries of the Company, refer to Note 4(3) 'Basis of consolidation' of the 2023 consolidated financial statements.

D. As of December 31, 2023 and 2022, the Company had no investment accounted for under equity method pledged to others.

(9) Property, plant and equipment

	Land	Buildings	Computer and telecommunication equipment	Office equipment	Leasehold assets	Construction in progress and equipment to be inspected	Total
<u>January 1, 2023</u>							
Cost	\$ 46,740	\$ 77,298	\$ 7,907	\$ 1,394	\$ 1,401	\$ -	\$ 134,740
Accumulated depreciation	-	( 4,968)	( 7,299)	( 1,256)	( 155)	-	( 13,678)
	<u>\$ 46,740</u>	<u>\$ 72,330</u>	<u>\$ 608</u>	<u>\$ 138</u>	<u>\$ 1,246</u>	<u>\$ -</u>	<u>\$ 121,062</u>
<u>For the year ended December 31, 2023</u>							
At January 1	\$ 46,740	\$ 72,330	\$ 608	\$ 138	\$ 1,246	\$ -	\$ 121,062
Additions	-	-	743	285	10,573	150	11,751
Reclassifications	-	-	-	-	150	( 150)	-
Transferred from prepayment for equipment	-	-	-	-	13	-	13
Depreciation	-	( 2,292)	( 344)	( 95)	( 553)	-	( 3,284)
Disposals - cost	-	-	-	-	( 152)	-	( 152)
- accumulated depreciation	-	-	-	-	58	-	58
At December 31	<u>\$ 46,740</u>	<u>\$ 70,038</u>	<u>\$ 1,007</u>	<u>\$ 328</u>	<u>\$ 11,335</u>	<u>\$ -</u>	<u>\$ 129,448</u>
<u>December 31, 2023</u>							
Cost	\$ 46,740	\$ 77,298	\$ 8,650	\$ 1,679	\$ 11,985	\$ -	\$ 146,352
Accumulated depreciation	-	( 7,260)	( 7,643)	( 1,351)	( 650)	-	( 16,904)
	<u>\$ 46,740</u>	<u>\$ 70,038</u>	<u>\$ 1,007</u>	<u>\$ 328</u>	<u>\$ 11,335</u>	<u>\$ -</u>	<u>\$ 129,448</u>

	Land	Buildings	Computer and telecommunication equipment	Office equipment	Leasehold assets	Total
<u>January 1, 2022</u>						
Cost	\$ 46,740	\$ 77,298	\$ 7,342	\$ 1,394	\$ 152	\$ 132,926
Accumulated depreciation	-	( 2,675)	( 6,915)	( 996)	-	( 10,586)
	<u>\$ 46,740</u>	<u>\$ 74,623</u>	<u>\$ 427</u>	<u>\$ 398</u>	<u>\$ 152</u>	<u>\$ 122,340</u>
<u>For the year ended December 31, 2022</u>						
At January 1	\$ 46,740	\$ 74,623	\$ 427	\$ 398	\$ 152	\$ 122,340
Additions	-	-	565	-	1,249	1,814
Depreciation	-	( 2,293)	( 384)	( 260)	( 155)	( 3,092)
At December 31	<u>\$ 46,740</u>	<u>\$ 72,330</u>	<u>\$ 608</u>	<u>\$ 138</u>	<u>\$ 1,246</u>	<u>\$ 121,062</u>
<u>December 31, 2022</u>						
Cost	\$ 46,740	\$ 77,298	\$ 7,907	\$ 1,394	\$ 1,401	\$ 134,740
Accumulated depreciation	-	( 4,968)	( 7,299)	( 1,256)	( 155)	( 13,678)
	<u>\$ 46,740</u>	<u>\$ 72,330</u>	<u>\$ 608</u>	<u>\$ 138</u>	<u>\$ 1,246</u>	<u>\$ 121,062</u>

- A. The Company's property, plant and equipment are all occupied by the owner for operating purpose as of December 31, 2023 and 2022.
- B. No borrowing cost was capitalised as part of property plant and equipment for the years ended December 31, 2023 and 2022.
- C. Information about the property, plant and equipment that were pledged as collateral as of December 31, 2023 and 2022 is provided in Note 8, 'PLEDGED ASSETS'.



(10) Leasing arrangements — lessee

A. The Company leases buildings. Rental contracts are typically made for periods of 3 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	For the year ended December 31, 2023
	Carrying amount	Depreciation charge
Buildings	\$ 29,841	\$ 2,110

There was no such transaction for the year ended December 31, 2022.

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$31,951 and \$—, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	For the year ended December 31, 2023
<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	\$ 280
Expense on short-term lease contracts or leases of low-value assets	1,861

There was no such transaction for the year ended December 31, 2022.

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$3,546 and \$—, respectively.

(11) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonuses payable	\$ 17,231	\$ 4,803
Service fee payable	1,496	-
Payables for equipment	1,312	-
Labour and health insurance payable	1,130	1,742
Pension payable	842	1,437
Refund tickets payable	-	2,048
Others	6,932	3,599
	<u>\$ 28,943</u>	<u>\$ 13,629</u>

(12) Long-term borrowings

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2023	Note
Secured bank borrowings	2020.10~2040.10	2.03%	Land and buildings	\$ 87,336	(Note)
Less: Current portion				( 4,397)	
				<u>\$ 82,939</u>	

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2022	Note
Secured bank borrowings	2020.10~2040.10	1.28% ~ 1.78%	Land and buildings	\$ 91,658	(Note)
Less: Current portion				( 4,360)	
				<u>\$ 87,298</u>	

(Note) The principal is payable after a grace period of 18 months, and the interest is repayable monthly.

