(Stock Code: 2702)

Holiday Garden Hotel Co., Ltd.

2018 Annual Report

Published: May 20,2019

Reference of the Annual Report, see website:

http://mops.twse.com.tw

The Company's Website:http://www.hotelhg.com.tw

1. Company Spokesperson: Ching-Sheng Tu Job Title: Audit Supervisor

Tel: (07) 241-0123

Email: mark.tu@hotelhg.com.tw

Acting Spokesperson: Su-Ling Yu Job Title: Finance Supervisor

Contact Number: (07) 241-0123

Email: weny.yu @hotelhg.com.tw

2. Company Address: No. 279, Liuhe 2nd Rd., Qianjin Dist., Kaohsiung City

Tel: (07) 241-0123

Taipei Office: 9F., No. 22, Ln. 187, Sec. 1, Dunhua S. Rd., Songshan Dist., Taipei City

Tel: (02) 2778-2992

3. Share Transfer Institutions: Department of Stock Affairs Agent, Waterland Securities CO LTD

Add: 4F., No. 199, Sec. 3, Chongqing N. Rd., Datong Dist., Taipei City

Web: http://www.wls.com.tw

Service Line: (02) 2593-6666

4. Certified Public Accountants: Chien-Chih Wu, A-Shen Liao

CPA Firm: PwC Taiwan

Add: 22F., No. 95, Minzu 2nd Rd., Xinxing Dist., Kaohsiung City

Web: http://www.pwc.com/tw

Tel: (07) 237-3116

5. Name of trading place where overseas marketable securities are listed for trading:

None

Information on overseas marketable securities: None

6. Company's Website: http://www.hotelhg.com.tw

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Holiday Garden Hotel Co., Ltd.

Business Report

Dear Shareholders,

I would like to thank all shareholders for coming and participating in the annual general meeting of shareholders in 2019. I would also like to thank all shareholders for their support and trust in the company over the past year.

Under the impact of the environment and the fierce competition, thank you to all the directors and staff for your concerted efforts.

This year, the company continues to adhere to the high quality of service as the foundation, enhance the software and hardware facilities, actively promote various marketing activities, and through various sales channels to develop a variety of products, to dig and develop the market to create better performance.

At present, five hotels in the United States have achieved remarkable growth in operation, and I and the company's senior management will lead all staff to continue their efforts in the hope of creating greater profits for the company and benefiting shareholders.

I. Operating Results

(I) Guest Room:

The guest room department of the Company received 72,084 guests from January to December, 2018, a decrease of 10,922 guestscompared with 83,006 guests in the same period of 2017, a decrease of 13.16%. Of all guests, Chinese guests accounted for 46.78%, mainland China guests accounted for 17.23%, while guests from otherregions accounted for 35.99%. The room occupancy rate is 36%, the guest room department revenue was NT$ 57,375,000, representing a decline of NT$ 8,414,000 or 12.79%, from NT$ 65,789 in the same period of 2017.

(II) Catering:

The revenue of the catering department of the Company from January to December 2018 is NT$ 45,265,000, which is NT$ 10,152,000 less than NT$ 55,417,000 in the same period of 2017, a decrease of 18.32%.

(III) Subsidiaries

1. The revenue of guest room department of the Company's U.S. subsidiary was US$ 35,225,000 in January to December 2018, a decline of US$ 5,649,000 or 13.82% from US$ 40,874,000 in the same period of 2017.

2. The revenue of the guest room department of the Company's Taiwan subsidiary (Holiday Garden Hotel Development) from January to December 2018 is NT$ 5,053,000.

(IV) The Group

The consolidated operating income from January to December 2018 was NT$ 1,169,715,000, a decrease of NT$ 195,300,000 or 14.31% from the same period in 2017.

II. Consolidated Financial Report

(I) Net Value of Assets and Liabilities:

As of December 31, 2018, the total assets of the Group were NT$ 6,000,033,000, of which the total liabilities were NT$ 4,650,965,000, accounting for 77.52% of the total assets, and the total net value was NT$ 1,349,068,000, accounting for 22.48% of the total assets.

(II) Profit and Loss:

The Group's operating income from January to December 2018 was NT$ 1,169,715,000, a decrease of NT$ 195,300,000 from NT$ 1,365,015,000 in the same period last year and a recession of 14.31%. The operating cost was NT$ 227,903,000, operating expenses was NT$ 859,772,000, operating profit was NT$ 82,040,000 and the net non-operating income and expenditure was NT$ 316,443,000. The current net profit before tax was NT$ 398,483,000, an increase of NT$ 358,681,000 or 901.16% from NT$ 39,802,000 a year earlier.

III. Budget and Budget Implementation Status

The annual operating revenue in 2018 was NT$ 1,169,715,000 with a budget of NT$ 1,250,000,000, achieving a rate of 93.58%. The net profit before tax was NT$ 398,483,000, and the budget net profit before tax was NT$ 450,000,000, with achieving rate of 88.55%.

IV. Financial Income/Expenditure and Profitability Capacity Analysis

Unit: NT$ 1,000; %

Analysis Items \ Year			2018	2017
Financial Income/Expenditure	Operating Income Net Amount		1,169,715	1,365,015
	Operating Margin		941,812	1,035,348
	Net Profit After Tax		212,662	(2,308)
Profitability Capacity	Rate of Return on Assets (%)		5.74	1.52
	Rate of Return on Shareholder Equity (%)		17.45	(0.19)
	Proportion Of Ratio Of Paid-In Capital (%)	Operating Profit	8.02	13.43
		Net Profit Before Tax	38.95	3.89
	Net Profit Margin (%)		18.18	(0.16)
	Earnings Per Share (NT$)		2.08	(0.02)

V. Research and Development Status: N/A

VI. Summary of This Year's Business Plan

(I) Business Policy for the Current Year

1. Affordable catering to change the image of existing hotels.
2. Cultivate marketing talents and increase exposure.
3. Expanded company's business services and develop customer sources.
4. Expand overseas revenue, with flexible capital allocation to

establish the company's financial structure.

5. Change procurement methods to reduce operating costs.

(II) Expected Sales Volume and Its Data

In 2019, the company will actively expand the independent travel in Japan, Hong Kong, Macao, and Singapore, explore new onlineplatforms, and actively participate in domestic and foreign tourism exhibitions to increase the company's popularity. It is expected that the hotel industry will grow steadily in 2019 due to the stable growth of domestic economy and the tourist flow to Taiwan, which will inject into the company's guest room revenue and catering revenue. It is expected that the sales target can be achieved.

(III) Important Production and Marketing Policies & Future Development Strategies

1. Establish talent cultivation system and improve service quality.
2. In response to the international customer base continued to increase, improve the quality of catering services with popularization to attract consumer groups, and increase the company's income sources.
3. With the original room design to plan top equipment and service quality, and expand business and customer sources.
4. Use Internet marketing to enhance advertising efficiency.

(IV) Under the Influences of External, Regulatory and Overall Business Environment

Looking into the tourism market in 2019, it is expected that the overall tourism industry will recover. The Company adheres to the principle of pragmatic and stable operation, and continuously adjusts its business policy to meet future market demand.

Person in Charge: Manager: Accountant in Charge:

VII. The supervisor shall check the Company's 2018 annual financial statement and report, please kindly verify.

Note: the 2018 financial statement of the Company is reviewed and concluded by the supervisor, and the audit report is issued. Please refer to Page 59 of this manual.

Chapter 2. Company Profile

I. Registration Date of Incorporation: July 29, 1959
Company License Number: Business Administration NO.75560601

II. Business Activities:

1. International tourist hotel rooms rental with Chinese and Western restaurants, nightclubs and swimming pools.
2. General import and export business (except licensing business).
3. Except for permitted business, the company may engage in business not prohibited or restricted by law.

III. Company History

In 1956, the First President, Chiang Kai-Shek, called on overseas Chinese to return home to invest in tourism. Mr. Chih-Chin Chen, the former Chairman of the Board of the company, first responded and returned from Thailand. Together with Mr. Chih-Pei Chen, the current founder of the Company, they found a land with more than 1,500 Pings at No. 279, Liuhe 2nd Rd., Qianjin Dist., Kaohsiung City, and built the first overseas Chinese funded tourist hotel.

The construction began in January 1957. The first phase of the project was completed in two and a half years. There were 34 guest rooms, one Chinese and one western restaurant, as well as a bar. It opened its business on January 9, 1959, providing services, cooperating with the development of export processing zones, increasing the nation's foreign exchange earnings and international diplomacy. The Company was listed in 1965.

In 1967, the company began the second phase of the expansion to combine with the overall economic prosperity of the country, from 34 rooms to 120 rooms, completed in 1969 and reopened. In 1973, the Company joined the world's largest hotel chain, the American Holiday Inn, becoming a veritable international tourist hotel. Due to the rapid development of national economy, the increasingly developed international transportation and the real peace between countries and between people through tourism, the Company not only made full use of the performance of smokestack-free factory, but also developed the substantial national diplomacy.

The third phase of the expansion began in 1976 and was completed

in the early summer of 1979. It now has 269 guest rooms and 210 guest rooms, a conference hall and opened on June 30, 1979. It is now a very famous tourist hotel. The Ritz nightclub officially opened in February 1981, which is the first international sightseeing hotel with night club in southern Taiwan. Our Company was renovated again in 1992, and it was completed and restarted in April 1995 after three years. With Jiangsu and Zhejiang Cuisine, Cantonese cuisine, American restaurants, Ritz night club and bars and other catering facilities, and the health club established in October 1997, it was completed and put into operation in April 1998. In view of the increasing attention paid by tourists to fitness recently, the health club was formally established in March 1998 with the addition of fitness equipment in the basement gym and the establishment of three sauna facilities in conjunction with the swimming pool equipment. The health club was officially established in March 1998 and began to operate. After the transformation of the catering market, the marketability of western restaurants has gradually declined. In 2003, Mr. Hai-Ni Chen took over as the Chairman of the Board. In order to meet the market demand of young people, he changed the western restaurant into a tea restaurant, which is operated in the form of catering to the consumption demand of young people. Also, in 2004, the furniture and equipment of guest rooms were gradually upgraded due to the market demand. In 2007, we renovate the external hall, dining hall, and housekeeping works. In 2012, we renovated and decorated more than 200 restaurants and guest rooms to reach the standard of international tourist hotels. In 2013, the land use zoning of the company was changed from government land to commercial land.

In 1997, the Company invested in the first Hotel, Clementine Hotel & Suites Anaheim, in California, with 200 rooms. In 2015, we invested in Towneplace Suites in Silicon Valley, California, with 125 rooms, and the Embassy Suites hotel with 156 rooms in Magic Mountain, California. In 2016, we invested in Holiday Inn Express Walnut Creek hotel in East Bay, California, with 164 rooms and 100% operation rights.

The capital stock of the company was established and registered in July 1959 with:		NT$ 8,000,000
	Paid-in Capital:	NT$ 4,000,000
From Jan 1960	Cash Capital Increase with: Paid-in Capital:	NT$ 4,000,000
From Jul 1964	Cash Capital Increase with: Paid-in Capital:	NT$ 8,000,000 NT$ 32,000,000 NT$ 40,000,000

In February 1965, the stock listing was approved by the Securities and Exchange Commission of the Ministry of Finance.Since 1982, after many capital surplus transfers and capital cash increases, the current registered capital is NT$ 1,500,000,000.

The paid-in capital is NT$ 1,023,014,240.

In 2018, the Holiday Garden Group opened the Holiday Garden Hotel next to the Kaohsiung Taroko Park, with the combination of amusement park and parent-children element. It hopes to make use of the successful operation experience of the Clementine Hotel&Suites Anaheim hotel near Disneyland, California, the United States, to create a new peak for Holiday Garden in Taiwan and bring a new look for tourism in Kaohsiung.

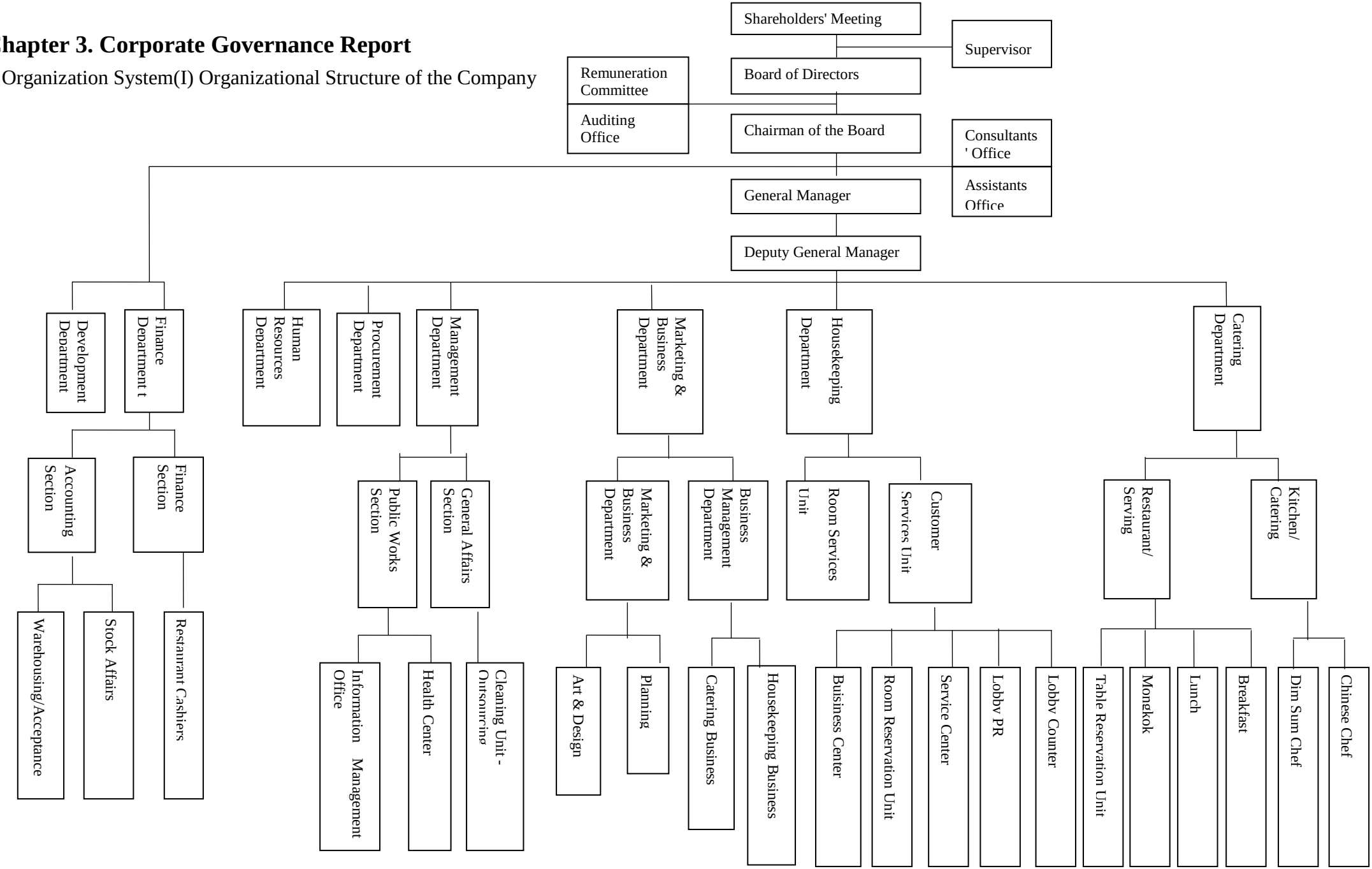
IV. The most recent year and up to the date of the publication of the annual report, the company's merger and acquisition, reinvestment of affiliate enterprises, and reorganization: None.

V. The most recent year and up to the date of the publication of the annual report, substantial transfer or replacement of the shares of directors, supervisors or major shareholders holding more than 10% of the shares: None.

VI. The most recent year and up to the date of the publication of the annual report, changes in the management right, major changes in the mode of operation or business content, and other important matters sufficient to affect shareholders' equity and their impact on the company: None. Chinese Chef

Chapter 3. Corporate Governance Report

I. Organization System(I) Organizational Structure of the Company



(II) Businesses of Major Departments:

Departments	Main Duties
General Manager's Office	- Overall management of the company's operations, and audit work, management of all business, the implementation of the executive level resolution. - To formulate the company's business objectives and development plans, and to formulate the overall business objectives and strategies. - To formulate long-term and short-term business development plans and research and development of new business investment.
Financial Management	- Preparation and implementation of the company's operating budget, and planning of fund utilization and scheduling.
Stock Affairs Section	- To manage the company's stock affairs and shareholder services.
Marketing Planning Department	- To integrate the planning of marketing business, the contact and development of public relations business. - Integrated advertising planning and marketing. - Marketing expansion, exhibition, conference and development of domestic and foreign business.
Procurement Section	- To formulate the procurement management system and procedures, supervise the planning and implementation of procurement business. - Unified procurement matters of the whole company, and procurement information
Information Management Office	- Corporate information development, use order strategy formulation and implementation and information security. - To provide the information and intelligence required at all levels of management. - To introduce the most suitable information solutions in line with the company's development strategy.
Accounting Section	- To manage company's cost control, financial and tax declaration, and application for investment deduction. - Various tax payment and declaration matters, accounting and statement summary and tracking analysis matters.
Human Resources Department	- To supervise and manage the planning and implementation of the company's personnel business, as well as the analysis and assessment of related matters. - The company's personnel, deployment, education and training, labor management system implementation and other strategic matters. - Labor health examination, implementation of health management, employment application and management of foreign employees.
Public Works Section	- Matters relating to the management of repair projects, operation and maintenance of water, electricity, air conditioning and mechanical equipment. - Fire safety monitoring.

Business Management Department	- Business planning and management, promotion activities and management of external business contracts.
General Affairs Section	- To formulate occupational accident prevention plans and guide relevant departments to implement them. - To plan and supervise the labor safety and health management and implement the labor safety and health education and training. - To supervise the investigation and handling of occupational hazards and handle civil defense matters. - Matters regarding the company's construction, fire safety inspection declaration.
Housekeeping Department	- Guest room sales promotion and guest reception and settlement. - Passenger transportation service, laundry service, room cleaning service. - To maintain hotel security and VIP security, and to manage and execute the security service in the hotel.
Catering Department	- Planning the marketing strategy of catering business, new menu development and menu review. - Restaurant service and kitchen management. - Customer complaint handling and customer demand investigation and analysis.

II. Information of Director, Supervisor, and Manager

(I) Information of Directors and Supervisors

(1) Information of Directors and Supervisors

April 21, 2019

Nationality or Domicile	Job Title	Gender	Name	Elected (Appointed) Date	Term of Office	Date of Initial Elected Date	Shares Held When Elected		Current Shares Held		Current Shares Held by Spouses and Minor Children	
							Shares	Shareholding Ratios	Shares	Shareholding Ratio	Shares	Shareholding Ratios
Republic of China	Chairman of the Board:		Ying Chuan International Enterprise CO LTD	Jun 20 2016	3 Years	1965	18,343,348	19.39%	19,840,164	19.39%	None	None
Republic of China	Legal Person Representative	Male	Hai-Ni Chen	Jun 20 2016	3 Years	1965	2,779,229	2.72%	3,006,013	2.94%	645,430	0.63%
Republic of China	Director		Ying Chuan International Enterprise CO LTD	Jun 20 2016	3 Years	1965	18,343,348	19.39%	19,840.164	19.39%	None	None
Republic of China	Legal (Judicial) Person Representative	Female	Shih-Yi Chen	Jun 20 2016	3 Years	1965	209,101	0.22%	226,163	0.22%	None	None
Republic of China	Director	Male	Pao-Shang Li	Jun 20 2016	3 Years	2007	81,919	0.09%	79,602	0.07%	None	None
Republic of China	Independent Director	Female	Shu-Ai Chen	Jun 20 2017	2 Years	2017	0	0%	0	0%	None	None
Republic of China	Independent Director	Female	Te-Chu Li	Jun 20 2016	3 Years	2016	0	0%	0	0%	None	None
Republic of China	Supervisor	Female	Li-Huang Tsai	Jun 20 2016	3 Years	2007	1,605	0.002%	1,735	0.002%	None	None
Republic of China	Supervisor	Female	Wei-Yu Chen	Jun 20 2016	3 Years	2007	1,484,519	1.57%	1,605,654	1.57%	None	None

(2) Information of Directors and Supervisors

April 21, 2019

Job Title	Name	Holding Shares In the Name of Another Person		Main Experience & Education	Currently Serve Concurrent Posts in the Company and Other Companies	Other Heads, Directors, or Supervisors with a Spouse or Second Degree of Kinship		
		Shares	Shareholding Ratio			Title	Name	Relationship
Chairman of the Board	Representative of Ying Chuan International Enterprise CO LTD: Hai-Ni Chen	0	0	Tamkang University	Chairman of the Board of the Company	Director Supervisor	Shih-Yi Chen Wei-Yu Chen	Father/Daughter Father/Daughter
Director	Representative of Ying Chuan International Enterprise CO LTD: Shih-Yi Chen	0	0	Carnegie Mellon University	Vice President of The Goldman Sachs Group, Inc. Tokyo/Japan	Chairman of the Board Supervisor	Hai-Ni Chen Wei-Yu Chen	Father/Daughter Sisters
Independent Director	Shu-Ai Chen	0	0	National Xinying Industrial Vocational High School	Chairperson of the Board, Thinking Electronic Industrial CO LTD	None	None	None
Independent Director	Te-Chu Li	0	0	Bachelor of Commerce, Department of Accounting, Providence University	RP of Liang Der CPA Firm	None	None	None
Director	Pao-Shang Li	0	0	National Pei-Kang Agricultural & Industrial vocational High School	Chairman of the Board of Chang Feng Driving School	None	None	None
Supervisor	Li-Huang Tsai	0	0	Kuochi Senior Vocational High School of Commerce and Technology	None	None	None	None
Supervisor	Wei-Yu Chen	0	0	Yale University	None	Chairman of the Board Director	Hai-Ni Chen Shih-Yi Chen	Father/Daughter Sisters

(3) Substantial Shareholders of Judicial Shareholders

April 21, 2019

Name of Judicial Person Shareholders	Substantial Shareholders of Judicial Shareholders
Ying Chuan International Enterprise CO LTD	Hai-Ni Chen

(4) The Substantial Shareholders of the Substantial Shareholders of Judicial Person Shareholders: None

(5) Information of Directors and Supervisors

April 21, 2019

Conditions / Name	Does the individual have more than 5 years of work experience and the following professional qualifications?			Conformity to Independence (Note 1)										Number of Other public owned corporations in which the Company concurrently serves as an independent director.
	Lecturer or above in business, legal finance, accounting or corporate business in public or private tertiary institutions.	Judges, prosecutors, lawyers, accountants or other professionals and technicians who have passed the national examinations and obtained certificates necessary for the business of the company.	Experience in business, legal, finance, accounting or corporate business.	1	2	3	4	5	6	7	8	9	10	
Director Representative of Ying Chuan International Enterprise CO LTD: Hai-Ni Chen			✓			✓			✓	✓		✓		0
Director Representative of Ying Chuan International Enterprise CO LTD: Shih-Yi Chen			✓	✓		✓			✓	✓		✓		0
Independent Director: Shu-Ai Chen			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Independent Director: Te-Chu Li		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Director: Pao-Shang Li			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Supervisor: Li-Huang Tsai			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Supervisor: Wei-Yu Chen			✓	✓		✓		✓	✓	✓		✓	✓	0

Note 1: For each Director or Supervisor who meets the conditions for two years prior to being elected and during his/her term of office, please "✓" the box below the corresponding condition(s).

(1) Not employed by the Company or its affiliated enterprises.

(2) A director or supervisor of an enterprise not affiliated with the company (except for independent directors appointed by the company or its parent company or subsidiaries pursuant to this act or local laws).

(3) A natural person shareholder who is not himself/herself or his/her spouse, younger child or in the name of another person holds more than one percent of the total shares issued by the company or holds the top ten shares.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship in the three preceding items.

(5) Not a Director, Supervisor, or employee of a judicial person shareholder that directly holds 5% or more of the total number of issued shares of the Company or is ranked top 5 in terms of quantity of shares held.

(6) Not a Director (member of the governing board), Supervisor (member of the supervising board), manager, or shareholder who holds more than 5% of shares.

(7) Business owners, partners, directors (managers), supervisors (supervisors), managers and their spouses who are not professionals, single proprietors, partnerships, companies or institutions providing business, legal, financial,accounting or other services or consulting services to companies or affiliated enterprises. However, members of the Remuneration Committee who perform their functions and powers pursuant to Article 7 of the procedures for the establishment and exercise of the Remuneration Committee for trading companies on the stock market or at the business premises of a dealer in securities shall not be subject to this provision.

(8) Not a spouse or a relative within the second degree of kinship with other directors.

(9) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.

(10) Where the person is elected by the government, a judicial person, or a representative thereof as provided in Article 27 of the Company Act.

(II) Information on the General Managers, Deputy General Managers, Assistant Managers, and Heads of Departments

April 21, 2019

Nationality	Job Title	Gender	Name	Elected (Appointed) Date	Shares Held		Shares Held by Spouses and Minor Children		Shares Held in the Name of Other Persons		Main Experience & Education	Currently Serve Concurrent Posts in Other Companies	Managers with a Spouse or Second Degree of Kinship		
					Shares	Shareholding Ratios	Shares	Shareholding Ratios	Shares	Shareholding Ratio			Job Title	Name	Relationship
Republic of China	Chairman of the Board/General Manager	Male	Hai-Ni Chen	Jul 14 2016	3,006,013	2.94%	645,430	0.63%	0	0	Chairman of the Board, Holiday Garden Hotel	None	Deputy General Manager	Shu-Hui Lin	Husband/Wife
Republic of China	Deputy General Manager	Female	Shu-Hui Lin	Jul 01 2003	645,430	0.63%	3,006,013	2.94%	0	0	Deputy General Manager, Holiday Garden Hotel	None	Chairman of the Board	Hai-Ni Chen	Husband/Wife

(III) Remuneration of Directors, Supervisors, General Manager and Deputy General Managers

(1) Remuneration of Directors (including Independent Directors)

December 31, 2018 Unit: NT$ 1,000

Title	Name (Note 1)	Remuneration of Directors								A, B, C and D Percentage of Total Net Profit After Tax % (Note 9)		Remuneration Paid to Concurrent Employees										Total Amount of A, B, C, D, E and G Percentage of Net Profit After Tax % (Note 9)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (Note 10)
		Remuneration (A) (Note 2)		Retirement Allowance (B)		Earnings Distribution Remuneration (C) (Note 3)		Business Allowances (D) (Note 4)				Salary and Bonus And Special Expenses, etc. (E) (Note 5)		Retirement Allowance (F)		Earnings Distribution Employee Bonus (G) (Note 6)				Employee Stock Warrants May Be Subscribed For (H) (Note 7)		The Number of New Shares Issued to Employee Stock Warrants (I) (Note 11)				
																The Company		Companies in the Consolidated Financial Statements (Note 8)									
		The Company	Companies in the Consolidated Financial Statements (Note 8)	The Company	Companies in the Consolidated Financial Statements (Note 8)	The Company	Companies in the Consolidated Financial Statements (Note 8)	The Company	Companies in the Consolidated Financial Statements (Note 8)	The Company	Companies in the Consolidated Financial Statements (Note 8)	The Company	Companies in the Consolidated Financial Statements (Note 8)	The Company	Companies in the Consolidated Financial Statements (Note 8)	Cash Bonus Amount	Stock Bonus Amount	Cash Bonus Amount	Stock Bonus Amount	The Company	Companies in the Consolidated Financial Statements (Note 8)	The Company	Companies in the Consolidated Financial Statements (Note 8)	The Company	Companies in the Consolidated Financial Statements (Note 8)	
Director	Hai-Ni Chen	0	0	0	0	0	0	120	120	0.06	0.06	1,225	6,776	0	0	0	0	0	0	0	0	0	0	0.63	3.24	None
Director	Shih-Yi Chen	0	0	0	0	0	0	120	120	0.06	0.06	0	0	0	0	0	0	0	0	0	0	0	0	0.06	0.06	None
Independent Director: Shu-Ai Chen	Shu-Ai Chen	0	0	0	0	0	0	120	120	0.06	0.06	0	0	0	0	0	0	0	0	0	0	0	0	0.06	0.06	None

Independent Director: Te-Chu Li	Te-Chu Li	0	0	0	0	0	0	120	120	0.06	0.06	0	0	0	0	0	0	0	0	0	0	0	0	0.06	0.06	None
Director	Pao-Shang Li	0	0	0	0	0	0	120	120	0.06	0.06	0	0	0	0	0	0	0	0	0	0	0	0	0.06	0.06	None

Note 1: Name of directors shall be listed separately (for judicial person shareholders, their names and the name of their representatives shall be listed separately) and the amount payable to them shall be disclosed collectively.

