

List Code: 2748



# **FDC International Hotels Corporation**

## **2022 Annual Report**

*「We do not inherit this land from our ancestors; we borrow it from our Children」*  
Wendell Berry

Taiwan Stock Exchange Market Observation Post System : <http://mops.twse.com.tw>  
FDC annual report is available at <http://www.fdc-i.com/>

Date: May 30, 2023

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## **V 、 Overseas Trade Places for Listed Negotiable Securities**

NA

## **VI 、 Company Website**

[www.fdc-i.com](http://www.fdc-i.com)

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## One. Letter to Shareholders

### I. 2022 Business Results:

(I) Business Plan Implementation Outcome:

The Company's 2022 total consolidated operating income was NT\$ 2,074,353 thousand, among which the guest room income was NT\$ 816,682 thousand, and the food service income was NT\$ 1,152,208 thousand.

(II) Consolidated Financial Revenue/Expenditure and Profitability Analysis:

Unit: NT\$ thousand

Item		2022
Financial revenue/expenditure	Operating income	2,074,353
	Gross profit	642,911
	Net operating loss	259,448
	Net loss after tax	199,567
Profitability	Profit margin (%)	10%
	Earnings per share (EPS) (NT\$)	2.20

1. Consolidated assets, liabilities and net worth:

As of December 31, 2022, the total assets of the Company was NT\$ 4,861,402 thousand, the total liabilities was NT\$ 2,843,314 thousand, and the net worth was NT\$ 2,018,088 thousand.

2. Consolidated profit or loss:

The Company's 2022 operating net gain was NT\$ 259,448 thousand, operating profit margin was 13%, the profit after tax was NT\$ 199,567 thousand, and the profit margin after tax was 10%.

(III) Budget Implementation status:

Since the Company has not publicly disclosed the 2022 financial forecast, it is not required to disclose the budget implementation status.

(IV) Research and development status:

The Company operates the business of international tourism hotel and catering services; therefore, this is not applicable.

## II. 2023 Business Plan:

The Company operates the business of international tourism hotel and catering services, and the hotel business include the Sun Moon Lake Fleur de Chine Hotel and Palais de Chine Hotel, and the external restaurant services are mainly for wedding banquets and industrial/commercial banquets. The Company further utilizes the “Palais Collection” platform to expand the catering commissioned operation management business.

Fleur de Chine Hotel is located at the Sun Moon Lake National Scenic Area, and the main competitors of the same industry in the same scenic area are The Lalu Sun Moon Lake and The Wen Wan Resort Sun Moon Lake. According to the statistics of 2022 Nantou County tourism hotel operating scale announced by the Tourism Bureau, Ministry of Transportation and Communications, Fleur de Chine Hotel is ranked No. 1 hotel in the Sun Moon Lake National Scenic Area. In 2023, the lobby, executive lounge and recreation facilities will be renovated, in order to provide hardware of greater quality to guests. In the future, the Company will continue to launch characteristic tourism packages and focus on internet reputation improvement, in order to increase the guest room reservations of individual travelers and guests. In terms of the business strategy, the Company will not merely focus on the target of a high occupancy rate but will continue to commit to the improvement of service quality and accommodation prices.

The “Le Palais Chinese Restaurant” of Palais de Chine Hotel has received the honor of MICHELIN Three-Starred Restaurant for five consecutive years. The Artbrosia Italian Restaurant has received the honors of MICHELIN the Plate and Selected Restaurant in 2021 and 2022 respectively. Palais' catering service meeting international standards is advantageous to the reputation of the Palais de Chine Hotel and is also beneficial to the overall growth of the guest room and catering service revenues. The international guest room occupation rate of Palais de Chine Hotel exceeded 90% during the time before the COVID-19 pandemic; however, the guest room revenue during the pandemic period was severely affected. In 2022, Palais de Chine Hotel focused on the development of domestic tourism, such that the guest room revenue was able to recover from the recession caused by the pandemic.

The wedding banquet service and cuisine of Palais have received a great reputation in Taipei City. Nevertheless, due to the limitation of the available banquet hall location and event dates, the growth of revenue for wedding banquet services may not reach new highs. Accordingly, the Company has established the banquet business group “Palais Collection” , and the cooperation model with the proprietors can be: place rental, joint operation, commissioned operation management, etc. Based on the concept of platform profit sharing, the eight main advantages of Palais de Chine Hotel are introduced: professional MICHELIN-starred culinary team, customized banquet management, Immersive theme planning, one-stop-shop order service, wedding planner, wedding service team, music planner and music coordinator with integrated field resources and characteristics, in order to achieve new business opportunities and growth for the banquet industry. Under the COVID-19 pandemic, the Royal Wedding and Tamsui Jialu have demonstrated remarkable

outcome under such business model. In addition, Taichung Lancaster House, opened in April 2022, has set the highest record for the wedding banquet subject matter in the Taichung area.

In 2022, “Palais Collection” will focus on the development of the commissioned operation management, and the commissioned operation management locations for catering business of Wulai, Tainan Anping, Taichung and Taipei ILLUME Hotel (former Sunworld Dynasty Hotel Taipei), etc. The business model of the commissioned operation management for catering business under the hotels was the first in the industry.

The Va Kang An Hot Spring Park under the commissioned operation management of the Company has started its trial operation in August 2022. The Park integrates tourism, sustainability and local revitalization, in order to promote the number of visitors and to create job opportunities for local residents of Yenping Village at the same time. Furthermore, the Company also engage in collaboration with local tourism, bed and breakfast and catering business operators to jointly establish a co-existence and co-prosperity platform in order to implement local revitalization and to contribute efforts to the tourism visibility and development Yenping Village, which is meaningful and beneficial to the village and business operators.

To plan the international and diverse operations of the Company, the board of directors of the Company has approved that the Company may engage in the real estate business in Italy, in order to bring new business opportunities to the Company.—

### III. Impacts of External Competitive Environment, Legal Environment and Overall Operating Environment

As countries progressively lift the border restriction and epidemic measures worldwide, Taiwan government has also eliminated the home quarantine restriction for visitors entering Taiwan since October 2022 and relevant border control measures are also opened, which in turn drives the growth of inbound tourists, tours visiting Taiwan and business travel tourists. Since February 20, 2023, Taiwan border has been opened for visitors from Hong Kong and Macau for independent travel. Moreover, since March 2023, the cross-strait direct flights have also been resumed consecutively. As Palais de Chine Hotel is boated at an advantageous geographic location accessible via the five main transportation systems, we expect that the guest room revenue of Palais de Chine Hotel will increase significantly as the return of international tourists increases swiftly. In addition, the recovery of wedding banquets, large catering events and industry and commercial banquets are also expected to drive the overall business performance increase of the Company significantly. Under the positive impact of return of tourists and visitors, we expect that the economy related to domestic tourism industry and catering industry will continue to grow in 2023.

#### IV. Future Company Development Strategy

Looking into the future, the Company will further focus on the business scale of middle and high end markets, and will actively expand diverse planning for external catering and banquet services, in order to progressively increase the revenue weight of Palais Collection. In the future, the Company will continue to promote the commissioned operation management case acceptance and planning and to also engage in the real estate business in Italy, in order to achieve greater value and return for shareholders. We believe that under the exceptional efforts of the entire team, the aforementioned goals can be achieved successfully, thus generating greater value and return for shareholders. We sincerely thank the long-term support of all shareholders and your valuable comments and feedback.

FDC International Hotels Corporation  
Chairman: Emile Sheng



## Two. Company Profile

I. Establishment Date: November 22, 2012.

### II. Company History

Year	History
November 2012	Company establishment registration completed, and parent company as L' Hotel de Chine Corporation.
September 2013	Fleur de Chine Hotel qualified for and received the HACCP (food safety control system) certification.
April 2014	The Company acquired relevant business, assets and liabilities of Fleur de Chine Hotel divided and transferred by L' Hotel de Chine Corporation, and the Company executed capital increase with issuance of new shares for the consideration of NT\$600,000 thousand, and the paid-in capital became NT\$600,100 thousand. Fleur de Chine Hotel was ranked as a five-star hotel by the Tourism Bureau.
May 2014	Fleur de Chine Hotel received the honor of "Hotel with Excellent Service in Taiwan" from TripAdvisor, the largest tourism website worldwide.
June 2014	Fleur de Chine Hotel received the honor of "First-Class Hotel Golden Award" of the Commercial Times The Best Service In Taiwan.
August 2014	Fleur de Chine Hotel received the honor of "Customer's Choice" for "Most Popular Hotel" presented by JALPAK, Japan.
August 2014	Rainbow Cloud Restaurant of Fleur de Chine Hotel received the honor of "Muslim Friendly Restaurant".
August 2014	Fleur de Chine Hotel received the honor of "Muslim Friendly Hotel".
September 2014	Established Xinzhuang business office, new external catering brand of "Giardino" located at Crown Plaza and Gala de Chine - Xinzhuang also opened at the same time.
October 2014	Fleur de Chine Hotel was ranked and selected by Agoda for the "Gold Circle Award".
October 2014	Fleur de Chine Hotel received the honor of "Second Place for First Class Leisure Hotel" according to the Global Views Service Industry General Survey.
October 2014	Fleur de Chine Hotel was ranked by YAM for the Second Place of Top 10 Hot Spring Hotels.
October 2014	Fleur de Chine Hotel was ranked by Trip Advisor for "Best Traveler's Choice: Popular Family Hotel".
January 2015	Fleur de Chine Hotel was ranked by Trip Advisor for "Best Traveler's Choice: Popular Hotel".
January 2015	Fleur de Chine Hotel was ranked by Trip Advisor for the "Best Traveler's Choice: Popular Luxury Hotel".
January 2015	Fleur de Chine Hotel was ranked by the Tourism Bureau, MOTC for the "Tourism Hotel of Excellence".

Year	History
March 2015	Fleur de Chine Hotel was ranked by Manager Today Magazine for the "Merit Award in Holiday and Leisure Hotel Category".
March 2015	Xinzhuang Business Office changed the registration to Xinzhuang Branch.
August 2015	Company's stocks were publicly offered on August 18, 2015.
November 2015	Company's stocks were registered and traded at Emerging Stock Market on November 2, 2015.
November 2015	Fleur de Chine Hotel was ranked by Global Views Monthly for the "13th Five-Star Service Award First Class Leisure Hotel Category First Prize and Champion of Cross-Category with 17 Business Types".
January 2016	Fleur de Chine Hotel was ranked by TripAdvisor for the "Hotel of Best Service in Taiwan", and "Popular Hotel in Taiwan" of the Trip Advisor Traveler's Choice.
January 2016	Fleur de Chine Hotel was ranked by World Travel Awards for the "Best Hotel for Meetings in Taiwan".
July 2016	Fleur de Chine Hotel was ranked by the Commercial Time Taiwan Service Industry General Evaluation to receive the honor of "Champion" and "Gold Medal for Leisure and Holiday Hotel".
August 2016	Fleur de Chine Hotel was ranked by Smart Travel Asia for the "Hot 25-Leisure Hotels".
August 2016	Fleur de Chine Hotel was ranked by Smart Travel Asia for the "Best In Travel 2016".
November 2016	Fleur de Chine Hotel was ranked by the Global Views Service Industry General Survey to receive the honor of the "First Place for First Class Leisure Hotel".
November 2016	Fleur de Chine Hotel received the honor of "Luxury Family Hotel Award" of the World Luxury Hotel Awards.
November 2016	Fleur de Chine Hotel received the "Talent Quality-management System (TTQS) Certification Corporate Enterprise Gold Medal" presented by the Workforce Development Agency, Ministry of Labor.
November 2016	Company's stocks were publicly listed for trading on November 23, 2016.
February 2017	Fleur de Chine Hotel received the honor of "First Place for Top 10 Luxury Hotels in Taiwan", "Second Place for Best Hotels in Taiwan" and "Hotel of Best Service in Taiwan" from Trip Advisor.
March 2017	Fleur de Chine Hotel received the honor of "Recognition of Excellence" Central Region Resort Hotel from HotelsCombined.
March 2017	Fleur de Chine Hotel received the honor of "Top Partner Best Hot Spring Hotel" from Expedia.
April 2017	Fleur de Chine Hotel received the honor of First Place for Five-Star Resort Hotel in the "Golden Service Industry Survey" by Common Wealth Magazine.
May 2017	Established the Xindian Beixin and Taoyuan Minsheng Branches, newly added external catering service for Gala de Chine - Xindian Beixin Branch and Taoyuan Minsheng Branch.

Year	History
August 2017	The Company received the honor of "Taiwan's Excellence in Corporate Social Responsibility Award" CSR from CommonWealth Magazine.
October 2017	Fleur de Chine Hotel received the honor of "TOP100 Family" from Hotels.com.
November 2017	Fleur de Chine Hotel received the honor of "Starred Hotel 60 of Excellence" presented by Tourism Bureau, MOTC.
November 2017	Fleur de Chine Hotel was ranked by the Global Views Service Industry General Survey to receive the honor of the "First Place for First Class Leisure Hotel".
December 2017	Fleur de Chine Hotel received the honor of "Large Enterprise Award" of the National Talent Development Awards.
January 2018	Fleur de Chine Hotel was ranked by Trip Advisor for the "2018 Best Traveler's Choice: Best Hotel in Taiwan, Luxury Hotel in Taiwan".
March 2018	Fleur de Chine Hotel received the honor of "2018 Excellence in Tourism Industry and Excellence in Employee Outstanding Performance Tourism Hotel Industry" presented by Tourism Bureau, MOTC".
March 2018	Fleur de Chine Hotel was ranked by the DailyView for the "Favorite hotels for foreigners! First place in internet popularity for most popular hot spring hotels".
March 2018	Fleur de Chine Hotel was ranked by the well-known TV program "Let's Go Travel" for the "Fifth Place of Latest Top 10 Premium Resort Hotels In Taiwan".
July 2018	Fleur de Chine Hotel was ranked by the Commercial Time Taiwan Service Industry General Evaluation to receive the honor of "Hotel Industry Gold Medal (Leisure and Holiday Hotel)".
August 2018	The Company received the honor of "Taiwan's Excellence in CSR - Rising Start Award" from CommonWealth Magazine.
October 2018	Fleur de Chine Hotel was ranked by DailyView for the "First place in search of north, central, south and east Taiwan popular hot spring hotel internet popularity".
October 2018	Palais de Chine Hotel officially joined the Company.
October 2018	Launched the banquet brand of "Gala de Luxe" and provided brand new multimedia banquet space.
October 2018	Palais de Chine Hotel received the honor of "DailyView Hundred Reputation Star TOP10 Characteristic Hotels".
November 2018	Fleur de Chine Hotel received the honor of "2018 HotelsCombined Taiwan Popular Hotel Breakfast Award - Top 10 Best Breakfast in Taiwan".
November 2018	Fleur de Chine Hotel was ranked by the Global Views Service Industry General Survey to receive the honor of the "First Place for First Class Leisure Hotel".
November 2018	Le Palais Restaurant of Palais de Chine Hotel was ranked by Edipresse Media Asia for the "2019 T.DINING Top 10 Best Restaurant in Taipei"

Year	History
November 2018	Palais de Chine Hotel was ranked by Agoda for the “2018 Hotel Guest Evaluation Outstanding Award”
December 2018	Palais de Chine Hotel was selected by French delicacy guide “La Liste” as one of the 2019 World Best 1000 Restaurants”.
December 2018	Fleur de Chine Hotel received the honor of “Starred Hotel 100” for the starred hotel of the year presented by Tourism Bureau, MOTC.
December 2018	Fleur de Chine Hotel and Palais de Chine Hotel received the honor of “Starred Hotel 100” for the starred hotel of leisure and entertainment presented by Tourism Bureau, MOTC.
December 2018	Issued the first domestic unsecured convertible corporate bonds.
February 2019	Palais de Chine Hotel was ranked for the “2019 Traveler’s Choice: Top 25 Hotels in Taiwan” by TripAdvisor.
March 2019	Palais de Chine Hotel was ranked by Japanese travel agent HIS for the “Best Partner Award”.
March 2019	Palais de Chine Hotel was ranked by Japan Rakuten for the “2018 Silver Award”.
April 2019	Le Palais Restaurant of Palais de Chine Hotel received the honor of “MICHELIN Three-Starred Restaurant”.
May 2019	Palais de Chine Hotel was ranked “2019 Travelers’ Favorite Award” by Hotels.com.
May 2019	Palais de Chine Hotel was ranked by the US Meat Export Federation for the “2019 US Steak Month - Most Popular Steakhouse”
June 2019	Fleur de Chine Hotel received the honor of “Golden Eco-Friendly Hotel Certification”.
June 2019	Fleur de Chine Hotel was ranked by the Commercial Time for the “2019 Taiwan Service Industry General Evaluation Hotel Industry Gold Medal (Leisure and Holiday Hotel)”.
June 2019	The Company received the honor of “2019 Business Operator with Outstanding Performance in Issuance of Uniform Invoices” approved by Ministry of Finance.
June 2019	Palais de Chine Hotel received the honor of “Muslim Friendly Restaurant Certification”.
July 2019	Palais de Chine Hotel received the honor of Haute Grandeur Global Excellence Awards “Best Design Hotel in Taiwan, Best Lifestyle Hotel in Taiwan, Best Luxury Boutique Hotel in Taiwan”.
August 2019	The Company received the honor of “Taiwan's Excellence in CSR - Rising Start Award” from Commonwealth Magazine.
September 2019	Fleur de Chine Hotel received the honor of Global Sustainable Tourism Certification - Global Sustainable Tourism Council (GSTC)
October 2019	Fleur de Chine Hotel received the honor of “Starred Hotel   Sensational Trip - Star for Environmental Protection and Smart Energy” presented by Tourism Bureau, MOTC.
October 2019	Fleur de Chine Hotel received the honor of “2019 Outstanding Business Operator for Green Service and Eco-Friendly Logo” presented by Environmental Protection Administration (EPA).

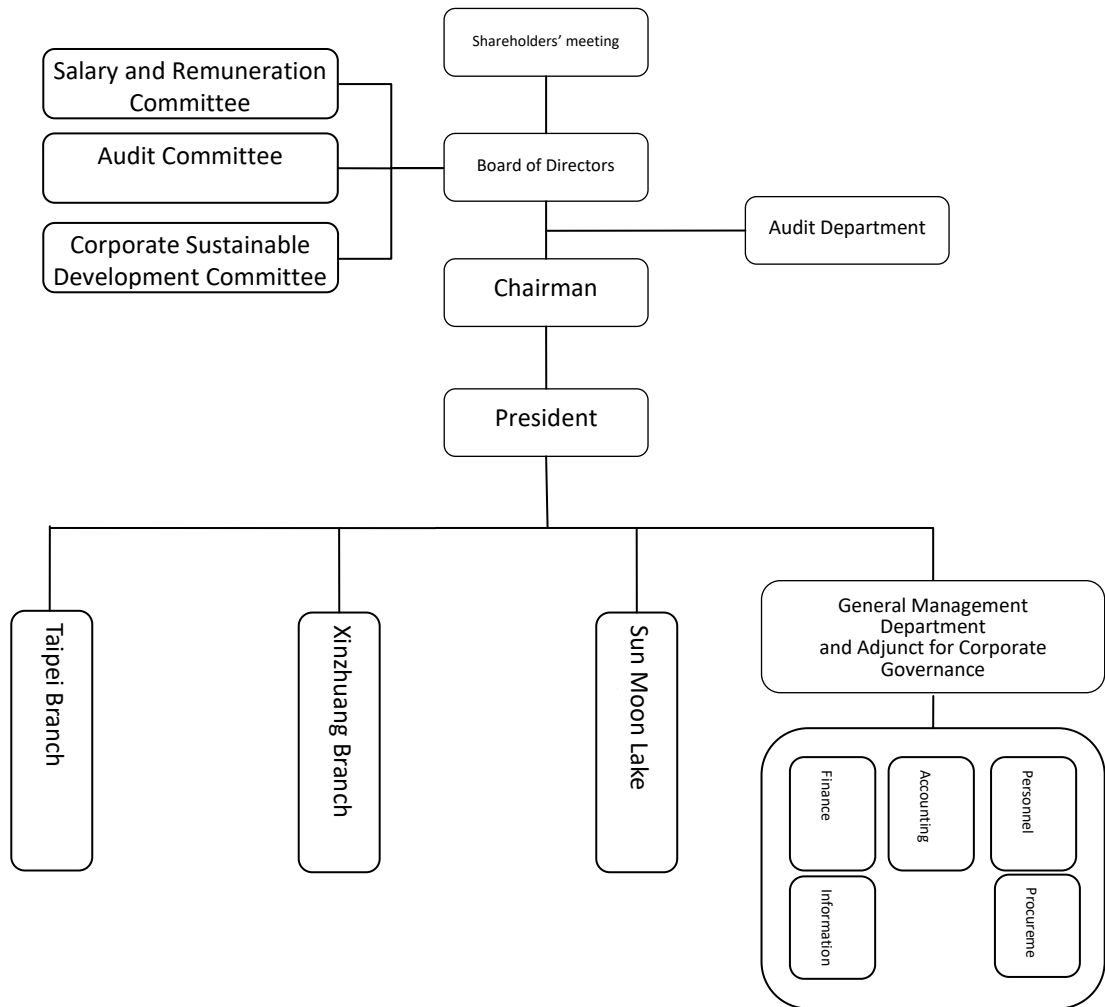
Year	History
October 2019	Fleur de Chine Hotel received the honor of “Nantou County Green Industry Resource Recycle Evaluation Excellence Award” presented by Nantou County Government.
November 2019	Fleur de Chine Hotel received the honor of “Water Saving NO. 1 Excellence Award” presented by MOEA.
November 2019	Palais de Chine Hotel received the honor of “Third Place for Five-Star Business Hotel” of Global Views Five-Star Service Awards.
November 2019	Palais de Chine Hotel received the honor of “Public Toilet of the Year” presented by EPA.
November 2019	La Rotisserie Restaurant of Palais de Chine Hotel received the honor of “2019 Delicacy Forest’s Choice” presented by Delicacy Forest.
November 2019	Le Palais Restaurant of Palais de Chine Hotel received the honor of “2019 Delicacy Forest Two Star Award” presented by Delicacy Forest.
November 2019	Palais de Chine Hotel received the “Talent Quality-management System Evaluation Bronze Medal” presented by the Workforce Development Agency, Ministry of Labor.
November 2019	Palais de Chine Hotel received the honor of “2019 Tourism Hotel Safety Protection Inspection Excellence Award” presented by Taipei City Police Department.
November 2019	The Company received the honor of “Taiwan Corporate Sustainability Award - Corporate Sustainability Report Category and Service Category Bronze Award” presented by Taiwan Institute for Sustainable Energy.
January 2020	Fleur de Chine Hotel received the honor of “Healthy Workplace Certification Health Promotion Logo” presented by Ministry of Health and Welfare (MOHW).
August 2020	Le Palais Restaurant of Palais de Chine Hotel received the honor of “MICHELIN Three-Starred Restaurant”.
August 2020	The Company received the honor of “Taiwan's Excellence in CSR - Rising Start Award” from CommonWealth Magazine.
November 2020	The Company received the honor of 2020 13th TCSA “Corporate Sustainable Report Award - Second Category Service Industry Division Platinum Award”.
November 2020	Fleur de Chine Hotel received the honor of “National Enterprise Eco-Friendly Award: Silver Medal” presented by EPA, Executive Yuan.
December 2020	Palais de Chine Hotel received the honor of “Service Industry Eco-Friendly Logo Appreciation Certificate” presented by the Department of Environmental Protection, Taipei City Government.
July 2021	Palais de Chine Hotel and Fleur de Chine Hotel received the honor of “Diversity Hygiene Safety Shield Certification”.
August 2021	Le Palais Restaurant of Palais de Chine Hotel received the honor of “MICHELIN Three-Starred Restaurant”. The Artbrosia Italian Restaurant of Palais de Chine Hotel received the honor of MICHELIN the Plate Recommendation”.

Year	History
November 2021	The Company received the honor of 2021 14th TCSA "Corporate Sustainable Report Award - Second Category Service Industry Division Golden Award".
June 2022	Le Palais, La Rôtisserie, KEN CAN restaurants obtained the Three-Star certification from Agriculture Multi-Discipline Association of Taiwan (AMOT).
June 2022	Fleur de Chine Hotel participated in the "Green Dining Guide".
August 2022	Sky Lounge of Fleur de Chine Hotel received the honor of "2022 2nd Term of Green Dining Annual Party and Award Ceremony Enterprise Green Food Pioneer Award".
August 2022	Le Palais Restaurant of Palais de Chine Hotel received the honor of "MICHELIN Three-Starred Restaurant". The Artbrosia Italian Restaurant of Palais de Chine Hotel received the honor of MICHELIN the Selected Restaurant".
October 2022	Palais de Chine Hotel received the honor of "HAUTE GRANDEUR Global Hotel Awards Best Design Hotel".
November 2022	The Company received the honor of 2022 15th TCSA "Corporate Sustainable Report Award - Second Category Service Industry Division Platinum Award".
December 2022	The Company was ranked the "Top 100 Carbon Competitive Enterprises" by the Business Weekly.
December 2022	The Company was received the honor of "Best Investor Relationship Enterprise Award" from the Taiwan Investor Relations Institute.
December 2022	Fleur de Chine Hotel received the honor of Global Sustainable Tourism Certification - CU-GSTC Hotel Certification".

### Three. Corporate Governance Report

#### I. Organization System

##### (I) Company Organization



##### (II) Primary Responsibility of Departments

Department	Main Duties
Chairman	According to the resolutions of the board of directors, establish company business objectives and operational development strategies, lead entire organizational team for management operation, and ensure achievement business performance of the Company.
President	<ol style="list-style-type: none"> <li>1. Establish management plan of the Company.</li> <li>2. Relevant coordination, communication and management works among departments.</li> <li>3. Tasks assigned by the board of directors.</li> </ol>
Audit Department	<ol style="list-style-type: none"> <li>1. Internal control operation regulation and intention, execution as well as review.</li> <li>2. Audit operation execution and preparation of audit report,</li> </ol>

Department	Main Duties
	<p>audit deficiency subsequent improvement follow-up.</p> <p>3. Assist and guide the internal control self-evaluation performed by each department and office, as well as education and training of internal audit knowledge.</p> <p>4. Submit audit report and explanation on execution outcome to the board of directors and supervisors periodically.</p>
All branches	Establish business model according to the product direction and management policy specified by the Company, and plan organization's operational structure, and satisfy the demands of customers and consumers, in order to achieve the Company's goal.
General Management Department adjunct for corporate governance	Assist the President and the management stipulate strategies, to establish procedures and systems, to integrate resources and to handle corporate governance related affairs in the overall administrative organization functional structure, in order to improve the management operational performance and management development dynamics in all aspects, thus promoting the organizational management benefits.
General Management Department - Financial Section	Coordinate the establishment of overall financial management strategy related systems and regulations, and handle investment evaluation planning, capital movement management, operational performance and cost analysis, risk management, investor relations management, etc., in order to ensure the effective execution of corporate governance.
General Management Department - Accounting Section	Handle various account operations, taxation planning, reporting and declaration, and cost accounting.
General Management Department - Personnel Section	Coordinate the establishment of overall human resource management strategies and related systems and regulations, and supervise the human resource functional operation of each business department, in order to implement organization planning, manpower arrangement, recruit and employment, employee training and development, remuneration and welfare as well as corporate culture promotion, etc.
General Management Department - Information Section	Coordinate the establishment of overall information management architecture and information security policies and principles, plan the installation of various information management systems and software/hardware facilities, and effectively provide relevant information services to the internal.
General Management Department - Procurement Section	Coordinate the establishment of overall procurement systems, procedures and regulations, annual procurement plan and supplier management straggly and mechanism, and supervise as well as integrate the procurement operation of all business departments.



## II. Information of Directors, Supervisors, President, Vice Presidents, Associate Vice Presidents, Managers of Departments and Branches

### (I) Directors and Supervisors:

#### 1. Information of Directors and Supervisors

April 1, 2023

Title	Nationality or place of registration	Name	Gender	Age	Date of election (appointment) date	Term of office	Date of first election and job assumption	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within second degree of kinship			Remarks
								Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %			Title	Name	Relationship	
	R.O.C.	L' Hotel de Chine Corporation	-		2021.7.1	3 years	2012.11.22	52,311,258	69.30	61,825,502	60.27	-	-	-	-	-	-	-	-	-	-
Chairman	R.O.C.	Representative: Chairman: Emile Sheng	Male	46~55 years old	2021.7.1	3 years	2012.11.22	135,700	0.17	116,273	0.11	203,249	0.20	-	-	PhD. in political science, Northwestern University (Illinois) U.S.A. Professor of Department of Political Science of Soochow University, CEO of 2009 Deaflympics, Chairperson of Research, Development and Evaluation Commission, Taipei City Government, CEO of Republic of China(Taiwan) Centenary Foundation, Chairperson of Council for Cultural Affairs, Executive Yuan, Independent Director of Taiwan Cement Corporation With more than 20 years of working experience	President of L' Hotel de Chine Corporation, Chairman of LDC ITALY, Executive director of FDC (Hangzhou) Consulting & Management Co., Ltd.	-	-	-	-

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment) date	Term of office	Date of first election and job assumption	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within second degree of kinship			Remarks
							Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %			Title	Name	Relationship	
Director	R.O.C.	L' Hotel de Chine Corporation	-	2021.7.1	3 years	2012.11.22	52,311,258	69.30	61,825,502	60.27	-	-	-	-	-	-	-	-	-	-
	R.O.C.	Representative: Alanna Tseng	Female 56~65 years old	2021.7.1	3 years	2012.11.22	-	-	-	-	-	-	-	-	Department of Business Administration, National Taiwan University Assistant Vice President of CITIC Securities Co., Ltd., Vice President of China Network Systems Co., Ltd. With more than 20 years of working experience	Director and Senior Vice President of L' Hotel de Chine Corporation, Director of Concord International Securities Co., Ltd., Supervisor of Sharekids Co., Ltd.	-	-	-	-
Director	R.O.C.	Ruth Koo	Female 56~65 years old	2021.7.1	3 years	2015.05.20	-	-	-	-	-	-	-	Department of Japanese, Soochow University With more than 20 years of working experience	Chairman of L' Hotel de Chine Corporation, Chairman of Concord International Securities Co., Ltd., Chairman of Dragon Treasure Investment Ltd., Chairman of Chia Hsin R.M.C. Corporation, Chairman of Splendor Co., Ltd., Director of Xingcheng Investment Co., Ltd., Director of Taihe Enterprise Co., Ltd.	-	-	-	-	

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment) date	Term of office	Date of first election and job assumption	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within second degree of kinship			Remarks
							Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %			Title	Name	Relationship	
Director	R.O.C.	David Ding	Male 46~55 years old	2021.7.1	3 years	2015.5.20	19,550	0.03	133,658	0.13	-	-	-	-	College Lasalle, Canada - Hotel & Restaurant Management Deputy Assistant Vice President of Shangri-La's Far Eastern Plaza Hotel Assistant Vice President of Gloria Hotel Group President of Banquet and Catering Business of Silks Hotel Group President of Catering Business of L' Hotel de Chine Corporation With more than 20 years of working experience	President of FDC International Hotels Corporation and President of Xinzhuang Branch and Taipei Branch, Independent Director of International CSRC Investment Holdings Co., Ltd.	-	-	-	-
Independent Director	R.O.C.	Daniel Chang	Male 56~65 years old	2021.7.1	3 years	2016.5.31	-	-	-	-	-	-	-	-	Department of Electrical Engineering, Hong Kong Polytechnic University EVP of Start Group Limited, CEO of Star TV Network Taiwan, Director and CEO of Indonesia PT Asia Global Media, Non-executive Director of Phoenix TV, Commissioner of NET TV Indonesia With more than 20 years of working experience	Remuneration Committee Member, Audit Committee Convener and Corporate Sustainable Development Committee Member of FDC International Hotels Corporation	-	-	-	-

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment) date	Term of office	Date of first election and job assumption	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within second degree of kinship			Remarks
							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.	Ruu Tian Chang	Female 66~75 years old	2021.7.1	3 years	2016.5.31	-	-	-	-	-	-	-	M.B.A., University of Minnesota Director of Electronic Data Systems Taiwan Corporation, Director of Taiwan Lottery Co., Ltd., Senior Vice President of CTBC Bank Co., Ltd., Chief Information Officer of CTBC Financial Holding Co., Ltd. With more than 20 years of working experience	Executive Vice President of Gartner Group Taiwan Limited, Director of Dream Shine Technology Co., Ltd., Director of World United Industries Limited, Remuneration Committee Convener, Audit Committee Member and Corporate Sustainable Development Committee Member of FDC International Hotels Corporation	-	-	-	-	
Independent Director	R.O.C.	Wedge Chen	Male 66~75 years old	2021.7.1	3 years	2021.7.1	-	-	-	-	-	-	-	Department of Civil Engineering, National Cheng Kung University Vice President of Taiwan Power Company With more than 20 years of working experience	Consultant of SUN BA Power Corp., Director of Sinotech Engineering Consultants, Inc., Remuneration Committee Member and Audit Committee Member of FDC International Hotels Corporation	-	-	-	-	

## 2. Major Shareholders of Institutional Shareholders

April 1, 2023

Name of Institutional shareholder	Major shareholders of institutional shareholders and shareholding percentage	
L' Hotel de Chine Corporation	Sunhaven PTE. LTD.	28.23%
	Chia Hsin Cement Corporation	23.10%
	Chia Hsin R.M.C. Corporation	11.13%
	Cheer Day Holdings Limited	9.98%
	Amwell Properties Limited	8.91%
	Successman Group Limited	8.91%
	Golden Regal Trading Limited	4.36%
	Cho Yun Yen Koo	3.85%
	Koo Huai Chen Chao	0.34%
	Asia Cement Corporation	0.20%

## 3. Major Shareholders of Institutional Shareholders as the Major Shareholders April 1, 2023

Name of Institutional shareholder	Major shareholders of institutional shareholders and shareholding percentage	
Sunhaven PTE. LTD.	Capitalsino Enterprises Limited	48.96%
	Capital Border Investments Limited	26.14%
	Chia Hsin R.M.C Corp.	21.16%
Chia Hsin Cement Corporation	Tong Yang Chia Hsin International Corporation	16.44%
	Sung Ju Investment Corporation	8.88%
	Ju Ping Chang	5.39%
	Taiwan Cement Corp.	3.54%
	Ta-Ho Maritime Corporation	3.32%
	Nutri Vita Inc.	2.23%
	Chia Hsin Foundation	1.92%
	International Chia Hsin Corporation	1.89%
	Guo Huei Gu	1.74%
	Chia Hsin R.M.C. Corporation	1.70%
Chia Hsin R.M.C. Corporation	An Ping Chang	65.30%
	Chia Hsin Cement Corporation	13.71%
	Dragon Treasure Investment Ltd.	13.45%
Cheer Day Holdings Limited	Singapore Asia Corporate Services Pte. Ltd.	100.00%
Amwell Properties Limited	Singapore Asia Corporate Services Pte. Ltd.	100.00%
Successman Group Limited	Singapore Asia Corporate Services Pte. Ltd.	100.00%

Name of Institutional shareholder	Major shareholders of institutional shareholders and shareholding percentage	
Golden Regal Trading Limited	KOO Jason Kung Yi	100.00%
Asia Cement Corporation	Far Eastern New Century Corporation	21.17%
	Far Eastern Medical Foundation	5.12%
	Yuanta/P-shares Taiwan Dividend Plus ETF	3.75%
	China Life Insurance Co., Ltd.	2.38%
	Mega International Commercial Bank Co., Ltd. Treasury Department	1.68%
	Labor Pension Fund Committee of Far Eastern New Century Corporation	1.63%
	Yuan Ding Investment Company	1.53%
	Far Eastern Department Stores Co., Ltd.	1.41%
	Yuan-Ze University	1.34%
	Far Eastern Memorial Foundation	1.24%

#### 4. Information of Directors and Supervisors

(1) For the information disclosure on the professional qualification of directors and independent directors, please refer to Pages 13~16 of the Information of Directors and Supervisors.

(2) Diversity and independence of board of directors:

The Company adopts the "Candidate Nomination System". All the director candidates are nominated and reviewed for qualification by the board of directors and after reaching a board resolution, the list is sent to the shareholders' meeting for election. According to Article 20 (Overall abilities required for the board) of the "Corporate Governance Best Practice Principles" of the Company, the board shall possess general knowledge, skills, and literacy required for performing job tasks. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. Operational judgment ability.
2. Accounting and financial analysis ability.
3. Business management ability (including ability to manage subsidiaries).
4. Crisis handling ability.
5. Knowledge of the industry.
6. International market perspective.
7. Leadership.
8. Decision-making ability.

#### Diversity of Board of Directors

To enhance the corporate governance and to promote the sound development of the board composition and structure, the Company has established the "Corporate Governance Best Practice Principles" in 2016, and Article 20 (Overall abilities required for the board) has explicitly specified that The composition of the board of directors shall be determined by taking diversity into consideration and it is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated, such as: basic composition, professional background and skills, and industry experience.

The current board of directors of the Company consists of 7 directors, including 4 directors and 3 independent directors. All directors are equipped with extensive experience and expertise in various areas of finance, business and management. In addition, the Company also focuses on the gender equality of board member composition. The target for ratio of female directors is above 30%. Presently, there are 7 directors, including 3 female directors, and the ratio of female directors have reached 43%. Relevant implementation status is summarized in the following table:





- (5) Not a director, supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or of a corporate shareholder that ranks among the top five in shareholdings, or of a proxy appointed according to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (provided that if the position of an independent director is held concurrently for the company and its parent company, a subsidiary or a subsidiary of the same parent company according to this law or laws of the local country, such restriction shall not be applied).
- (6) Not a director, supervisor or employee of other company not controlled by the same parties holding a majority of the number seats of directors of the company or a majority of shares with voting rights (provided that if the position of an independent director is held concurrently for the company and its parent company, a subsidiary or a subsidiary of the same parent company according to this law or laws of the local country, such restriction shall not be applied).
- (7) Not a director (managing director), supervisor (managing supervisor) or employee of other company or institution being the same person holding the position of Chairman, President or equivalent position in the company or a spouse thereof (provided that if the position of an independent director is held concurrently for the company and its parent company, a subsidiary or a subsidiary of the same parent company according to this law or laws of the local country, such restriction shall not be applied).
- (8) Not a director (managing director), supervisor (managing supervisor), managerial officer or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the company (provided that if the specific company or institution holds 20% or more and no more than 50% of the total number of issued shares of the company, and the position of an independent director is held concurrently for the company and its parent company, a subsidiary or a subsidiary of the same parent company according to this law or laws of the local country, such restriction shall not be applied).
- (9) Not a professional providing business, legal, financial, accounting, or consulting services to the company or an affiliate, nor an owner, partner, director (managing director), supervisor (managing director), or manager, or the spouse of any of the foregoing, of a sole proprietorship, partnership, company, or organization providing such services to the company or its affiliates or cumulative remuneration amount obtained in the last two years not exceeding NTD 500,000. provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or the Business Mergers and Acquisitions Act and related laws or regulations.
- (10) The members is not of the relationship of spouse or relative within second degree of kinship with other directors.
- (11) The member is not a person subject to any conditions defined in Article 30 of the Company Act.
- (12) The member is not elected due to government agency, juristic person or their representative acting as shareholders described in Article 27 of the Company Act.

Note 2: The Company has established the Audit Committee in replacement of the supervisors.

(II) Information of President, Vice President, Associate Vice President, Supervisors of Departments and Branches

Title	Nationality	Name	Gender	Date of election (appointment) date	Shareholding		Shareholdings of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at other companies	Managerial officers with relationship of spouse or within second degree of kinship			Remarks
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
President of Xinzhuang and Taipei Branches	R.O.C.	David Ding	Male	(Note 1)	133,658	0.13%	-	-	-	-	LaSalle College - Hotel & Restaurant Management Deputy Assistant Vice President of Shangri-La's Far Eastern Plaza Hotel, Assistant Vice President of Gloria Hotel Group, President of Banquet and Catering Business of Silks Hotel Group, President of Catering Business of L'Hotel de Chine Corporation	Independent Director of International CSRC Investment Holdings Co., Ltd.	-	-	-	-
Banquet Operation Vice President of Catering Business Department of Headquarter	R.O.C.	Ryan Huang	Male	2021.6.1	-	-	-	-	-	-	M.B.A., Takming University of Science and Technology Manager of Banquet Hall of Palais de Chine Hotel, Northern Regional Manager of The Sweet Dynasty Catering Co., Ltd., Director of Operation Department of Xinzhuang Branch of Gala de Chine	-	-	-	-	
Director of General Management Department	R.O.C.	Kenny Tseng	Male	2015.6.1	15,000	0.01%	-	-	-	-	M.B.A., National Chengchi University Director of Financial Department, LDC	-	-	-	-	
Senior Manager of Audit Department (Note 2)	R.O.C.	June Chen	Female	2014.6.16	-	-	-	-	-	-	Master of Department of Accounting, National Yunlin University of Science and Technology Deputy Manager of Deloitte Taiwan	-	-	-	-	
Senior Manager of Audit Department	R.O.C.	Joanne Yen	Female	2023.03.14	-	-	-	-	-	-	Department of Accounting, Fu Jen University Team leader of Deloitte Taiwan Audit supervisor of Double Bond Chemical Ind. Co., Ltd Audit manager of Sun Yang Optics	-	-	-	-	
General Management Division Accounting Section Deputy Manager (Note 3)	R.O.C.	Gladys Shiu	Female	2015.8.14	3,000	0.00%	-	-	-	-	Department of Accounting, Fu Jen University Senior Associate of PwC Taiwan, Accounting Specialist of Advanced Semiconductor Engineering, Inc.	-	-	-	-	

Title	Nationality	Name	Gender	Date of election (appointment) date	Shareholding		Shareholdings of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at other companies	Managerial officers with relationship of spouse or within second degree of kinship			Remarks
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
President of Sun Moon Lake Branch	R.O.C.	Victor Chang	Male	2020.8.7	8,000	0.01%	-	-	-	-	McGill University, Canada - Marketing Management LaSalle College, Canada - Hotel Management Marketing and Sales Director of Shangri-La Chengdu, Marketing and Sales Director of Conrad Shanghai, Director of Hong Kong Business Department of Hilton Worldwide, President of Taipei Palais de Chine Hotel, President of Marriott Taipei, President of Kaho Health, CEO of Yunjia International Co., Ltd.	-	-	-	-	
Sun Moon Lake Branch Executive Vice President	R.O.C.	Vero Sun	Female	2022.05.05	-	-	-	-	-	-	Department of Tourism, Shih Hsin University President of Hualien Branch of L' Hotel de Chine Corporation	-	-	-	-	
Xinzhuang Branch	R.O.C.	Zona Yu	Female	2022.05.05	-	-	-	-	-	-	Food and Beverage Department, Ching Kuo Institute of Management and Health Director of Catering Department of Hualien Branch, L' Hotel de Chine Corporation	-	-	-	-	
Taipei Branch Vice President of Guest Room Department	R.O.C.	Zheng-Jen Lai	Male	2022.11.10	-	-	-	-	-	-	Golden Gate University MBA - Concentration in Finance Pre-opening Hotel Manager of Le Méridien Hualien Resort	-	-	-	-	
Taipei Branch Vice President of Catering Department	R.O.C.	May Teng	Female	2018.10.1	-	-	-	-	-	-	Department of Tourism, Jinwen University of Science and Technology Sales Manager of Silks Palace At National Palace Museum	-	-	-	-	

Note 1: David Ding assumed the position of President of Xinzhuang Branch on February 26, 2015; assumed the position of President on June 1, 2015; and assumed the President of Taipei Branch on August 10, 2019.

Note 2: Resigned on November 18, 2022..

Note 3: Accounting officer.

III. Remuneration Paid to Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Fiscal Year

(I) Remuneration of Directors and Independent Directors

Unit: NT\$ thousand

Title	Name	Remuneration of directors								Total of four items of A+B+C+D as a percentage of net income after tax	Remuneration received for serving as an employee concurrently								Total of seven items of A+B+C+D+E+F+G as a percentage of net income after tax		Remuneration from investees other than subsidiaries of the parent company										
		Remuneration (A)		Severance and pension (B)		Remuneration of directors (C) (Note 1)		Business execution expenses (D)			Remuneration, bonus, and allowance (E)		Severance and pension (F)		Employee remuneration (G)							Number of subscribable shares for employee stock options (H)		Number of new restricted employee shares obtained (I)							
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements			The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements				
Chairman	L' Hotel de Chine Corporation Representative: Emile Sheng	180	180	-	-	120	120	-	-	300	300	0.15%	0.15%	-	-	-	-	-	-	-	-	-	-	-	-	300	300	0.15%	0.15%		
Director	L' Hotel de Chine Corporation Representative: Alanna Tseng	180	180	-	-	120	120	-	-	300	300	0.15%	0.15%	-	-	-	-	-	-	-	-	-	-	-	-	300	300	0.15%	0.15%		
Director	Ruth Koo	180	180	-	-	120	120	-	-	300	300	0.15%	0.15%	-	-	-	-	-	-	-	-	-	-	-	-	300	300	0.15%	0.15%		
Director	Elaine Chang (Note 1)	180	180	-	-	120	120	-	-	300	300	0.15%	0.15%	-	-	-	-	-	-	-	-	-	-	-	-	300	300	0.15%	0.15%		
Director	Julie Chang (Note 1)	180	180	-	-	120	120	-	-	300	300	0.15%	0.15%	-	-	-	-	-	-	-	-	-	-	-	-	300	300	0.15%	0.15%		
Director-cum-President	David Ding	180	180	-	-	120	120	-	-	300	300	0.15%	0.15%	5,690	5,690	108	108	-	-	-	-	-	-	-	-	-	6,098	6,098	3.06%	3.06%	

Title	Name	Remuneration of directors								Total of four items of A+B+C+D as a percentage of net income after tax	Remuneration received for serving as an employee concurrently								Total of seven items of A+B+C+D+E+F+G as a percentage of net income after tax		Remuneration from investees other than subsidiaries or from the parent company					
		Remuneration (A)		Severance and pension (B)		Remuneration of directors (C) (Note 1)		Business execution expenses (D)			Remuneration, bonus, and allowance (E)		Severance and pension (F)		Employee remuneration (G)							Number of subscribable shares for employee stock options (H)		Number of new restricted employee shares obtained (I)		
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements			The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company
Independent Director	Daniel Chang	540	540	-	-	180	180	30	30	750 0.38%	750 0.38%	-	-	-	-	-	-	-	-	-	-	-	-	750 0.38%	750 0.38%	-
Independent Director	Ruu Tian Chang	540	540	-	-	180	180	24	24	744 0.37%	744 0.37%	-	-	-	-	-	-	-	-	-	-	-	-	744 0.37%	744 0.37%	-
Independent Director	Wedge Chen	540	540	-	-	180	180	30	30	750 0.38%	750 0.38%	-	-	-	-	-	-	-	-	-	-	-	-	750 0.38%	750 0.38%	-

1. Please describe the payment policy, system, standard and structure for remuneration of independent directors, and explain the relationship with the remuneration payment according to the job duties handled, risks and time invested, etc.:  
The remuneration of independent directors of the Company is determined according to the Articles of Incorporation along with the consideration on the evaluation result of performance evaluation of directors. The Remuneration Committee reviews the operation participation level and contribution of each director to the Company, links the reasonableness of the performance risk with the remuneration received, and also considers the operational performance of the Company and the remuneration standard adopted in the same industry, followed by submitting proposal to the Board of Directors for resolution.

2. In addition to the disclosure of the table above, , the remuneration collected by directors of the Company for providing services to all companies listed in the financial report (such as acting as non-employee consultant of the parent company/companies/investees indicated in the financial report): None.

Note 1: Resigned on March 16, 2023

### Remuneration range tale

Range of remuneration paid to each director of the Company	Name of director			
	Sum of foregoing four items (A+B+C+D)		Sum of foregoing seven items (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Under NT\$ 1,000,000	L' Hotel de Chine Corporation, Emile Sheng, Alanna Tseng, Ruth Koo, Elaine Chang, Julie Chang, Daniel Chang, Ruu Tian Chang, Wedge Chen	L' Hotel de Chine Corporation, Emile Sheng, Alanna Tseng, Ruth Koo, Elaine Chang, Julie Chang, Daniel Chang, Ruu Tian Chang, Wedge Chen	L' Hotel de Chine Corporation, Emile Sheng, Alanna Tseng, Ruth Koo, Elaine Chang, Julie Chang, Daniel Chang, Ruu Tian Chang, Wedge Chen	L' Hotel de Chine Corporation, Emile Sheng, Alanna Tseng, Ruth Koo, Elaine Chang, Julie Chang, Daniel Chang, Ruu Tian Chang, Wedge Chen
NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (exclusive)	-	-	-	-
NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (exclusive)	-	-	-	-
NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (exclusive)	-	-	-	-
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (exclusive)	David Ding	David Ding	David Ding	David Ding
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (exclusive)	-	-	-	-
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (exclusive)	-	-	-	-
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (exclusive)	-	-	-	-
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (exclusive)	-	-	-	-
Above NT\$100,000,000	-	-	-	-
Total	10 persons	10 persons	10 persons	10 persons

(II) Remuneration of Supervisors

Since the Company has established the Audit Committee in replacement of the supervisors, this is not applicable.

(III) Remuneration of Presidents and Vice Presidents

nit: NT\$ thousand

Title	Name	Salary (A)		Severance and pension (B)		Bonus and special disbursement (C)		Employee remuneration (D)				Total of four items of A+B+C+D as a percentage of net income after tax (%)	Number of employee stock options obtained		Number of new restricted employee shares obtained		Whether remuneration from investees other than subsidiaries or from the parent company is collected	
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements			The Company	All companies in the financial statements	The Company	All companies in the financial statements		
								Cash amount	Stock amount	Cash amount	Stock amount							
President	David Ding																	
President	Victor Chang																	
Vice President	Ryan Huang																	
Vice President	Vero Sun (Note 1)																	
Vice President	Zheng-Jen Lai (Note 2)	14,257	14,257	584	584	1,553	1,553	—	—	—	—	16,394 and 8.21%	16,394 and 8.21%	—	—	—	—	None
Vice President	Pei-Jung Li (Note 3)																	
Vice President	May Teng																	
Vice President	Zona Yu (Note 1)																	

Remuneration range table

Range of remuneration paid to the President and Vice Presidents of the Company	Name of president and vice president	
	The Company	All companies in the financial statements
Under NT\$ 1,000,000	Vero Sun, Zheng-Jen Lai	Vero Sun, Zheng-Jen Lai
NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (exclusive)	Ryan Huang, Pei-Jung Li, May Teng, Zona Yu	Ryan Huang, Pei-Jung Li, May Teng, Zona Yu
NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (exclusive)	Victor Chang	Victor Chang
NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (exclusive)	-	-
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (exclusive)	David Ding	David Ding
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (exclusive)	-	-
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (exclusive)	-	-
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (exclusive)	-	-
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (exclusive)	-	-
Above NT\$100,000,000	-	-
Total	8 persons	8 persons

Note 1: Assumed the position on May 5, 2022.