Information about interest expenses recognised in profit or loss for the years ended December 31, 2023 and 2022 is provided in Note 6(22), 'Finance costs'.

(13) Pensions

Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Company were \$2,900 and \$1,980 for the years ended December 31, 2023 and 2022, respectively.

(14) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows:

(Units: in thousand shares)

	For the years ended December 31,	
	2023	2022
Beginning balance	68,742	34,072
Capital reduction to offset against accumulated deficit	- (	15,330)
Issuance of shares for cash	-	50,000
Ending balance	<u>68,742</u>	<u>68,742</u>

B. The shareholders during the extraordinary general meeting on April 13, 2022 resolved to reduce capital to offset against accumulated deficit. The capital reduction amounted to \$153,300, constituting 15,330 thousand shares with a par value of \$10 (in dollars) per share, at a capital

reduction ratio of 44.993%. The capital reduction has been approved by the Securities and Futures Bureau, Financial Supervisory Commission, with the record date set on May 13, 2022. The registration of the capital reduction was completed on June 13, 2022.

- C. To increase the Company's working capital, the stockholders at their stockholders' special meeting on April 13, 2022 resolved to raise additional cash through private placement and the Board of Directors resolved to increase capital by issuing 50,000 thousand shares through private placement with a par value of \$10 (in dollars). The effective date was set on August 9, 2022. The capital raised through the private placement had been registered. The securities may not be re-sold to other parties, except for the parties who are in accordance with the R.O.C. Securities and Exchange Act during three full years have elapsed since the delivery date. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.
- D. As of December 31, 2023, the Company's authorised capital was \$1,000,000, and the paid-in capital was \$687,421 (including shares through private placement amounting to \$605,820, and \$4,000 which can be issued as stock option certificates), consisting of 68,742 thousand shares of ordinary stock with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(15) Capital surplus

For the year ended December 31, 2023				
	Employee stock			
	Share premium	options	Others	Total
At January 1	\$ 31	\$ 2,090	\$ 41	\$ 2,162
Compensation cost recognised from employee stock options	-	5,417	-	5,417
At December 31	\$ 31	\$ 7,507	\$ 41	\$ 7,579
For the year ended December 31, 2022				
	Employee stock			
	Share premium	options	Others	Total
At January 1	\$ 22	\$ -	\$ -	\$ 22
Compensation cost recognised from employee stock options	-	2,090	-	2,090
Issuance of fractional shares from capital reduction	9	-	-	9
Exercising the right of disengagement	-	-	41	41
At December 31	\$ 31	\$ 2,090	\$ 41	\$ 2,162

- A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.
- B. Information about capital surplus-employee share options is provided in Note 6(16), 'Share-based payment-employee compensation'.

(16) Share-based payment-employee compensation

- A. On May 4, 2023, the Company issued compensatory employee stock option plan of 410 thousand units, and the subscription price was \$44 (in dollars) per share, which shall not be lower than the closing price of the Company's ordinary shares on the issuance date. Employees can subscribe for 1 share per unit of the stock option. After the issuance of the stock options, if there is any change in the Company's ordinary shares, the subscription price shall be adjusted based on the specific formulas. The vesting period of the issued stock options is 4 years. Employees can exercise their subscription rights each year under the regulations governing employee stock options after two years of service from the issuance date. The compensation cost (listed as 'Capital surplus - share options') recognised for the compensatory employee stock option amounted to \$1,608 for the year ended December 31, 2023. There was no such transaction for the year ended December 31, 2022.
- B. On August 2, 2022, the Company issued compensatory employee stock option plan of 1,617 thousand units, and the subscription price was \$22.55 (in dollars) per share, which shall not be lower than the closing price of the Company's ordinary shares on the issuance date. Employees can subscribe for 1 share per unit of the stock option. After the issuance of the stock options, if there is any change in the Company's ordinary shares, the subscription price shall be adjusted based on the specific formulas. As of December 31, 2023, the subscription price of employees' stock options has been adjusted to \$12.49 (in dollars). The vesting period of the issued stock options is 4 years. Employees can exercise their subscription rights each year under the regulations governing employee stock options after two years of service from the issuance date. The compensation cost (listed as 'Capital surplus - share options') recognised for the compensatory employee stock option amounted to \$3,809 and \$2,090 for the years ended December 31, 2023 and 2022, respectively.