Note 2: Remuneration of Directors in the most recent fiscal year (including directors' salaries, job allowances, termination payment, various bonuses and incentives).

Note 3: Fill in the column of the amount of director's remuneration proposed and approved by the Board of Directors prior to the shareholders' meeting of the latest annual earnings distribution motion.

Note 4: Business allowances paid out to directors in the most recent fiscal year (including transport, special expenses, various allowances, accommodation, vehicles, and provision of physical goods and services). If housing, vehicle or other means of transportation, or personal expenditure is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please note the remuneration paid to such driver. However, such remuneration shall not be included.

Note 5: Refers to the physical provision of salary, job allowances, termination payment, various bonuses, incentives, travel, special expenses, various allowances, accommodation, and car allocation, etc., received by directors who also serves as an employee (including concurrent serving general manager, deputy general manager, other managers and employees) in most recent fiscal year. If housing, vehicle or other means of transportation, or personal expenditure is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please note the remuneration paid to such driver. However, such remuneration shall not be included.

Note 6: Refers to where the employee bonus (including stock bonus and cash bonus) obtained by the directors who also serves as an employee (including concurrent serving general manager, deputy general manager, other managers and employees) in the most recent year, the amount of employee bonus proposed for the distribution of earnings in the most recent year shall be disclosed before the shareholders' meeting and approved by the Board of Directors.

Note 7: Refers to the shares (excluding the executed portion) that may be subscribed for by the directors who also serves as an employee (including concurrent serving general manager, deputy general manager, other managers and employees) as of the date of publication of the annual report upon the acquisition of the employee stock warrants. In addition to this form, Table XV should also be filled in.

Note 8: Total remuneration in various items paid out to this Company's directors by all companies (including the Company) listed in the consolidated statement shall be disclosed.

Note 9: Net income after taxes refers to net income after taxes in the most recent fiscal year; if IFRS is adopted, net income after taxes refers to net income after taxes recorded in the parent company only or individual financial statements in the most recent fiscal year.

Note 10: a. The amount of remuneration received from other non-subsidiary companies invested by the Company by the Directors shall be stated clearly in this column.

b. If the Company's directors received remuneration from other non-subsidiary companies that this Company has invested in, the remuneration paid to the Company's directors shall be included in Column I of the Table of Remuneration Ranges and the name of the column is changed to "All Reinvested Businesses".

c. Monetary reward refers to the remuneration, consideration, employee bonus and business allowances, etc., received by the directors of the Company as a director, supervisor or manager of a reinvested enterprise other than a subsidiary.

Note 11: Refers to the shares that may be subscribed for by the directors who also serves as an employee (including concurrent serving general manager, deputy general manager, other managers and employees) as of the date of publication of the annual report upon the acquisition of the restricted employee shares.

∗The content of remuneration disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of levy.

(2) Remuneration of Supervisor December 31, 2018 Unit: NT$ 1,000

Job Title	Name (Note 1)	Remuneration of Supervisor						Percentage of Total Net Profit After Tax of A, B, and C (Note 6)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (Note 9)
		Remuneration (A) (Note 2)		Earnings Distribution Remuneration (B) (Note 3)		Business Allowances (C) (Note 4)				
		The Company	Companies in the Consolidated Financial Statements (Note 5)	The Company	Companies in the Consolidated Financial Statements (Note 5)	The Company	Companies in the Consolidated Financial Statements (Note 5)	The Company	Companies in the Consolidated Financial Statements (Note 5)	
Supervisor	Li-Huang Tsai	0	0	0	0	120	120	0.06	0.06	None
Supervisor	Wei-Yu Chen	0	0	0	0	120	120	0.06	0.06	None

Note 1: Name of supervisors shall be listed separately (for judicial person shareholders, their names and the name of their representatives shall be listed separately) and the amount payable to them shall be disclosed collectively.

Note 2: Remuneration of supervisors in the most recent fiscal year (including supervisor's salaries, job allowances, termination payment, various bonuses and incentives).

Note 3: Fill in the column of the amount of supervisor's remuneration proposed and approved by the Board of Directors prior to the shareholders' meeting of the latest annual earnings distribution motion.

Note 4: Business allowances paid out to supervisors in the most recent fiscal year (including transport, special expenses, various allowances, accommodation, vehicles, and provision of physical goods and services). If housing, vehicle or other means of transportation, or personal expenditure is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed.

If a driver is provided, please note the remuneration paid to such driver. However, such remuneration shall not be included.

Note 5: Total remuneration in various items paid out to this Company's supervisors by all companies (including the Company) listed in the consolidated statement shall be disclosed.

Note 6: Net income after taxes refers to net income after taxes in the most recent fiscal year; if IFRS is adopted, net income after taxes refers to net income after taxes recorded in the parent company only or individual financial statements in the most recent fiscal year.

Note 7: a. The amount of remuneration received from other non-subsidiary companies invested by the Company by the supervisors shall be stated clearly in this column.

b. If the Company's supervisors received remuneration from other non-subsidiary companies that this Company has invested in, the remuneration paid to the Company's supervisors shall be included in Column D of the Table of Remuneration Ranges and the name of the column is changed to "All Reinvested Businesses".

c. Monetary reward refers to the remuneration, consideration, employee bonus and business allowances, etc., received by the supervisors of the Company as a director, supervisor or manager of a reinvested enterprise other than a subsidiary.

＊The content of remuneration disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of levy.

(3) Remuneration of General Manager and Deputy General Manager

December 31, 2018 Unit: NT$ 1,000

Title	Name (Note 1)	Salary (A) (Note 2)		Retirement Allowance (B)		Bonuses and Special Expenses (C) (Note 3)		Amount of Earnings Distribution Employee Bonus (D) (Note 4)				Percentage of Total Net Profit After Tax of A, B, C, and D (%) (Note 7)		Amount of Acquisition of the Employee Stock Warrants (Note 5)		Number of Acquisition of the New Restricted Employee Shares (Note 9)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (Note 8)
								The Company		Companies in the Consolidated Financial Statements (Note 5)								
		The Company	Companies in the Consolidated Financial Statements (Note 6)	The Company	Companies in the Consolidated Financial Statements (Note 6)	The Company	Companies in the Consolidated Financial Statements (Note 6)	Cash Bonus Amount	Stock Bonus Amount	Cash Bonus Amount	Stock Bonus Amount	The Company	Companies in the Consolidated Financial Statements (Note 6)	The Company	Companies in the Consolidated Financial Statements (Note 6)	The Company	Companies in the Consolidated Financial Statements (Note 6)	
Chairman of the Board/General Manager	Hai-Ni Chen	1,200	6,751	0	0	25	25	0	0	0	0	0.58	3.19	0	0	0	0	None
Deputy General Manager	Shu-Hui Lin	720	720	0	0	15	15	0	0	0	0	0.35	0.35	0	0	0	0	None

Note 1: Names of the General Manager and Deputy General Manager shall be listed separately and the amount of remuneration paid to them shall be disclosed collectively. If a Director concurrently serves as a General Manager or Deputy General Manager, he/she should fill this form and the (1-1) or (1-2) above.

Note 2: Fill the salaries, job allowances and termination payment paid to the General Manager and Deputy General Manager in the most recent fiscal year.

Note 3: Fill the amount of various bonuses, incentives, transportation fees, special expenses, various allowances, accommodation and car allocation. If housing, vehicle or other means of transportation, or personal expenditure is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments

shall be disclosed. If a driver is provided, please note the remuneration paid to such driver. However, such remuneration shall not be included.

Note 4: Fill in the amount of employee bonus (including stock bonus and cash bonus) proposed for the general manager and deputy general manager approved by the Board of Directors before the shareholders' meeting of the latest annual earnings distribution motion, if it cannot be estimated, the proposed amount of this year shall be calculated according to the proportion of the actual allocation amount last year, and a separate Table I-III shall be filled in. Net income after taxes refers to net income after taxes in the most recent fiscal year; if IFRS is adopted, net income after taxes refers to net income after taxes recorded in the parent company only or individual financial statements in the most recent year.

Note 5: Refers to the shares that may be subscribed for by the general manager and deputy general manager as of the date of publication of the annual report upon the acquisition of the employee stock warrants. In addition to this form, the Table XV should also be filled in.

Note 6: Total remuneration in various items paid out to this Company's general managers and deputy general managers by all companies (including the Company) listed in the consolidated statement shall be disclosed.

Note 7: Net income after taxes refers to net income after taxes in the most recent fiscal year; if IFRS is adopted, net income after taxes refers to net income after taxes recorded in the parent company only or individual financial statements in the most recent fiscal year.

Note 8: a. The amount of remuneration received from other non-subsidiary companies invested by the Company by the General Managers and Deputy General Managers shall be stated clearly in this column.

b. If the Company's general manager and deputy general manager received remuneration from other non-subsidiary companies that this Company has invested in, the remuneration paid to the Company's general manager and deputy general manager shall be included in Column E of the Table of Remuneration Ranges and the name of the column is changed to "All reinvested Businesses".

c. Monetary reward refers to the remuneration, consideration, employee bonus and business allowances, etc., received by the general manager and deputy general manager of the Company as a director, supervisor or manager of a reinvested enterprise other than a subsidiary.

Note 9: Refers to the shares that may be subscribed for by the directors who also serves as an employee (including concurrent serving general manager, deputy general manager, other managers and employees) as of the date of publication of the annual report upon the acquisition of the restricted employee shares. In addition to this form, Table XV-I should also be filled in.

* The content of remuneration disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of levy.

(4) Name of manager and circumstances of distribution of employee bonus: None.

(IV) Analysis of the proportion of the total remuneration paid to the directors, supervisors, general manager and deputy general managers of the Company and the consolidated statements in the net profit after tax in the most recent two years, as well as policies, standards and portfolios for payment of remuneration, procedures for setting remuneration, relevance to business performance and future risks:

Job Title	2017	2018
	The total amount of remuneration paid by the Company and the consolidated statements to the directors, supervisors, general manager and deputy general managers of the company as a percentage of the net profit after tax.	The total amount of remuneration paid by the Company and the consolidated statements to the directors, supervisors, general manager and deputy general managers of the company as a percentage of the net profit after tax.
Director	26.00%	0.03%
Supervisor	13.86%	0.11%
General Manager and Deputy General Manager	318.59%	3.53%

1. Policies, standards and combinations for payment of remuneration:
   (1) The remuneration of the directors and supervisors of the Company shall include the expenses for traveling and shall be distributed in accordance with Article 32-1 of the Articles of Association, and shall be paid no more than 1% of the profits of the current year.
   (2) The remuneration and salary of the general manager and deputy general managers of the Company will be based on their professional experience and reference to the general standards of the same sector. In addition, bonuses will be issued according to their achievement rate, growth rate, risk and performance.
2. Procedures for setting remuneration:
   In December 2011, the board of directors of the Company approved the "Rules and Regulations for the Organization of the Remuneration Committee", and established the Remuneration Committee according to the organization rules to formulate the remuneration of directors, supervisors and managers.
   The Remuneration Committee of the Company shall determine and regularly evaluate the remuneration of directors, supervisors and managers. The remuneration of directors, supervisors and managers shall be approved by the Board of Directors before implementation.
3. Relevance to business performance and future risk:
   (1) The remuneration of the Board of Directors and the Board of Supervisors of the Company shall be paid in accordance with the earnings distribution plan approved by the Board of Shareholders and related to the company's business performance, and the Remuneration Committee shall assess the rationality of the association between the Board of Directors' performance and the company's business performance and future risks to determine their remuneration.

(2) The Remuneration Committee will assess the reasonableness of the association between managers' performance and the company's business performance and future risks to determine their remuneration.

III. Operations of Corporate Governance

(I) Operations of the Board of Directors

As of the date of publication of the annual report, the Board of Directors has held 14 meetings in the most recent year (year 2018), and the directors and supervisors were present as follows:

Job Title	Name	Number of Actual Attendance B	Number of Proxy Attendance	Rate of Actual Attendance (%) [B/A]	Note
Chairman of the Board	Director Representative of Ying Chuan International	11	-	79	
Director	Director Representative of Ying Chuan International Enterprise CO LTD: Shih-Yi Chen	1	-	7	
Independent Director	Shu-Ai Chen	9	-	64	
Independent Director	Te-Chu Li	13	-	93	
Director	Pao-Shang Li	13	-	93	
Supervisor	Li-Huang Tsai	14	-	100	
Supervisor	Wei-Yu Chen	0	-	0	

Other items that shall be recorded:

1. If the operation of the board of directors is under any of the following circumstances, the date, stage, contents of the bill of the board of directors, all the opinions of the independent directors and the company's treatment of the opinions of the independent directors shall be clearly stated:
   (1) Items listed in Article 14-3 of the Securities and Exchange Act: no such situation.
   (2) Other than the matters mentioned above, the resolutions of the Board of Directors that have been objected or reserved by independent directors and have been documented or issued in writing: no such situation.
2. Directors abstain from voting as a result of voting proposals, and the name of the Directors, the content of the proposal, reasons for recusal due to conflict of interests and the results of voting counts shall be stated: no such situation.
3. Objectives of strengthening board functions in the current and most recent years (e.g., setting up Audit Committee, improving information transparency, etc.) and performance evaluation:

A. On December 5, 2016, the Board of Directors adopted the case of "Corporate Social Responsibility Best Practice Principles", "Corporate Governance Best Practice Principles", "Code of Ethical Corporate Management" and "Rules on the Scope of Duties of Independent Directors" to make the operation of the Board of Directors more systematic.

B. Improve the Transparency of Information
The company is committed to promoting the transparency of information and the shareholder equity, and the important decisions will be published on the company website immediately after the board meeting.

C. Further Education of Directors and Supervisors
See pp. 34-35.

(II) The Operation of the Audit Committee or the Involvement of the Supervisor in the Operation of the Board of Directors

1. Operation of the Audit Committee: the Company does not currently have an Audit Committee.
2. Information of the Operations of the Board of Directors:

As of the date of publication of the annual report, the Board of Directors has held 14 meetings in the most recent year (year 2018), and the supervisors were present as follows:

Job Title	Name	Number of Actual Attendance (B)	Rate of Actual Attendance (%) (B/A)	Note
Supervisor	Li-Huang Tsai	14	100	
Supervisor	Wei-Yu Chen	0	0	

Other items that shall be recorded:

I. Composition and duties of supervisors: the company has 2 supervisors and has no independent supervisors.

(I) Communication between the supervisor and the employees and shareholders of the company: the supervisor can contact the employees and shareholders of the company at any time if necessary.

(II) Communication between the supervisor and the internal audit supervisor and the accountant: the supervisor shall review the audit report and financial statements on a monthly basis, and may contact the audit supervisor and the accountant at any time if necessary.

II. If the supervisor attends the Board of Directors and makes a statement, it shall state the date, period, content of the proposal, result of the resolution of the Board of Directors and the company's handling of the supervisor's statement: no such situation.

(III) The operation of corporate governance and the reason of difference between it and the Corporate Governance Best Practice Principles for TWSE & TPEx Listed Companies.

Evaluation Items	Operation Status			The Reason of Difference Between It and the Corporate Governance Best Practice Principles for TWSE & TPEx Listed Companies
	Yes	No	Summary/Description	
I. Does the company establish and disclose a code of practice on corporate governance in accordance with the "Corporate Governance Best Practice Principles for TWSE & TPEx Listed Companies"?	V		The Company has adopted the "Corporate Governance Best Practice Principles" by the board of directors on December 5, 2016, in accordance with the "Corporate Governance Best Practice Principles for TWSE & TPEx Listed Companies" and disclosed it on the company website (www.hotelhg.com.tw).	No difference.
2. Equity Structure and Stockholders' Equity of the Company (I) Does the company have internal procedures in place to handle shareholder suggestions, questions, disputes and lawsuits, and to follow those procedures?	V		(I) The Company has spokespersons and acting spokespersons to deal with shareholders' suggestions, questions, disputes and lawsuits.	No difference.
(II) Does the company have a list of the substantial shareholder and the final list of controllers of the substantial shareholder who actually control the company?	V		(II) The Company, in accordance with the relevant laws and regulations, regularly declares to the Market Observation Post System any changes in the equity held by insiders (directors, supervisors, managers and shareholders holding 10% of the total shares).	No difference.

Evaluation Items	Operation Status			The Reason of Difference Between It and the Corporate Governance Best Practice Principles for TWSE & TPEx Listed Companies
	Yes	No	Summary/Description	
(III) Does the company establish, implement risk management and firewall mechanisms with affiliated enterprises?	V		(III) The financial and accounting operations of the affiliated enterprises are operated independently and are under the control and audit of the parent company.	No difference.
(IV) Does the company have internal rules that prohibit insiders from trading marketable securities using market information that is not publicly available?	V		(IV) The Company has formulated "Guidelines Governing Internal Major Information" that prohibit insiders from trading marketable securities using market information that is not publicly available.	No difference.
3. Composition and Responsibilities of the Board of Directors				
(I) Does the Board of Directors formulate and implement a diversification strategy for its membership?	V		(I) The Company has adopted a board diversity policy in the "Corporate Governance Best Practice Principles".	No difference.
(II) Besides the salary and remuneration committee and audit committee, does the company voluntarily set up other functional committees?		V	(II) At present, the Company does not set up other functional committees.Evaluation, but no methodology has been developed.	The Company will proceed according to the plan.
(III) Does the company have a performance evaluation method for the board of directors and its evaluation method, and the annual performance evaluation is conducted regularly?	V		(III) The Company will conduct regular performance evaluation for the attendance rate of directors every year,and the Board of Directors has agreed on the performance evaluation method on March 22, 2018.	No difference.

Evaluation Items	Operation Status			The Reason of Difference Between It and the Corporate Governance Best Practice Principles for TWSE & TPEx Listed Companies
	Yes	No	Summary/Description	
(IV) Does the company regularly assess the independence of CPAs?	V		(IV) The CPA of the Company is PwC Taiwan On March 20, 2019, the board meeting of the accounts, Chien-Chih Wu and A-Shen Liao approved the independent evaluation of the 2018 CPA and obtained the statement issued by the CPA.	No difference.
4. Do the TWSE & TPEx listed companies set up a corporate governance professional (concurrently serving) unit or personnel responsible for corporate governance related affairs (This includes but is not limited to providing information required by directors and supervisors to carry out business, handling matters related to meetings of the board of directors and board of shareholders in accordance with the law, handling company registration and registration of changes, and making minute book of the board of directors and board of shareholders, etc.)?	V		The Company has set up a professional (concurrently serving) corporate governance unit or personnel responsible for corporate governance related affairs, and the executive units are the Finance Department and Audit Department.	No difference.

Evaluation Items	Operation Status			The Reason of Difference Between It and the Corporate Governance Best Practice Principles for TWSE & TPEx Listed Companies
	Yes	No	Summary/Description	
V. Does the company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), and set up a special area for stakeholders on the company website, and properly respond to the important issues of corporate social responsibility concerned by stakeholders?	V		The Company has corresponding windows for stakeholders, including employees, consumers, suppliers and community neighbors, etc., and maintains smooth communication channels. In addition, there is a special section for stakeholders on the company website.	No difference.
VI. Does the company appoint a professional stock agency to handle the affairs of the Board of Shareholders?	V		The Company has appointed the stock affairs agency department of Waterland Securities Co., Ltd.	No difference.
VII. Information Disclosure (I) Does the company have a website that discloses financial and corporate governance information? (II) Does the company adopt other methods of information disclosure (such as setting up an English website, appointing a person to be responsible for the collection and disclosure of company information, implementing a spokesperson system, and placing judicial person briefings on the company	 V V		(I) The Company has set up a website and disclosed relevant information. The Company's Website:http://www.hotelhg.com.tw (II) The Company has designated a person to be responsible for the collection and disclosure of company information, and to implement the spokesperson system in accordance with the provisions. The Company's Website:http://www.hotelhg.com.tw	 No difference. No difference.

Evaluation Items	Operation Status			The Reason of Difference Between It and the Corporate Governance Best Practice Principles for TWSE & TPEx Listed Companies
	Yes	No	Summary/Description	
website)?				
VIII. Does the company have other helps to understand the situation and the importance of corporate governance operation information (including but not limited to employee rights, employee care, investor relations, supplier relations, further education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, where the company purchases liability insurance for directors and supervisors, etc.)?	V		1. Employee Equity The Company actively cultivates tourism talents, implements labor laws and regulations, and protects employees' equity, such as labor, health insurance and regular health check for employees. 2. Employees Care Communication between employees and the company can be conducted through departmental meetings or suggestion boxes to effectively solve problems and promote harmonious labor relations. 3. Investor Relations The Company sets up the investor contact section on the company website, through which investors can communicate with the company. 4. Supplier Relations The Company maintains good relationship with suppliers. 5. Stakeholder Rights The Company and stakeholders, including correspondent banks, employees, consumers, suppliers, etc., have set up corresponding windows and channels to safeguard the equity of	No difference.

Evaluation Items	Operation Status			The Reason of Difference Between It and the Corporate Governance Best Practice Principles for TWSE & TPEx Listed Companies
	Yes	No	Summary/Description	
			stakeholders. 6. Further Education of Directors and Supervisors The Company may, from time to time, assign directors and supervisors to attend relevant refresher courses, such as those offered by Taiwan Corporate Governance Association, Taiwan Stock Exchange, Securities and Futures Institute, etc. Please refer to page 34-35 for further information on directors and supervisors' further education. 7. Implementation of Risk Management Policies and Risk Measurement Standards: The Company adopts a preventive strategy for risk management, and carries out regular and irregular audits to carry out risk management. In addition, the Company also provides business related insurance, such as public accident liability insurance, fire insurance...etc. 8. Implementation of Consumer and Customer Protection Policies The amount received by the Company from the sale of the gift certificate has been fully guaranteed by Cathay United Bank.	

Evaluation Items	Operation Status			The Reason of Difference Between It and the Corporate Governance Best Practice Principles for TWSE & TPEx Listed Companies
	Yes	No	Summary/Description	

IX. Participating of Further Education and Training Related to Corporate Governance of Managers (General Manager, Deputy General Manager, Supervisors of Accounting, Finance, Internal Audit, Etc)

Job Title, Name, Training Courses, Training Hours (hrs)

Job Title	Name	Training Courses	Training Hours (hrs)
Accounting Supervisor	Jen-Cheng Wu	Accounting Supervisor Continuing Education Courses by Accounting Research and Development Foundation	30
Audit Supervisor	Ching-Sheng Tu	Audit Supervisor Continuing Education Courses by Accounting Research and Development Foundation	12

(IV) Fulfillment of Social Responsibilities:

Evaluation Items	Operation Status			The Reason of Difference Between It and the Corporate Social Responsibility Best Practice Principles for TWSE & TPEx Listed Companies
	Yes	No	Summary/Description	
I. Implementation of Corporate Governance. (I) Does the company have a corporate social responsibility policy or system in place and	V		(I) The Company has drawn up the "Corporate Social Responsibility Best Practice Principles" at the	No difference.

Evaluation Items	Operation Status			The Reason of Difference Between It and the Corporate Social Responsibility Best Practice Principles for TWSE & TPEx Listed Companies
	Yes	No	Summary/Description	
review its implementation?			Board of Directors meeting on December 5, 2016.	
(II) Does the company organize social responsibility training regularly?	V		(II) Every year, the Company will hold regular staff education and training, so that employees understand the importance of social responsibility.	No difference.
(III) Does the company have a professional (concurrent) unit to promote corporate social responsibility, which is authorized by the board of directors to be handled by senior management and reported to the board of directors?		V	(III) The Company has not set up a professional (concurrent serving) unit to promote corporate social responsibility.	The Company will proceed according to the plan.
(IV) Does the company have a reasonable compensation policy that combines employee performance assessment with corporate social responsibility policies, and a clear and effective reward and punishment system?	V		(IV) The Company sets the salary and remuneration according to the salary level of the same sector and the position of employees. In addition, there are "Working Rules", which shall be delivered to the employees upon their arrival. Besides, there are also "Employee Performance Appraisal Method" and "Employee Rewards and Punishments Method", which specify the contents of rewards and punishments.	No difference.
2. Developing sustainable environment.				
(I) Does the company commit to improving the	V		(I) The Company is committed to improving the	No difference.

Evaluation Items	Operation Status			The Reason of Difference Between It and the Corporate Social Responsibility Best Practice Principles for TWSE & TPEx Listed Companies
	Yes	No	Summary/Description	
efficiency of resource utilization and using recycled materials with low environmental impact?			efficiency of the use of resources, such as: (1) Implement air conditioning temperature control, change lighting equipment to LED lamps, effectively save energy. (2) The Public Works Department maintains the equipment regularly to improve the utilization efficiency of water, electricity,gas and other resources. (3) Purchase energy saving equipment.	
(II) Does the company establish an appropriate environmental management system based on its industry characteristics?	V		(II) The Company has established an appropriate environmental management system based on its industry characteristics to comply with the domestic environmental safety regulations.	No difference.
(III) Does the company pay attention to the impacts of climate change on its business activities, conduct greenhouse gas inventory, and develop strategies for energy saving, carbon reduction and GHG reductions?	V		(III) Aware of the impact of climate change on business activities, the Company has implemented air conditioning temperature control in the building, promoted paperless e-operation in the office, replaced lighting equipment with LED lamps, and purchased energy-saving equipment.	No difference.

Evaluation Items	Operation Status			The Reason of Difference Between It and the Corporate Social Responsibility Best Practice Principles for TWSE & TPEx Listed Companies
	Yes	No	Summary/Description	
3. Preserving Social Welfare				No difference.
(I) Does the company establish management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		(I) The Company actively cultivates tourism talents, implements labor laws and regulations, safeguards the equity of employees, and establishes employment policies without discrimination in accordance with the provisions of the Gender Equality in Employment Act, and implements the equality of remuneration, employment conditions, training and promotion opportunities.	No difference.
(II) Does the company have an employee grievance mechanism and channels in place, and handle properly?	V		(II) The Company has set up a complaint channel to handle complaints for employees.	No difference.
(III) Does the company provide a safe and healthy working environment for employees, and regularly implement safety and health education for employees?	V		(III) The Company provides labor insurance and health insurance for employees in accordance with the provisions, and regularly carries out health checks for employees, and regularly holds safety and health training courses for employees to promote the company's safety and health code of practice.	No difference.
(IV) Does the company establish a mechanism for regular communication among employees and inform employees in a reasonable manner of	V		(IV) Through regular departmental meetings or suggestion box channels, employees and the company can communicate effectively to solve problems and	

Evaluation Items	Operation Status			The Reason of Difference Between It and the Corporate Social Responsibility Best Practice Principles for TWSE & TPEx Listed Companies
	Yes	No	Summary/Description	
any operational changes that may have a material impact on employees?			promote harmonious labor relations.	
(V) Does the company establish effective career development programs for employees?	V		(V) The Human Resources Section of the Company is responsible for the career planning of the employee and arranges training courses for the management trainee.	No difference.
(VI) Does the company have policies of customer rights and benefits and complaint procedures regarding R&D, procurement, production, operations and service processes?	V		(VI) The Company website fully exposes the company's products and services, and provides full performance guarantee for the gift certificates sold. In addition to providing a complaint service channel on the website for consumers' complaints, the Company also invites relevant department personnel to provide the best service.	No difference.
(VII) Does the company comply with relevant laws and international standards regarding marketing and labeling of products and services?	V		(VII) The marketing and labeling of our products and services of the Company are in accordance with the relevant laws and regulations of the domestic industry.	No difference.
(VIII) Does the company assess the environmental	V		(VIII) In accordance with the Company's code of	No difference.

Evaluation Items	Operation Status			The Reason of Difference Between It and the Corporate Social Responsibility Best Practice Principles for TWSE & TPEx Listed Companies
	Yes	No	Summary/Description	
and social impact of its suppliers before dealing with them?			conduct and the company's principle of selecting suppliers in good faith, we will assess whether suppliers have any past environmental and social impacts.	
(IX) Does the company's contract with its major suppliers contain provisions that the supplier may terminate or terminate the contract at any time if it violates its corporate social responsibility policy and has a significant impact on the environment and society?	V		(IX) It shall be regulated in the standard contract of the Company.	No difference.
4. Strengthening Information Disclosure (I) Does the company disclose relevant and reliable corporate social responsibility information on its website and Market Observation Post System?		V	(I) Information on corporate social responsibility is still under planning.	The Company will proceed according to the plan.
V. If the company has its own Code of Ethical Corporate Social Responsibility in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE & TPEx Listed Companies", please state the difference between its operation and the code: The company has drawn up a "Code of Ethical Corporate Social Responsibility".				
VI. Other important information to help understand corporate social responsibility operations: 1. Consumer Equity The Company pays attention to the equity of consumers and fully discloses the products and services on the Company website, and provides full performance guarantee for the gift certificates sold. In addition, for the complaint of consumers, the				

Evaluation Items	Operation Status			The Reason of Difference Between It and the Corporate Social Responsibility Best Practice Principles for TWSE & TPEx Listed Companies
	Yes	No	Summary/Description	
Company not only provides a complaints channel on the website, but also requests the relevant departments to provide the best service. 2. Employee Equity The Company shall, in accordance with the provisions of the Gender Equality in Employment Act and the Employment Act, establish non-discriminatory employment policies, and implement equal remuneration, employment conditions, training and promotion opportunities. 3. Safety and Health The company actively prepares the HACCP certification of the "food safety system", and formulates the work code of practice of safety and health to implement the labor safety and health management.				
VII. If the corporate social responsibility report has passed the verification standards of the relevant verification institutions, it shall state: N/A.				