Note 2: Assumed the position on November 10, 2022.

Note 3: Resigned from the position on September 8, 2022.

(IV) Name of Managerial Officers for Distribution of Employees' Remuneration and Distribution Status:

December 31, 2022; Unit; NT\$ thousand

	Title	Name	Stock amount	Cash amount	Total	Total as a percentage of net income after tax (%)
Managerial officer	President and President of Xinzhuang Branch	David Ding				
	Banquet Operation Vice President of Catering Business Department of Headquarter	Ryan Huang				
	Director of General Management Department	Kenny Tseng				
	General Management Division Accounting Section Deputy Manager (Note 1)	Gladys Shiu				
	President of Sun Moon Lake Branch	Victor Chang				
	Executive Vice President of Sun Moon Lake Branch (Note 2)	Vero Sun	—	—	—	—
	Vice President of Management Department and Guess Room Department of Taipei Branch (Note 3)	Zheng-Jen Lai				
	Taipei Branch Vice President of Guess Room Department (Note 4)	Pei-Jung Li				
	Taipei Branch Vice President of Catering Department	May Teng				
	Xinzhuang Branch Vice President of Catering Department	May Teng				

Note 1: Accounting officer.

Note 2: Assumed the position on May 5, 2022.

Note 3: Assumed the position on November 10, 2022.

Note 4: Resigned from the position on September 8, 2022.



(VI) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or financial reports, paid in the past two fiscal years by the Company and all companies included in the consolidated financial statements to the Company's presidents and vice presidents. Also, analyze and describe the remuneration policies, standards, and packages, the procedures through which remunerations were determined, and their linkage to business performance and future risks:

1. Analysis on remuneration paid to directors, supervisors, presidents, and vice presidents of the Company as a proportion to the net income after tax referred to in the individual financial statements in the most recent two years:

Unit: NT\$ thousand; %

Title	Total as a percentage of net income after tax for 2021 (%)		Total as a percentage of net income after tax for 2022 (%)	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Director	-27.34%	-27.34%	4.93%	4.93%
Supervisors	0.00%	0.00%	0.00%	0.00%
Presidents and Vice Presidents	-61.47%	-61.47%	8.21%	8.21%

2. Policy, standard and combination for payment of remunerations to directors, supervisors, presidents and vice presidents, establishment of procedure of remuneration, and correlation between the business performance and future risk:

Directors and independent directors of the Company receive fixed remuneration, and independent directors receive transportation allowance for attending each time of board meeting. In addition, according to Article 29 of the Articles of Incorporation, when the Company has a surplus earning for a fiscal year, the board of directors may determine through resolution to appropriate an amount not higher than 1% of such surplus earning as the remuneration of directors.

According to Article 29 of the Articles of Incorporation, when the Company has a surplus earning for a fiscal year, an amount equivalent to 0.01% to 3% of the surplus earning shall be appropriated as the remuneration of employees. The remuneration of managerial officers includes salary and bonus. For the salary, the standard adopted in the same industry and the items of job title, job rank, educational background (working experience), professional abilities and job duties, are considered. For the bonus, the performance evaluation items of the managerial officers are considered, including the financial indicator (such as the Company's revenue and achievement rate of net operating income). In addition, the distribution principle recommended by the Remuneration Committee is submitted to the Chairman for approval according to the business performance.

#### IV. Corporate Governance Status

##### (I) Board Meeting Operation Status:

The 4th term of board of directors convened a total of 6 meetings [A] in 2022. For each board meeting of the Company, at least one independent director attended the meeting in person. When the independent director cannot attend the meeting, other independent director act as a proxy for attending the meeting. The attendance status of directors is as follows:

The 4th Term of Board of Directors' Meeting Operation Status:					
Title	Name	Attendance in person (B)	Number of attendance by proxy	Actual attendance rate [B/A]	Remarks
Chairman	L' Hotel de Chine Corporation Representative: Emile Sheng	6	0	100%	
Director	L' Hotel de Chine Corporation Representative: Alanna Tseng	6	0	100%	
Director	Ruth Koo	6	0	100%	
Director	David Ding	6	0	100%	
Director	Elaine Chang	6	0	100%	
Director	Julie Chang	6	0	100%	
Independent Director	Daniel Chang	6	0	100%	
Independent Director	Ruu Tian Chang	5	1	83%	When the member cannot attended the meeting, member Daniel Chang attended the meeting as the proxy
Independent Director	Wedge Chen	6	0	100%	

##### Additional information:

I. Where the operation of a board meeting is subject to one of the following, the board meeting date, session, proposal content, opinion of all independent directors and Company's handling for the opinions of independent directors shall be described:

(1) Matters specified in Article 14-3 of Sectaries and Exchange Act:

Term	No.	Date of board meeting	Proposal content	Opinion of all independent directors	Company's handling for opinion of independent directors
4	7	2022/03/03	1. Approval of 2022 business report and financial statements of the Company	No objections	None
			2. Approval of appointment of CPAs for 2022 financial statements of the Company	No objections	None
4	8	2022/05/05	1. Approval of 2022 1st quarter consolidated financial statements of the Company	No objections	None
4	9	2022/08/10	1. Approval of 2022 2nd quarter consolidated financial statements of the Company	No objections	None
			2. Approval of the Company's acquisition of Italian real estate Palazzo Vivarelli Colonna (referred to as "PVC") project through subsidiary Sine Qua Non S.R.L (referred to as "SQN")	No objections	None

4	10	2022/09/15	1. Approval of the total amount for the Company's acquisition of Italian real estate PVC through subsidiary SQN according to the resolution of the board meeting for the 4th proposal on August 10, 2022.	No objections	None
4	11	2022/11/10	1. Approval of 2022 3rd quarter consolidated financial statements of the Company	No objections	None
			2. Approval of the change of CPAs of the Company due to the internal shift of the accounting firm	No objections	None

(2) Except for the aforementioned matters, other resolutions of board meetings subject to dissenting opinions or qualified opinions and equipped with records or written statements None.

2. Status of recusal of directors from proposals due to conflict of interest:

Name of director	Meeting date	Proposal content	Reason for recusal of conflict of interest	Voting participation status
David Ding	2022/03/03	Proposal for 2021 performance evaluation of managerial officer of the Company.	Concurrently act as the President of the Company	Except that the aforementioned director recused himself from participating in the discussion and voting due to conflict of interest, this proposal was approved by the remaining attending directors without objections.
	2022/03/03	Proposal for distribution of 2021 performance bonus of the Company.		
	2022/05/05	Proposal for salary adjustment of managerial officers of the Company		
	2022/12/20	Discussion on proposal for 2023 remuneration of managerial officers of the Company		
Chairman: Emile Sheng Ruth Koo Elaine Chang Julie Chang	2022/08/10	1. The Company planned to jointly establish TCC (Hangzhou) Logistics Service Co., Ltd. with TCC (Hangzhou) Environmental Protection Technology Co., Ltd. in China through the subsidiary FDC Italian Hotels S.R.L (referred to as FDC Italian)	Matters involving personal interest of the directors	Although the aforementioned directors were in conflict of interest for this case, this case was to establish new company for the expansion of overseas business such that the interest of the Company was not damaged, accordingly, the aforementioned directors were not required to recuse themselves due to conflict of interest.
		2. The Company planned to increase the investment on the overseas subsidiary FDC Italian as the capital reserve for that company		
All independent directors	2022/03/03	Proposal for distribution of 2021 remuneration of employees and directors of the Company	Matters involving personal interest of the independent directors	Although all of the independent directors were in conflict of interest for this case, this case was to appropriate remunerations of employees and directors according to Article 29 of the Articles of Incorporation such that the interest of the Company was not damaged,

				<p>accordingly, all of the independent directors were not required to recuse themselves due to conflict of interest.</p>
		Proposal for 2021 performance evaluation of the Audit Committee of the Company		<p>Although all of the independent directors were in conflict of interest for this case, this case was to perform evaluation according to the 2021 Audit Committee's performance self-evaluation survey weighted average score such that the interest of the Company was not damaged, accordingly, all of the independent directors were not required to recuse themselves due to conflict of interest.</p>
		Proposal for 2021 performance evaluation of directors of the Company		<p>Although all of the independent directors were in conflict of interest for this case, this case was to perform evaluation according to the 2021 board of directors' performance self-evaluation survey average score such that the interest of the Company was not damaged, accordingly, all of the independent directors were not required to recuse themselves due to conflict of interest.</p>
		Proposal for 2021 performance evaluation of the Remuneration Committee of the Company		<p>Although all of the independent directors were in conflict of interest for this case, this case was to perform evaluation according to the 2021 Remuneration Committee's performance self-evaluation survey weighted average score such that the interest of the Company was not damaged, accordingly, all of the independent directors were not required to recuse themselves due to conflict of interest.</p>
	2022/12/20	Proposal for 2023 remuneration of independent directors of the Company	Matters involving personal interest of the independent directors	<p>Except that the aforementioned director recused himself from participating in the discussion and voting due to conflict of interest, this proposal was approved by the remaining attending directors without objections.</p>
All Directors	2022/03/03	Proposal for distribution of 2021 remuneration of employees and directors of the Company	Matters involving personal interest of the directors	<p>Although all of the directors were in conflict of interest for this case, this case was to appropriate remunerations of employees and directors according to Article 29 of the Articles of Incorporation such that the interest of the Company was not damaged, accordingly, all of the directors were not required to recuse themselves due to conflict of interest.</p>

		Proposal for 2021 performance evaluation of directors of the Company		Although all of the directors were in conflict of interest for this case, this case was to perform evaluation according to the 2021 board of directors' performance self-evaluation survey average score such that the interest of the Company was not damaged, accordingly, all of the directors were not required to recuse themselves due to conflict of interest.
	2022/12/20	Proposal for 2023 remuneration of directors of the Company	Matters involving personal interest of the directors	Except that the aforementioned directors recused themselves from participating in the discussion and voting due to conflict of interest, Chairman Sheng recused himself due to conflict of interest, and the meeting was hosted by Independent Director-Daniel Chang, and this proposal was approved by the remaining attending Independent directors without objections.

3. Public company shall disclose the information on the evaluation cycle and period, evaluation scope, method and evaluation content, etc. of the self-evaluation (or peer evaluation) of the board of directors, and the board evaluation execution status shall be described.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Executed once a year	2022/1/1~2022/12/31	Entirety of board of directors	Internal self-evaluation of board of directors	Evaluation items for the Company's board of directors performance evaluation: Participation level in company's operation, increase of decision making quality of board of directors, composition and structure of the board of directors, election and continuing education of directors, and internal control.
Executed once three years				
Executed once a year	2022/1/1~2022/12/31	Individual board members	Self-evaluation	Board member performance evaluation items: The items include the understanding of the objectives and missions of the Company, director responsibilities and authorities, level of participation in the operation of the Company, internal relationship management and communication,

				expertise and continuing education of director, and internal control.
Executed once a year	2022/1/1~2022/12/31	Each functional committee	Internal self-evaluation of board of directors	Functional committee performance evaluation items: The items include the level of participation in the operation of the Company, understanding of responsibilities and authorities of the functional committee, improvement of decision making quality of the functional committee, composition of the functional committee and its member selection, and internal control.

4. Goals (such as establishment of Audit Committee, improvement of information transparency etc.) for establishment of and execution status evaluation on the enhancement of functions of the board of directors for the current year and the most recent year:

The board meeting operation of the Company complies with the provisions of the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies”, and important resolutions are published on the Market Observation Post System (MOPS) website immediately after the board meeting, in order to achieve sufficient disclosure of information and protection of shareholders’ interests.

(II) Audit Committee Implementation Status and Board Meeting Participation Status:

The Audit Committee of the Company is formed by 3 independent directors. The purpose of the Audit Committee is to assist the board of directors in their supervision on the quality and integrity of matters related to accounting, auditing, financial report process and financial control executed by the Company. The meeting affairs mainly include:

1. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Evaluation on the effectiveness of the internal control system.
3. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
4. Review and approval of matters involving directors’ personal interests.
5. Review and approval of material assets or derivative transactions.
6. Review and approval of material monetary loan, endorsement, or provision of guarantee.
7. Review and approval of the offering, issuance, or private placement of any equity-type securities.

8. Review and approval of the hiring, discharge, or compensation of an attesting CPA.
9. Review and approval of appointment or discharge of a financial, accounting, or internal auditing officer.
10. Review and approval of annual and semi-annual financial reports.
11. Review and approval of other material matter so required by the Company or competent authority.

**Audit Committee Implementation Status Information:**

The 3rd term of Audit Committee convened a total of 6 meetings [A] in 2022, and the independent directors' attendance status is as follows:

The 3rd term of Audit Committee Implementation Status					
Title	Name	Attendance in Person (B)	Number of attendance by proxy	Actual attendance rate (%) [B/A]	Remarks
Independent Director	Daniel Chang	6	0	100%	
Independent Director	Ruu Tian Chang	5	1	83%	When the member cannot attended the meeting, member Daniel Chang attended the meeting as the proxy
Independent Director	Wedge Chen	6	0	100%	

Additional information:

1. Where the operation of Audit Committee is subject to one of the following, the board meeting date, session, proposal content, resolution result of the Audit Committee meeting and the opinion of the Audit Committee of the Company shall be described.
  - (1) Matters specified in Article 14-5 of Sectaries and Exchange Act:
 

A total of 6 Audit Committee meetings were convened in 2022, and the resolution content is as shown in (Note 1). The Audit Committee approved the matters specified in Article 14-5 of the Sectaries and Exchange Act without objections.
  - B. In addition to the aforementioned matters, other motions without approval by the Auditing Committee but passed by the Board with more than two-thirds of the Directors: None.
2. Status of recusal of independent directors from proposals due to conflict of interest: None.
3. Communication between independent directors and internal/external auditors (e.g. discussions concerning the Company's financial and business affairs, the method of communication used, and the outcome).
 

The internal audit officer of the Company communicates the audit report result with the Audit Committee members at least once quarterly and also tracks the report execution status, next year's audit plan and internal control system implementation status, etc. In addition, the Audit Committee also contacts the audit officer to inquire or inform matters for handling.

The CPA of the Company reports the financial statements audit result and other communication matters required by the laws and regulations during the Audit Committee meeting at least once quarterly, and in case of any special conditions, CPA also reports to the Audit Committee timely.

2022 historical communication status is summarized in (Note 2) and (Note 3)

Note 1:

Term	No.	Date of meeting	Proposal content
3	6	2022/03/03	1. Adoption of 2021 business report and financial statements of the Company
			2. Proposal for 2021 deficit compensation of the Company
			3. Proposal for distribution of capital reserve in cash
			4. Proposal for execution of 2021 cash capital increase plan change of the Company
			5. Adoption of 2021 statement of internal control system of the Company
			6. Proposal for appointment of CPAs for 2022 financial statements of the Company
			7. Proposal for amendment to the "Rules of Procedure for Board of Directors Meetings" of the Company
			8. Proposal for amendment to the "Corporate Governance Best Practice Principles" of the Company
			9. Proposal for amendment to the "Sustainable Development Best Practice Principles" (original name: Corporate Social Responsibility Best Practice Principles) of the Company
			10. Proposal for amendment to the "Code of Ethical Conducts" of the Company
			11. Proposal for amendment to the "Articles of Incorporation" of the Company
			12. Proposal for amendment to the "Rules of Procedure for Shareholders' Meetings" of the Company
			13. Proposal for amendment to the "Procedures for Election of Directors" of the Company
			14. Proposal for amendment to the "Procedures for Acquisition or Disposal of Assets" of the Company
			15. Proposal for 2021 performance evaluation of the Audit Committee of the Company
3	7	2022/05/05	1. Adoption of 2022 1st quarter consolidated financial statements of the Company 2. Proposal for amendment to the "Rules of Procedure for Shareholders' Meetings" of the Company
3	8	2022/08/10	1. Adoption of 2022 2nd quarter consolidated financial statements of the Company
			2. The Company planned to jointly establish TCC (Hangzhou) Logistics Service Co., Ltd. (referred to as "TCC (Hangzhou) Logistics") with TCC (Hangzhou) Environmental Protection Technology Co., Ltd. (referred to as "TCC (Hangzhou) Environmental Protection") in China through the subsidiary FDC Italian Hotels S.R.L (referred to as FDC Italian)
			3. The Company planned to establish Sine Qua Non S.R.L. in Italy through the subsidiary FDC Italian
			4. The Company planned to acquire Italian real estate Palazzo Vivarelli Colonna (referred to as "PVC") project through subsidiary Sine Qua Non S.R.L (referred to as "SQN")
			5. The Company planned to increase the investment on the overseas subsidiary FDC Italian as the capital reserve for that company
3	9	2022/09/15	1. Discussion on the total amount for the Company's acquisition of Italian real estate PVC through subsidiary SQN according to the resolution of the board meeting for the 4th proposal on August 10, 2022.
3	10	2022/11/10	1. Change of CPAs of the Company due to the internal shift of the accounting firm
			2. Adoption of 2022 3rd quarter consolidated financial statements of the Company
3	11	2022/12/20	1. The Company's 2023 audit plan



Note 2:

Summary on Status of Communication of Independent Directors and Internal Audit Officer

Date	Nature	Communication matter	Communication result
2022/03/03	Audit Committee	1. December 2021~March 2022 audit plan implementation status report	After discussion and communication, the independent directors raised no objections on the audit execution result report.
2022/05/05	Audit Committee	1. February~May 2022 audit plan implementation status report	After discussion and communication, the independent directors raised no objections on the audit execution result report.
2022/08/10	Audit Committee	1. May~August 2022 audit plan implementation status report	After discussion and communication, the independent directors raised no objections on the audit execution result report.
2022/09/15	Audit Committee	1. July~October 2022 audit plan implementation status report	After discussion and communication, the independent directors raised no objections on the audit execution result report.
2022/11/10	Audit Committee	1. August~December 2022 audit plan implementation status report	After discussion and communication, the independent directors raised no objections on the audit execution result report.
2022/12/20	Audit Committee	1. October~December 2022 audit plan implementation status report	After discussion and communication, the independent directors raised no objections on the audit execution result report.

Note 3:

Summary on Status of Communication of Independent Directors and CPA

Date	Nature	Communication matter	Communication result
2022/03/03	Audit Committee	Arranged CPA to provide report and explanation on the audit method and result, impact of COVID-19, category of convertible corporate bonds payable, 2021 material fundraising status and 2021 3rd quarter securities exchange financial statements sustainable examination to the Audit Committee.	CPAs discussed and communicated the questions and issued inquired by the Audit Committee and the meeting attendees, and the Audit Committee members of the present meeting raised no objections.
2022/05/05	Audit Committee	Arranged CPA to provide report and explanation on the audit method and result as well as the impact of COVID-19 to the Audit Committee.	CPAs discussed and communicated the questions and issued inquired by the Audit Committee and the meeting attendees, and the Audit Committee members of the present meeting raised no objections.
2022/08/10	Audit Committee	Arranged CPA to provide report and explanation on the audit method and result as well as the government subsidies to the Audit Committee.	CPAs discussed and communicated the questions and issued inquired by the Audit Committee and the meeting attendees, and the Audit Committee members of the present meeting raised no objections.
2022/11/10	Audit Committee	Arranged CPA to provide a report and explanation on the audit method and result as well as the various epidemic subsidies to the Audit Committee.	CPAs discussed and communicated the questions and issued inquired by the Audit Committee and the meeting attendees, and the Audit Committee members of the present meeting raised no objections.

(III) Corporate Governance Operation Status and Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons:

Evaluation Item	Implementation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
I Does the Company follow the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” to establish and disclose its corporate governance practices?	V		The Company has established the “Corporate Governance Best Practice Principles” in March 2016, and has disclosed its full content at the website of the Company and the Market Observation Post System (MOPS) website. The latest amendment date of these Principles was March 2020, and the amendment has been approved by the board of directors.	No difference.
II.. Company's ownership structure and shareholders' equity (I) Has the Company established the internal procedures for handling shareholders' proposals, doubts, disputes, and litigation matters; in addition, have the procedures implemented accordingly?	V		The Company has established the investor relation responsible personnel, and the spokesperson accepts shareholders' recommendations, doubts and also handles disputes. There has been no litigation related matters with shareholders.	No difference.
(II) Does the Company have the lists of major shareholders who actually control the Company and the ultimate controller list of major shareholders?	V		The Company manages the major shareholders and the ultimate controllers according to the shareholders' roster of the stock affairs agency, and also reports the insider equity change status periodically.	No difference.
(III) Has the company established and implemented risk management practices and firewalls for companies it is affiliated with?	V		All correspondence and transactions between the Company and affiliates are handled according to the law, or relevant regulations have been established for the internal control system according to the law.	No difference.
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	V		The Company's board meeting has approved the establishment of the “Procedures for Handling Material Inside Information” in December 2015, and the applicable subjects include directors, supervisors, managerial officers and employees of the Company, and insiders of the Company are prohibited to trade securities in the market using non-public information. The latest amendment date of these Procedures was March 2018, and the amendment has been approved by	No difference.

Evaluation Item	Implementation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			the board of directors.	
<p>III.. Composition and responsibility of board of directors</p> <p>(I) Has the board of directors established diversity policy, specific management goal and has executed properly?</p>	V		<p>The Company has established the “Corporate Governance Best Practice Principles” and Article 20 (Overall abilities required for the board) has explicitly specified that The composition of the board of directors shall be determined by taking diversity into consideration and it is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company’s business operations, operating dynamics, and development needs be formulated.</p> <ol style="list-style-type: none"> <li>1. The Company also emphasizes the gender equality, and the target ratio for female directors is above 30%. Among the present seven board members, there are a total of three female directors, and one of which is a female independent director. Accordingly, the ratio of female board members is 43%.</li> <li>2. There are two independent directors with the seniority of 3~9 years; and one with the seniority less than 3 years.</li> <li>3. There is one director of the age above 66 years old; four directors of the age between 56~65 years old, and two directors of the age between 46~55 years old..</li> <li>4. Please refer to Pages 19~21 for the overall abilities of the board members.</li> <li>5. The board member composition diversity policy has been disclosed on the Company’s website and the MOPS website.</li> </ol>	No difference.

Evaluation Item	Implementation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	V		<p>The Company has established the “Corporate Sustainable Development Committee” in December 2020 and its organization charter has also be stipulated. In addition, according to the approval of the board of directors in December 2020, Chairman Emile Sheng, Independent Director Daniel Chang and Independent Director Ruu Tian Chang shall form the committee, with Chairman Emile Sheng acting as the committee chairperson (convener), consisting of more than 1/2 of the independent directors. It is the first voluntarily established functional committee of the Company, and its main duty is to manage corporate social responsibility, to establish sustainable development direction and objectives or relevant management directives as well as to propose and execute specific implementation plans.</p> <p>A total of committee meetings were convened in 2022 on August 10, 2022 and December 13, 2022 respectively. The discussion content included sustainable travel, ESG and corporate governance promotion execution status of the current year and future plan.</p>	No difference.
(III) Has the Company established a set of policies and assessment tools to evaluate the board’s performance? Is performance evaluated regularly at least on an annual basis? In addition, has the result of the performance assessment been submitted to the board of directors’ meeting and used as reference for the remuneration and nomination or reelection of individual directors?	V		<ul style="list-style-type: none"> <li>● The Company established the “Procedures of Self-Evaluation or Peer Evaluation of Board of Directors” in March 2016. Self-evaluation questionnaires are distributed to all board members during the beginning of each year in order to allow board members to conduct self-evaluation. External professional independent institution or external expert and scholar team is also entrusted to conduct performance evaluation once every three years.</li> <li>● The latest amendment date of these Principles was March 2020, and the amendment has been approved by the board of</li> </ul>	No difference.

Evaluation Item	Implementation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			<p>directors.</p> <ul style="list-style-type: none"> <li>● After the questionnaires are collected completely, the board organizing unit of the Company then performs analysis according to the aforementioned procedures, and the result is reported to the board of directors. Improvement recommendation for areas requiring improvement are proposed, and such result is also used as a reference for the determination of remuneration and nomination for consecutive term of office of individual directors.</li> <li>● The 2022 board of directors' performance evaluation result is as follows: <ul style="list-style-type: none"> <li>I. Evaluation period: January 1, 2022 to December 31, 2022, and reported to the board of directors on March 14, 2023.</li> <li>II. Evaluation result is as follows: <ol style="list-style-type: none"> <li>1. The board of directors' self-evaluation weighted average score was 99 points.</li> <li>2. The board members' self-evaluation weighted average score was 98 points.</li> <li>3. The Audit Committee' self-evaluation weighted average score was 94 points.</li> <li>4. The Remuneration Committee' self-evaluation weighted average score was 100 points.</li> </ol> </li> </ul> </li> <li>● At the end of 2022, the Company commissioned an external institution to perform board of directors' performance evaluation for the period from January 1, 2022 to December 31, 2022, and the evaluation has been completed during the first quarter of 2023, and the result has been reported to the board of directors on March 14, 2023. The opinion of the external professional independent institution is as follows:</li> </ul>	

Evaluation Item	Implementation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			<p>1. General evaluation comments:</p> <p>(1). The Company established the "Corporate Sustainable Development Committee" in December 2020 and stipulated the organization charter. In addition, relevant implementation status is also reported to the board of directors at least once annually. The Company establishes the "Risk Management Policy" according to the framework of the TCED Proposal, in order to assess the risks and opportunities due to climate change. In addition, according to the materiality principle, analysis, internal integration and communication with stakeholders are performed, in order to effectively identify, measure, supervise and control risks, as well as to establish policies for the governance, social and environmental aspects, thereby reducing risks.</p> <p>(2). Presently, the Company has invested relevant energy reduction measures for the management of sustainable development and environmental risks, including the measures of introduction of ISO50001 energy management system, water and electricity saving activities, continuous control of greenhouse gas carbon inspection, energy reduction and regeneration, in order to head toward the target development of maximization of energy use efficiency and to implement the corporate sustainable development philosophy. The Company has received numerous indicative awards of Taiwan Corporate</p>	

Evaluation Item	Implementation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			<p>Sustainability Awards (TCSA).</p> <p>(3). The Company has established the group training system and has introduced the TTQS national training quality certification system, in order to establish solid training plans for the educational guidance of new employees and trainings for staff trainees.</p> <p>2. Recommendation:</p> <p>(1) The Company's board of directors has also established the three functional committees of "Audit Committee", "Remuneration Committee" and "Corporate Sustainable Development Committee", in order to provide effective assistance and to enhance the performance of the board of directors. For the aforementioned functional committees, "Corporate Sustainable Development Committee" is the only committee that has not conducted self-evaluation performance, and the Company is recommended to perform comprehensive performance evaluation on the functional committees and to perform report review and improvement during the board of directors' meetings.</p> <p>(2). The Company is recommended to increase the number of external directors, in order to enrich the board meeting perspectives and sharing of professional knowledge, thereby heading toward the development of greater flexibility and breadth.</p> <p>3. Subsequent handling method: With regard to the recommendations from external professional independent institutions, the corporate governance unit will</p>	

Evaluation Item	Implementation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			perform assessment and review, followed by submitting recommendation report to the board of directors, in order to increase the flexible execution of the corporate performance and to progressively achieve the goal of each stage of the sustainable development.	
IV) Does the Company assess the independence of CPAs on a regular basis?	V		The audit committee of the company evaluates the independence and suitability of the certified accountants of the company every year. In addition to requiring the certified accountants to provide "transcendent independence statement" and "audit quality indicators (AQIs)", it also conducts in accordance with the standards in Note 1 and 13 AQI indicators Evaluate. It is confirmed that the accountant has no other financial interests or business relationship with the company except for the fees of visa and financial and tax cases, and the family members of the accountant do not violate the independence requirements. With reference to the AQI index information, it is confirmed that the accountant and the firm are in the process of checking experience and The number of training hours is better than the average level of the industry, and in the last 3 years, it will continue to introduce digital audit tools to improve audit quality. After the evaluation results of the latest year were discussed and approved by the Audit Committee on March 14, 2023, it was submitted to the board of directors on March 14, 20123 for the approval of the independence and suitability assessment of accountants.	No difference.
IV. Has the publicly listed company designated a department or personnel that specializes (or is involved) in corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, convention of board	V		The staff of the General Management Department of the Company concurrently handle corporate governance related affairs. According to the resolution of the board of directors' meeting in March 2019, Kenny Tseng, the Director of the	No difference.



Evaluation Item	Implementation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
meetings and shareholders' meetings, company registration and changes, preparation of board meeting and shareholders' meeting minutes etc.)?			<p>General Management Department and spokesperson has been appointed to act as the corporate governance officer, in order to protect the rights and interests of shareholders and to strengthen the functions of the board of directors. Director Kenny Tseng is equipped with financial management related working experience for publicly listed companies for more than three years. Please refer to (Note 2) for details of the 2022 continuing education status.</p> <p>The 2022 duty execution status of the corporate governance unit is as follows:</p> <ol style="list-style-type: none"> <li>1. Fr the amendment of latest laws and regulations in the corporate operation field and corporate governance related field report to the directors and independent directors periodically.</li> <li>2. Assist the establishment of continuing education plan and courses for the current according to the Company's industrial characteristics as well as the educational background and working experience of directors and independent directors.</li> <li>3. Handle matters related to board meetings, audit committee meetings, remuneration committee meetings and shareholders' meetings according to laws.</li> <li>4. Prepare agenda of board meetings and audit committee meetings, and notify directors seven days prior to the meetings, convene meetings and provide documents for the meetings. If any director's recusal is required due to a conflict of interest, inform such director about such matters prior to the meetings. In addition, complete the board meeting minutes within twenty days after the meeting.</li> <li>5. Handling matters regarding pre-registration of the date of</li> </ol>	

Evaluation Item	Implementation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			<p>the shareholder's meetings in accordance with the laws. Preparing meeting notices, meeting handbooks, and meeting minutes before the legal deadline. Registering any amendments to the Articles of Incorporation and elections of Directors.</p> <p>6. Provide documents necessary for directors and independent directors to perform duties.</p> <p>7. Assist directors and independent directors to comply with laws and regulations.</p> <p>8. Report relevant corporate governance, ethical management implementation and social responsibility related execution status to the board of directors periodically. (at least once annually)</p>	
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	V		The Company maintains excellent communication with employees, suppliers, investors and consumers via the labor-management meeting, procurement, finance and other responsible units respectively. In addition, the Company has also set up the stakeholder section on the Company's website, in order to properly respond to important corporate social responsibility issues concerned by stakeholders.	No difference.
VI. Has the Company commissioned professional stock agency institution to handle shareholders' meeting affairs?	V		The Company has commissioned a professional stock affairs agency institution, Stock Agency Department of CTBC Bank, to handle shareholders' meeting related affairs of the Company.	No difference.
VII. Information disclosure (I) Has the Company established a website that discloses financial, business, and corporate governance-related information?	V		The Company has set up the Company's website ( <a href="https://www.fdc-i.com/">https://www.fdc-i.com/</a> ) for disclosure of finance, business and corporate governance related information.	No difference.
(II) Has the Company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson	V		The Company has established the spokesperson and deputy spokesperson according to the regulations. In addition, dedicated personnel have been designated to	No difference.

Evaluation Item	Implementation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
system, broadcasting of investor conferences via the company website)?			be responsible for reporting various financial and business information on the MOPS website and disclosing information on the Company's website. The investor conference related information is also linked to the MOPS website for access and viewing.	
(III) Has the Company made public announce and report the annual financial statements within a period of two months after the end of each fiscal year, and has the Company also made an announcement and provided a report of the first, second and third quarter financial statements as well as the monthly business operation status?		V	<p>The Company, presently, execute works according to the provision of Article 36 of the Securities and Exchange Act, and the following requirements have been adopted:</p> <ol style="list-style-type: none"> <li>1. Annual financial statements audited and certified by CPAs and approved by the board of directors are announced and reported within three months after the end of each fiscal year.</li> <li>2. Financial statements reviewed by CPA and reported to the board of directors are announced and reported within forty-five days after the end of the first, second and third quarters of each fiscal year respectively.</li> <li>3. The operational status of last month is announced and reported before the tenth day of each month.</li> </ol>	Early announcement and report will be made in the future depending upon the regulations of the competent authority and market demands.
VIII. Does the Company have other important information (including but not limited to employees' benefits and rights, employee care, investor relationship, supplier relationship, rights of stakeholders, educational training status of directors and supervisors, implementation of risk management policy and risk measurement standards, customer policy implementation status, purchase of liability insurance for directors and supervisors of the Company etc.) helpful to the understanding of the corporate governance operation status of the Company?	V		<ul style="list-style-type: none"> <li>● Employee benefits and care are exemplarily described in the following (please refer to the Corporate Social Responsibility (CSR) Report for details): <ol style="list-style-type: none"> <li>1. Employee benefits: Labor insurance, health insurance, group insurance, gift money, employee year-end party, employee travel, three-holiday bonuses, 20/80-dollars saving program, employees' accommodation at free of charge and employee (relative) accommodation and dining discount, etc.</li> <li>2. Education and training implementation procedures to cope with</li> </ol> </li> </ul>	No difference.

Evaluation Item	Implementation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			<p>the job needs and to increase work performance.</p> <ol style="list-style-type: none"> <li>3. Convene labor-management meetings periodically in order to enhance labor-management harmony and to explicitly specify the employment relationship and terms between labor and management as well as to protect the rights and benefits of employees.</li> <li>4. Establish bonus management procedures to distribute various bonuses to employees.</li> <li>5. Amend relevant procedures according to the Act of Gender Equality in Employment in order to protect the rights and interests of employees.</li> <li>6. Emphasize the physical and mental health of employees, provide subsidies to clubs or competition games, and consultation channel of Teacher Yun.</li> </ol> <ul style="list-style-type: none"> <li>● Investor relationship: The Company continues to maintain excellent interaction with investors, including: financial information disclosure, communication and exchange with investors through various seminars and conferences, and also provides the feedback and comments of investors to the management and relevant units of the Company as reference for improvement and adjustment. In the future, the Company will continue to reinforce investor relations, maintains good communication with the investors.</li> <li>● Supplier relationship: Maintain excellent relationships with suppliers. The Company</li> </ul>	

Evaluation Item	Implementation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			<p>values the rights of relevant stakeholders and protects their rights such that there have been no dispute events. Uphold the concept of mutual benefits to establish partnerships with suppliers, in order to maintain long-term cooperation relationships. In addition, obtain optimal supply quality through contract signing, supplier evaluation and field visits at suppliers' sites.</p> <p>In addition, suppliers are requested to comply with the principle of good faith, maintain supply quality and issue declarations. Furthermore, suppliers are also requested to perform corporate social responsibility supplier self-evaluation, to self-examine employees' rights and benefits, environmental protection and occupational safety issues annually in order to comply with relevant regulations.</p> <ul style="list-style-type: none"> <li>● Implementation status of customer policy: Customer recommendation and satisfaction are the dynamics of the operational growth of the Company. The Company upholds the customer-oriented service attitude, and aims to provide brand new accommodation and dining experience to customers. In addition, the Company also establishes excellent interaction with customers based on trust and passion.</li> <li>● Rights of stakeholders: We provide diverse communication channels and information disclosures in order to maintain proper dialogue and communication with stakeholders and also collect issues concerned by stakeholders. For the stakeholder engagement method, concerned issues and our responses, please refer to the</li> </ul>	

Evaluation Item	Implementation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			<p>Company's CSR Report.</p> <ul style="list-style-type: none"> <li>● Continuing education status of directors and supervisors: The continuing education status of the current directors (independent directors) of the Company achieves the required training hours (Note 3) specified in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies".</li> <li>● Implementation status of risk management policy and risk measurement criteria: The Company has established the "Risk Management Policy" according to the approval of the board of directors in December 2021, in order to use such policy as the guiding principle for the risk management of the Company. The Company assesses risks annually and also establishes risk management policy for each type of risk, including management objective, organizational structure, responsibility and risk management procedure and mechanism, and the Company also implements properly, in order to identify, measure and control various risks of the Company, thus risks arising from business activities can be controlled within the acceptable range. The 2022 implementation status has also been reported to the board of directors' meeting on 2022/12/20.</li> <li>● Status of liability insurance purchased by the Company for the directors and supervisors: The Company has completed the renewal of the liability insurance for directors, including the insured amount, coverage and premium rate, etc., and has also reported to the board of directors on December 20, 2022.</li> </ul>	

Evaluation Item	Implementation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	

IX. Please provide explanation on the improvement status of the corporate governance evaluation announced by Taiwan Stock Exchange (TWSE) in the most recent year, and provide priority enhancement and measures for matters yet to be improved.

The ninth term (evaluation year of 2022) of corporate governance evaluation result indicated that the Company was ranked top 21%~35% along all evaluated companies of the public company category.

The most recent corporate governance evaluation result is described in the following list:

Item	No.	Indicator	Explanation
1.	1.10	Does the Company upload the English version of meeting handbook and supplementary information 30 days before the convention of general shareholders' meeting?	The company will upload the English version of meeting agenda and supplementary information since 2023.
2.	1.11	Does the Company upload the English version of annual report 7 days before the convention of general shareholders' meeting? [If the English version of annual report is uploaded 16 days before the convention of general shareholders' meeting, one additional point is added to the total score.]	The company will upload the English version of annual report since 2023.
3.	3.5	Does the Company upload the English version of annual financial report 7 days before the convention of general shareholders' meeting? [If the English version of annual financial report is uploaded 16 days before the convention of general shareholders' meeting, one additional point is added to the total score.]	The company will upload the English version of financial statement since 2023.

**Note 1: CPA assessment standard**

Evaluation Item	Assessment result	Whether the independence criteria are satisfied
1. Whether the accountant has direct or material indirect financial interest relationship with the Company	No	Yes
2. Whether the CPA engages in financing or guarantee actions with the Company or directors of the Company	No	Yes
3. Whether the accountant has close business relationship and potential employment relationship with the Company	No	Yes
4. Whether the CPA and the audit team member presently assumes the position of director, manager or duties having material impact on the audit case presently or in the last two year	No	Yes
5. Whether the CPA provides non-audit services to the Company that may directly affect the audit work	No	Yes
6. Whether the CPA acts as broker for the stocks or other securities issued by the Company	No	Yes
7. Whether the CPA acts as the defender for the Company or represents the Company to negotiate conflicts with other third party	No	Yes
8. Whether the CPA is in kinship with service directors, managers or personnel handling duties having material impact on the audit case	No	Yes

Note 2: Corporate governance officer continuing education status

Corporate governance officer	Date of training	Organizer	Course title	Training hours
Kenny Tseng	2022/7/27	Taiwan Stock Exchange & Taipei Exchange	Sustainable development roadmap and industry topic promotion seminar	2
	2022/10/12	Securities & Futures Institute	2022 insider equity trading legal compliance information seminar	3
	2022/11/17	Taiwan Institute for Sustainable Energy	5 <sup>th</sup> Global Corporate Sustainability Forum - Land Metaverse – Sustainable Certification, Recreation and Experience	3
	2022/11/17	Taiwan Institute for Sustainable Energy	5 <sup>th</sup> Global Corporate Sustainability Forum - Road to Net Zero	3
	2022/12/13	Taiwan Corporate Governance Association	New trend of retail power - zero time difference consumption led by digitization	3
			Corporate material information(message) disclosure and responsibilities of directors and supervisors	3

Note 3: Continuing education status of directors

Name of director	Date of training	Organizer	Course title	Training hours
L' Hotel de Chine Corporation Representative: Emile Sheng	2022/12/13	Taiwan Corporate Governance Association	New trend of retail power - zero time difference consumption led by digitization	3
			Corporate material information(message) disclosure and responsibilities of directors and supervisors	3
L' Hotel de Chine Corporation Representative: Alanna Tseng	2022/12/13	Taiwan Corporate Governance Association	New trend of retail power - zero time difference consumption led by digitization	3
			Corporate material information(message) disclosure and responsibilities of directors and supervisors	3
Ruth Koo	2022/12/13	Taiwan Corporate Governance Association	New trend of retail power - zero time difference consumption led by digitization	3
			Corporate material information(message) disclosure and responsibilities of directors and supervisors	3



Name of director	Date of training	Organizer	Course title	Training hours
David Ding	2022/12/13	Taiwan Corporate Governance Association	New trend of retail power - zero time difference consumption led by digitization	3
			Corporate material information(message) disclosure and responsibilities of directors and supervisors	3
Elaine Chang	2022/12/13	Taiwan Corporate Governance Association	New trend of retail power - zero time difference consumption led by digitization	3
			Corporate material information(message) disclosure and responsibilities of directors and supervisors	3
Julie Chang	2022/12/13	Taiwan Corporate Governance Association	New trend of retail power - zero time difference consumption led by digitization	3
			Corporate material information(message) disclosure and responsibilities of directors and supervisors	3
Daniel Chang	2022/12/13	Taiwan Corporate Governance Association	New trend of retail power - zero time difference consumption led by digitization	3
			Corporate material information(message) disclosure and responsibilities of directors and supervisors	3
Ruu Tian Chang	2022/12/13	Taiwan Corporate Governance Association	New trend of retail power - zero time difference consumption led by digitization	3
			Corporate material information(message) disclosure and responsibilities of directors and supervisors	3
Wedge Chen	2022/12/13	Taiwan Corporate Governance Association	New trend of retail power - zero time difference consumption led by digitization	3
			Corporate material information(message) disclosure and responsibilities of directors and supervisors	3

(IV) Formation, Responsibilities and Implementation Status of Remuneration Committee:

The Company has established the “Remuneration Committee Charter” approved by the board of directors on September 18, 2015, in order to establish the Remuneration Committee. Accordingly, the Remuneration Committee assesses the remuneration policy and system of directors, supervisors and managerial officers based on the professional and objective perspective, and also establishes and reviews the performance evaluation of directors, supervisors and managerial officers as well as the remuneration policy, system, standard and structure. A total of four Remuneration Committee meetings were convened in 2022, and relevant resolutions have been reported to the board of directors.

1. Remuneration Committee Member Information

For the educational background and working experience of independent directors concurrently acting as the Remuneration Committee members of the Company, please refer to relevant information of directors and supervisors on Pages 15~16.

Criteria		Basic composition						Professional ability						Independence status										Number of positions as a remuneration committee member in other public companies												
		Nationality	Gender	Concurrent position as employee of the Company	Age			Seniority of remuneration committee member	Finance	Management	Marketing	Information technology	Banking	Media	Electricity	1	2	3	4	5	6	7	8		9	10										
					36 ~ 45	46 ~ 55	56 ~ 65																				66 and above	Less than 3 years	3~9 years							
Remuneration committee member	Daniel Chang	R.O.C.	Male			✓		✓		✓		✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Remuneration committee member	Ruu Tian Chang (convener)	R.O.C.	Female				✓	✓	✓		✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Remuneration committee member	Wedge Chen	R.O.C.	Male				✓	✓	✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

Note 1: Please check each box with “✓”, if the member meets the condition during the two years prior to being appointed and during the term of office.

- (1) The member is not an employee of the company or any of its affiliates.
- (2) Not a director, supervisor of the Company and its affiliates (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with law 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 issued shares of the company or ranks as one of its top ten shareholders.
- (4) Not a manager listed in (1), or a spouse, 2nd-degree relative or closer or 3rd-degree direct relative or closer to any personnel listed in (2) or (3).
- (5) Not a director, supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or of a corporate shareholder that ranks among the top

five in shareholdings, or of a proxy appointed according to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (provided that if the position of an independent director is held concurrently for the company and its parent company, a subsidiary or a subsidiary of the same parent company according to this law or laws of the local country, such restriction shall not be applied).

- (6) Not a director, supervisor or employee of other company not controlled by the same parties holding a majority of the number seats of directors of the company or a majority of shares with voting rights (provided that if the position of an independent director is held concurrently for the company and its parent company, a subsidiary or a subsidiary of the same parent company according to this law or laws of the local country, such restriction shall not be applied).
- (7) Not a director (managing director), supervisor (managing supervisor) or employee of other company or institution being the same person holding the position of Chairman, President or equivalent position in the company or a spouse thereof (provided that if the position of an independent director is held concurrently for the company and its parent company, a subsidiary or a subsidiary of the same parent company according to this law or laws of the local country, such restriction shall not be applied).
- (8) Not a director (managing director), supervisor (managing supervisor), managerial officer or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the company (provided that if the specific company or institution holds 20% or more and no more than 50% of the total number of issued shares of the company, and the position of an independent director is held concurrently for the company and its parent company, a subsidiary or a subsidiary of the same parent company according to this law or laws of the local country, such restriction shall not be applied).
- (9) Not a professional providing business, legal, financial, accounting, or consulting services to the company or an affiliate, nor an owner, partner, director (managing director), supervisor (managing director), or manager, or the spouse of any of the foregoing, of a sole proprietorship, partnership, company, or organization providing such services to the company or its affiliates or cumulative remuneration amount obtained in the last two years not exceeding NT\$ 500,000, provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or the Business Mergers and Acquisitions Act and related laws or regulations.
- (10) The member is not a person subject to any conditions defined in Article 30 of the Company Act.

## 2. Information on Implementation Status of Remuneration Committee

The Company's Remuneration Committee consists of three members.

The term of office of the 3rd term of committee members is from July 1, 2021 to June 30, 2024. For the period from January 1, 2022 to December 31, 2022, a total of four [A] remuneration committee meetings were convened. The committee member qualification and attendance status are as follows.

Implementation Status of 3rd Term of Remuneration Committee					
Title	Name	Attendance in Person (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Ruu Tian Chang	4	0	100%	
Committee member	Daniel Chang	4	0	100%	
Committee member	Wedge Chen	4	0	100%	
Additional information:					
I. In the event where the Remuneration Committee's proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the agenda, the board's resolution, and how the company had handled the Remuneration Committee's proposals (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None.					

Implementation Status of 3rd Term of Remuneration Committee

II. In case where any member object or express qualified opinions to the resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the agenda, the entire members' opinions, and how their opinions were addressed:  
A total of five remuneration committee meetings were convened in 2021, and the resolution content has been disclosed in (Note 1). The remuneration committee members had no objections or reserved options and records or written statements.

Note 1:

Term	No.	Date of meeting	Proposal content
3	4	2022/03/03	1. Approved the proposal that no remunerations of employees and directors of the Company were to be issued in 2021
			2. Approved the proposal for the 2021 performance evaluation of directors of the Company
			3. Approved the proposal for the 2021 performance evaluation of remuneration committee of the Company
			4. Approved the proposal for the 2021 performance evaluation of managerial officers of the Company
			5. Approved the proposal for the distribution of 2021 performance bonus of the Company
			6. Approved the proposal for salary adjustment plan of the first half of 2022 for managerial officers of the Company
3	5	2022/05/05	1. Approved the Vice President change proposal for the Sun Moon Lake Branch and Xinzhuang Branch of the Company
			2. Approved the proposal for salary adjustment plan of the managerial officers of the Company
3	6	2022/05/10	1. Approved the Vice President change proposal for Guess Room Department of Taipei Branch of the Company
3	7	2022/12/20	1. Approved the proposal for the 2023 remuneration of directors of the Company
			2. Approved the proposal for the 2023 remuneration of managerial officers of the Company
			3. Approved the 2022 performance bonus of the Company
			4. Approved the 2023 work plan of the remuneration committee of the Company

(V) Deviation of the Company’s actual promotion of sustainable development execution status from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof:

Implementation items	Execution status			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
I. Has the Company established the governance structure for promoting the sustainable development, and set up a unit that specializes (or is involved) in the promotion of sustainable development, and does the board of director authorize the senior management for handling such mater, and the supervision status of the board of directors?	V		<p>According to the Company’s ESG policy and vision, the “Corporate Sustainable Development Committee” has been established in December 2020, and its organization charter has also been reviewed and approved by the board of directors in December 2020. It is the first voluntarily established functional committee of the Company. The Company has designated the General Management Department to be the adjunct governance unit for the promotion of sustainable development, to summarize and integrate relevant information of all units, and to report to the Corporate Sustainable Development Committee and the board of directors periodically. In addition, the annual sustainability report preparation and relevant public information disclosure, are also completed.</p> <p>The Company convenes the Corporate Sustainable Development Committee meeting at least once annually, and reports to the board of directors. A total of two committee meetings were convened in 2022, and the meetings were held on August 10, 2022 and December 20, 2022 respectively, and reports to the board of directors were also made.</p> <p>The committee discussion content includes the identification of various ESG risks and opportunities, and establishment of response strategies, sustainable travel, corporate governance implementation status and future plan, and relevant information is also disclosed on the Company’s website.</p> <p>The board of directors reviews reports (including ESG Report) presented by the management team annually, and the management team is required to establish corporate strategies for the board of directors, and the board of directors must determines the feasibility of the success of such strategies, reviews the strategy process and also requests the management team to make adjustments whenever necessary.</p>	No difference.
II. Has the Company implemented the risk assessment of environmental, social, and corporate governance issues related to corporate operation, and has the Company established relevant risk management policies or	V		<p>The information disclosure includes the Company's sustainable development performance for the period from January to December 2022. The risk assessment boundary of the Company includes the FDC International Hotels Corporation General Management Department and its branches. The branches include Xinzhuang Branch (Gala de Chine Xinzhuang and Gala de Luxe), Sun Moon Lake Branch (Fleur de Chine Hotel Sun Moon Lake) and Taipei Branch (Palais de Chine Hotel).</p> <p>During the seeking of corporate sustainable operation and profit, the Company also fulfills the corporate social responsibility, values the interests of stakeholders, focuses on the environmental, social and corporate governance issues, and also includes them in the management directives and operating activities of the Company, in order to achieve the goal of sustainable operation.</p> <p>The Company periodically distributes survey questionnaires (content</p>	No difference.