C. The relevant information on the Company's employee stock option plan is disclosed as follows:

For the year ended December 31, 2023		
	Quantity (in thousand units)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,577	\$ 12.49
Options granted	410	44.00
Options forfeited	( 370)	15.04
Options outstanding at December 31	1,617	19.89
Options exercisable at December 31	-	-

For the year ended December 31, 2022		
	Quantity (in thousand units)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	\$ -
Options granted	1,617	22.55
Options forfeited	( 40)	12.49
Options outstanding at December 31	1,577	12.49
Options exercisable at December 31	-	-

D. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. The relevant information is as follows:

Grant date	May 4, 2023	August 2, 2022
Share price	\$ 44.00 (in dollars)	\$ 22.55 (in dollars)
Exercise price	\$ 44.00 (in dollars)	\$ 22.55 (in dollars)
Dividend yield rate	0%	0%
Expected price volatility rate	68.47%	66.99%
Risk-free interest rate	1.06%	1%
Expected duration	4.15 years	4.15 years
Fair value per unit (per share)	\$ 23.07 (in dollars)	\$ 11.59 (in dollars)

(17) Accumulated deficit

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After that, special reserve shall be set aside or reverse in accordance with the related laws or the regulations made by the regulatory authority. The remainder, if any, along with beginning unappropriated earnings and the adjustment of undistributed earnings for the current year, except the amount that shall be maintained for operation needs, shall be proposed to the shareholders for the resolution of appropriation.
- B. The Company's dividend policy is determined in accordance with the Company Act and the

Company's Articles of Incorporation, taking into consideration the Company's capital, financial structure, operating condition, earnings and the nature and cycle of the industry to which the Company belongs. Dividends may be distributed in the form of shares or cash taking into account the factors such as the Company's finance, business and operations. However, cash dividends distributed should account for at least 5% of the total dividends distributed for the year.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. The shareholders have resolved the deficit compensation for 2022 and 2021 during the shareholders' meeting on June 15, 2023 and June 28, 2022, respectively. On March 14, 2024, the board of directors decided to offset the profit for fiscal year 2023 against the accumulated deficit from previous years, and therefore, there will be no distribution of earnings. Details of the resolution of deficit compensation are provided in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(18) Operating revenue

- A. The Company derives revenue from the group tours over time and revenue from tickets at a point in time as follows:

	For the years ended December 31,	
	2023	2022
Group tours revenue	\$ 1,070,928	\$ 71,427
Ticketing revenue	12,238	5,916
Others	14,086	1,511
	<u>\$ 1,097,252</u>	<u>\$ 78,854</u>

- B. Contract liabilities:

- (a) The Company has recognised the following revenue-related contract liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities – airline tickets for travelers, group tour fees and visa fees	<u>\$ 157,222</u>	<u>\$ 19,452</u>	<u>\$ 9,784</u>

- (b) Revenue recognised amounted to \$19,452 and \$9,784 for the years ended December 31, 2023 and 2022 that were included in the contract liabilities as of January 1, 2023 and 2022, respectively.

(19) Interest income

	For the years ended December 31,	
	2023	2022
Bank deposits	\$ 982	\$ 372
Interest income from financial assets measured at amortised cost	2,794	781
	<u>\$ 3,776</u>	<u>\$ 1,153</u>

(20) Other income

	For the years ended December 31,	
	2023	2022
Sponsorship income	\$ 37,922	\$ -
Court settlement income	7,000	-
Human resources income	2,169	6,475
Government grants income	1,876	4,791
Others	2,463	14,930
	<u>\$ 51,430</u>	<u>\$ 26,196</u>

(21) Other gains and losses

	For the years ended December 31,	
	2023	2022
Net gains on financial assets and liabilities at fair value through profit or loss	\$ 91,050	\$ -
Net currency exchange gains	2,474	355
Net losses on disposal of property, plant and equipment	( 94)	-
Others	( 701)	( 6)
	<u>\$ 92,729</u>	<u>\$ 349</u>

(22) Finance costs

	For the years ended December 31,	
	2023	2022
Interest expense:		
Bank borrowings	\$ 1,826	\$ 2,789
Interest expense on lease liabilities	280	-
	<u>\$ 2,106</u>	<u>\$ 2,789</u>

(23) Expenses by nature

For the year ended December 31, 2023			
	Operating cost	Operating expense	Total
Employee benefit expense	\$ 3,028	\$ 90,107	\$ 93,135
Depreciation	-	5,394	5,394
	<u>\$ 3,028</u>	<u>\$ 95,501</u>	<u>\$ 98,529</u>
For the year ended December 31, 2022			
	Operating cost	Operating expense	Total
Employee benefit expense	\$ 472	\$ 39,554	\$ 40,026
Depreciation	-	3,092	3,092
Amortisation	-	138	138
	<u>\$ 472</u>	<u>\$ 42,784</u>	<u>\$ 43,256</u>

(24) Employee benefit expense

For the year ended December 31, 2023			
	Operating cost	Operating expense	Total
Wages and salaries	\$ 3,028	\$ 70,771	\$ 73,799
Compensation cost recognised from employee stock options	-	5,417	5,417
Labor and health insurance expenses	-	5,777	5,777
Pension	-	2,900	2,900
Directors' remuneration	-	2,395	2,395
Other personnel expenses	-	2,847	2,847
	<u>\$ 3,028</u>	<u>\$ 90,107</u>	<u>\$ 93,135</u>
For the year ended December 31, 2022			
	Operating cost	Operating expense	Total
Wages and salaries	\$ 472	\$ 28,750	\$ 29,222
Compensation cost recognised from employee stock options	-	2,090	2,090
Labor and health insurance expenses	-	3,863	3,863
Pension	-	1,980	1,980
Directors' remuneration	-	1,542	1,542
Other personnel expenses	-	1,329	1,329
	<u>\$ 472</u>	<u>\$ 39,554</u>	<u>\$ 40,026</u>

A. For the years ended December 31, 2023 and 2022, the Company had approximately 101 and 66 employees on average, including 9 and 8 directors, respectively. The employee benefit expenses were \$993 and \$664, while the employee wages and salaries were \$802 and \$504 on average for the years ended December 31, 2023 and 2022, respectively. The average employee wages and salaries for the year ended December 31, 2023 increased by approximately 59.13% compared to



the year ended December 31, 2022. In addition, since the Company has set up the Audit Committee, it had no supervisors' remuneration.