(V) Implementation of ethical corporate management and measures for implementation:

Evaluation Items	Operation Status			Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE & TPEx Listed Companies.
	Yes	No	Summary/Description	
I. Formulating Policies and Plans for Ethical Corporate Management				
(I) Does the company express its policies and practices of ethical corporate management in its regulations and external documents, and its commitment of the board of directors and management to actively implement its business policies?	V		(I) On December 5, 2016, the Board of Directors of the Company has drawn up the "Code of Ethical Corporate Management", which serves as the standard for directors, supervisors, managers and employees to conduct business in good faith and to be responsible to shareholders, customers, employees and the investing public.	No difference.
(II) Does the company have a code of practice for preventing dishonest conduct, which includes procedures, guidelines for conduct, disciplinary and grievance systems for violations, and which are implemented?	V		(II) In order to prevent dishonest behavior, the Company prepares "Personnel Regulations", which will be delivered when the employee reports for duty, and in the regular education and training, strengthens the implementation of the moral concept of ethical management staff and operations.	No difference.

Evaluation Items	Operation Status			Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE & TPEx Listed Companies.
	Yes	No	Summary/Description	
(III) Does the company take preventive measures against the operating activities with high risk of dishonest conduct within the business scope of Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE & TPEx Listed Companies"?	V		(III) The Company has established good corporate governance, internal control mechanism and internal regulations to prevent the situations mentioned in Article 7, Paragraph 2.	No difference.
II. Implementation of Ethical Corporate Management				
(I) Does the company assess the integrity record of its business contacts and specify the terms of good faith conduct in its contracts with its business contacts?	V		(I) The Company's Procurement Section will verify through the company's database in advance whether the transaction object has a record of dishonest conduct, and specify the conditions of dishonest conduct in the contract.	No difference.
(II) Does the company have a professional (concurrent) unit under the board of directors to promote ethical corporate management and report its implementation to the board of directors on a regular basis?		V	(II) The Company has not set up a professional (concurrent serving) unit to promote ethical corporate management.	The Company will proceed according to the plan.
(III) Does the company have a conflict of interest prevention policy, provide appropriate representation channels, and implement them?	V		(III) The Company stipulates in the rules of procedure of the Board of Directors: Where a director has an interest in himself/herself or the legal person he/she represents, he/she shall not	No difference.

Evaluation Items	Operation Status			Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE & TPEx Listed Companies.
	Yes	No	Summary/Description	
			participate in the discussion or vote, and shall withdraw from the discussion or vote, and shall not exercise his/her voting rights on behalf of other directors. Employees and the company can fully communicate through the departmental meeting channels.	No difference.
(IV) Has the company established an effective accounting system and internal control system for the implementation of ethical corporate management, which will be regularly checked by the internal audit unit or by a CPA?	V		(IV) The Company has an accounting system and a special accounting unit. The financial reports are checked by CPAs to ensure the fairness of financial statements. The Company's internal audit organization consists of two directors, who check the work of each unit according to the audit plan every month and make records. The audit report shall be submitted to the Chairman of the Board and the supervisor for review before the end of the next month, and the audit director shall present the report to the Board of Directors. At the end of each year, the "Statement of Internal Control System" will be issued by the Audit Department.	No difference.

Evaluation Items	Operation Status			Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE & TPEx Listed Companies.
	Yes	No	Summary/Description	
(V) Does the company regularly conduct internal and external education and training on ethical corporate management?	V		(V) The Company adheres to the principle of good faith, in order to meet the needs of customers for meals and travels, regularly holds staff education and training, and formulates various measures to prevent cheating.	No difference.
III. Implementation of the Company's Whistleblowing System (I) Does the company have a specific whistleblowing and reward system, a convenient whistleblowing channel, and appropriate personnel assigned to handle the whistleblowing?	V		(I) The Company has an employee complaint system, and employee rewards and punishments as punishment for violating the provisions of ethical corporate management.	No difference.
(II) Does the company have standard operating procedures and relevant confidentiality mechanisms for the investigation of whistleblowing matters?		V	(II) The Company has an employee complaint system, but no standard operating procedure and relevant confidentiality mechanism have been established for the investigation of the matters reported.	The Company will proceed according to the plan.
(III) Does the company take measures to protect the whistleblower against inappropriate disciplinary actions?		V	(III) The Company has not formulated relevant measures.	The Company will proceed according to the plan.

Evaluation Items	Operation Status			Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE & TPEx Listed Companies.
	Yes	No	Summary/Description	
IV. Strengthening Information Disclosure (I) Does the company disclose the content and effectiveness of its Code of Ethical Corporate Management on its website and in its Market Observation Post System?	V		(I) On December 5, 2016, the Board of Directors of the Company has drawn up the "Code of Ethical Corporate Management" and disclosed it on the company website (www.hotelhg.com.tw).	No difference.
V. If the company has its own Code of Ethical Corporate Management in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE & TPEx Listed Companies", please state the difference between its operation and the code: On December 5, 2016, the Board of Directors of the Company has drawn up the "Code of Ethical Corporate Management", and the company has complied with the "Ethical Corporate Management Best Practice Principles for TWSE & TPEx Listed Companies".				
VI. Other important information to help understand the ethical corporate management of the company: (e.g. company review and amendment of its Code of Ethical Corporate Management) The company takes "ethical corporate management" as the core guiding principle and promotes its implementation in various corporate governance to help investors, employees, consumers and suppliers understand the company's determination and policies on ethical corporate management.				

(VI) Compensation Committee

1. The Compensation Committee is designed to assist the Board of Directors in implementing and evaluating the company's overall compensation and benefits policies, as well as manger compensation.
2. By the end of March 2019, the Company has three Compensation Committee members. Please refer to the company website for the organization rules of the Compensation Committee.
3. Information on the Operations of the Compensation Committee
   As of the date of publication of the annual report in the most recent year (year 2018), the meeting status:

Job Title	Name	Number of Actual Attendance	Number of Proxy Attendance	Rate of Actual Attendance	Note
Independent Director	Te-Chu Li	3	-	100%	
Others	Ching-Lin Li	3	-	100%	
Others	Chi-Chun Chiu	3	-	100%	

4. Information on the Members of the Remuneration Committee.

Identity (Note 1)	Conditions / Name	Does the individual have more than 5 years of work experience and the following professional qualifications?			Conformity to Independence (Note 2)								Number of members who are also members of the remuneration committee of other public owned corporations.	Note (Note 3)
		Lecturer or above in business, legal, finance, accounting or corporate business in public or private tertiary institutions.	Judges, prosecutors, lawyers, accountants or other professionals and technicians who have passed the national examinations and obtained certificates necessary for the business of the company.	Has experience in business, legal, finance, accounting or corporate business.	1	2	3	4	5	6	7	8		
Independent Director	Te-Chu Li		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Others	Ching-Lin Li		✓	✓	✓		✓	✓	✓	✓	✓	✓	0	
Others	Chi-Chun Chiu		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

Note 1: For identity, please state whether the person is a Director, Independent Director or other.

Note 2: For each member who meets the conditions for two years prior to being elected and during his/her term of office, please "✓" the box below the corresponding condition(s).

（1） Employee not employed by the Company or its affiliated enterprises.

（2） Directors and supervisors not employed by the Company or its affiliated enterprises. Except for independent directors appointed by the company or its parent company or subsidiaries pursuant to this act or local laws.

（3） A natural person shareholder who is not himself/herself or his/her spouse, younger child or in the name of another person holds more than one percent of the total shares issued by the company or holds the top ten shares.

（4） Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the three preceding items.

（5） Not a Director, Supervisor, or employee of a judicial person shareholder that directly holds 5% or more of the total number of issued shares of the Company or is ranked top 5 in terms of quantity of shares held.

（6） Not a Director (member of the governing board), Supervisor (member of the supervising board), manager, or shareholder who holds more than 5% of shares.

（7） Business owners, partners, directors (managers), supervisors (supervisors), managers and their spouses who are not professionals, single proprietors, partnerships, companies or institutions providing business, legal, financial, accounting or other services or consulting services to companies or affiliated enterprises.

（8） Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.

Note 3: If the member is a director, please indicate whether it complies with the regulations of Article 6, Paragraph 5, of the "measures for the establishment and exercise of functions and powers of a company's Remuneration Committee for listing stocks or trading at the business premises of a securities firm".

(VII) Where a company has established a code of corporate governance and relevant regulations, it should disclose its enquiry methods:

Please refer to our website for more information (https://www.hotelhg.com.tw).

(VIII)Other important information necessary to improve the understanding of corporate governance operations:

1.In order to strengthen the implementation of corporate governance, the Company keeps the Board of Directors informed of the updates of corporate governance related laws and regulations.

2. The directors of the Company shall be present at the Board of Directors in a normal condition and shall not join the vote if the directors have an interest in any of the proposals listed on the Board of Directors, which may harm the interests of the company.

3. The Company has drawn up the "Code of Ethical Corporate Management", "Corporate Social Responsibility Best Practice Principles" and "Corporate Governance Best Practice Principles" in accordance with the norms of the competent authority and considering the practical operation situation, which will be implemented upon the approval of the Board of Directors on December 5, 2016.

(IX) Implementation of Internal Control System:

1. Statement of Internal Control

Holiday Garden Hotel Co., Ltd.

Statement of Internal Control System

Date: March 20, 2019

The internal control system of the Company in the year of 2018, based on the results of self-inspection, is hereby stated as follows:

I. It is the responsibility of the board of directors and managers of the Company to establish, implement and maintain the internal control system, which the company has established. The objective is to provide reasonable assurance of the effectiveness and efficiency of operations (including profitability, performance and asset security), the reliability of financial reporting, and compliance with applicable laws and regulations.

II. The internal control system has its inherent limitation, no matter how perfect the design is, the effective internal control system can only provide reasonable assurance for the above three objectives; moreover, the effectiveness of the internal control system may change with the change of environment and situation. However, the internal control system of the Company is provided with a self-monitoring mechanism, and the company will take corrective actions once the absence is identified.

III. The Company shall judge whether the design and implementation of the internal control system are effective or not according to the judgment items of the effectiveness of the internal control system stipulated in the "Guidelines for the Establishment of Internal Control System by Public Owned Corporations" (hereinafter referred to as " Handling Guidelines"). The internal control system used in the “Handling Guidelines” is used to determine the item. According to the process of management control, the internal control system is divided into five components: 1. Environment Control, 2. Risk Assessment, 3. Control Operation, 4. Information and Communication, and 5. Supervision. Each constituent element also includes a number of items. For the foregoing items, please refer to the provisions of "Handling Guidelines".

IV. The Company has adopted the above internal control system to judge items and examine the effectiveness of the design and implementation of the internal control system.

V. Based on the inspection results set forth in the preceding paragraph, the Company believes that the internal control system (including supervision and management of the subsidiaries) set up by the company on 31 December 2018, including the effectiveness of the design and implementation of the internal control system to understand the effectiveness and efficiency of the operation, the reliability of financial reporting, and the compliance with relevant codes and regulations, will reasonably ensure the achievement of the above objectives.

VI. This statement will be the main content of the Company's annual report and public statement, and will be made public. If any of the contents disclosed above is found to be false, with concealment or other illegal matters, it will involve legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

VII. This statement was approved by the board of directors of the Company on March 20, 2019. Among the 5directors present, 0 held opposing opinions. The rest agreed with the contents of this statement and made this statement.

Holiday Garden Hotel Co., Ltd.

Chairman of the Board: Hai-Ni Chen
(signature)

2. If an accountant is entrusted to examine the internal control system, the audit report shall be disclosed: N/A.

(X) Penalties imposed on the Company and its internal staff, penalties imposed on its internal staff, and any status of improvements made in the internal control system, major deficiencies and improvements in the most recent year up to the publication date of this annual report: no such situation.

(XI) Important resolutions of the shareholders' meeting and the board of directors as of the date of publication of the annual report in the most recent year (year 2018):

The Meeting Name	The Meeting Date	Important Resolutions
Board of Directors	Mar 22 2018	1. Approved the 2017 employee remuneration and the assignment of directors and supervisors. 2. Approved the 2017 annual statement of accounts. 3. Approved the 2017 annual profit and loss appropriation statement proposal. 4. Approved the 2017 annual internal control system, and issued the "Internal Control Statement" according to self-assessment. 5. Approved the "Performance Appraisal Method for Directors, Supervisors and Managers". 6. Amended the “Procedures for the Method of Capital Loan for Others”. 7. Amended the "Enforcement Measures on Endorsement & Guarantee". 8. Approved the date and place of the 2018 annual shareholders meeting and the right of shareholders to propose, and the date of acceptance of nomination right of independent directors. 9. Approved the appointment of certified public accountants.
Board of Directors	Apr 11 2018	1. Approved the investment in the United States.
Board of Directors	May 04 2018	1. Approved the consolidated financial reports for the first quarter of 2018. 2. Approved the renewal of the financing contract of financial institutions. 3. Approved the plan to apply for the quota of NT$ 400 million for medium- and long-term loan from the Export-Import Bank of the Republic of China.
Board of Directors	Jun 13 2018	1.Approved the disposal of Holiday Garden SF CORP., a sub-subsidiary of the Company.
Shareholders' Meeting	Jun 25 2018	1. Recognized the 2017 annual statement of accounts. 2. Recognized the 2017 annual profit and loss appropriation proposal. 3. Approved the “Procedures for the Method of Capital Loan for Others”. 4. Approved the "Enforcement Measures on Endorsement & Guarantee".

Board of Directors	Jul 06 2018	1. Canceled the investment in the United States.
Board of Directors	Jul 30 2018	1.Approved the withdrawal of subsidiary, Bermuda Holiday Garden international CO LTD.Partial investment amount of （Holiday Garden International Ltd.） 2.Approved the applications for new financing contracts from financial institutions.
Board of Directors	Aug07 2018	1. Approved the consolidated financial reports for the second quarter of 2018.
Board of Directors	Nov07 2018	1. Approved the consolidated financial reports for the third quarter of 2018. 2.Canceled the disposal of Holiday Garden SF CORP., a sub-subsidiary of the Company.
Board of Directors	Nov 30 2018	1. Approved the increase capital for subsidiaries.
Board of Directors	Dec 18 2018	1.Approved the Company's 2019 travel expenses for the directors, independent directors, and supervisors and salary of managers. 2. Approved the Company's 2018 annual bonus of managers. 3. Approved the Company's audit plan for 2019. 4. Approved the Company's business plan for 2019. 5. Approved the independent evaluation of accountants. 6. Approved the liability insurance insured by all directors and supervisors. 7. Approved the investment in the United States.

Board of Directors	Mar 20 2019	1. Approved the Company's remuneration for employees in 2018 and the remuneration distribution for directors and supervisors. 2. Approved the Company's 2018 final statement of annual earnings distribution. 3. Approved the Company's 2018 annual earnings distribution proposal. 4. Approved the reissued new shares of earnings. 5. Approved the 2018 internal control statement. 6. Approved the amendment of the Company's "Articles of Association". 7. Approved the amendment of the Company's "Operating Standard for Acquisition and Disposal of Assets". 8. Approved the amendment of the Company's “Procedures for the Method of Capital Loan for Others”. 9. Approved the amendment of the Company's "Enforcement Measures on Endorsement & Guarantee". 10. Approved the amendment of the Company's "Rules of Procedure for Board of Directors Meetings”. 11. Approved the amendment of the Company's "Procedures for Appointment of Directors and Supervisors”. 12. Approved the re-election of directors. 13. Approved the nomination of candidates for independent director. 14. Approved the preparation and acceptance for the handling of operations related to the proposal rights of shareholders holding more than 1% of shares. 15. Approved the preparation and acceptance for the handling of matters relating to the nomination rights of independent directors of shareholders holding more than 1% of shares. 16. Approved the convention of the 2019 shareholders' regular meeting. 17. Approved the Company's appointment of certified public accountants. 18. Approved the amendment of the Company's “Procedures for the Method of Major Information Processing”. 19. Approved the amendment of the Company's “Rules and Regulations for the Organization of the Remuneration Committee”. 20.Approved the amendment of the Company's “Procedures for the Application for Suspension and Resumption of Transaction”. 21.Approved the amendment of the Company's “Corporate Governance Best Practice Principles”. 22.Approved the amendment of the Company's “Procedures for the Relationship Between Company and Affiliates, Specific Companies and Group Companies”. 23. Approved the amendment of the Company's “Rules on the Scope of Duties of Independent Directors”. 24. Approved the amendment of the Company's “Code of Ethical Corporate Management”. 25. Approved the further amendment of the Company's “Rules and Regulations for the Organization of the Audit Committee”. 26. Approved the replacement of the Company's acting spokesperson.

Board of Directors	May07 2019	1. Recognized the consolidated financial statements for the first quarter of 2019. 2. Amended the "Performance Appraisal Method for Directors and Managers". 3. Further amended the Company's "Code of Ethical Conduct". 4. Reviewed the candidates for independent director. 5. Further amended the Company's "Standard Operating Procedures for Handling Directors' Requests".

(XII) Implementation of the Resolutions of the Shareholders' Meeting In 2018

1.Recognized the 2017 annual statement of accounts: approved as proposed.

2.Recognized the 2017 annual profit and loss appropriation proposal:

approved as proposed.

(XIII) In the most recent year and up to the date of publication of the annual report, the directors or supervisors have different opinions on the important resolutions adopted by the board of directors and have recorded or written statements: no such situation.

(XIV) In the most recent year and up to the date of the publication of the annual report, the summary of the resignation and dismissal of the Chairman of the Board, general manager, accounting supervisor, finance supervisor, internal audit supervisor and R&D supervisor of the company: Jen-Cheng Wu, the former finance and accounting supervisors, resigned on February 28, 2019, and was approved by the Board of Directors on January 29, 2019 to be replaced by new supervisor Su-Ling Yu.

(XV) Further Education of Directors and Supervisors

December 31, 2018

Title	Name	Appointed Date	Further Education Date		Organizer	Course Name	Study Hours
			Since	Up To			
Representative of Judicial Person Director	Hai-Ni Chen	Jun 20 2016	Apr 24 2017	Apr 24 2017	Taiwan Academy of Banking and Finance	Corporate Governance - Family Business Inheritance	3.0
			Mar 17 2016	Mar 17 2016	Taiwan Academy of Banking and Finance	Corporate Governance - How to Respond to Tax Reform	3.0
Independent Director	Shu-Ai Chen	Jun 20 2016	Sep 19 2018	Sep 19 2018	Taiwan Corporate Governance Association	The 14th Annual Corporate Governance International Forum - Independent Director Effectiveness & Independent Director Support	3.0
			Aug 03 2018	Aug 03 2018	Securities and Futures Institute	The Insider Equity Trading Legal Advocacy Meeting of the TWSE Listed and Non-TWSE & TPEx	3.0

						Listed Publicly Owned Corporations	
			Sep 14 2017	Sep 14 2017	UBS Group AG	Corporate Governance - Certification Seminar on Sustainable Business	3.0
			Aug 11 2017	Aug 11 2017	Securities and Futures Institute	Insider Equity Trading in Compliance with the Law of the TWSE Listed Companies	3.0
Independent Director	Te-Chu Li	Jun 20 2016	Aug 03 2018	Aug 03 2018	Securities and Futures Institute	The Insider Equity Trading Legal Advocacy Meeting of the TWSE Listed and Non-TWSE & TPEx Listed Publicly Owned Corporations	3.0
			Mar 22 2018	Mar 22 2018	National Federation of R.O.C CPA Association	Compliance with the Amended Money Laundering Prevention Law and Practice	3.0
			Jan 18 2018	Jan 18 2018	National Federation of R.O.C CPA Association	Risk Assessment of Accountants Responding to Money Laundering Prevention	3.0
			Mar 28 2017	Mar 28 2017	National Federation of R.O.C CPA Association	2016 Analysis of Key Points of Business Income Tax Declaration	7.0
Director	Pao-Shang Li	Jun 20 2016	Aug 03 2018	Aug 03 2018	Securities and Futures Institute	The Insider Equity Trading Legal Advocacy Meeting of the TWSE Listed and Non-TWSE & TPEx Listed Publicly Owned Corporations	3.0
			May 05 2017	May 05 2017	Securities and Futures Institute	2017 Seminar on Insider Trading and Corporate Social Responsibility	3.0
			Apr 24 2017	Apr 24 2017	Taiwan Academy of Banking and Finance	Corporate Governance - Family Business Inheritance	3.0
Supervisor	Li-Huang Tsai	Jun 20 2016	Aug 03 2018	Aug 03 2018	Securities and Futures Institute	The Insider Equity Trading Legal Advocacy Meeting of the TWSE Listed and Non-TWSE & TPEx Listed Publicly Owned Corporations	3.0
			May 05 2017	May 05 2017	Securities and Futures Institute	2017 Seminar on Insider Trading and Corporate Social Responsibility	3.0
			Apr 24 2017	Apr 24 2017	Taiwan Academy of Banking and Finance	Corporate Governance - Family Business Inheritance	3.0

IV. CPA Fee Information

(I) Table of Information on CPA Fee Ranges

Name of CPA Firm	Name of CPA		Audit Period	Note
PwC Taiwan	Chien-Chih Wu	A-Shen Liao	Jan 1 2018 to Dec 31 2018	

Monetary Unit: NT$ 1,000

Interval of the Amount \ Category of Fees		Audit Fees	Non-Audit Fees	Total
1	Less than NT$ 2,000,000			
2	NT$ 2,000,000 (inclusive) to NT$ 4,000,000	✓		✓
3	NT$ 4,000,000 (inclusive) to NT$ 6,000,000			
4	NT$ 6,000,000 (inclusive) to NT$ 8,000,000			
5	NT$ 8,000,000 (inclusive) to NT$ 10,000,000			
6	More than NT$ 10,000,000 (inclusive)			

(II) In case the ratio of non-audit fee to audit fee for CPAs, CPA firms affiliated to CPAs and their affiliated enterprises exceeds 1/4, the contents of non-audit fee and non-audit service should be disclosed: N/A.

(III) The amount, ratio and reason of the reduction in the audit fee for the replacement of CPA firm should be disclosed if the replacement fee is less than that of the preceding year: N/A.

(IV) The amount, ratio and reason of the reduction in the audit fee should be disclosed for the case that the audit fee is over 15% reduction than that of the preceding year:

V. Information on replacement of CPAs: None.

VI. The Company's Chairman of the Board, general manager, manager in charge of financial or accounting affairs, who has worked in the CPA firm or its affiliated enterprises in the recent one year: None.

VII. Changes in the equity of directors, supervisors, managers and major shareholders:

(I) Changes in the Equity of Directors, Supervisors, Managers and Major Shareholders

The stock transfer closure date of this shareholders' meeting is April 21st.

Job Title	Name	2018		As of April 21,	
		Shares Held Increase (Decrease)	Pledge Shares Held Increase (Decrease)	Shares Held Increase (Decrease)	Pledge Shares Held Increase (Decrease)
Chairman of the Board and Director	Ying Chuan International Enterprise CO LTD	0	0	0	0
Director	Company Legal Person Representative of Ying Chuan International Enterprise CO LTD: Shih-Yi Chen	0	0	0	0
Independent Director	Shu-Ai Chen	0	0	0	0
Independent Director	Te-Chu Li	0	0	0	0
Director	Pao-Shang Li	9,000	0	0	0
Supervisor	Li-Huang Tsai	0	0	0	0
Supervisor	Wei-Yu Chen	0	0	0	0
Chairman of the Board/General Manager	Hai-Ni Chen	0	0	0	0
Deputy General Manager	Shu-Hui Lin	0	0	0	0

(II) Information of equity transfer to affiliate: None.

(III) Information of equity pledge to affiliate: None.

VIII. Information of the top ten shareholders who are affiliates to each other:

April 21, 2019

Name	Own Shares Held		Shares Held by Spouses and Minor Children		Total Shares Held in the Name of Other Persons		The titles or names and relationships of the top ten shareholders who are affiliates in Financial Accounting Standards Bulletin No. 6 or are related to their spouses or relatives within the second degree of kinship.		Note
	Shares	Shareholding Ratio %	Shares	Shareholding Ratio %	Shares	Shareholding Ratio %	Name	Relationship	
Ying Chuan International Enterprise CO LTD	19,840,164	19.39	—	—	—	—	Hai-Ni Chen	Chairman of the Board of the Company	Representative: Hai-Ni Chen
Legal Person Representative: Hai-Ni Chen	3,006,013	2.94	645,430	0.63	—	—	—	—	—
Cathay United Bank is entrusted to keep the investment account of Zhi Bai CO LTD.	10,100,447	9.87	—	—	—	—	—	—	—
Cathay United Bank is entrusted to keep the investment account of Aisi Dixi CO LTD.	9,708,647	9.49	—	—	—	—	—	—	—
Cathay United Bank is entrusted to keep the investment account of GLU INTERNATIONAL GROUP LIMITED.	9,593,786	9.38	—	—	—	—	—	—	—
Cathay United Bank is entrusted to keep the investment account of East and West Holdings Limited.	8,100,889	7.92	—	—	—	—	—	—	—
Tseng-Tung Chen	4,018,220	3.93	—	—	—	—	Hai-Ni Chen Wei-Yu Chen	Father/Son Brother/Sister	-
Hung-Lan Lin	3,615,625	3.53	—	—	—	—	—	—	—
Hai-Ni Chen	3,006,013	2.94	—	—	—	—	Tseng-Tung Chen Wei-Yu Chen	Father/Son Father/Daughter	—
Chen-Hua Yu	1,406,687	1.38	—	—	—	—	—	—	—
Wei-Yu Chen	1,605,654	1.57	—	—	—	—	Hai-Ni Chen Tseng-Tung Chen	Father/Daughter Brother/Sister	—

IX. The shares held by the company, its directors, supervisors, managers and enterprises directly or indirectly controlled in the same reinvested enterprise, and the comprehensive shareholding ratio shall be calculated on a consolidated basis.

Consolidated Shareholding Ratio

Unit: Shares; %

Reinvestment in Other Companies	Investment in the Company		Investments of Directors, Supervisors, Managers and Businesses Directly or Indirectly Controlled		Consolidated Investments	
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio
HOLIDAY GARDEN INTERNATIONAL LTD. (Note)	12,000	100.00	—	—	12,000	100.00

Note: long-term investment of the company.

Chapter 4. Funding Status

I. Share Capital and Shares

(I) Source of Share Capital

Source of Share Capital

December 31, 2018

Year / Month	Issuance Price	Authorized Capital		Paid-In Capital		Note		
		Shares	Amount	Shares	Amount	Source of Share Capital	Equity-Settled Share-Based Payment	Others
103.09	NT$ 10	93,787,066	937,870,660	90,079,444	900,794,440	Surplus transferred to capital increase: 2,623,674 shares	None	Sep 18 2014 Commerce Letter No. 10301193390
104.10	NT$ 10	150,000,000	1,500,000,000	94,583,417	945,834,170	Surplus transferred to capital increase: 4,503,973 shares	None	Sep 01 2015 Commerce Letter No. 10401183470
105.10	NT$ 10	150,000,000	1,500,000,000	98,366,754	983,667,540	Surplus transferred to capital increase: 3,783,337 shares	None	Sep 08 2016 Commerce Letter No. 10501221110
106.09	NT$ 10	150,000,000	1,500,000,000	102,301,424	1,023,014,240	Surplus transferred to capital increase: 3,934,670 shares	None	Sep 15 2017 Commerce Letter No. 10601131090

December 31, 2018

Shares Category	Authorized Capital			Note
	Outstanding Shares	Unissued Shares	Total	
Ordinary Share	(TWSE Listed) 102,301,424 Shares	47,698,576 Shares	150,000,000 Shares	

(II) General information to be disclosed in the issuance of marketable securities under the declaration system: no such situation.