Implementation items	Execution status			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof															
	Yes	No	Summary																
strategies based on the principle of materiality?			<p>includes environmental, social and corporate governance issues) to stakeholders. After the questionnaires are collected and assessed by the internal, material issues are identified and the issues are also ranked in priority. For material issues, an internal discussion is made, and strategy and planning are also established.</p> <p>The corporate sustainable development committee of the Company performs analysis according to the materiality principle of the sustainability report, communicates with the internal and external stakeholders and integrates the information of all branches and departments, in order to assess the material ESG issues, to effectively identify, measure/evaluate, supervise and control the risk management policy as well as to adopt specific actions, thereby reducing the impact of the risks.</p> <p>According to the risk assessed, relevant risk management policies established are as follows:</p> <table border="1"> <thead> <tr> <th>ESG aspect</th> <th>Major issues</th> <th>Risk assessment item</th> </tr> </thead> <tbody> <tr> <td>Governance aspect</td> <td>Legal compliance</td> <td> <ul style="list-style-type: none"> <li>• Compliance with all regulatory requirements as the basic goal</li> <li>• Periodically track regulatory establishment progress and compliance status</li> <li>• Irregularly organize legal compliance related educational training and promotion</li> </ul> </td> </tr> <tr> <td></td> <td>Supply chain management</td> <td> <ul style="list-style-type: none"> <li>• Continue to promote procurement standard operation procedure</li> <li>• Implement supplier annual audit and evaluation mechanism</li> <li>• Request suppliers to sign code of conduct undertaking</li> <li>• Continue to promote local purchase</li> </ul> </td> </tr> <tr> <td></td> <td>Service innovation</td> <td> <ul style="list-style-type: none"> <li>• Provide value added and innovative products and services through various same or cross industry alliance methods</li> <li>• Continue to invest in the optimization of software and hardware facilities, and improve customer experience and satisfaction</li> </ul> </td> </tr> <tr> <td></td> <td>Sustainable development strategy and risk management</td> <td> <ul style="list-style-type: none"> <li>• Identify ESG related emerging risks and opportunities, and establish response strategies</li> <li>• Incorporate sustainability concept into the management strategy of the Group</li> </ul> </td> </tr> </tbody> </table>	ESG aspect	Major issues	Risk assessment item	Governance aspect	Legal compliance	<ul style="list-style-type: none"> <li>• Compliance with all regulatory requirements as the basic goal</li> <li>• Periodically track regulatory establishment progress and compliance status</li> <li>• Irregularly organize legal compliance related educational training and promotion</li> </ul>		Supply chain management	<ul style="list-style-type: none"> <li>• Continue to promote procurement standard operation procedure</li> <li>• Implement supplier annual audit and evaluation mechanism</li> <li>• Request suppliers to sign code of conduct undertaking</li> <li>• Continue to promote local purchase</li> </ul>		Service innovation	<ul style="list-style-type: none"> <li>• Provide value added and innovative products and services through various same or cross industry alliance methods</li> <li>• Continue to invest in the optimization of software and hardware facilities, and improve customer experience and satisfaction</li> </ul>		Sustainable development strategy and risk management	<ul style="list-style-type: none"> <li>• Identify ESG related emerging risks and opportunities, and establish response strategies</li> <li>• Incorporate sustainability concept into the management strategy of the Group</li> </ul>	
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III. Environmental Issues								
) Has the Company established environmental policies suitable for the Company's industrial characteristics?	V		The Taipei Branch and Sun Moon Lake Branch of the Company have established the energy management system according to the ISO50001 international standard directives in the past. In addition, by the end of 2022, they are expected to qualify the third party verification, and will continue to perform annual energy inspection according to the ISO50001 standard, in order to track the energy saving performance. Relevant information will also be subsequently disclosed in the sustainability report and the Company's website.	No difference.				



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I) Is the Company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	V		<p>The Company actively promotes various energy reduction measures, and selects and uses equipment of high energy efficiency and energy saving design, in order to reduce the energy consumption of hotels. In addition, the Company will continue to expand the use of renewable energies, thus achieving optimization of energy use efficiency.</p> <p>The Company's energy consumption mainly refers to the electrical facilities of air conditioning and lighting. According to the regulations of the Bureau of Energy of R.O.C., we have set up the goal of electricity saving of at least 1% annually.</p> <p>The 2022 overall electricity consumption indicates a reduction of 5% from 2021, such that it has achieved the goal of the plan. In the future (2023~2025), the goal is to reduce 5% of electricity consumption for each hotel in comparison to 2021. In addition, the Company also plans to install renewable energy power generation equipment or purchase of green electricity, in order to increase the renewable energy use efficiency year after year.</p> <p>Please refer to the sustainability report of the most recent period and the Company's website for further information in detail.</p>	No difference.															
II) Has the company evaluated the climate change on the present and future potential risks and opportunities of the corporation, and has the company adopted responsive actions on climate related issues?	V		<p>The Company designates the Sustainable Development Committee as the highest organization for the climate change management, and the Chairman of the Board acts the chairperson of the committee, in order to establish relevant strategy, goal, risk and opportunity action, and to review the implementation status and discuss future plan, as well as to report to the board of directors.</p> <p>The Company has summarized the joint discussions with all operation departments and branches in 2022 and assesses the risks and opportunities of climate change on the Company according to the TCFD recommendation architecture. In addition, two types of climate scenarios that may occur in the future are assessed with the use of SSPs, in order to identify the major risks and opportunities of climate change, and to assess response measures.</p> <p>Please refer to the sustainability report of the most recent period and the Company's website for further information in detail.</p>	No difference.															
V) Has the company statistically analyzed the greenhouse gas emission, water usage and waste total weight over the past years, and has the company established policies for energy saving, carbon reduction, greenhouse emission reduction,	V		<p>(1) Greenhouse gas:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1 (tons of CO2e)</th> <th>Scope 2 (tons of CO2e)</th> <th>Unit area intensity (tons of CO2e/m2)</th> <th>Emission intensity (NT\$ million/tons of CO2)</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>1,055</td> <td>6,587</td> <td>0.133</td> <td>5.267</td> </tr> <tr> <td>2022</td> <td>1,331</td> <td>8,127</td> <td>0.165</td> <td>4.559</td> </tr> </tbody> </table> <p>The emission intensity per unit of product presented by taking the overall revenue of the year as the denominator decreased by about 13.4% compared with the same period last year.</p> <p>Note 1: For the sources of the carbon dioxide emissions and carbon emission coefficient, the non-production industry energy inspection annual report appendices of 2021~2022 published by the Bureau of Energy of MOEA are referenced.</p> <p>Note 2: Since Xindian Beixin Branch has stopped its operation in</p>	Year	Scope 1 (tons of CO2e)	Scope 2 (tons of CO2e)	Unit area intensity (tons of CO2e/m2)	Emission intensity (NT\$ million/tons of CO2)	2021	1,055	6,587	0.133	5.267	2022	1,331	8,127	0.165	4.559	No difference.
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reduction of water usage or other waste management?		<p>2021/4, it is not included in the statistical data of 2021.</p> <p>(2) Water consumption:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total water consumption (tonne)</th> <th>Water intensity (tonne/square meter)</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>265,165</td> <td>4.632</td> </tr> <tr> <td>2022</td> <td>318,230</td> <td>5.550</td> </tr> </tbody> </table> <p>The Company pays attention to the environmental protection issues of water resource and energy saving for a long period of time, and with regard to the water saving plan, the Company thoroughly implements water saving in all aspects of the business operation, in order to increase the use benefits of available water resource.</p> <p>To ensure the implementation of water resource management policy, FDC International has established the responsible unit of "Water Saving Inspection and Management Organization", and through the three main aspects of management, promotion and execution of the water resource inspection and management team, the progress and strategic direction of all water resource saving projects can be ensured.</p> <p>Each branch continues to promote various water saving measures, including:</p> <ul style="list-style-type: none"> <li>● Water-saving sanitary equipment</li> <li>● Water resource monitoring system</li> <li>● Rainwater recycle and reuse</li> <li>● Hot spring and swimming pool wastewater recycle and reuse</li> </ul> <p>In addition, the Company also implements environmental protection and water saving related education and training for employees. Furthermore, all branches also actively invite guests to participate in water saving actions. All guest rooms are installed with eco-friendly water saving marks and water saving promotional signs for guests to decide whether to change bed sheets. The Sun Moon Lake Branch has also received the honor of "Water Saving Performance Outstanding Unit and Excellence Award for Water Saving in Business and Category and Others" in the water saving outstanding performance selection event organized by the Water Resources Agency, MOEA in 2019.</p> <p>The Company has established water pollution prevention measures and plans for the wastewater and sewage drained from each branch. In addition, kitchen sewage oil and water separation treatment equipment, sludge filter dehydrator and sand filter for filtering effluent water quality control with wastewater and sewage treatment have also been installed.</p> <p>(3) Wastes:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total volume (ton)</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>297.34</td> </tr> <tr> <td>2022</td> <td>340.57</td> </tr> </tbody> </table> <p>The Company promotes the philosophy of Go Green. To implement waste reduction and to demonstrate care of our Earth, the Company actively conveys the environmental protection principles of FDC International. In 2022, the total waste volume was: 340.57 tons, and the ratio of recycled or reused waste was 57.96%; a reduction of</p>	Year	Total water consumption (tonne)	Water intensity (tonne/square meter)	2021	265,165	4.632	2022	318,230	5.550	Year	Total volume (ton)	2021	297.34	2022	340.57	
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			<p>25.55% in comparison with the total waste volume of previous year. The current waste reduction measures adopted are as follows:</p> <ol style="list-style-type: none"> <li>1. Since 2019, hotels do not actively offer disposable supplies, including combs, razors, and small bottles of shower gel, etc. The small bottles of shower gel are replaced by large bottles of shower gel and shampoo.</li> <li>2. Restaurants do not actively provide disposable packages and tableware and straws for takeout.</li> <li>3. Sparkling water drinking machines are installed to replace the use of mineral water bottles.</li> <li>4. FDC International uses local food ingredients for dishes, and all vegetables use baskets exclusively for vegetables for packaging in order to reduce the use of disposable plastics for packaging.</li> <li>5. Kitchen waste treatment machine is installed, and restaurant kitchen wastes are dumped into the kitchen waste treatment machine to decompose enzyme into fertilizer for further use in the interior planting and Employee Happy Farm newly established. In addition, for the fertilizer generated, the Company also cooperate with local petty farmers, in order to implement secondary use of kitchen waste and to share resource recycling.</li> </ol> <p>FDC International actively reduces carbon emissions, and Fleur de Chine Sun Moon Lake Branch further utilizes the TCC's information along with the ISO14040 and ISO14044 methodology to assess the product life cycle carbon footprint based on the value chain perspective. For all stages of the hotel service, starting from the raw material acquisition and the waste treatment at the end, the Company quantifies the resource inputs and outputs of the room service, in order to further understand the potential impact of hotel service on the environment, thereby planning carbon reduction actions satisfying the vision of sustainability.</p> <p>We also propose response strategies for each life cycle stage through the carbon footprint analysis. During the operation stage, we reduce the use of consumables, adjust product combinations, increase vegetable dining and dishes, reduce the purchase of frozen seafood requiring long period of cold chain transportation, and also select suppliers of lower transportation carbon emissions. The Company looks forward to promote consumers to join us in contributing efforts to the reduction of hotel accommodation carbon emissions with actual carbon reduction actions in practice.</p> <p>Palais de Chine Hotel of the Company has also implemented the carbon footprint inspection project since the end of 2021.</p> <p>In addition, the Company has also introduced the ISO 50001 energy management system in 2022. Presently, the Taipei Branch-Palais de Chine Hotel and Sun Moon Lake Branch-Fleur de Chine Hotel of the Company introduce the ISO 50001 energy management system, and certification is obtained during the fourth quarter of the same year.</p> <p>Please refer to the sustainability report of the most recent period</p>	

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			and the Company's website for further information in detail.	
IV. Social issues (I) Has the Company established related management policies and procedures in accordance with applicable laws and the international human rights conventions?	V		<p>The Company complies with the labor policies of our nation and the "Core Labor Standard of the International Labour Organization Convention", and has also established comprehensive relevant systems and management regulations conforming with the labor laws. These systems and management regulations are published on the Company's website, and responsible personnel have also been designated for implementation, in order to protect the legitimate labor rights and interests of employees. In addition, the Company has also established the Employee Welfare Committee to organize various welfare affairs.</p> <p>The Company reviews its own operation and other related activities through the methods of monitoring of social major issues, data monitoring and employee survey questionnaires annually, in order to identify and assess the group facing risks and potential human rights risks. In addition, according to the potential risks, the Company establishes human rights issue control plan and also continues to monitor and improve the plan implementation outcome.</p> <p>The human rights policy and specific plan of the Company are summarized in the following:</p> <ol style="list-style-type: none"> <li>1. Provide breast-feeding room to protect female employees' right of breast-feeding.</li> <li>2. Implement leave system, and encourage employees to value the balance between work and living.</li> <li>3. Offer comprehensive and smooth job promotion channel.</li> <li>4. Install career coach to assist new employees to adapt to the working environment.</li> </ol> <p>In addition, human rights protection related training was also implemented for employees in 1011, and the total training hours was 448 hours. In the future, the Company will continue to pay attention to the human rights protection related issues, to promote relevant education and training, in order to increase human rights protection awareness and to reduce the likelihood of occurrence of relevant risks.</p> <p>For further details, please visit the Company's website: <a href="https://www.fdc-i.com/">https://www.fdc-i.com/</a></p>	No difference.
(II) Has the Company developed and implemented reasonable employee welfare measures (including compensation, leave of absence and other	V		<p>I. Remuneration of employees: The year-end bonus of the Company is determined based on the attendance status, seniority and annual performance evaluation of employees, and bonus equivalent to one ~ three months of salary is issued depending upon the operation status of the current year, in order to stimulate all employees to exert effort to achieve the goals of the Company.</p> <p>II. Workplace diversity and equality: The Company implements the equal remuneration criteria for the same job duties and equal promotion opportunity for employees of different genders. In 2022, the number of female employees</p>	No difference.

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benefits), and appropriately reflected business performance or outcome in employees' compensations?			<p>accounted for 51% of all employees, and the number of female supervisors accounted for 48% of all management staff.</p> <p>III. Employee welfare measures:</p> <ul style="list-style-type: none"> <li>● Bonuses: Full attendance bonus, incentive bonus, year-end bonus, three-year bonus, birthday gift money</li> <li>● Insurance: Labor and health insurance, and employee group insurance</li> <li>● Activity: Year-end party, annual domestic/overseas employee travel, birthday party</li> <li>● Discounts: Employee and relative accommodation discount, employee accommodation at free of charge, employee marriage banquet and event discount, employee dining discount</li> <li>● Subsidies: Marriage congratulatory gift, funeral condolence gift</li> <li>● Others: employee meal or meal allowance, employee advantageous saving plan, employee stock option plan</li> </ul> <p>IV. Business performance reflected in employees' remuneration: The Company participates in the industry salary survey periodically, and performs the job promotion and salary adjustment operation during March and September depending upon the job market salary standard of the same industry, economic trend and personal performance. The average salary adjustment rate in 2022 was 7%, and maximum individual salary adjustment rate reached 11%.</p>										
(III) Has the Company provided a safe and healthy work environment for employees, and education on occupational safety and health for employees at regular intervals?	V		<p>I. The Company adopts the core philosophy of accident prevention and control, and also uses appropriate management tools and integrates internal occupational safety and health issues according to national occupational safety related laws and regulations, in order to establish self-management mechanisms, inspect all equipment periodically, and organize occupational safety education training courses, thereby continuously improving and promoting an occupational safety culture and achieving an accident-free environment.</p> <p>II. The Company's occupational safety educational training and promotion in the last two years:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Year</th> <th>Number of trainees</th> <th>Total number of training hours</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>720</td> <td>1,384</td> </tr> <tr> <td>2022</td> <td>1,063</td> <td>2,907</td> </tr> </tbody> </table> <p>III. The Company organizes employee annual health examination annually, in order to provide greater protection to self-health and safety of employees.</p> <p>IV. In 2022, the number of people with occupational injuries were 57 people (accounting for 7.02% of the total number of employees), and such injuries mainly refer to 1. traffic accident during commute to work or off work, 2. tripping, 3. cutting injury, 4. burn injury. After internal evaluation on the improvement strategy, the Company has further included traffic safety education in the orientation program for new employees, in order to increase employees' traffic safety awareness.</p>	Year	Number of trainees	Total number of training hours	2021	720	1,384	2022	1,063	2,907	No difference.
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	Yes	No	Summary	
(IV) Has the Company established a plan for the training of effective career development and planning of employees?	V		The Company has established the group training system and has comprehensively implemented the competency-based TTQS (Taiwan Training Quality System) national training quality certification system. The education and training includes the following: school campus intern talent cultivation plan, new employee orientation, new employee career coaching and guidance, training for entry management trainees, training for medium management trainees, training for senior management trainees, medium and senior innovation seed talent training, management competency training, professional competency training, employee development plan, occupational safety training, food safety training, in order to allow employees to achieve job competency effectively. The total number of training hours completed by the Company in 2022 was 11,983 hours, and the total number of training reached 3,484 trainees.	No difference.
(V) Has the Company complied with laws and international standards with respect to customers' health, safety and privacy, marketing and labeling in all products and services offered, and implemented consumer or customer protection policies and complaint procedures?	V		For products and services related to customer health and safety, customer privacy, marketing and labeling, the Company complies with relevant laws in order to protect the rights and interests of consumers. The Company's website has also published the contact method of each branch, allowing consumers to file a complaint or provide feedback.	No difference.
(VI) Has the company established supplier management policy, requested suppliers to comply with relevant regulations with regards to the issues of the environmental protection, occupational	V		The Company has established the supplier corporate social responsibility self-evaluation form, and suppliers are also requested to perform corporate social responsibility supplier self-evaluation, to self-examine employees' rights and benefits, environmental protection and occupational safety issues annually in order to comply with relevant regulations.	No difference.

Implementation items	Execution status			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
safety and health or labor rights etc. and the implementation status thereof?				
V. Has the Company stipulated standards or guidelines according to the internationally accepted report, prepared sustainability report and reports for disclosing non-financial information of the Company? Has the aforementioned reports obtained the assurance or guarantee opinions from a third verification unit?	V		The Company has prepared the annual sustainability report in accordance with the GRI Standards announced by the Global Reporting Initiative (GRI), the SASB Standards established by the Sustainability Accounting Standards Board (SASB), Sector Supplement, and the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" announced by the Taiwan Stock Exchange. In addition, the limited assurance of the sustainability report has been performed by Top New & Co., CPAs (TNC) according to the Statement of Assurance No.1. "Assurance case of non-historical financial information audit or review" announced by the Accounting Research and Development Foundation, R.O.C. (established according to the ISAE 3000 Revised), which is also published on the Company's website. <a href="https://www.fdc-i.com/">https://www.fdc-i.com/</a>	No difference.
VI. If the Company has established its own sustainability development principles in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" please describe its current practices and any discrepancies from the Best Practice Principles: The Company has established the Sustainable Development Best Practice Principles and is committed to the promotion of sustainable development, which is also consistent with the best principles established.				
VII. Other important information to facilitate the understanding of the status of corporate social responsibility operation: (I) The Company's activities related to continuous promotion of establishing social supply connections: 1. The Company donated 126 second-hand bathrobes to the Chin-ai Music Club, allowing children to perform DIY for making their performance costumes. Moreover, the Company also prepared 40 sets of dinner boxes during the period of "Music Concert of One More Mile for Remote Areas" performed by the Chin Ai Music Band along with the provision of NT\$500 thousand as the fund for music instrument maintenance and repair, thereby allowing the band to operate successfully while allowing the band members to continuously receive support and encourage from the Hotel during their music performance and development. 2. The Company participated in the winter warmth delivery event organized by Yuchi Farmers' Association, and sponsored 20 sets of five-dishes-one-soup Chinese New Year dishes, for caring local disadvantaged families, and allowing these families with needs were able to enjoy hotel's Chinese New Year dishes during the Chinese New Year Eve with their family members. 3. The Company participated in the "Earth Hour" initiated by the World Wildlife Fund (WWF) by closing unnecessary lights in the hotel to promote energy saving and to contribute effort in protecting our Earth, as well as to demonstrate the importance of energy saving and environmental sustainability. 4. During the Sun Moon Lake Surrounding Four-School Joint Sports Game, Fleur de Chine Hotel sponsored stylish cakes and catering meals of the value of NT\$20 thousand for the event, in order to share the joy with community students and to encourage their sports spirit. 5. During the Sun Moon Lake dry period, the Company voluntarily launched the GoGreen one-kilometer lake cleaning event. A total of 32 missions were carried out, 857 people participated in the event, a total distance of				

Implementation items	Execution status			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			<p>126.05km was cleaned, and an amount of 1423.68 kg of garbage and wastes were removed, in order to maintain the wonderful landscape of Sun Moon Lake, and to also allow the local community to understand Fleur de Chine Hotel's determination and commitment in environmental protection.</p> <ol style="list-style-type: none"> <li>6. After Va Kang An Green Energy Hot Spring Resort started its operation, Hongy Elementary School, Taoyuan Elementary School, Yingshan Elementary School were invited to visit the resort' drilling well, in order to implement geothermal related sustainability education, allowing students to have fundamental understanding about green energy.</li> <li>7. Va Kang An Green Energy Hot Spring Resort invited Taoyuan Elementary School to perform the earth artistic children's creation, in order to encourage students to use natural resource materials, such as leaves and branches, for painting, and the final finished works were also used as the decoration in the resort. Furthermore, the Company also donated the red leaf stylish glasses in the resort to Taoyuan Elementary School as materials for their art classes, thereby encouraging the art-cultivating education of students.</li> <li>8. Va Kang An Green Energy Hot Spring Resort cooperated with Yanping Township Office to establish the local placemaking and creativity class, in order to promote sustainability and to implement environmental protection in daily lives.</li> <li>9. During Christmas time, the Company initiated the "Christmas Corner" series of events and the Company's hotels participated in the creation of Christmas space for the period, allowing visitors to feel the Christmas atmosphere and to take photos or check in online. In addition, the Company also invited tourists to participate in the raising of 68 sets of Christmas presents for donation to Chinai Elementary School and its Wanda branch. Furthermore, visitors are also welcome to participate in the "Christmas Donation" event to make voluntary donations to the Taiwan Spinal Bifida Support Society, thus conveying fortune and warmth to others during the end of the year.</li> <li>10. The Company and the parent company LDC jointly initiated the "Wood Dreamer Light-up Donation Program" with all business locations of the Group throughout Taiwan to participate in the subscription of 10 handmade lamp bases, in order to construct the unique "LDC X Wood Dreamer" Christmas trees. In addition, guests and visitors are also invited to participate in the subscription of these trees, and the fund raised were donated to 88 service centers for disabled, thereby achieving a warm opening of Christmas holiday for LDC.</li> <li>11. All hotel rooms are installed with the petty cash donation event box, allowing guests to make voluntary donations to the Adult Health Family Social Welfare Foundation, thereby assisting parents of the disabled to regain their passion for lives and strength.</li> <li>12. The Company collaborated with XinMedia Co., Ltd. to jointly organize the "Link to International Sustainable and Wonderful Living" forum, and domestic and international experts were invite to discuss the future of sustainability, to disclose surveyed and researched Big Data, and to discuss and re-think the future sustainable actions for tourism industry during the pandemic period.</li> <li>13. The Company responded to the concept of "Responsible Travel" initiated by the CommonWealth Magazine. Accordingly, the function of the initiative platform was promoted to hotel consumers and forums were organized for participation, in order to share the concept of sustainability.</li> <li>14. In response to the United Daily News's vision project for caring the Greenland iceberg melting crisis, the Company also promoted the initiative for such issue.</li> <li>15. The parent company LDC Group participated in the Commonwealth Tamsui River Convention event and promotes the initiative platform function, allowing the corporate citizens, residents and environmental organizations related to the water system and public sector, etc. to engage in dialogue and to care and understand the correlation between river and city development.</li> <li>16. The Company's three restaurants have obtained the AMOT Three-Star certification, and Fleur de Chine Hotel also participated in the "Green Dining Guide". In addition, Sky Lounge has become a green restaurant.</li> <li>17. Fleur de Chine Hotel calculates the carbon emissions of the guest rooms, and invites customers to participate in the purchase of carbon credits jointly. After the Fleur de Chine's additional purchase of carbon credits, the carbon emissions generated by the guest rooms becomes a negative value, and the carbon credit source purchased is the ACR REDD+Item, and the carbon credits have qualified the international carbon reduction standard VCS certification. The main purpose is to protect the rain forest at the east of Brazil and to assist the Amazon Rainforest Conservancy (ARC), fire prevention and training on the work items of continuously usable</li> </ol>	



Implementation items	Execution status			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
lands.				
(I) The ninth term (evaluation year of 2022) of corporate governance evaluation result indicated that the Company was ranked top 21%~35% along all evaluated companies of the public company category.				
(II) Participated in 2022 Commonwealth Corporate Citizen Award evaluation and selection in 2022/6, and received the honor of 5th place in the Little Giant Category.				
(III) Participated in the 2022 TCSA Taiwan Corporate Sustainability Award in 2022/8, and received the honor of Platinum Award in the Second Category.				
(IV) 2022 Sustainability Report is currently under preparation.				

(VI) Ethical Corporate Management Practices, and Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons:

Evaluation Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
I. Establishment of ethical management policies and plans (I) Has the company established ethical management policies approved by the board of directors' meeting and stated in its memorandum or external correspondence about the policies and practices it has to maintain business integrity? Are the board of directors and the management committed in fulfilling this commitment?	V		The Company's "Ethical Corporate Management Best Practice Principles" have been reviewed and approved by the board of directors in March 2016, and the Company has explicitly specified the ethical management policy, commitment and implementation in the Principles. The latest amendment date of these Principles was March 2020, and the amendment has been approved by the board of directors.	No difference.
(II) Has the company established assessment mechanism for unethical conduct risk, performed periodic analysis and assessed operating activities of relatively higher unethical conduct risk in the scope of business, and has established unethical conduct solution accordingly, and at least covering the preventive measures for the conducts described in each subparagraph of Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(I) The Company enhances the purchase supplier management, and before making business dealings, the Company performs supplier basic information investigation to assess the legality of transaction counterparty and to determine whether there is any record of unethical conduct. The Company provides statement of transaction terms for both parties to suppliers during the beginning of each year and requests the signature and return of the statement. In the statement, it explicitly specifies that in case where any one party involves in any unethical conduct during business activities, the contract may be terminated or rescinded unconditionally at any time. (II) To prevent unethical conducts of improper donation, sponsorship and illegal political donation, the Company has established the Procedures for Ethical Management and Guidelines for Conduct . When there is any major donation, it is necessary to report to the board of directors for approval according to the procedures before execution of such donation. (III) In March 2016, the board of directors of the Company has reviewed and approved the "Ethical	No difference.

Evaluation Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
			Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” specifying requirements for personnel of the Company during their performance of duties, and the preventive measures for all actions described in subparagraphs of Paragraph 2 of Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” are also covered by said Principles and Procedures completely.	
(III) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?	V		In March 2016, the board of directors of the Company has reviewed and approved the “Procedures for Ethical Management and Guidelines for Conduct” specifying operation procedure, guidelines for conduct, disciplinary actions for violation and appeal system, which are also implemented properly and reviewed periodically. The latest amendment date of these Principles was March 2020, and the amendment has been approved by the board of directors.	No difference.
II. Implementation of ethical management (I) Has the Company evaluated the record of the counterparties on business ethics, and explicitly stated business integrity as an integral part of the contracts when entering into agreements with counterparties of trade?	V		Before making business dealings, the Company performs supplier basic information investigation to assess the legality of transaction counterparty and to determine whether there is any record of unethical conduct. The Company provides statement of transaction terms for both parties to suppliers during the beginning of each year and requests the signature and return of the statement. In the statement, it explicitly specifies that in case where any one party involves in any unethical conduct during business activities, the contract may be terminated or rescinded unconditionally at any time.	No difference.
(II) Has the company established a dedicated unit directly under the board of directors and responsible for the promotion of corporate ethical management, and reporting	V		According to the “Procedures for Ethical Management and Guidelines for Conduct” of the Company, the General Management Department is designated to be the responsible unit	No difference.

Evaluation Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
its ethical management policy and proposal for prevention of unethical conducts as well as supervision of implementation status to the board of directors' meeting periodically (at least once annually)?			in charge of relevant affairs. The responsible unit has reported the amendment of relevant internal regulations and implementation status of the board of directors on 2022/12/20.	
(III) Has the Company established policies to prevent conflicts of interest, provided appropriate methods for stating one's conflicts of interest, and implemented them appropriately?	V		The "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" of the Company explicitly specify the policies for prevention of conflict of interest, provision of appropriate method for stating one's conflict of interest and requesting relevant units of the Company for proper implementation. In addition, the "Rules of Procedure for Board of Directors' Meeting" of the Company also specify the recusal method for conflict of interest of directors, managerial officers and other stakeholders attending board meetings.	No difference.
(IV) Has the Company established effective accounting and internal accounting and control systems for the implementation of ethical corporate management policies, prepared audit plans according to the evaluation results of dishonesty risks, and have they results audited by internal auditors or CPAs?	V		(I) The Company has established the accounting system and responsible accounting unit. All financial statements are also audited or reviewed by CPAs, in order to ensure the fairness of the financial statements. (II) The Company has established the international audit system and self-inspection system, in order to maintain effective and appropriate internal control system operation.	No difference.
(V) Has the Company provided internal and external training on ethical management regularly?	V		Internal and external training on ethical management are organized irregularly. To implement ethical management, in 2022, the Company has organized courses related to sustainability ESG, SOP, health promotion, food/occupational safety, health safety, professional service, legal compliance, corporate seminars, etc. The total number of trainees participating in self-organized or external education and training was 1,885 people, and the total number of training hours was 431.75 hours.	No difference.

Evaluation Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
III. Implementation of the Company's whistleblowing system				
(I) Has the Company established a substantive reporting and reward and punishment system and convenient channels for reporting, and appointed designated personnel for handling the targets of reports?	V		For all stakeholders (including employees, investors, suppliers and customers), the Company has established dedicated window, telephone and email for stakeholders to file appeal, complaint or to exchange opinions. <a href="https://www.fdc-i.com/stakeholders/overview/">https://www.fdc-i.com/stakeholders/overview/</a>	No difference.
(II) Has the Company established any investigation standard operation procedures for accepting reported misconducts, subsequent measures and relevant confidentiality measures required to be performed after the completion of the investigation?	V		For reported cases, the Company assigns dedicated personnel to understand such cases, and also keeps the reporter and report content confidential properly. In addition, according to the nature of individual case, report is also submitted to the responsible senior officer through appropriate method.	No difference.
(III) Has the Company taken any measures for the protection of the informants or reporters from suffering undue treatment?	V		In addition to keeping the identity of informants/reporters strictly confidential, the Company also ensure that they are protected from any undue treatment due to their reports.	No difference.
IV. Enhancement of information disclosure Has the Company disclosed the content of its Corporate Governance Best Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?	V		The Company has disclosed relevant internal policies of the Company on the Company's website and MOPS website.	No difference.
V. If the Company has established its own ethical corporate management best practice principles according to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please specify the difference between its operation and the principles: The Company has established the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct", and the Company's operation is consistent with the Principles and Procedures established.				
VI. Other important information that is helpful in understanding the corporate ethical management operation of the Company? (such as, the status on the Company's review and amendment of its Ethical Corporate Management Best Practice Principles): The Company complies with relevant laws of the Company Act and the Business Entity Accounting Act or other business conduct related laws, and uses such laws and regulations as the basis for implementation of ethical management.				

(VII) When the Company has established its corporate governance best practice principles and relevant regulations, the inquiry method thereof shall be disclosed:

The Company publishes various financial and business information on the MOPS website regularly or irregularly according to the regulations. The Company's website:  
<http://www.fdc-i.com/>

(VIII) Other important information to facilitate the understanding of corporate governance implementation status of the Company:

1. Material information and timely disclosure.
2. The Company has established the Code of Ethical Conduct, Ethical Corporate Management Best Practice Principles and Corporate Social Responsibility Best Practice Principles.

(IX) Internal Control System Implementation Status

1. Statement of Internal Control System

Date: March 14, 2023

The Company hereby states the results of the self-evaluation of the internal control system for 2022 based on the findings of the self-assessment:

- I. The Company acknowledges that the establishment, implementation and maintenance of internal control system is the responsibility of the Board of the Directors and managerial officers, and the Company has already established such an internal control system. 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 has its inherent limitations, and regardless of how perfect the design is, the effectiveness of the internal control system can only provide reasonable assurance to the achievement of the aforementioned three objectives. In addition, due to the change of the environment and circumstances, the effectiveness of the internal control system may be changed. However, the internal control system of the Company is equipped with a self-monitoring mechanisms, and the Company will take corrective actions once any defects are identified.
- III. The Company judges whether the design and implementation of the internal control system is effective based on the criteria for judging the effectiveness of the internal control system set out in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). Said criteria under the Regulations are divided into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent element includes several items. For the aforementioned items, please refer to the requirements of the "Regulations".
- IV. The Company has adopted the aforesaid assessment items for the internal control system to determine whether the design and implementation of the internal control system are effective.
- V. Based on the results of the assessment in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system, including the understanding the effectiveness of operations and the extent to which efficiency targets are achieved, reliable, timely, and transparent reporting, and compliance with applicable rules and applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing objectives.
- VI. This statement will form the main content of the Company's annual report and prospectus

and will be made public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement has been approved by the Company's Board of Directors on March 3, 2023. Among the nine directors present, none of them expressed objections, and all directors agreed with the content of this statement. Therefore, this statement is hereby issued.

FDC International Hotels Corporation

Chairman: Emile Sheng

President: David Ding



2. If the internal control system was reviewed by CPA, the CPA's review report shall be disclosed: None.

(X) Penalties imposed against the Company and its internal personnel for regulatory violation, or penalties imposed by the Company against its employees for violation of internal control policy in the most recent year up till the publication date of this annual report; if the penalty result may have material impact on the shareholders' equity or stock price, it is necessary to describe the penalty content, areas of weakness and improvement status: None.

(XI) Major resolutions made by the shareholders' meetings and the board meetings during the most recent financial year and up to the printing date of the annual report

Resolutions of 2022 general shareholders' meetings:

Date	Important resolution	Subsequent implementation status
2022/05/27	1. Adoption of 2021 business report and financial statements.	Relevant statements have been reported to the competent authority for recordation and public announcement according to the Company Act and relevant laws and regulations.
	2. Adoption of 2021 deficit compensation proposal.	
	3. Adoption of 2021 cash capital increase plan change proposal.	Capital allocation progress has been executed completed during the fourth quarter of 2022
	4. Proposal for amendment to the "Articles of Incorporation" of the Company.	Change registration application has been completed with MOEA in June 2022.
	5. Proposal for amendment to the "Rules of Procedure for Shareholders' Meetings" of the Company.	The amended "Rules of Procedure for Shareholders' Meetings" have been uploaded onto MOPS website.
	6. Proposal for amendment to the "Procedures for Election of Directors" of the Company.	The amended "Procedures for Election of Directors" have been uploaded onto the Company's website.
	7. Proposal for amendment to the "Procedures for Acquisition or Disposal of Assets" of the Company.	The amended "Procedures for Acquisition and Disposal of Assets" have be uploaded onto MOPS website.

Important resolutions made by the board meetings in 2022 and up to April 30, 2023:

Convention date	Important resolution
2022/03/03	1. Approved the proposal that no remunerations of employees and directors of the Company were to be issued in 2021
	2. Approved the 2021 business report and financial statements of the Company
	3. Approved the 2021 deficit compensation proposal of the Company
	4. Approved the proposal for distribution of capital reserve in cash
	5. Approved the proposal for execution of 2021 cash capital increase plan change of the Company
	6. Approved the 2021 statement of internal control system of the Company
	7. Approved the proposal for appointment of CPAs for 2022 financial statements of the Company
	8. Approved the proposal for amendment to the "Rules of Procedure for Board of Directors' Meetings" of the Company
	9. Approved the proposal for amendment to the "Corporate Governance Best Practice Principles" of the Company
	10. Approved the proposal for amendment to the "Sustainable Development Best Practice Principles" (original name: Corporate Social Responsibility Best Practice Principles) of the Company
	11. Approved the proposal for amendment to the "Code of Ethical Conducts" of the

Convention date	Important resolution
	Company
	12. Approved the proposal for amendment to the "Articles of Incorporation" of Company
	13. Approved the proposal for amendment to the "Rules of Procedure for Shareholders' Meetings" of the Company
	14. Approved the proposal for amendment to the "Procedures for Election of Directors" of the Company
	15. Approved the proposal for amendment to the "Operating Procedure for Acquisition or Disposition of Assets" of the Company
	16. Approved the proposal for 2021 performance evaluation of the Audit Committee of the Company
	17. Approved the proposal for the 2021 performance evaluation of directors of the Company.
	18. Approved the proposal for the 2021 performance evaluation of Remuneration Committee of the Company
	19. Approved the proposal for the 2021 performance evaluation of managerial officers of the Company
	20. Approved the proposal for the distribution of 2021 performance bonus of the Company
	21. Approved the proposal for salary adjustment plan of the first half of 2022 for managerial officers of the Company
	22. Approved the proposal to cancel the Taoyuan Minsheng Branch
	23. Approved the discussion of relevant matters related to the convention of 2022 annual general shareholders' meeting of the Company
2022/05/05	1. Approval of 2022 1st quarter consolidated financial statements of the Company
	2. Approved the proposal for amendment to the "Rules of Procedure for Shareholders' Meetings" of the Company
	3. Approved the Vice President change proposal for the Sun Moon Lake Branch and Xinzhuang Branch of the Company
	4. Approved the proposal for salary adjustment plan of the managerial officers of the Company
2022/08/10	1. Approval of 2022 2nd quarter consolidated financial statements of the Company
	2. Approved the Company's plan for joint establishment of TCC (Hangzhou) Logistics Service Co., Ltd. (referred to as "TCC (Hangzhou) Logistics") with TCC (Hangzhou) Environmental Protection Technology Co., Ltd. (referred to as "TCC (Hangzhou) Environmental Protection") in China through the subsidiary FDC Italian Hotels S.R.L (referred to as FDC Italian)
	3. Approved the Company's plan for the establishment of Sine Qua Non S.R.L. in Italy through the subsidiary FDC Italian Hotels S.R.L. (referred to as "FDC Italian")
	4. Approved the Company's plan for acquisition of Italian real estate Palazzo Vivarelli Colonna (referred to as "PVC") project through subsidiary Sine Qua Non S.R.L (referred to as "Sine Qua Non")
	5. Approved the Company's plan for the increase of the investment on the overseas subsidiary FDC Italian Hotels S.R.L. (referred to as "FDC Italian") as the capital reserve for that company
2022/09/15	1. Approved the total amount for the Company's acquisition of Italian real estate Palazzo Vivarelli Colonna (referred to as "PVC") through subsidiary Sine Qua Non S.R.L. (referred to as "SQN") according to the resolution of the board meeting for the 4th proposal on August 10, 2022
2022/11/10	1. Approved the change of CPAs of the Company due to the internal shift of the accounting firm
	2. Approved the 2022 3rd quarter consolidated financial statements of the Company
	3. Approved the Vice President change proposal for Guess Room Department of Taipei Branch of the Company
	4. Approved the proposal for credit extension contract renewal application with Hua Nan Commercial Bank, Ltd.
	5. Approved the proposal for credit extension contract renewal application with Mega

Convention date	Important resolution
	International Commercial Bank, Ltd.
2022/12/20	1. Approved the 2023 business plan of the Company
	2. Approved the 2023 budget proposal of the Company
	3. Approved the 2023 audit plan of the Company
	4. Approved the proposal for the 2023 remuneration of independent directors of the Company
	5. Approved the proposal for the 2023 remuneration of directors of the Company
	6. Approved the proposal for the 2023 remuneration of managerial officers of the Company
	7. Approved the proposal for 2022 performance bonus of the Company
2023/03/14	1. Approved 2022 Distribution of Remuneration of Employees and Directors
	2. Approved the 2022 business report and financial statements of the Company
	3. Approved the proposal for 2022 distribution of earnings
	4. Approved the 2022 statement of internal control system of the Company
	5. Approved the proposal for change of internal audit officer of the Company
	6. Approved the proposal for appointment of CPAs for 2023 financial statements of the Company
	7. Approved the establishment of the Company's Regulations for Pre-approval of Non-assurance Service Provided by CPA Firm and Global Alliance Members Thereof
	8. Approved the Company's first issuance of domestic secured convertible corporate bonds (Fleur de Chine) conversion with issuance of new shares
	9. Approved the proposal for amendment to the "Rules of Procedure for Board of Directors' Meetings" of the Company
	10. Approved the proposal for 2022 performance evaluation of the Audit Committee of the Company
	11. Approved the proposal for the 2022 performance evaluation of directors of the Company.
	12. Approved the proposal for the 2022 performance evaluation of Remuneration Committee of the Company
	13. Approved the proposal for the 2022 performance evaluation of managerial officers of the Company
	14. Approved the proposal for the distribution of 2022 performance bonus of the Company
	15. Approved the proposal for salary adjustment plan of the first half of 2023 for managerial officers of the Company
	16. Approved the discussion of relevant matters related to the convention of 2023 annual general shareholders' meeting of the Company

(XII) Documented opinions or declarations made by directors or supervisors against board resolutions in the most recent year and up to the printing date of the annual report: None.

(XIII) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, or head of R&D in the most recent year up till the publication date of this annual report:

Title	Name	Date of job assumption	Date of dismissal	Reason of resignation or dismissal
Vice President of Guess Room Department of Taipei Branch	Pei-Jung Li	2018.10.01	2022.09.08	Resigned due to personal career planning
Chief internal auditor	June Chen	2014.06.16	2022.11.18	Resigned due to personal career planning

## V. Information on Independent Auditor's Fee

### (I) Information on Independent Auditor's Fee:

Amount unit: NT\$ thousand

Name of Accounting Firm	Name of CPA	CPA's Audit Period	Audit Fees	Non-Audit Fees	Total	Remarks
Deloitte Taiwan	Ya-Ling Weng	2022/01/01 to 2022/12/31	2,360	-	2,360	
	Chih-Ming Shao					

(II) The accounting firm is changed and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change: None.

(III) The amount of the audit fees is reduced by more than 10% from the previous year: None.

VI. Information on Change of CPAs: Due to the internal rotation of Deloitte & Touche in accordance with relevant laws and regulations, the certified accountants have been replaced by Ya-Ling Wong and Hui-Min Huang Since the third quarter of 2022.

VII. The Company's chairman, president and managerial officers in charge of its finance and accounting operations holding any positions within the independent audit firm or its affiliates in the most recent year: None.

VIII. Transfer or pledge of shares owned by directors, supervisors, managerial officers, shareholders with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

- (I) Equity transfer and change status of directors, supervisors, managerial officers and major shareholders with shareholding percentage exceeding 10%

Title	Name	2022		Up to March , 2023 for the current year	
		Number of shares held increased (decreased)	Number of pledged shares increased (decreased)	Number of shares held increased (decreased)	Number of pledged shares increased (decreased)
Chairman	L' Hotel de Chine Corporation Representative: Emile Sheng				
Director	L' Hotel de Chine Corporation Representative: Alanna Tseng	0	0	( 100,000)	0
Shareholder with shareholding exceeding 10%	L' Hotel de Chine Corporation Representative: Ruth Koo				
Chairman Corporate representative	Chairman: Emile Sheng	0	0	( 50,000)	0
Director	Ruth Koo	0	0	0	0
Director	Elaine Chang	0	0	0	0
Director	Julie Chang	0	0	0	0
Director-cum-President	David Ding	0	0	0	0
Independent Director	Daniel Chang	0	0	0	0
Independent Director	Ruu Tian Chang	0	0	0	0
Independent Director	Wedge Chen	0	0	0	0
President	Victor Chang	0	0	0	0
Vice President	Vero Sun (Date of job assumption: 2022/05/05)	0	0	( 8,450)	0
Vice President	Zona Yu (Date of job assumption: 2022/05/05)	0	0	0	0
Vice President	Zheng-Jen Lai (Date of job assumption: 2022/11/10)	0	0	0	0
Vice President	May Teng	0	0	( 11,000)	0
Vice President	Ryan Huang	( 11,000)	0	0	0
Head of financial department	Kenny Tseng	0	0	0	0
Head of accounting department	Gladys Shiu	0	0	( 3,998)	0

(II) Where the counterpart of equity transfer is a related party: None.

(III) Where the counterpart of equity pledge is a related party: None.

IX. Information on relationships among shareholders of top ten highest shareholding percentages:

Name	Shareholding of the individual		Shareholdings of spouse and minor children		Total shareholding by nominee arrangement		Company name or individual name and relationship of related parties or spouse or kinship within the second degree among the top ten major shareholders		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Company name (or individual name)	Relationship	
L' Hotel de Chine Corporation	61,825,502	60.28%	0	0	0	0	Nutri Vita Inc.	Relative within second degree of kinship with the Chairman	—
L' Hotel de Chine Corporation Representative: Ruth Koo	0	0	0	0	0	0	Nutri Vita Inc.	Relative within second degree of kinship with the Chairman	—
King Town Bank	1,505,000	1.47%	0	0	0	0	None	None	—
King Town Bank Representative: Chen-Chih Tai	0	0	0	0	0	0	None	None	—
Public Service Pension Fund Management Board	1,013,000	0.99%	0	0	0	0	None	None	—
UPAMC All Weather Account	982,000	0.96%	0	0	0	0	None	None	—
J.P. Morgan Asset Management	878,946	0.86%	0	0	0	0	None	None	—
Capital Large Cap Growth Fund Account	800,000	0.78%	0	0	0	0	None	None	—
Nutri Vita Inc.	666,411	0.65%	0	0	0	0	L' Hotel de Chine Corporation	Relative within second degree of kinship with the Chairman	—
Nutri Vita Inc. Representative: Hsien-Ping Chang	0	0	0	0	0	0	L' Hotel de Chine Corporation	Relative within second degree of kinship with the Chairman	—

Name	Shareholding of the individual		Shareholdings of spouse and minor children		Total shareholding by nominee arrangement		Company name or individual name and relationship of related parties or spouse or kinship within the second degree among the top ten major shareholders		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Company name (or individual name)	Relationship	
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted with the custody of EAM Emerging Markets Small Enterprise Fund Limited Partnership Investment Account	628,989	0.61%	0	0	0	0	None	None	—
KGI Securities	574,000	0.56%	0	0	0	0	None	None	—
KGI Securities Representative: Daw-Yi Hsu,	0	0	0	0	0	0	None	None	—
HSBC Bank Custody Goldman Sachs International Investment Special Account	510,207	0.50%	0	0	0	0	None	None	—

X. Number of shares held by the Company, the Company's directors, supervisors, managerial officers and the number of shares invested in a single company which are held by the entities directly or indirectly controlled by the Company, and calculating the consolidated shareholding percentage of the above categories:

Investee	Investment of the Company		Investment by directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company		Consolidated investment	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
FDC Italian Hotels S.R.L.	—	100.00%	—	—	—	100.00%
Sine Qua Non S.R.L.	—	—	—	100.00%	—	100.00%
FDC (Hangzhou) Consulting & Management Co., Ltd.	—	—	—	100.00%	—	100.00%

## Four. Fundraising Status

### I. Capital and Shares

#### (I) Source of Share Capital

##### 1. Share Type

Unit: shares

Share type	Authorized capital				Remarks
	Number of outstanding shares		Number of unissued shares	Total	
	Offered in the public market	Not offered in the public market			
Registered common shares	90,482,550	—	29,517,450	120,000,000	Shares listed on the stock exchange or the OTC market

##### 2. Share Capital Formation Process

Unit: shares/NT\$

Year/Month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Capital increased by assets other than cash	Others
2012.11	10	10,000	100,000	10,000	100,000	Company registration capital of 100,000	—	Note 1
2014.04	10	60,010,000	600,100,000	60,010,000	600,100,000	Split or transfer with issuance of new shares of 600,000,000	—	Note 2
2015.06	—	100,000,000	1,000,000,000	60,010,000	600,100,000	—	—	Note 3
2016.11	50	100,000,000	1,000,000,000	65,637,000	656,370,000	Cash capital increase with issuance of new shares of 56,270,000	—	Note 4
2020.11	—	100,000,000	1,000,000,000	75,482,550	754,825,500	Capital increase by surplus earnings with issuance of new shares of 9,845,550	—	Note 5
2021.12	34	120,000,000	1,200,000,000	90,482,550	904,825,500	Cash capital increase with issuance of new shares of NT\$150,000,000	—	Note 6
112.04	—	120,000,000	1,200,000,000	101,067,524	1,010,675,240	Convertible corporate bonds Common share conversion	—	Note 7

Note 1: Approval Date and Document No.: Approval according to 2012.11.22 Bei-Fu-Jing-Deng-Zi No. 1015073850



Letter.

Note 2: Approval Date and Document No.: Approval according to 2013.04.23 Jing-Shou-Shang-Zi No. 10301073700

Letter.

Note 3: Approval Date and Document No.: Approval according to 2015.06.12 Jing-Shou-Shang-Zi No. 10401108350

Letter.

Note 4: Approval Date and Document No.: Approval according to 2016.10.24 Tai-Zheng-Shang-Yi-Zi No. 1051804917 Letter.

Note 5: Approval Date and Document No.: Report effective date of July 27, 2020 announced by the Securities and Futures Bureau, Financial Supervisory Commission.

Note 6: Approval Date and Document No.: Approval according to 2021.10.19 Jin-Guan-Zheng-Fa-Zi No. 1100359948 Letter.