- B. The remuneration policies of the Company's directors, independent directors, managers and employees are described as follows:
- (a) The directors' emoluments include salaries and professional practice fees. The Board of Directors and the compensation committee are authorised to establish the directors' emoluments based on the extent of the directors' participation and value of contribution to the Company in accordance with the Company's Articles of Incorporation. Currently, the Company has established 'Remuneration payment regulations for directors and independent directors' to regulate the assessed amount of directors' remuneration and professional practice fees.
  - (b) The emoluments of the general manager and deputy general manager including salaries and bonuses are determined based on the position held, the responsibilities assumed, the contribution to the Company, taking into consideration the general market price and terms of employment, which are proposed by the personnel department and then submitted to the remuneration committee for review. Currently, the Company has established 'Terms of management for remuneration' and 'Regulations on payment for managers' year-end bonus' to regulate the assessed amount of salaries and year-end bonus for the general manager and deputy general manager.
  - (c) The compensation of employees includes salary and bonus. New employees are appointed by the supervisor of the human resources segment by reference to the terms of employment management and submitted to the authorised supervisor for approval. In the future, employees with excellent performance may be reviewed by the segment supervisor for salary adjustment or promotion.
  - (d) The Company's main compensation principles are linked to the responsibilities and performance results, and are positively correlated with operating performance. The payment of compensation is disclosed in accordance with the law. Future risks should be limited.
- C. In accordance with the Articles of Incorporation of the Company, the earnings, if any, shall be distributed as employees' compensation which shall account for 0.1%~7% of the amount of pre-tax profit before deduction of employees' compensation less accumulated deficit. Regardless of profit or loss, the Company authorises the Board of Directors to determine the directors' remuneration based on their participation in the operations of the Company and the value of their contribution to the Company.
- D. The Company did not accrue employees' compensation due to the accumulated deficit as of December 31, 2023 and 2022. Information about employees' compensation and directors' and supervisors' remuneration of the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Components of income tax (benefit) expense:

	For the years ended December 31,	
	2023	2022
Current tax:		
Income tax incurred in current year	\$ 8	\$ -
Prior year income tax over estimation	( 15)	-
	( 7)	-
Deferred tax:		
Origination and reversal of temporary differences	( 106)	60
Income tax (benefit) expense	(\$ 113)	\$ 60

B. Reconciliation between income tax (benefit) expense and accounting loss:

	For the years ended December 31,	
	2023	2022
Tax calculated based on loss before tax and statutory tax rate	\$ 21,041	(\$ 8,907)
Effect from tax exempt income by tax regulation	( 18,290)	3,171
Prior year income tax over estimation	( 15)	-
Temporary differences not recognised as deferred tax assets	7	( 1)
Taxable loss not recognised as deferred tax assets	-	5,797
Change in assessment of realisation of deferred tax assets	( 2,856)	-
Income tax (benefit) expense	(\$ 113)	\$ 60

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

For the year ended December 31, 2023				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Allowance for doubtful accounts	\$ 73	\$ 439	\$ -	\$ 512
Unrealised loss on inventory market value decline	126	( 126)	-	-
Unused compensated absences	296	74	-	370
Unrealised exchange loss	24	( 24)	-	-
	<u>\$ 519</u>	<u>\$ 363</u>	<u>\$ -</u>	<u>\$ 882</u>
Deferred tax liabilities:				
Temporary differences:				
Unrealised exchange gain	\$ -	(\$ 257)	\$ -	(\$ 257)
	<u>\$ 519</u>	<u>\$ 106</u>	<u>\$ -</u>	<u>\$ 625</u>
For the year ended December 31, 2022				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Allowance for doubtful accounts	\$ 72	\$ 1	\$ -	\$ 73
Unrealised loss on inventory market value decline	127	( 1)	-	126
Unused compensated absences	230	66	-	296
Unrealised exchange loss	150	( 126)	-	24
	<u>\$ 579</u>	<u>(\$ 60)</u>	<u>\$ -</u>	<u>\$ 519</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2015	\$ 3,232	\$ -	\$ -	2025
2016	43,252	32,203	6,440	2026
2017	64,305	64,305	12,861	2027
2018	147,074	147,074	29,415	2028
2019	105,782	105,782	21,156	2029
2020	99,274	99,274	19,855	2030
2021	52,424	52,424	10,485	2031
2022	28,985	28,985	5,797	2032
	<u>\$ 544,328</u>	<u>\$ 530,047</u>	<u>\$ 106,009</u>	

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2015	\$ 3,232	\$ 3,232	\$ 646	2025
2016	43,252	43,252	8,650	2026
2017	64,305	64,305	12,861	2027
2018	147,074	147,074	29,415	2028
2019	105,782	105,782	21,156	2029
2020	99,274	99,274	19,855	2030
2021	52,424	52,424	10,485	2031
2022	28,985	28,985	5,797	2032
	<u>\$ 544,328</u>	<u>\$ 544,328</u>	<u>\$ 108,865</u>	

E. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority. There were no disputes existing between the Company and the Tax Authority as of March 14, 2024.