(III) Shareholder Structure

Shareholder Structure

April 21, 2019

Shareholder Structure / Number	Government Agencies	Financial Institutions	Other Legal Persons	Personal	Foreign Institutions and Foreigners	Total
Number of Persons	0	1	14	7,948	27	7,990
Shares Held	0	1,449	20,547,916	43,847,336	37,904,723	102,301,424
Shareholding Ratio	0.00%	0.00%	20.08%	42.87%	37.05%	100%

(IV) Shareholding Distribution Status

1. Ordinary Share

Shareholding Distribution Status

April 21, 2019

Shareholding Class	Number of Shareholders	Shares Held	Shareholding Ratio
1 to 999	3,739	830,304	0.81%
1,000 to 5,000	3,216	6,620,495	6.48%
5,001 to 10,000	498	3,963,080	3.87%
10,001 to 15,000	170	2,127,479	2.08%
15,001 to 20,000	118	2,109,416	2.06%
20,001 to 30,000	85	2,125,430	2.08%
30,001 to 40,000	52	1,808,083	1.77%
40,001 to 50,000	29	1,339,621	1.31%
50,001 to 100,000	46	3,295,563	3.22%
100,001 to 200,000	16	2,571,071	2.51%
200,001 to 400,000	8	2,055,824	2.01%
400,001 to 600,000	1	432,991	0.42%
600,001 to 800,000	1	645,430	0.63%
800,001 to 1,000,000	0	0	0.00%
1,000,001 or More	11	72,376,637	70.75%
Total	7,990	102,301,424	100.00%

2. Preferred stock: N/A

(V) List of Substantial Shareholders

List of Substantial Shareholders

December 31, 2018

Shares / Substantial Shareholder Name	Shares Held	Shareholding Ratio
Ying Chuan International Enterprise CO LTD	19,840,164	19.39%

(VI) Market Price Per Share, Net Value, Surplus, Dividends and Related Information for the Latest Two Years

Information on Market Price, Net Value, Surplus and Dividends Per Share

Item / Year			2017	2018	Current Year Up To March 31, 2019 (Note 8)
Market Price Per Share (Note1)	Highest		16.80	35.75	24.15
	Lowest		13.30	13.95	20.20
	Average		15.05	24.85	22.18
Net Worth Per Share (Note2)	Before Distribution		10.63	13.19	—
	After Distribution		11.90	Shareholders' Meeting Not Yet Been Held	—
Earnings Per Share	Weighted Average Shares		102,301,424	102,301,424	102,301,424
	Earnings Per Share (Note3) Before Adjustment		(0.02)	2.08	—
	Earnings Per Share (Note3) After Adjustment		0.60	Shareholders' Meeting Not Yet Been Held	—
Dividend Per Share	Cash Dividend		0	0.2	—
	Unrequited Stock Dividends	Surplus Stock Dividends	0.40	0.8	—
		Capital Surplus Distribution	0	0	—
	Accumulated Unpaid Dividend (Note4)		0	0	—
Analysis of Return on Investment	Price-to-Earnings Ratio (Note5)		(752.50)	11.95	—
	Price-to-Dividend Ratio (Note6)		-	Shareholders' Meeting Not Yet Been Held	—
	Cash Dividend Yield Ratio (Note7)		-	Shareholders' Meeting Not Yet Been Held	—

Note 1: List the highest and lowest market prices of ordinary shares for each year, and calculate the average market price for each year based on the transaction value and volume of the year.

Note 2: Fill the shares based on the shares that have been issued by the end of the year and the distribution from the resolution of

shareholders' meeting in the following year.

Note 3: If there is any retrospective adjustment required due to unrequited stock dividends, the earnings per share before and after adjustment should be listed.

Note 4: If there is any requirement for issuing equity securities that require undistributed dividends for the current year to be accumulated to the annual distribution of the retained earnings, it shall separately disclose the accumulated undistributed dividends as of that year.

Note 5: P/E Ratio = Average closing price per share for the current fiscal year/earnings per share.

Note 6: P/D = Average closing price for each share for the current fiscal year/cash dividend per share.

Note 7: Cash dividend yield ratio = Cash dividend per share/average closing price per share for the current year.

Note 8: Net worth per share and earnings per share shall be filled with the data of the most recent quarter that has been verified (examined) by CPAs up to the date of printing of this annual report: The rest of the columns should be filled.

(VI) Dividend Policy and Implementation

1. The Company is in the changing industrial environment, and the enterprise life cycle is in a stable growth stage. The Board of Directors shall consider the company's future capital expenditure budget and capital demand, and shall measure the necessity of surplus fund demand, so as to determine the amount of surplus retention or distribution and the amount of dividend or bonus distributed to shareholders in cash.

   If the Company has any surplus in the annual accounts, it shall first set aside the business income tax in accordance with the law and make up for the losses in the past years. If there is any balance, it shall itemize 10% of the statutory surplus reserve in accordance with the law, except when the statutory surplus reserve has reached the total capital of the company. In addition, after the special surplus reserve is itemized or turned over according to law, and the undistributed surplus at the beginning of the same period accumulates the distributable surplus for shareholders, the Board of Directors shall draw up a proposal for surplus allocation and submit it to the Board of Shareholders for allocation.

   As for the preceding item, more than 10% of the distributable surplus shall be allocated for the distribution of dividends and shareholders' dividends, and the cash dividend shall not be less than 10% of the total dividends and shareholders' dividends.

   The Company shall distribute remuneration to employees at the rate of 0.1% to 1% and remuneration to directors and supervisors at the rate of 1% or less for the current year's profit. However, if the company has accumulated losses, it shall make up for them.

   Employee compensation may be in the form of stock or cash, and may be paid in the form of stock or cash to employees of a

subsidiary company who meet certain conditions.

The said "profit situation of the current year" as mentioned in the first paragraph shall mean the profit before the deduction of the pretax profit of the current year from the bonus to the employees and the bonus to the directors and supervisors.

The bonus for employees and the bonus for directors and supervisors shall be allocated by the Board of Directors upon the attendance of more than two-thirds of the directors and the consent of more than half of the directors present, and shall be reported to the shareholders' meeting.

2. The status of the proposed dividend distribution at this shareholders' meeting: (approved by the Board of Directors but not approved by the Board of Shareholders).

On March 20, 2019, the Board of Directors of the Company resolved to approve the earnings distribution plan for the year of 2018:

1. The Company plans to allocate a dividend of NT$ 81,841,140 from the distributable earnings in 2018. The amount of dividends allocated to shareholders shall be NT$ 81,841,140, and the amount of shares reissued shall be NT$ 81,841,140, with each share being NT$ 10. 80 shares shall be distributed unrequited according to the shareholding ratio for every thousand shares recorded in the shareholders' register on the base date of stock allotment.
2. If there is less than one share of the above allotment, the shareholder may, within 5 days from the base date of the stock allotment, raise it up, and if there is still less than one share of the allotment, or if the allotment is overdue, convert it into cash at the face value of the shares and calculate it up to NT$ 1 (decimal points are rounded down), which shall be subscribed at the face value by the designated person in consultation with the Board of Directors.
3. The Company plans to pay cash dividends of NT$ 20,460,284. Upon the resolution of this regular meeting of shareholders, the Board of Directors shall be authorized to set the ex-dividend base date, payment date, and other related matters.
4. Explanation of expected significant changes in dividend policy: there is no significant change in dividend policy.

(VII) The impact of the stock dividends on the company's operating performance, earnings per share and return on investment of shareholders: N/A.

(VIII) Remuneration of employees and remuneration of directors and supervisors:

1. Information about employee remuneration and remuneration of the Board of Directors contained in the Articles of Association, as shown in page 43 (VI) Company Dividend Policy.
2. Employee bonus plan and remuneration of directors and supervisors in this year:
   (1) Distributed employee compensation of NT$ 286,787.
   (2) Distributed director/supervisor compensation of NT$0.
   (3) The employee remuneration to be distributed is NT$ 286,787, which is NT$ 286,787 difference from the estimated amount of NT$ 0 for the year of 2018. In order to estimate the difference, it shall be listed as the next annual profit and loss in accordance with the accounting estimation. The remuneration of directors and supervisors will not be distributed, and there is no difference with the estimated amount in 2018.
   (4) The proposal of basic earnings per share after calculating the employee bonus and director supervisors' remuneration is NT$ 2.08.
3. Information on the distribution of employee dividends approved by the Board of Directors: no distribution of employee bonus plan this year.
4. Employee bonus plan and remuneration of directors and supervisors in last year: None.

(IX) The company buys back the shares of the Company: None.

II. Issuance of corporate bonds: None.

III. Issuance of preferred stocks: None.

IV. Issuance of overseas depository receipts: None.

V. Handling of employee stock options: None.

VI. Handling of restricted employee shares: None.

VII. Handling of merger & acquisition: None.

VII. Plan of application of funds: None.

Chapter 5. Operation Overview

I. Operation of the Company

(I) Business Contents

1. International tourist hotel rooms rental with Chinese and Western restaurants, nightclubs and swimming pools.
2. General import and export business (except licensing business).
3. Except for permitted business, the company may engage in business not prohibited or restricted by law.
4. The above listed businesses account for 53% of the revenue from guest rooms, 47% from Chinese and Western restaurants, night clubs and swimming pools, and 0% from general import and export trade.
5. The Company's current product items and planned development of new products: hotel rental and catering services.

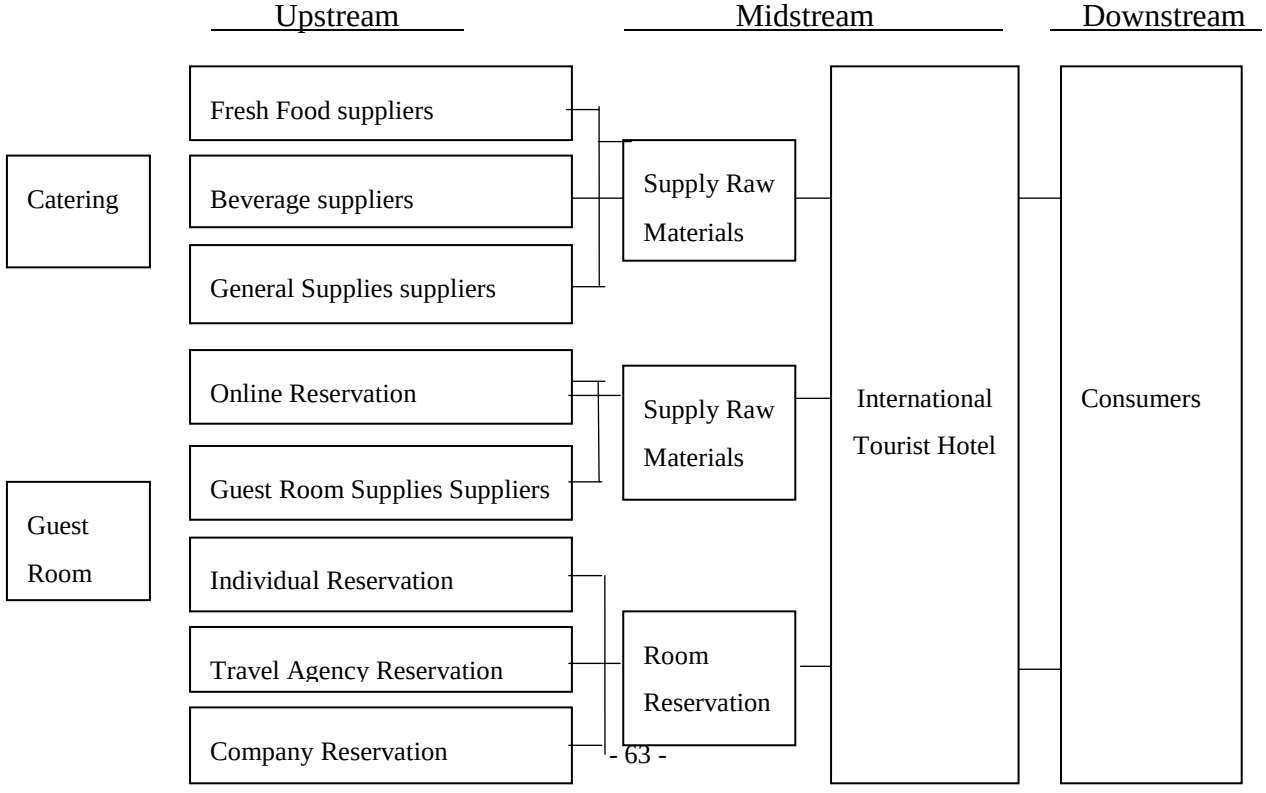
(II) Sector Overview

(1) Current Status and Development of the Sector

The hotels registered and reported by the Tourism Bureau of Kaohsiung City Government are:

Kaohsiung Marriott Hotel (700 rooms) is expected to be completed on Jun 30 2019.
Kuan Hotel (210 rooms) is expected to be completed on Aug 24 2020.
Ji Yu Hotel (206 rooms) is expected to be completed on Dec 31 2020.
DingDing Grand Hotel (308 rooms) is expected to be completed on Dec 31 2022.

(2) Correlation between upper, middle and lower downstream sectors:



(3) Product development trend and competition status:

At present, the number of people using the Internet is increasing rapidly, and there is also an amazing global growth.E-commerce has become the largest market, and consumers are becoming more and more accustomed to comparing prices on the Internet.The competition in the domestic tourism sector is increasingly intense and various hotels have launched the hotel brand layout to achieve different positions and to appeal to the demassified market.Apart from the traditional international sightseeing hotels, the hotel with design, cultural and creative style is to realize the increasingly bitter sector competition.The hotel will develop products with multiple market attributes to capture the market as a strategy to consolidate existing customers and actively develop new customers.We will continue to strengthen and upgrade the hotel's software and hardware services, improve the efficiency of e-commerce sales and Internet development applications, and increase the overall revenue.

(III) Technology and R&D Overview: N/A.

(IV) Long-Term and Short-Term Business Development Plans:

1. Continually plan and renovate the facilities and business premises to provide customers with more comfortable accommodation and catering.
2. Expand the level of consumer contact through alliances and cooperation with other credit card companies, and attract customers with special offers.
3. Cater to customers' preferences through cross-industry alliances with Internet vendors and the development of quality advertising.
4. Participate in domestic and overseas travel exhibition and business development activities planned by Tourism Bureau, Ministry of Transportation and Communications and Taiwan Visitors Association, and other institutes.

II. Market and Production & Marketing Overview:

1. Market Analysis

Tourism is a multi-objective comprehensive enterprise, providing guests with accommodation, catering, social, meeting places, health and entertainment, shopping and other functions. The Company has a long history of operating hotels and restaurants, with an outstanding reputation. In order to meet the needs of the evolution of the times and the market, the Company constantly expand and update equipment to enhance the quality of service. The domestic and foreign markets are analyzed as follows:

Domestic: At present, Taiwanese people's quality of life is improving day by day, and they pay more and more attention to leisure tourism. In addition, the Kaohsiung municipal government actively promotes tourism, improves the quality of tourism services and facilities, so that domestic tourists have a tendency to go to Kaohsiung City for sightseeing. The Company is located in the center of Kaohsiung City with convenient transportation, so that more visitors are attracted to visit here and spend.

Foreign: The Company is continuously committed to the expansion and development of Chinese, Japanese and overseas Chinese tourist groups.

American Company: In recent years, the development of the American market has been accelerated, the political and economic situation has been stable, and the return on investment of local hotels is high. In the future, we will not rule out expansion, and it will not be limited to California. If there is a target that meets the set rate of return, we may also focus on it.

The Company has international standard equipment, beautiful environment, more than 200 Ping of garden and swimming pool, and is located in the city, with convenient transportation, near the public security units, and high security; these are excellent conditions for the Kaohsiung to attract foreign tourists. How to grasp the business opportunities at home and abroad, improve service quality, strive for more customers, is the goal of all the staff of the Company.

2. Important Uses and Production Process:

The Company's main products are operating in the form of rooms for rent, as well as catering and meeting places and other related facilities, satisfying customers is our ultimate goal.

3. Supply Status of Primary Raw Materials:

The Company is mainly engaged in room rental and catering services, its main raw materials are customer supplies and raw food materials, etc., its supply situation is stable.

4. Name of customers accounted for more than 10% of the total purchase and sale volume in the last two years:

(1) Main Purchase Customers: The Company has no customers accounted for 10% of purchase volume, so it is not applicable.

(2) Main Sale Customers: The Company has no customers accounted for 10% of

sale volume, so it is not applicable.

5. Table of production volume and value of the latest two years:

Unit: NT$ 1,000

Year / Product	2018		2017	
	Production Value	Percentage %	Production Value	Percentage %
Guest Room Costs	195,471	85.77%	297,268	90.17%
Catering Costs	32,432	14.23%	32,399	9.83%
Total	227,903	100%	329,667	100%

6. Table of sale volume and value of the latest two years:

Unit: NT$ 1,000

Year / Product	2018		2017	
	Amount	Percentage %	Amount	Percentage %
Guest Room Income	1,118,936	95.66%	1,306,559	95.72%
Catering Income	46,043	3.94%	55,417	4.06%
Other Income	4,736	0.40%	3,039	0.22%
Total	1,169,715	100%	1,365,015	100%

III. Number of Employees in the Past Two Years

Employee Information for the Past Two Years Up to the Publication Date of This Annual Report

Year		2017	2018	Current Year Up To March 31, 2019
Number of Employees	Direct Labor	70	68	61
	Indirect Labor	42	38	38
	Total	112	106	99
Average Age		36	40	40
Average Years of Service		5.6	4.9	4.8
Ratio on Distribution of Academic Qualification	Doctor	0	0	0
	Master	2%	1%	1%
	Bachelor	58%	47%	51%
	Senior High School	34%	40%	37%
	Under Senior High School	6%	12%	11%

IV. Information on Environmental Protection Expenditure

1. The most recent year and up to the date of the publication of the annual report, total amount of losses and penalties due to environmental pollution: None.
2. Future countermeasures and possible expenditure: None.

V. Labor-Management Relations:

1.Current major labor-management agreements and their implementation:

(1) Employee Welfare Measures: The "Welfare Committee" is composed of representatives from various departments of the Company. A certain amount of money will be deducted from the employee's salary every month as the fund for various welfare activities organized by the committee. The company's current welfare system is as follows:

- The employee joins the labor insurance as soon as he/she enters the company.
- Domestic tourism is held every year.
- Gifts or coupons for Dragon Boat Festival, Moon Festival and Chinese New Year.

· Cash gift or gifts for employee birthdays, weddings, funerals, births, etc.
· Year-end dinner party with a big lottery prizes held.
· The year-end bonus shall be paid according to the performance of the labors in the current year.

2. For the most recent year and up to the date of publication of the annual report, the company has suffered losses due to labor disputes, the estimated amount of current and future losses and the corresponding measures: since the company's management system and welfare system are in good condition, and there is a communication channel of the welfare association, which can coordinate and solve the problems immediately, thus there should be no dispute, and there was no labor dispute in the recent two years.

3. Employee further education, training, retirement system and its implementation:

(1) To maintain the safety of the hotel and improve the service quality of the staff, the following projects will be carried out this year:

Implemented Projects:

1. Advanced English Class
2. Basic Korean Class
3. Advanced Japanese Class
4. Certified Chef Hygiene Workshop
5. The HACCP Lecture
6. Southbound Muslim Policy and Vegetarian Food
7. New Fun in Kaohsiung - Upgrading Hotel Service to Tourism Planning
8. Management and Communication of New Generation Employees
9. The Key to Success In the Catering Sector
10. Friendly Guest Rooms - A New Business Opportunity for the Aging Society
11. Service Sector Management - Full Play of Positive Energy
12. Improving Service Quality
13. Creating A LOHAS Team

Planned Projects (expected to be implemented in 2019):

1. Basic Japanese Class
2. Basic Korean Class
3. Advanced Japanese Class
4. Advanced Korean Class
5. Professional Skills of Mobile Photography (People/Food)
6. How to Improve Self-Competitiveness and Application Methods
7. Up Selling Skills
8. The Use of AI in Hotels
9. Service Quality, Coping Skills and Service Mentality in the Workplace

10. Improve Communication Efficiency and Create a High-Quality Team
11. My Plate - Eat Smart and Welcome Health
12. Problem Solving and Analytical Skills
13. Certified Chef Hygiene Workshop
14. The HACCP Lecture

(2)Since July 1, 2005, the Company has established certain retirement provisions in accordance with the "Labor Pension Statutes", which are applicable to employees of the same nationality. For employees who choose to apply the labor pension system prescribed in the "Labor Pension Statutes", the Company shall contribute the labor pension at a rate of not less than 6% of their monthly salary to the personal account of employees of the Bureau of Labor Insurance. The payment of the employee's pension shall be made in monthly pension or lump sum pension according to the employee's individual pension account and the amount of accumulated benefits.

VI. Important Contracts: None.

Chapter 6. Financial Overview

I. Condensed Balance Sheet and Composite Income Statement for the Last Five Years, and Indicate the Name of the Accountant and His/Her Opinion on Audit

(I) Condensed Balance Sheet and Composite Income Statement - International Accounting Standards

Concise Balance Sheet

(1) Consolidated Financial Report

Unit: NT$ 1,000

Item \ Annual		Financial Information for the Most Recent 5 Years (Note 1)					Current Year Up ToMarch 31, 2018 Financial Information (Note 2)
		2014	2015	2016	2017	2018	
Circulating Asset		800,857	521,220	937,250	1,831,837	2,540,108	2,441,004
Real Estate, Plant and Equipment		1,617,709	2,975,895	3,522,213	2,900,500	2,929,346	2,897,406
Intangible Assets		67,691	388,762	551,943	423,033	403,004	395,869
Other Assets		38,832	57,853	88,871	150,937	127,575	223,804
Total Assets		2,525,089	3,943,730	5,100,277	5,306,307	6,000,033	6,081,784
Current Liability	Before Distribution	860,716	1,775,391	1,399,563	1,844,362	1,645,475	1,624,790
	After Distribution	860,716	1,775,391	1,399,563	1,844,362	Note 3	-
Non-Current Liability		533,909	955,219	2,528,878	2,374,010	3,005,490	3,097,885
Total Liabilities	Before Distribution	1,394,625	2,730,610	3,868,441	4,218,372	4,650,965	4,722,675
	After Distribution	1,408,137	2,741,960	3,883,196	4,218,372	Note 3	-
Equity Attributable to Owners of Parent Company		1,130,464	1,213,120	1,231,836	1,087,935	1,349,068	1,359,109

Share Capital		900,795	945,835	983,668	1,023,015	1,023,015	1,023,015
Capital Surplus		2,169	2,169	2,169	2,169	2,169	2,169
Retained Earnings	Before Distribution	179,209	177,428	189,672	133,262	348,224	350,857
	After Distribution	126,942	128,245	129,428	133,262	Note 3	-
Other Equities		48,291	87,688	56,327	(70,511)	(24,340)	(16,932)
Treasury Stock		-	-	-	-	-	-
Non-Controlling Interest		-	-	-	-	-	-
Equities Total Amount	Before Distribution	1,130,464	1,213,120	1,231,836	1,087,935	1,349,068	1,359,109
	After Distribution	1,123,237	1,201,770	1,217,081	1,087,935	Note 3	-

Note 1: Financial information for each year has been audited by CPAs.

Note 2: The Company's consolidated financial report for the first quarter of 2019 has been reviewed by the accountant.

Note 3: As of March 20, 2019, the regular meeting of shareholders of the Company has not been held.

Concise Balance Sheet

(2) Individual Financial Report

Unit: NT$ 1,000

Annual Item		Financial Information for the Most Recent 5 Years (Note 1)				
		2014	2015	2016	2017	2018
Current Asset		40,096	24,377	25,332	477,439	633,371
Real Estate, Plant and Equipment		824,880	792,182	760,257	732,376	712,968
Permanent Investment		1,009,888	2,038,256	2,102,093	1,575,089	1,868,627
Other Assets		5,668	6,351	11,227	41,219	44,832
Total Assets		1,880,532	2,861,166	2,898,909	2,826,123	3,259,798
Current Liability	Before Distribution	219,147	1,112,958	1,159,063	1,276,340	1,411,909
	After Distribution	219,147	1,112,958	1,159,063	1,276,340	Note 3

Non-Current Liability		530,921	535,088	508,010	461,848	498,821
Total Liabilities	Before Distribution	750,068	1,648,046	1,667,073	1,738,188	1,910,730
	After Distribution	763,580	1,659,396	1,681,828	1,738,188	Note 3
Equity Attributable to Owners of Parent Company		1,130,464	1,213,120	1,231,836	1,087,935	1,349,068
Share Capital		900,795	945,835	983,668	1,023,015	1,023,015
Capital Surplus		2,169	2,169	2,169	2,169	2,169
Retained Earnings	Before Distribution	179,209	177,428	189,672	133,262	348,224
	After Distribution	126,942	128,245	129,428	-	Note 3
Other Equities		48,291	87,688	56,327	(70,511)	(24,340)
Treasury Stock		-	-	-	-	-
Non-Controlling Interest		-	-	-	-	-
Equities Total Amount	Before Distribution	1,130,464	1,213,120	1,231,836	1,087,935	1,349,068
	After Distribution	1,123,237	1,201,770	1,217,081	1,087,935	Note 3

Note 1: Individual financial report certified by an accountant.

Note 2: As of March 20, 2019, the regular meeting of shareholders of the Company has not been held.

Concise Composite Income Statement

(1) Consolidated Financial Report

Unit: NT$ 1,000

Year / Items	Financial Information for the Most Recent 5 Years (Note 1)					Current Year Up ToMarch 31, 2019Financial Information(Note 2)
	2014	2015	2016	2017	2018	
Operating Income	704,273	868,056	1,386,669	1,365,015	1,169,715	279,140
Operating Margin	542,445	668,693	1,062,841	1,035,348	941,812	232,456
Operating Profit and Loss	106,929	105,267	177,372	137,476	82,040	27,450
Non-Operating Income and Expenditure	(10,056)	(31,146)	(66,656)	(97,674)	(316,443)	(27,226)
Net Profit Before Tax	96,873	74,121	110,716	39,802	398,483	224

Continuing Operation Unit Current Net Profit	62,846	56,771	61,427	(2,308)	212,662	2,633
Loss from Discontinued Operations	-	-	-	-	-	-
Current Net Profit (Loss)	62,846	56,771	61,427	(2,308)	212,662	2,633
Current Other Comprehensive Profit and Loss (Net Amount After Tax)	45,787	39,397	(31,361)	(126,838)	48,471	7,408
Current Total Comprehensive Profit and Loss	108,633	96,168	30,066	(129,146)	261,133	10,041
Net Profit Attributable to Owners of the Parent Company	62,846	56,771	61,427	(2,308)	212,662	2,633
Net Profit Attributable to Non-Controlling Interests	-	-	-	-	-	-
Total Comprehensive Profit and Loss Attributable to Owners of Parent Company	108,633	96,168	30,066	(129,146)	261,133	10,041
Total Comprehensive Income Attributable to Non-Controlling Interests	-	-	-	-	-	-
Earnings Per Share	0.61	0.55	0.60	(0.02)	2.08	0.03

Note 1: Financial information for each year has been audited by accountants.

Note 2: The Company's consolidated financial report for the first quarter of 2019 has been reviewed by the accountant.

Note 3: As of March 20, 2019, the regular meeting of shareholders of the Company has not been held.

Concise Composite Income Statement

(2) Individual Financial Report

Unit: NT$ 1,000

Year / Items	Financial Information for the Most Recent 5 Years (Note 1)				
	2014	2015	2016	2017	2018
Operating Income	203,098	192,492	162,810	121,206	102,640
Operating Margin	126,514	120,043	95,790	66,352	49,074
Operating Profit and Loss	(1,385)	288	(8,005)	(32,874)	(44,061)
Non-Operating Income and Expenditure	75,774	69,336	82,243	30,503	330,849
Net Profit Before Tax	74,389	69,624	74,238	(2,371)	286,788
Continuing Operation Unit Current Net Profit	62,846	56,771	61,427	(2,308)	212,662
Loss from Discontinued Operations	-	-	-	-	-
Current Net Profit (Loss)	62,846	56,771	61,427	(2,308)	212,662
Current Other Comprehensive Profit and Loss (Net Amount After Tax)	45,787	39,397	(31,361)	(126,838)	48,471
Current Total Comprehensive Profit and Loss	108,633	96,168	30,066	(129,146)	261,133
Net Profit Attributable to Owners of the Parent Company	62,846	56,771	61,427	(2,308)	212,662
Net Profit Attributable to Non-Controlling Interests	-	-	-	-	-
Total Comprehensive Profit and Loss Attributable to Owners of Parent Company	108,633	96,168	30,066	(129,146)	261,133
Total Comprehensive Income Attributable to Non-Controlling Interests	-	-	-	-	-
Earnings Per Share	0.66	0.58	0.60	(0.02)	2.08

Note 1: Individual financial report certified by an accountant.