Note 7: Approval Date and Document No.: Approval according to 2023.04.12 Jing-Shou-Shang-Zi No. 11230055600

## (II) Shareholder Structure

Base Date: April 1, 2023; Unit: shares

Shareholder structure	Government agencies	Financial institutions	Other juridical persons	Individuals	Foreign institutions and natural persons	Total
Number of shareholders	-	9	58	9,533	37	9,637
Number of shares held	-	2,825,000	69,940,671	26,000,002	3,802,779	102,568,452
Shareholding percentage	-	2.75%	68.19%	25.35%	3.71%	100.00%

## (III) Equity Dispersion Status

Base Date: April 1, 2023

Shareholding range	Number of shareholders	Number of shares held	Shareholding percentage
1-999	1,930	372,413	0.36%
1,000-5,000	6,794	11,894,624	11.60%
5,001-10,000	505	3,923,650	3.83%
10,001-15,000	138	1,784,427	1.74%
15,001-20,000	77	1,413,006	1.38%
20,001-30,000	71	1,764,975	1.72%
30,001-40,000	23	811,562	0.79%
40,001-50,000	25	1,159,580	1.13%
50,001-100,000	26	1,942,375	1.89%
100,001-200,000	23	3,316,750	3.23%
200,001-400,000	12	3,486,035	3.40%
400,001-600,000	5	2,399,207	2.34%
600,001-800,000	3	2,095,400	2.04%
800,001-1,000,000	2	1,860,946	1.81%
1,000,001 and above	3	64,343,502	62.74%
Total	9,637	102,568,452	100.00%

(IV) List of Major Shareholders

Base Date: April 1, 2023

No.	Name of major shareholder	Number of shares held	Shareholding percentage
1	L' Hotel de Chine Corporation	61,825,502	60.28%
2	King Town Bank	1,505,000	1.47%
3	Public Service Pension Fund Management Board	1,013,000	0.99%
4	UPAMC All Weather Account	982,000	0.96%
5	J.P. Morgan Asset Management	878,946	0.86%
6	Capital Large Cap Growth Fund Account	800,000	0.78%
7	NUTRI VITA INC	666,411	0.65%
8	HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted with the custody of EAM Emerging Markets Small Enterprise Fund Limited Partnership Investment Account	628,989	0.61%
9	KGI Securities	574,000	0.56%
10	HSBC Bank Custody Goldman Sachs International Investment Special Accoun	510,207	0.50%
	Total	69,384,055	67.66%

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

Item		Year	2021	2022	Up to April 30, 2023 for the current year
		Market price per share (Note 1)	Highest	47.60	64.90
	Lowest	35.80	37.65	56.50	
	Average	42.46	52.88	83.88	
Net worth per share (Note 2)	Before distribution	19.10	21.67	(Note 8)	
	After distribution	18.60	20.26	Not applicable	
Earnings per share (EPS)	Weighted average number of shares (in thousands)		76,263	90,691	96,689
	Earnings per share (Note 3)	Before retroactive adjustment	-0.38	2.20	(Note 8)
		After retroactive adjustment	-0.38	2.20	Not applicable
Dividends per share	Cash dividends		0.5	1.3 (Note 9)	Not applicable
	Stock dividend	Dividends from retained earnings	—	—	Not applicable
		Dividends from capital reserve	—	—	Not applicable
	Cumulative unpaid dividends (Note 4)		—	—	Not applicable
Return on Investment (ROI) analysis	Price-to-earnings ratio (Note 5)		-111.74	24.04	Not applicable
	Price-to-dividend ratio (Note 6)		84.92	40.68	Not applicable
	Cash dividend yield (Note 7)		0.01	0.02	Not applicable

Note 1: The highest and lowest market price of common shares in each year are indicated, and the average market price of each year is calculated according to the closing trading value and trading volume of each year.

Note 2: Please use the number of the issuing shares in the year end as the base with the distribution decision resolved at the shareholders' meeting held in the following year.

Note 3: In case of any issuance of stock dividends such that there is a need for retroactive adjustment, the earnings per share before and after the adjustment shall be indicated.

Note 4: If the issuance criteria of equity securities specify that dividends undistributed in the current year are to be accumulated to the year with earnings for issuance, then the accumulated unissued dividends up to the current year shall be disclosed respectively.

Note 5: Price-to-Earnings Ratio (PER) = Average stock closing price of current year / Earnings Per Share (EPS).

Note 6: Price-to-Dividend Ratio (PDR) = Average stock closing price of current year / Cash dividend per share.

Note 7: Dividend yield = Cash dividend per share / Average stock closing price of the current year.

Note 8: The net worth per share and earnings per share are calculated based on the information of March 31, 2023. Up to the printing date of the annual report, such information has not yet been reviewed by CPAs. The remaining fields shall be indicated with the current year information up to the printing date of the annual report.

Note 9: The capital reserve cash issuance has been approved by the board of directors on March 14, 2023, which will be issued after the 2023 shareholders' meeting.

## (VI) Company's Dividend Policy and Implementation Status

### 1. Dividend Policy

If the Company has a surplus earning after the final account of a fiscal year, after taxes are paid according to the laws and accumulated losses are compensated, 10% of the surplus earning shall be appropriated as the legal reserve 10%; however, if the legal reserve has reached the paid-in capital of the Company, such appropriation may be exempted from the appropriation, and special reserve is further appropriated or reversed from the remaining surplus earning according to the laws. If there is still remaining surplus earnings, it is combined with the undistributed retained earnings as dividends for the board of directors to establish a proposal for the distribution of surplus earnings. When the distribution is made via the method of issuance of new shares, it shall be reported to the shareholders' meeting for resolution before execution of the distribution.

The Company is in the international hotel and catering industry, and the corporate life cycle is under the stable growth stage. With regard to the board of director's establishment of the proposal for earning distribution, in addition to compliance with the Company Act and the Articles of Incorporation of the Company, the annual dividend distribution method is determined depending upon the Company's capital plan and operational outcome. The shareholders' dividend and bonus distribution amount shall not be less than 50% of the net income after tax of the current year, and the cash dividend distributed shall not be less than 20% of the total dividend amount, which may be adjusted by the shareholders' meeting through resolution depending upon the actual profit and capital demand status of the current year.

### 2. Dividend Distribution Status

The amendment of the Articles of Incorporation has been approved by the resolution of the shareholders' meeting on May 27, 2020, and the Board of Directors is authorized to execute the distribution of earnings in cash based on the resolution of the Board of Directors at the end of each year. With regard to cash dividend of 2022 approved by the 13th board meeting of the 4th term of the board of directors of the Company, the amount is as follows:

Cash dividend per share (NT\$)	Total cash dividend amount (NT\$)	Date of issuance
1.3	131,387,781	The board of directors authorizes the Chairman to specify the date of issuance, and it is expected to be issued during the 2023 general shareholders' meeting.

(VII) Impact of the present distribution of bonus shares on the business performance of the Company and earning per share: Not applicable.

## (VIII) Remuneration of Employees, Directors and Supervisors

1. Percentage or scope of remuneration for employees, directors and supervisors as stipulated in the Company's Articles of Incorporation:

If the Company records a profit in a year, the Company shall set aside 00.1% to 3% of the profit for employee's remuneration, which shall be distributed in shares or cash by resolution of the board of directors and shall be distributed to employees, including employees of the subsidiaries of the Company who meet certain criteria; The Company may, by resolution of the board meeting, set aside no more than 1% of the said profit for directors' remuneration. The proposal for the distribution of remuneration of employees and directors shall be reported to the shareholders' meeting.

However, when there is has accumulated losses, amount shall be reserved for making up the accumulated loss first, followed by appropriating the remuneration of employees and directors according to the ratio described in the preceding paragraph.

2. Basis for estimation of employee remuneration and directors' and supervisors' remuneration in this period, basis for the calculation of the number of shares for stock dividends to employees, and accounting treatment if the amount paid out is different from the estimated amount

For the basis for estimation of 2022 remuneration of employees and directors, basis for the calculation of the number of shares for share dividends, and accounting treatment when the actual amount distributed is different from the estimated amount, such difference is treated as accounting estimation change and is recognized as profit or loss of 2023.

3. Remuneration distribution status approved by the board of directors

- (1) Amount of remuneration of employees, directors and supervisors distributed in cash or shares. Where there is a difference with the estimated amount for the year, in which the expenses are recognized, the amount of difference, reason, and accounting treatment shall be disclosed:

The amount of remuneration of employees proposed by the board of directors of the Company for distribution is NT\$ 26,000 and the remuneration of directors is NT\$ 1,260,000 The remuneration of employees and directors are the same as the estimated amount recorded for 2022.

- (2) Remuneration of employees distributed in share and the ratio over the net profit in the current period and the employee bonus remuneration total amount:

Not applicable.

4. Where there is a difference between the employee remuneration and directors' and supervisors' remuneration paid out and the estimated amounts for the prior year (including the number of shares distributed, amount, and stock price), the amount of the

difference, reason, and accounting treatment shall also be specified: Since the Company indicates a loss after tax in 2021, no remuneration of employees and directors is to be distributed.

(IX) Repurchase of the Company's shares: None.

## II. Issuance of Corporate Bonds

### (I) Issuance of Corporate Bonds

Corporate bond type	First unsecured convertible corporate bonds	First secured convertible corporate bonds
Issuance (processing) date	December 24, 2018	September 8, 2021
Face value	NT\$100 thousand	NT\$1 million
Issuance and transaction place	R.O.C.	R.O.C.
Issue price	Issue at 100.2% of face value of bond	Issue at face value of bond
Total	NT\$800 million	NT\$500 million
interest rate	Face interest rate 0%	Face interest rate 0.5%
Maturity	5 years, Maturity date: December 24, 2023	5 years, Maturity date: September 8, 2026
Guarantee institution	None	Hua Nan Commercial Bank, Ltd.
Trustee	Mega International Commercial Bank Co., Ltd.	CTBC Bank Co., Ltd.
Underwriting institution	Yuanta Securities Co., Ltd.	Yuanta Securities Co., Ltd.
Certifying attorney	Not applicable	Attorney Hui-Chi Kuo
CPA	Not applicable	CPA Ya-Ling Weng, CPA Hui-Min Huang
Redemption method	According to the Article 6 of the Procedures for Corporation Bond Conversion of the Company, in addition to that the holders of the present convertible corporate bonds may convert the bonds into common shares of the Company according to Article 10 of these Procedures or may exercise the put right according to Article 19 of these Procedures, and the Company executes early recovery according to Article 18 of these Procedures, redemption is made in cash all at once based on the face value of the bond upon maturity.	Bonds are redeemed all at once in cash according to the face value of the bonds.
Outstanding principal	NT\$167.9 million	NT\$500 million
Covenants for redemption or early repayment	Please refer to the Company's 2018 first domestic unsecured convertible corporate bond issuance and conversion procedures.	None
Restrictive covenants	Please refer to the Company's 2018 first domestic unsecured convertible corporate bond issuance and conversion procedures.	None
Name of credit rating agency, rating date, rating result of corporate bonds	Not applicable	Not applicable

Corporate bond type		First unsecured convertible corporate bonds	First secured convertible corporate bonds
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None	Not applicable
	Issuance and conversion (exchange or subscription) method	Please refer to the Company's 2018 first domestic unsecured convertible corporate bond issuance and conversion procedures.	Not applicable
Issuance and conversion, exchange or subscription method, issuing condition dilution on equity and impact on existing shareholders' equity		When the current conversion price is used for the calculation of converting all of the remaining corporate bonds into common shares, 3,210,248 shares are required to be further issued, and the capital inflation rate is 3.03%; therefore its impact on the shareholders' equity is limited.	Not applicable
Name of transfer agent for the transfer subject matter		Not applicable	Not applicable

(II) Information on corporate bond conversion

Corporate bond type		First unsecured convertible corporate bonds	
Item	Year	2022	Up to April 30, 2023 for the current year
	Convertible corporate bond market price	Highest	121.85
Lowest		100.00	109.60
Average		108.68	145.81
Conversion price		NT\$52.30	NT\$52.30
Issue (transaction) date and conversion price at issuance		Issue Date: December 24, 2018 Conversion price at issuance: NT\$68.8/share	
Performance of conversion obligation method		Issuance of new shares	

(III) Offering and issuance of corporate bonds subject to aggregate reporting: None.

(IV) Information on corporate bonds with warrants: None.

III. Preferred stock handling status: None.

IV. Issuance of global depository receipts: None.

V. Employee stock option certificate handling status: None.

VI. Issuance of new restricted employee shares: None.

VII. Issuance of new shares in connection with mergers or acquisitions or with

acquisitions of shares of other companies: None.

VIII. Capital utilization plan implementation status: Up to the printing date of annual report, previous issuances or private placements of securities have been completed and there is no situation where the plan effectiveness has not yet been revealed; therefore, this is not applicable.



## Five. Overview of Operations

### I. Business Activities

#### (I) Business Scope

##### 1. Main content of business operation:

F 5 0 1 0 3 0 Coffee/Tea Shops and Bars

F 5 0 1 0 6 0 Restaurants

H 7 0 3 1 0 0 Real Estate Rental and Leasing

I 1 0 3 0 6 0 Management Consulting Services

J 9 0 1 0 2 0 Hotels and Motels

G 2 0 2 0 1 0 Parking Garage Business

J 9 0 1 0 1 1 International and General Tourist Hotels

D 5 0 1 0 1 0 Hot Springs Supplying

Z Z 9 9 9 9 9 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

##### 2. Sales revenue percentage of main products

Unit: NT\$ thousand

Product type \ Year	2021		2022	
	Amount	Amount	Amount	%
Food service income	829,098	57.14%	1,152,208	55.55%
Guest room income	547,768	37.75%	816,682	39.37%
Other income	74,039	5.11%	105,463	5.08%
Total	1,450,905	100.00%	2,074,353	100.00%

##### 3. Present products (services) and new products (services) planned for development

###### (1) Fleur de Chine Hotel

It is located inside the Sun Moon Lake National Scenic Area, and is the first five-starred resort hotel with natural hot spring at Sun Moon Lake area. The landscape of Sun Moon Lake can be viewed through the French windows, presenting a remarkable landscape art that changes along with the time and season. The hotel adopts the modern minimalist style with elegant and stylish arts in order to create a space with calm and introverted atmosphere, thus presenting pure, natural, relaxing and sensational feels to guests and visitors. Through the special and unique presentation of Fleur de Chine, for all customized trips or services and atmosphere, guests and visitors are able to see Sun Moon Lake with a different perspective.

- 211 guest rooms
- VIP exclusive customized services
- Dynamic and static SPA facility

- International-class SPA team
- Low-carbon mileage local food and ingredients
- Top-floor restaurant with 270 degree of panoramic view
- New and exclusive dining and entertainment space and paddling pool for children of ages 3~7

(2) Gala de Chine

Gala de Chine (Xinzhuang) is established at the end of 2014 and located at the Xinzhuang Crown Plaza with the total number of tables reaching 380 tables. Its main business include large year-end party, annual party, wedding banquet and industrial/commercial group banquet. It provides comprehensive banquet services and aims to achieve hotel-class of luxurious service at an affordable price.

(3) Gala de Luxe

It is a banquet place equipped with a new central stage creating an elegant and luxurious atmosphere. The field has a high ceiling of 6m, and is equipped with the first 360-degree two-level elevating LED monitoring stage, making the banquet place surrounded by a stage. In addition, it also provides the services “Music Planner” and “Music Instructor” as the first to offer such services in Taiwan, in order to design and provide a unique and exclusive theme song. Furthermore, 100 sets of computer lights and sound and light special effects are planned at the same time, thereby creating a multi-functional banquet place.

(4) Palais de Chine Hotel

Palais de Chine Hotel is located at a five-traffic system hub in Taipei. It is a high-end French style five-star hotel integrated with Chinese classic design elements. With a luxurious and imperial design and atmosphere, the hotel aims to provide comprehensive and comfortable services to all business and recreational guests. Le Palais Chinese Restaurant located at 17th floor is a restaurant with Michelin Three-Star for five consecutive years. Artbrosia Western Restaurant has also received the honor of Michelin the Plate during its first opening year of operation.

(5) Palais Collection

“Palais Collection” banquet business adopts the concept of “Sharing Economy” and “Profit Sharing” to the plan and integrate various beautiful sites and locations in Taiwan, allowing Palais de Chine Hotel to redefine platform matching for banquet with the integration of Michelin three-starred chef, professional wedding (event) planning and site hardware planning resources.

(6) New products (services) planned for development

The Company will continue to expand the business model of commissioned management, in order to achieve most optimal business performance and to optimize the profitability as well as to provide excellent service quality continuously. The Company also aims to strengthen the customers’ recognition and trust on the Company. Accordingly, the Company will continue to actively plan diverse travel themes with package trip discounts

and to develop domestic and foreign customer groups in order to reduce market risk.

## (II) Industry Overview

### 1. Industry Current Status and Development

#### (1) Industry of International and General Tourist Hotels

##### A. Tourism and travel status of domestic tourists

With regard to the domestic tourist hotel operation, due to the increase of vaccination rate and transformation of COVID-19 into flu type of disease in 2022, the domestic pandemic situation mitigated, and the domestic tourism recovered to stimulate hotel business operation with stable recovery.

##### B. Tourism and travel status of foreign tourists visiting Taiwan

As countries around the world start to relax the border control and epidemic quarantine measures, our nation has also lifted the home quarantine requirement for entry personnel and opened relevant border control measures since October 2022, thereby driving the growth of incoming tourists. In 2022, the number of foreigners arriving at Taiwan indicated an annual growth rate of 537.79%.

Unit:10 thousand persons

Item	2018	2019	2020	2021	2022
Number of tourists visiting Taiwan	1,107	1,186	138	14	90
Growth rate	+3.05%	+7.21%	-88.39%	-89.80%	+537.79%

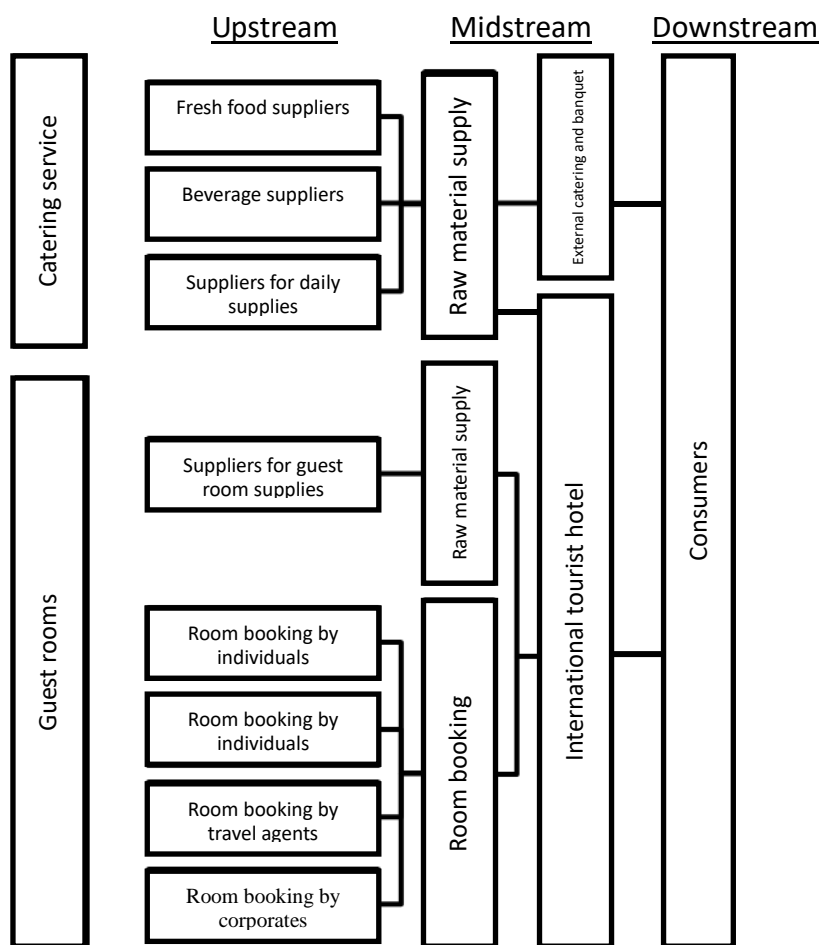
##### C. Domestic tourist hotel overview

As the pandemic situation mitigates, increase of vaccination rate in our nation and the transformation of the COVID-19 virus into flu type disease, the pandemic is controllable and mitigates. Accordingly, the epidemic control measures have been lifted progressively, thereby driving the domestic travel and foreign tourists to show an increasing trend, such that the overall guest room occupancy rate and price increase, and the revenue of tourist hotels also indicates significant growth.

#### (2) Catering Industry

Under the effective stimulation associated with the citizens' increasing awareness of the living model of co-existence with virus and the revitalization policy for tourism and catering businesses promoted by the government, the internal demand and consumption can be expected to increase. Furthermore, with the beneficial effect of relaxed border control adopted by our government, the number of visitors arriving Taiwan continues to increase, which is advantageous to the recovery of the catering related business. Nevertheless, due to the factors of inflation, the ingredient and material purchase cost increases for catering business operators. As a result, the revenue of the catering industry in Taiwan is expected to show growth and recovery.

2. Correlation among upstream, midstream and downstream in the industry



The Company is mainly in the business of tourist hotel accommodation service and provision of the services of catering, meeting place, recreation and entertainment facilities. In addition, the Company has also established the external catering brand to provide catering and wedding banquet services. In terms of the overall correlation in the tourist hotel and catering industry, the Company is at the midstream of the industry. The upstream of the tourist hotel industry mainly refers to room booking and reservation subjects, such as room booking by individuals, and room booking by corporates and travel agents. The midstream mainly refers to hotel operators, and the downstream mainly refers to consumers. For catering services, the upstream mainly refers to suppliers of fresh food, beverage and daily supplies. The midstream mainly refers to tourist hotels and external catering services with cooked food for servicing the downstream consumers.

3. Various development trends of products

(1) Industry of International and General Tourist Hotels

A. Internet technology development

As the popularity of mobile phones and internet access increases, the ratio of consumers booking rooms via the internet platform increases year after year. As the technology of Big Data becomes more mature over time, travel agencies and business operators start to analyze vast online database in order to release

customized travel related products, mobile platform technology and strategy, in order to compete with other operators in the same industry.

**B. Refined tourism**

As the people's living standard increases, their demand for tourism and leisure quality also increases. The comprehensiveness of hotel facilities, the service quality of service personnel and the refined service of tours and trips will become the key competitive trend for domestic business operators.

**C. Chain group management and cross-industry alliance**

As the domestic hotel market becomes saturated progressively, the hotel brand image management becomes crucial to domestic chain groups. Due to the rapid change of market demand, through cross-industry alliance, the Company aims to provide services of greater diversity to customers and tourists, which will also be the trend for the future development of the industry.

**D. Government's active promotion of tourism industry development**

Government still implements the policy of promoting tourism industry continuously; however, as the number of tourists visiting Taiwan continues to reach new highs, the Tourism Bureau has changed the promotion policy from "quantity" to the improvement of "quality". In addition, the Tourism Bureau also plans amend laws in order to compulsorily request tourist hotels to provide star rating, in order to provide convenient and comfortable environment to tourists and to improve the rights and interests of consumers.

**E. Hotels' urban/village and international market planning**

In the past, domestic hotel groups investing in new hotels mostly targeted at the first tier of cities and famous scenic areas in priority. Now, as the tourism market expands, business operators tend to seek business development in the second and third tier of cities and recreational areas. To overcome the island type of economy, tourism groups are moving out of Taiwan and engaging in overseas merger and acquisition of international hotel brands.

**(2) Catering Industry**

**A. Food sanitation, safety and health, increase of health awareness**

In recent years, numerous food sanitation and safety issues of inferior oil, plasticizer and avian influenza occurred domestically, causing serious impact on the consumers, and the general public's willingness to dine outside is also reduced. How to overcome consumers' concern on food safety becomes an important subject to catering industry operators. In addition, as the modern people demands fast and convenient services, they also value health maintenance and tend to choose vegetarian, low fat, low salt, and organic foods.

#### B. M-type consumer trend

The domestic consumer behavior for catering service indicates a M-type of trend, and such trend becomes more prominent over time. For the general public with the consumer spending power toward the left side of the M-shape trend, they tend to be more sensitive to the price, and they also determine whether great value for money can be achieved such that they tend to choose foods or dishes with an affordable price. On the other hand, there are more consumers seeking higher quality dining experiences and dining environments or atmospheres. Accordingly, high-end banquets with a selection of Michelin-starred restaurants and restaurants with hardware characteristics or wedding planning services, etc. have also become the main stream of catering service and consumption.

#### C. Diverse development of brands and products

The catering industry in Taiwan has gradually transformed from a traditional family type and local operation to a chain operation model with brand concept development. Due to the factors and influence of international development and internet popularity, the general public in Taiwan indicates a greater acceptance and demand for characteristic dishes and foreign cuisine. In addition, consumers also focus more on the business location atmosphere, flavor of dishes and service quality. To satisfy consumers' diverse choices and demands, domestic catering service operators are heading toward the development of composite management or single professional operation method.

### 4. Competition

#### (1) Industry of International and General Tourist Hotels

As the pandemic mitigates, the tourism industry recovers gradually, and the Taiwan commercial tourism economy is optimistic for the post-pandemic time. In 2022, Marriott, Caesar and InterContinental international hotel groups invested in Taiwan to open new hotels. Consequently, the tourist hotel market competition will become more severe in the future. In addition, business operators will also need to rely on unique marketing strategy in order to gain stable profit in the competitive environment.

#### (2) Catering Industry

With regard to the restaurant business, in recent years, private kitchen and fine dining have also emerged in the domestic market. Since 2018, Taiwanese restaurants have been included in the Michelin-starred restaurant list, and fine dining has also become the popular in the food and restaurant sector. In view of potential consumers' purchasing power, Micheline-starred chefs and private kitchens have also opened restaurants in Taiwan, such that the number of high-end restaurants increases rapidly

nationwide. Since consumers typically have high expectation for Micheline-starred restaurants, catering business operators are promoted to improve the dining quality and are also active in cuisine and service innovation, thereby driving the catering order growth.

Regarding the wedding banquet market, to seize the business opportunities associated with wedding events during the post-pandemic era, business operators are organizing brand new banquet venues, improve cuisine and dishes, provide diverse and customized project services, in order to satisfy customers' demand for ceremony type of event. In addition, business operators also actively invest in the planning of new locations for banquets and establishment of new catering brands, thereby promoting new growth opportunities for the overall business operation.

(III) Technology and Research and Development Overview: Since the Company is in the business of international tourist hotel and restaurant, this is not applicable.

(IV) Long and Short Term Business Development Plan

1. Short term business development plan

- (1) Implement effective control of guess room inventory/market supply-demand and price, and increase average production value of each guess room.
- (2) To cope with the long-term competition among international chain hotel operators, the Company will increase service quality and active cultivate hotel management professional talents.
- (3) Enhance service quality to maintain the leading brand position in the market, in order to secure existing customer source and to actively develop new customer groups.

2. Medium and long term business development plan

- (1) Expand business scale via diverse operation aspects, and focus on the local demands and establish stable foundation. With the three-aspect management philosophy, the Company aims to achieve the commitment in providing great experience to consumers.
- (2) Provide customized and refined services, and improve customer satisfaction and use frequency with innovative products, attentive service and convenient lodging environment.
- (3) Increase accommodation rate of leisure and recreation tourists with consumption amount, in order to maintain the leading position of relatively higher profit in the market.
- (4) Actively seize the business opportunities of field service and accommodation for incentive travel and international conference events.
- (5) Expand commissioned management service, and adopt the business model of zero asset and pure management, in order to achieve greater business performance and to optimize the profitability.

- (6) Planning in the business location in Italy and expansion of overseas commissioned business operation projects.

## II. Market Profile and Production and Sales Overview

### (1) Market analysis

#### 1. Main product (service) sales (supply) region

Unit: NT\$ thousand

Item \ Year	2021		2022	
	Amount	percentage	Amount	percentage
Domestic sales	1,450,905	100.00%	2,074,353	100.00%
Total	1,450,905	100.00%	2,074,353	100.00%

#### 2. Market share

The Sun Moon Lake Branch (Fleur de Chine Hotel) of the Company is located at the Sun Moon Lake National Scenic Area, and the main competitors of the same industry in the same scenic area are The Lalu Sun Moon Lake and The Wen Wan Resort Sun Moon Lake. According to the statistics of 2022 Nantou County tourism hotel operating scale announced by the Tourism Bureau, Ministry of Transportation and Communications, the Company is ranked No. 1 tourist hotel in the Sun Moon Lake National Scenic Area.

#### 2022 Nantou County Tourist Hotel Operation Ranking

Ranking	Hotel name	Revenue scale weight
1	Fleur de Chine Hotel Sun Moon Lake	53.66%
2	The Lalu Sun Moon Lake	39.45%
3	The Wen Wan Resort Sun Moon Lake	6.89%
	Total	100.00%

Source of information: Tourism Bureau, MOTC

The Taipei Branch (Palais de Chine Hotel) of the Company is located at the Taipei city area. According to the statistics of 2022 Taiwan international tourism hotel operating scale announced by the Tourism Bureau, MOTC, the Company is ranked No. 12 tourist hotel in the Taipei City area.

#### 2022 Taipei City Tourist Hotel Operation Ranking

Ranking	Hotel name	Revenue scale weight
1	Regent Taipei	11.39%
2	Grand Hyatt Taipei	9.29%
3	Sheraton Grand Taipei Hotel	8.92%
4	Taipei Marriott Hotel	7.01%
5	Shangri-La's Far Eastern Plaza Hotel, Taipei	5.44%



Ranking	Hotel name	Revenue scale weight
6	The Grand Hotel	5.33%
7	Grand Mayfull Hotel Taipei	5.28%
8	Le Meridien Taipei Hotel	4.95%
9	W Taipei	4.91%
10	Howard Plaza Hotel	3.75%
11	Palais De Chine Hotel Taipei	3.69%
12	Brother Hotel	2.91%
13	Hotel Royal-Nikko Taipei	2.49%
14	Humble House Hotel Taipei	2.24%
15	Grand View Resort Beitou	2.15%
	Other	20.25%
	Total	100.00%

Source of information: Tourism Bureau, MOTC

### 3. Market future supply and demand status and growth

#### (1) Industry of International and General Tourist Hotels

In the last two years, due to the impact of COVID-19 pandemic, countries around the world implemented border control, and a lot of hotels closed their businesses as travel and tourism industry was affected significantly. Nevertheless, presently, as the vaccination rate increases, COVID-19 transforming into flu type of disease and the pandemic becomes controllable and mitigates, countries around the world start to relax the border control and epidemic quarantine measures, and our nation has also lifted the home quarantine requirement for entry personnel and opened relevant border control measures since October 2022, the number of incoming tourists has been driven to grow. In 2022, the number of foreigners arriving at Taiwan indicated an annual growth rate of 537.79%, stimulating the increase of overall revenue, occupancy rate and guest room price.

Unit: thousand people

Item	2018	2019	2020	2021	2022
Number of tourists visiting Taiwan	1,107	1,186	138	14	90
Growth rate	+3.05%	+7.21%	-88.39%	-89.80%	+537.79%

Source of information: Tourism Bureau, MOTC

**Number of Tourist Hotels in Taiwan, Average Occupancy Rate and Average Guest Room Price in the Last Five Years**

Unit: NT\$

Year	International tourist hotels			Regular tourist hotels			Total average of tourist hotels in Taiwan		
	Number of hotels	Average occupancy rate	Average guest room price	Number of hotels	Average occupancy rate	Average guest room price	Number of hotels	Average occupancy rate	Average guest room price
2018	80	64.86%	3,891	48	58.00%	3,184	128	63.27%	3,741
2019	80	68.49%	3,930	47	60.90%	3,218	127	66.69%	3,776
2020	78	40.23%	3,766	45	34.18%	3,022	123	38.77%	3,068
2021	77	34.21%	3,930	44	31.57%	3,247	121	33.59%	3,778
2022	73	48.55%	4,396	44	46.43%	3,497	117	48.06%	4,195

Source of information:

(2) Catering Industry

As our nation has decided to adopt the strategy of co-existence with the virus and the increase of COVID-19 vaccination rate, the travel and catering activities of domestic citizens have recovered progressively. In addition, as the border control is relaxed and government actively promotes domestic travel and catering culture, the number of tourists visiting Taiwan has been increased, such that the banquet, industrial and commercial events are becoming more popular, thereby driving the catering consumer demand to increase synchronously.

4. Competitive niche

(1) Geographical advantage

Fleur de Chine Hotel of the Company is located inside the Sun Moon Lake National Scenic Area, a popular tourist attraction in Taiwan, and it is the first domestic five-star resort hotel with hot spring. The hotel's location allows convenient traffic access and the internal of the hotel is equipped with comprehensive facilities and complete services and functions. Accordingly, the hotel has received great recognition from domestic and foreign tourists and travel agencies.

Palais de Chine Hotel of the Company is located at a five-traffic system hub in Taipei that can be accessed by the around-the island railway, high speed railway, Taipei MRT, Airport MRT, passenger bus and public bus. With numerous traffic systems, the hotel can be accessed by tourists and visitors easily. The hotel also integrates with large department store and shopping center, office building and other entertainment facilities, such that it becomes the most popular and fashion area at the west side of Taipei.

(2) Hotel brand image and international well-known awards

Fleur de Chine Hotel and Palais de Chine Hotel of the Company provides high quality and refined services such that the hotels receive great recognition from consumers and have successfully establish great brand image and reputation. In addition, the hotels have also received numerous awards and recognition from domestic and foreign well-known tourism magazines and media. In addition, the Chinese restaurant “Le Palais” of Palais de Chine Hotel is the only restaurant in Taiwan to receive the honor of Michelin Three-Star Restaurant for five consecutive years from 2018 to 2022.

(3) Diverse operation strategy

The Company sufficiently exploits the advantages of its brand and hotel service, and adopts the customer and market oriented marketing strategy with diverse operation, in order to continuously develop external catering service businesses, thus setting apart from other competitors in the same industry and expanding the operation scale. The banquet business group “Palais Collection” of the Company collaborates with the proprietors of cruise, characteristic mansion, historical three-section compound, Taiwanese building. Accordingly, based on the concept of platform profit sharing, the eight main advantages of Palais de Chine Hotel are introduced: professional MICHELIN starred culinary team, customized banquet management, Immersive theme planning, one-stop-shop order service, wedding planner, wedding service team, music planner and music coordinator with integrated field resources and characteristics, in order to achieve new business opportunities and growth for the banquet industry, and to actively expand the domestic wedding banquet catering service market.

(4) Professional management team

The key management team of the Company is equipped with extensive marketing and hotel catering management experience, and all management team members have great experience and connections in the industry and product service, in order to provide timely and professional service to customers as well as to lead the Company to head toward diverse business development.

(5) Implementation of food and shop sanitation management

With the increasing concern for food safety and domestic consumers’ awareness, the general public demands higher quality food and a sanitary environment. Accordingly, the Company implements strict requirements for food safety and hygiene, and has also established food safety and health personnel to inspect the quality of meals, products, kitchen and shop environment, water quality and raw material manufacturing process periodically, in order to protect the health and interests of consumers with rigorous food safety and health control.

## 5. Favorable, unfavorable factors for development outlook and countermeasures

### (1) Favorable factors

#### A. Improvement of traffic convenience

In addition to that domestic major airline companies continue to expand their cross-strait and North American flights, numerous international budget airlines also expand their flights for Taiwan and the Asia Pacific region. According to the statistics of Civil Aeronautics Administration, MOTC, since the first budget airline company started its business operation in Taiwan in 2005, the numbers of business operators and passenger volume have indicated growth year after year. Presently, there are a total of 21 budget airline companies in Taiwan. With the increase of budget airline flights, the travel convenience for tourists of Taiwan and the Asia Pacific region can be significantly increased. In addition, the Taoyuan Airport MRT will be available in sections and will also link to the existing Taipei MRT system, allowing the international flights and domestic traffic network to establish closer links, which is beneficial to the overall development of the tourism industry.

#### B. Government's continuous promotion of domestic tourism and travel related policies

In recent years, Taiwan government has adopted effective marketing strategy to promote tourism with domestic tourist attractions of movies and TV dramas. For instance, Korean and Chinese entertainment TV shows of "Grandpas Over Flowers", "Where Are We Going? Dad", movies "Lucky" and "The Crossing" have included scenes of various places of our nation, thus effectively increasing the international visibility of domestic tourist attractions.

#### C. Emerging consumption model of internet group purchase

As the marketing model of international travel fairs and internet group meal coupons continues to emerge, business operators are offering discount prices to stimulate people's purchase of group coupons, such that the general public's willingness to dine out and to make purchases is successfully increased.

#### D. Change of dietary habit and leave system

With the increase in the domestic people's income and the government's implementation of a two-day weekend and consecutive holiday system, domestic recreational tourism and travel become more popular, thereby driving the business growth of the tourism and catering industries.

### (2) Unfavorable factors and countermeasures

#### A. Food safety issue affecting foreign tourists' willingness to visit Taiwan

In recent years, as the food safety issues of plasticizer, tainted starch and inferior oil, etc., occurred consecutively in Taiwan, a lot of well-known food

enterprises, food stalls, cake makers, western catering business operators and restaurants were involved unwillingly, and the culinary tourism image of our nation has also been significantly affected. Consequently, foreign tourists' willingness to visit Taiwan is likely to be affected.

#### Countermeasures

With regard to the food safety issue, the Tourism Bureau in Taiwan has implemented the four main countermeasures of "honest notification, thorough group meal investigation, synchronous information, random inspection of hotels and motels". In addition, the Company continues to emphasize the food hygiene and safety of consumers in priority, and enhances the commitment to meal quality with rigorous monitoring of the production/sales supply chain and also promotes a food safety inspection mechanism, in order to ensure the thorough implementation of food safety management.

#### B. Increase of operating cost of suppliers

In addition to the pressure from the factors of main food ingredient price fluctuation and store rent increase, the domestic minimum wage is also adjusted upward. As the industry environment continues to develop toward the affordable catering market, meal price competition is severe, and the increase of cost will further cause additional pressure on business operators due to such increase of operating cost.

#### Countermeasures

The Company values supply chain integration and management, and has established long-term cooperation and partnership with suppliers. Accordingly, the Company is able to gain advantages in both quality and price. Furthermore, the Company will also implement tougher control on cost and expenditure, in order to save expenses and mitigate the impact of the increase in operating costs.

#### C. Severe competition among tourist hotel operators

As the number of domestic tourist hotels increases rapid in recent years along with international hotel groups entering the domestic market, the competition in the industry is severe.

#### Countermeasures

The Company will continue to provide excellent service quality and to strengthen the customers' recognition and trust on the Company. In addition, the Company also actively plans diverse travel themes and engages in cross-industry collaboration with travel agencies and credit card companies in order to release package trip discounts and to develop domestic and foreign customer groups continuously, thereby reducing the market risk.

(II) Key purpose and manufacturing process of main products:

1. Key purpose of main products

Product item	Key purpose
Guest room rental	Provide guest room accommodation for first-class recreational travel experience.
Catering service	Wedding banquet service and meal supply.

2 Production process of main products

The Company is in the business of international tourist hotel and restaurant, and the Company's product refers to provision of service; therefore, this is not applicable.

(III) Primary raw material supply status: The Company is in the business of international tourist hotel and restaurant, and the main raw materials refer to various supplies for guest rooms and food ingredients used in the catering service. As the Company maintains proper collaboration relationship with numerous suppliers, the supply status is stable.

(IV) Information on main customers of purchase (sales) of the Company in the most recent two years

1. Suppliers accounting for more than 10% of total purchase amount of the Company in the most recent two years:

Since the Company purchases from numerous distributed suppliers, there is no supplier accounting for more than 10% of total purchase amount of the Company in the most recent two years

2. Customers accounting for more than 10% of total sales amount of the Company in the most recent two years:

The Company is mainly in the business of international tourist hotel and restaurant, and the customers of sales refer to travel agencies and general consumers; therefore, the customers of sales are relatively distributed. Accordingly, the Company has no customer accounting for more than 10% of total sales amount of the Company in the most recent two years.

(V) Production volume and value for the most recent two years: Since the Company is in the business of international tourist hotel and restaurant, this is not applicable.

(VI) Sales volume and value table for the most recent two years:

Unit: NT\$ thousand

Sales volume and value	2021				2022			
	Export sales		Domestic sales		Export sales		Domestic sales	
Main product (or department type)	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Food service income	(Note 1)	-	(Note 1)	829,098	(Note 1)	-	(Note 1)	1,152,208
Guest room income	(Note 1)	-	(Note 1)	547,768	(Note 1)	-	(Note 1)	816,682
Other income	(Note 1)	-	(Note 1)	74,039	(Note 1)	-	(Note 1)	105,463
Total	(Note 1)	-	(Note 1)	1,450,905	(Note 1)	-	(Note 1)	2,074,353

Note 1: Since the Company is in the business of international tourist hotel and restaurant, the sales volume cannot be calculated.

### III. Employee Information for the Most Recent Two Years and Up to the Printing Date of Annual Report

Year		2021	2022	2023 (Note)
Number of employees	Direct labor	519	511	521
	Indirect labor	182	186	191
	Total	701	697	712
Average age (years old)		34	34	35
Average years of service (year)		3.67	4.24	4.29
Education background distribution ratio	Doctoral degree	-	1	1
	Master degree	25	27	25
	University and College	463	458	473
	Senior high school	166	162	163
	Under senior high school	47	49	50

Note: Information is up to the date of 2023/4/30.

### IV. Environmental Expenses

1. According to the laws and regulations, regarding the application of pollution facility installation permit license or pollution emission permit license or required payment for pollution control fees or requirement on the installation of dedicated unit/personnel for environmental protection, please refer to the following description on the application, payment or establishment status thereof:

The Company is in the business of tourist hotels and mainly provides the service of guest room accommodation and catering services. Accordingly, there has been no serious environmental pollution issue. For the wastewater and sewage drained from the hotels, the Company has installed a sewage treatment plant for water treatment. In addition, the Company has also submitted the water pollution control measure plan to the local

competent authority, which has been reviewed by the Environmental Protection Bureau of Nantou County Government to comply with the provision of Article 14 of the Water Pollution Control Act. Furthermore, wastes are also commissioned to qualified vendors for handling and treatment. In addition, the waste disposal plan has also been reported to the local competent authority, and the written examination result indicates approval for recordation. In accordance with the regulatory requirements, the Company provides information on the required application of a pollution facility installation permit license in the following:

- (1) Fixed pollution source installation and operation permit license obtained by the Company

Type	Certificate No.	Expiration Date
Water pollution control permit license	Tou-Xian-Huan-Shui-Xu-Zi No. 00512-00	August 8, 2026

- (2) Payment of pollution control fees: None.

- (3) Environmental protection responsible unit and personnel installation status:

Name	Permit license type	Permit license number
Chia-Chien Hung	Class B wastewater treatment responsible person	(2010) EPA-Training Certification No. GB070290

2. Information on the Company's investment in main equipment for environmental control pollution and its purpose and possible benefits:

Equipment	Purpose	Benefit
Kitchen sewage oil-water separation treatment equipment (Sun Moon Lake Branch)	Hotel kitchen sewage refers to wastewater of high grease content, and through the oil-water separation treatment equipment, grease can be reduced, in order to achieve the effluent standard.	Reduce grease, maximum limit of 10mg/L and below, satisfying the effluent standard specified in the Water Pollution Control Act.
Rolling type dehydrator (Sun Moon Lake Branch)	Since the hotel waste water characteristic is of high grease, its sludge composition also includes small amount of grease. Such grease may cause clogging of filter fabric, such that the amount of sludge output is reduced gradually but the electricity consumption increases significantly.	The maximum sludge output volume can reach 500 kg per day, and the aging sludge of sewage treatment plant can be removed efficiently.
Additional installation of water flow meter and differential pressure gauge (Sun Moon Lake Branch)	In addition to the electrostatic machine and activated carbon kitchen exhaust system, Fleur de Chine also cooperates with the new regulations announced by the Department of Environmental Protection of Nantou County to additionally install water flow meter and differential pressure gauge, in order to record relevant usage amounts daily and to further control the air quality.	Voltage, current, water consumption, and activated carbon pressure, etc. are recorded daily, in order to track and control the air quality.



Equipment	Purpose	Benefit
Sand filter for filtering effluent water quality (Sun Moon Lake Branch)	Effluent is added with chlorine for disinfection, followed by using sand filter to filter the effluent, in order to reduce the suspended solids (SS) quantity in the effluent.	Reduce suspended solids (SS) quantity in the effluent, maximum limit of 30mg/L and below, satisfying the effluent standard specified in the Water Pollution Control Act.
Sewage treatment field with additional installation of fine screening machine (mesh size of 2mm) (Sun Moon Lake Branch)	In the sewage treatment plant, for objects and garbage that cannot be decomposed by microorganism, during the front-end wastewater treatment unit, such objects and garbage are screened out, in order to reduce the food/microorganism (F/M) ratio.	Increase sewage plant microorganism culture, and wastewater treatment capacity, in order to satisfy with the effluent standard specified in the Water Pollution Control Act.
Entrust sewage operation vendor (Continental Water Engineering Corp.), and sign maintenance contract (Sun Moon Lake Branch)	Fleur de Chine Hotel is staffed with sewage treatment responsible person and sewage treatment responsible deputy person. In addition, the hotel also signs contract with operation and maintenance vendor in order to assign personnel to station onsite for maintenance.	<ol style="list-style-type: none"> <li>1. Ensure that the water treatment plant site of Fleur de Chine Hotel is equipped with personnel for operation and inspection during holidays and non-holidays. In case of treatment equipment abnormality, the equipment can be repaired timely, and reports to both supervisor and central competent authority are also made properly.</li> <li>2. Self-inspection and records of cubic meter per day (CMD), dissolved oxygen (DO), sludge volume index (SV30), pH, etc.</li> </ol>
Additional installation of kitchen waste machine and fermentation tank equipment (Sun Moon Lake Branch)	According to the plan promoted by the Environmental Protection Administration (EPA), additional kitchen waste equipment is installed in order to treat the hotel kitchen waste and to generate soil improvement via fermentation, such that it can be used as fertilizer for planting of vegetables and trees in the garden.	<ol style="list-style-type: none"> <li>1. Reduce industrial waste (kitchen waste code R-0106) output.</li> <li>2. Environmental improvement, sustainable operation</li> </ol>
Kitchen simple oil-water separation equipment (Taipei Branch)	It refers to the first stage of oil-water separation equipment in the kitchen, and manual cleaning of food residue and floating oil is performed.	Reduce the amount of food residue and floating oil from entering into the grease interception chamber.
Grease interception tank (Taipei Branch)	Install kitchen sewage exclusive pipeline such that before draining into the public sanitary sewer, kitchen sewage passes through the second stage of grease interception for centralized treatment.	Effectively intercept grease in the sewage again, in order to reduce grease, and allowing the sewage drainage inside the sewage raft to comply with the effluent standard.

3. Please explain the process of environment protection improvement of the Company in the most recent year and up to the printing date of the annual report; for any pollution dispute event, the handling process of such event shall be explained: None.
4. Please explain the losses incurred due to environmental pollution (including compensation and violation against environmental protection laws found in the environmental protection

inspection result, and the date of the penalty, the penalty document number, the law violated, the content of the law violated, and the content of the penalty shall be indicated), potential losses, and countermeasures in the most recent year and up to the publication date of this annual report. If the amount cannot be reasonably estimated, please specify the fact that it cannot be reasonably estimated: None.

5. Please explain the impact of the current pollution, the influence of the improvement on the Company's earnings, competitiveness, and capital expenditures, and the major environmental capital expenditures in the following two years:

For the following two years, the Company will continue to improve the maintenance of the sewage treatment equipment and will also replace some of the equipment parts.

## V. Labor-Management Relations

1. The Company's employee welfare measures, continued education, training, retirement system and implementation thereof, and labor management agreement and various employee benefit protection measures status

### (1) Employee welfare measures:

The Company values employees as the most important human resources, and all welfare measures are handled in accordance with relevant laws of the Labor Standards Act, Labor Insurance Act and National Health Insurance Act. In addition, Employee Welfare Committee has also been established, and the Company and employees appropriate employee welfare fund to organize employee welfare affairs, allowing employees to enjoy welfare measures. The main policies and measures are as follows:

- Bonus: full attendance bonus, performance bonus, year-end bonus and business operation bonus (depending upon the business performance of the Company and employees' individual performance evaluation), three-holiday gift money (voucher) and birthday gift money (voucher)
- Insurance: Labor insurance, national health insurance and employee group insurance
- Activity: Year-end party (or annual party), annual domestic/overseas employee travel and birthday party
- Discounts: Employees and relatives (friends) accommodation discount, employee accommodation at free of charge, employee marriage banquet and event discount, and employee dining discount
- Subsidies: Marriage congratulatory gift, funeral condolence gift
- Others: Health examination, employee meal or meal allowance, employee advantageous saving plan

(2) Continuing education and training:

The Company has established the human resource strategy general goal of: “Establishing the Company to become an enterprise for all employees to treat each other faithfully as family members, thus encouraging employees to spontaneously provide host-type of service to others, and allowing internal employees and external customers to feel at home and to receive great quality service.” To achieve the aforementioned goal, the Company has consecutively completed the construction of the Company’s training system. It has also established the five-year medium and long term “Five Star Program” - Employer Star (establish employer’s brand image and talent selection), Future Star (talent cultivation and retention), Skillful Star (talent cultivation and application), Three-aspect Star (talent cultivation and application), Innovation Star (talent cultivation, application and retention). Furthermore, the Company has also introduced the competency-based TTQS (Talent Quality-management System). In addition to the emphasis on professional SOP training in the field, the Company has also implemented the following training:

- Campus intern talent cultivation program
- New employee orientation
- New employee mentor training and certificate
- Training for entry level management trainees
- Training for medium level management trainees
- Training for senior level management trainees
- Training for SOP trainers and internal instructors
- Medium and senior officer leadership competency enhancement program
- Innovative seed talent training
- Employee out-of-pocket continuing education and external training subsidy program

(3) Retirement system and implementation status

Since July 2005, the Company has implemented the new labor pension system, and the Company appropriates 6% of employees’ salary on a monthly basis as the labor pension for depositing into employees’ personal pension account.

(4) Status of agreements between labor and management:

Since the establishment of the Company, the Company has maintained harmonic labor-management relations, and there has been no major labor-management disputes. In addition to that supervisors at all levels communicate with employees frequently, labor-management meetings are also convened periodically, in order to discuss and coordinate various opinions and feedback timely. We expect that both the labor and management will continue to maintain the harmonic relationship with each

other.

(5) Employee benefit protection measures:

The Company has established comprehensive management regulations to explicitly specify employee rights, obligations and welfare items, in order to achieve maximum protection on the rights and interests of employees, including such as employment, working hours, annual leave and regular leave, salary, reward/disciplinary action, performance evaluation and retirement, etc. In addition to compliance with relevant government laws and regulations, the Company also include relevant employee rights and interests in the work rules, in order to protect the rights and interests of employees.

2. Please describe any losses suffered by the Company in the most recent year and up to the printing date of the annual report due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The Company has established comprehensive personnel management regulations, and also maintains harmonic labor-management relations since the establishment of the Company. For the most recent two years and up to the printing date of the annual report, except for the following matter, there has been no loss due to labor-management disputes. In the future, the Company expects to continue to uphold the attitude of mutual respect, in order to prevent the likelihood of major loss due to labor-management dispute.

3. Employee working environment and personnel safety:

(1) Access security: Necessary surveillance equipment is installed at the entrance, counter, kitchen, guest seating area, lounge, etc. in order to protect the work safety of employees.