(26) Earnings (loss) per share

For the year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 105,316	68,742	\$ 1.53
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	105,316	68,742	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	301	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 105,316	69,043	\$ 1.53

For the year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders	(\$ 44,592)	38,605	(\$ 1.16)

For the year ended December 31, 2022, employee stock options had anti-dilutive effect, and thus they were not included in the calculation of diluted loss per share.

(27) Supplemental cash flow information

A. Investing activities with partial cash payments:

For the years ended December 31,		
	2023	2022
Acquisition of property, plant and equipment	\$ 11,751	\$ 1,814
Add: Beginning balance of payable for equipment	-	152
Less: Ending balance of payable for equipment	(1,312)	-
Cash paid for acquisition of property, plant and equipment	\$ 10,439	\$ 1,966

B. Investing activities with no cash flow effects:

	For the years ended December 31,	
	2023	2022
Prepayments for equipment transferred to property, plant and equipment	\$ 13	\$ -

(28) Changes in liabilities from financing activities

	Lease liabilities	Long-term borrowings (including current portion)	Total
At January 1, 2023	\$ -	\$ 91,658	\$ 91,658
Changes in cash flow from financing activities	( 1,405)	( 4,322)	( 5,727)
Changes in other non-cash items	31,951	-	31,951
At December 31, 2023	<u>\$ 30,546</u>	<u>\$ 87,336</u>	<u>\$ 117,882</u>

	Long-term borrowings (including current portion)	Total
At January 1, 2022	\$ 150,646	\$ 150,646
Changes in cash flow from financing activities	( 58,988)	( 58,988)
At December 31, 2022	<u>\$ 91,658</u>	<u>\$ 91,658</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
E-TOP METAL Co., Ltd.	Parent company
Star Marketing Co., Ltd. (Note)	Subsidiary
Man-Strong Manpower Mgt.Co., Ltd.	Substantive related party
Argo Yachts Development Co., Ltd.	Substantive related party
Man-Strong Manpower Co., Ltd.	Substantive related party
TMPCO Steel Co.,Ltd	Substantive related party
Li-Fung International Co., Ltd.	Substantive related party
Lohas Ocean Leisure Co., Ltd.	Substantive related party
Sanxing Management Consulting Co., Ltd.	Substantive related party
Juyang International Consulting Co., Ltd.	Substantive related party
Xiyu International Co., Ltd.	Substantive related party
Sidley International Human Resources, Ltd.	Substantive related party
Honggu Human Resources, Ltd.	Substantive related party
World-Union Fortune Company	Substantive related party
Argo Qingwan Ocean Cultural and Creative Co., Ltd.	Substantive related party
Yuyu Investment Ltd.	Substantive related party
TSG Hawks Baseball Co., Ltd.	Substantive related party
Taiwan Steel Group United Co., Ltd.	Substantive related party
TSG Sports Marketing Co., Ltd.	Substantive related party
Chun Yu Works & Co., Ltd.	Substantive related party
OFCO Industrial Corporation	Substantive related party
Chun Zu Machinery Industry Co., Ltd.	Substantive related party
E-Sheng Steel Co., Ltd.	Substantive related party
Arpeng Yacht Development Co.,Ltd.	Substantive related party
Chun Yu Bio-Tech Corp.	Substantive related party
Yacht PinAN Development Co., Ltd.	Substantive related party
Tung-Bo Enterprise Corp.	Substantive related party
S-Tech Corp.	Substantive related party
Gloria Material Technology Corp.	Substantive related party
Chun Bang Precision Co.,Ltd.	Substantive related party
Kings Asset Management Corp.	Substantive related party
Aryue Development Co.,Ltd.	Substantive related party
Thai Manstrong International Real Estate Co., Ltd.	Substantive related party

(2) Significant related party transactions

A. Operating revenue

	For the years ended December 31,	
	2023	2022
Group tour income - fee income:		
Substantive related parties	\$ 11,071	\$ 4,997
Parent company	7	29
	<u>\$ 11,078</u>	<u>\$ 5,026</u>

Operating revenue mainly arise from sales of airline tickets and providing travel services to related parties. Transportation prices are determined based on mutual agreement and the collection term is 30 days after monthly billings.

B. Operating cost

	For the years ended December 31,	
	2023	2022
Substantive related parties	\$ 392	\$ 2,763
Subsidiaries	7	18
	<u>\$ 399</u>	<u>\$ 2,781</u>

Operating costs mainly arise from leasing yachts and purchasing goods from related parties. Transportation prices are determined based on mutual agreement and the payment term is 30 days after monthly billings.