Note 2: As of March 20, 2019, the regular meeting of shareholders of the Company has not been held.

(II) Name and Opinion of the Accountant

Year	CPA Firm	Name of CPA	Auditor's Opinion
2014	PwC Taiwan	Yi-Chang Lin, Chien-Chih Wu	Unqualified Opinion
2015	PwC Taiwan	Chien-Chih Wu, Yi-Chang Lin	Unqualified Opinion
2016	PwC Taiwan	Chien-Chih Wu, A-Shen Liao	Unqualified Opinion
2017	PwC Taiwan	Chien-Chih Wu, A-Shen Liao	Unqualified Opinion
2018	PwC Taiwan	Chien-Chih Wu, A-Shen Liao	Unqualified Opinion

II. Financial Analysis for the Most Recent 5 Years

(I) Financial Analysis - International Accounting Standards

(1) Consolidated Financial Report

Analysis Items (Note 3) \ Year (Note 1)			Financial Analysis for the Most Recent 5 Years					Current Year Up To March 31, 2019 (Note 2)
			2014	2015	2016	2017	2018	
Financial Structure (%)	Ratio of Liabilities to Assets		55.23	69.23	75.84	79.49	77.52	77.65
	Ratio of Long-Term Capital to Real Estate Plant, and Equipment		102.88	72.86	106.77	119.35	148.65	153.83
Debt-Paying Capacity (%)	Current Ratio		93.04	29.35	69.96	99.32	154.37	150.24
	Quick Ratio		92.49	28.87	69.37	98.80	153.86	148.54
	Interest Coverage Ratio		522.48	339.54	261.76	140.38	385.37	100.53
Operating Capacity	Receivables Turnover Rate (Times)		37.50	31.71	34.55	35.72	34.25	9
	Average Collection Days		9.73	11.51	10.56	10.22	10.65	40.56
	Inventory Turnover Rate (Times)		62.74	42.54	38.62	36.94	53.12	90.55
	Payables Turnover Rate (Times)		15.18	18.46	34.55	35.79	25.74	5.54
	Average Days for Sale		5.82	8.58	9.45	9.88	6.87	4.03
	Real Estate Plant, and Equipment Turnover Rate (Times)		0.43	0.37	0.42	0.43	0.40	0.10
	Total Asset Turnover Rate (Times)		0.28	0.26	0.30	0.26	0.21	0.05
Profitability Capacity	Rate of Return on Assets (%)		3.27	2.54	2.61	1.52	5.74	0.60
	Rate of Return on Equity (%)		5.82	4.84	5.02	(0.19)	17.45	0.19
	Paid-In Capital Ratio (%)	Operating Profit	11.87	11.13	18.03	13.43	8.02	2.68
		Net Profit Before Tax	10.75	7.84	11.25	3.89	38.95	0.02
	Profit Margin (%)		8.92	6.54	4.42	(0.16)	18.18	0.94

	Earnings Per Share (NT$)	0.61	0.55	0.60	(0.02)	2.08	0.03
Cash Flow	Cash Flow Ratio (%)	22.49	12.46	32.45	16.63	3.23	4.29
	Cash Flow Adequacy Ratio (%)	—	—	161.84	283.92	280.48	-
	Cash Flow Reinvestment Ratio (%)	7.11	6.41	8.30	5.94	0.88	1.13
Degree of Leverage	Degree of Operating Leverage	2.11	2.51	2.62	3.22	3.48	2.43
	Degree of Financial Leverage	1.25	1.41	1.62	3.53	(1.42)	(1.84)

Reasons for the change of financial ratios of the last two years (% increase or decrease of 20% or more):
1. The increase of current ratio and quick ratio in this year is caused by the increase of current assets and the decrease of current liabilities.
2. The increase in the rate of return on equity is due to the increase in after-tax net profit of this year.
3. The increase of net pretax profit to paid-in capital ratio is caused by the increase of net pretax profit in this year.
4. The increase of profit margin is caused by the increase of after-tax profit and loss of this year.
5. The increase of interest coverage ratio this year is due to the increase of net profit before tax.
6. The increase of net pretax profit to paid-in capital ratio is caused by the increase of net pretax profit in this year.
7. The reduction of financial leverage ratio is due to the fact that the operating profit of this year is less than the interest expense, so the ratio is negative.

(2) Individual Financial Report

Year (Note 1) / Analysis Items (Note 3)		Financial Analysis for the Most Recent 5 Years				
		2014	2015	2016	2017	2018
Financial Structure (%)	Ratio of Liabilities to Assets	39.89	57.60	57.51	61.50	58.61
	Ratio of Long-Term Capital to Real Estate Plant, and Equipment	201.41	220.68	228.85	211.61	259.18
Debt-Paying Capacity (%)	Current Ratio	18.30	2.19	2.19	37.41	44.86
	Quick Ratio	16.69	1.78	1.77	37.13	44.68
	Interest Coverage Ratio	1,180.24	663.29	451.27	86.63	1769.70
Operating Capacity	Receivables Turnover Rate (Times)	47.79	60.11	37.98	23.11	17.93
	Average Collection Days	7.64	6.07	9.61	15.79	20.36
	Inventory Turnover Rate (Times)	62.74	42.54	38.62	36.94	91.45

	Payables Turnover Rate (Times)		7.19	6.71	7.15	7.18	7.65
	Average Days for Sale		5.82	8.58	9.45	9.88	3.99
	Real Estate Plant, and Equipment Turnover Rate (Times)		0.24	0.24	0.21	0.16	0.14
	Total Asset Turnover Rate (Times)		0.11	0.08	0.06	0.04	0.03
Profitability Capacity	Rate of Return on Assets (%)		3.76	2.83	2.74	0.43	7.46
	Rate of Return on Equity (%)		5.82	4.84	5.02	(0.20)	17.45
	Paid-In Capital Ratio (%)	Operating Profit	(0.15)	0.03	(0.81)	(3.21)	(4.31)
		Net Profit Before Tax	8.26	7.36	7.55	(0.23)	28.03
	Profit Margin (%)		30.94	29.49	37.73	(1.90)	207.19
	Earnings Per Share (NT$)		0.61	0.55	0.60	(0.02)	2.08
Cash Flow	Cash Flow Ratio (%)		15.62	2.40	(0.80)	1.38	(0.91)
	Cash Flow Adequacy Ratio (%)		—	—	9.38	24.68	25.44
	Cash Flow Reinvestment Ratio (%)		1.23	0.61	(0.96)	(1.63)	(0.55)
Degree of Leverage	Degree of Operating Leverage		(22.82)	113.21	(2.92)	0.07	0.33
	Degree of Financial Leverage		0.17	(0.02)	0.27	0.65	0.72

Reasons for the change of financial ratios of the last two years (% increase or decrease of 20% or more):

1. The increase of interest coverage ratio this year is due to the increase of net profit before tax.
2. The increase in the rate of return on equity is due to the increase in after-tax profit and loss of this year.
3. The increase of net pretax profit to paid-in capital ratio is caused by the increase of net pretax profit in this year.
4. The increase of profit margin is caused by the increase of after-tax profit and loss of this year.

Note 1: The year in which has not been certified by an accountant shall be indicated.

Note 2: TWSE listed companies or whose shares have been purchased or sold at the business premises of a securities firm shall incorporate into their analysis the financial information of the year ended in the

quarter prior to the publication date of the annual report.

Note 3: At the end of this table of the annual report, the following calculation formula should be listed:

1. Financial Structure

(1) Liabilities to Assets Ratio = Total Liabilities / Total Assets.

(2) Long-Term Capital to Property, Plant, And Equipment Ratio = (Total Equity + Non-Circulating Liability) / Net Amount of Property, Plant and Equipment.

2. Solvency

(1) Current Ratio = Circulating Asset / Circulating Liability.

(2) Quick Ratio = (Circulating Asset – Inventory – Prepaid Expense) / Circulating Asset.

(3) Interest Coverage Ratio = Net Profit Before Income Tax and Interest Expense / Current Interest Expenditure

3. Operating Performance

(1) Accounts Receivable (including receivable and bills receivable arising from business operations) Turnover Rate = Net Sales / Balance of Average Receivable in Various Periods (including accounts receivable and bills receivable arising from business operations).

(2) Average Collection Days = 365 / Receivables Turnover Rate.

(3) Inventory Turnover Rate = Cost of Sales / Average Inventory Value.

(4) Accounts Payable (including payable and bills payable arising from business operations) Turnover Rate = Cost of Sales / Balance of Average Payable in Various Periods (including accounts payable and bills payable arising from business operations).

(5) Average Days of Sales = 365 / Inventory Turnover Rate.

(6) Property, Plant and Equipment Turnover Rate = Net Sales / Average Net Amount of Property, Plant and Equipment.

(7) Total Asset Turnover Rate = Net Sales / Average Total Assets.

4. Profitability Capacity

(1) Return on Asset = [Post-Tax Profit or Loss + Interest Expense (1–Tax Rate)] / Average Total Assets.

(2) Return on Equity = Post-Tax Profit or Loss / Average Total Equity.

(3) Profit Margin = Post-Tax Profit or Loss / Net Sales.

(4) Earnings Per Share = (Gain or Loss Attributable to Owners of the Parent Company – Preference Dividend) / Weighted Average Number of Issued Shares. (Note 4)

5. Cash Flow

(1) Cash Flow Ratio = Net Cash Flow from Operating Activities / Circulating Liability.

(2) Net Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities for the Past 5 Years / (Capital Expenditure + Inventory Increase + Cash Dividends) for the Past 5 Years.

(3) Cash Flow Reinvestment Ratio = (Net Cash Flow from Operating Activities – Cash Dividend) / (Gross Property, Plant and Equipment + Permanent Investment + Other Non-Current Assets + Operating Capital). (Note 5)

6. Degree of Leverage

(1) Degree of Operating Leverage = (Net Operating Income - Variable Operating Costs and Expenses)

/ Operating Profit

(2) Degree of Financial Leverage = Operating Profit / (Operating Profit - Interest Expense).

Note 4: The above formula for earnings per share shall be calculated with special attention to the following matters:

1. The weighted average is based on the number of ordinary shares, not the number of issued shares at the end of the year.
2. Traders with cash additions or treasury stocks shall calculate the weighted average shares, taking into account their period of circulation.
3. Where there is surplus to capital increase or capital reserve to capital increase, when calculating the earnings per share of previous years and half years, it shall be retroactively adjusted according to the proportion of capital increase, and it is not necessary to consider the issuance period of such capital increase.
4. If the preferred stocks are non-convertible accumulated special stocks, the current year dividend (whether or not issued) shall be deducted from the net after-tax profit or increased net after-tax loss. If the preferred stocks are non-cumulative in nature, the dividend of the preferred stocks shall be deducted from the net after-tax profit if there is net after-tax profit; If it is a loss, it needs not be adjusted.

Note 5: The cash flow analysis shall be calculated with special attention to the following matters:

1. Net cash flow of operating activities refers to the net cash inflow of operating activities in the cash flow table.
2. Capital expenditure refers to the annual cash outflow from capital investment.
3. The goods on hand increase is only recorded when the ending balance is greater than the opening balance. If the inventory decreases at the end of the year, it will be counted as zero.
4. Cash dividends include cash dividends for ordinary shares and preferred stocks.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before the deduction of accumulated depreciation.

Note 6: The issuer shall classify the various operating costs and operating expenses into fixed and variable according to their nature, and shall pay attention to the reasonableness and maintain the consistency if it involves estimation or subjective judgment.

Note 7: The ratio of paid-in capital of a foreign company shall be calculated on the basis of the ratio of net value.

(III) Other important information that can enhance the understanding of the financial position, operating results and cash flow or its trend: None.

III. Financial Report of Supervisor's Audit Report for the Most Recent Year

Holiday Garden Hotel Co., Ltd.

Supervisor's Audit Report

We hereby authorize the Board of Directors to prepare and send the 2018 Business Report, Financial Statement, Consolidated Financial Statement and Surplus Allocation Proposal of the Company, which have been audited and completed by the supervisor and others, and found not to be inconsistent. Therefore, according to Article 219 of the Company Act, this report is hereby prepared for your inspection.

Best Regards

Holiday Garden Hotel Co., Ltd. - 2018 Annual Regular Meeting of Shareholders

Holiday Garden Hotel Co., Ltd.

Supervisor: Li-Huang Tsai

Supervisor: Wei-Yu Chen

March 31, 2019

IV. The most recent annual financial statements including the audited statements of the accountant, the Balance Sheet, the Income Sheet, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows, and the notes or tables, with two years comparison.

Attachment I

Accountant's Audit Report and 2018 Annual Financial Statement

Accountant's Audit Report

(2019) Financial Report No. 18004423

For Holiday Garden Hotel CO LTD:

Audit Opinion

The Individual Balance Sheet of Holiday Garden Hotel CO LTD on December 31, 2018 and 2017, and the Individual Composite Income Statement, Individual Statement of Changes in Equity, Individual Statement of Cash Flows and notes to Individual Financial Statements (including summary of major accounting policies) on January 1 to December 31, 2017 and 2018, has been audited and concluded by the accountant.

In the opinion of the accountant, the above individual financial statements are prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" in all material respects, which is sufficient to express the individual financial status of Holiday Garden Hotel CO LTD as of December 31, 2018 and 2017, as well as the individual financial performance and individual cash flow on January 1 to December 31, 2017 and 2018.

Audit Opinion

The audit is conducted in accordance with the "Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the generally accepted auditing standards of the R.O.C. The accountant's responsibility under these standards will be further explained in the paragraph of responsibility of the accountant for examining the individual financial statements. The personnel of the accounting firm subject to the code of ethics for accountants of the R.O.C. have maintained a detached and independent relationship with Holiday Garden Hotel CO LTD and have performed other duties under the code of ethics for accountants of the R.O.C. We believe that sufficient and appropriate verification evidence has been obtained to form the basis of our opinion.

Key Audit Items

Key audit items refer to the most important items in the audit of individual financial statements of Holiday Garden Hotel CO LTD in 2018 according to the professional judgment of the accountant. Such items have been taken into consideration in the process of auditing the overall individual financial statements and forming audit opinions. The accountant does not express opinions on such items separately.

The key items of the 2018 individual financial statements of Holiday Garden Hotel CO LTD are as follows:

Impairment Assessment of Investments Accounted for Using Equity Method

Explanation of Items

Please refer to Note 4 (XI) to the individual financial statements for the accounting policies for investments using the equity method. Please refer to Note 5 (II) to the individual financial statements for the uncertainty of the accounting estimates and assumptions for the investment impairment assessment by the equity method. Please refer to Note 6 (IV) to the individual financial statements for the explanation of using the equity method.

The intangible assets of the subsidiary of Holiday Garden Hotel CO LTD as of December 31, 2018 are NT$ 403,004,000, accounting for 7% of the total consolidated assets. Due to the large number of hotels and the fierce competition in the hotel sector, the management regards each subsidiary as an independent and minimum cash generating unit for the impairment assessment of intangible assets, and the future cash flow of each subsidiary is estimated and discounted by the appropriate discount rate to measure the recoverable amount of the cash generating unit and serve as the basis for assessing the impairment of intangible assets.

When calculating the recoverable amount of the cash generating unit based on the estimated future cash flow, the estimation is subject to subjective judgment and high uncertainty because it involves many assumptions, including determining the discount rate and using the financial forecast of the next five years. As a result, it has a significant impact on the measurement results of recoverable amount. Therefore, the accountant listed the impairment assessment of the subsidiary's intangible assets as an important item in the annual audit.

Corresponding Audit Procedures

The accountant has implemented the following procedures in response to the above key audit items:

1. Understand and evaluate the management process for estimating the future cash flow of the subsidiary, and confirm that the cash flow in the next five years is consistent with the operation plan approved by the Board of Directors.
2. Discuss specific aspects of the business plan with management and obtain information on the actual implementation of the business plan in the past to assess the management's intention and ability to implement the business plan.
3. The following procedures are used to evaluate the reasonableness of major assumptions such as parameters and discount rate:
   - The estimated growth rate used is compared with historical results and economic environment forecasts to evaluate its rationality.
   - The discount rate used is compared with the capital cost assumption of cash generation unit and the rate of return on similar assets in the market to evaluate its rationality.

Responsibility of the Management and the Governing Body for the Individual Financial Statements

The responsibility of the management is to prepare individual financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and to maintain necessary internal controls related to the preparation of individual financial statements, so as to ensure that there is no material misrepresentation of individual financial statements due to fraud or error.

In preparing the individual financial statements, the management's responsibilities also include assessing the ability of Holiday Garden Hotel CO LTD to continue operations, disclosure of relevant matters, and adoption of the continuing operations accounting basis, unless the management intends to liquidate or discontinue the business of Holiday Garden Hotel CO LTD, or there is no practical alternative to liquidation or suspension of business.

The governing body (including the supervisor) of Holiday Garden Hotel CO LTD is responsible for supervising the financial reporting process.

Responsibility of the Accountant to Audit Individual Financial Statements

The purpose of the accountant's audit of the individual financial statements is to obtain reasonable assurance of whether the individual financial statements as a whole are substantially misrepresented due to fraud or error, and to issue an audit report. Reasonable confidence is a high degree of confidence, but an audit conducted in accordance with the generally accepted auditing standards of the R.O.C. does not warrant the detection of material misrepresentation of an individual financial statements. Misrepresentation may be due to fraud or error. A misrepresentation of an individual amount or sum of transfers is considered significant if it is reasonably expected to affect the economic decisions made by individual users of financial statements.

The accountant uses professional judgment and maintains professional skepticism when conducting an audit in accordance with generally accepted auditing standards of the R.O.C. The accountant also performs the following tasks:

1. To identify and assess the risk of material misrepresentation in individual financial statements due to fraud or error. Design and implement appropriate countermeasures against the assessed risks. Sufficient and appropriate verification evidence shall be obtained as the basis of the audit opinion. Since fraud may involve collusion, forgery, intentional omission, misrepresentation, or violation of internal control, the risk of material misrepresentation due to fraud is higher than that due to error.
2. Obtain necessary knowledge of the internal controls at stake in order to design appropriate audit procedures in the circumstances, provided that the purpose is not to express an opinion on the effectiveness of the internal controls of Holiday Garden Hotel CO LTD.
3. Assess the appropriateness of accounting policies adopted by management and the reasonableness of accounting estimates and related disclosures.
4. Based on the audit evidence obtained, the conclusion shall be drawn on the suitability of the management to adopt the continuing operation accounting basis and whether there is significant uncertainty in the event or situation that may cause significant doubt on the ability of Holiday Garden Hotel CO LTD to continue to operate. If the accountant considers that there is significant uncertainty in such events or circumstances, he/she shall, in the audit report, alert the users of the individual financial statements to the disclosure of the individual financial statements or amend the audit opinion if such disclosure is inappropriate. The

accountant's conclusions are based on the evidence obtained as of the audit report date. However, future events or circumstances may render Holiday Garden Hotel CO LTD no longer capable of continuing operations.

5. Evaluate the overall presentation, structure and content of the individual financial statements (including relevant notes), and whether the individual financial statements are adequate to express relevant transactions and events.

6. Adequate and appropriate audit of the financial information of the individual members of Holiday Garden Hotel CO LTD, in order to express opinions on the individual financial statements. The accountant shall be responsible for the guidance, supervision and implementation of the individual audit case, and shall be responsible for the formation of the audit opinions for the individual financial statements.

Matters communicated between the accountant and the governing body, including the limits and time of the planned audit, and major audit findings (including significant deficiencies in internal control identified in the audit process).

The accountant also provides to the governing body that the persons subject to the independence standard of the affiliated CPA firm have complied with the declaration of independence in the code of professional ethics of accountants of the R.O.C., and communicates with the governing body all the relations and other matters that may be considered to affect the independence of the accountant (including relevant protective measures).

The accountant shall, from the matters communicated with the governing body, decide the key matters for the audit of the 2018 annual individual financial statements of Holiday Garden Hotel CO LTD. Unless the disclosure of a particular matter is prohibited by statute or, in very rare circumstances, the accountant has decided not to communicate a particular matter in the audit report, as it is reasonably expected that the negative impact of such communication will be greater than the public interest.

P w C T a i w a n

Chien-Chih Wu

CPA

A-Shen Liao

Financial Supervisory Commission
Approved Certified Letter No: FSC Audit No. 1030027246
Financial Supervisory Commission of the Former Executive Yuan
Approved Certified Letter No: FSC Audit No. 1010015969

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Holiday Garden Hotel Co., Ltd.
Individual Balance Sheet
31 December 2017 and 2018

Unit: NT$ 1,000

	Assets	Note	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current Asset					
1100	Cash and Cash Equivalents	VI (I)	$ 30,969	1	$ 23,958	1
1150	Net Bills Receivable	VI (II)	400	-	1,283	-
1170	Net Accounts Receivable	VI (II)	5,757	-	4,012	-
1200	Other Receivables		3,355	-	3,193	-
1220	Current Income Tax Assets		1,051	-	-	-
130X	Inventory	VI (III)	332	-	839	-
1410	Prepayments		2,188	-	2,664	-
1476	Other Financial Assets - Current	VIII	589,226	18	441,442	16
1479	Other Current Asset - Others		93	-	48	-
11XX	**Total Current Assets**		633,371	19	477,439	17
	Non-Current Asset					
1550	Investments Accounted for Using	VI (IV)				
	Equity Method		1,868,627	57	1,575,089	56
1600	Real Estate, Plant and Equipment	VI (V) and VIII	712,968	22	732,376	26
1840	Deferred Income Tax Assets	VI (XX)	43,745	2	39,332	1
1920	Refundable Deposits		1,087	-	1,887	-
15XX	**Total Non-Current Assets**		2,626,427	81	2,348,684	83
1XXX	**Total Assets**		$ 3,259,798	100	$ 2,826,123	100

(continued next page)

Holiday Garden Hotel Co., Ltd.
Individual Balance Sheet
31 December 2017 and 2018

Unit: NT$1,000

	Liability and Equity	Note	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current Liability					
2100	Short-Term Loan	VI (VI) and VIII	$ 1,204,500	37	$ 1,059,977	37
2110	Short-Term Notes Payable	VI (VII)	130,000	4	130,000	5
2130	Contract Liabilities - Current	VI (XIV)	6,967	-	-	-
2150	Bills Payable		1,366	-	1,913	-
2170	Accounts Payable		5,441	-	5,283	-
2200	Other Payables		12,917	1	18,508	1
2230	Current Income Tax Liabilities		-	-	118	-
2310	Receipts in Advance	VI (XIV)	-	-	9,845	-
2320	Long-Term Liabilities Matured Within One Year or One Operating Cycle	VI (VIII) and VIII	49,019	2	48,997	2
2399	Other Current Liabilities - Others		1,699	-	1,699	-
21XX	**Total Current Liabilities**		1,411,909	44	1,276,340	45
	Non-Current Liability					
2540	Long-Term Loan	VI (VIII) and VIII	90,273	3	139,291	5
2570	Deferred Income Tax Liabilities	VI (XX)	280,216	8	194,225	7
2610	Long-Term Bills Payable and Payments	VI (V)	127,577	4	127,577	4
2645	Guarantee Deposits Received		755	-	755	-
25XX	**Total Non-Current Liabilities**		498,821	15	461,848	16
2XXX	**Total Liabilities**		1,910,730	59	1,738,188	61
	Equity					
	Share Capital	VI (X)				
3110	Ordinary Share Capital		1,023,015	31	1,023,015	36
	Capital Surplus	VI (XI)				
3200	Capital Surplus		2,169	-	2,169	-
	Retained Earnings	VI (X) (XII)				
3310	Legal Surplus Reserve		61,295	2	61,295	2
3320	Special Surplus Reserve		71,161	2	71,161	3
3350	Retained Earnings		215,768	7	806	-
	Other Equities					
3400	Other Equities	VI (XIII)	(24,340)	(1)	(70,511)	(2)
3XXX	**Total Equities**		1,349,068	41	1,087,935	39
	Material Subsequent Events	XI				
3X2X	**Total Liabilities and Equities**		$ 3,259,798	100	$ 2,826,123	100

The attached notes to the individual financial report are part of the individual financial report. Please refer to the attached notes.

Chairman of the Board: Hai-Ni Chen Manager: Hai-Ni Chen Accounting Supervisor: Jen-Cheng Wu

Holiday Garden Hotel Co., Ltd.
Individual Composite Income Statement
January 1 to December 31, 2017 and 2018

Unit: NT$ 1,000
(Other than the earnings per share (loss) are NT$)

	Items	Note	2018 Amount	2018 %	2017 Amount	2017 %
4000	**Operating Income**	VI (XIV) and XII (IV)	$ 102,640	100	$ 121,206	100
5000	**Operating Cost**	VI (III) (XVIII) (XIX)	(53,566)	(52)	(54,854)	(45)
5900	**Operating Margin**		49,074	48	66,352	55
	Operating Expenses					
6200	Administration Expenses	VI (IX) (XVIII) (XIX)	(93,135)	(91)	(99,226)	(82)
6900	**Operating Loss**		(44,061)	(43)	(32,874)	(27)
	Non-Operating Income and Expenditure					
7010	Other Income	VI (XV)	13,069	13	6,537	5
7020	Other Profits and Losses	VI (XVI)	14,803	14	(5,441)	(4)
7050	Financial Cost	VI (XVII)	(17,176)	(17)	(17,731)	(15)
7070	Share of Profits and Losses of Subsidiaries, Affiliated Enterprises and Joint Ventures Recognized by the Equity Method	VI (IV)	320,153	312	47,138	39
7000	**Total Non-Operating Income and Expenditure**		330,849	322	30,503	25
7900	**Net Profit (Loss) Before Tax**		286,788	279	(2,371)	(2)
7950	Income Tax (Expense) Profit	VI (XX)	(74,126)	(72)	63	-
8200	**Current Net Profit (Net Loss)**		$ 212,662	207	($ 2,308)	(2)
	Other Comprehensive Profit and Loss					
	Items That May Be Subsequently Reclassified as Profit or Loss					
8361	Exchange Differences on Conversion of the Financial Statements of Foreign Operation	VI (XIII)	$ 55,805	54	($ 158,662)	(131)

The attached notes to the individual financial report are part of the individual financial report. Please refer to the attached notes.

Chairman of the Board: Hai-Ni Chen Manager: Hai-Ni Chen Accounting Supervisor: Jen-Cheng Wu

8380	Shares of Other Consolidated Profits and Losses of Subsidiaries, Affiliated Enterprises and Joint Ventures Recognized by the Equity Method - Items That May Be Reclassified as Profits and Losses	VI (XIII)	-	-	4,851	4
8399	Income Tax Relating to Items Which May Be Reclassified	VI (XX)	(7,334)	(7)	26,973	22
8300	**Other Comprehensive Profits/Losses (Net Amount)**		$ 48,471	47	($ 126,838)	(105)
8500	**Current Total Comprehensive Profit and Loss**		$ 261,133	254	($ 129,146)	(107)
	Earnings Per Share (Losses)	VI (XXI)				
9750	**Basic**		$ 2.08		($ 0.02)	

The attached notes to the individual financial report are part of the individual financial report. Please refer to the attached notes.