(2) Equipment maintenance and inspection

2.1 According to the Regulations Governing Power-Use Locations and Full-time Electrical Technicians, professional company is entrusted to perform power-use safety inspection on the electrical equipment twice annually. In addition, power shutdown for inspection is performance at least once annually.

2.2 Office air conditioning equipment is cleaned, inspected and maintained at least once monthly.

2.3 Drinking water equipment is cleaned and maintained once monthly. The filter is replaced once every three months.

2.4 fire drill and educational training are performed twice semi-annually.

2.5 For fire safety and maintenance, qualified fire institution is entrusted to perform the inspection of various equipment and technician also certifies report for submission to the Fire Department's review once semi-annually.

2.6 Fire prevention administrator is established to inspect and maintain fire extinguishers, fire hydrants, exhaust equipment, emergency lights and exit indicators monthly.

2.7 For building safety inspection, qualified institution is entrusted to perform various inspections and to submit report once annually.

(3) Safety and health

3.1 According to the Occupational Safety and Health Act, health examination of on-job employees is performed once annually.

3.2 Occupational safety and health seminars are organized for new employees irregularly.

3.3 Smoking is strictly prohibited for the workplace according to the regulations. In addition, working environment cleaning and disinfection are performed once monthly.

3.4 Occupational injury prevention and various (occupational) injuries are recorded, and assistance to the investigation of the cause of injury is provided.

3.5 Professional and management courses necessary for various job ranks and positions are organized irregularly, in order to provide training related to employees' psychological adjustment and knowledge enhancement.

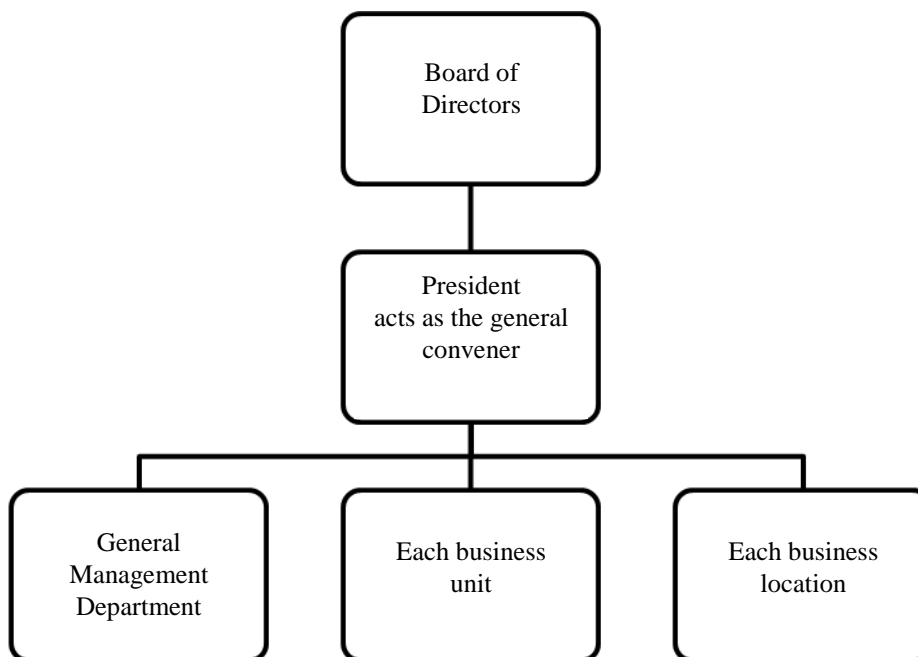
3.6 Sexual harassment prevention: Direct line complaint channel and disciplinary action clauses have been established and implemented.

## VI. Cyber Security Management

1. Please describe the cyber security risk management architecture, cyber security policy, specific management solution and resources invested in cyber security management.

(I) Cyber security risk management architecture:

For the “Information Security Risk Management Committee” of the Company, the President acts as the convener of the Committee and is in charge of the review of the governance, planning, supervision and execution status of the information security policies of all business units, in order to establish information security defense capability and proper information security awareness for employees.



(2) Cyber security policy:

Establish multi-layered information security defense for lines, servers and application systems, and implement information security management concept in the daily operation process and system management, in order to protect the confidentiality, integrity and availability of important assets of the Company. Continue to provide feedback and to adjust the information security management plan according to the execution result, in order to ensure the availability of information system. In addition, construct protection mechanism to defend against threats and implement data authority and access control.

(3) Specific management program:

- Ensure system availability
  - Data remote backup system to ensure information recovery and to reduce damage.

- Implement periodic disaster recovery drill.
- Defend against external threats
  - Detect virus and malicious program (malware).
  - Perform periodic inspection and update of system servers.
  - Protect and filter suspicious and junk mails.
  - Protect and block any intrusion through telecommunication lines.
- Authority and access control
  - Operation system authority management.
  - File access authority control.

(4) Resources invested for cyber security management:

- Weekly virus detection and protection monitoring report.
- Weekly line intrusion protection and block report.
- Daily important database system remote backup.
- Perform server operating system update periodically.
- Perform operation system upgrade process periodically.
- Perform operation system account inspection periodically.
- Perform disaster recovery drill periodically.
- Convene security incident review and improvement meetings depending upon the actual needs.
- In 2022, to further improve the information system security and availability, the Company implements the system server cloud construction project, and the system servers are relocated to the Far EasTone Ankang Server Room, in order to establish comprehensive information security system environment.
  - ※ Far EasTone Ankang Server Room: Scale 7 earthquake-proof structure, high-end dual loop power system, IDC environmental monitoring system, qualified for ISO 27001 information security management certification.

2. For most recent year and up to the printing date of the annual report, any loss due to major cyber security events, possible impacts and countermeasures. If it cannot be reasonably estimated, explanation of facts for such failure of reasonable estimation shall be described: In November 2021, as the third party service provider (qualified for ISO 27001 certification) entrusted by the Company was under hacker attack such that customers' order information and personal information was disclosed to the external. The Company immediately and actively contacted the service provider to urgently block and fix all possible vulnerabilities and also informed customers to be aware of any scam phone calls, in order to reduce damage to the minimum. For this personal information disclosure incident, the Company demonstrated an immediate and sincere attitude to handle the issue properly and also actively provided care and assistance to customers in handling relevant matters, thus the incident had not caused a major operating loss. The Company does not leave a phone

number to reduce the risk of customer information being stolen and continue to collaborate with entrusted vendor to enhance the system information security protection, in order to reduce the probability of occurrence of similar incidents to the minimum.

## VII. Important Contracts

Contract type	Contracting party	Contract starting and end date	Main content	Restrictive covenants
Lease contract	Jing-Guan Development Corporation	103.09.01-123.08.31	<ol style="list-style-type: none"> <li>1. Lease property: 5F~8F, No. 66, Wugong Rd., Xinzhuang Dist., New Taipei City.</li> <li>2. Rent calculation and payment method: Rent is paid as a commission calculated according to the revenue; however, the monthly rent paid as a commission must not be lower than the minimum rent specified.</li> </ol>	Unless the lessor's consent is obtained, it is prohibited to transfer, lend, lease or use any other methods to provide all or a portion of the lease property to others for use.
Lease contract	L' Hotel de Chine Corporation	2018.10.01-2029.12.28	<ol style="list-style-type: none"> <li>1. Lease property: No.3, Section 1, Chengde Road., Taipei, Taiwan (R.O.C)</li> <li>2. Rent calculation and payment method: Rent is paid as a commission calculated according to the revenue; however, the monthly rent paid as a commission must not be lower than the minimum rent specified.</li> </ol>	Unless the lessor's consent is obtained, it is prohibited to transfer, lend, lease or use any other methods to provide all or a portion of the lease property to others for use.
Trademark license and joint marketing agreement	L' Hotel de Chine Corporation	2014.04.01-2024.03.31	<ol style="list-style-type: none"> <li>1. Trademark license (trademark name: FLEUR DE CHINE HOTEL and pattern thereof).</li> <li>2. Joint marketing and planning service</li> </ol>	Unless the prior consent of L' Hotel de Chine Corporation is obtained, FDC International Hotels Corporation shall not transfer all or a portion of its rights or obligations under this agreement to others.
Trademark license and joint marketing agreement	L' Hotel de Chine Corporation	2014.04.01-2024.03.31	<ol style="list-style-type: none"> <li>1. Trademark license (trademark names: Gala de Chine, GIARDINO, Giardino, Gala de Luxe and patterns thereof).</li> <li>2. Joint marketing and planning service.</li> </ol>	Unless the prior consent of L' Hotel de Chine Corporation is obtained, FDC International Hotels Corporation shall not transfer all or a portion of its rights or obligations under this agreement to others.
Trademark license and joint marketing contract	L' Hotel de Chine Corporation	2018.10.01-2029.12.28	<ol style="list-style-type: none"> <li>1. Trademark license (trademark names: Palais, Palais de Chine, Le Palais and patterns thereof).</li> <li>2. Joint marketing and planning service.</li> </ol>	Unless the prior consent of L' Hotel de Chine Corporation is obtained, FDC International Hotels Corporation shall not transfer all or a portion of its rights or obligations under this agreement to others.



## Six. Financial Overview

### I. Condensed Balance Sheet and Comprehensive Income Statement for the Most Recent Five Years and Audit Opinion of Independent Auditors

#### (I) 1. Parent Company Only Condensed Balance Sheet - Adoption of IFRS

Unit: NT\$ thousand

Year		Financial information for the most recent five years (Note 1)				
		2018	2019 (after restatement)	2020	2021	2022
Item						
Current assets		311,720	238,169	356,078	1,353,633	1,771,462
Property, plant and equipment		2,417,411	2,399,264	2,335,763	2,190,898	2,033,611
Intangible assets		—	—	—	—	—
Other assets		126,731	1,749,780	1,551,135	1,201,176	1,054,872
Total assets		2,855,862	4,387,213	4,242,976	4,745,707	4,859,945
Current liabilities	Before distribution	573,246	808,022	1,503,567	696,155	1,418,010
	After distribution	753,748	873,659	1,579,050	741,396	1,549,398
Non-current liabilities		1,010,628	2,303,754	1,419,285	2,321,063	1,423,847
Total liabilities	Before distribution	1,583,874	3,111,776	2,922,852	3,017,218	2,841,857
	After distribution	1,764,376	3,177,413	2,998,335	3,062,459	2,973,245
Equity attributable to owners of parent company		—	—	—	—	—
Share capital		656,370	656,370	754,826	904,826	931,078
Capital reserve		281,102	281,102	281,911	645,495	709,026
Retained earnings	Before distribution	334,516	337,803	282,681	177,884	377,451
	After distribution	154,014	173,710	207,198	177,884	246,063
Other equity		—	—	706	284	533
Treasury shares		—	—	—	—	—
Non-controlling interests		—	162	—	—	—
Total equity	Before distribution	1,271,988	1,275,437	1,320,124	1,728,489	2,018,088
	After distribution	1,091,486	1,111,344	1,244,641	1,683,248	1,886,700

Note 1: The annual financial data has been audited and certified by the CPAs.

Note 2: Up to the printing date of the annual report, the financial statements of Q1, 2023 have not yet been reviewed and audited by the CPAs.

## (I) 2. Consolidated Condensed Balance Sheet - Adoption of IFRS

Unit: NT\$ thousand

Year		Financial information for the most recent five years (Note 1)				
		2018	2019 (after restate ment)	2020	2021	2022
Item						
Current assets		311,720	239,091	367,566	1,368,051	1,786,250
Property, plant and equipment		2,417,411	2,399,264	2,335,763	2,190,898	2,033,611
Intangible assets		—	—	—	—	—
Other assets		126,731	1,749,645	1,539,697	1,188,475	1,041,541
Total assets		2,855,862	4,388,000	4,243,026	4,747,424	4,861,402
Current liabilities	Before distribution	573,246	808,809	1,503,617	697,872	1,419,467
	After distribution	753,748	874,446	1,579,100	743,113	1,550,855
Non-current liabilities		1,010,628	2,303,754	1,419,285	2,321,063	1,423,847
Total liabilities	Before distribution	1,583,874	3,112,563	2,922,902	3,018,935	2,843,314
	After distribution	1,764,376	3,178,200	2,998,385	3,064,176	2,974,702
Equity attributable to owners of parent company		—	—	—	—	—
Share capital		656,370	656,370	754,826	904,826	931,078
Capital reserve		281,102	281,102	281,911	645,495	709,026
Retained earnings	Before distribution	334,516	337,803	282,681	177,884	377,451
	After distribution	154,014	173,710	207,198	177,884	246,063
Other equity		—	—	706	284	533
Treasury shares		—	—	—	—	—
Non-controlling interests		—	162	—	—	—
Total equity	Before distribution	1,271,988	1,275,437	1,320,124	1,728,489	2,018,088
	After distribution	1,091,486	1,111,344	1,244,641	1,683,248	1,886,700

Note 1: The annual financial data has been audited and certified by the CPAs.

Note 2: Up to the printing date of the annual report, the financial statements of Q1, 2023 have not yet been reviewed and audited by the CPAs.

## (II) 1. Parent Company Only Condensed Statement of Comprehensive Income - Adoption of IFRS

Unit: NT\$ thousand

Item	Year	Financial information for the most recent five years (Note 1)				
		2018	2019 (after restatement)	2020	2021	2022
Operating income		1,707,741	2,380,624	1,833,643	1,449,898	2,073,705
Gross profit		562,354	729,538	446,442	256,598	642,263
Operating income or loss		271,579	272,344	91,333	( 55,012)	259,332
Non-operating income and expenses		( 4,568)	( 37,680)	30,646	13,262	( 9,043)
Net income before tax		267,011	234,664	121,979	( 41,750)	250,289
Net income from continuing operations of the current period		211,370	183,609	108,891	( 29,314)	199,567
Loss on discontinued operations		—	—	—	—	—
Net income (loss) of the current period		211,370	183,609	108,891	( 29,314)	199,567
Other comprehensive income (loss) (Net income after tax)		—	( 5)	706	( 422)	249
Total comprehensive income of the current period		211,370	183,604	109,597	( 29,736)	199,816
Net income attributable to owners of the Company		—	183,789	108,971	( 29,736)	199,567
Net income attributable to former owner of business combination under common control		—	( 180)	( 80)	—	—
Total comprehensive income attributable to owners of the Company		—	183,789	109,677	( 29,736)	199,816
Total comprehensive income attributable to the former owner of a business combination under common control		—	( 185)	( 80)	—	—
Earnings per share (EPS)		3.22	2.43	1.44	( 0.38)	2.20

Note 1: The annual financial data has been audited and certified by the CPAs.

Note 2: Up to the printing date of the annual report, the financial statements of Q1, 2023 have not yet been reviewed and audited by the CPAs.

## (II) 2. Consolidated Condensed Statement of Comprehensive Income - Adoption of IFRS

Unit: NT\$ thousand

Item \ Year	Financial information for the most recent five years (Note 1)				
	2018	2019 (after restatement)	2020	2021	2022
Operating income	1,707,741	2,380,624	1,833,643	1,450,905	2,074,353
Gross profit	562,354	729,538	446,442	257,605	642,911
Operating income or loss	271,579	272,101	91,043	( 54,912)	259,448
Non-operating income and expenses	( 4,568)	( 37,437)	30,936	13,211	( 9,159)
Net income before tax	267,011	234,664	121,979	( 41,701)	250,289
Net income from continuing operations of the current period	211,370	183,609	108,891	( 41,701)	199,567
Loss on discontinued operations	—	—	—	—	—
Net income (loss) of the current period	211,370	183,609	108,891	( 29,314)	199,567
Other comprehensive income for the current period (net amount after tax)	—	( 5)	706	( 422)	249
Total comprehensive income of the current period	211,370	183,604	109,597	( 29,736)	199,816
Net income attributable to owners of the Company	—	183,789	108,971	( 29,736)	199,567
Net income attributable to former owner of business combination under common control	—	( 180)	( 80)	—	—
Total comprehensive income attributable to owners of the Company	—	183,789	109,677	( 29,736)	199,816
Total comprehensive income attributable to the former owner of a business combination under common control	—	( 185)	( 80)	—	—
Earnings per share (EPS)	3.22	2.43	1.44	( 0.38)	2.20

Note 1: The annual financial data has been audited and certified by the CPAs.

Note 2: Up to the printing date of the annual report, the financial statements of Q1, 2023 have not yet been reviewed and audited by the CPAs.

(III) Names of CPAs and Audit Opinions for the Most Recent Five Years:

Year	Name of CPA	Audit opinion
2018	Chih-Ming Shao, Cheng-Hung Kuo	Unqualified opinion
2019	Ya-Ling Weng, Hui-Min Huang	Unqualified opinion
2020	Ya-Ling Weng, Hui-Min Huang	Emphasis paragraph on unqualified opinion sections
2021	Ya-Ling Weng, Hui-Min Huang	Unqualified opinion
2022	Ya-Ling Weng, Chih-Ming Shao	Unqualified opinion

## II. Financial Analysis for the Most Recent Five Years

### (I) Parent Company Only Financial Analysis - Adoption of IFRS

Analysis Item		Year	Financial analysis for the most recent five years				
			2018	2019 (after restatement)	2020	2021	2022
Financial structure	Debt to assets ratio (%)		55.46	70.93	68.89	63.58	58.48
	Ratio of long-term capital to property, plant and equipment (%)		94.42	149.18	117.28	184.84	169.25
Solvency	Current ratio (%)		54.38	29.48	23.68	194.44	124.93
	Quick ratio (%)		41.57	22.92	19.77	185.62	120.55
	Interest earned ratio (%)		36.27	6.28	4.01	-0.13	7.79
Operating performance	Accounts receivable turnover (times)		37.29	36.60	29.36	21.84	35.73
	Average collection period (days)		10	9.97	12.43	16.71	10.22
	Inventory turnover (times)		62.42	57.84	44.67	40.34	50.42
	Accounts payable turnover (times)		11.65	12.65	10.34	10.39	12.25
	Average days in sales		6	6	8	9	7
	Property, plant, and equipment turnover (time)		0.84	0.99	0.77	0.64	0.98
	Total assets turnover (times)		0.72	0.66	0.42	0.32	0.98
Profitability	Return on assets (%)		9.22	6.06	3.27	0.01	4.77
	Return on equity (%)		17.20	14.43	8.39	-1.92	10.65
	Pre-tax income to paid-in capital (%)		40.68	35.75	16.16	-4.61	26.88
	Net profit margin (%)		12.38	7.72	5.95	-2.02	9.62
	Earnings per share (EPS) (NT\$)		3.22	2.43	1.44	-0.38	2.20
Cash flows	Cash flow ratio (%)		64.87	82.24	26.50	40.50	44.24
	Cash flow adequacy ratio (%)		79.85	100.29	107.09	109.59	133.93
	Cash reinvestment ratio (%)		7.08	11.65	9.53	4.15	12.84
Leverage	Operating leverage		1.41	1.64	2.96	-2.39	1.70
	Financial leverage		1.03	1.19	1.80	0.60	1.17
<p>Reasons for the variations of financial ratios in the last 2 years: (analysis of increase/decrease changes reaching 20%)</p> <ol style="list-style-type: none"> <li>1. Decrease in current ratio and quick ratio was mainly due to the increase of the current liabilities.</li> <li>2. Increase in interest earned ratio was mainly due to the mitigation of the pandemic and the growth of overall operation performance.</li> <li>3. Increase in accounts receivable turnover rate, decrease in average collection period, increase in inventory turnover rate, decrease in average days to sell inventory, increase in property, plant and equipment turnover rate and increase in total assets turnover rate were mainly due to the mitigation of the pandemic and the overall growth of revenue and cost.</li> <li>4. Increase in overall profitability, cash flows and leverage was mainly due to the mitigation of the pandemic and the growth of overall operation performance.</li> </ol>							

**(II) Consolidated Financial Analysis - Adoption of IFRS**

Analysis Item		Year	Financial analysis for the most recent five years				
		2018	2019 (after restatement)	2020	2021	2022	
Financial structure	Debt to assets ratio (%)	55.46	70.93	68.89	63.59	58.49	
	Ratio of long-term capital to property, plant and equipment (%)	94.42	149.18	117.28	184.84	169.25	
Solvency	Current ratio (%)	54.38	29.56	24.45	196.03	125.84	
	Quick ratio (%)	41.57	23.01	20.54	187.23	121.47	
	Interest earned ratio (%)	36.27	6.28	4.01	-0.13	7.79	
Operating performance	Accounts receivable turnover (times)	37.29	36.60	29.36	21.85	35.93	
	Average collection period (days)	10	10	12	17	10.16	
	Inventory turnover (times)	62.42	57.84	44.67	40.34	50.42	
	Accounts payable turnover (times)	11.65	12.64	10.34	10.39	12.23	
	Average days in sales	6	6	8	9	7	
	Property, plant, and equipment turnover (time)	0.84	0.99	0.77	0.64	0.98	
	Total assets turnover (times)	0.72	0.66	0.42	0.32	0.43	
Profitability	Return on assets (%)	9.22	6.06	3.28	0.01	4.77	
	Return on equity (%)	17.20	14.43	8.40	-1.92	10.65	
	Pre-tax income to paid-in capital (%)	40.68	35.75	16.16	-4.61	26.88	
	Net profit margin (%)	12.38	7.71	5.94	-2.02	9.62	
	Earnings per share (EPS) (NT\$)	3.22	2.43	1.44	-0.38	2.20	
Cash flows	Cash flow ratio (%)	64.87	82.16	26.50	40.63	44.19	
	Cash flow adequacy ratio (%)	79.85	100.29	107.09	109.68	134.01	
	Cash reinvestment ratio (%)	7.08	11.65	9.53	4.18	12.84	
Leverage	Operating leverage	1.41	1.64	2.97	-2.40	1.70	
	Financial leverage	1.03	1.20	1.80	0.60	1.17	
<p>Reasons for the variations of financial ratios in the last 2 years: (analysis of increase/decrease changes reaching 20%)</p> <ol style="list-style-type: none"> <li>1. Decrease in current ratio and quick ratio was mainly due to the increase of the current liabilities.</li> <li>2. Increase in interest earned ratio was mainly due to the mitigation of the pandemic and the growth of overall operation performance.</li> <li>3. Increase in accounts receivable turnover rate, decrease in average collection period, increase in inventory turnover rate, decrease in average days to sell inventory, increase in property, plant and equipment turnover rate and increase in total assets turnover rate were mainly due to the mitigation of the pandemic and the overall growth of revenue and cost.</li> <li>4. Increase in overall profitability, cash flows and leverage was mainly due to the mitigation of the pandemic and the growth of overall operation performance.</li> </ol>							

## 1. Financial structure

(1) Debt to total assets ratio = Total debt/Total assets.

(2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities)/Net worth of property, plant and equipment.

## 2. Solvency

(1) Current ratio = Current assets/Current liabilities.

(2) Quick ratio = (Current assets - Inventory - Pre-payment)/Current liabilities.

(3) Interest earned ratio = Net income before tax and interest expense/Interest expenses in the current period.

## 3. Operating performance

(1) Accounts receivable turnover (including accounts receivable and notes receivable from operating activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and notes receivable from operating activities).

(2) Average collection period (days) = 365/Accounts receivable turnover.

(3) Inventory turnover = Cost of sales/Average inventory.

(4) Accounts payable (include payable amounts and payable bills from operation) turnover = Cost of sales/Average accounts payable in each period (include payable amounts and payable bills from operation) balance.

(5) Average days in sales = 365/Inventory turnover.

(6) Property, plant and equipment turnover = Net sales/Average net worth of property, plant and equipment.

(7) Total assets turnover = Net sales/Average total assets.

## 4. Profitability

(1) Return on assets = [After-tax profit and loss + Interest expense × (1 - Tax rate)]/Average total assets.

(2) Return on equity = After-tax profit and loss/Average net equity.

(3) Net profit margin = After-tax profit and loss/Net sales.

(4) Earnings per share = (Net income attributable to owners of the parent company - Preferred stock dividend) / Weighted average number of shares outstanding.

## 5. Cash flows

(1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.

(2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.

(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/ (Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital).

## 6. Leverage:

(1) Operating leverage = (Net sales - Variable cost)/Operating income.

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



### III. Audit Committee's Review Report for the Most Recent Year's Financial Statements

#### FDC International Hotels Corporation Audit Committee's Review Report

The Board of Directors has prepared the 2022 Business Report, Consolidated Financial Statements (including Parent Company Only Financial Statements) and Earnings Distribution Table, among which the Financial Statements have been audited by CPAs, Ya-Ling Weng and Chih-Ming Shao of Deloitte Taiwan, and the audit report has been issued. We have reviewed the above Business Report, Financial Statements, and the Earnings Distribution Table, to which we have found no misstatement, and we hereby issue a review report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please proceed with the review of the above.

Respectfully submitted

FDC International Hotels Corporation  
2023 Annual Shareholders' Meeting

FDC International Hotels Corporation  
Audit Committee Convener: Daniel Chang

March 14, 2023

#### IV. Financial Statements for the Most Recent Year:

##### Affiliated Enterprise Consolidated Financial Statement Declaration

We hereby declare that we have confirmed the companies which shall be included in the consolidated financial statements of the affiliates and the ones which shall be included in the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) 10 are identical; the related information has been disclosed in consolidated financial statements and will hence not be included in consolidated financial statements of the affiliates for the year ended in 2022 (from January 1 to December 31, 2022) in accordance with "Criteria Governing Preparation of Affiliation Reports" and "Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises."

Declared by

Company Name: FDC International Hotels Corporation

Chairman: Emile Sheng

March 14, 2023

## **Independent Auditors' Report**

To the Board of Directors and Shareholders of FDC International Hotels Corporation

### **Audit opinion**

We have audited the accompanying consolidated financial statements of FDC International Hotels Corporation and subsidiaries (the "Group"), which comprise the consolidated balance sheet for December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows from January 1 to December 31, 2022 and 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group for December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows from January 1 to December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the R.O.C.. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. The auditors of the firm, subject to the independence regulations, have maintained independence from the Group in accordance with the Code of Ethics and perform other obligations of such Code. 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 2022 financial statements of the Group. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the 2022 consolidated financial statements of the Group are stated as follows:

#### Recognition of food service income

The Group mainly provides the guest room and food services, and the food service income amount is considered material to the overall financial statements. Since there are numerous transaction parties, and the probability of misstatement is relatively higher, we have listed the recognition of food service income as the key audit matter.

We summarize the main audit procedures executed for the aforementioned matter as follows:

1. Through the implementation of internal control test to understand the internal control and execution status for the Group's recognition of food service income.
2. The entry amount of the food service income is inspected randomly to determine whether the customer bill or signing slip records are consistent with the invoice amount issued, in order to verify the accuracy of the income recognition.

#### **Other Matters**

FDC International Hotels Corporation (the "Company") has prepared the parent company only financial statements for the years ended 2022 and 2021, to which we have also respectively provided unqualified opinions and have issued an independent auditor's report with unqualified opinion along with the section of other matters for reference.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the R.O.C., and for necessary 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, the management is also responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. The term of "reasonable assurance" refers to high level of assurance. Nevertheless, the audit performed according to the Generally Accepted Auditing Standards cannot guarantee the discovery of material misstatement in the financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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

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

represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence for the financial information of individual entities of the Group and provide opinion on the consolidated financial statements. We handle the guidance, supervision and execution of the audit on the Group and are responsible for preparing the opinion for the Group.

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

We also provide the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of most significant in the audit of the Group's 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Taiwan

CPA Ya-Ling Wong

Financial Supervisory Commission

Approval Document No.

Jin-Guan-Zheng-Shen-Zi No. 1020025513

CPA Chih-Ming Shao

Securities and Futures Commission Approval

Document No.

Tai-Cai-Zheng-Liu Zi No. 0930128050

March 14, 2022

FDC International Hotels Corporation and Subsidiaries

Consolidated Balance Sheet

December 31, 2022 and 2021

Unit: NT\$ Thousand

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets (Note 4)				
1100	Cash (Note 6)	\$ 1,368,484	28	\$ 1,231,829	26
1110	Financial assets at fair value through profit or loss	199	-	-	-
1136	Financial assets measured at amortized cost (Note 7)	300,000	6	-	-
1170	Notes and accounts receivable (Notes 8 and 18)	43,602	1	19,704	-
1180	Accounts receivable - related party (Notes 8, 18 and 26)	3,753	-	48,428	1
130X	Inventories (Note 9)	29,524	1	27,257	1
1410	Prepayments	32,783	1	34,243	1
1470	Other current assets	7,905	-	6,590	-
11XX	Total current assets	<u>1,786,250</u>	<u>37</u>	<u>1,368,051</u>	<u>29</u>
	Non-current assets (Note 4)				
1600	Property and equipment (Notes 11, 26 and 27)	2,033,611	42	2,190,898	46
1755	Right-of-use assets (Notes 12 and 26)	1,009,403	21	1,136,718	24
1840	Deferred tax assets (Note 20)	2,767	-	17,107	-
1915	Prepayments for equipment (Note 11)	1,710	-	2,052	-
1920	Refundable deposits	9,226	-	13,024	-
1990	Other non-current assets (Note 20)	18,435	-	19,574	1
15XX	Total non-current assets	<u>3,075,152</u>	<u>63</u>	<u>3,379,373</u>	<u>71</u>
1XXX	Total assets	<u>\$ 4,861,402</u>	<u>100</u>	<u>\$ 4,747,424</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities (Note 4)				
2130	Contract liabilities (Note 18 and 26)	273,881	6	269,107	6
2170	Notes and accounts payable (Note 14)	131,014	3	103,031	2
2200	Other payables (Notes 11, 15 and 26)	194,294	4	175,661	4
2230	Deferred tax liabilities (Note 20)	36,926	1	15,652	-
2280	Lease liabilities (Notes 12 and 26)	123,273	2	121,056	3
2320	Bonds payable due in one year (Note 13)	651,915	13	-	-
2399	Other current liabilities	8,164	-	13,365	-
21XX	Total current liabilities	<u>1,419,467</u>	<u>29</u>	<u>697,872</u>	<u>15</u>
	Non-current liabilities (Note 4)				
2530	Bonds payable (Notes 13 and 27)	498,193	10	1,271,633	27
2580	Lease liabilities (Notes 12 and 26)	922,666	19	1,045,939	22
2670	Other non-current liabilities	2,988	-	3,491	-
25XX	Total non-current liabilities	<u>1,423,847</u>	<u>29</u>	<u>2,321,063</u>	<u>49</u>
2XXX	Total Liabilities	<u>2,843,314</u>	<u>58</u>	<u>3,018,935</u>	<u>64</u>
	Equity attributable to owners of the Company (Notes 4, 17 and 22)				
3100	Common share capital	931,078	19	904,826	19
3200	Capital surplus	709,026	15	645,495	13
3300	Retained earnings	377,451	8	177,884	4
3400	Other equity	533	-	284	-
3XXX	Total equity	<u>2,018,088</u>	<u>42</u>	<u>1,728,489</u>	<u>36</u>
	Total liabilities and equities	<u>\$ 4,861,402</u>	<u>100</u>	<u>\$ 4,747,424</u>	<u>100</u>

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

FDC International Hotels Corporation and Subsidiaries

Consolidated Statement of Comprehensive Income

January 1 to December 31, 2022 and 2021

Unit: Expressed in NT\$ thousand; except (loss) earnings per share expressed in NT\$

Code		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4, 18 and 26)	\$ 2,074,353	100	\$ 1,450,905	100
5000	Operating costs (Notes 9, 19 and 26)	<u>1,431,442</u>	<u>69</u>	<u>1,193,300</u>	<u>82</u>
5900	Gross profit	<u>642,911</u>	<u>31</u>	<u>257,605</u>	<u>18</u>
	Operating expenses (Notes 19, 22 and 26)				
6100	Selling expenses	105,925	5	72,595	5
6200	Administrative expenses	<u>277,538</u>	<u>13</u>	<u>239,922</u>	<u>17</u>
6000	Total operating expenses	<u>383,463</u>	<u>18</u>	<u>312,517</u>	<u>22</u>
6900	Net operating profit (loss)	<u>259,448</u>	<u>13</u>	( <u>54,912</u> )	( <u>4</u> )
	Non-operating income and expenses (Note 4)				
7010	Other income (Notes 19 and 23)	28,013	1	45,769	3
7020	Other gains and losses	( 4,378)	-	2,276	-
7050	Financial costs (Notes 19 and 27)	( 36,875)	( 2)	( 37,032)	( 2)
7100	Interest income	3,841	-	198	-
7235	Gain on financial liabilities at fair value through profit or loss	<u>240</u>	<u>-</u>	<u>2,000</u>	<u>-</u>
7000	Total non-operating incomes and expenses	( <u>9,159</u> )	( <u>1</u> )	<u>13,211</u>	<u>1</u>
7900	Net profit (loss) before income tax	250,289	12	( 41,701)	( 3)
7950	Tax income (expense) (Notes 4 and 20)	( <u>50,722</u> )	( <u>2</u> )	<u>12,387</u>	<u>1</u>

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Code		2022		2021	
		Amount	%	Amount	%
8200	Net profit (loss) for the year	<u>\$ 199,567</u>	<u>10</u>	<u>(\$ 29,314)</u>	<u>( 2)</u>
	Other comprehensive income (loss) (Note 4)				
8360	Items that may be reclassified subsequently to profit or loss				
8361	Difference in exchange from the conversion of financial statements of overseas operating entities	<u>249</u>	<u>-</u>	<u>( 422)</u>	<u>-</u>
8300	Other comprehensive income of the year (net amount after tax)	<u>249</u>	<u>-</u>	<u>( 422)</u>	<u>-</u>
8500	Total comprehensive income (loss) for the year	<u>\$ 199,816</u>	<u>10</u>	<u>(\$ 29,736)</u>	<u>( 2)</u>
	Net income (loss) attributable to:				
8610	Owners of the Company	\$ 199,567	10	(\$ 29,314)	( 2)
8620	Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8600		<u>\$ 199,567</u>	<u>10</u>	<u>(\$ 29,314)</u>	<u>( 2)</u>
	Total comprehensive income attributable to:				
8710	Owners of the Company	\$ 199,816	10	(\$ 29,736)	( 2)
8720	Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8700		<u>\$ 199,816</u>	<u>10</u>	<u>(\$ 29,736)</u>	<u>( 2)</u>
	Earnings (losses) per share (Note 21)				
9750	Basic	<u>\$ 2.20</u>		<u>(\$ 0.38)</u>	
9850	Dilution	<u>\$ 1.98</u>			

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

FDC International Hotels Corporation and Subsidiaries  
Consolidated Statement of Changes in Equity  
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

Code		Common share capital		Retained earnings			Other equity	Total equity	
		Number of shares (in thousands)	Amount	Capital surplus	Legal reserve	Undistributed earnings	Total		Difference in exchange from the conversion of financial statements of overseas operating entities
A1	Balance at January 1, 2021	75,483	\$ 754,826	\$ 281,911	\$ 110,294	\$ 172,387	\$ 282,681	\$ 706	\$ 1,320,124
	2020 Distribution of earnings								
B1	Statutory reserves	-	-	-	10,897	( 10,897 )	-	-	-
B5	Cash dividend	-	-	-	-	( 75,483 )	( 75,483 )	-	( 75,483 )
E1	Cash capital increase by	15,000	150,000	360,000	-	-	-	-	510,000
N1	share-based payment transaction	-	-	3,584	-	-	-	-	3,584
D1	2021 Net loss	-	-	-	-	( 29,314 )	( 29,314 )	-	( 29,314 )
D3	Other comprehensive income (loss) for 2021	-	-	-	-	-	-	( 422 )	( 422 )
D5	Total comprehensive income of 2021	-	-	-	-	( 29,314 )	( 29,314 )	( 422 )	( 29,736 )
Z1	Balance as of December 31, 2021	90,483	904,826	645,495	121,191	56,693	177,884	284	1,728,489
C15	Cash dividends from capital surplus	-	-	( 45,241 )	-	-	-	-	( 45,241 )
D1	2022 Net loss or profit	2,625	26,252	108,772	-	-	-	-	135,024
D3	2022 Other comprehensive income	-	-	-	-	199,567	199,567	-	199,567
D5	Total comprehensive income of 2022	-	-	-	-	-	-	249	249
Z1	Balance as of December 31, 2022	-	-	-	-	199,567	199,567	249	199,816

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

FDC International Hotels Corporation and Subsidiaries

Consolidated Statement of Cash Flow

January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

Code		2022	2021
	Cash flows from operating activities		
A00010	Net profit (loss) before income tax	\$ 250,289	(\$ 41,701)
	Income/expenses items		
A20100	depreciation expense	309,736	325,861
A20400	Gain on financial liabilities at fair value through profit or loss	( 240)	( 2,000)
A20900	Financial cost	36,875	37,032
A21200	Interest income	( 3,841)	( 198)
A21900	Compensation cost of share-based payments	-	3,584
A22500	Disposal of property and equipment	2,411	67
A29900	Income from government grants	( 451)	( 388)
A29900	Profit from lease modification	-	( 4,090)
	Net changes in operating assets and liabilities		
A31150	Notes and accounts receivable	( 23,899)	21,887
A31160	Accounts receivable - related party	44,675	( 25,372)
A31200	Inventories	( 2,267)	4,655
A31230	Prepayments	1,460	( 6,444)
A31240	Other current assets	( 1,311)	482
A32125	contract liability	4,749	38,752
A32150	Notes and accounts payable	27,974	( 26,111)
A32180	Other payables	20,862	891
A32210	Deferred income	-	326
A32230	Other current liabilities	( 5,201)	3,778
A33000	Cash inflow from operating activities	661,821	331,011
A33100	Interest received	3,840	188
A33300	Interest paid	( 23,335)	( 23,174)
A33500	Income tax paid	( 15,109)	( 24,467)
AAAA	Net cash in-flows from operating activities	<u>627,217</u>	<u>283,558</u>
	Cash flows from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	( 500,000)	-
B00050	Proceeds from disposal of financial assets measured at amortized cost	200,000	-

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Code		2022	2021
B02700	Purchase of property and equipment	(\$ 29,535)	(\$ 48,489)
B02800	Proceeds from disposal of property and equipment	105	1,736
B03800	Decrease in refundable deposits	3,798	1,816
B06700	Decrease in other non-current assets	<u>1,139</u>	<u>2,852</u>
BBBB	Net cash outflow from investment activities	( <u>324,493</u> )	( <u>42,085</u> )
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	-	20,000
C00200	Decrease in short-term borrowings	-	( 20,000 )
C01200	Issuance of corporate bonds	-	500,000
C01600	Proceeds from long-term bank borrowings	-	170,000
C01700	Repayments of long-term bank borrowings	-	( 219,328 )
C03000	Increase in guarantee deposits	( 52 )	129
C04020	Repayment of the principal portion of lease liabilities	( 121,056 )	( 130,681 )
C04500	Cash dividends paid	( 45,241 )	( 75,483 )
C04600	Cash capital increase by	<u>-</u>	<u>510,000</u>
CCCC	Net cash inflow (outflow) from financing activities	( <u>166,349</u> )	<u>754,637</u>
DDDD	Effect of exchange rate change on cash	<u>280</u>	( <u>421</u> )
EEEE	Net cash increase of the current year	136,655	995,689
E00100	Cash balance at the beginning of the year	<u>1,231,829</u>	<u>236,140</u>
E00200	Cash balance at the end of the year	<u>\$ 1,368,484</u>	<u>\$ 1,231,829</u>

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

FDC International Hotels Corporation and Subsidiaries

Notes to Consolidated Financial Statements

January 1 to December 31, 2022 and 2021

(Unless otherwise specified, amounts are in the unit of NT\$ thousand)

1. Company History

FDC International Hotels Corporation (the “Company”) was approved for establishment in November 2012, and the parent company is L' Hotel de Chine Corporation (shareholding percentage of 66.70%), and the Company is mainly in the business of international tourist hotels. The Company’s shares have been publicly listed on the Taiwan Stock Exchange (TWSE) for trading on November 23, 2016.

The consolidated financial statements were expressed in New Taiwan Dollars, which is the Company's functional currency.

2. Approval Date and Procedures of The Financial Statements

These consolidated financial statements were approved by the Board of Directors on March 14, 2023.

3. New Standards, Amendments and Interpretations Adopted

- (1) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the amendments below, the application of aforementioned amendments will not have a significant effect on the Group's accounting policies:

Amendments to IFRS 16 “Leases regarding COVID-19 related rent concessions after June 30, 2021”

The Group chose to apply the amended practical expedient to handle the negotiation of rent directly related to COVID-19 with the lessor. Please refer to Note 4 for relevant accounting policy. Prior to the application of the amendment, the Group shall determine whether the lease modification rules apply to the aforementioned rent negotiation.

(2) IFRSs endorsed by FSC applicable in 2023

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policy”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimation”	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred income tax: related to assets and liabilities incurred due to single transaction"	January 1, 2023 (Note 3)

Note 1: Amendments are applicable to the reporting period beginning on or after January 1, 2023.

Note 2: Amendments are applicable to the changes on accounting estimates and accounting policies for annual reporting periods beginning on or after January 1, 2023.

Note 3: Except for the temporary difference of lease and decommissioning obligations recognized as deferred income tax on January 1, 2022, the amendments are applicable to transactions occurred after January 1, 2022.

As of the date when the consolidated financial statements are authorized and approved, the Group is still continuously assessing the possible impact that the application of aforementioned standards and interpretations will have on the Group’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

(3) IFRSs already announced by IASB but not yet endorsed and issued into effect by the FSC

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</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
Amendments to IFRS 16 “Lease liabilities of after-sale and leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "First time of application of IFRS 17 and IFRS 9 - comparison information"	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2023

Note 1: Unless stated otherwise, the above New, Revised or Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The seller and the lessee shall retrospectively apply the amendment of IFRS 16 for the sale-leaseback transaction signed after the date of initial application of IFRS 16.

As of the date when the consolidated financial statements are authorized and approved, the Group is still continuously assessing the possible impact that the application of aforementioned standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

#### 4. Summary of Significant Accounting Policies

##### (1) Compliance Statement

The preparation of the consolidated financial statements is based on the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IFRSs accepted and effectively published by FSC.

##### (2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair values.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

A. Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

B. Level 2 inputs: are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

C. Level 3 inputs: are unobservable inputs for the asset or liability.

##### (3) Classification of Current and Non-current Assets and Liabilities

Current assets include:

A. Assets held primarily for the purpose of trading;

B. Assets that are expected to be realized within twelve months from the balance sheet date; and

- C. Cash (unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the date of statement of financial position).

Current liabilities include:

- A. Liabilities held primarily for the purpose of trading;
- B. Liabilities that are to be settled within 12 months from the balance sheet date; and
- C. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

(4) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). The consolidated statement of comprehensive income has been included in the operating profit or loss of the acquired or disposed subsidiary in the current period from the acquisition date or up to the disposal date. Adjustments have been made to the financial statements of subsidiaries to allow their accounting policies to be consistent with those used by the Group. During the preparation of the consolidated financial statements, the transaction, account balance, revenue and expense among entities have been eliminated completely. The total comprehensive income/loss of the subsidiaries are attributed to the owner's and non-controlling interests of the Company, and the same is true when the non-controlling interests consequently become loss balance.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value paid or received is recognized directly in equity and attributed to shareholders of the Company.

Please see Note 9 and Tables 1 and 2 for details of subsidiaries, percentage of ownership and business.



(5) Foreign currency

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions.

Foreign currency monetary amount is translated at the closing rate at each date of the balance sheet. Exchange differences arising from settlement or translation are recognized as profit or loss at the period.

Non-monetary foreign currencies held at fair value at the exchange rates prevailing at the date of transaction; however, non-monetary foreign currencies held at fair value through other comprehensive income are recognized in other comprehensive income. Non-monetary items carried at historical cost is reported using the exchange rate at the date of the transaction and will not calculated again.

In preparing the consolidated financial statements, assets and liabilities from foreign operations, including subsidiaries whose location or currency are different from the Company, are translated into the presentation currency, the New Taiwan dollar, at the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates at the period. The resulting currency translation differences are recognized in other comprehensive income.

(6) Inventories

Inventories are stated at the lower of cost or net realizable value. The lower of cost and net realizable value is based on the individual inventory items. Net realized value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. The calculation of the inventory cost uses the weighted average method.

(7) Property and equipment

Property and equipment are recognized at costs and subsequently measured at costs of the amount less accumulated depreciation and accumulated impairment.

Except that own land depreciation is not recognized, for the rest of the property and equipment, depreciation is recognized using the straight-line method, and each significant part is depreciated separately. The Group reviews the estimated useful lives, residual values and depreciation method at least at the end of each reporting period, and with the effect of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(8) Impairments of property and equipment, right-of-use assets

At the end of each reporting period, the Group reviews whether there is any indication that its property and equipment, and right-of-use assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When impairment loss subsequently reverses, the carrying amounts of the asset or cash-generating units are increased to the revised recoverable amounts. However, the increased carrying amounts shall not exceed the carrying amounts of the assets or cash-generating units which were not recognized as impairment loss at the past period (less depreciation). The reversal of impairment loss is recognized as profit or loss.

(9) Contract liability

It refers to advance receipt of deposits and vouchers, and it has been recognized as operating income during the provision of the service.

(10) Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

At initial recognition, the financial assets and liabilities are measured at its fair value. In the case of the financial assets and liabilities not at fair value through profit or loss, transaction costs are directly attributable to the acquisition or issue of financial assets and financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

A. Financial assets

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

(a) Classification of measurement

Financial assets held by the Group are classified to financial assets measured at fair value through profit or loss and financial assets measured at amortized cost.

i. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through other comprehensive income refer to financial assets compulsorily measured at fair value through profit or loss. Financial assets compulsorily measured at fair value through profit or loss include unspecified equity instrument investment measured at fair value through other comprehensive income, and investments not conforming with the classification of debt instrument measured at amortized cost or measured at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value, and its measured profit or loss is recognized under the other profit or loss. For the fair value determination method, please refer to Note 25.

ii. Financial assets measured at amortized cost

When the financial assets invested by the Group satisfies the following two criteria at the same time, it is classified as the amortized cost financial assets:

- (i). Where the financial assets are held under certain business model, and the purpose of such model is to hold the financial assets in order to collect contract cash flows; and
- (ii). Where contract terms generated cash flow of specific date, and such cash flow is completely for the payment of the interest of principle and external circulating principle amount.

After the financial assets at amortized cost (including the cash and accounts receivable at amortized cost) are recognized originally, effective interest rate is used to determine the total carrying amount with the deduction of any amortized cost of impairment loss. Any currency exchange loss is recognized as profit or loss.

Except for the following two conditions, the interest income is calculated by multiplying the effective interest rate with the financial asset total carrying amount:

- (i). For purchased or originated credit-impaired financial assets, the interest income is calculated by multiplying the effective interest rate after credit adjustment with the financial asset amortized cost.
- (ii). For non-purchased or originated credit-impaired financial assets but subsequently becoming credit-impaired financial assets, the interest income shall be calculated by multiplying the effective interest rate from the next reporting period after the credit impairment with the financial asset amortized cost.

Credit losses on financial assets are significant financial difficulty of the issuer or borrower, a breach of contract, it becoming probable that the borrower will enter bankruptcy or other financial reorganization, or the disappearance of an active market for the financial asset because of financial difficulties.

Cash equivalents, for the purpose of meeting short-term cash commitments, consist of time deposits and investments of high liquidity that can be readily converted into known amounts of cash, which are subject to an insignificant risk of changes in value and acquired within three months.

(b) Impairment of financial assets

The Group assesses the impairment loss of the amortized cost financial assets (including notes and accounts receivable and accounts receivable-related party), debt instrument measured at fair value through other comprehensive income, lease payments receivable and contract assets according to the expected credit loss on each date of balance sheet. The loss allowance for accounts receivable and lease payments receivable are measured at an amount equal to useful lives expected

credit losses. Other financial assets are assessed to determine whether the credit risk has significantly increased since the original recognition. If there is no significant increase, then the allowance loss is recognized according to the 12-month expected credit loss. If it has increased significantly, then allowance loss is recognized according to the lifetime expected credit loss.

Expected credit losses are weighted average credit losses with the probability of default events. The 12-month expected credit losses are expected credit losses that result from default events possible within 12 months after the reporting date. Lifetime expected credit losses result from all possible default events over the expected life of the financial instruments.

For the purpose of internal controls on credit risk, without considering the collaterals held, the Group determines that a breach of contract of financial assets has occurred when there is internal or outside information indicates that it is not possible the borrower pays off the debt.

The carrying amounts of impairment loss of all financial assets are decreased via the allowance account; however, the allowance loss of a debt instrument measured at fair value through other comprehensive income is recognized in the other comprehensive income, such that its carrying amount is not reduced.

(c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of financial assets at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of a debt instrument measured at fair value through other comprehensive income in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. On

derecognition of Investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

B. Equity instrument

The equity instruments issued by the Group are recognized based on the amount obtained from the payment amount less the direct issuance cost.

C. Financial liability

(a) Follow-up measurement

Except for the following conditions, all financial liabilities are measured at amortized cost using effective interest method.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are held for trading and stated at fair value, and any relevant gains or losses are recognized in profit or loss. For the fair value determination method, please refer to Note 25.

(b) Derecognition of financial liabilities

On the derecognition of financial liabilities, the difference between their carrying amount and the consideration paid and payable, including any transfer of non-cash assets or liabilities, is recognized as profit or loss.

D. Convertible corporate bonds

The compound financial instruments (convertible corporate bonds) issued by the Group are classified as financial liabilities or equity according to the substance of contract agreements and the definition of financial liabilities and equity instruments, and its components are classified as financial liabilities and equity during the initial recognition.

During the initial recognition, the fair value of the liability component is estimated similar to nonconvertible instrument based on the market interest rate at that time, and before the execution of conversion or maturity date, it is measured at amortized cost using the effective interest method. The liability component of embedded non-equity derivatives is measured at fair value.

The conversion right classified as equity is equivalent to the remaining balance of the overall fair value of the compound instrument less the fair value of the liability independently determined, and after deducting the effect of income tax,

it is recognized as equity, which is not subsequently measured. During the execution of the conversion right, its related liability component and amount of equity are then recognized as share capital and capital surplus - issuance premium. If the conversion right of convertible corporate bonds is not executed by the maturity date, the amount recognized under equity is then recognized as capital surplus - issuance premium

Related transaction cost for the issuance of convertible corporate bonds is allocated to the liability of the instrument (recognized under the liability carrying amount) and the equity component (recognized under equity) according to the total price allocation ratio.