C. Advertisement expense

	For the years ended December 31,	
	2023	2022
Substantive related parties	\$ 731	\$ 198
Subsidiaries	-	4
	<u>\$ 731</u>	<u>\$ 202</u>

D. Professional service fees

	For the years ended December 31,	
	2023	2022
Substantive related parties	\$ 2,635	\$ 297

E. Other income

	For the years ended December 31,	
	2023	2022
Argo Yachts Development Co., Ltd.	\$ 2,936	\$ -
Subsidiaries	-	6,475
Substantive related parties	289	39
	<u>\$ 3,225</u>	<u>\$ 6,514</u>



F. Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable:		
Substantive related parties	\$ -	\$ 4
Accounts receivable:		
Substantive related parties	\$ 3,074	\$ 768
Other receivables:		
Subsidiaries	\$ 1,946	\$ 6,475
Substantive related parties	80	38
	<u>\$ 2,026</u>	<u>\$ 6,513</u>

The receivables from related parties arise mainly from sales transactions. The receivables are unsecured in nature and bear no interest.

G. Prepayments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries	\$ -	\$ 16
Argo Yachts Development Co., Ltd.	-	331
Substantive related parties	-	14
	<u>\$ -</u>	<u>\$ 361</u>

H. Prepaid expenses

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries	\$ -	\$ 12
Substantive related parties	-	381
	<u>\$ -</u>	<u>\$ 393</u>

I. Guarantee deposits paid

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries	\$ 37	\$ 37

J. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Subsidiaries	\$ -	\$ 924
Substantive related parties	37	379
	<u>\$ 37</u>	<u>\$ 1,303</u>
Other receivables:		
Substantive related parties	\$ 394	\$ -

The payables to related parties arise mainly from group tour transactions. The payables bear no interest.

(3) Key management compensation

	For the years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 3,567	\$ 3,702
Compensation cost recognised from employee stock options	1,622	707
Post-employment benefits	192	109
	<u>\$ 5,381</u>	<u>\$ 4,518</u>

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Time deposits (Note 1)	\$ 69,431	\$ 89,400	Guarantees for Tourism Bureau, issuance of airline tickets, ticket booking system, Insurance Bureau, and deposits for corporations
Land (Note 2)	46,740	46,740	Collateral for borrowing facilities
Buildings (Note 2)	70,038	72,330	Collateral for borrowing facilities
	<u>\$ 186,209</u>	<u>\$ 208,470</u>	

(Note 1) Listed as 'Financial assets at amortised cost - current' and 'Financial assets at amortised cost - non-current'.

(Note 2) Listed as 'Property, plant and equipment'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) As of December 31, 2023 and 2022, in order to cooperate with airline companies and hotels, the Company commissioned financial institutions to provide comprehensive facilities of \$311,300 and \$211,300, respectively (including performance guarantees and short-term loan facilities), and the actual drawn amount of guarantees were \$145,274 and \$164,300, respectively.

(2) Due to the gradual recovery of the tourism industry, the Company has signed charter flight contracts with airlines during in 2023. As of December 31, 2023, the remaining balance for unpaid amounts was \$76,374.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 127,050	\$ -
Financial assets at amortised cost		
Cash and cash equivalents	\$ 403,521	\$ 394,305
Financial assets at amortised cost - current	22,300	300
Notes receivable	2,766	232
Accounts receivable (including related parties)	16,616	10,504
Other receivables (including related parties)	12,186	8,566
Financial assets at amortised cost - non-current	47,431	89,400
Guarantee deposits paid	12,486	9,146
	<u>\$ 517,306</u>	<u>\$ 512,453</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable	\$ 6,775	\$ 8
Accounts payable (including related parties)	37,054	15,212
Other payables	28,943	13,629
Long-term borrowings (including current portion)	87,336	91,658
	<u>\$ 160,108</u>	<u>\$ 120,507</u>
Lease liability	\$ 30,546	\$ -

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Company, derivative financial instruments are used to hedge certain risk.
- (b) Risk management is carried out by Company's treasury department under policies approved by the Board of Directors. Company's treasury department identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units.

## C. Significant financial risks and degrees of financial risks

### (a) Market risk

#### Foreign exchange risk

- i. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The segments are required to hedge their entire foreign exchange risk exposure with the treasury. The Company's treasury department uses forward foreign exchange contracts to manage the foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions and recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.
- ii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
JPY:NTD	\$ 109,207	0.2172	\$ 23,720
USD:NTD	34	31	1,044
HKD:NTD	461	3.93	1,812
THB:NTD	1,802	0.9017	1,625
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	25	30.71	768

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 112	30.71	\$ 3,451
JPY:NTD	9,761	0.2324	2,268
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	4	30.71	109

- iii. Sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD

to all foreign currencies had appreciated or depreciated by 1% with all other variables held constant, post-tax profit would have increased/decreased by \$219 and \$45 for the years ended December 31, 2023 and 2022, respectively.

- iv. The total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company, amounted to \$2,474 and \$355 for the years ended December 31, 2023 and 2022, respectively.

#### Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the year ended December 31, 2023 would have increased/decreased by \$1,271 as a result of gains/losses on equity securities classified as at fair value through profit or loss. There was no such transaction for the year ended December 31, 2022.

#### Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2023 and 2022, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- ii. The Company's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 1% or with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have decreased/increased by \$15 and \$59, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

#### **(b) Credit risk**

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial assets on the contract obligations. The main factor is that counterparties could not repay in full the contract cash flows of accounts receivable based on the agreed terms.
- ii. The Company manages its credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of its new clients before standard payment

and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Company applies the modified approach to estimate the expected credit loss on an individual assessment basis.
- iv. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principle repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable (including related parties) are as follows:

	For the years ended December 31,	
	2023	2022
Beginning balance	\$ 378	\$ 378
Provision for impairment	2,399	-
Ending balance	<u>\$ 2,777</u>	<u>\$ 378</u>

- vii. The Company individually assesses the impairment loss of other receivables, and movements in related loss allowance are as follows:

	For the years ended December 31,	
	2023	2022
At January 1	\$ 293	\$ 323
Reversal of impairment loss	-	( 30)
Provision for impairment	( 293)	-
At December 31	<u>\$ -</u>	<u>\$ 293</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by the Company Finance Department. Company's treasury department monitors rolling forecasts of the Company's liquidity requirements to ensure it has

sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants.

- ii. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating rate:		
Expiring within one year	\$ <u>87,000</u>	\$ <u>47,000</u>

- iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows:

<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Notes payable	\$ 6,775	\$ -	\$ -	\$ -
Accounts payable (including related parties)	37,054	-	-	-
Other payables	28,943	-	-	-
Lease liability	8,314	8,104	18,567	-
Long-term borrowings (including current portion)	6,129	6,129	18,388	72,532
<u>December 31, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Notes payable	\$ 8	\$ -	\$ -	\$ -
Accounts payable (including related parties)	15,212	-	-	-
Other payables	13,629	-	-	-
Long-term borrowings (including current portion)	6,063	6,068	18,205	77,878

- iv. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

### (3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in Stock investment in private placement(with liquidity discount of 24.82%) is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

- B. The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost - current, notes receivable, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, notes payable, accounts payable (including related parties), other payables and long-term borrowings (including current portion)) are approximate to their fair values.
- C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ 127,050	\$ -	\$ 127,050

There was no such transaction for the year ended December 31, 2022.

- D. The fair value of the above financial instruments is determined based on their closing prices, taking into account the liquidity discount.
- E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- F. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

### 13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2023.

#### (1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures): Refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital or more: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in



capital or more: None.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Refer to Note 7, 'Related party transactions'. Details are not disclosed separately due to each individual amount and total amount are immaterial between subsidiaries' transactions.

(2) Information on investees

Names, locations and other information of investee companies (excluding investees in Mainland China): Refer to table 2.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Refer to table 3.

14. SEGMENT INFORMATION

Not applicable.

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Cash:		
Cash on hand – NTD		\$ 261
– JPY	JPY 15,111 thousand @ 0.2172	
– Other foreign currency		3,870
Checking deposits		14,668
Demand deposits – NTD		79,656
– USD	USD 33 thousand @ 30.71	
– JPY	JPY 94,096 thousand @ 0.2172	
– Other foreign currency		25,066
Cash equivalents		
Time deposits – NTD		280,000
		<u>\$ 403,521</u>

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST - CURRENT  
DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

		<u>Beginning Balance</u>							
Name	Description	Shares (in thousands)	Par Value	Carrying Amount	Interest Rate	Book Value	Accumulated Impairment	Note	
	Maturity term:								
Time deposit - NTD	2024.5.22~2024.9.15	-	\$ 22,300	\$ 22,300	0.55%~1.57%	\$ 22,300	\$ -	—	

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF ACCOUNTS RECEIVABLE  
DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

<u>Client Name</u>	<u>Item</u>	<u>Amount</u>	<u>Note</u>
Taishin International Bank	Accounts receivable	\$ 6,047	—
Client A	"	3,212	—
Others (individually less than 5%)	"	<u>7,060</u>	—
		16,319	
Less: Allowance for uncollectible accounts		( <u>2,777</u> )	
		<u>\$ 13,542</u>	

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF OTHER RECEIVABLES  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(4) for the information related to other receivables.

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF PREPAYMENTS  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(6) for the information related to prepayments.

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF CHANGES IN FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

Name of Financial Instrument	Beginning Balance		Addition		Decrease		Valuation adjustment	Ending Balance		Collateral	Note
	Shares	Fair Value	Shares	Amount	Shares	Amount	Amount	Shares	Fair Value		
Listed stocks - private placement											
EnSure Global Corp., Ltd. (Note)	-	\$ <u>-</u>	5,000	\$ <u>36,000</u>	-	\$ <u>-</u>	\$ <u>91,050</u>	5,000	\$ <u>127,050</u>	None	-

(Note) Refer to Note 6(7) for the information related to financial assets at fair value through profit or loss.

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST - NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Name	<u>Beginning Balance</u>		<u>Addition</u>		<u>Decrease</u>		<u>Ending Balance</u>		<u>Accumulated Impairment</u>	<u>Collateral</u>	<u>Note</u>
	<u>Shares</u> <u>(in thousands)</u>	<u>Carrying Amount</u>	<u>Shares</u> <u>(in thousands)</u>	<u>Amount</u>	<u>Shares</u> <u>(in thousands)</u>	<u>Amount</u>	<u>Shares</u> <u>(in thousands)</u>	<u>Carrying Amount</u>			
Pledged demand deposit - NTD	-	\$ 89,400	-	\$ -	-	(\$ 42,940)	-	\$ 46,460	-	(Note 1)	(Note 2)
Pledged demand deposit - USD	-	-	-	971	-	-	-	971	-	(Note 1)	(Note 3)
		<u>\$ 89,400</u>		<u>\$ 971</u>		<u>(\$ 42,940)</u>		<u>\$ 47,431</u>			

(Note 1) Refer to Note 8 for the information related to pledged assets.