Chairman of the Board: Hai-Ni Chen Manager: Hai-Ni Chen Accounting Supervisor: Jen-Cheng Wu

Holiday Garden International Ltd.
Parent Company Only Statements of Changes in Equity
January 1 to December 31 of 2018 and 2017

Unit: NT$1,000

2017									
Balance as of January 1, 2017		$ 983,668	$ 2,169	$ 55,152	$ 71,161	$ 63,359	$ 58,878	($ 2,551)	$ 1,231,836
Current Net Loss		-	-	-	-	(2,308)	-	-	(2,308)
Current Other Comprehensive Profit and Loss	VI (XIII)	-	-	-	-	-	(131,689)	4,851	(126,838)
Current Total Comprehensive Profit and Loss		-	-	-	-	(2,308)	(131,689)	4,851	(129,146)
2016 Annual Surplus Allocation and Distribution:									
Legal Surplus Reserve		-	-	6,143	-	(6,143)	-	-	-
Stock Dividend	VI (X) (XII)	39,347	-	-	-	(39,347)	-	-	-
Cash Dividend	VI (XII)	-	-	-	-	(14,755)	-	-	(14,755)
Balance as of December 31, 2017		$ 1,023,015	$ 2,169	$ 61,295	$ 71,161	$ 806	($ 72,811)	$ 2,300	$ 1,087,935
2018									
Balance as of January 1, 2018		$ 1,023,015	$ 2,169	$ 61,295	$ 71,161	$ 806	($ 72,811)	$ 2,300	$ 1,087,935
Number of Effects of Retrospective Application and Retrospective Restatement	VI (XIII)	-	-	-	-	2,300	-	(2,300)	-
Balance after Restatement as of January 1, 2018		1,023,015	2,169	61,295	71,161	3,106	(72,811)	-	1,087,935
Current Net Profit		-	-	-	-	212,662	-	-	212,662
Current Other Comprehensive Profit and Loss	VI (XIII)	-	-	-	-	-	48,471	-	48,471
Current Total Comprehensive Profit and Loss		-	-	-	-	212,662	48,471	-	261,133
Balance as of December 31, 2018		$ 1,023,015	$ 2,169	$ 61,295	$ 71,161	$ 215,768	($ 24,340)	$ -	$ 1,349,068

Holiday Garden Hotel Co., Ltd.
Parent Company Only Cash Flow Statement
January 1 to December 31 of 2018 and 2017

Unit: NT$1,000

Cash Flow from Operating Activities			
Current Net Profit (Net Loss) Before Tax		$ 286,788	($ 2,371)
Adjusted Items			
Earning Expense Items			
Itemized Amount of Bad Debt Expense	XII (III)	-	170
Depreciation Expense	VI (V) (XVIII)	29,591	30,487
Interest Expense	VI (XVII)	17,176	17,731
Interest Income	VI (XV)	(10,713)	(3,219)
Share of Gains of Subsidiaries, Affiliated Enterprises and Joint Ventures Recognized by the Equity Method	VI (IV)	(320,153)	(47,138)
Dispose and Discard the Loss of Real Estate, Plant and Equipment	VI (XVI)	-	138
Assets Relating to Operating Activities / Change in Liabilities			
Net Changes in Assets Related to Operating Activities			
Bills Receivable		883	357
Accounts Receivable		(1,745)	(629)
Inventory		507	65
Prepayments		476	1,263
Other Current Asset - Others		(45)	(40)
Net Changes in Liabilities Related to Operating Activities			
Contract Liabilities - Current		(2,878)	-
Bills Payable		(547)	(226)
Accounts Payable		158	(653)
Other Payables		(4,782)	2,697
Receipts in Advance		-	1,759
Other Current Liabilities - Others		-	(205)
Cash Inflow (Outflow) from Operations		(5,284)	186
Interest Received		10,551	26
Interest Paid		(17,070)	(17,679)
Income Tax Paid		(1,051)	(180)
Net Cash Outflow from Operating Activities		(12,854)	(17,647)
Cash Flow from Investment Activities			
Other Financial Assets - Current Increased		(147,784)	(441,442)
Investments Accounted for Using Equity Method Acquired	VI (IV)	(40,000)	(25,000)
Reduced Capital Share Return of Investments Accounted for Using Equity Method	VI (IV)	122,420	445,331
Real Estate, Plant and Equipment Acquired	VI (XXIII)	(11,098)	(1,882)
Real Estate, Plant and Equipment Disposed		-	53
Refundable Deposits (Decreased) Increased		800	(36)
Net Cash Outflow from Investment Activities		(75,662)	(22,976)
Cash Flow from Financing Activities			
Short-Term Loan Increased		1,517,500	1,209,977
Short-Term Loan Decreased		(1,372,977)	(1,129,977)
Short-Term Notes Payable Increased		-	25,000
Long-Term Loan Repaid		(48,996)	(40,997)
Guarantee Deposits Received Increased		-	33

The attached notes to the individual financial report are part of the individual financial report. Please refer to the attached notes.

Chairman of the Board: Hai-Ni Chen Manager: Hai-Ni Chen Accounting Supervisor: Jen-Cheng Wu

Holiday Garden Hotel Co., Ltd.
Parent Company Only Cash Flow Statement
January 1 to December 31 of 2018 and 2017

Unit: NT$1,000

Cash Dividend Payout	VI (XII)	-	(14,755)
Net Cash Inflow from Financing Activities		95,527	49,281
Current Cash and Cash Equivalents Increments		7,011	8,658
Beginning Cash and Cash Equivalents Balance	VI (I)	23,958	15,300
Ending Cash and Cash Equivalents Balance	VI (I)	$ 30,969	$ 23,958

The attached notes to the individual financial report are part of the individual financial report. Please refer to the attached notes.

Chairman of the Board: Hai-Ni Chen Manager: Hai-Ni Chen Accounting Supervisor: Jen-Cheng Wu

Holiday Garden Hotel Co., Ltd.
Notes to the Individual Financial Statements
2018 and 2017

Unit: NT$ 1,000
(unless otherwise specified)

I. Company History

Holiday Garden Hotel CO LTD (hereinafter referred to as "the Company") was established in July 1959 with the permission of the government; the main businesses of the hotel are tourism, restaurants and swimming pools. The Company's shares have been traded on the Taiwan Stock Exchange since February 1965.

II. Approval Date and Procedures of Financial Reports

The individual financial reports were approved and published by the Board of Directors on 20 March 2019.

III. Application of Newly Issued and Revised Guidelines and Interpretations

(I) The Impact of Adopted New Issues Approved by the Financial Supervisory Commission (FSC) and Revised International Financial Reporting Standards (IFRS)

The following table lists the new, revised and amended International Financial Reporting Standards for the year 2018 as recognized by the FSC and their interpretation:

New/Revised/Amended Standards and Interpretations	International Accounting Standards Board Effective Date of Issue
Revision of IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Revision of IFRS 4"Application of IFRS 9'Financial Instruments' under IFRS 4'Insurance Contracts'"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Income from Customer Contracts"	January 1, 2018
Revision of IFRS 15 "interpretation of IFRS 15 'Income from Customer Contracts'"	January 1, 2018
Revision of IAS 7 "Disclosure Initiative"	January 1, 2017
Revision of IAS 12 "Recognition of Deferred Income Tax Assets for Unrealized Losses"	January 1, 2017
Revision of IAS 40 "Transfer of Investment Real Estate"	January 1, 2018
Explanation of IFRS 22 "Foreign Currency Transactions and Advance (Prepayment) Consideration"	January 1, 2018

New/Revised/Amended Standards and Interpretations	International Accounting Standards Board Effective Date of Issue
Annual Improvement in the 2014-2016 Cycle - IFRS 1 "First Adoption of IFRS”	January 1, 2018
Annual Improvement in the 2014-2016 Cycle - IFRS 12 "Disclosure of the Equity of Other Individuals”	January 1, 2017
Annual Improvement in the 2014-2016 Cycle - IAS 28 "Investments in Affiliates and Joint Ventures”	January 1, 2018

The Company has assessed that the above criteria and explanations have no sig impact on the Company's financial position and financial performance.

(II) New and Revised IFRS as Approved by the FSC Have Not Been Adopted

The following table lists the new, revised and amended International Financial Reporting Standards for the year 2019 as recognized by the FSC and their interpretation:

New/Revised/Amended Standards and Interpretations	International Accounting Standards Board Effective Date of Issue
Revision of IFRS 9 “Prepayment Characteristics with Negative Compensation”	January 1, 2019
IFRS 16 "Lease”	January 1, 2019
Revision of IAS 19 “Revision, Reduction or Liquidation of a Plan”	January 1, 2019
Revision of IAS 28 “Long-Term Interests of Affiliates and Joint Ventures”	January 1, 2019
Revision of IFRS 9 “Prepayment Characteristics with Negative Compensation”	January 1, 2019
Explanation of IFRS 23 “Income Tax Treatment of Uncertainty”	January 1, 2019
Annual Improvements to IFRS 2015-2017 Cycle	January 1, 2019

Except as described below, the Company has assessed that the above criteria and explanations have no significant impact on the Company's financial position and financial performance:

IFRS 16 "Lease”

IFRS 16 "Lease” supersedes IAS 17 "Lease” and its related interpretations and explanatory announcements.

This standard stipulates that the lessee shall recognize the right-of-use asset and lease liabilities (except the lease of assets whose lease term is less than 12 months or whose value is low). The accounting treatment of the lessor remains the same, and it is treated according to business lease and financial lease, and only relevant disclosure is added.

The Company will treat the lease contract belonging to the lessee in accordance with IFRS No. 16, but without recompiling the previous financial statements (hereinafter referred to as "Revised Retrospectivity"), for the increased right-of-use asset and lease liabilities of NT$ 2,731 on January 1, 2019.

(III) The Impact of International Financial Reporting Standards Issued by the International Accounting Standards Board but Not yet Endorsed by the FSC

The table below summarizes the new issues, revisions, and amendments to international financial reporting standards issued by the International Accounting Standards Board but not yet incorporated by the FSC and their interpretation:

New/Revised/Amended Standards and Interpretations	International Accounting Standards Board Effective Date of Issue
Revision of IAS 1 and **IAS** 8 "Disclosure Initiative - Definition of Materiality”	January 1, 2020
Revision of IFRS 3 - "Definition of Business”	January 1, 2020
	International Accounting

New/Revised/Amended Standards and Interpretations	Standards BoardEffective Date of Issue
Revision of IFRS 10 and **IAS** 28 "Sale or Contribution of Assets Between Investors and Their Affiliates or Joint Ventures”	Subject to IASB Decision
IFRS 17 "Insurance Contract”	January 1, 2021

The Company has assessed that the above criteria and explanations have no significant impact on the Company's financial position and financial performance.

IV. Summary Statement of Major Accounting Policies

The main accounting policies adopted in the preparation of this individual financial report are described below. Unless otherwise noted, these policies apply consistently throughout all reporting periods.

(I) Compliance Statement

The individual financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Preparation Foundation

1. The individual financial report is prepared at historical cost.
2. The preparation of financial reports in accordance with IFRS, IAS, interpretation and interpretation notices (hereinafter referred to as "IFRSs") that require the use of important accounting estimates in financial reports and management's judgment in the application of the company's accounting policies. For items involving high judgment or complexity, or for items involving significant assumptions and estimates of individual financial statements, please refer to Note V.
3. The Company applies IFRS 9 and IFRS 15 for the first time on January 1, 2018, by adopting the revised retrospectivity of the conversion difference as retained earnings or other interests as of January 1, 2018, and does not recompile the financial statements and notes for the year of 2017. The year 2017 is prepared in accordance with International Accounting Standards 39 (hereinafter referred to as "IAS 39"), International Accounting Standards 18 (hereinafter referred to as "IAS 18") and its related interpretation and interpretation notices. For the interpretation of major accounting policies and important accounting

items adopted, please refer to Notes XII (III) and (IV).

(III) Foreign Currency Conversion

The items listed in the Company's individual financial reports are measured in the currency (i.e., functional currency) of the main economic environment in which the Company is located. This individual financial report is presented in the functional currency of the Company, "New Taiwan Dollar (NT$)".

1. Foreign Currency Transactions and Balances

(1) Foreign currency transactions are converted into functional currencies using the spot exchange rate on trading date or measurement date, conversion differences arising from such transactions are recognized as current profits and losses.

(2) The balance of foreign currency monetary assets and liabilities shall be appraised and adjusted according to the spot exchange rate on the balance sheet date, conversion differences resulting from adjustments are recognized as current profits and losses.

(3) The balance of foreign currency non-monetary assets and liabilities shall be appraised and adjusted according to the spot exchange rate on the balance sheet date if it is measured by fair value through profit and loss, the exchange difference arising from the adjustment shall be recognized as current profit and loss. Where other comprehensive gains or losses are measured at fair value, they shall be adjusted according to the spot exchange rate on the balance sheet date, the exchange difference resulting from the adjustment is recognized under other consolidated profit and loss items. If it is not measured at fair value, it shall be measured at the historical exchange rate of the initial trading day.

(4) All exchange profits and losses are reported as "other profits and losses" in the consolidated income statement.

2. Conversion of Foreign Operations

(1) All groups of individuals that are different between functional and expressive currencies, their operating results and financial position are converted into the expressive currencies in the following manner:

Convert to expressive currency by:

A. The assets and liabilities expressed in each balance sheet are converted at the closing rate of the balance sheet date;

B. The income and expense losses expressed in each consolidated income statement are converted at the current average exchange rate; and

C. All conversion differences resulting from conversion are recognized as other consolidated profits and losses.

(2) In the event that part of the disposal or sale of a foreign operating entity is a subsidiary, the accumulated exchange difference recognized as other consolidated profits and losses shall be proportionally assigned to the non-controlling equity of the foreign operating entity. However, if the Company retains partial equity in the former subsidiary, but has lost control over the foreign operation of the subsidiary, the company may dispose of all equities in the foreign operation of the subsidiary.

(IV) Assets and Liabilities Are Classified into Current and Non-Current Categories

1. Assets shall be classified as current assets if they meet any of the following conditions:

(1) The asset is expected to be realized or intended to be sold or consumed during the normal operating cycle.

(2) Held primarily for trading purposes.

(3) Expected to be realized within 12 months after the balance sheet date.

(4) Cash or cash equivalents, except where the exchange or liquidation of liabilities is restricted at least 12 months after the balance sheet date.

The Company classifies all assets that do not meet the above conditions as non-current.

2. Liabilities shall be classified as current liabilities if they meet any of the following conditions:

(1) Expected to be settled in the normal operating cycle.

(2) Held primarily for trading purposes.

(3) Expected to be settled at maturity within 12 months after the balance sheet date.

(4) Failing to unconditionally extend the settlement period to at least 12 months after the balance sheet date. The terms of liabilities, which

may lead to the issuance of equity instruments at the option of the counterparty, shall not affect its classification.

The Company classifies all liabilities that do not meet the above conditions as non-current.

(V) Cash Equivalents

Cash equivalent is a short-term, high liquidity investment that can be readily converted into quota cash with little risk of change in value. Time deposits are classified as Cash equivalents if they meet the above definitions and are held for the purpose of meeting short-term cash commitments in operation.

(VI) Accounts Receivable and Bills

1. Refers to accounts and bills which, under contract, are entitled to receive unconditionally the amount of consideration for the transfer of goods or services.
2. Refers to short term accounts receivable and bills without interest payment, the Company will only use the original invoice amount as the measurement because the discount has little effect.

(VII) Impairment of Financial Assets

On each balance sheet date, the Company's financial assets, as measured at amortized cost, and after taking into account all reasonable and verifiable information (including the forward-looking ones), shall be measured at 12 months 'expected credit loss amount to allow the loss if the credit risk has not increased significantly since the initial recognition. Where the credit risk has increased significantly since the initial recognition, the loss shall be measured and allowed by the amount of the lifetime expected credit losses. For accounts receivable which do not contain significant financial components, the amount of lifetime expected credit losses shall be measured as a allowance for losses.

(VIII) Derecognition of Financial Assets

If the Company meets any of the following conditions, will derecognise the financial assets:

1. Contractual rights to receive cash flows from financial assets are lapsed.
2. Transfer of contractual rights to receive cash flows from financial assets, and transfer of almost all risks and rewards of ownership of financial assets.

3. The contractual right to transfer the cash flow of financial assets, but does not retain control over the financial assets.

(IX) Operating Lease (Lessor)

The lease proceeds of an operating lease, less any inducement to the lessee, shall be amortized and recognized as current profits and losses during the lease term under the straight-line method.

(X) Inventory

Inventory is measured by cost or net realized value, and the cost is determined by the method of weighted mean.

When determining whichever is lower of the cost and net realizable value, the method of itemized comparison shall be adopted. Net realizable value is the balance of the estimated selling price minus the related variable sales expenses in the normal operating course.

(XI) Investments Accounted for Using Equity Method/Subsidiaries

1. A subsidiary is an individual (including a structured individual) under the control of the Company, which controls the individual when the company is exposed to the variable remuneration or right to such variable remuneration from participation in the individual and has the ability to influence such remuneration through its power over the individual, the Company then controls the individual.
2. Unrealized profits and losses arising from the transactions between the Company and its subsidiaries have been eliminated. The subsidiary's accounting policies have been adjusted as necessary and are consistent with those adopted by the Company.
3. The Company shall recognize the profit and loss share acquired by the subsidiary as current profit and loss, and the other comprehensive profit and loss share acquired by the subsidiary as other comprehensive profit and loss. The Company shall continue to recognize losses in proportion to its shareholding if the Company's share of losses against the subsidiary is equal to or greater than its equity in the subsidiary.
4. According to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the current profits and losses and other consolidated profits and losses of individual financial reports shall be the same as the apportionment amount of the current profits and losses and other consolidated profits and losses attributable to the owner of

the parent company in the financial reports prepared on a consolidated basis, and the owner's equity in the individual financial statements shall be the same as the equity vested in the parent company in the financial statements prepared on a consolidated basis.

(XII) Real Estate, Plant and Equipment

1. Real estate, plant and equipment shall be recorded on the basis of acquisition cost and capitalized relevant interest during the period of purchase and construction.
2. The subsequent costs shall be included in the carrying amount of the assets or recognized as a separate asset only if the future economic benefits related to the project are likely to flow to the Company and the cost of the project can be measured reliably. The carrying amount of the reset portion shall be derecognized. All other maintenance costs are recognized as current profits and losses when incurred.
3. In the subsequent measurement of the cost of real estate, plant and equipment, except for the depreciation of land, depreciation shall be calculated on a straight-line method according to the estimated useful life. Depreciation of real estate, plant and equipment, if significant, shall be itemized separately.
4. At the end of each financial year, the Company inspects the residual value, useful life, and depreciation method of each asset. If the expected value of residual value and useful life is different from the previous estimate, or if there is a material change in the expected consumption pattern of future economic benefits contained in the asset, the date of such change shall be handled in accordance with the provisions of IAS 8, "Changes in Accounting Policies, Accounting Estimates and Errors". The useful life of each asset is as follows:

Houses and Buildings	5 ~ 55 Years
Water and Electricity Equipment	5 ~ 15 Years
Operating Instruments	5 ~ 25 Years
Other Equipment	5 to 8 Years

(XIII) Operating Lease (Lessee)

The benefits of a business lease, less any inducements received by the lessor, shall be amortized and recognized as current profits and losses during the lease term under the straight-line method.

(XIV) Impairment of Non-financial Assets

On the balance sheet date, the Company estimates the recoverable amount of the assets with indicator of impairment, and recognizes the impairment loss when the recoverable amount is lower than its book value. Recoverable amount means the fair value of an asset minus the cost of disposal or the value of its use, whichever is higher. With the exception of goodwill, where the impairment of an asset recognized in a previous year does not exist or is reduced, the impairment loss shall be reversed, provided that the carrying amount of the asset added by the reversal impairment loss shall not exceed the carrying amount of the asset after depreciation or amortization if the impairment loss is not recognized.

(XV) Loans

Refers to short- and long-term money borrowed from a bank. At the time of the initial recognition, the Company shall be measured by its fair value minus transaction cost, and thereafter, any difference between the price after the deduction of transaction cost and the redemption value shall be recognized as interest expense in profit and loss in the period of circulation under the effective interest method and amortization procedure.

(XVI) Accounts Payable and Bills

1. Refers to debts incurred for the purchase of raw materials, goods or services on credit and bills payable for business and non-business reasons.
2. Refers to short-term accounts payable and bills not paid interest are measured by the original invoice amount because the discount effect is not significant.

(XVII) Derecognition of Financial Liabilities

The Company shall, upon the performance, cancellation or expiration of the obligations set forth in this agreement, derecognise financial liabilities.

(XVIII) Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities may be set off against each other and expressed in a net amount on the balance sheet only when there is a legally enforceable right to set off the amounts of financial assets and liabilities recognized and when it is intended that the assets and liabilities be delivered or realized and settled on a net basis or at

the same time.

(XIX) Employee Benefits

1. Short-Term Employee Benefits

   Short-term employee benefits are measured in terms of expected non-discounted payments and are recognized as expenses at the time of service delivery.

2. Pension

   Defined Contribution Plan

   For defined contribution plans, the amount of the pension fund to be contributed is recognized as the current pension cost on an accrual basis. Advance contributions are recognized as assets to the extent that they are refundable in cash or reduce future payments.

3. Remunerations of Employees, Directors, and Supervisors

   Remunerations of employees, directors, and supervisors are recognized as expenses and liabilities where there is a legal or constructive obligation and the amount is reasonably estimated. If there is any difference between the actual allocation amount and the estimated amount subsequently resolved, it shall be treated as the change of accounting estimation. In addition, for employees whose remuneration is paid by shares, the shares shall be calculated on the basis of the closing price on the day before the resolution of the Board of Directors.

(XX) Income Tax

1. Income tax expenses include current and deferred income taxes. Except for income tax related to items included in other comprehensive profits and losses or directly included in the equity, income tax shall be recognized in the profits and losses.
2. The current income tax of the Company shall be calculated on the basis of the tax rate which has been legislated or substantially legislated on the balance sheet date in the country where the operation and taxable income are generated. The management shall periodically assess the status of the income tax declaration in respect of the applicable income tax laws and regulations, and, where applicable, shall estimate the income tax liabilities according to the taxes expected to be paid to the tax authorities. The income tax levied on undistributed surplus in accordance with the income tax law shall only be recognized as undistributed surplus income tax expenses in respect of the actual distribution of surplus after the distribution of surplus is approved by the board of shareholders in

the following year in which the surplus is generated.

3. The deferred income tax shall be recognized on the basis of the temporary difference between the tax basis of assets and liabilities and the carrying amount of the balance sheet. Deferred income tax is disregarded if it is derived from the initial recognition of assets or liabilities in a transaction (excluding a merger) and does not affect accounting profits or taxable income (tax loss) at the time of the transaction. Deferred income tax shall be subject to the tax rate (and tax law) which is enacted or substantially enacted on the balance sheet date and which is expected to apply when the deferred income tax asset is realized or the deferred income tax liability is satisfied.
4. Deferred income tax assets are recognized on the basis that temporary differences are likely to be used to offset future taxable income and are reassessed on each balance sheet date for unrecognized and recognized deferred income tax assets.
5. The current income tax assets and current income tax liabilities shall be offset against each other when there is a statutory enforcement right to offset the amount of current income tax assets and liabilities, and there is an intention to repay or simultaneously realize the assets and liabilities on a net basis. When there is a legal enforcement right to offset the current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are generated by the same tax payer or different tax payer of income tax levied by the same tax authority, but each tax payer intends to pay off the assets and liabilities on a net basis or at the same time, then the deferred income tax assets and liabilities shall be offset against each other.

(XXI) Distribution of Dividends

The shares distributed to the shareholders of the Company shall be recognized in the financial report at the time of dividend distribution by the shareholders' meeting of the Company. The distribution of cash dividends is recognized as a liability. The dividend on the distributed shares shall be recognized as the dividend on the shares to be distributed and rendered ordinary shares on the base date of the issue of new shares.

(XXII) Income Recognition

1. The Company provides accommodation and catering related products, and sales income is recognized when services are provided or goods are delivered to customers.
2. Sales income is recognized on a net basis at contract prices minus estimated price concessions.
3. Accounts receivable shall be recognized when the service is

provided or the goods are delivered to the customer. Since the Company has the unconditional right to the contract price from that time on, it can collect the consideration from the customer only after time passes.

V. Material Sources of Uncertainty in Accounting Judgments, Estimates and Assumptions

In preparing the Company's individual financial statements, the management has used its judgment to determine the accounting policies to be adopted and has made accounting estimates and assumptions based on reasonable expectations of future events based on the current situation on the balance sheet date. Material accounting estimates and assumptions may differ from actual results and will be assessed and adjusted on an ongoing basis taking into account historical experience and other factors. Such estimates and assumptions carry the risk of leading to material adjustments in the carrying amounts of assets and liabilities in the next financial year. Please refer to the following descriptions of material accounting judgments, estimates and assumptions with uncertainty:

(I) Important Judgments on the Adoption of Accounting Policies

The Company does not have important judgments adopted by major accounting policies.

(II) Important Accounting Estimates and Assumptions

Impairment Assessment of Investments Accounted for Using Equity Method

When there is evidence of impairment that an equity investment may have been impaired so that the carrying amount cannot be recovered, the Company shall immediately assess the impairment of the investment.

The Company evaluates the recoverable amount based on the discounted present value of the expected future cash flow of the invested company, and analyzes the reasonableness of its relevant assumptions.

VI. Explanation of Important Accounting Items

(I) Cash and Cash Equivalents

	December 31, 2018	December 31, 2017
Cash:		
Cash in Treasury and Revolving Fund	$ 760	$ 790
Checking Deposits and Demand Deposits	20,209	13,168
	20,969	13,958
Cash Equivalents:		
Time Deposits	10,000	10,000
	$ 30,969	$ 23,958

1. The credit quality of the financial institutions the Company deal with is good, and the Company deals with a number of financial institutions to spread credit risk, so the probability of expected default is very low.

2. The Company does not offer pledge for cash and cash equivalents.

(II) Bills Receivable and Net Accounts

	December 31, 2018	December 31, 2017
Bills Receivable	$ 400	$ 1,283
Minus: Allowance for Bad Debts	-	-
	$ 400	$ 1,283
Accounts Receivable	$ 5,757	$ 4,012
Minus: Allowance for Bad Debts	-	-
	$ 5,757	$ 4,012

1. Aging analysis of bills receivable and accounts receivable is as follows:

	December 31, 2018	December 31, 2017
Not Overdue and Overdue 1-30 Days	$ 5,591	$ 5,295
Overdue 31-90 Days	497	-
Overdue Over 91 days	69	-
	$ 6,157	$ 5,295

The above is an aging analysis based on overdue days.

2. The Company does not hold any collateral.

3. Without regard to the collateral or other credit enhancement held by the Company, the maximum amount of sudden risks of bills receivable on behalf of the Company on December 31, 2018 and 2017 is NT$ 400 and NT$ 1,283 respectively; NT$ 5,757 and NT$ 4,012 represent the maximum credit risk of the Company's accounts receivable as of December 31, 2018 and 2017,

respectively.

4. For information on credit risk of bills receivable and accounts receivable, please refer to Note XII (II).

(III) Inventory

	December 31, 2018		
	Cost	Allowance for Depreciation Loss	Carrying Amount
Catering and Wine, Etc	$ 332	$ -	$ 332

	December 31, 2017		
	Cost	Allowance for Depreciation Loss	Carrying Amount
Catering and Wine, Etc	$ 839	$ -	$ 839

The Company's 2018 and 2017 recognized loss inventory costs are NT$ 20,079 and NT$ 20,117, respectively.

(IV) Investments Accounted for Using Equity Method

1. Details of investments accounted for using equity method are as follows:

	2018	2017
January 1	$ 1,575,089	$ 2,102,093
Investments Accounted for Using Equity Method Increased	40,000	25,000
Profit and Loss Share of Investments Accounted for Using Equity Method	320,153	47,138
Return of the Capital of Investments Accounted for Using Equity Method	(122,420)	(445,331)
Other Changes in Equity	55,805	(153,811)
December 31	$ 1,868,627	$ 1,575,089

	December 31, 2018	December 31, 2017
Holiday Garden International Ltd.	$ 1,814,419	$ 1,550,532
Holiday Garden Hotel Co., Ltd.	54,208	24,557
	$ 1,868,627	$ 1,575,089

2. For information on the subsidiaries of the Company, please refer to Note IV (III) to the consolidated financial statements of the Company for the year 2018.

(V) Real Estate, Plant and Equipment

1. The book value information of real estate, plant and equipment is as follows:

	December 31, 2018	December 31, 2017
Land	$ 481,493	$ 481,493
Houses and Buildings	203,260	226,432
Water and Electricity Equipment	9,226	11,773
Operating Instruments	17,678	10,947
Other Equipment	1,311	1,731
	$ 712,968	$ 732,376

2. The current changes of real estate, plant and equipment are as follows:

	2018				
Cost	Opening Balance	Current Increase	Current Decrease	Current Transfer	Ending Balance
Land	$ 481,493	$ -	$ -	$ -	$ 481,493
Houses and Buildings	617,273	601	-	-	617,874
Water and Electricity Equipment	31,091	-	-	-	31,320
Operating Instruments	42,027	9,425	-	-	47,182
Other Equipment	3,637	157	-	-	3,965
	$ 1,175,521	$ 10,183	$ -	$ -	$ 1,181,834

	2017				
Cost	Opening Balance	Current Increase	Current Decrease	Current Transfer	Ending Balance
Land	$ 481,493	$ -	$ -	$ -	$ 481,493
Houses and Buildings	617,273	-	-	-	617,273
Water and Electricity Equipment	31,091	229	-	-	31,320
Operating Instruments	42,027	2,397	(6,667)	-	37,757
Other Equipment	3,637	171	-	-	3,808
	$ 1,175,521	$ 2,797	($ 6,667)	$ -	$ 1,171,651

	2018				
Accumulated Depreciation and Impairment	Opening Balance	Current Increase	Current Decrease	Current Transfer	Ending Balance
Houses and Buildings	$ 390,841	$ 23,773	$ -	$ -	$ 414,614
Water and Electricity Equipment	19,547	2,547	-	-	22,094
Operating Instruments	26,810	2,694	-	-	29,504
Other Equipment	2,077	577	-	-	2,654
	$ 439,275	$ 29,591	$ -	$ -	$ 468,866

	2017				
Accumulated Depreciation and Impairment	Opening Balance	Current Increase	Current Decrease	Current Transfer	Ending Balance
Houses and Buildings	$ 366,766	$ 24,075	$ -	$ -	$ 390,841
Water and Electricity Equipment	16,666	2,881	-	-	19,547
Operating Instruments	30,302	2,984	(6,476)	-	26,810
Other Equipment	1,530	547	-	-	2,077
	$ 415,264	$ 30,487	($ 6,476)	$ -	$ 439,275

3. According to the letter No. 10234984600 issued by Kaohsiung municipal government on October 28, 2013, the Company applies for payment in installments for the change of urban land from government land to commercial land, and the total amount of the payment shall be NT$ 212,628.