(11) Revenue recognition

The Group recognizes income after the contract performance obligations are identified on the customer's contracts and of the contract performance obligations are satisfied. The source of income of the Group includes guest room income and food service income, which are recognized as income when services are actually provided.

(12) Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

For contracts containing lease and non-lease components, the Group allocates the consideration in the contract based on the relative independent price and handles it separately.

A. The Group as the lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

B. The Group as the Lessee

Except for payments for low-value asset leases and short-term leases applicable to exemption of recognition are recognized as expenses on a straight-line basis, the Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are initially measured at cost (including initial measurement of lease liabilities), which are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, and adjusted for

any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheet.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or indicator or rate used for determination of the lease payment such that the future lease payment is changed, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized as profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheet.

The Group and the lessor have engaged in rent negotiation directly related to COVID-19 to adjust the rent before the maturity date of June 30, 2022 such that the rent is reduced. Such negotiation has not caused material changes on other tenancy terms. The Group chooses to adopted the practical expedient method to handle the rent renegotiation satisfying the aforementioned criteria, and whether the negotiation refers to lease amendment is not assessed, but the reduction of lease payment is recognized as profit or loss (recognized as operating cost deduction and operating expense deduction) upon the occurrence of reduction event or condition, and the lease liabilities are also adjusted correspondingly.

The change of rent not determined by indicator or rate in the lease agreements is recognized as expense during the time of occurrence of the current year.

(13) Government grants

A government grant is recognized only when there is reasonable assurance that the Group will comply with any conditions attached to the grant and the grant will be received.



Government grants related to income are recognized in profit or loss according to a systematic basis during the period when relevant cost for such intended grant is recognized as expense by the Group. Government grants obtained by the Group based on the criteria that non-current asset are required to be acquired through purchase or other methods is recognized as deferred income, and are recognized in profit or loss during relevant asset useful lifetime based on a reasonable and systematic basis.

The government grants receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, shall be recognized as profit or loss in the period in which it is receivable.

(14) 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 recognized as expenses in that period when the employees render service.

B. Pensions

For defined contribution plans, the amount of contribution payable in respect of service rendered by employees in that period should be recognized as expenses.

(15) Share-based payment arrangement

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vesting immediately. The cash capital increase of the Company and reserved for employee subscription is to ensure that the date of employee subscription of shares is the grant date.

(16) Income tax

The provision for income tax recognized in profit or loss comprises current and deferred tax.

A. Current tax

The Group has determined the current income (losses) and calculated taxes payable (receivable) in accordance with regulations established by the jurisdiction for tax return.

According to Income Tax Act in Republic of China, an additional income tax levied at unappropriated earnings are recognized in the year of the resolution of the shareholders' meeting.

Income tax payable for prior period is adjusted to the current income tax.

B. Deferred tax

Deferred tax is accounted for temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit or loss.

Deferred tax liability is generally recognized for all taxable temporary differences. Deferred tax asset is recognized for deductible temporary differences to the extent that taxable profit is probably available.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits to realize the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the date of balance sheet and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets originally not recognized is also reviewed at the date of balance sheet and increased to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is recovered, based on tax rates and laws that have been enacted or substantively enacted by the date of balanced sheet. The measurement of deferred tax liabilities and assets reflects the tax consequences that arise from the manner in which the Group expects, at the date of balance sheet, to recover or settle the carrying amount of its assets and liabilities.

C. Current and deferred tax for the year

Current and deferred tax for the year is recognized in profit or loss.

5. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

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

The Group has considered the possible impact of COVID-19 on the development and economic environment of our nation in recent period with respect to relevant significant accounting estimates of cash flow estimation, growth rate, discount rate and profitability. The management will continue review the estimates and the underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the period when the estimates are revised if the revisions affect only that period. If revisions affect both current and future periods, the accounting estimates are recognized in the current and future periods.

6. Cash

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and penny cash	\$ 4,991	\$ 4,135
Check and demand deposit	833,493	1,227,694
Cash equivalents (investments with original maturities within three months)		
Time deposits	<u>530,000</u>	<u>1,227,694</u>
	<u>\$ 1,368,484</u>	<u>\$ 1,231,829</u>

The market rate intervals of demand deposits at the end of the balance sheet date were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Demand deposits	0.39%~0.46%	0.01%~0.30%
Time deposits with original maturities exceeding three months	0.95%~1.45%	-

The credit risk management policy adopted by the Group is to conduct transactions with financial institutions with good credit. Based on the expected credit loss model, the group evaluates the allowance loss of cash and cash equivalents and time deposits with an original maturity of more than 3 months. Since the credit risk of the assets listed above is low, the allowance loss is based on the 12-month expected credit loss Loss assessment without impairment loss.

7. Financial assets measured at amortized cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Domestic investment		
Time deposits with original maturities exceeding three months	\$ <u>300,000</u>	\$ <u>-</u>

The market rate intervals of time deposits with original maturity exceeding three months at the balance sheet date were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Time deposits with original maturities exceeding three months	0.86%~1.175%	-

Please see Note 6 for information on credit risk management and expected credit risk loss assessment of financial assets measured at amortized cost.

8. Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ -	\$ 15
Trade receivable	43,602	19,689
Less: Allowance for bad debts	<u>-</u>	<u>-</u>
	<u>43,602</u>	<u>19,704</u>
Accounts receivable - related party (Note 26)	3,753	48,428
Less: Allowance for bad debts	<u>-</u>	<u>-</u>
	<u>3,753</u>	<u>48,428</u>
	<u>\$ 47,355</u>	<u>\$ 68,132</u>

The policy estimates appropriated by the Group according to the expected credit loss on the balance sheet date shall include the uncollectable amount of accounts receivable, in order to ensure the uncollectible accounts receivable has been listed to appropriate adequate loss allowance.

The loss allowance for accounts receivable of the Group is measured at an amount equal to useful lives expected credit losses according to IFRS9. For the useful lives expected credit losses, transaction counterparty' default on records and present financial position, economic trends and industry outlook are considered in order to recognize the loss allowance of accounts receivable. The experience on the Group's credit losses presents that the customer group is large and customers are not correlated to each other, such that

the concentration of credit risk is limited. Thus the rate of expected credit losses is set based on number of days of overdue of accounts only.

The aging of account receivables of the Group was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not overdue	\$ 46,978	\$ 66,847
Overdue 0~90 days	<u>377</u>	1,285
	\$ 47,355	<u>\$ 68,132</u>

9. Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Food	\$ 17,757	\$ 15,378
Beverage	8,033	9,627
Goods for sale	<u>3,734</u>	<u>2,252</u>
	<u>\$ 29,524</u>	<u>\$ 27,257</u>

Inventory-related operating costs for 2022 and 2021 were NT\$427,923 thousand and NT\$327,165 thousand respectively.

10. Subsidiaries

The basis for the consolidated financial statements is as follows:

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Business nature</u>	<u>Shareholding percentage</u>		<u>Explanation</u>
			<u>December 31, 2022</u>	<u>December 31, 2021</u>	
The Company	FDC ITALIAN HOTELS S.R.L.	Investments	100.00	100.00	
FDC ITALIAN HOTELS S.R.L.	FDC (Hangzhou) Consulting & Management Co., Ltd.	Hotel and catering service management	100.00	100.00	Note 1
FDC ITALIAN HOTELS S.R.L.	SINE QUA NON S.R.L.	Real estate management activities	100.00	-	Note 2

Note 1: Subsidiary FDC Italian Hotels S.R.L. increased the investment of EUR 300 thousand on FDC (Hangzhou) Consulting & Management Co., Ltd. in May 2021, and included in the consolidated entity.

Note 2: Subsidiary FDC Italian Hotels S.R.L. increased the investment of EUR 10 thousand on SINE QUA NON S.R.L. in September 2022, and included in the consolidated entity.

Note 3: The aforementioned subsidiaries included in the consolidated financial statements were recognized according to the financial statements audited by CPAs for the same period.

## 11. Property and equipment

	<u>Land</u>	<u>Building</u>	<u>Business facilities</u>	<u>Lease improvements</u>	<u>Other equipment</u>	<u>Total</u>
<u>Cost</u>						
Balance as of January 1, 2022	\$ 131,649	\$ 1,497,573	\$ 211,456	\$ 1,136,292	\$ 142,281	\$ 3,119,251
Addition	-	9,579	7,146	1,124	9,801	27,650
Disposal	-	( 5 )	( 15,950 )	( 294 )	( 6,616 )	( 22,865 )
Balance as of December 31, 2022	<u>\$ 131,649</u>	<u>\$ 1,507,147</u>	<u>\$ 202,652</u>	<u>\$ 1,137,122</u>	<u>\$ 145,466</u>	<u>\$ 3,124,036</u>
<u>Accumulated depreciation and impairment</u>						
Balance as of January 1, 2022	\$ -	\$ 425,538	\$ 97,514	\$ 350,425	\$ 54,876	\$ 928,353
depreciation expense	-	57,363	25,834	83,122	16,102	182,421
Disposal	-	-	( 15,142 )	( 147 )	( 5,060 )	( 20,349 )
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 482,901</u>	<u>\$ 108,206</u>	<u>\$ 433,400</u>	<u>\$ 65,918</u>	<u>\$ 1,090,425</u>
Net amount as of December 31, 2022	<u>\$ 131,649</u>	<u>\$ 1,024,246</u>	<u>\$ 94,446</u>	<u>\$ 703,722</u>	<u>\$ 79,548</u>	<u>\$ 2,033,611</u>
<u>Cost</u>						
Balance at January 1, 2021	\$ 131,649	\$ 1,482,041	\$ 208,107	\$ 1,133,383	\$ 134,345	\$ 3,089,525
Addition	-	15,532	11,024	3,016	13,936	43,508
Disposal	-	-	( 7,675 )	( 107 )	( 6,000 )	( 13,782 )
Balance as of December 31, 2021	<u>\$ 131,649</u>	<u>\$ 1,497,573</u>	<u>\$ 211,456</u>	<u>\$ 1,136,292</u>	<u>\$ 142,281</u>	<u>\$ 3,119,251</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ -	\$ 368,468	\$ 76,292	\$ 267,649	\$ 41,353	\$ 753,762
depreciation expense	-	57,070	28,177	82,883	18,440	186,570
Disposal	-	-	( 6,955 )	( 107 )	( 4,917 )	( 11,979 )
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 425,538</u>	<u>\$ 97,514</u>	<u>\$ 350,425</u>	<u>\$ 54,876</u>	<u>\$ 928,353</u>
Net amount as of December 31, 2021	<u>\$ 131,649</u>	<u>\$ 1,072,035</u>	<u>\$ 113,942</u>	<u>\$ 785,867</u>	<u>\$ 87,405</u>	<u>\$ 2,190,898</u>

The property and equipment of the Group are for own use.

Depreciation is computed on a straight-line basis over the following estimated useful life:

Building	
Main building	50 years
Others	5~30 years
Business facilities	2~20 years
Lease improvements	5~20 years
Other equipment	3~20 years

Please see Note 27 for the amount of property and equipment used by the Group to set pledges for bank loans and use as corporate bond collaterals.

The acquisition of property and equipment includes non-cash items, and its amount adjustment is as follows:

	<u>2022</u>	<u>2021</u>
Addition of property and equipment	\$ 27,650	\$ 43,508
Decrease in prepayments for equipment	( 342)	( 4,170)
Decrease in equipment payments payable (recognized as other payables)	<u>2,227</u>	<u>9,151</u>
	<u>\$ 29,535</u>	<u>\$ 48,489</u>

12. Lease agreements

(1) right-of-use asset

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of right-of-use assets		
Land	\$ 862	\$ 1,552
Building	1,008,489	1,134,979
Other equipment	<u>52</u>	<u>187</u>
	<u>\$ 1,009,403</u>	<u>\$ 1,136,718</u>

	<u>2022</u>	<u>2021</u>
Addition to right-of-use assets	<u>\$ -</u>	<u>\$ 1,714</u>
Depreciation expense of right-of-use assets		
Land	\$ 690	\$ 689
Building	126,490	138,393
Other equipment	<u>135</u>	<u>209</u>
	<u>\$ 127,315</u>	<u>\$ 139,291</u>

(2) lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of lease liabilities		
Current	<u>\$ 123,273</u>	<u>\$ 121,056</u>
Non-current	<u>\$ 922,666</u>	<u>\$ 1,045,939</u>

The discount rate of lease liabilities used by the Group for assets was 1.625%.

(3) Material leases and terms

The Group leases several lands, buildings and other equipment for operation use with the lease term of 2~20 years. Upon the termination of the lease period, the Group has no bargain purchase option for leased assets. In addition, according to the agreement, unless the consent of the lessor is obtained, the Group shall not sublease or transfer all or a portion of the lease subject matter to others.

The property lease of the Group includes contingent rent clauses. To maintain the operational flexibility, the Group included the variable payment in the lease clauses, and the variable payment was calculated according to the specific percentage of each operation place revenue.

In 2021, due to the severe impact of COVID-19 on the market economy, the Group negotiated operation place lease contracts with lessors, and lessors agreed to reduce the partial amount of rent unconditionally for June 1 to December 31, 2021. The Company's effect of aforementioned rent deduction recognized for 2021 was NT\$5,587 thousand.

(4) Information on other lease

	<u>2022</u>	<u>2021</u>
Low-value asset lease expenses	<u>\$ 1,370</u>	<u>\$ 1,370</u>
Variable lease payment expenses not included in the measurement of the lease liabilities	(\$ 17,122)	(\$ 5,499)
Total cash outflow for leases	<u>\$ 123,222</u>	<u>\$ 147,646</u>

13. Bonds payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Domestic unsecured convertible bonds (1)	\$ 662,700	\$ 800,000
Less: Bonds discount	( 10,785)	( 26,071)
Less: Amount due in one year	( <u>651,915</u> )	<u>-</u>
	<u>-</u>	<u>773,929</u>
	500,000	
Domestic secured bonds (2)	( <u>1,807</u> )	500,000
Less: Bonds discount	<u>498,193</u>	( <u>2,296</u> )
	<u>\$ 498,193</u>	<u>497,704</u>
	<u>\$ 662,700</u>	<u>\$ 1,271,633</u>

(1) Domestic unsecured convertible bonds

The Company issued the first domestic unsecured convertible bonds on December 24, 2018, the total face value of issuance was NT\$800,000 thousand, coupon rate of 0%, issuance period of 5 years, and the total issuance amount was NT\$801,600 thousand, and the amount was collected in full in December 2018. Bond holders may convert the bonds into common shares of the Company at the conversion price of NT\$68.8 per share according to the conversion regulations during the period from the next day when the present issuance of convertible bonds have reached three full months to the maturity date. The expected number of shares of conversion is 11,624 thousand



shares. The present convertible bond conversion price adjustment criteria include that when the percentage of common share cash dividends distributed by the Company over the market price per share exceeds 1.5%, the conversion price shall be reduced according to the percentage of the market price per share on the ex-dividend date. After the historical adjustments, the conversion price has been adjusted to NT\$52.3 per share on September 2, 2022, and up to December 31, 2022, the number of shares converted was 2,625 thousand shares and the expected remaining number of shares of conversion is 12,671 thousand shares.

For the period from the next day of three months after the issuance of convertible bond to the date of forty days before the maturity of the issuance period, if the common stock closing price of the Company continues to reach 30% (inclusive) of the conversion price for thirty business days ; or the balance of the outstanding convertible bond is lower than 10% of the total original issuance amount, the Company may inform bond holders to redeem all of the outstanding bonds in cash at the bond face value.

For the present convertible bonds uses the date after three full years from the issuance as the reverse repurchase base date for early reverse repurchase of the present bonds by the bond holders. The bond holders may request the Company to redeem the present convertible bonds held based on the face value of the bond.

The convertible corporate bonds include the liability and equity components, and the equity component is expressed as capital surplus - subscription right under the equity item.

	<u>Amount</u>
Issue amount (less transaction cost of NT\$5,380 thousand)	\$ 796,220
Equity component (less transaction cost of NT\$378 thousand allocated)	( 56,022 )
Redemption and put option derivatives (less transaction cost of NT\$30 thousand allocated)	( 4,370 )
Primary liability at issue date (less transaction cost of NT\$4,972 thousand allocated)	735,828
Interest calculated at effective rate of 1.6735%	<u>38,101</u>
Bonds payable balance as of December 31, 2021	773,929
Corporate bonds payable converted into common shares (2,625 thousand shares already converted)	( 135,065 )
Interest calculated at effective rate of 1.6735%	<u>13,051</u>
Bonds payable balance as of December 31, 2022	<u>\$ 651,915</u>

(2) Domestic secured convertible bonds

The Company issued the first domestic secured ordinary bonds on September 8, 2021, the total amount of issuance was NT\$500,000 thousand, at the face value per bond of NT\$1,000 thousand, coupon rate of 0.58%, interest paid annually, issuance period of 5 period, and the amount was collected in full in September 2021. For the present bonds, principal was repaid at once from the issuance to the maturity, and dematerialized issuance was adopted.

Please refer to Note 27 for information on domestic secured ordinary bonds used as collaterals for pledges of lands and buildings of the Company.

14. Notes and accounts payable

The average period for the products purchase by the Group is 45 days. The Group complies with the payment terms negotiated by both parties to ensure that all payable amounts are repaid within the credit time-limit agreed.

15. Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Wages and bonuses payable	\$ 89,893	\$ 72,152
Other payables - related party (Note 26)	17,700	1,448
Labor and health insurances payable	7,600	25,996
Employee saving programs payable	6,943	8,057
Utility expenses payable	5,138	4,545
Rent payable	3,877	2,315
Equipment payments payable	1,481	3,708
Labor fees payable	1,480	1,040
Others	<u>60,182</u>	<u>56,400</u>
	<u>\$ 194,294</u>	<u>\$ 175,661</u>

16. Post-employment benefit plans

The pension system of the “Labor Pension Act” is applicable to the Company, belonging to the affirmed appropriation of pension plan under the management of the government, and pension is appropriated at the rate of 6% of the monthly salary of employees into the personal dedicated account of the Bureau of Labor Insurance.

17. Equity

(1) Common share capital

1. Common shares issued

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Number of shares authorized (in thousands)	<u>120,000</u>	<u>120,000</u>
Authorized capital	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Issued and paid shares (in thousands)	<u>93,108</u>	<u>90,483</u>
Issued capital	<u>\$ 931,078</u>	<u>\$ 904,826</u>

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and to receive dividends.

On July, 1, 2021, the general shareholders' meeting of the Company approved the authorized capital of the amended Articles of Incorporation, and the authorized capital was increased from the original NT\$1,000,000 thousand (100,000 thousand shares) to NT\$1,200,000 thousand (120,000 thousand shares), and the change registration was completed on August 6, 2021.

Up to February 28, 2023 and December 31, 2022, the accumulated number of convertible corporate bonds for conversion into common shares requested by the convertible corporate bond holders were 10,585 thousand shares and 2,625 thousand shares respectively. Accordingly, the Company has delivered new shares to bond holders according to the conversion regulations.

2. Cash capital increase with issuance of new shares

On August 12, 2021, the board of directors of the Company approved the execution of cash capital increase with issuance of common shares of 15,000 thousand shares, at the face value of NT\$10 per share, and issued at premium with the issue price of NT\$34 per share. The paid-in capital after capital increase was NT\$904,826 thousand. The aforementioned cash capital increase was approved and declared to be effective by Securities and Futures Bureau, FSC on October 19, 2021, and the date of December 13, 2021 was the capital increase base date.

(2) Capital surplus

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>May be used for compensating loss, issuance of cash or replenishing share capital (Note)</u>		
Share premium	\$ 543,423	\$ 588,664
Corporate bond conversion premium	118,387	-
Difference between actual price of subsidiary equity acquired and the book value	809	809
<u>Shall not be used for any purpose</u>		
Convertible bonds subscription right	<u>46,407</u>	<u>56,022</u>
	<u>\$ 709,026</u>	<u>\$ 645,495</u>

Note: Such type of capital surplus may be used to offset a deficit. In addition, when the company has no deficit, such capital surplus may be distributed as cash or stock dividends to the paid-in capital. However, stock dividends may not exceed a certain percent of the paid-in capital.

(3) Retained earnings and dividend policy

According to the Company's earnings distribution policy of the amended Articles of Incorporation approved by the shareholders' meeting through resolution in May 2020, If the Company has a surplus earning after the final account of a fiscal year, after taxes are paid according to the laws and accumulated losses are compensated, 10% of the surplus earning shall be appropriated as the legal reserve 10%; however, if the legal reserve has reached the paid-in capital of the Company, such appropriation may be exempted from the appropriation, and special reserve is further appropriated or reversed from the remaining surplus earning according to the laws. If there is still remaining surplus earnings, it is combined with the undistributed retained earnings as dividends for the board of directors to establish a proposal for the distribution of surplus earnings. When the distribution is made via the method of issuance of new shares, it shall be reported to the shareholders' meeting for resolution before execution of the distribution.

The Company may authorize the board of directors to distribute the distributable dividends and bonuses, capital surplus or legal reserve in whole or in part in cash after a resolution has been adopted by a majority of votes at a board meeting attended by more than two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The cash dividends issued by the Company each year shall be more than 20% of the total dividends. For the distribution policy on remunerations of employees and directors specified in the Articles of Incorporation of the Company, please refer to Note 19-(5) Remunerations of Employees and Directors.

According to the resolution of the general shareholders' meeting of the Company held in July 2021, the 2020 earnings distribution proposal approved was as follows:

	2020
Statutory reserves	<u>\$ 10,897</u>
Cash dividend	<u>\$ 75,483</u>
Cash dividend per share (NT\$)	<u>\$ 1.0</u>

According to the resolution of the board of directors of the Company on March 3, 2022, the deficit compensation proposal was established and cash dividends were issued with the capital surplus - share premium of NT\$45,241 thousand, for the issuance of NT\$0.5 per share. The proposal for 2021 deficit compensation has been approved by the general shareholders' meeting on May 27, 2022.

The Company's 2022 earnings distribution proposal established by the board of directors on March 14, 2023 is as follows:

	<u>2022</u>
Statutory reserves	<u>\$ 19,957</u>
Cash dividend	<u>\$ 131,388</u>
Cash dividend per share (NT\$)	<u>\$ 1.3</u>

The aforementioned cash dividends have been distributed according to the board resolution, and the rest is pending for resolution of the shareholders' meeting to be held on May 30, 2023.

#### 18. Revenue

	<u>2022</u>	<u>2021</u>
Income from contracts with customers		
Food service income	\$ 1,152,208	\$ 829,098
Guest room income	816,682	547,768
Other income	<u>105,463</u>	<u>74,039</u>
	<u>\$ 2,074,353</u>	<u>\$ 1,450,905</u>

##### (1) Statements of contracts with customers

The Group provides the guest room and food services to customers, and income is recognized when provision of services is confirmed.

##### (2) Contract balance

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Notes and accounts receivable	<u>\$ 43,602</u>	<u>\$ 19,704</u>	<u>\$ 41,591</u>
Accounts receivable - related party	<u>\$ 3,753</u>	<u>\$ 48,428</u>	<u>\$ 23,056</u>
contract liability			
Guest room and food services	\$ 272,912	\$ 267,515	\$ 230,354
Others	<u>969</u>	<u>1,592</u>	<u>-</u>
	<u>\$ 273,881</u>	<u>\$ 269,107</u>	<u>\$ 230,354</u>

The change of the contract liabilities was mainly due to the difference between the time when the contract performance was satisfied and the time when the customer payment was made. For 2022 and 2021, the contract liabilities at the beginning of the year and the amount of income recognized for each year were NT\$191,884 thousand and NT\$156,983 thousand respectively.

19. Net income (loss)

(1) Other income

	<u>2022</u>	<u>2021</u>
Income from government grants (Note 23)	\$ 7,266	\$ 39,135
Rental income	1,193	1,045
Others	<u>19,554</u>	<u>5,589</u>
	<u>\$ 28,013</u>	<u>\$ 45,769</u>

(2) Depreciation

	<u>2022</u>	<u>2021</u>
Property and equipment	\$ 182,421	\$ 186,570
right-of-use asset	<u>127,315</u>	<u>139,291</u>
	<u>\$ 309,736</u>	<u>\$ 325,861</u>
Analysis by function		
Operating cost	\$ 259,860	\$ 269,278
Operating expenses	<u>49,876</u>	<u>56,583</u>
	<u>\$ 309,736</u>	<u>\$ 325,861</u>

(3) Financial cost

	<u>2022</u>	<u>2021</u>
Interest for lease liabilities	\$ 17,918	\$ 21,094
Interest for bonds payable	18,955	14,671
Interest for bank borrowings	-	1,267
Others	<u>2</u>	<u>-</u>
	<u>\$ 36,875</u>	<u>\$ 37,032</u>

(4) Employee benefit expense

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 544,151	\$ 466,257
Post-employment benefits - defined contribution plans	<u>22,565</u>	<u>21,397</u>
	<u>566,716</u>	<u>487,654</u>
Share-based payments		
Equity settlement	-	3,584
Other employee benefits	<u>19,492</u>	<u>15,216</u>
	<u>\$ 586,208</u>	<u>\$ 506,454</u>

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	<u>2022</u>	<u>2021</u>
Analysis by function		
Operating cost	\$ 413,160	\$ 356,895
Operating expenses	<u>173,048</u>	<u>149,559</u>
	<u>\$ 586,208</u>	<u>\$ 506,454</u>

(5) Remunerations of employees and directors

The Group appropriates the remunerations of employees and directors according to the ratios of 0.01%~3% for the remuneration of employees and no higher than 1% for the remuneration of directors, respectively, of the net profit before tax. Since 2021 indicated a loss before tax, remunerations of employees and directors were not estimated. For the 2022, the estimates of the remunerations of employees and directors according to the aforementioned 0.01% and 0.5% of net profit before tax were as follows:

	<u>2022</u>
Employee remuneration	<u>\$ 26</u>
Remuneration of directors	<u>\$ 1,260</u>

If the amount in the annual consolidated financial statements still has any changes after the date it is approved and published, it is regarded as changes on accounting estimates and will be adjusted to the next year.

For 2020, the remunerations of employees and directors, according to the resolution of the board of directors in March 2021, were as follows:

	<u>2020</u>
Employee remuneration	<u>\$ 13</u>
Remuneration of directors	<u>\$ 610</u>

There was no difference between the distribution amount of remunerations of employees and directors resolved in 2020 and the amount recognized in the 2020 financial statements.

Please visit “Market Observation Post System” (MOPS) website under the Taiwan Stock Exchange for information on the remuneration of employees and directors resolved by the board of directors of the Company.

20. Income tax

(1) Main components of income tax expense (gain) recognized in profit or loss

	<u>2022</u>	<u>2021</u>
Current tax		
Income tax expense generated in the current year	\$ 36,934	\$ 49
Adjustment on prior years	( <u>552</u> )	<u>1,401</u>
	<u>36,382</u>	<u>1,450</u>
Deferred tax		
Income tax expense generated in the current year	<u>14,340</u>	( <u>13,837</u> )
Income tax expense (gain) recognized in profit or loss	<u>\$ 50,722</u>	( <u>\$ 12,387</u> )

A reconciliation of accounting income and income tax expense (gain) is as follows:

	<u>2022</u>	<u>2021</u>
Net income (loss) before tax	<u>\$ 250,289</u>	( <u>\$ 41,701</u> )
Income tax expense (gain) of net income (loss) before tax calculated at the statutory rate	50,058	( \$ 8,340 )
Nondeductible tax expenses	2,647	2,364
Income with tax exemption	( 1,431 )	( 7,812 )
Adjustment on prior years	( <u>552</u> )	<u>1,401</u>
Income tax expense recognized in profit or loss (gain)	<u>\$ 50,722</u>	( <u>\$ 12,387</u> )

(2) Current income tax liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current income tax liabilities		
Income taxes payable	<u>\$ 36,926</u>	<u>\$ 15,652</u>

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(3) Deferred tax assets

Changes in deferred tax assets were as follows:

2022

Deferred tax assets	Balance at the beginning of the year	Defined benefit costs recognized in profit or loss	Balance at the end of the year
Temporary difference			
Unrealized expenses	\$ 1,612	(\$ 223)	\$ 1,389
Unrealized impairment loss	1,113	-	1,113
Loss carryforwards	14,019	( 14,019)	-
Others	<u>363</u>	<u>( 98)</u>	<u>265</u>
	<u>\$ 17,107</u>	<u>(\$ 14,340)</u>	<u>\$ 2,767</u>

2021

Deferred tax assets	Balance at the beginning of the year	Defined benefit costs recognized in profit or loss	Balance at the end of the year
Temporary difference			
Unrealized expenses	\$ 2,109	(\$ 497)	\$ 1,612
Unrealized impairment loss	1,113	-	1,113
Loss carryforwards	-	14,019	14,019
Others	<u>48</u>	<u>315</u>	<u>363</u>
	<u>\$ 3,270</u>	<u>\$ 13,837</u>	<u>\$ 17,107</u>

(4) Income tax examination

The tax authorities have examined the income tax returns of the Company through 2020.

21. Earnings (Loss) per share

	2022	2021
Basic earnings (loss) per share (NT\$)	<u>\$ 2.20</u>	<u>(\$ 0.38)</u>
Diluted earnings per share (NT\$)	<u>\$ 1.98</u>	

Weighted average number of ordinary shares in computation of the earnings (loss) of the earnings (loss) per share was as follows:

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<u>Net profit (loss) for the year</u>	<u>2022</u>	<u>2021</u>
Net income (loss) used in the computation of basic earnings (loss) per share	\$ 199,567	(\$ <u>29,314</u> )
Effect of potentially dilutive ordinary shares:		
Post-tax interest for convertible bonds	<u>9,851</u>	
Net income (loss) used in the computation of diluted earnings (loss) per share	<u>\$ 209,418</u>	
 <u>Number of shares</u>		
	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares (in thousands) in computation of basic earnings (loss) per share	90,691	<u>76,263</u>
Effect of potentially dilutive ordinary shares:		
Convertible corporate bonds	15,087	
Employee remuneration	<u>1</u>	
Weighted average number of ordinary shares (in thousands) in computation of diluted earnings (loss) per share	<u>105,779</u>	

Since the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

Since 2021 indicated a loss, the Company had not presumed to distribute remuneration of employees in the form of shares and had not considered the potential ordinary shares of convertible bonds for the computation of diluted loss per share of the antidilutive effect.

## 22. Share-based payment arrangements

### Cash capital increase reserved for employee stock options

The Company executed 2021 cash capital increase of 15,000 thousand shares according to the resolution of the board of directors on August 12, 2021. According to the Company Act, 10% of the capital increase equity was reserved for employee subscription, and a total of subscribable shares was 1,500 thousand shares, and the subscription price per share was NT\$34. The cash capital increase reserved for employee stock options adopted the Black-Scholes valuation model, and the inputs to the valuation model were as follows:

Share price on grant date	\$ 40.2 元
Exercise price	34 元
Expected volatility	-
Duration	-
Expected dividend yield	3.36%
Risk-free interest rate	0.20%

The compensation cost recognized in 2021 was NT\$3,584 thousand.

## 23. Government grants

- (1) For the period from January 1 to December 31, 2022, according to the “Regulations for Relief and Revitalization Measures for Industry Enterprises with Operational Difficulties in Response to the Impact of Severe Pneumonia with Novel Pathogens of MOEA”, the Company received the salary subsidy of NT\$103 thousand, epidemic rent subsidy of TN\$353 thousand and wedding order cancellation and extension subsidy of NT\$6,810 thousand, for a total of NT\$7,266 thousand (recognized as other income).
- (2) For the period from January 1 to December 31, 2021, according to the “Regulations for Relief and Revitalization Measures for Industry Enterprises with Operational Difficulties in Response to the Impact of Severe Pneumonia with Novel Pathogens of MOEA” and “Regulations for Revitalization of Tourism Industry Financing and Credit Security of Tourism Bureau, MOTC”, the Group received the salary subsidy of NT\$36,660 thousand, utility fee relief reduction of NT\$2,077 thousand and interest subsidy of NT\$398 thousand, for a total of NT\$39,135 thousand (recognized as other income).

24. Capital risk management

The Group manages its capital to ensure that the Group are able to maximize shareholders return as a going concern through the optimization of the debt and equity balance. The overall strategy of the Group has no major changes from previous years.

The Group's capital structure consists of net liabilities and equities of the Group. In addition, the Group is allowed not to follow other external laws or regulations on capital.

The key management of the Group reviews its capital structure annually, including the consideration on costs of every type of capital and relevant risks. Based on the key management's advice, the Group balances its overall capital structure through payment of dividends and issuance of new debt issuance or debt repayment, etc.

25. Financial Instruments

- (1) Information on fair value - financial instruments that are not measured at fair value  
December 31, 2022

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial liability</u>					
Financial liabilities measured at amortized cost					
- Convertible bonds	\$651,915	\$ -	\$ -	\$649,910	\$649,910
<u>December 31, 2021</u>					

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial liability</u>					
Financial liabilities measured at amortized cost					
- Convertible bonds	\$ 773,929	\$ -	\$ -	\$ 780,400	\$ 780,400

- (2) Information on fair value - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2022

	Level 3
<u>Financial liabilities measured at fair value through profit or loss - current</u>	
Derivatives	\$ 199

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December 31, 2021

	<u>Level 3</u>
<u>Financial liabilities measured at fair value through profit or loss - current</u>	
Derivatives	\$ <u>          -</u>

2. Reconciliation of Level 3 fair value measurements on financial instruments.

2022

	<u>Amount</u>
<u>Financial assets measured at fair value through profit or loss - current</u>	
Balance at January 1, 2022	\$ -
Defined benefit costs recognized in profit or loss	240
Corporate bonds payable converted into common shares	( 41)
Balance as of December 31, 2022	<u>\$ 199</u>

2021

	<u>Amount</u>
<u>Financial liabilities measured at fair value through profit or loss - current</u>	
Balance at January 1, 2021	\$ 2,000
Defined benefit costs recognized in profit or loss	( 2,000)
Balance as of December 31, 2021	<u>\$ -</u>

3. Valuation techniques and input value used in Level 3 fair value measurement  
The Group's estimates on the fair value of convertible bond liability component and the fair value of derivatives were determined according to the valuation report provided by independent financial expert based on the option valuation model.

(3) Categories of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Mandatory to be measured at fair value through profit or loss	\$ 199	\$ -
Measured at amortized cost (Note 1)	1,717,726	1,304,326

Financial liability

Measured at fair value through profit or loss	1,475,566	1,550,939
Measured at amortized cost (Note 2)	\$ 199	\$ -

Note 1: Balance includes cash and cash equivalent, notes and accounts receivable, accounts receivable - related party, other receivables (including related party) (recognized as other current assets) and refundable deposits, and other financial assets measured at amortized cost.

Note 2: Balance includes notes and accounts payable (including related party), other payables (including related party), bonds payable (including those due to in one year) and guarantee deposits received (recognized as other non-current liabilities), and other financial liabilities measured at amortized cost.

(4) Financial risk management objectives and policies

The risk control and hedge strategy of the Group are effected by the operation environment; however, the Group has executed appropriated risk management and control operation according to the nature of business and the principle of risk diversification. Such risks include market risk, credit risk and liquidity risk.

1. Market risk

The Group is exposed to the financial risks, primarily changes in interest rates, due to its financial activities.

Interest rate risk

The Group is exposed to interest rate risk for the reason that it has borrowed money at variable rate. The hedge is evaluated by the Group on a regular basis, which makes its point of view and the established risk preference identical.

The carrying accounts of financial assets and liabilities exposed to interest rate risk at the date of balance sheet are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair value interest rate risk		
- Financial assets	\$ 730,000	\$ 72
- lease liabilities	1,045,939	1,166,995
- Bonds payable	1,150,108	1,271,633
Cash flow interest rate risk		
- Financial assets	933,493	1,227,622

### Sensitivity analysis

The following sensitivity analysis is determined in accordance with interest rate risk of non-derivative instruments at the date of balance sheet. For the floating rate liabilities, the analysis is to assume that the amount of liabilities outstanding at the date of balance sheet is all outstanding at the reporting period. The rate of change is expressed as the increment or decrement by 50 basis points when reporting to the management personnel of the Group, which also represents the management's assessment of the reasonable interest rate change.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's net income (loss) before tax as of December 31, 2022 and 2021 would increase/decrease by NT\$4,667 thousand and increase/decrease NT\$6,138 thousand, respectively.

#### 2. Credit risk

The credit risk exposure of the Group is mainly affected by the individual condition of each customer. However, the management considers the basic statistical data of customers of the Group.

The Group has established the credit policy, and according to such policy, before the Company makes standard payment terms, it is necessary to analyze the credit rating of each new customer individually. Credit extension limits are established according to each individual customer respectively, and such limits reviewed periodically. Customers failing to satisfying the company credit rating standard, the prepayment method is adopted as the basis to engage in transaction with the Group.

The Group has set the allowance for loss account to reflect the estimated losses for accounts receivable. The allowance for debt account mainly consists of specific loss component relating to individually significant exposure, and combinational loss component established for losses already occurred but not yet identified in similar asset groups. Combinational loss account allowance account is determined based on the past payment statistical data of similar financial assets.

The customer group of the Group is large and customers are not correlated to each other, such that the concentration of credit risk is not high.

### 3. Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, the management of the Group monitors the utilization of borrowings and ensures compliance with loan conditions.

The bank borrowing is a material source of liquidity to the Group.

#### (a) Liquidity and interest risks of non-derivative financial liabilities

The analysis on the remaining contractual maturity for the non-derivative financial liabilities is performed based on the earliest date on which the Group may be required to pay, and is prepared based on the undiscounted cash flows of financial liabilities (including principle and estimated interest). Accordingly, for the bank loans to which the Group may be requested for immediate repayment are within the earliest period listed in the table below, and the probability of the banks exercising such right is not considered. The analysis of other non-derivative financial liabilities maturity analysis is prepared according to the repayment date agreed. For the interest cash flow paid at variable rate, its undiscounted interest amount is inferred and obtained from the yield rate curve of the balance sheet date.

December 31, 2022

	<u>1~3 months</u>	<u>3 months~1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 325,132	\$ -	\$ -
lease liabilities	34,736	104,474	980,346
Fixed-rate instruments	<u>725</u>	<u>664,875</u>	<u>507,798</u>
	<u>\$ 360,593</u>	<u>\$ 769,349</u>	<u>\$ 1,488,144</u>

The further information on a maturity analysis of lease liability is below:

	<u>Within 1 year</u>	<u>1~5 years</u>	<u>5~10 years</u>	<u>10~15 years</u>	<u>Over 15 years</u>
lease liabilities	<u>\$139,210</u>	<u>\$555,541</u>	<u>\$372,216</u>	<u>\$ 52,589</u>	<u>\$ -</u>



December 31, 2021

	<u>1~3 months</u>	<u>3 months~1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 278,692	\$ -	\$ -
lease liabilities	34,763	104,207	1,119,556
Fixed-rate instruments	<u>725</u>	<u>2,175</u>	<u>1,310,698</u>
	<u>\$ 314,180</u>	<u>\$ 106,382</u>	<u>\$ 2,430,254</u>

The further information on a maturity analysis of lease liability is below:

	<u>Within 1 year</u>	<u>1~5 years</u>	<u>5~10 years</u>	<u>10~15 years</u>	<u>Over 15 years</u>
lease liabilities	<u>\$138,970</u>	<u>\$555,973</u>	<u>\$479,440</u>	<u>\$ 84,143</u>	<u>\$ -</u>

The amount of the aforementioned floating rate instrument of non-derivative liabilities will change resulting from the floating rate is different from the interest rate estimated at the date of balance sheet.

(b) Financing amount

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured bank loan amount		
- Amount used	\$ -	\$ -
- Amount unused	<u>100,000</u>	<u>100,000</u>
	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Secured bank loan amount		
- Amount used	\$ -	\$ -
- Amount unused	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

26. Related party transaction

Except for other notes disclosed, transactions between the Group and related parties are as follows:

(1) Related party name and categories

<u>Related Party Name</u>	<u>Relationship with the Group</u>
L' Hotel de Chine Corporation (LDC)	Parent
Splendor Restaurant Co., Ltd. (Splendor)	Fellow subsidiary
LDC Italian Hotels S.R.L	Fellow subsidiary
Taiwan Cement Corp. (TCC)	Substantial related party
TCC Tung-Li Green Energy Corporation	Substantial related party
TCC (Hangzhou) Environmental Protection Technology Co., Ltd.	Substantial related party

<u>Related Party Name</u>	<u>Relationship with the Group</u>
TCC Energy Storage Technology Corporation (NHOA TCC)	Substantial related party

(2) Operating revenue

<u>Related party category</u>	<u>2022</u>	<u>2021</u>
LDC	\$ 54,149	\$ 23,883
Substantial related party	<u>8,021</u>	<u>8,274</u>
	<u>\$ 62,170</u>	<u>\$ 32,157</u>

Transaction prices and payment collection periods with the related party are appropriate to the terms for non-related parties.

(3) Purchase

<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
LDC	<u>\$ 3,044</u>	<u>\$ 13,544</u>

Transaction prices and loan payment periods between the Group and related party are negotiated by both parties.

(4) Expenses for brand licensing and joint marketing expenses and lease agreements

<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
<u>Operating cost and expense</u>		
LDC	<u>\$ 79,258</u>	<u>\$ 55,895</u>
<u>Interest expense (recognized as financial cost)</u>		
LDC	\$ 12,254	\$ 13,799
Splendor	-	<u>1,224</u>
	<u>\$ 12,254</u>	<u>\$ 15,023</u>
<u>Lease expense (recognized as operating expense)</u>		
LDC	<u>\$ 16,000</u>	(\$ 991)

<u>Account</u>	<u>Related Party Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Lease liabilities (including current and non-current)	LDC	<u>\$ 710,912</u>	<u>\$ 901,228</u>

LDC provides some of the management services to the Group, and the Group recognizes and pays the brand licensing and joint marketing expenses, and also allocates to relevant departments for which such expenses are incurred. The amounts

and terms for the brand licensing and joint marketing expenses paid by the Group are determined based on the negotiation of both parties.

The Group leases places from the LDC and Splendor for the expansion of food and guest room services, and the lease periods are between 2014-2029. The lease contracts include the contingent rent clauses, and the variable lease payments are calculated according to a specific percentage of the revenue of each operation place. For the lease contracts between the Group and related parties, rents are negotiated and determined based on the market price and comply with the general payment terms.

To continue the optimization of the business model, In February 2021, the Group's board of directors approved the termination of the operation of Gala de Chine Xindian Beixin Branch on April 30, 2021, and the lease contract for the operation place with Splendor was terminated early.

(5) Receivables from related parties

<u>Related Party Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
LDC	\$ 1,609	\$ 45,921
Substantial related party	2,144	2,507
	<u>\$ 3,753</u>	<u>\$ 48,428</u>

No deposits were collected for the outstanding receivables from related parties. For the receivables from related parties as of December 31, 2022 and 2021, the allowance for loss were not appropriated.

(6) Other payables - related party (recognized as other payables)

<u>Related party category</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
LDC	<u>\$ 17,700</u>	<u>\$ 1,448</u>

(7) Other advance receipts - related party (recognized as contract liabilities)

<u>Related party category</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
TCC (Hangzhou) Environmental Protection	<u>\$ 969</u>	<u>\$ 1,592</u>

(8) Acquisition of property and equipment

<u>Related Party Name</u>	<u>Amount of acquisition</u>	
	<u>January 1 to December 31, 2022</u>	<u>January 1 to December 31, 2021</u>
LDC	<u>\$ 255</u>	<u>\$ 99</u>

(9) Disposal of property and equipment

Related Party Name	Disposal proceeds		Disposal gain (loss)	
	January 1 to December 31, 2022	January 1 to December 31, 2021	January 1 to December 31, 2022	January 1 to December 31, 2021
LDC	<u>\$ 26</u>	<u>\$ 46</u>	<u>\$ 11</u>	<u>\$ -</u>

10. Remuneration of key management personnel

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 34,657	\$ 38,887
Pensions	<u>1,418</u>	<u>1,819</u>
	<u>\$ 36,075</u>	<u>\$ 40,706</u>

The remuneration of directors and other key management personnel were determined by the Remuneration Committee in accordance with the individual performance and the market trends.

27. Pledged Assets

The following assets are pledged as collaterals for bank loans and corporate bonds:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land	\$ 131,649	\$ 131,649
Building	<u>918,240</u>	<u>961,905</u>
	<u>\$ 1,049,889</u>	<u>\$ 1,093,554</u>

28. Significant Contingent Liabilities and Unrecognized Commitments

For December 31, 2022 and 2021, the amounts of guaranteed bills issued by the Group due to lease were NT\$46,250 thousand respectively.

In September, 2022, the board of directors has approved the acquisition of the Italian property of Palazzo Vivarelli Colonna through subsidiary Sine Qua Non S.R.L. and has engaged in the negotiation for investment construction. The expected property acquisition amount is EUR 16,860 thousand, and the expected construction amount is EUR 22,912 thousand.

29. Other Matters

Due to the impact of the global COVID-19 pandemic, the global consumption pattern has changed. Presently, as the domestic pandemic has migrated, the domestic travel starts to recover. With the nation's entry policy is gradually relaxed for foreign visitors, the tourism and travel market will be driven to grow. The Group is mainly in the business of international tourist hotels, and the customer group includes domestic people and international tourists. The tourism travel and catering markets will recover

as the epidemic control policy of the government are relaxed, and the Group also expects the operation to return to normal. To cope with the pandemic impact, the Group has adopted the following actions:

Adjustment of operation strategy

After the global pandemic is mitigated, international tourists of Palais de Chine Hotel will be able to make exceptional contribution to the revenue. In addition, the recovery of wedding banquets, large catering events and industry and commercial banquets will also allow the overall business operation Group to indicate significant growth. Furthermore, in addition to the currently commissioned business operation, the Group will also expand other cooperation opportunities in order to spread risk and to provide diverse services and products in addition to hotel accommodation.

Financing strategy

Up to December 31, 2022, the unused financing amount of the Group is NT\$1,100,000 thousand, and the Group will use such amount depending upon the future working capital demand.

Government's relief measures

For 2022 and 2021, the Group has applied for various government subsidies for salary, wedding banquet order cancellation and extension, utility relief reduction and epidemic rent subsidy, and a total of NT\$7,266 thousand and NT\$39,135 thousand have been obtained respectively.

The Group has considered the economic impact caused by the pandemic in the significant accounting estimates according to the available information on the balance sheet date, and will continue to assess its impact on the financial status and performance.

30. Other Disclosures

(1) Information about significant transactions and (2) investees:

1. Loaning of funds to others: None.
2. Provision of endorsements/guarantees to others: None.
3. Marketable securities held: None.
4. Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.

6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
  7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
  8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
  9. Relevant information on investees: Table 1.
  10. Derivative instrument transactions: Note 13 and 25.
- (3) Information on Investment in Mainland China:
1. Information on any investees in mainland China, showing the company name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 2.
  2. Significant direct or indirect transactions through a third area with the investee in the Mainland Area, and its prices and terms of payment, unrealized gain or loss are as follows: None.
    - (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
    - (b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
    - (c) The amount of property transactions and the amount of the resultant gains or losses.
    - (d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
    - (e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
    - (f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services.
- (4) Information on major shareholders, names, numbers of shares held, and shareholding percentages of shareholders with hold 5% or more of the equity: Table 3.

31. Segment Information

Information provided the key operating decision maker for resources allocation and performance evaluation of department focuses on each classification of products provided or service rendered. The segments of the Group required for reporting are as follows:

(1) Segment income and operation results

The analysis on the revenue and operating result of the continuing operation unit of the Group according to the segments required for reporting is as follows:

	Segment revenue		Segment profit or loss	
	2022	2021	2022	2021
Catering segment	\$ 1,152,208	\$ 829,098	\$ 100,606	(\$ 27,614)
Guest room segment	816,682	547,768	455,303	225,327
Others	<u>105,463</u>	<u>74,039</u>	<u>87,002</u>	<u>59,892</u>
	<u>\$2,074,353</u>	<u>\$1,450,905</u>	642,911	257,605
Operating expenses			( 383,463 )	( 312,517 )
Financial cost			( 36,875 )	( 37,032 )
Other net				
non-operating				
income and expense			<u>27,716</u>	<u>50,243</u>
Net profit (loss) before				
income tax			<u>\$ 250,289</u>	<u>(\$ 41,701)</u>

Segment profit or loss refers to the net income (loss) of each segment, excluding the income tax gains (expenses). The amount of measurement provided to the key operating decision maker for resource allocation and performance evaluation of departments.

(2) Segment total assets

The asset measured amount of the Group was not provided to the operation decision maker as the basis for performance measurement.

FDC International Hotels Corporation  
Information on investees, location and other relevant information  
2022

Table 1

Unit: NT\$ Thousand

Name of investor	Name of investee	Location	Main business	Initial investment amount		Balance at December 31, 2020			Current gain (loss) of the investee	Investment gain (loss) recognized for the year	Remarks
				December 31, 2022	December 31, 2021	Number of shares (in thousands)	Ratio	Carrying amount			
The Company	FDC Italian Hotels S.R.L. (Note)	Italy	Investments	\$ 13,327	\$ 13,327	-	100	\$ 13,356	\$ 406	\$ 406	Subsidiaries
FDC ITALIAN HOTELS S.R.L	Sine Qua Non S.R.L. (Note)	Italy	Real estate management activities	313	-	-	100	101	( 217)	( 217)	Subsidiaries

Note: The amount has been written-off in preparation of the consolidated financial statements.



FDC International Hotels Corporation and Subsidiaries  
Information on Investment in Mainland China  
2022

Table 2

Unit In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Name of Investee in Mainland China	Main business	Paid-in capital (Note 1)	Investment method	Accumulated investment amount of outflow from Taiwan at the beginning of the year	Outward remittance or repatriation of investment amount at beginning of the year		Accumulated investment amount of outflow from Taiwan at the end of the year (Note 1)	Current loss of the investee (Note 2)	Ownership percentage of direct or indirect investment	Investment loss recognized for the year (Note 2)	Carrying amount at end of the year (Note 1)	Accumulated repatriation of investment income as of end of the year	Remarks
					Outward remittance (Note 1)	Repatriation							
FDC (Hangzhou) Consulting & Management Co., Ltd.	Hotel and catering service management	\$ 9,816 ( EUR thousand).	Investment in Mainland China through a company in a third region	\$ -	\$ 9,816 ( EUR thousand).	\$ -	\$ 9,816 ( EUR thousand).	\$ 924 ( RMB thousand).	100	\$ 924 ( RMB thousand).	\$ 10,778 ( RMB thousand).	\$ -	Note 3

Accumulated investment amount of outflow in China mainland from Taiwan at the end of the year (Note 1)	Investment amount approved by Investment Commission, MOEA (Note 1)	limitation on investee regulated under Investment Commission, MOEA
\$ 9,816 ( EUR 300 thousand)	\$ 9,396 ( EUR 300 thousand).	\$ 1,210,853

Note 1: It was calculated according to the exchange rate of EUR\$1=\$32.72 and RMB\$1=\$4.408 on December 31, 2022.