(Note 2) Range of maturity date is March 31, 2024 ~ November 22, 2024. Range of interest rates is 0.56%~1.58%.

(Note 3) Maturity date is January 20, 2025 and interest rate is 5.3%.



TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - COST  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(9) for the information related to property, plant and equipment.

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - ACCUMULATED  
DEPRECIATION  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(9) for the information related to property, plant and equipment.

Refer to Note 4(14) for the depreciation methods and the estimated useful lives of property, plant and equipment.

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS - COST  
FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

Item	Buildings
Beginning balance	\$ -
Addition	31,951
Ending balance	\$ 31,951

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS - ACCUMULATED DEPRECIATION  
FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

Item	Buildings
Beginning balance	\$ -
Depreciation	2,110
Ending balance	\$ 2,110

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF GUARANTEE DEPOSITS PAID  
DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Billing deposit	—	\$ 3,767	—
Travel platform cooperation deposit	—	2,763	—
Hotel deposit	—	1,858	—
Rent deposit	—	1,787	—
United funds for travel quality assurance of Travel Quality Assurance Association	—	1,000	—
Deposit for booking system	—	833	—
Others (individually less than 5%)	—	478	—
		<u>\$ 12,486</u>	

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF CONTRACT LIABILITIES  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(18) for the information related to operating revenue.

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF ACCOUNTS PAYABLE  
DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

<u>Suppliers Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Supplier B	Accounts payable	\$ 22,200	—
Supplier C	"	5,721	—
Supplier D	"	3,364	—
Others (individually less than 5%)	"	5,732	—
		<u>\$ 37,017</u>	

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF OTHER PAYABLES  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(11) for the information related to other payables.



TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF LONG-TERM BORROWINGS  
DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

<u>Nature</u>	<u>Description</u>	<u>Ending balance</u>	<u>Contract Period</u>	<u>Range of Interest</u>	<u>Collateral</u>
Land Bank of Taiwan	Secured borrowings	\$ 87,336	2020.10~2040.10	2.03%	Note 1
Less: Long-tem liabilities, current portion		( 4,397)			
		<u>\$ 82,939</u>			

(Note 1) Property, plant and equipment.

(Note 2) Starting from October 2020, the principal was repayable every one month for four months with a grace period from the 5th month to the 22nd month and the interest is payable monthly. The principal shall be repaid every one month starting from the 23rd month until October 2040.

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF LEASE LIABILITIES – NON-CURRENT  
DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Contract Period</u>	<u>Range of Interest</u>	<u>Amount</u>
Buildings	2023.06~2028.10	3.119%	\$ 30,546
		Less: Long-tem liabilities, current portion	( 6,636)
			<u>\$ 23,910</u>

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(18) for the information related to operating revenue.

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Operating costs	Group tour and other costs	\$ 982,411	-
Reversal of inventory market price decline		( 627)	-
Loss on discarding of inventory		627	-
		<u>\$ 982,411</u>	

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF SELLING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Wages and salaries	—	\$ 41,465
Commission expenses	—	15,170
Advertisement expense	—	8,494
Others (individually less than 5%)	—	21,551
		<u>\$ 86,680</u>

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Wages and salaries	—	\$ 37,623
Professional service fees	—	8,030
Others (individually less than 5%)	—	<u>19,260</u>
		<u>\$ 64,913</u>

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF OTHER INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(20) for the information related to other income.

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF NET AMOUNT OF OTHER GAINS AND LOSSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(21) other gains and losses.



TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
STATEMENT OF SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION, AND  
AMORTIZATION EXPENSES IN THE CURRENT PERIOD  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(23) for the information related to expenses by nature, and Note 6(24) for the information related to employee benefit expense.

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				
				Number of shares	Book value	Ownership (%)	Fair value	Footnote
TSG Star Travel Corp.	Stock - EnSure Global Corp., Ltd.	—	Note 1	5,000	\$ 127,050	3.16	\$ 127,050	—

(Note 1) Listed as 'Financial assets at fair value through profit or loss - non-current'.

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)  
Information on investees (not including investees in China)  
For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023				Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the company for the year ended December 31, 2023	Footnote
				Balance at December 31, 2023	Balance at December 31, 2022	Number of shares	Ownership (%)	Book value				
TSG Star Travel Corp.	Star Marketing Co., Ltd.	Taiwan	General wholesale and retail	\$ 19,500	\$ 19,500	1,600,000	100	\$ 459	(\$ 1,460)	(\$ 1,460)		Subsidiary
TSG Star Travel Corp.	Golden Wheel Co., Ltd.	Taiwan	Management consulting	2,000	2,000	200,000	100	1,951	( 15)	( 15)		Subsidiary

TSG STAR TRAVEL CORP.  
(FORMERLY STAR TRAVEL CORP.)

Major shareholders information

December 31, 2023

Table 3

Name of the major shareholder	Number of shares held	
	Common share	Ownership (%)
E-TOP METAL CO., LTD.	47,250,000	68.73%

(Note) The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preferred shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.



TSG Star Travel Corp