   The Company paid the first installment of NT$ 85,051 in November 2013, and the remaining second and third installment of NT$ 63,788 and NT$ 63,789 respectively, which should be paid by the Company before the application for construction license or the issuance of change of use license, and have been estimated and entered into the account book in 2013 (balance as at 31 December 2018 and 2017 are listed as "long-term notes payable and amounts NT$ 127,577").

4. There is no capitalization of borrowing costs of the Company's real estate, plant and equipment in 2018 and 2017.
5. Please refer to Note VIII for information on warranty of real estate, plant and equipment.

(VI) Short-Term Loan

Nature of Loan	December 31, 2018	December 31, 2017
Bank Credit Loan	$ 145,500	$ 130,000
Bank Warranty Loan	1,059,000	929,977
	$ 1,204,500	$ 1,059,977
Interest Rate Collars	1.10%~1.30%	1.00%~1.36%

1. Please refer to Note VI (XVII) for the interest expense recognized in the profit and loss of the Company's bank loan.

2. For collateral for the above short-term loans, please refer to Note VIII.

(VII) Short-Term Notes Payable

	December 31, 2018	December 31, 2017
Commercial Paper Payable	$ 130,000	$ 130,000
Interest Rate Collars	0.58%~0.76%	0.48%~0.74%

The above short-term notes payable are guaranteed by securities companies and other financial institutions.

(VIII) Long-Term Loan

Nature of Loan	Period of Loan and Method of Repayment	Interest Rate Collars	Collaterals	December 31, 2018
Long-Term Bank Loan				
Credit Loan	From September 18, 2012 to September 18, 2022, interest is paid on a monthly basis, and from December 18, 2015, it will be amortized quarterly and reimbursed in 28 installments.	1.75%	None	$ 31,378
Warranty Loan	From June 4, 2014 to June 4, 2021, interest is paid on a monthly basis, and from June 4, 2015, it will be amortized quarterly and reimbursed in 25 installments.	1.90%	Note	64,825
Warranty Loan	From June 1, 2015 to June 1, 2022, interest is paid on a monthly basis, and from June 1, 2016, it will be amortized quarterly and reimbursed in 25 installments.	1.69%	Note	39,200
Credit Loan	From 5 July 2016 to 5 July 2019, Monthly Amortization of Principal Interest	1.38%	None	3,889
				139,292
Minus: Long-Term Loan Due Within One Year				(49,019)
				$ 90,273

Nature of Loan	Period of Loan and Method of Repayment	Interest Rate Collars	Collaterals	December 31, 2017
Long-Term Bank Loan				
Credit Loan	From September 18, 2012 to September 18, 2022, interest is paid on a monthly basis, and from December 18, 2015, it will be amortized quarterly and reimbursed in 28 installments.	1.75%	None	$ 39,778
Warranty Loan	From June 4, 2014 to June 4, 2021, interest is paid on a monthly basis, and from June 4, 2015, it will be amortized quarterly and reimbursed in 25 installments.	1.90%	Note	90,754
Warranty Loan	From June 1, 2015 to June 1, 2022, interest is paid on a monthly basis, and from June 1, 2016, it will be amortized quarterly and reimbursed in 25 installments.	1.69%	Note	47,200
Credit Loan	From 5 July 2016 to 5 July 2019, with principal and interest amortized on a monthly basis.	1.38%	None	10,556
				188,288
Minus: Long-Term Loan Due Within One Year				(48,997)
				$ 139,291

Note: For collateral for the above long-term loans, please refer to Note VIII.

Please refer to Note VI (XVII) for the interest expense recognized in the profit and loss of the Company's bank loan.

(IX) Pension

1. Since July 1, 2005, the Company has established certain retirement provisions in accordance with the "Labor Pension Statutes", which are applicable to employees of the same nationality. The Company shall contribute 6% of the employee's monthly salary to the individual employee account of the Bureau of Labor Insurance for the part of the employee's pension system that is subject to the labor pension ordinance. The payment of the employee's pension shall be made in monthly pension or lump sum pension according to the employee's individual pension account and the amount of accumulated benefits.
2. For the years of 2018 and 2017, the pension costs recognized by the company under the said pension plan were NT$ 2,308 and NT$ 2,325 respectively.

(X) Share Capital

1. As of December 31, 2018, the Company's rated total capital is NT$ 1,500,000, and the paid-in capital is NT$ 1,023,015, divided into

102,302,000 shares with a face value of NT$ 10 each.
All the shares issued by the Company have been received.

The number of outstanding shares at the beginning and end of the ordinary shares of the Company is adjusted as follows:

Unit: 1,000 shares

	2018	2017
January 1	102,302	98,367
Surplus Transferred to Capital Increase	-	3,935
December 31	102,302	102,302

2. On June 20, 2017, the Company resolved at the shareholders' meeting to issue 3,935 new shares for capital increase with the surplus of NT$ 39,347. The capital increase was approved by the Financial Supervisory Commission on July 26, 2017, and the registration of changes has been completed.

(XI) Capital Surplus

In accordance with the provisions of the Company Act, the excess of the proceeds from the issuance of shares above par value and the capital reserve from the gifts received may be used to cover losses, and in the absence of accumulated losses, the company shall issue new shares or cash in proportion to the original shares held by shareholders. In addition, in accordance with the relevant provisions of the Securities and Exchange Act, when the said capital reserve is set aside for capital, the total amount shall not exceed 10% of the paid-in capital each year. When the company does not use surplus reserve to cover capital loss and is still insufficient, it shall not be supplemented by capital reserve.

(XII) Retained Earnings

1. In accordance with the Articles of Association, if there is surplus in the total annual accounts, it shall first set aside the business income tax in accordance with the law and make up for the losses in the past years. If there is any balance, it shall itemize 10% of the statutory surplus reserve in accordance with the law, except when the statutory surplus reserve has reached the total capital of the company. In addition, after the special surplus reserve is itemized or turned over according to law, and the undistributed surplus at the beginning of the same period accumulates the distributable surplus for shareholders, the Board of Directors shall draw up a proposal for surplus allocation and submit it to

the Board of Shareholders for allocation. As for the preceding item, more than 10% of the distributable surplus shall be allocated for the distribution of dividends and shareholders' dividends, and the cash dividend shall not be less than 10% of the total dividends and shareholders' dividends.

2. The legal surplus reserve shall not be used except to cover the company's losses and to issue new shares or cash in proportion to the original shares held by shareholders, provided that the issue of new shares or cash shall be limited to the portion of the reserve that exceeds 25% of the paid-in capital.

3. (1) When the Company distributes the surplus, it may only distribute the special surplus reserve as required by law to set aside the debit balance of other equity items on the balance sheet date of the current year. In the case of subsequent reversal of the debit balance of other equity items, the amount converted may be included in the surplus available for distribution.

   (2) In the case of the first adoption of IFRSs, the proportion of the special surplus reserve set forth in letter No. 1010012865 issued by FSC on April 6, 2012 shall be reversed if the Company subsequently uses, disposes of or reclassifies the relevant assets. If the aforesaid related assets are investment real estate, the part of land will reverse when disposing or reclassifying; if it is a part other than the land, it will reverse period by period during the use period.

4. The Company's dividends recognized and distributed to the owner for the years of 2018 and 2017 are NT$ 0 and NT$ 54,102 (NT$ 0.55 per share), respectively. On March 20, 2019, the Board of Directors proposed to distribute a cash dividend of NT$ 20,460 (NT$ 0.2 per share) and a stock dividend of NT$ 81,841 (NT$ 0.8 per share) for the 2018 earnings, totaling a dividend of NT$ 102,301.

(XIII) Other Equity Items

	2018		
	Unrealized Valuation of Profit and Loss	Foreign Currency Conversion	Total
January 1	$ 2,300	($ 72,811)	($ 70,511)
Number of Effects Applicable for IFRS 9	(2,300)	-	(2,300)
Number of Differences of Foreign Currency Conversion:			
–Group	-	48,471	48,471
December 31	$ -	($ 24,340)	($ 24,340)

	2017		
	Unrealized Valuation of Profit and Loss	Foreign Currency Conversion	Total
January 1	($ 2,551)	$ 58,878	$ 56,327
Valuation Adjustment	4,851	-	4,851
Number of Differences of Foreign Currency Conversion: –Group	-	(131,689)	(131,689)
December 31	$ 2,300	($ 72,811)	($ 70,511)

(XIV) Operating Income

	2018
Customer Contractual Income	$ 102,640

1. Subdivision of Customer Contract Income

The Company's income can be subdivided into the following major product lines:

2018	Guest Room Income	Catering Income	Other Income	Total
External Customer Contractual Income	$ 53,473	$ 45,265	$ 3,902	$ 102,640

2. Contractual Liabilities

The Company recognizes the relevant contractual liabilities of the customer's contractual income as follows:

	December 31, 2018
Contractual Liabilities:	
Contractual Liabilities - Guest Room Service Contracts	$ 3,626
Contractual Liabilities - Catering Service Contracts	3,341
	$ 6,967

Current recognized income of beginning contractual liabilities:

	2018
Current Recognized Income of Beginning Balance of Contractual Liability	
Guest Room Service Contracts	$ 5,493
Catering Service Contracts	4,352
	$ 9,845

3. Please refer to Note XII (IV) 2 for the disclosure of 2017 annual operating income.

(XV) Other Income

	2018	2017
Interest Income		
Bank Deposit Interest	$ 10,713	$ 3,219
Rental Income	2,072	2,072
Other Income - Others	284	1,246
	$ 13,069	$ 6,537

(XVI) Other Profits and Losses

	2018	2017
Losses of Real Estate, Plant and Equipment Disposed	$ -	($ 138)
Net Foreign Exchange Profit (Loss)	14,783	(4,947)
Net Other Profits (Losses)	20	(356)
	$ 14,803	($ 5,441)

(XVII) Financial Cost

	2018	2017
Interest Expense:		
Bank Loan	$ 17,176	$ 17,731

(XVIII) Additional Information on the Nature of the Expense

	2018	2017
Employee Benefits Expenses	$ 52,893	$ 54,807
Depreciation Expenses of Real Estate, Plant and Equipment	29,591	30,487

(XIX) Employee Benefits Expenses

	2018	2017
Salary Expenses	$ 45,065	$ 45,788
Labor and Health Insurance Expenses	4,534	4,600
Pension Expenses	2,308	2,325
Other Employee Benefits Expenses	986	2,094
	$ 52,893	$ 54,807

In accordance with the Articles of Association, the Company shall distribute remuneration to employees at the rate of 0.1% to 1% and remuneration to directors and supervisors at the rate of 1% or less for

the current year's profit. However, if the company has accumulated losses, it shall make up for them.

2. The estimated amount of remunerations of employees, directors, and supervisors for the year of 2018 and 2017 is NT$ 0.

The remunerations of employees, directors, and supervisors for the year 2017 as resolved by the Board of Directors shall be consistent with the amount recognized in the financial report for the year 2017. Information regarding remunerations of employees, directors, and supervisors approved by the Board of Directors of the Company can be obtained from the Market Observation Post System.

(XX) Income Tax

1. Income Tax Expense (Profit)

(1) Income tax expense (profit) components:

	2018	2017
Current Income Tax:		
Income Tax on Current Income	$ -	$ -
Surtax on Undistributed Retained Earnings	-	118
Previous Annual Income Tax Overestimates	(118)	-
Total Current Income Tax	(118)	118
Deferred Income Tax:		
Origin and Reversal of Temporary Differences	59,577	(181)
Impact of Tax Rate Changes	14,667	-
Total Deferred Income Tax	74,244	(181)
Income Tax Expense (Profit)	$ 74,126	($ 63)

(2) Income tax amount related to other comprehensive profits and losses:

	2018	2017
Conversion Difference of Foreign Operations	$ 11,161	($ 26,973)
Impact of Tax Rate Changes	(3,827)	-
	$ 7,334	($ 26,973)

2. Relationship between income tax (profit) expense and accounting gains:

	2018	2017
Income Tax Calculated at Statutory Tax Rate for Net Profit (Loss) Before Tax(Note)	$ 57,358	($ 403)
Income Tax Impact Number of Items Adjusted in Accordance with the Provisions of the Tax Law	$ 2,219	222
Impact of Tax Rate Changes	14,667	-
Previous Annual Income Tax Overestimates	(118)	-
Surtax on Undistributed Retained Earnings	-	118
Income Tax Expense (Profit)	$ 74,126)	($ 63)

Note: The basis of the applicable tax rate shall be the tax rate applicable to the Company.

3. The amounts of deferred income tax assets or liabilities arising from temporary differences and tax losses are as follows:

	2018			
	January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Net Profit	December 31
Deferred Income Tax Assets:				
Temporary Differences:				
Exchange Difference of Foreign Operations	$ 16,927	($ 2,702)	($ 7,334)	$ 6,891
Unrealized Exchange Loss	720	(720)	-	-
Non-Leave Bonus	184	28	-	212
Levy Loss	21,501	15,141	-	36,642
	$ 39,332	$ 11,747	($ 7,334)	$ 43,745
Deferred Income Tax Liabilities:				
Temporary Differences:				
Unrealized Exchange Profit	$ -	($ 2,110)	$ -	($ 2,110)
Investment Profits Recognized under the Overseas Equity Act	(100,758)	(83,881)	-	(184,639)
Unrealized Land Value Increment Tax Reserve	(93,467)	-	-	(93,467)
	($ 194,225)	($ 85,991)	$ -	($ 280,216)
	($ 154,893)	($ 74,244)	($ 7,334)	($ 236,471)

	2017			
	January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Net Profit	December 31
Deferred Income Tax Assets:				
Temporary Differences:				
Exchange Difference of Foreign Operations	$ -	($ 4,759)	$ 21,686	$ 16,927
Unrealized Exchange Loss	-	720	-	720
Non-Leave Bonus	180	4	-	184
Levy Loss	9,196	12,305	-	21,501
	$ 9,376	$ 8,270	$ 21,686	$ 39,332
Deferred Income Tax Liabilities:				
Temporary Differences:				
Exchange Difference of Foreign Operations	($ 5,287)	$ -	$ 5,287	$ -
Investment Profits Recognized under the Overseas Equity Act	(92,669)	(8,089)	-	(100,758)
Unrealized Land Value Increment Tax Reserve	(93,467)	-	-	(93,467)
	($ 191,423)	($ 8,089)	$ 5,287	($ 194,225)
	($ 182,047)	$ 181	$ 26,973	($ 154,893)

4. The term of validity of the unused levy loss of the Company and the relevant amounts of the unrecognized deferred income tax assets are as follows:

	December 31, 2018				
Year of Occurrence	Declarations/Approvals	Deductible Amount	Undeducted Amount	Unrecognized Deferring Income Tax Assets	Final Deduction Year
2013	Re-Approvals	$ 14,300	$ 14,300	$ -	2023
2014	Re-Approvals	3,003	3,003	-	2024
2015	Approvals	9,018	9,018	-	2025
2016	Approvals	26,590	26,590	-	2026
2017	Declarations	72,817	72,817	-	2027
2018	Estimated Declarations	57,481	57,481	-	2028
		$ 183,209	$ 183,209	$ -	

December 31, 2017

Year of Occurrence	Declarations/Approvals	Deductible Amount	Undeducted Amount	Unrecognized Deferring Income Tax Assets	Final Deduction Year
2013	Approvals	$ 14,490	$ 14,490	$ -	2023
2014	Approvals	3,135	3,135	-	2024
2015	Approvals	9,018	9,018	-	2025
2016	Declarations	26,590	26,590	-	2026
2017	Estimated Declarations	73,241	73,241	-	2027
		$ 126,474	$ 126,474	$ -	

5. The Company's business income tax has been approved by the Revenue Service Offices until 2016.
6. The amendment to the Income Tax Law was promulgated and came into effect on February 7, 2018. The tax rate of the business income tax was increased from 17% to 20%, this amendment applies from 2018 onwards. The Company has assessed the relevant income tax implications of the tax rate changes.

(XXI) Earnings Per Share (Losses)

	2018		
	Post-Tax Amount	Weighted Average Flow Outstanding 1,000 Shares	Earnings Per Share (NT$)
Basic Earnings Per Share			
Current Net Profit Attributable to Ordinary Shareholders of the Company	$ 212,662	102,302	$ 2.08

	2017		
	Post-Tax Amount	Weighted Average Flow Outstanding 1,000 Shares	Loss per Share (NT$)
Basic Loss per Share			
Current Net Loss Attributable to Ordinary Shareholders of the Company	($ 2,308)	102,302	($ 0.02)

The above weighted average number of outstanding shares has been

retrospectively adjusted according to the ratio of capital increase from surplus in 2016.

(XXII) Operating Lease

The Company leases buildings, vehicles, business equipment, office equipment and other assets under a business lease period from 2016 to 2023. Rental charges of NT$ 1,809 and NT$ 2,947 are recognized as current profits and losses for the year of 2018 and the year of 2017 respectively. In addition, the minimum future lease payments due to the non-cancelable contract are as follows:

	December 31, 2018	December 31, 2017
Not More Than 1 Year	$ 1,370	$ 1,228
More than 1 Year but Not More than 5 Years	2,145	622
	$ 3,515	$ 1,850

(XXIII) Supplement Information of Cash Flow

Investment activities with only partial cash payment:

	2018	2017
Purchase of Real Estate, Plant and Equipment	$ 10,183	$ 2,797
Plus: Other Beginning Accounts Payable - Land Alternation Subsidy		
(List “Long-Term Bills Payable and Payments”)	127,577	127,577
Beginning Equipment Payment Payable		
(List “Other Payables”)	915	-
Minus: Other Ending Accounts Payable - Land Alternation Subsidy		
(List “Long-Term Bills Payable and Payments”)	(127,577)	(127,577)
Ending Equipment Payment Payable		
(List “Other Payables”)	-	(915)
Current Cash Payment	$ 11,098	$ 1,882

VII. Affiliate Transaction

(I) Relationship Between the Name of the Affiliate and the Company

Name of Affiliates	Relationship with the Company
Holiday Garden International Ltd. (Referred to as Int. Ltd.)	Subsidiaries Directly Owned by the Company
Holiday Garden Hotel Co., Ltd.	Subsidiaries Directly Owned by the Company
Holiday Garden U.S. (Referred to as U.S.)	Subsidiaries Directly Owned by Int. Ltd.

Holiday Garden SF CORP. (Referred to as SF CORP.)	Subsidiaries Directly Owned by U.S.
Holiday Garden SN CORP. (Referred to as SN CORP.)	Subsidiaries Directly Owned by U.S.
Holiday Garden NW CORP. (Referred to as NW CORP.)	Subsidiaries Directly Owned by U.S.
Holiday Garden VC CORP. (Referred to as VC CORP.)	Subsidiaries Directly Owned by U.S.
Holiday Garden WC CORP. (Referred to as WC CORP.)	Subsidiaries Directly Owned by U.S.

(II) Material Affiliate Transaction

Key Management Remuneration Information

	2018	2017
Short-Term Employee Benefits	$ 2,980	$ 2,890

VIII. Pledged Asset

The details of the Company's assets collaterals are as follows:

	Carrying Amount		
Asset Items	December 31, 2018	December 31, 2017	Collateral Purpose
Land	$ 481,493	$ 481,493	Short-Term and Long-Term Loans
Houses and Buildings	203,260	226,432	Short-Term and Long-Term Loans
Time Deposits (List “Other Financial Assets - Current”)	587,084	440,448	Short-Term Loan
Time Deposits (List “Other Financial Assets - Current”)	2,142	994	Gift Coupon Performance Guarantee
	$ 1,273,979	$ 1,149,367	

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

(I) Contingent Events

No such situation.

(II) Commitment Events

No such situation.

X. Material Disaster Losses

No such situation.

XI. Material Subsequent Events

(I) On January 29, 2008, the Board of Directors of the Company decided to set up a new subsidiary, Holiday Garden EV CORP., with an estimated total investment of US$ 2,500,000.

(II) On January 29, 2019, the Company made a resolution by the Board of Directors to acquire the Emeryville Hyatt Place hotel, located in Emeryville, California, USA, by the subsidiary Holiday Garden EV CORP., with a transaction amount of about US$ 66,250,000.

(III) On February 27, 2019, the Company by resolution of the Board of Directors cancelled the American hotel investment of Hampton Inn/Homewood Suites by Hilton Long Beach Airport, which was acquired on December 18, 2018 through the subsidiary Holiday Garden SN CORP.

XII. Others

(I) Capital Management

The objective of the Company's capital management is to ensure that the group can continue to operate, maintain the optimal capital structure to reduce capital costs and provide remuneration to shareholders. To maintain or adjust capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. In line with sector practice, the Company controls its capital with a ratio of liabilities to assets.

The Company's strategy is to maintain a stable ratio of liabilities to assets, as follows:

	December 31, 2018	December 31, 2017
Total Liabilities	$ 1,910,730	$ 1,738,188
Total Assets	$ 3,259,798	$ 2,826,123
Ratio of Liabilities to Assets	59	61

(II) Financial Instruments

1. Categories of Financial Instrument

	December 31, 2018	December 31, 2017
Financial Assets		
Financial Assets Measured at Amortized Cost		
Cash and Cash Equivalents	$ 30,969	$ 23,958
Bills Receivable	400	1,283
Accounts Receivable	5,757	4,012
Other Receivables	3,355	3,193
Other Financial Assets	589,226	441,442
Refundable Deposits	1,087	1,887
	$ 630,794	$ 475,775
Financial Liabilities		
Financial Liabilities Measured at Amortized Cost		
Short-Term Loan	$ 1,204,500	$ 1,059,977
Short-Term Notes Payable	130,000	130,000
Bills Payable	1,366	1,913
Accounts Payable	5,441	5,283
Other Payables	12,917	18,508
Long-Term Loan (including expiration within one year)	139,292	188,288
Long-Term Bills Payable and Payments	127,577	127,577
Guarantee Deposits Received	755	755
	$ 1,621,848	$ 1,532,301

2. Financial Instruments Not Measured at Fair Value

The financial instruments not measured at fair value of the Group include cash and cash equivalents, bills receivable, accounts receivable, other receivables, other financial assets - current, refundable deposits, short-term loan, short-term bills payable, bills payable, accounts payable, other payables, long-term loans (including those expire within one year), long-term bills payable and payments, and the carrying amount of the deposit is a reasonable approximation of the fair value.

3. Risk Management Policies

(1) The Company's daily operations are affected by a number of financial risks, including market risks (including exchange rate risks, interest rate risks and price risks), credit risks and liquidity risks.

(2)Risk management shall be carried out by the Finance Department of the Company in accordance with the approved policies. The Finance

Department works closely with the company's operating units to identify, assess and mitigate financial risks.

4. Nature and Extent of Material Financial Risks

(1) Market Risk

Currency Risk

A. As the Company invests in overseas subsidiaries, it is subject to exchange rate risks relative to the exchange different from the company's functional currency, which is mainly USD.

Related currency risk comes from future business transactions

and recognized assets and liabilities.

B. The management of the Company has established policies that require the company to manage the exchange rate against its functional currency risk.

The company shall hedge its overall currency risk through the Finance Department.

C. The business of the Company involves a number of non-functional currencies (the functional currency of the company is NTD), so it is affected by currency fluctuations; the information on foreign currency assets and liabilities with significant impact of currency fluctuations is as follows:

	December 31, 2018					
			Carrying Amount	Sensitivity Analysis		
	Foreign Currency ($1,000)	Exchange Rate	(NTD)	Fluctuation Amplitude	Effect from Profit and Loss	Effect fromOther Comprehensive Profit and Loss
(Foreign Currency: Functional Currency)						
Financial Assets						
Monetary Items						
USD : NTD	$ 19,148	30.72	$ 588,140	1%	$ 5,881	$ -
Long-Term Equity Investment by Equity Method						
USD : NTD	59,063	30.72	1,814,419	1%	-	18,144

	December 31, 2017					
			Carrying Amount	Sensitivity Analysis		
	Foreign Currency ($1,000)	Exchange Rate	(NTD)	Fluctuation Amplitude	Effect from Profit and Loss	Effect from Other Comprehensive Profit and Loss
(Foreign Currency: Functional Currency)						
Financial Assets						
Monetary Items						
USD : NTD	$ 14,832	29.76	$ 441,413	1%	$ 4,414	$ -
Long-Term Equity Investment by Equity Method						
USD : NTD	52,101	29.76	1,550,532	1%	-	$ 15,505

D. For the year of 2018 and the year of 2017, the aggregate amounts of all exchange benefits (losses) (including realized and unrealized) of the Company's monetary items which are significantly affected by currency fluctuations are NT$ 14,783 and NT$ 4,947 respectively.

Price Risk

The Company does not have material commodity price risk.

Cash Flow and Fair Value Interest Rate Risk

A. The Company's interest rate risk comes from short-term and long-term loans at a floating interest rate, exposing the company to the interest rate risk of cash flow.

B.The Company's loans are measured at amortized cost and the interest rate is repriced each year according to the contract. Therefore, the company is exposed to the risk of future market interest rate changes.

C.When the loan rate rises or falls by 1%, while all other factors remain unchanged, the net profit before tax for the year of 2018 and the year of 2017 decreased or increased by NT$ 13,438 and NT$ 8,183 respectively, mainly due to the change of interest expense caused by the floating rate loan.

(2) Credit Risk

A. The credit risk of the Company is the risk of the company's financial loss caused by the customer's failure to fulfill the contractual obligations, mainly from the failure of the counterparty to pay off the receivables paid under the terms of collection.

B. The Company shall manage and analyze the credit risk of each new customer before setting terms and conditions for payment and service delivery in accordance with its internal credit policy. Internal risk management assesses customers' credit quality by taking into account their financial position, past experience and other factors.

C. The Company adopts the premise provided by IFRS 9. If the contractual payment is more than 30 days overdue according to the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly since the initial recognition.

D. The Company adopts the premise provided by IFRS 9. If the contractual payment is more than 90 days overdue according to the agreed payment terms, it is deemed to have been breached.

E. The Company shall group the bills receivable and accounts receivable of customers according to the credit terms and adopt a simplified approach to

estimate the expected credit loss based on the loss rate.

F. The Company's forward-looking considerations for the future adjust the loss rate established based on historical and current information during a specific period to estimate the allowance loss for bills receivable and accounts receivable. The preparation matrix for December 31, 2018 is as follows:

	Not Overdue and Overdue 1-30 Days	Overdue 31-90 Days	Overdue Over 91 days	Total
December 31, 2018				
Expected Loss Rate	0.11%	1%	100%	
Total Carrying Amount	$ 5,591	$ 497	$ 69	$ 6,157
Loss Allowance	-	-	-	-

G. For credit risk information for 2017, please refer to Note XII (IV).

(3) Liquidity Risk

A. Cash flow predicting is performed by each individual operator within the company and summarized by the Finance Department of the company. The Finance Department monitors the prediction of the company's working capital needs to ensure that it has sufficient funds to meet its operating needs and to maintain sufficient unspent loan commitments at all times.

B. The surplus cash held by each individual operator will be transferred back to the Finance Department of the company when it exceeds the working capital management requirements. The Finance Department of the company invests the remaining funds in interest-bearing demand deposits, checking deposits and time deposits, and the instruments it chooses have appropriate maturity or sufficient liquidity to meet the above prediction and provide sufficient dispatch level. On December 31, 2018 and 2017, the Company held money market positions of NT$ 30,209 and NT$ 23,168 respectively to generate immediate cash flow to manage liquidity risk.

C. The following table is the non-derivative financial liabilities of the Company, uped according to the relevant maturity date. The non-derivative financial liabilities are analyzed according to the remaining period of the balance sheet date to contract expiration date of the remaining period for analysis. The contract cash flow amounts disclosed in the table below are undiscounted amounts.