Note 2: It was calculated according to the exchange rate of EUR\$1=\$31.36 and RMB\$1=\$4.422 on December 31, 2022.

Note 3: It was calculated according to the financial statements audited by CPAs.

FDC International Hotels Corporation  
Information on Major Shareholders  
December 31, 2022

Table 3

Name of major shareholder	Share	
	Number of shares held	Shareholding
L' Hotel de Chine Corporation	61,925,502	66.70%

Note: This table is based on the information provided by the Taiwan Depository & Clearing

**IV. Financial Statements for the Most Recent Year:**

3,000,000 shares completed the  
the year, including treasury  
stocks, at the last business date of current quarter. There may be a discrepancy in the  
number of shares recorded on the consolidated financial statements and its dematerialized  
securities arising from the difference in basis of preparation.

V. Company's Parent Company Only Financial Statements of the Most Recent Year  
Audited by CPA:

**Independent Auditors' Report**

To the Board of Directors and Shareholders of FDC International Hotels Corporation

**Audit opinion**

We have audited the accompanying consolidated financial statements of FDC International Hotels Corporation (the "Company"), which comprise the parent company only balance sheet as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for January 1 to December 31, 2022 and 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and its unconsolidated cash flows for January 1 to December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China.

**Basis for Opinion**

We conducted our audits in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the R.O.C.. 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. The auditors of the firm, subject to the independence regulations, have maintained independence from the Company in accordance with the Code of Ethics and perform other obligations of such Code. 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 2022 parent company only financial statements of the Company. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the 2022 consolidated financial statements of the Company are stated as follows:

#### Recognition of food service income

The Company mainly provides the guest room and food services, and the food service income amount is considered material to the overall financial statements. Since there are numerous transaction parties, and the probability of misstatement is relatively higher, we have listed the recognition of food service income as the key audit matter.

We summarize the main audit procedures executed for the aforementioned matter as follows:

1. Through the implementation of internal control test to understand the internal control and execution status for the Company's recognition of food service income.
2. The entry amount of the food service income is inspected randomly to determine whether the customer bill or signing slip records are consistent with the invoice amount issued, in order to verify the accuracy of the income recognition.

#### **Responsibilities of Management and Those Charged with Governance for the Unconsolidated 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 necessary internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### **Auditor's Responsibilities for the Audit of the unconsolidated Financial Statements**

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

Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the unconsolidated financial statements.

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

1. Identify and assess the risk of material misstatement of the unconsolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal 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 internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. In case where we consider that such events or circumstances have a material uncertainty, then relevant disclosure of the unconsolidated financial statements are required to be provided in our audit report to allow users of unconsolidated financial statements to be aware of such events or circumstances, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including relevant notes, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entity of the Company, and express an opinion on unconsolidated financial statements. We

are responsible for the direction, supervision and performance of the audit of the Company.

We remain solely responsible for our audit opinion.

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

We also provide the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of most significant in the audit of the Company's 2021 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Taiwan

CPA Ya-Ling Wong

Financial Supervisory Commission

Approval Document No.

Jin-Guan-Zheng-Shen-Zi No. 1020025513

CPA Chih-Ming Shao

Securities and Futures Commission Approval

Document No.

Tai-Cai-Zheng-Liu Zi No. 0930128050

March 14, 2023

FDC International Hotels Corporation  
Parent Company Only Balance Sheet  
December 31, 2022 and 2021

Unit: NT\$ Thousand

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets (Note 4)				
1100	Cash and cash equivalents (Note 6)	\$ 1,353,387	28	\$ 1,216,847	26
1110	Financial assets at fair value through profit or loss	199	-	-	-
1136	Financial assets measured at amortized cost (Note 7)	300,000	6	-	-
1170	Notes and accounts receivable (Notes 8 and 18)	43,602	1	19,704	-
1180	Accounts receivable - related party (Notes 7, 18 and 26)	3,753	-	48,428	1
130X	Inventories (Note 9)	29,524	-	27,257	1
1410	Prepayments	32,731	1	34,194	1
1479	Other current assets	8,266	-	7,203	-
11XX	Total current assets	<u>1,771,462</u>	<u>36</u>	<u>1,353,633</u>	<u>29</u>
	Non-current assets (Note 4)				
1550	Investment accounted for under the equity method (Note 10)	13,356	-	12,701	-
1600	Property and equipment (Notes 11, 26 and 27)	2,033,611	42	2,190,898	46
1755	Right-of-use assets (Notes 12 and 26)	1,009,403	21	1,136,718	24
1840	Deferred tax assets (Note 20)	2,767	-	17,107	-
1915	Prepayments for equipment (Note 11)	1,710	-	2,052	-
1920	Refundable deposits	9,226	-	13,024	-
1990	Other non-current assets (Note 20)	18,410	1	19,574	1
15XX	Total non-current assets	<u>3,088,483</u>	<u>64</u>	<u>3,392,074</u>	<u>71</u>
1XXX	Total assets	<u>\$ 4,859,945</u>	<u>100</u>	<u>\$ 4,745,707</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities (Note 4)				
2130	Contract liabilities (Note 18 and 26)	\$ 272,912	6	\$ 267,515	6
2170	Notes and accounts payable (Note 14)	130,787	3	102,983	2
2200	Other payables (Notes 10, 15 and 26)	194,033	4	175,633	4
2230	Deferred tax liabilities (Note 20)	36,926	1	15,603	-
2280	Lease liabilities (Notes 12 and 26)	123,273	2	121,056	3
2320	Bonds payable due in one year (Note 13)	651,915	13	-	-
2399	Other current liabilities	8,164	-	13,365	-
21XX	Total current liabilities	<u>1,418,010</u>	<u>29</u>	<u>696,155</u>	<u>15</u>
	Non-current liabilities (Note 4)				
2530	Bonds payable (Notes 13 and 27)	498,193	10	1,271,633	27
2580	Lease liabilities (Notes 12 and 26)	922,666	19	1,045,939	22
2600	Other non-current liabilities	2,988	-	3,491	-
25XX	Total non-current liabilities	<u>1,423,847</u>	<u>29</u>	<u>2,321,063</u>	<u>49</u>
2XXX	Total Liabilities	<u>2,841,857</u>	<u>58</u>	<u>3,017,218</u>	<u>64</u>
	Equity (Notes 4, 17 and 22)				
3110	Common share capital	931,078	19	904,826	19
3200	Capital surplus	709,026	15	645,495	13
3300	Retained earnings	377,451	8	177,884	4
3400	Other equity	533	-	284	-
3XXX	Total equity	<u>2,018,088</u>	<u>42</u>	<u>1,728,489</u>	<u>36</u>
	Total liabilities and equities	<u>\$ 4,859,945</u>	<u>100</u>	<u>\$ 4,745,707</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial report.

FDC International Hotels Corporation  
Parent Company Only Statement of Comprehensive Income

January 1 to December 31, 2022 and 2021

Unit: Expressed in NT\$ thousand; except (loss) earnings per share expressed in NT\$

Code		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4, 18 and 26)	\$ 2,073,705	100	\$ 1,449,898	100
5000	Operating costs (Notes 9, 19 and 26)	<u>1,431,442</u>	<u>69</u>	<u>1,193,300</u>	<u>82</u>
5950	Gross profit	<u>642,263</u>	<u>31</u>	<u>256,598</u>	<u>18</u>
	Operating expenses (Notes 19, 22 and 26)				
6100	Selling expenses	105,925	5	72,595	5
6200	Administrative expenses	<u>277,006</u>	<u>13</u>	<u>239,015</u>	<u>17</u>
6000	Total operating expenses	<u>382,931</u>	<u>18</u>	<u>311,610</u>	<u>22</u>
6900	Net operating profit (loss)	<u>259,332</u>	<u>13</u>	<u>( 55,012)</u>	<u>( 4)</u>
	Non-operating income and expenses (Note 4)				
7010	Other income (Notes 19 and 23)	27,766	1	45,769	3
7010	Other gains and losses	( 4,414)	-	3,799	-
7050	Financial costs (Notes 19 and 26)	( 36,874)	( 2)	( 37,024)	( 2)
7070	Share of profit (loss) of subsidiaries accounted for using equity method	406	-	( 1,477)	-
7100	interest income	3,833	-	195	-
7235	Gain on financial liabilities at fair value through profit or loss	<u>240</u>	<u>-</u>	<u>2,000</u>	<u>-</u>
7000	Total non-operating incomes and expenses	<u>( 9,043)</u>	<u>( 1)</u>	<u>13,262</u>	<u>1</u>

(Continued on next page)



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<u>Code</u>		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
7900	Net profit (loss) before income tax	\$ 250,289	12	(\$ 41,750)	( 3)
7950	Tax income (expense) (Notes 4 and 20)	( 50,722)	( 2)	12,436	1
8200	Net profit (loss) for the year	199,567	10	( 29,314)	( 2)
	Other comprehensive income (loss) (Note 4)				
8360	Items that may be reclassified subsequently to profit or loss				
8380	Share of other comprehensive profits/losses of subsidiaries accounted for using equity method	249	-	( 422)	-
8300	Other comprehensive income of the year (net amount after tax)	249	-	( 422)	-
8500	Total comprehensive income (loss) for the year	\$ 199,816	10	(\$ 29,736)	( 2)
	Earnings (losses) per share (Note 21)				
9710	Basic	\$ 2.20		(\$ 0.38)	
9810	Dilution	\$ 1.98			

The accompanying notes are an integral part of the parent company only financial report.

FDC International Hotels Corporation  
Parent Company Only Statement of Changes in Equity  
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

Code		Common share capital			Retained earnings			Other equity	Total equity
		Number of shares (in thousands)	Amount	Capital surplus	Legal reserve	Undistributed earnings	Total	Difference in exchange from the conversion of financial statements of overseas operating entities	
A1	Balance at January 1, 2021	75,483	\$ 754,826	\$ 281,911	\$ 110,294	\$ 172,387	\$ 282,681	\$ 706	\$ 1,320,124
	2020 Distribution of earnings								
B1	Statutory reserves	-	-	-	10,897	( 10,897 )	-	-	-
B5	Cash dividend	-	-	-	-	( 75,483 )	( 75,483 )	-	( 75,483 )
E1	Cash capital increase by	15,000	150,000	360,000	-	-	-	-	510,000
N1	share-based payment transaction	-	-	3,584	-	-	-	-	3,584
D1	2021 Net loss	-	-	-	-	( 29,314 )	( 29,314 )	-	( 29,314 )
D3	Other comprehensive income (loss) for 2021	-	-	-	-	-	-	( 422 )	( 422 )
D5	Total comprehensive income of 2021	-	-	-	-	( 29,314 )	( 29,314 )	( 422 )	( 29,736 )
Z1	Balance as of December 31, 2021	90,483	904,826	645,495	121,191	56,693	177,884	284	1,728,489
C15	Cash dividends from capital surplus	-	-	( 45,241 )	-	-	-	-	( 45,241 )
I1	Conversion of convertible corporate bonds	2,625	26,252	108,772	-	-	-	-	135,024
D1	2022 Net loss or profit	-	-	-	-	199,567	199,567	-	199,567
D3	2022 Other comprehensive income	-	-	-	-	-	-	249	249
D5	Total comprehensive income of 2022	-	-	-	-	199,567	199,567	249	199,816
Z1	Balance as of December 31, 2022	93,108	\$ 931,078	\$ 709,026	\$ 121,191	\$ 256,260	\$ 377,451	\$ 533	\$ 2,018,088

The accompanying notes are an integral part of the parent company only financial report.

FDC International Hotels Corporation  
Parent Company Only Statement of Cash Flows  
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

Code		2022	2021
	Cash flows from operating activities		
A00010	Net profit (loss) before income tax	\$ 250,289	(\$ 41,750)
	Income/expenses items		
A20100	depreciation expense	309,736	325,861
A20400	Gain on financial liabilities at fair value through profit or loss	( 240)	( 2,000)
A20900	Financial cost	36,874	37,024
A21200	Interest income	( 3,833)	( 195)
A21900	Compensation cost of share-based payments	-	3,584
A22300	Share of profit (loss) of subsidiaries accounted for using equity method	( 406)	1,477
A22500	Disposal of property and equipment	2,411	67
A29900	Income from government grants	( 451)	( 388)
A29900	Profit from lease modification	-	( 4,090)
	Net changes in operating assets and liabilities		
A31150	Notes and accounts receivable	( 23,898)	21,887
A31160	Accounts receivable - related party	44,675	( 25,372)
A31200	Inventories	( 2,267)	4,655
A31230	Prepayments	( 1,052)	( 7,246)
A31240	Other current assets	( 1,063)	( 131)
A32125	contract liability	5,397	37,161
A32150	Notes and accounts payable	27,804	( 26,115)
A32180	Other payables	20,627	863
A32210	Deferred income	-	326
A32230	Other current liabilities	( 5,201)	3,778
A33000	Cash inflow from operating activities	659,402	329,396
A33100	Interest received	3,833	185
A33300	Interest paid	( 20,819)	( 23,166)
A33500	Income tax paid	( 15,059)	( 24,467)
AAAA	Net cash in-flows from operating activities	<u>627,357</u>	<u>281,948</u>

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Code		2022	2021
	Cash flows from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	(\$ 500,000)	\$ -
B00050	Proceeds from disposal of financial assets measured at amortized cost	200,000	-
B01800	Acquisition of investments by equity method	-	( 3,162)
B02700	Purchase of property and equipment	( 29,535)	( 48,489)
B02800	Proceeds from disposal of property and equipment	105	1,736
B03700	Decrease (increase) in refundable deposits	3,798	1,816
B06800	Decrease in other non-current assets	<u>1,164</u>	<u>2,852</u>
BBBB	Net cash outflow from investment activities	( <u>324,468</u> )	( <u>45,247</u> )
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	-	20,000
C00200	Decrease in short-term borrowings	-	( 20,000)
C01200	Issuance of corporate bonds	-	500,000
C01600	Proceeds from long-term bank borrowings	-	170,000
C01700	Repayments of long-term bank borrowings	-	( 219,328)
C03000	Increase (Decrease) in guarantee deposits	( 52)	129
C04020	Repayment of the principal portion of lease liabilities	( 121,056)	( 130,681)
C04500	Cash dividends paid	( 45,241)	( 75,483)
C04600	Cash capital increase by	<u>-</u>	<u>510,000</u>
CCCC	Net cash inflow (outflow) from financing activities	( <u>166,349</u> )	<u>754,637</u>
EEEE	Net cash increase of the current year	136,540	991,338
E00100	Cash balance at the beginning of the year	<u>1,216,847</u>	<u>225,509</u>
E00200	Cash balance at the end of the year	<u>\$ 1,353,387</u>	<u>\$ 1,216,847</u>

The accompanying notes are an integral part of the parent company only financial report.

FDC International Hotels Corporation  
Notes to Parent Company Only Financial Statements  
January 1 to December 31, 2022 and 2021

(Unless otherwise specified, amounts are in the unit of NT\$ thousand)

1. Company History

The Company was approved for establishment in November 2012, and the parent company is L' Hotel de Chine Corporation (shareholding percentage of 68.43%), and the Company is mainly in the business of international tourist hotels. The Company's shares have been publicly listed on the Taiwan Stock Exchange (TWSE) for trading on November 23, 2016.

The parent company only financial statements were expressed in New Taiwan dollars, which is the Company's functional currency.

2. Approval Date and Procedures of The Financial Statements

These parent company only financial statements were approved by the Board of Directors on March 14, 2023.

3. New Standards, Amendments and Interpretations Adopted

- (1) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the explanations below, the application of aforementioned amendments will not have a significant effect on the Company's accounting policies:

Amendments to IFRS 16 "Leases regarding COVID-19 related rent concessions after June 30, 2021"

The Company chose to apply the amended practical expedient to handle the negotiation of rent directly related to COVID-19 with the lessor. Please refer to Note 4 for relevant accounting policy. Prior to the application of the amendment, the Group shall determine whether the lease modification rules apply to the aforementioned rent negotiation.

(2) IFRSs endorsed by FSC applicable in 2023

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policy”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimation”	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred income tax: related to assets and liabilities incurred due to single transaction"	January 1, 2023 (Note 3)

Note 1: Amendments are applicable to the reporting period beginning on or after Sunday, January 1, 2023.

Note 2: Amendments are applicable to the changes on accounting estimates and accounting policies for annual reporting periods beginning on or after January 1, 2023.

Note 3: Except for the temporary difference of lease and decommissioning obligations recognized as deferred income tax on January 1, 2022, the amendments are applicable to transactions occurred after January 1, 2022.

As of the date when the consolidated financial statements are authorized and approved, the Company is still continuously assessing the possible impact that the application of aforementioned standards and interpretations will have on the Company’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

(3) IFRSs already announced by IASB but not yet endorsed and issued into effect by the FSC

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</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
Amendments to IFRS 16 “Lease liabilities of after-sale and leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "First time of application of IFRS 17 and IFRS 9 - comparison information"	January 1, 2023
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

Note 1: Unless stated otherwise, the above New, Revised or Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The seller and the lessee shall retrospectively apply the amendment of IFRS 16 for the sale-leaseback transaction signed after the date of initial application of IFRS 16.

As of the date when the consolidated financial statements are authorized and approved, the Company is still continuously assessing the possible impact that the application of aforementioned standards and interpretations will have on the Company's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

#### 4 Summary of Significant Accounting Policies

##### (1) Compliance Statement

These parent company only financial statements were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

##### (2) Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair values.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

A. Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

B. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

C. Level 3 inputs are unobservable inputs for the asset or liability.

##### (3) Classification of Current and Non-current Assets and Liabilities

Current assets include:

A. Assets held primarily for the purpose of trading;

B. Assets that are expected to be realized within twelve months from the balance sheet date; and

- C. Cash (unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the date of statement of financial position).

Current liabilities include:

- A. Liabilities held primarily for the purpose of trading;
- B. Liabilities that are to be settled within 12 months from the balance sheet date; and
- C. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

(4) Foreign currency

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency are recognized at the exchange rates prevailing at the dates of the transactions.

Foreign currency monetary amount is translated at the closing rate at each date of the balance sheet. Exchange differences arising from settlement or translation are recognized as profit or loss at the period.

Non-monetary foreign currencies held at fair value at the exchange rates prevailing at the date of transaction; however, non-monetary foreign currencies held at fair value through other comprehensive income are recognized in other comprehensive income.

Non-monetary items carried at historical cost is reported using the exchange rate at the date of the transaction and will not calculated again.

(5) Inventories

Inventories are stated at the lower of cost or net realizable value. The lower of cost and net realizable value is based on the individual inventory items. Net realized value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. The calculation of the inventory cost uses the weighted average method.

(6) Investment in subsidiaries

Subsidiaries are entities which the Company holds the control of.

The Company's investments in the subsidiaries are accounted for using the equity method.



Under the equity method, investment of subsidiary is initially recognized in the statements of financial positional cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiaries as well as the distribution received. In addition, the Company also recognizes its share in the changes in equities of subsidiaries.

The Company considers cash-generating unit in the entire financial statement as testing for impairment and compares its recoverable amount with its carrying amount. If the recoverable amount of assets increases, the reversal of impairment loss will be recognized as profit. However, the carrying amount of assets after the reversal of impairment loss shall not exceed the carrying amount that would have been determined net of required amortization and have no impairment loss been recognized. Impairment loss of goodwill shall not reverse in the subsequent period.

(7) Property and equipment

Property and equipment are recognized at costs and subsequently measured at costs of the amount less accumulated depreciation and accumulated impairment.

Except that own land depreciation is not recognized, for the rest of the property and equipment, depreciation is recognized using the straight-line method, and each significant part is depreciated separately. The Company reviews the estimated useful lives, residual values and depreciation method at least at the end of each reporting period, and with the effect of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(8) Impairments of property and equipment, right-of-use assets

At the end of each reporting period, the Company reviews whether there is any indication that its property and equipment, and right-of-use assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less

than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When impairment loss subsequently reverses, the carrying amounts of the asset or cash-generating units are increased to the revised recoverable amounts. However, the increased carrying amounts shall not exceed the carrying amounts of the assets or cash-generating units which were not recognized as impairment loss at the past period (less depreciation). The reversal of impairment loss is recognized as profit or loss.

(9) contract liability

It refers to advance receipt of deposits and vouchers, and it has been recognized as operating income during the provision of the service.

(10) Financial Instruments

Financial assets and liabilities shall be recognized in the parent company only financial statements when the Company becomes a party to the contractual provisions of the instruments.

At initial recognition, the financial assets and liabilities are measured at its fair value. In the case of the financial assets and liabilities not at fair value through profit or loss, transaction costs are directly attributable to the acquisition or issue of financial assets and financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

A. Financial assets

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

(a) Classification of measurement

Financial assets held by the Company are classified to financial assets measured at fair value through profit or loss and financial assets measured at amortized cost.

i. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through other comprehensive income refer to financial assets compulsorily measured at fair value through profit or loss.

Financial assets compulsorily measured at fair value through profit or loss include unspecified equity instrument investment measured at fair value through other comprehensive income, and investments not conforming with the classification of debt instrument measured at amortized cost or measured at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value, and its measured profit or loss is recognized under the other profit or loss. For the fair value determination method, please refer to Note 25.

ii. Financial assets measured at amortized cost

When the financial assets invested by the Company satisfies the following two criteria at the same time, it is classified as the amortized cost financial assets:

- (i). Where the financial assets are held under certain business model, and the purpose of such model is to hold the financial assets in order to collect contract cash flows; and
- (ii). Where contract terms generated cash flow of specific date, and such cash flow is completely for the payment of the interest of principle and external circulating principle amount.

After the financial assets at amortized cost (including the cash and accounts receivable at amortized cost) are recognized originally, effective interest rate is used to determine the total carrying amount with the deduction of any amortized cost of impairment loss. Any currency exchange loss is recognized as profit or loss.

Except for the following two conditions, the interest income is calculated by multiplying the effective interest rate with the financial asset total carrying amount:

- (i). For purchased or originated credit-impaired financial assets, the interest income is calculated by multiplying the effective interest rate after credit adjustment with the financial asset amortized cost.
- (ii). For non-purchased or originated credit-impaired financial assets but subsequently becoming credit-impaired financial assets, the

interest income shall be calculated by multiplying the effective interest rate from the next reporting period after the credit impairment with the financial asset amortized cost.

Credit losses on financial assets are significant financial difficulty of the issuer or borrower, a breach of contract, it becoming probable that the borrower will enter bankruptcy or other financial reorganization, or the disappearance of an active market for the financial asset because of financial difficulties.

Cash equivalents, for the purpose of meeting short-term cash commitments, consist of time deposits and investments of high liquidity that can be readily converted into known amounts of cash, which are subject to an insignificant risk of changes in value and acquired within three months.

(b) Impairment of financial assets

The Company assesses the impairment loss of the amortized cost financial assets (including notes and accounts receivable and accounts receivable-related party), debt instrument measured at fair value through other comprehensive income, lease payments receivable and contract assets according to the expected credit loss on each date of balance sheet. The loss allowance for accounts receivable and lease payments receivable are measured at an amount equal to useful lives expected credit losses. Other financial assets are assessed to determine whether the credit risk has significantly increased since the original recognition. If there is no significant increase, then the allowance loss is recognized according to the 12-month expected credit loss. If it has increased significantly, then allowance loss is recognized according to the lifetime expected credit loss.

Expected credit losses are weighted average credit losses with the probability of default events. The 12-month expected credit losses are expected credit losses that result from default events possible within 12 months after the reporting date. Lifetime expected credit losses result from all possible default events over the expected life of the financial instruments.

For the purpose of internal controls on credit risk, without considering the collaterals held, the Company determines that a breach of contract of financial assets has occurred when there is internal or outside information indicates that it is not possible the borrower pays off the debt.

The carrying amounts of impairment loss of all financial assets are decreased via the allowance account; however, the allowance loss of a debt instrument measured at fair value through other comprehensive income is recognized in the other comprehensive income, such that its carrying amount is not reduced.

(c) Derecognition of financial assets

The Company derecognizes the financial assets only when the contractual rights to the cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the financial assets to another entity.

On derecognition of financial assets at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of a debt instrument measured at fair value through other comprehensive income in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. On derecognition of Investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

B. Equity instrument

The equity instruments issued by the Company are recognized based on the amount obtained from the payment amount less the direct issuance cost.

The equity instruments of the Company reacquired are recognized and deducted under the equity item, and its carrying amount is calculated according to the weighted average of share type. The equipment instruments of the Company purchased, sold, issued or canceled are not recognized under the profit or loss.

C. Financial liability

(a) Follow-up measurement

Except for the following conditions, all financial liabilities are measured at amortized cost using effective interest method.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are held for trading and stated at fair value, and any relevant gains or losses are recognized in profit or loss. For the fair value determination method, please refer to Note 25.

(b) Derecognition of financial liabilities

On the derecognition of financial liabilities, the difference between their carrying amount and the consideration paid and payable, including any transfer of non-cash assets or liabilities, is recognized as profit or loss.

4. Convertible corporate bonds

The compound financial instruments (convertible corporate bonds) issued by the Company are classified as financial liabilities or equity according to the substance of contract agreements and the definition of financial liabilities and equity instruments, and its components are classified as financial liabilities and equity during the initial recognition.

During the initial recognition, the fair value of the liability component is estimated similar to nonconvertible instrument based on the market interest rate at that time, and before the execution of conversion or maturity date, it is measured at amortized cost using the effective interest method. The liability component of embedded non-equity derivatives is measured at fair value.

The conversion right classified as equity is equivalent to the remaining balance of the overall fair value of the compound instrument less the fair value of the liability independently determined, and after deducting the effect of income tax, it is recognized as equity, which is not subsequently measured. During the execution of the conversion right, its related liability component and amount of equity are then recognized as share capital and capital surplus - issuance premium. If the conversion right of convertible corporate bonds is not executed by the maturity date, the amount recognized under equity is then recognized as capital surplus - issuance premium

Related transaction cost for the issuance of convertible corporate bonds is allocated to the liability of the instrument (recognized under the liability carrying amount) and the equity component (recognized under equity) according to the total price allocation ratio.

(11) Revenue recognition

The Company recognizes income after the contract performance obligations are identified on the customer's contracts and of the contract performance obligations are satisfied. The source of income of the Company includes guest room income and food service income, which are recognized as income when services are actually provided.

(12) Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

For contracts containing lease and non-lease components, the Company allocates the consideration in the contract based on the relative independent price and handles it separately.

A. The Company as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

B. The Company as lessee

Except for payments for low-value asset leases and short-term leases applicable to exemption of recognition are recognized as expenses on a straight-line basis, the Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are initially measured at cost (including initial measurement of lease liabilities), which are subsequently measured at cost less accumulated depreciation, and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheet.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or indicator or rate used for determination of the lease payment such that the future lease payment is changed, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized as profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheet.

The Company and the lessor have engaged in rent negotiation directly related to COVID-19 to adjust the rent before the maturity date of June 30, 2022 such that the rent is reduced. Such negotiation has not caused material changes on other tenancy terms. The Company chooses to adopted the practical expedient method to handle the rent renegotiation satisfying the aforementioned criteria, and whether the negotiation refers to lease amendment is not assessed, but the reduction of lease payment is recognized as profit or loss (recognized as operating cost deduction and operating expense deduction) upon the occurrence of reduction event or condition, and the lease liabilities are also adjusted correspondingly.

The change of rent not determined by indicator or rate in the lease agreements is recognized as expense during the time of occurrence of the current year.

(13) Government grants

A government grant is recognized only when there is reasonable assurance that the Company will comply with any conditions attached to the grant and the grant will be received.

Government grants related to income are recognized in profit or loss according to a systematic basis during the period when relevant cost for such intended grant is recognized as expense by the Company. Government grants obtained by the Company based on the criteria that non-current asset are required to be acquired through purchase or other methods is recognized as deferred income, and are



recognized in profit or loss during relevant asset useful lifetime based on a reasonable and systematic basis.

The grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, shall be recognized as profit or loss in the period in which it is receivable.

(14) 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 recognized as expenses in that period when the employees render service.

B. Pensions

For defined contribution plans, the amount of contribution payable in respect of service rendered by employees in that period should be recognized as expenses.

(15) Share-based payment arrangement

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vesting immediately. The cash capital increase of the Company and reserved for employee subscription is to ensure that the date of employee subscription of shares is the grant date.

(16) Income tax

The provision for income tax recognized in profit or loss comprises current and deferred tax.

A. Current tax

According to Income Tax Act in Republic of China, an additional income tax levied at unappropriated earnings are recognized in the year of the resolution of the shareholders' meeting.

Income tax payable for prior period is adjusted to the current income tax.

B. Deferred tax

Deferred tax is accounted for temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit or loss.

Deferred tax liability is generally recognized for all taxable temporary differences. Deferred tax asset is recognized for deductible temporary differences to the extent that taxable profit is probably available.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits to realize the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the date of balance sheet and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets originally not recognized is also reviewed at the date of balance sheet and increased to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is recovered, based on tax rates and laws that have been enacted or substantively enacted by the date of balanced sheet. The measurement of deferred tax liabilities and assets reflects the tax consequences that arise from the manner in which the Company expects, at the date of balance sheet, to recover or settle the carrying amount of its assets and liabilities.

C. Current and deferred tax for the year

Current and deferred tax for the year is recognized in profit or loss, except the current and deferred tax that relates to items recognized in other comprehensive income or directly in equity are recognized respectively in other comprehensive income or directly in equity.

5. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

In the application of the Company's accounting policies, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and

liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered relevant. Actual results may differ from these estimates.

The Company has taken the possible impact of COVID-19 on domestic development and economic environment into consideration on significant accounting estimates of cash flow estimation, growth rate, discount rate and profitability. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period when the estimates are revised if the revisions affect only that period. If revisions affect both current and future periods, the accounting estimates are recognized in the current and future periods.

6. Cash

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and penny cash	\$ 4,991	\$ 4,135
Check and demand deposit	818,396	1,212,712
Cash equivalents (Investment with original maturity within 3 months)		
Time deposits	<u>530,000</u>	<u>-</u>
	<u>\$ 1,353,387</u>	<u>\$ 1,216,847</u>

The market rate intervals of demand deposits at the end of the balance sheet date were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Demand deposits	0.39%~0.46%	0.01%
Time deposits with original maturities exceeding three months	0.95%~1.45%	-

The credit risk management policy adopted by the company is to conduct transactions with financial institutions with good credit. Based on the expected credit loss model, the company evaluates the allowance loss of cash and cash equivalents and time deposits with an original maturity of more than 3 months. Since the credit risk of the assets listed above is low, the allowance loss is based on the 12-month expected credit loss Loss assessment without impairment loss.

7. Financial assets measured at amortized cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Domestic investment		
Time deposits with original maturities exceeding three months	\$ <u>300,000</u>	\$ <u>-</u>

The market rate intervals of time deposits with original maturity exceeding three months at the balance sheet date were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Time deposits with original maturities exceeding three months	0.86%~1.175%	-

Please see Note 6 for information on credit risk management and expected credit risk loss assessment of financial assets measured at amortized cost.

8. Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ -	\$ 15
Trade receivable	43,602	19,689
Less: Allowance for bad debts	<u>-</u>	<u>-</u>
	<u>43,602</u>	<u>19,704</u>
Accounts receivable - related party (Note 26)	3,753	48,428
Less: Allowance for bad debts	<u>-</u>	<u>-</u>
	<u>3,753</u>	<u>48,428</u>
	<u>\$ 47,355</u>	<u>\$ 68,132</u>

The policy estimates appropriated by the Company according to the expected credit loss on the balance sheet date shall include the uncollectable amount of accounts receivable, in order to ensure the uncollectible accounts receivable has been listed to appropriate adequate loss allowance.

The loss allowance for accounts receivable of the Company is measured at an amount equal to useful lives expected credit losses according to IFRS9. For the useful lives expected credit losses, transaction counterparty' default on records and present financial position, economic trends and industry outlook are considered in order to recognize the loss allowance of accounts receivable. The experience on the Company's credit losses presents that the customer group is large and customers are not correlated to each other,

such that the concentration of credit risk is limited. Thus the rate of expected credit losses is set based on number of days of overdue of accounts only.

The aging of account receivables of the Company was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not overdue	\$ 46,978	\$ 66,847
Overdue 0~90 days	<u>377</u>	<u>1,285</u>
	\$ 47,355	<u>\$ 68,132</u>

9. Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Food	\$ 17,757	\$ 15,378
Beverage	8,033	9,627
Goods for sale	<u>3,734</u>	<u>2,252</u>
	<u>\$ 29,524</u>	<u>\$ 27,257</u>

Inventory-related operating costs for 2022 and 2021 were NT\$427,923 thousand and NT\$327,165 thousand respectively.

10. Investment accounted for using the equity method

Investment in subsidiaries

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
FDC Italian Hotels S.R.L.	<u>\$ 13,356</u>	<u>\$ 12,701</u>

	<u>Percentage of ownership interest and voting rights</u>	
<u>Name of subsidiary</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
FDC Italian Hotels S.R.L.	100%	100%

The Company completed the cash capital increase on FDC Italian Hotels S.R.L. for EUR 100 thousand in December 2021.

## 11. Property and equipment

	<u>Land</u>	<u>Building</u>	<u>Business facilities</u>	<u>Lease improvements</u>	<u>Other equipment</u>	<u>Total</u>
<u>Cost</u>						
Balance as of January 1, 2022	\$ 131,649	\$ 1,497,573	\$ 211,456	\$ 1,136,292	\$ 142,281	\$ 3,119,251
Addition	-	9,579	7,146	1,124	9,801	27,650
Disposal	-	( 5 )	( 15,950 )	( 294 )	( 6,616 )	( 22,865 )
Balance as of December 31, 2022	<u>\$ 131,649</u>	<u>\$ 1,507,147</u>	<u>\$ 202,652</u>	<u>\$ 1,137,122</u>	<u>\$ 145,466</u>	<u>\$ 3,124,036</u>
<u>Accumulated depreciation and impairment</u>						
Balance as of January 1, 2022	\$ -	\$ 425,538	\$ 97,514	\$ 350,425	\$ 54,876	\$ 928,353
depreciation expense	-	57,363	25,834	83,122	16,102	182,421
Disposal	-	-	( 15,142 )	( 147 )	( 5,060 )	( 20,349 )
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 482,901</u>	<u>\$ 108,206</u>	<u>\$ 433,400</u>	<u>\$ 65,918</u>	<u>\$ 1,090,425</u>
Net amount as of December 31, 2022	<u>\$ 131,649</u>	<u>\$ 1,024,246</u>	<u>\$ 94,446</u>	<u>\$ 703,722</u>	<u>\$ 79,548</u>	<u>\$ 2,033,611</u>
<u>Cost</u>						
Balance at January 1, 2021	\$ 131,649	\$ 1,482,041	\$ 208,107	\$ 1,133,383	\$ 134,345	\$ 3,089,525
Addition	-	15,532	11,024	3,016	13,936	43,508
Disposal	-	-	( 7,675 )	( 107 )	( 6,000 )	( 13,782 )
Balance as of December 31, 2021	<u>\$ 131,649</u>	<u>\$ 1,497,573</u>	<u>\$ 211,456</u>	<u>\$ 1,136,292</u>	<u>\$ 142,281</u>	<u>\$ 3,119,251</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ -	\$ 368,468	\$ 76,292	\$ 267,649	\$ 41,353	\$ 753,762
depreciation expense	-	57,070	28,177	82,883	18,440	186,570
Disposal	-	-	( 6,955 )	( 107 )	( 4,917 )	( 11,979 )
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 425,538</u>	<u>\$ 97,514</u>	<u>\$ 350,425</u>	<u>\$ 54,876</u>	<u>\$ 928,353</u>
Net amount as of December 31, 2021	<u>\$ 131,649</u>	<u>\$ 1,072,035</u>	<u>\$ 113,942</u>	<u>\$ 785,867</u>	<u>\$ 87,405</u>	<u>\$ 2,190,898</u>

The property and equipment of the Company are for own use.

Depreciation is computed on a straight-line basis over the following estimated useful life:

Building	
Main building	50 years
Others	5~30 years
Business facilities	2~20 years
Lease improvements	5~20 years
Other equipment	3 ~ 20 years

Please see Note 27 for the amount of property and equipment used by the Company to set pledges for use as corporate bond collaterals.

The acquisition of property and equipment includes non-cash items, and its amount adjustment is as follows:

	<u>2022</u>	<u>2021</u>
Addition of property and equipment	\$ 27,650	\$ 43,508
Decrease in prepayments for equipment	( 342)	( 4,170)
Decrease in equipment payments payable (recognized as other payables)	<u>2,227</u>	<u>9,151</u>
	<u>\$ 29,535</u>	<u>\$ 48,489</u>

12. Lease agreements

(1) right-of-use asset

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of right-of-use assets		
Land	\$ 862	\$ 1,552
Building	1,008,489	1,134,979
Other equipment	<u>52</u>	<u>187</u>
	<u>\$ 1,009,403</u>	<u>\$ 1,136,718</u>

	<u>2022</u>	<u>2021</u>
Addition to right-of-use assets	<u>\$ -</u>	<u>\$ 1,714</u>
Depreciation expense of right-of-use assets		
Land	\$ 690	\$ 689
Building	126,490	138,393
Other equipment	<u>135</u>	<u>209</u>
	<u>\$ 127,315</u>	<u>\$ 139,291</u>

(2) lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of lease liabilities		
Current	<u>\$ 123,273</u>	<u>\$ 121,056</u>
Non-current	<u>\$ 922,666</u>	<u>\$ 1,045,939</u>

The discount rate of lease liabilities used by the Company for assets was 1.625%.

(3) Material leases and terms

The Company leases several lands, buildings and other equipment for operation use with the lease term of 2~20 years. Upon the termination of the lease period, the Company has no bargain purchase option for leased assets. In addition, according to the agreement, unless the consent of the lessor is obtained, the Company shall not sublease or transfer all or a portion of the lease subject matter to others.

The property lease of the Company includes contingent rent clauses. To maintain the operational flexibility, the Company included the variable payment in the lease clauses, and the variable payment was calculated according to the specific percentage of each operation place revenue.

In 2021, due to the severe impact of COVID-19 on the market economy, the Group negotiated operation place lease contracts with lessors, and lessors agreed to reduce the partial amount of rent unconditionally for June 1 to December 31, 2021. The Company's effect of aforementioned rent deduction recognized for 2021 was NT\$5,587 thousand (recognized as operating expenses).

(4) Information on other lease

	<u>2022</u>	<u>2021</u>
Low-value asset lease expenses	<u>\$ 1,370</u>	<u>\$ 1,370</u>
Variable lease payment expenses not included in the measurement of the lease liabilities	(\$ 17,122)	(\$ 5,499)
Total cash outflow for leases	<u>\$ 123,222</u>	<u>\$ 147,646</u>

13. Bonds payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Domestic unsecured convertible bonds (1)	\$ 662,700	\$ 800,000
Less: Bonds discount	( 10,785)	( 26,071)
Less: Amount due in one year	( <u>651,915</u> )	<u>-</u>
	<u>-</u>	<u>773,929</u>
	500,000	
Domestic secured bonds (2)	( <u>1,807</u> )	500,000
Less: Bonds discount	<u>498,193</u>	( <u>2,296</u> )
	<u>\$ 498,193</u>	<u>497,704</u>
	<u>\$ 662,700</u>	<u>\$ 1,271,633</u>

(1) Domestic unsecured convertible bonds

The Company issued the first domestic unsecured convertible bonds on December 24, 2018, the total face value of issuance was NT\$800,000 thousand, coupon rate of 0%, issuance period of 5 period, and the total issuance amount was NT\$801,600 thousand, and the amount was collected in full in December 2018. Bond holders may convert the bonds into common shares of the Company at the conversion price of NT\$68.8 per share according to the conversion regulations during the period from the next day when the present issuance of convertible bonds have reached three full months to the maturity date. The expected number of shares of conversion is 11,624 thousand



shares. The present convertible bond conversion price adjustment criteria include that when the percentage of common share cash dividends distributed by the Company over the market price per share exceeds 1.5%, the conversion price shall be reduced according to the percentage of the market price per share on the ex-dividend date. After the historical adjustments, the conversion price has been adjusted to NT\$52.3 per share on September 2, 2022, and up to December 31, 2022, the number of shares converted was 2,625 thousand shares and the expected remaining number of shares of conversion is 12,671 thousand shares.

For the period from the next day of three months after the issuance of convertible bond to the date of forty days before the maturity of the issuance period, if the common stock closing price of the Company continues to reach 30% (inclusive) of the conversion price for thirty business days ; or the balance of the outstanding convertible bond is lower than 10% of the total original issuance amount, the Company may inform bond holders to redeem all of the outstanding bonds in cash at the bond face value.

For the present convertible bonds uses the date after three full years from the issuance as the reverse repurchase base date for early reverse repurchase of the present bonds by the bond holders. The bond holders may request the Company to redeem the present convertible bonds held based on the face value of the bond.

The convertible corporate bonds include the liability and equity components, and the equity component is expressed as capital surplus - subscription right under the equity item.

	<u>Amount</u>
Issue amount (less transaction cost of NT\$5,380 thousand)	\$ 796,220
Equity component (less transaction cost of NT\$378 thousand allocated)	( 56,022 )
Redemption and put option derivatives (less transaction cost of NT\$30 thousand allocated)	( <u>4,370</u> )
Primary liability at issue date (less transaction cost of NT\$4,972 thousand allocated)	735,828
Interest calculated at effective rate of 1.6735%	<u>38,101</u>
Bonds payable balance as of December 31, 2021	773,929
Corporate bonds payable converted into common shares (2,625 thousand shares already converted)	( 135,065 )
Interest calculated at effective rate of 1.6735%	<u>13,051</u>
Bonds payable balance as of December 31, 2022	<u>\$ 651,915</u>
(2) Domestic secured convertible bonds	

The Company issued the first domestic secured ordinary bonds on September 8, 2021, the total amount of issuance was NT\$500,000 thousand, at the face value per bond of NT\$1,000 thousand, coupon rate of 0.58%, interest paid annually, issuance period of 5 period, and the amount was collected in full in September 2021. For the present bonds, principal was repaid at once from the issuance to the maturity, and dematerialized issuance was adopted.

Please refer to Note 27 for information on domestic secured ordinary bonds used as collaterals for pledges of lands and buildings of the Company.

14. Notes and accounts payable

The average period for the products purchase by the Company is 45 days. The Company complies with the payment terms negotiated by both parties to ensure that all payable amounts are repaid within the credit time-limit agreed.

15. Other payables

	<u>December 31, 2022</u>	<u>December 31, 2020</u>
Wages and bonuses payable	\$ 89,893	\$ 72,152
Other payables - related party (Note 26)	17,700	1,448
Labor and health insurances payable	7,600	25,996
Employee saving programs payable	6,943	8,057
Utility expenses payable	5,138	4,545
Rent payable	3,877	2,315
Equipment payments payable	1,481	3,708
Labor fees payable	1,480	1,040
Others	<u>59,921</u>	<u>56,372</u>
	<u>\$ 194,033</u>	<u>\$ 175,633</u>

16. Post-employment benefit plans

The pension system of the “Labor Pension Act” is applicable to the Company, belonging to the affirmed appropriation of pension plan under the management of the government, and pension is appropriated at the rate of 6% of the monthly salary of employees into the personal dedicated account of the Bureau of Labor Insurance.

17. Equity

(1) Common share capital

1. Common shares issued

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Number of shares authorized (in thousands)	<u>120,000</u>	<u>120,000</u>
Authorized capital	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Issued and paid shares (in thousands)	<u>93,108</u>	<u>90,483</u>
Issued capital	<u>\$ 931,078</u>	<u>\$ 904,826</u>

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and to receive dividends.

On July, 1, 2021, the general shareholders' meeting of the Company approved the authorized capital of the amended Articles of Incorporation, and the authorized capital was increased from the original NT\$1,000,000 thousand (100,000 thousand shares) to NT\$1,200,000 thousand (120,000 thousand shares), and the change registration was completed on August 6, 2021.

Up to February 28, 2023 and December 31, 2022, the accumulated number of convertible corporate bonds for conversion into common shares requested by the convertible corporate bond holders were 10,585 thousand shares and 2,625 thousand shares respectively. Accordingly, the Company has delivered new shares to bond holders according to the conversion regulations.

2. Cash capital increase with issuance of new shares

On August 12, 2021, the board of directors of the Company approved the execution of cash capital increase with issuance of common shares of 15,000 thousand shares, at the face value of NT\$10 per share, and issued at premium with the issue price of NT\$34 per share. A total of NT\$510,000 thousand was raised. The aforementioned cash capital increase was approved and declared to be effective by Securities and Futures Bureau, FSC on October 19, 2021, and the date of December 13, 2021 was the capital increase base date.

(2) Capital surplus

	<u>December 31, 2023</u>	<u>December 31, 2021</u>
<u>May be used for compensating loss, issuance of cash or replenishing share capital (Note)</u>		
Share premium	\$ 543,423	\$ 588,664
Corporate bond conversion premium	118,387	-
Difference between actual price of subsidiary equity acquired and the book value	809	809
<u>Shall not be used for any purpose</u>		
Convertible bonds subscription right	46,407	56,022
	<u>\$ 709,026</u>	<u>\$ 645,495</u>

Note: Such type of capital surplus may be used to offset a deficit. In addition, when the company has no deficit, such capital surplus may be distributed as cash or stock dividends to the paid-in capital. However, stock dividends may not exceed a certain percent of the paid-in capital.

(3) Retained earnings and dividend policy

According to the Company's earnings distribution policy of the amended Articles of Incorporation, if the Company has a surplus earning after the final account of a fiscal year, after taxes are paid according to the laws and accumulated losses are compensated, 10% of the surplus earning shall be appropriated as the legal reserve 10%; however, if the legal reserve has reached the paid-in capital of the Company, such appropriation may be exempted from the appropriation, and special reserve is further appropriated or reversed from the remaining surplus earning according to the laws. If there is still remaining surplus earnings, it is combined with the undistributed retained earnings as dividends for the board of directors to establish a proposal for the distribution of surplus earnings. When the distribution is made via the method of issuance of new shares, it shall be reported to the shareholders' meeting for resolution before execution of the distribution.

The Company may authorize the board of directors to distribute the distributable dividends and bonuses, capital surplus or legal reserve in whole or in part in cash after a resolution has been adopted by a majority of votes at a board meeting attended by more than two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The cash dividends issued by the Company each year shall be more than 20% of the total dividends. For the distribution policy on remunerations of employees and directors specified in the Articles of Incorporation of the Company, please refer to Note 19-(5) Remunerations of Employees and Directors.

According to the resolution of the general shareholders' meeting of the Company held in July 2021, the 2020 earnings distribution proposal approved was as follows:

	2020
Statutory reserves	<u>\$ 10,897</u>
Cash dividend	<u>\$ 75,483</u>
Cash dividend per share (NT\$)	<u>\$ 1.0</u>

According to the resolution of the board of directors of the Company on March 3, 2022, the deficit compensation proposal was established and cash dividends were issued with the capital surplus - share premium of NT\$45,241 thousand, for the issuance of NT\$0.5 per share. The proposal for 2021 deficit compensation has been approved by the general shareholders' meeting on May 27, 2022.

The Company's 2022 earnings distribution proposal established by the board of directors on March 14, 2023 is as follows:

	<u>2022</u>
Statutory reserves	<u>\$ 19,957</u>
Cash dividend	<u>\$ 131,388</u>
Cash dividend per share (NT\$)	<u>\$ 1.3</u>

The aforementioned cash dividends have been distributed according to the board resolution, and the rest is pending for resolution of the shareholders' meeting to be held on May 30, 2023.

18. Revenue

	<u>2022</u>	<u>2021</u>
Income from contracts with customers		
Food service income	\$ 1,152,208	\$ 829,098
Guest room income	816,682	547,768
Other income	<u>104,815</u>	<u>73,032</u>
	<u>\$ 2,073,705</u>	<u>\$ 1,449,898</u>

(1) Statements of contracts with customers

The Company provides the guest room and food services to customers, and income is recognized when provision of services is confirmed.

(2) Contract balance

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Notes and accounts receivable	<u>\$ 43,602</u>	<u>\$ 19,704</u>	<u>\$ 41,591</u>
Accounts receivable - related party	<u>\$ 3,753</u>	<u>\$ 48,428</u>	<u>\$ 23,056</u>
contract liability			
Guest room and food services	<u>\$ 272,912</u>	<u>\$ 267,515</u>	<u>\$ 230,354</u>

The change of the contract liabilities was mainly due to the difference between the time when the contract performance was satisfied and the time when the customer payment was made. For 2022 and 2021, the contract liabilities at the beginning of the year and the amount of income recognized for each year were NT\$191,261 thousand and NT\$156,983 thousand respectively.

19. Net income (loss)

(1) Other income

	<u>2022</u>	<u>2021</u>
Income from government grants (Note 23)	\$ 7,266	\$ 39,135
Rental income	1,193	1,045
Others	<u>19,307</u>	<u>5,589</u>
	<u>\$ 27,766</u>	<u>\$ 45,769</u>

(2) Depreciation

	<u>2022</u>	<u>2021</u>
Property and equipment	\$ 182,421	\$ 186,570
right-of-use asset	<u>127,315</u>	<u>139,291</u>
	<u>\$ 309,736</u>	<u>\$ 325,861</u>
Analysis by function		
Operating cost	\$ 259,860	\$ 269,278
Operating expenses	<u>49,876</u>	<u>56,583</u>
	<u>\$ 309,736</u>	<u>\$ 325,861</u>

(3) Financial cost

	<u>2022</u>	<u>2021</u>
Interest for lease liabilities	\$ 17,918	\$ 21,094
Interest for bonds payable	18,955	14,671
Interest for bank borrowings	-	1,259
Others	<u>1</u>	<u>-</u>
	<u>\$ 36,874</u>	<u>\$ 37,024</u>

(4) Employee benefit expense

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 544,151	\$ 466,257
Post-employment benefits - defined contribution plans	<u>22,565</u>	<u>21,397</u>
	<u>566,716</u>	<u>487,654</u>
Share-based payments		
Equity settlement	-	3,584
Other employee benefits	<u>19,492</u>	<u>15,216</u>
	<u>\$ 586,208</u>	<u>\$ 506,454</u>

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	<u>2022</u>	<u>2021</u>
Analysis by function		
Operating cost	\$ 413,160	\$ 356,895
Operating expenses	<u>173,048</u>	<u>149,559</u>
	<u>\$ 586,208</u>	<u>\$ 506,454</u>

(5) Remunerations of employees and directors

The Company appropriates the remunerations of employees and directors according to the ratios of 0.01%~3% for the remuneration of employees and no higher than 1% for the remuneration of directors, respectively, of the net profit before tax. Since 2021 indicated a loss before tax, the remunerations of employees and directors were not estimated;

For the 2022, the estimates of the remunerations of employees and directors according to the aforementioned 0.01% and 0.5% of the net income before tax were as follows:

	<u>2022</u>
Employee remuneration	<u>\$ 26</u>
Remuneration of directors	<u>\$ 1,260</u>

If there is a change in the amounts after the annual parent company only financial statements still has any changes after the date it is approved and published, it is regarded as changes on accounting estimates and will be adjusted to the next year.

For 2020, the remunerations of employees and directors, according to the resolution of the board of directors in March 2021, were as follows:

	<u>2020</u>
Employee remuneration	<u>\$ 13</u>
Remuneration of directors	<u>\$ 610</u>

There was no difference between the distribution amount of remunerations of employees and directors resolved in 2020 and the amount recognized in the 2020 financial statements.

Please visit “Market Observation Post System” (MOPS) website under the Taiwan Stock Exchange for information on the remuneration of employees and directors resolved by the board of directors of the Company.

20. Income tax

(1) Main components of income tax expense (gain) recognized in profit or loss

	<u>2022</u>	<u>2021</u>
Current tax		
Income tax expense generated in the current year	\$ 36,934	\$ -
Adjustment on prior years	( <u>552</u> )	<u>1,401</u>
	<u>36,382</u>	<u>1,401</u>
Deferred tax		
Income tax expense generated in the current year	<u>14,340</u>	( <u>13,837</u> )
Income tax expense (gain) recognized in profit or loss	( <u>50,722</u> )	( <u>\$ 12,436</u> )

A reconciliation of accounting income and income tax expense (gain) is as follows:

	<u>2022</u>	<u>2021</u>
Net profit (loss) before income tax	<u>\$ 250,289</u>	( <u>\$ 41,750</u> )
Income tax expense (benefit) calculated at the statutory rate	50,058	( \$ 8,350 )
Nondeductible tax expenses	2,647	2,325
Income with tax exemption	( 1,431 )	( 7,812 )
Adjustment on prior years	( <u>552</u> )	<u>1,401</u>
Income tax expense (gain) recognized in profit or loss	<u>\$ 50,722</u>	( <u>\$ 12,436</u> )

(2) Current income tax liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current income tax liabilities		
Income taxes payable	<u>\$ 36,926</u>	<u>\$ 15,603</u>

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(3) Deferred tax assets

Changes in deferred tax assets were as follows:

2022

Deferred tax assets	Balance at the beginning of the year	Defined benefit costs recognized in profit or loss	Balance at the end of the year
Temporary difference			
Unrealized expenses	\$ 1,612	(\$ 223)	\$ 1,389
Unrealized impairment loss	1,113	-	1,113
Loss carryforwards	14,019	( 14,019)	-
Others	<u>363</u>	<u>( 98)</u>	<u>265</u>
	<u>\$ 17,107</u>	<u>(\$ 14,340)</u>	<u>\$ 2,767</u>

2021

Deferred tax assets	Balance at the beginning of the year	Defined benefit costs recognized in profit or loss	Balance at the end of the year
Temporary difference			
Unrealized expenses	\$ 2,109	(\$ 497)	\$ 1,612
Unrealized impairment loss	1,113	-	1,113
Loss carryforwards	-	14,019	14,019
Others	<u>48</u>	<u>315</u>	<u>363</u>
	<u>\$ 3,270</u>	<u>\$ 13,837</u>	<u>\$ 17,107</u>

(4) Income tax examination

The tax authorities have examined the income tax returns of the Company through 2020.

21. Earnings (Loss) per share

	2022	2021
Basic earnings (loss) per share (NT\$)	<u>\$ 2.20</u>	<u>(\$ 0.38)</u>
Diluted earnings per share (NT\$)	<u>\$ 1.98</u>	

Weighted average number of ordinary shares in computation of the earnings (loss) of the earnings (loss) per share was as follows:

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Net profit (loss) for the year

	<u>2022</u>	<u>2020</u>
Net income (loss) used in the computation of basic earnings (loss) per share	\$ 199,567	(\$ <u>29,314</u> )
Effect of potentially dilutive ordinary shares:		
Post-tax interest for convertible bonds	<u>9,851</u>	
Net income (loss) used in the computation of diluted earnings (loss) per share	<u>\$ 209,418</u>	

Number of shares

	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares (in thousands) in computation of basic earnings (loss) per share	90,691	<u>76,263</u>
Effect of potentially dilutive ordinary shares:		
Convertible corporate bonds	15,087	
Employee remuneration	<u>1</u>	
Weighted average number of ordinary shares (in thousands) in computation of diluted earnings (loss) per share	<u>105,779</u>	

Since the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

Since 2021 indicated a loss, the Company had not presumed to distribute remuneration of employees in the form of shares and had not considered the potential ordinary shares of convertible bonds for the computation of diluted loss per share of the antidilutive effect.

22. Share-based payment arrangement

Cash capital increase reserved for employee stock options

The Company executed 2021 cash capital increase of 15,000 thousand shares according to the resolution of the board of directors on August 12, 2021. According to the Company Act, 10% of the capital increase equity was reserved for employee subscription, and a total of subscribable shares was 1,500 thousand shares, and the subscription price per share was NT\$34. The cash capital increase reserved for employee stock options adopted the Black-Scholes valuation model, and the inputs to the valuation model were as follows:

Share price on grant date	\$ 40.2 元
Exercise price	34 元
Expected volatility	-
Duration	-
Expected dividend yield	3.36%
Risk-free interest rate	0.20%

The compensation cost recognized in 2021 was NT\$3,584 thousand.

23. Government grants

- (1) For the period from January 1 to December 31, 2022, according to the “Regulations for Relief and Revitalization Measures for Industry Enterprises with Operational Difficulties in Response to the Impact of Severe Pneumonia with Novel Pathogens of MOEA”, the Company received the salary subsidy of NT\$103 thousand, epidemic rent subsidy of TN\$353 thousand and wedding order cancellation and extension subsidy of NT\$6,810 thousand, for a total of NT\$7,266 thousand (recognized as other income).
- (2) For the period from January 1 to December 31, 2021, according to the “Regulations for Relief and Revitalization Measures for Industry Enterprises with Operational Difficulties in Response to the Impact of Severe Pneumonia with Novel Pathogens of MOEA” and “Regulations for Revitalization of Tourism Industry Financing and Credit Security of Tourism Bureau, MOTC”, the Company received the salary subsidy of NT\$36,660 thousand, utility fee relief reduction of NT\$2,077 thousand and interest subsidy of NT\$398 thousand, for a total of NT\$39,135 thousand (recognized as other income).

24. Capital risk management

The Company manages its capital to ensure that it is able to maximize shareholders return as a going concern through the optimization of the debt and equity balance. The overall strategy of the Company has no major changes from previous years.

The Company's capital structure consists of net liabilities and equities of the Company. In addition, the Company is allowed not to follow other external laws or regulations on capital.

The key management of the Company reviews its capital structure annually, including the consideration on costs of every types of capital and relevant risks. Based on the key management's advice, the Company balances its overall capital structure through payment of dividends and issuance of new debt issuance or debt repayment, etc.

25. Financial Instruments

- (1) Information on fair value - financial instruments that are not measured at fair value  
December 31, 2022

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial liability</u>					
Financial liabilities measured at amortized cost					
- Convertible bonds	\$651,915	\$ -	\$ -	\$649,910	\$649,910

December 31, 2021

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial liability</u>					
Financial liabilities measured at amortized cost					
- Convertible bonds	\$ 773,929	\$ -	\$ -	\$ 780,400	\$ 780,400

- (2) Information on fair value - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2022

	Level 3
<u>Financial liabilities measured at fair value through profit or loss - current</u>	
Derivatives	\$ 199

(Continued on next page)

(Continued from previous page)

December 31, 2021

	<u>Level 3</u>
<u>Financial liabilities measured at fair value through profit or loss - current</u>	
Derivatives	\$ <u>          -</u>

2. Reconciliation of Level 3 fair value measurements on financial instruments  
2022

	<u>Amount</u>
<u>Financial assets measured at fair value through profit or loss - current</u>	
Balance at January 1, 2022	\$ -
Defined benefit costs recognized in profit or loss	240
Corporate bonds payable converted into common shares	( 41 )
Balance as of December 31, 2022	<u>\$ 199</u>

2021

	<u>Amount</u>
<u>Financial liabilities measured at fair value through profit or loss - current</u>	
Balance at January 1, 2021	\$ 2,000
Defined benefit costs recognized in profit or loss	( 2,000 )
Balance as of December 31, 2021	<u>\$ -</u>

3. Valuation techniques and input value used in Level 3 fair value measurement  
The Company's estimates on the fair value of convertible bond liability component and the fair value of derivatives were determined according to the valuation report provided by independent financial expert based on the option valuation model.

(3) Categories of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Mandatory to be measured at fair value through profit or loss	\$ 199	\$ -
Measured at amortized cost (Note 1)	1,717,726	1,304,326

Financial liability

Measured at fair value through profit or loss	1,475,566	1,550,939
Measured at amortized cost (Note 2)	\$ 199	\$ -

Note 1: Balance includes cash and cash equivalent, notes and accounts receivable, accounts receivable - related party, other receivables (including related party) (recognized as other current assets) and refundable deposits, and other financial assets measured at amortized cost.

Note 2: Balance includes notes and accounts payable (including related party), other payables (including related party), bonds payable (including those due to in one year) and guarantee deposits received (recognized as other non-current liabilities), and other financial liabilities measured at amortized cost.

(4) Financial risk management objectives and policies

The risk control and hedge strategy of the Company are effected by the operation environment; however, the Company has executed appropriated risk management and control operation according to the nature of business and the principle of risk diversification. Such risks include market risk, credit risk and liquidity risk.

1. Market risk

The Company is exposed to the financial risks, primarily changes in interest rates, due to its financial activities.

Interest rate risk

The Company is exposed to interest rate risk for the reason that it has borrowed money at variable rate. The hedge is evaluated by the Company on a regular basis, which makes its point of view and the established risk preference identical.

The carrying accounts of financial assets and liabilities exposed to interest rate risk at the date of balance sheet are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair value interest rate risk		
- Financial assets	\$ 730,000	\$ 72
- lease liabilities	1,045,939	1,166,995
- Bonds payable	1,150,108	1,271,633
Cash flow interest rate risk		
- Financial assets	918,396	1,212,640

### Sensitivity analysis

The following sensitivity analysis is determined in accordance with interest rate risk of derivative and non-derivative instruments at the date of balance sheet. For the floating rate liabilities, the analysis is to assume that the amount of liabilities outstanding at the date of balance sheet is all outstanding at the reporting period. The rate of change is expressed as the increment or decrement by 50 basis points when reporting to the management personnel of the Company, which also represents the management's assessment of the reasonable interest rate change.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's net income (loss) before tax for 2022 and 2021 would increase/decrease by NT\$4,592 thousand and increase/decrease NT\$6,063 thousand, respectively.

#### 2. Credit risk

The credit risk exposure of the Company is mainly affected by the individual condition of each customer. However, the management considers the basic statistical data of customers of the Company.

The Company has established the credit policy, and according to such policy, before the Company makes standard payment terms, it is necessary to analyze the credit rating of each new customer individually. Credit extension limits are established according to each individual customer respectively, and such limits reviewed periodically. Customers failing to satisfying the company credit rating standard, the prepayment method is adopted as the basis to engage in transaction with the Company.

The Company has set the allowance for loss account to reflect the estimated losses for accounts receivable. The allowance for debt account mainly consists of specific loss component relating to individually significant exposure, and combinational loss component established for losses already occurred but not yet identified in similar asset groups. Combinational loss account allowance account is determined based on the past payment statistical data of similar financial assets.

The customer group of the Company is large and customers are not correlated to each other, such that the concentration of credit risk is not high.

### 3. Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, the management of the Company monitors the utilization of borrowings and ensures compliance with loan conditions.

The bank borrowing is a material source of liquidity to the Company.

#### (a) Liquidity and interest risks of non-derivative financial liabilities

The analysis on the remaining contractual maturity for the non-derivative financial liabilities is performed based on the earliest date on which the Company may be required to pay, and is prepared based on the undiscounted cash flows of financial liabilities (including principle and estimated interest). Accordingly, for the bank loans to which the Company may be requested for immediate repayment are within the earliest period listed in the table below, and the probability of the banks exercising such right is not considered. The analysis of other non-derivative financial liabilities maturity analysis is prepared according to the repayment date agreed.

For the interest cash flow paid at variable rate, its undiscounted interest amount is inferred and obtained from the yield rate curve of the balance sheet date.

December 31, 2022

	<u>1~3 months</u>	<u>3 months~1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 324,820	\$ -	\$ -
lease liabilities	34,736	104,474	980,346
Fixed-rate instruments	<u>725</u>	<u>664,875</u>	<u>507,798</u>
	<u>\$ 360,281</u>	<u>\$ 769,349</u>	<u>\$ 1,488,144</u>

The further information on a maturity analysis of lease liability is below:

	<u>Within 1 year</u>	<u>1~5 years</u>	<u>5~10 years</u>	<u>10~15 years</u>	<u>Over 15 years</u>
lease liabilities	<u>\$139,210</u>	<u>\$555,541</u>	<u>\$372,216</u>	<u>\$ 52,589</u>	<u>\$ -</u>



December 31, 2021

	<u>1~3 months</u>	<u>3 months~1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 278,616	\$ -	\$ -
lease liabilities	34,763	104,207	1,119,556
Fixed-rate instruments	<u>725</u>	<u>2,175</u>	<u>1,310,698</u>
	<u>\$ 314,104</u>	<u>\$ 106,382</u>	<u>\$2,430,254</u>

The further information on a maturity analysis of lease liability is below:

	<u>Within 1 year</u>	<u>1~5 years</u>	<u>5~10 years</u>	<u>10~15 years</u>	<u>Over 15 years</u>
lease liabilities	<u>\$ 138,970</u>	<u>\$ 555,973</u>	<u>\$ 479,440</u>	<u>\$ 84,143</u>	<u>\$ -</u>

The amount of the aforementioned floating rate instrument of non-derivative liabilities will change resulting from the floating rate is different from the interest rate estimated at the date of balance sheet.

(b) Financing amount

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured bank loan amount		
- Amount used	\$ -	\$ -
- Amount unused	<u>100,000</u>	<u>100,000</u>
	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Secured bank loan amount		
- Amount used	\$ -	\$ -
- Amount unused	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

26. Related party transaction

The transactions between the Company and related parties, excluding those disclosed in other notes, are as follows:

(1) Related party name and categories

<u>Related Party Name</u>	<u>Relationship with the Group</u>
L' Hotel de Chine Corporation (LDC)	Parent
Splendor Restaurant Co., Ltd. (Splendor)	Fellow subsidiary
LDC Italian Hotels S.R.L	Fellow subsidiary
Taiwan Cement Corp. (TCC)	Substantial related party
<u>Related Party Name</u>	<u>Relationship with the Group</u>
TCC Tung-Li Green Energy Corporation	Substantial related party

TCC (Hangzhou) Environmental Protection Technology Co., Ltd. Substantial related party  
TCC Energy Storage Technology Corporation (NHOA TCC) Substantial related party

(2) Operating revenue

Related party category	2022	2021
LDC	\$ 54,149	\$ 23,883
Substantial related party	<u>8,021</u>	<u>8,274</u>
	<u>\$ 62,170</u>	<u>\$ 32,157</u>

Transaction prices and payment collection periods with the related party are appropriate to the terms for non-related parties.

(3) Purchase

Related Party Category/Name	2022	2021
LDC	<u>\$ 3,044</u>	<u>\$ 13,544</u>

Transaction prices and loan payment periods with related party are negotiated by both parties.

(4) Expenses for brand licensing and joint marketing expenses and lease agreements

Related Party Category/Name	2022	2021
<u>Operating cost and expense</u>		
LDC	<u>\$ 79,258</u>	<u>\$ 55,895</u>
<u>Interest expense</u> (recognized as financial cost)		
LDC	\$ 12,254	\$ 13,799
Splendor	-	<u>1,224</u>
	<u>\$ 12,254</u>	<u>\$ 15,023</u>
<u>Lease expense</u> (recognized as operating expense)		
LDC	<u>\$ 16,000</u>	( <u>\$ 991</u> )

Account	Related Party Name	December 31, 2022	December 31, 2021
Lease liabilities (including current and non-current)	LDC	<u>\$ 710,912</u>	<u>\$ 806,842</u>

LDC provides some of the management services to the Company, and the Company recognizes and pays the brand licensing and joint marketing expenses, and also allocates to relevant departments for which such expenses are incurred. The amounts

and terms for the brand licensing and joint marketing expenses paid by the Company are determined based on the negotiation of both parties.

The Company leases places from the LDC and Splendor for the expansion of food and guest room services, and the lease periods are between 2014-2029. The lease contracts include the contingent rent clauses, and the variable lease payments are calculated according to a specific percentage of the revenue of each operation place. For the lease contracts between the Company and related parties, rents are negotiated and determined based on the market price and comply with the general payment terms.

To continue the optimization of the business model, In February 2021, the Company's board of directors approved the termination of the operation of Gala de Chine Xindian Beixin Branch on April 30, 2021, and the lease contract for the operation place with Splendor was terminated early.

(5) Receivables from related parties

<u>Related Party Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
LDC	\$ 1,609	\$ 45,921
Substantial related party	<u>2,144</u>	<u>2,507</u>
	<u>\$ 3,753</u>	<u>\$ 48,428</u>

No deposits were collected for the outstanding receivables from related parties. For the receivables from related parties as of December 31, 2021 and 2020, the allowance for loss were not appropriated.

(6) Other payables - related party (recognized as other payables)

<u>Related party category</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
LDC	<u>\$ 17,700</u>	<u>\$ 1,448</u>

(7) Other advance receipts - related party (recognized as contract liabilities)

<u>Related party category</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
TCC (Hangzhou) Environmental Protection	<u>\$ 969</u>	<u>\$ 1,592</u>

(8) Acquisition of property and equipment

<u>Related Party Name</u>	<u>Amount of acquisition</u>	
	<u>January 1 to December 31, 2022</u>	<u>January 1 to December 31, 2021</u>
LDC	<u>\$ 255</u>	<u>\$ 99</u>

(9) Disposal of property and equipment

Related Party Name	Disposal proceeds		Disposal gain (loss)	
	January 1 to December 31, 2022	January 1 to December 31, 2021	January 1 to December 31, 2022	January 1 to December 31, 2021
LDC	<u>\$ 26</u>	<u>\$ 46</u>	<u>\$ 11</u>	<u>\$ -</u>

(10) Remuneration of key management personnel

	2022	2021
Short-term employee benefits	\$ 34,657	\$ 38,887
Pensions	<u>1,418</u>	<u>1,819</u>
	<u>\$ 36,075</u>	<u>\$ 40,706</u>

The remuneration of directors and other key management personnel were determined by the Remuneration Committee in accordance with the individual performance and the market trends.

27. Pledged Assets

The following assets are pledged as collaterals for bank loans and corporate bonds:

	December 31, 2022	December 31, 2021
Land	\$ 131,649	\$ 131,649
Building	<u>918,240</u>	<u>961,905</u>
	<u>\$ 1,049,889</u>	<u>\$ 1,093,554</u>

28. Significant Contingent Liabilities and Unrecognized Commitments

For December 31, 2022 and 2021, the amounts of guaranteed bills issued by the Group due to lease were NT\$46,250 thousand respectively.

In September, 2022, the board of directors has approved the acquisition of the Italian property of Palazzo Vivarelli Colonna through subsidiary Sine Qua Non S.R.L. and has engaged in the negotiation for investment construction. The expected property acquisition amount is EUR 16,860 thousand, and the expected construction amount is EUR 22,912 thousand.

29. Other Matters

Due to the impact of the global COVID-19 pandemic, the global consumption pattern has changed. Presently, as the domestic pandemic has migrated, the domestic travel starts to recover. With the nation's entry policy is gradually relaxed for foreign visitors, the tourism and travel market will be driven to grow. The Company is mainly in the business of international tourist hotels, and the customer group includes domestic people and international tourists. The tourism travel and catering markets will recover

as the epidemic control policy of the government are relaxed, and the Company also expects the operation to return to normal. To cope with the pandemic impact, the Company has adopted the following actions:

Adjustment of operation strategy

After the global pandemic is mitigated, international tourists of Palais de Chine Hotel will be able to make exceptional contribution to the revenue. In addition, the recovery of wedding banquets, large catering events and industry and commercial banquets will also allow the overall business operation Company to indicate significant growth. Furthermore, in addition to the currently commissioned business operation, the Company will also expand other cooperation opportunities in order to spread risk and to provide diverse services and products in addition to hotel accommodation.

Financing strategy

Up to December 31, 2022, the unused financing amount of the Company is NT\$1,100,000 thousand, and the Company will use such amount depending upon the future working capital demand.

Government's relief measures

For 2022 and 2021, the Company has applied for various government subsidies for salary, wedding banquet order cancellation and extension, utility relief reduction and epidemic rent subsidy, and a total of NT\$7,266 thousand and NT\$39,135 thousand have been obtained respectively.

The Company has considered the economic impact caused by the pandemic in the significant accounting estimates according to the available information on the balance sheet date, and will continue to assess its impact on the financial status and performance.

30. Other Disclosures

(1) Information about significant transactions and (2) investees:

1. Loaning of funds to others: None.
2. Provision of endorsements/guarantees to others: None.
3. Marketable securities held: None.
4. Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.

6. Disposal of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
  7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
  8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
  9. Relevant information on investees: Table 1.
  10. Derivative instrument transactions: Noes 13 and 25.
- (3) Information on Investment in Mainland China:
1. Information on any investees in mainland China, showing the company name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 2.
  2. Significant direct or indirect transactions through a third area with the investee in the Mainland Area, and its prices and terms of payment, unrealized gain or loss are as follows: None.
    - (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
    - (b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
    - (c) The amount of property transactions and the amount of the resultant gains or losses.
    - (d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
    - (e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
    - (f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services.
- (4) Information on major shareholders, names, numbers of shares held, and shareholding percentages of shareholders with hold 5% or more of the equity: Table 3.

31. Segment Information

The Company has disclosed relevant operating segment information in the consolidated financial statements according to IFRS 8.

FDC International Hotels Corporation  
Information on investees, location and other relevant information  
2022

Table 1

Unit: NT\$ Thousand

Name of investor	Name of investee	Location	Main business	Initial investment amount		Balance at December 31, 2020			Current gain (loss) of the investee	Investment gain (loss) recognized for the year	Remarks
				December 31, 2022	December 31, 2021	Number of shares (in thousands)	Ratio	Carrying amount			
The Company	FDC Italian Hotels S.R.L.	Italy	Investments	\$ 13,327	\$ 13,327	-	100	\$ 13,356	\$ 406	\$ 406	Subsidiaries
FDC Italian Hotels S.R.L.	Sine Qua Non S.R.L.	Italy	Real estate management activities	313	-	-	100	101	( 217)	( 217)	Subsidiaries



FDC International Hotels Corporation  
Information on Investment in Mainland China  
2022

Table 2

Unit In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Name of Investee in Mainland China	Main business	Paid-in capital (Note 1)	Investment method	Accumulated investment amount of outflow from Taiwan at the beginning of the year	Outward remittance or repatriation of investment amount at beginning of the year		Accumulated investment amount of outflow from Taiwan at the end of the year (Note 1)	Current gain of the investee (Note 2)	Ownership percentage of direct or indirect investment	Investment gain recognized for the year (Note 2)	Carrying amount at end of the year (Note 1)	Accumulated repatriation of investment income as of end of the year	Remarks
					Outward remittance (Note 1)	Repatriation							
FDC (Hangzhou) Consulting & Management Co., Ltd.	Hotel and catering service management	\$ 9,816 ( EUR thousand).	Investment in Mainland China through a company in a third region	\$ -	\$ 9,816 ( EUR thousand).	\$ -	\$ 9,816 ( EUR thousand).	\$ 924 ( RMB thousand).	100	\$ 924 ( RMB thousand).	\$ 10,778 ( RMB thousand).	\$ -	Note 3

Accumulated investment amount of outflow in China mainland from Taiwan at the end of the year (Note 1)	Investment amount approved by Investment Commission, MOEA (Note 1)	limitation on investee regulated under Investment Commission, MOEA
\$ 9,816 ( EUR 300 thousand)	\$ 9,396 ( EUR 300 thousand).	\$ 1,210,853

Note 1: It was calculated according to the exchange rate of EUR\$1=\$32.72 and RMB\$1=\$4.408 on December 31, 2022.

Note 2: It was calculated according to the exchange rate of EUR\$1=\$31.36 and RMB\$1=\$4.422 on December 31, 2022.

Note 3: It was calculated according to the financial statements audited by CPAs.

FDC International Hotels Corporation  
Information on Major Shareholders  
December 31, 2022

Table 3

Name of major shareholder	Share	
	Number of shares held	Shareholding
L' Hotel de Chine Corporation	61,925,502	66.70%

Note: This table is based on the information provided by the Taiwan Depository & Clearing Corporation for shareholders holding greater than five percent of the shares completed the process of registration and book-entry delivery in dematerialized form, including treasury stocks, at the last business date of current quarter. There may be a discrepancy in the number of shares recorded on the parent company only financial statements and its dematerialized securities arising from the difference in basis of preparation.

## §Statements of Major Accounting Items§

<u>Item</u>	<u>No./Index</u>
Statements of assets, liabilities, and equity items	
Statement of cash receipts and disbursements	Table 1
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Statement of inventories	Note 9
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Statement of operating revenue	Table 9
Statement of operating costs	Table 10
Statement of operating expenses	Table 11
Summary statement of current period employee benefits and depreciation expenses by function	Table 12

FDC International Hotels Corporation  
Statement of cash receipts and disbursements  
December 31, 2022

Table 1

Unit: NT\$ Thousand

Item	Period	Interest rate	Amount
Cash			
Cash on hand and penny cash			\$ 4,991
Check and demand deposit(Note)		0.39~0.46%	<u>818,396</u>
			823,387
Cash equivalents			
Time deposit with original maturity date within 3 months	2022.11.10— 2023.03.27	0.95~1.45%	<u>530,000</u>
			<u>\$ 1,353,387</u>

Note: Include 622 thousand US dollars, converted at the exchange rate of US\$30.71.

FDC International Hotels Corporation  
Statement of financial assets measured at amortized cost  
December 31, 2022

Table 2

Unit: NT\$ Thousand

Bank name	Period	Interest rate ( % )	Book value	Cumulative impairment
Time deposit of CTBC Bank	2022/9/1-2023/3/1	0.86	\$ 200,000	\$ -
Time deposit of Hwatai Bank	2022/9/15-2023/3/15	1.06-1.175	<u>100,000</u>	<u>-</u>
			<u>\$ 300,000</u>	<u>\$ -</u>

FDC International Hotels Corporation  
Statement of changes in investments accounted for using the equity method  
2022

Table 3

Unit: NT\$ Thousand

Investees	Balance at the beginning of the year		Increase in the current year		Share of profit (loss) of subsidiaries accounted for using equity method (Note 1)	Equity adjustments (Note 2)	Balance at the end of the year		
	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount			Number of shares (in thousands)	Shareholding %	Amount
FDC Italian Hotels S.R.L	-	<u>\$ 12,701</u>	-	<u>\$ -</u>	<u>\$ 406</u>	<u>\$ 249</u>	-	100.00	<u>\$ 13,356</u>

Note 1: It was calculated according to the financial statements audited by CPAs.

Note 2: It refers to the exchange differences on translation of the financial statements of foreign operations.

FDC International Hotels Corporation  
Statement of changes in right-of-use assets  
2022

Table 4

Unit: NT\$ Thousand

	<u>Land</u>	<u>Building</u>	<u>Other equipment</u>	<u>Total</u>
Cost				
Balance as of January 1, 2022	\$ 3,621	\$ 1,512,691	\$ 814	\$ 1,517,126
Disposal	<u>-</u>	<u>-</u>	( <u>346</u> )	( <u>346</u> )
Balance as of December 31, 2022	<u>\$ 3,621</u>	<u>\$ 1,512,691</u>	<u>\$ 468</u>	<u>\$ 1,516,780</u>
accumulated depreciation				
Balance as of January 1, 2022	\$ 2,069	\$ 377,712	\$ 627	\$ 380,408
depreciation expense	690	126,490	135	127,315
Disposal	<u>-</u>	<u>-</u>	( <u>346</u> )	( <u>346</u> )
Balance as of December 31, 2022	<u>\$ 2,759</u>	<u>\$ 504,202</u>	<u>\$ 416</u>	<u>\$ 507,377</u>
Net amount as of December 31, 2022	<u>\$ 862</u>	<u>\$ 1,008,489</u>	<u>\$ 52</u>	<u>\$ 1,009,403</u>

FDC International Hotels Corporation  
Statement of contract liabilities  
December 31, 2022

Table 5

Unit: NT\$ Thousand

<u>Item</u>	<u>Amount</u>
Advance deposits	<u>\$ 152,167</u>
Vouchers	<u>120,745</u>
	<u><u>\$ 272,912</u></u>



FDC International Hotels Corporation  
Statement of notes and accounts receivable  
December 31, 2022

Table 6

Unit: NT\$ Thousand

Company name	Amount
Company A	\$ 18,757
Company B	8,688
Others (Note)	<u>103,342</u>
	<u>\$ 130,787</u>

Note: The amount of each account does not exceed 5% of the account balance.

FDC International Hotels Corporation  
Statement of bonds payable  
December 31, 2022

Table 7

Unit: NT\$ Thousand

Bond name	Trustee	Issue date	Interest payment date	interest rate (%)	Amount					Repayment method	Guarantee status
					Total amount of issuance	Repaid amount	Balance at the end of the year	Unamortized premium (discount)	Carrying amount		
Domestic bond											
2018 first unsecured convertible bonds	Mega International Commercial Bank Co., Ltd.	2018.12.24	Repaid in full at the bond face value upon maturity	-	\$ 800,000	(\$ 137,300)	\$ 662,700	(\$ 10,785)	\$ 651,915	Principal repaid at once upon maturity	None
2021 first secured convertible corporate bonds	CTBC Bank Co., Ltd.	2021.9.8	Interest calculated at simple interest rate and paid once annually since issue date	0.58	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>( 1,807 )</u>	<u>498,193</u>	Principal repaid at once upon maturity	Hua Nan Commercial Bank, Ltd.
					<u>\$ 1,300,000</u>	<u>(\$ 137,300)</u>	<u>\$ 1,162,700</u>	<u>(\$ 12,592)</u>	<u>\$ 1,150,108</u>		

FDC International Hotels Corporation

Statement of lease liabilities

December 31, 2022

Table 8

Unit: NT\$ Thousand

Item	Lease term	Discount rate	Amount
Land	2014.04.01-2024.03.31	1.625%	\$ 891
Building	2014.09.01-2034.08.31	1.625%	1,044,995
Other equipment	2017.04.16-2023.06.30	1.625%	53
			1,045,939
Less: portion listed as current lease liabilities			( 123,273)
Lease liabilities - non-current			\$ 922,666

FDC International Hotels Corporation  
Statement of operating revenue  
2022

Table 9

Unit: NT\$ Thousand

<u>Item</u>	<u>Amount</u>
Food service income	\$ 1,152,208
Room rental income	816,682
Other income (Note)	<u>104,815</u>
	<u>\$ 2,073,705</u>

Note: The amount of each item does not exceed 5% of the account balance.

FDC International Hotels Corporation  
Statement of operating costs  
2022

Table 10

Unit: NT\$ Thousand

<u>Item</u>	<u>Amount</u>
Food cost	\$ 1,051,602
Guest room cost	361,379
Others (Note)	<u>18,461</u>
	<u>\$ 1,431,442</u>

Note: The amount of each item does not exceed 5% of the account balance.

FDC International Hotels Corporation

Statement of operating expenses

2022

Table 11

Unit: NT\$ Thousand

Item	Selling expenses	Administrative expenses	Total
Salary expense	\$ 3,629	\$ 137,473	\$ 141,102
depreciation expense	665	49,211	49,876
Brand licensing and joint marketing expense	77,898	-	77,898
Insurance expense	435	15,360	15,795
Commissions expense	18,285	-	18,285
Others (Note)	<u>5,013</u>	<u>74,962</u>	<u>79,975</u>
	<u>\$ 105,925</u>	<u>\$ 277,006</u>	<u>\$ 382,931</u>

Note: The amount of each item does not exceed 5% of the account balance.

FDC International Hotels Corporation

Summary statement of current period employee benefits and depreciation expenses by function

2022 and 2021

Table 12

Unit: NT\$ Thousand

	2022			2021		
	operating costs	operating expenses	Total	operating costs	operating expenses	Total
Employee benefit expense						
Salary expense	\$ 350,657	\$ 141,102	\$ 491,759	\$ 300,534	\$ 120,436	\$ 420,970
Labor and health insurance expense	33,243	15,105	48,348	31,690	14,667	46,357
Pension expense	15,506	7,059	22,565	14,269	7,128	21,397
Remuneration of directors	-	4,044	4,044	-	2,514	2,514
Other employee benefit expense	13,754	5,738	19,492	10,402	4,814	15,216
	<u>\$ 413,160</u>	<u>\$ 173,048</u>	<u>\$ 586,208</u>	<u>\$ 356,895</u>	<u>\$ 149,559</u>	<u>\$ 506,454</u>
depreciation expense	<u>\$ 259,860</u>	<u>\$ 49,876</u>	<u>\$ 309,736</u>	<u>\$ 269,278</u>	<u>\$ 56,583</u>	<u>\$ 325,861</u>

Note:

- The average numbers of employees in 2022 and 2021 were 740 employees and 735 employees, and the numbers of directors not concurrently acted as employees were directors and 7 directors respectively.
- The average employee benefit expenses for 2022 and 2021 were NT\$795 thousand and NT\$692 thousand respectively.
  - The average employee salary expenses for 2022 and 2021 were NT\$672 thousand and NT\$578 thousand respectively.
  - The adjustment status of average employee salary expenses was 16.26 %.
  - The Company had no supervisors in 2022 and 2021; therefore, there were no relevant remunerations for supervisors.
  - The Company's remuneration policy

Directors: The remuneration of directors of the Company is determined according to the Articles of Incorporation along with the consideration on the evaluation result of performance evaluation of directors, and the operation participation level and contribution of each director to the Company are also reviewed, and the reasonableness of the performance risk is linked to the remuneration received; furthermore, the operational performance of the Company and the remuneration standard adopted in the same industry are considered, following which proposal is submitted to the board of directors for resolution.

Managerial officers: The Company's policy for payment of remuneration of presidents and vice presidents considers their job positions, responsibilities handled, the business performance of the Company of the year, future risk of the Company and the salary standard adopted in the same industry, in order to provide reasonable remuneration. The process for determining remuneration is based on the Company's "Procedures for Performance Evaluation of Directors and Managerial Officer". In addition to the Company's overall operating performance, future operating risks, industry development trends, the achievement rate of each individual's performance and their contribution to the Company's performance are also taken into account prior to providing a reasonable compensation. The relevant performance appraisal and the reasonableness of the remuneration are reviewed by the remuneration committee and board of directors, and the system is evaluated in a timely manner according to the actual business conditions and applicable laws and regulations. By doing this, we continue to balance between the Company's sustainable business and risk control.

Employees: The Company's policy for payment of remuneration of employees considers their job positions, responsibilities handled, the business performance of the Company of the year and the salary standard adopted in the same industry, in order to provide reasonable remuneration.

VI. Any financial distress experienced by the Company or its affiliates and impacts on the Company's financial status in the most recent fiscal year and up to the printing date of annual report: None.



## Seven. Review and Analysis of Financial Status and

### I. Financial Status

Unit: NT\$ thousand

Item \ Year	2021	2022	Difference	
			Amount difference	% difference
Current assets	1,368,051	1,786,250	418,199	30.57
Property, plant and equipment	2,190,898	2,033,611	-157,287	-7.18
Other non-current assets	1,188,475	1,041,541	-146,934	-12.36
<b>Total assets</b>	<b>4,747,424</b>	<b>4,861,402</b>	<b>113,978</b>	<b>2.40</b>
Current liabilities	697,872	1,419,467	721,595	103.40
Long-term liabilities	2,321,063	1,423,847	-897,216	-38.66
<b>Total liabilities</b>	<b>3,018,935</b>	<b>2,843,314</b>	<b>-175,621</b>	<b>-5.82</b>
Equity attributable to owners of parent company	1,728,489	2,018,088	289,599	16.75
Share capital	904,826	931,078	26,252	2.90
Capital reserve	645,495	709,026	63,531	9.84
Retained earnings	177,884	377,451	199,567	112.19
Other equity	284	533	249	87.68
Treasury shares	-	-	-	-
Non-controlling interests	-	-	-	-
<b>Total equity</b>	<b>1,728,489</b>	<b>2,018,088</b>	<b>289,599</b>	<b>16.75</b>
<p>Main reasons for assets, liabilities and shareholders' equity major change items in the last 2 years (analysis of increase/decrease changes reaching 20%):</p> <ol style="list-style-type: none"> <li>1、 The increase of current assets was mainly due to the mitigated COVID-19 pandemic impact such that operational growth was achieved and cash flow increase.</li> <li>2、 The increase of the current liabilities and the decrease of long-term liabilities was mainly due to the re-classification of corporate bonds payable to long-term liabilities.</li> <li>3、 The increase of retained earnings was mainly due to the net gain after tax in 2021.</li> <li>4、 The increase of other equity was mainly due to the decrease of cumulative translation adjustment arising from exchange rate fluctuation.</li> </ol>				

## II. Financial performance

Unit: NT\$ thousand

Item	Year	2021	2022	Difference	
				Amount difference	% difference
Operating income		1,450,905	2,074,353	623,448	42.97
Operating costs		1,193,300	1,431,442	238,142	19.96
Gross profit		257,605	642,911	385,306	149.57
Operating expenses		312,517	383,463	70,946	22.70
Operating income		-54,912	259,448	314,360	-572.48
Non-operating income and expenses		13,211	-9,159	-22,370	-169.33
Net income before tax		-41,701	250,289	291,990	700.20
Income tax expense		12,387	249	671	159.00
Net income (loss) of the current period		-29,314	199,816	229,552	771.97
Net amount after tax of other comprehensive income for the current period		-422	249	671	159.00
Total comprehensive income of the current period		-29,736	199,816	229,552	771.97
<p>Increase/decrease ratio change analysis (analysis of increase/decrease change reaching 20% or above):</p> <ol style="list-style-type: none"> <li>1 - The increase of overall financial performance was mainly due to the mitigated COVID-19 pandemic impact such that operational growth was achieved.</li> <li>2 - The decrease of non-operating incomes and expenses was mainly due to the decrease of government subsidy obtained.</li> <li>3 - The increase of net amount after tax of other comprehensive income for the current period was mainly due to the decrease of cumulative translation adjustment arising from exchange rate fluctuation.</li> <li>4 - Short-term expected sales volume and its basis, possible impact on the company's future financial business and response plans: The company sets annual sales targets based on annual budgets and operating plans supplemented by past actual operating performance.</li> </ol>					

## III. Analysis of cash flows

### (I) Analysis of cash flow change of the most recent year

Unit: NT\$ thousand

Cash balance at the beginning of the period	Cash flow from operating activities for the whole year	Net cash inflow (outflow) for the whole year	Cash surplus (deficit) amount	Remedial measures for expected cash flow deficit	
				Investment plan	Financial management plan
1,231,829	627,217	136,655	1,368,484	-	-
<p>1. Analysis of changes in cash flows for the current year:</p> <ol style="list-style-type: none"> <li>(1) Operating activities: mainly refer to the operating profit after deduction of depreciation and interest expenses.</li> <li>(2) Investing activities: mainly refer to the purchase of property and equipment.</li> <li>(3) Financing activities: mainly refers to issuance of cash dividends and payment of lease principal.</li> </ol> <p>2. Analysis on remedial measures for cash deficit and liquidity: Not applicable.</p>					

(II) Improvement plant for insufficient liquidity:

The Company was not subject to any condition of insufficient liquidity in 2022; therefore, this is not applicable.

(III) Cash liquidity analysis for the next year:

Unit: NT\$ thousand

Cash balance at the beginning of the period	Expected net cash flow from operating activities for the whole year	Expected net cash flow for whole year due to investing and financing activities	Expected cash surplus (deficit)	Remedial measures for expected cash flow deficit	
				Investment plan	Financial management plan
1,368,484	1,066,269	(1,154,317)	1,280,436	-	-
Analysis of changes in cash flows for the next year: (1) Operating activities: Sales income growth with net cash inflow from operating activities in 2023 is expected. (2) Investing activities: Cash outflow from investing activities due to decoration (repair) of operating hotels and restaurants is expected. (3) Financing activities: Cash outflow from financing activities due to repayment of lease principal and issuance of cash dividends is expected.					

IV. Impact of significant capital expenditures in the most recent year on the financial operations of the Company: None.

V. Investment policy for the most recent year, main causes of and received the Where the Company has a profit for a fiscal or losses, improvement plans and investment plans for the next year:

To promote internationalization, on February 14, 2020, the Company's board of directors approved the acquisition of 100% equity of the subsidiary LDC Milan Hotels S.R.L., and it was renamed to FDC Italian Hotels S.R.L. (referred to as "FDC Italian"), and the FDC (Hangzhou) Consulting & Management Co., Ltd. was also established in China through FDC Italian. Since it is still under its early stage of operation, and there has been no operating income, it has indicated a loss in 2022.

VI. Analysis and assessment on risk matters for the most recent year and up to the printing date of annual report

(I) Impact of interest rate, exchange rate fluctuation and inflation condition on the profit/loss of the Company and future countermeasures

1. Impact of interest rate fluctuation on the Dugong profit/loss of the Company and future countermeasures

The Company periodically evaluates the bank loan interest rate and maintains close contact with banks in order to obtain favorable loan interest rate; therefore, the

interest rate is relatively stable. The interest expenses of the Company for 2021 and 2022 were NT\$37,032 thousand and NT\$36,875 thousand, accounted for 2.55% and 2.54% of the operating income, indicating that the interest rate change has no material impact on the profit or loss of the Company. In addition, the financial status of the Company is stable without any concern on the loan and credit records, and the capital planning of the Company adopts the conservative and stable principle. It is expected that future interest rate change will not have any material impact on the overall business operation of the Company.

2. Impact of exchange rate fluctuation on the Dugong profit/loss of the Company and future countermeasures

The Company operates the business of international tourist hotels and restaurants for 100% domestic sales, and the operating income and cost are mainly in the currency of New Taiwan Dollars; therefore, exchange rate change has minor impact on the profit or loss of the Company.

3. Impact of inflation on the profit/loss of the Company and future countermeasures

The Company has included the risk of inflation during the planning of the annual operation plan, and also continues to monitor the market price change status, in order to make adjustment on the sales price according to the market demand. In addition, the Company also maintains excellent interaction with suppliers, and the purchase policy of the Company mainly adopts the method of tendering and price comparison among suppliers, in order to reduce purchase cost. Furthermore, there are also numerous qualified alternative suppliers available for selection, such that the impact of inflation on the profit or loss of the Company is mitigated.

(II) Policies on engaging in high risk, high leverage investments, loaning funds to others, endorsement and guarantee as well as derivative transactions, main causes of profit and loss as well as future countermeasures

1. The financial strategy of the Company is to adopt the stable and conservative principle.

Accordingly, for the most recent year and up to the printing date of the annual report, the Company has not engaged in any high risk, high leverage investment and derivatives transactions.

2. The Company has established the “Procedures for Acquisition and Disposal of Assets”, “Operational Procedures for Loaning Funds to Others” and “Operation Procedures for Making Endorsements/Guarantees” according to relevant laws and regulations of competent authorities as the basis for compliance. For the current year and up to the printing date of the annual report, the Company has not engaged in loaning funds to others and making endorsements/guarantees.

(III) Future R&D projects and expected investment in R&D budget: Since the Company does not invest in R&D projects, this is not applicable.

(IV) Impacts of domestic/foreign important policies and changes of laws on the financial business of the Company and countermeasures

The operations of the Company comply with domestic/foreign related laws, and the Company also monitors domestic and foreign policy development and the trend of regulatory changes. In addition, the Company also assigns professional personnel to receive internal and external related courses irregularly, in order to cope with any changes in domestic and foreign political and economic status timely. Accordingly, changes in domestic and foreign important policies and laws have no material impact on the financial business of the Company. For the current year and up to the printing date of the annual report, the Company's financial business has not been subject to any material impact due to changes in relevant important policies and laws.

(V) Impacts of changes in technology (including cyber security risk) and industry on the financial business of the Company and countermeasures

The Company monitors technology changes (including cyber security risk) and development changes in the industry related to the Company at all times. In addition, the Company also provides innovative services to satisfy customer demands, in order to achieve the goal of sustainable development. For the most recent year and up to the printing date of the annual report, changes in technology (including cyber security risk) and industrial change have not caused any material impact on the financial business of the Company.

(VI) Impacts of change of corporate image on the corporate crisis management and countermeasures

The Company focuses on the management of its core business, and up to the present day, the Company has not encountered any operational crisis due to corporate image change. In the future, the Company will continue to comply and implement various corporate governance requirements and will also timely consult relevant experts' opinions, in order to reduce the occurrence of such risk and any impact of such risk on the financial business of the Company.

(VII) Expected benefits, possible risks, and countermeasures for mergers and acquisitions

For the most recent year and up to the printing date of the annual report, the Company

has had no merger and acquisition plan.

(VIII) Expected benefits, possible risks and countermeasures for expansion of facilities

For the most recent year and up to the printing date of the annual report, the Company has no plan for expansion of facilities.

(IX) Risks faced due to concentrated purchase or sales and countermeasures

The Company operates the business of international tourist hotels and restaurants, and the supply condition for the main customer supplies and fresh foods, etc. is stable, and the suppliers and customers for the purchase and sales of products and services are distributed without any occurrence of concentrated purchase and sales.

(X) Impacts of directors, supervisors or major shareholders with shareholding percentage exceeding 10%, large equity transfer or change on the Company and countermeasures

For the most recent year and up to the printing date of the annual report, the Company has not been subject to any large transfer or change of equities.

(XI) Impacts, risks and countermeasures of change of management rights to the Company

For the most recent year and up to the printing date of the annual report, the Company is not subject to any change of management right.

(XII) Litigation or non-contentious events: None.

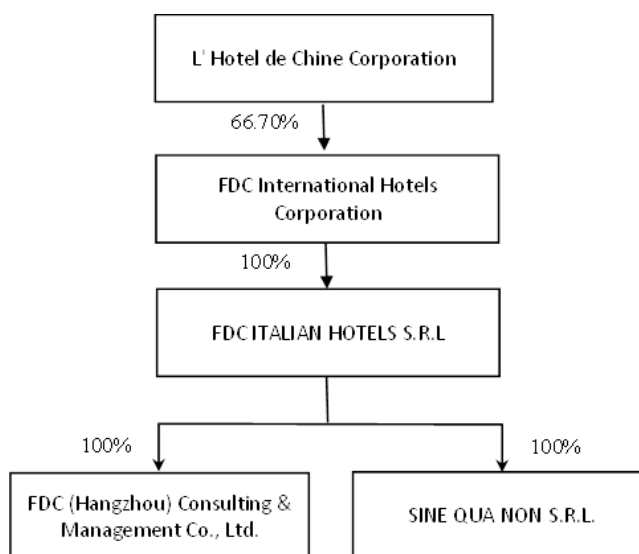
(XIII) Other significant risks and countermeasures: None.

VII. Other important matters: None.

## Eight. Special Disclosure

### I. Affiliated Enterprises Related Information

#### I. Affiliated enterprise organizational overview



#### (II) Affiliated enterprise basic information

Unit: NT\$ thousand; December 31, 2022

Enterprise name	Establishment date	Address	Paid-in capital	Main business or production item
L' Hotel de Chine Corporation	1961/03/24	11F, No. 96, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City	2,943,227	Hotel and management consulting services
FDC ITALIAN HOTELS S.R.L.	2020/02/17	Italy	340 (EUR 10,000)	Investment
FDC (Hangzhou) Consulting & Management Co., Ltd.	2020/11/23	China	9,816 (EUR 300,000)	Hotel and catering service management

(III) Information of identical shareholders for affiliates inferred to have control and dominance-subordination relationship: None.

#### (IV) Businesses covered by the business operated by the overall affiliated enterprises

1. The businesses operated by the Company and affiliated enterprises of the Company include tourist hotels, investment, hotel and catering service management, etc.
2. Primary business and service allocation status: Except that the tourist hotel business implements joint promotion programs, there is no business and service allocation for the rest of business operations.

(V) Information of directors, supervisors and presidents of affiliated enterprises

Enterprise name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding percentage
L' Hotel de Chine Corporation	Chairman	Cheer Day Holdings Limited Representative: Ruth Koo	-	-
	Director	Cheer Day Holdings Limited Representative: Alanna Tseng	-	-
	Director	Chia Hsin R.M.C. Corporation Representative: Koo Huai Chen Chao	-	-
	Supervisors	Amwell Properties Limited Representative: Wei-Lun Kao	-	-
	President	Chairman: Emile Sheng	-	-
FDC ITALIAN HOTELS S.R.L	Director	Casalola Marco	-	100%
SINE QUA NON S.R.L.	Director	Emile Sheng	-	100%
FDC (Hangzhou) Consulting & Management Co., Ltd.	Director	Emile Sheng	-	100%

II. Information on private placement of securities for the most recent year and up to the printing date of the annual report: None.

III. Information on share ownership and disposal of shares of the Company by subsidiaries for the most recent year and up to the printing date of the annual report: None.

IV. Other matters requiring supplementary information: None.

Nine. For the most recent year and up to the printing date of the annual report, the occurrence of events having material impact on shareholders' rights and interests or securities prices according to Subparagraph 2 of Paragraph 2 of Article 36 of the Securities and Exchange Act: None.



**FDC International Hotels Corporation**

**Representative : Emile Sheng**