December 31, 2018

Non-Derivative Financial Liabilities:	Within 1 Year	1 to 2 Years	Over 2 Years
Short-Term Loan	$ 1,211,636	$ -	$ -
Short-Term Notes Payable	130,000	-	-
Bills Payable	1,366	-	-
Accounts Payable	5,441	-	-
Other Payables	12,917	-	-
Long-Term Loan (including expiration within one year)	51,569	46,833	44,937
Long-Term Bills Payable and Payments	-	127,577	-
Guarantee Deposits Received	20	25	710

December 31, 2017

Non-Derivative Financial Liabilities:	Within 1 Year	1 to 2 Years	Over 2 Years
Short-Term Loan	$ 1,066,613	$ -	$ -
Short-Term Notes Payable	130,000	-	-
Bills Payable	1,913	-	-
Accounts Payable	5,283	-	-
Other Payables	18,508	-	-
Long-Term Loan (including expiration within one year)	52,047	51,569	91,771
Long-Term Bills Payable and Payments	-	127,577	-
Guarantee Deposits Received	25	20	710

(III) Impact of the Initial Application of IFRS 9 and Information on the Application of IFRS 39 for the Year 2017

1. The material accounting policies adopted in 2017 are as follows:

(1) Receivables

A. Accounts Receivable

Refers to accounts receivable originally generated, and accounts receivable from customers arising from the sale of goods or the provision of services in the normal course of business. At the time of initial recognition, the fair value shall be measured, and the effective interest method shall be adopted to measure the amount after deducting impairment from the amortized cost. However, for short-term accounts receivable that have not paid interest, since the discount effect is not material, the subsequent amount shall be measured by the original invoice amount.

B. Other Financial Assets

The debt investment held by the Company in the inactive market is the time deposit of non-conforming cash equivalents, and due to the short holding period, the discount effect is not material, which is measured by the investment amount.

(2) Impairment of Financial Assets

A. At each balance sheet date, the Company assesses whether any objective evidence of impairment has occurred that one or more events (i.e., " loss items") occurred after the initial recognition of a financial asset or group of financial assets, and the loss item has a reliable impact on the estimated future cash flow of a financial asset or a group of financial assets.

B. The Company's policy for determining the existence of objective evidence of impairment loss is as follows:

(A) Material financial difficulties of the issuer or debtor;

(B) Default, such as delay or non-payment of interest or principal;

(C) Due to economic or legal reasons related to the debtor's financial difficulties the Company gives concessions to the debtor that could not be considered at first;

(D) The likelihood that the debtor will enter bankruptcy or other financial restructuring increases;

(E) The disappearance of the active market for the financial asset as a result of financial difficulties.

C. When the Company has assessed that there is objective evidence of impairment financial assets measured by the amortized cost, and the impairment loss has occurred, it shall be handled as follows:

Refers to the difference between the carrying amount of the asset and the present value of the estimated future cash flow discounted at the original effective interest rate of the financial asset to recognize the impairment loss in the current profit and loss. Where the amount of the impairment loss is reduced in a subsequent period and the reduction can be objectively linked to the events that occurred after the recognition of the impairment loss, the previously recognized impairment loss is turned within the profit and loss of the current period within the limit of the amortized cost due on the turning day without the recognition of the impairment loss. The amount of recognized and recoverable impairment losses is the carrying amount of assets adjusted against the

allowance account.

2. Credit risk information for 2017 is as follows:

Credit risk refers to the risk of the Company's financial loss caused by the breach of contractual obligations by the counterparty. The Company's credit risk is mainly derived from cash and bank deposits, receivables generated from operational activities and committed transactions, and is divided into operational credit risk and financial credit risk and managed separately.

Operational Credit Risk

In order to maintain the quality of accounts receivable, the Company has established operational credit risk management procedures.

The risk assessment of an individual customer is based on factors that may affect the customer's ability to pay, including the customer's financial position, historical transaction history and current financial situation. The Company will also use certain credit enhancement tools, such as cash advances, when appropriate to reduce credit risk for specific customers.

Financial Credit Risk

The credit risk of bank deposits, fixed income investments and other financial instruments shall be measured and monitored by the Finance Department of the Company. As the transaction objects and performing parties of the Company are banks with good credit or financial institutions and companies with investment grade or above, there are no material doubts about the performance of the company, so there is no material credit risk.

(1) In the year of 2017, there was no case that the credit limit was exceeded, and the credit of the transaction counterpart was good, so the management did not expect to suffer any material loss due to the non-performance of the counterparty.

(2) Accounts receivable of the Company are not overdue and have not been impaired, mainly from customers with good collection records.

(3) The changes of impaired financial assets (accounts receivable allowance for bad debts) are analyzed as follows:

a. As of December 31, 2017, the Company's impaired accounts receivable amount is NT$ 0.

b. The table of changes in allowance for bad debts is as follows:

	2017		
	Impairment Loss of Individual Assessment	Impairment Loss of Group Assessment	Total
Balance on January 1	$ -	$ -	$ -
Current Itemized Impairment Loss	170	-	170
Money Written off as Uncollectible	(170)	-	(170)
Balance on December 31	$ -	$ -	$ -

The main customers of the Company are general individual customers and other companies, and the Company's payment terms for company accounts are about 90 days after monthly statement. In determining the collectibility of accounts receivable, the Company takes into account any changes in the credit quality of individual customers' accounts receivable since the end of the original credit reporting period, historical experience and current financial situation, etc., to estimate the amount that cannot be recovered.

(IV) Impact of the Initial Application of IFRS 15 and Information on the Application of IFRS 18 for the Year 2017

1. The material accounting policies of income recognition adopted in 2017 are as follows:
   Sale Income

   The Company provides accommodation and catering related products. Income is the fair value of received or receivable consideration for goods sold by customers outside the group in normal business activities and is expressed as net sales tax, sales returns, quantity discounts and allowances. Income is recognized when the provision of services or the sale of goods is delivered to the buyer, sales are reliably measured and future economic benefits are likely to flow into the business. The delivery of the goods shall not take place until the material risks and rewards related to the ownership have been transferred to the customer, the Company neither participates in the management of the goods nor maintains effective control over the goods, and the customer accepts the goods according to the sales contract, or when there is objective evidence that all the acceptance terms have been met. Income shall be recognized according to the level of labor services provided, when the transaction results of labor services provided can be estimated reliably.

2. In the year of 2017, the income recognized by the Company in accordance with the aforementioned accounting policies is as follows:

	2017
Guest Room Income	$ 62,750
Catering Income	55,417
Other Income	3,039
	$ 121,206

3. If the Company continues to apply the above accounting policies in the year of 2018, the number and description of the impact on the current balance sheet are as follows, but there is no significant impact on the separate items of the consolidated income statement.

		December 31, 2018		
Balance Sheet Item	Explanations	Adopt IFRS 15 Recognized Balance	Adopt Original Accounting Policies Recognized Balance	Impact of Changes In Accounting Policies
Contractual Liabilities		$ 6,967	$ -	$ 6,967
Receipts in Advance		-	6,967	(6,967)

In accordance with the provisions of IFRS 15, the advance payment for the advance receipt of accommodation vouchers, advance receipt of meals and advance deposit is recognized as "contractual liability" and expressed as "Receipts in Advance" on the balance sheet during the reporting period.

XIII. Additional Disclosure Items

(I) Information on Material Transactions

1. Capital loan to others: Please refer to Table I for details.
2. Endorsement of others: No such situation.
3. Marketable securities held at the ending period (excluding the controls of investment subsidiaries, affiliated enterprises and joint ventures): Please refer to Table II for details.
4. Accumulated amount of NT$ 300 million or paid-in capital of more than 20% in the purchase or sale of the same marketable securities: No such situation.
5. Amount of real estate acquired up to NT$ 300 million or more than 20% of the paid-in capital: No such situation.
6. Disposal of real estate up to NT$ 300 million or more than 20% of paid-in capital: Table III.
7. The amount of import and sales with related parties up to NT$ 100 million or more than 20% of the paid-in capital: No such situation.
8. Receivables from affiliates of NT$ 100 million or more than 20% of the paid-in capital: Please refer to Table IV for details.

9. Engaging in derivatives trading: No such situation.
10. Business relationship and important transactions between parent and subsidiary companies and between subsidiaries and their amounts: please refer to Table V for details.

(II) Information on Reinvestment in Other Companies

Name of investee company, location and other relevant information (excluding mainland Chinese investee companies) : please refer to Table VI for details.

(III) Investment Information on Mainland China

1. Basic information: no such situation.
2. Material transaction events occurring directly or indirectly through a business in a third region and an investee company reinvested in mainland China: no such situation.

XIV. Department Information

N/A

Holiday Garden Hotel Co., Ltd.
Statements of Cash and Cash Equivalents
December 31, 2018

Statement 1 Unit: NT$ 1,000

Items	Summary	Amount
Cash in Treasury and Revolving Fund		$ 760
Checking Deposit		1,152
Demand Deposit - NTD Deposits		18,001
Demand Deposit - USD	US$ 34,385, Exchange Rate 30.72	1,056
Time Deposits	Period: November 2, 2018 solstice February 2, 2019 Interest Rate: 0.16%	10,000
		$ 30,969

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Holiday Garden Hotel Co., Ltd.
Statement of Changes in Investment by the Equity Method
On January 1, 2018 to December 31, 2018

Statement 2

Unit: NT$ 1,000

Name	Biginning Balance		Current Increase (Note 1)		Current Decrease (Note 2)		Ending Balance			Market Price or Net Equity alue			Provide Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding Ratio	Amount	Unit Price (NT$)	Total Price	Valuation Basis	Or Pledge
HOLIDAY GARDEN INTERNATIONAL Ltd.	12,000	$1,550,532	-	$330,502	-	($ 66,615)	12,000	100%	$ 1,814,419	$ 151,202	$ 1,814,419	Equity Method	None
Holiday Garden Hotel Co., Ltd.	2,500,000	24,557	4,000,000	29,651	-	-	6,500,000	100%	54,208	8.34	54,208	Equity Method	None
		$1,575,089		$360,153		($ 66,615)			$ 1,868,627		$ 1,868,627		

Note 1: The capital increase for the current period includes the investment increase for the current period and the profit and loss shares of subsidiaries, affiliated enterprises and joint ventures recognized by the equity method for the current period.
Note 2: The current reduction refers to the share capital refunded by the investment company after reduction of capital and the exchange differences on conversion of the financial statements of foreign operation,

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Holiday Garden Hotel Co., Ltd.
Statement of Short-Term Loan
December 31, 2018

Statement III

Unit: NT$ 1,000

Types of Loan	Explanations	Ending Balance	Contractual Period	Interest Rate Collars	Financing Limit	Mortgage or Collateral	Note
Credit Bank Loan	East Kaohsiung Branch of Hua Nan Commercial Bank	$ 30,000	17 Oct 2018 to 17 Jan 2019	1.25%	$ 30,000	None	
Collateral Bank Loan	Mega International Commercial Bank	400,000	01 Aug 2018 to 31 Jul 2019	1.30%	400,000	Lands, Houses and Buildings	
Collateral Bank Loan	Mega International Commercial Bank	159,000	03 Sep 2018 to 29 May 2019	1.25%	500,000	Lands, Houses and Buildings	
Collateral Bank Loan	CTBC Bank	400,000	07 Jun 2018 to 06 Jun 2019	1.10%	400,000	Time Deposits	
Collateral Bank Loan	CTBC Bank	100,000	01 Nov 2018 to 01 Feb 2019	1.10%	600,000	Time Deposits	
Credit Bank Loan	The Export-Import Bank of the Republic of China	40,500	04 Jun 2018 to 04 Jun 2019	1.25%	40,500	None	
Credit Bank Loan	The Export-Import Bank of the Republic of China	10,000	16 Jul 2018 to 16 Jul 2019	1.25%	10,000	None	
Credit Bank Loan	The Export-Import Bank of the Republic of China	20,000	01 Aug 2018 to 01 Aug 2019	1.25%	20,000	None	
Credit Bank Loan	The Export-Import Bank of the Republic of China	5,000	06 Aug 2018 to 06 Aug 2019	1.25%	5,000	None	
Credit Bank Loan	The Export-Import Bank of the Republic of China	10,000	18 Dec 2018 to 18 Dec 2019	1.25%	24,500	None	
Credit Bank Loan	Taipei Fubon Commercial Bank	30,000	10 Aug 2018 to 26 Feb 2019	1.26%	30,000	None	
		$ 1,204,500					

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Holiday Garden Hotel Co., Ltd.
Statement of Short-Term Notes Payable
December 31, 2018

Statement IV

Unit: NT$ 1,000

Items	Guarantee Agencies	Contractual Period	Interest Rate Collars	Amount		Book Value	Note
				Issue Amount	Unamortized Discount		
Commercial Paper	Mega Bills Finance Co., Ltd.	01 Nov 2018 to 02 Jan 2019	0.76%	$ 50,000	$ -	$ 50,000	
Commercial Paper	China Bills Finance Corporation	01 Nov 2018 to 02 Jan 2019	0.58%	50,000	-	50,000	
Commercial Paper	International Bills Finance Corp	28 Dec 2018 to 18 Feb 2019	0.71%	30,000	-	30,000	
				$ 130,000	$ -	$ 130,000	

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Holiday Garden Hotel Co., Ltd.
Statement of Long-Term Loan
December 31, 2018

Statement 5

Unit: NT$ 1,000

Creditor	Summary	Loan Amount	Contractual Period	Interest Rate	Financing Limit	Mortgage or Collateral	Note
Sanmin Branch, First Commercial Bank	10-Year Credit Loan	$ 31,378	18 Sep 2012 to 18 Sep 2022	1.75%	$ 58,678	None	
East Kaohsiung Branch of Mega International Commercial Bank	7-Year Warranty Loan	64,825	04 Jun 2014 to 04 Jun 2021	1.90%	300,000	Lands, Houses and Buildings	
East Kaohsiung Branch of Mega International Commercial Bank	7-Year Warranty Loan	39,200	01 Jun 2015 to 01 Jun 2022	1.69%	100,000	Lands, Houses and Buildings	
East Kaohsiung Branch of Hua Nan Commercial Bank	3-Year Credit Loan	3,889	05 Jul 2016 to 05 Jul 2019	1.38%	20,000	None	
		139,292					
	Minus: Part Due Within One Year	(49,019)					
		$ 90,273					

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Holiday Garden Hotel Co., Ltd.
Statement of Operating Cost
January 1, 2018 to December 31, 2018

Statement 6 Unit: NT$ 1,000

Items	Amount	Note
Beginning Catering Inventory	$ 839	
Current Material Purchase	20,029	
Rendered Operating Expenses	(433)	
Inventory Adjustment Debits	(24)	
Ending Catering Inventory	(332)	
Current Material Consumed	20,079	
Catering and Guest Room Costs	33,463	
Inventory Adjustment Debits	24	
	$ 53,566	

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Holiday Garden Hotel Co., Ltd.
Statement of Operating Expense
January 1, 2018 to December 31, 2018

Statement 7 Unit: NT$ 1,000

Items	Summary	Amount	Note
Salary Expenditure		$ 39,335	
Miscellaneous Expenditure		8,037	
Various Depreciations		7,254	
Water and Electricity Bills		6,683	
Taxation		5,929	
Other Expenses		25,897	The Balance Has Not Exceeded the Amount in This Item More than 5%
		$ 93,135	

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Holiday Garden Hotel Co., Ltd.

Summary of Employee Benefits, Depreciation and Amortization Expenses Incurred During the Current Period

January 1, 2017 and 2018 to December 31, 2018

Statement 8

Unit: NT$ 1,000

Function / Nature	2018			2017		
	Under Operating Cost	Under Operating Expenses	Total	Under Operating Cost	Under Operating Expenses	Total
Employee Benefits Expenses (Note)	$ 9,077	$ 43,816	$ 52,893	$ 9,186	$ 45,621	$ 54,807
Salary Expenses	7,578	35,687	43,265	7,533	36,485	44,018
Labor and Health Insurance Expenses	891	3,643	4,534	882	3,718	4,600
Pension Expenses	460	1,848	2,308	457	1,868	2,325
Remuneration of Directors	-	1,800	1,800	-	1,770	1,770
Other Employee Benefits Expenses	148	838	986	314	1,780	2,094
Depreciation Expense	22,337	7,254	29,591	23,002	7,485	30,487

Note: As of December 31, 2018 and 2017, the number of employees of the company was 111 and 132 respectively, among which the number of directors without serving concurrently as employees was 4 and 3 respectively.

Holiday Garden Hotel Co., Ltd. and Subsidiary Companies

Holiday Garden Hotel Co., Ltd. and Subsidiary Companies

Loans for others.

January 1 to December 31, 2018

Table I

Unit: NT$ 1,000

(unless otherwise specified)

Number (Note 1)	Company That Loans to Others	Loan Object	Current Items (Note 2)	Whether It Is an Affiliate	Current Highest Amount (Note 3)	Ending Balance (Note 8)	Actual Expenditure Amount	Interest Rate Collars	Capital Loan Nature (Note 4)	Business Transaction Amount (Note 5)	Reasons for the Need of Short-Term Financing (Note 6)	Itemized Allowance Loss Amount	Collaterals		Individual Object Capital Loan Limit (Note 7)	Capital Loan Total Limit (Note 7)	Note
													Name	Value			
1	Holiday Garden International Ltd.	Holiday Garden U.S.	Payment Receivables of Affiliate Enterprise	Yes	$ 1,167,600	$ 1,048,560	$ 1,048,560	Annual Interest 6.5%	Short-Term Financing Capital	$ -	Operating Turnover	$ -	None	$ -	$ 13,608,143	$ 27,216,285	Note 9
2	Holiday Garden U.S.	Holiday Garden NW CORP.	Payment Receivables of Affiliate Enterprise	Yes	123,360	-	-	Annual Interest 6.5%	Short-Term Financing Capital	-	Hotel Purchase	-	None	-	5,538,968	11,077,935 (Note 9)	Note 9
2	Holiday Garden U.S.	Holiday Garden NW CORP.	Payment Receivables of Affiliate Enterprise	Yes	185,040	92,520	92,520	Annual Interest 3.0%	Short-Term Financing Capital	-	Hotel Purchase	-	None	-	5,538,968	11,077,935 (Note 9)	Note 9
2	Holiday Garden U.S.	Holiday Garden VC CORP.	Payment Receivables of Affiliate Enterprise	Yes	123,360	46,260	46,260	Annual Interest 3.0%	Short-Term Financing Capital	-	Hotel Purchase	-	None	-	5,538,968	11,077,935 (Note 9)	Note 9
2	Holiday Garden U.S.	Holiday Garden WC CORP.	Payment Receivables of Affiliate Enterprise	Yes	974,700	584,820	584,820	Annual Interest 6.5%	Short-Term Financing Capital	-	Hotel Purchase	-	None	-	5,538,968	11,077,935 (Note 9)	Note 9
2	Holiday Garden U.S.	Holiday Garden WC CORP.	Payment Receivables of Affiliate Enterprise	Yes	64,980	64,980	64,980	Annual Interest 3.0%	Short-Term Financing Capital	-	Hotel Purchase	-	None	-	5,538,968	11,077,935 (Note 9)	Note 9
2	Holiday Garden U.S.	Holiday Garden SN CORP.	Payment Receivables of Affiliate Enterprise	Yes	1,026,720	-	-	Annual Interest 3.0%	Short-Term Financing Capital	-	Hotel Purchase	-	None	-	5,538,968	11,077,935 (Note 9)	Note 9
2	Holiday Garden U.S.	Holiday Garden SN CORP.	Payment Receivables of Affiliate Enterprise	Yes	539,350	539,350	-	Annual Interest 6.5%	Short-Term Financing Capital	-	Hotel Purchase	-	None	-	5,538,968	11,077,935 (Note 9)	Note 9

3	Holiday Garden SF CORP.	Holiday Garden VC CORP.	Payment Receivables of Affiliate Enterprise	Yes	154,200	154,200	154,200	Annual Interest 3.0%	Short-Term Financing Capital	-	Hotel Purchase	-	None	-	625,575	1,251,150 (Note 9)	Note 9
3	Holiday Garden SF CORP.	Holiday Garden U.S.	Payment Receivables of Affiliated Enterprise	Yes	387,516	387,516	387,516	Annual Interest 3.0%	Short-Term Financing Capital	-	Operating Turnover	-	None	-	625,575	1,251,150 (Note 9)	Note 9

Note 1: the instructions in the numbered column are as follows:

(1) Enter 0 for the Company.

(2) The investee company shall be numbered sequentially starting from the Arabic numeral 1 according to the companies, and for the same company, the number shall be the same.

Note 2: Accounts receivable for affiliated enterprises, accounts receivable for affiliates, shareholders' transactions, advances, suspense payments...etc., this column is required if the loan is of a capital nature.

Note 3: The accumulated maximum balance between the capital loan for others from the current year to the declared month.

Note 4: Capital loan and nature should be listed as having business contacts or having the necessity of short-term financing.

Note 5: If the capital loan is a business transaction, the amount of business transactions shall be input.

Note 6: Where capital loan and nature are necessary for short-term financing, the reasons for the necessary loan and capital and the purpose of the loan purpose and object of capital shall be specified, such as repayment of loan, purchase of equipment, operating turnover, etc.

Note 7: It is necessary to input the limits and total limits of capital loaned to individual objects set by the company in accordance with the operating procedures of capital loaned to other people, and explain the calculation method of capital loaned to individual objects and total limits in the note column.

Note 8: It is necessary to input the limit/amount of the capital loan to others that is still valid up to the month of declaration. (If the public issuing company refers to the capital loan and the board resolution one by one in accordance with Article 14, Paragraph 1 of the handling guidelines, the amount of the board resolution shall be included in the announced balance to dispose its risk bearing, although it has not been appropriated. However, in the event of subsequent capital repayments, the balance after the repayments shall be disclosed to reflect the adjustment of risk. If the public issuing company authorizes the Chairman of the Board to allocate a certain amount of capital and make a sub-loan or cyclic use within one year according to the resolution of the board of directors in accordance with Paragraph 2 of Article 14 of the handling guidelines, the capital loan and amount approved by the Board of Directors shall still be the balance declared by the public announcement. However, any subsequent repayment may still be subject to the possibility of further appropriation, and the amount of the loan approved by the Board of Directors shall remain as the balance declared in the public announcement.)

Note 9: In accordance with the operating procedures for capital loan for others of the Company, the Company engages in capital loan for others with foreign subsidiaries that hold 100% of the voting shares directly and indirectly. Individual loans and amounts shall not exceed 7.5 times of the net value of the company. The total loan and amount shall not exceed 15 times of the company's net value, and the term of loan shall not exceed 15 years.

Holiday Garden Hotel Co., Ltd.

Disposal of Real Estate up to NT$ 300 Million or More than 20% of Paid-In Capital

January 1 to December 31, 2018

Table II

Unit: NT$ 1,000

(unless otherwise specified)

Company ThatDisposes of Real Estate	Estate Name	Occurrence Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Proceeds Received	Profit/Loss Disposal	Transaction Object	Relationship	Disposal Purpose	Price Determination Reference	Other Items Agreed
Holiday Garden SN CORP.	Residence Inn by Marriott Sacramento Airport Natomas, Hotel	Dec 21 2017	Oct 24 2012	$ 289,931	$ 688,550	$ 688,550	$ 403,100	Welcome Natomas,LLC.	None	According to Operating Strategy	Refer to the Appraisal Amount and Approved by the Board of Directors	None

Note 1: The appraisal results shall be indicated in the column of "Price Determination Reference" if the appraisal results are required in accordance with the regulations for the disposal of assets.

Note: 2 Paid-in capital means the paid-in capital of the parent company. Where there is no face value of the issuer's shares or the face value of each share is not NT$ 10, the transaction amount of 20% of the paid-in capital shall be calculated as 1(of balance sheet vested in the owner of the parent company.

Note 3: Date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of Directors' resolutions, or other dates that can confirm the trade counterpart and monetary amount of the transaction, whichever date is earlier.

Holiday Garden Hotel Co., Ltd. and Subsidiary Companies

Receivables from affiliates of NT$ 100 million or more than 20% of the paid-in capital.

December 31, 2018

Table III

Unit: NT$ 1,000

(unless otherwise specified)

Companies That Account for Receivables	Name of Transaction Object	Relationship	Balance of Receivables from Affiliates (Note 1)	Turnover Rate	Overdue Receivables from Affiliates		Receivables from Affiliates Ending Recovered Amount	Itemized Allowance Loss Amount
					Amount	Handling Method		
Holiday Garden International Ltd.	Holiday Garden U.S.	Note 3	Other Receivables: 1,048,560	Note 4	$ -	-	$ -	$ -
Holiday Garden U.S.	Holiday Garden WC CORP.	Note 3	Other Receivables: 649,800	Note 4	-	-	-	-
Holiday Garden SF CORP.	Holiday Garden U.S.	Note 3	Other Receivables: 387,516	Note 4	-	-	-	-
Holiday Garden SF CORP.	Holiday Garden VC CORP.	Note 3	Other Receivables: 154,200	Note 4	-	-	-	-
Holiday Garden WC CORP.	Holiday Garden SF CORP.	Note 3	Other Receivables: 100,979	Note 4	-	-	-	-

Note 1: Please refer to accounts receivable, bills, other receivables...etc.
Note: 2 Paid-in capital means the paid-in capital of the parent company. Where there is no face value of the issuer's shares or the face value of each share is not NT$ 10, the transaction amount of 20% of the paid-in capital shall be calculated as 10% of the equity of balance sheet vested in the owner of the parent company.
Note 3: Both the investee company and the subject of the transaction are subsidiaries of the Company.
Note 4: It is mainly other receivables, so it is not applicable to the calculation of turnover days.

Holiday Garden Hotel Co., Ltd. and Subsidiary Companies

Business relationship and important transactions between parent and subsidiary companies and between subsidiaries and their amounts: please refer to Table V for details.

January 1 to December 31, 2018

Table IV

Unit: NT$ 1,000

(unless otherwise specified)

Number (Note 1)	Transactor Name	Transacting Objects	Relation with Transactor (Note 2)	Transacting Status				
				Item		Amount	Transacting Condition	Percentage of the Consolidated Total Revenue or Total Assets (Note 3)
1	Holiday Garden International Ltd.	Holiday Garden U.S.	(3)	Other Receivables	$	1,048,560	According to the Agreement of Both Parties	17.46%
1	Holiday Garden International Ltd.	Holiday Garden U.S.	(3)	Interest Income		66,632	According to the Agreement of Both Parties	5.70%
1	Holiday Garden International Ltd.	Holiday Garden SF CORP.	(3)	Other Income		18,090	According to the Agreement of Both Parties	1.55%
1	Holiday Garden International Ltd.	Holiday Garden SN CORP.	(3)	Other Income		13,568	According to the Agreement of Both Parties	1.16%
1	Holiday Garden International Ltd.	Holiday Garden NW CORP.	(3)	Other Income		9,045	According to the Agreement of Both Parties	0.77%
1	Holiday Garden International Ltd.	Holiday Garden VC CORP.	(3)	Other Income		9,045	According to the Agreement of Both Parties	0.77%
1	Holiday Garden International Ltd.	Holiday Garden WC CORP.	(3)	Other Income		9,045	According to the Agreement of Both Parties	0.77%
2	Holiday Garden U.S.	Holiday Garden SF CORP.	(3)	Other Receivables		26,251	According to the Agreement of Both Parties	0.44%
2	Holiday Garden U.S.	Holiday Garden SF CORP.	(3)	Interest Income		11,668	According to the Agreement of Both Parties	1.00%
2	Holiday Garden U.S.	Holiday Garden NW CORP.	(3)	Other Receivables		92,520	According to the Agreement of Both Parties	1.54%
2	Holiday Garden U.S.	Holiday Garden NW CORP.	(3)	Interest Income		12,387	According to the Agreement of Both Parties	1.06%
2	Holiday Garden U.S.	Holiday Garden VC CORP.	(3)	Other Receivables		46,260	According to the Agreement of Both Parties	0.77%
2	Holiday Garden U.S.	Holiday Garden WC CORP.	(3)	Other Receivables		649,800	According to the Agreement of Both	10.82%

						Parties	
2	Holiday Garden U.S.	Holiday Garden WC CORP.	(3)	Interest Income	58,642	According to the Agreement of Both Parties	5.01%
3	Holiday Garden SF CORP.	Holiday Garden NW CORP.	(3)	Other Receivables	12,905	According to the Agreement of Both Parties	0.21%
3	Holiday Garden SF CORP.	Holiday Garden U.S.	(3)	Other Receivables	387,516	According to the Agreement of Both Parties	6.45%
3	Holiday Garden SF CORP.	Holiday Garden VC CORP.	(3)	Other Receivables	154,200	According to the Agreement of Both Parties	2.57%
4	Holiday Garden VC CORP.	Holiday Garden SF CORP.	(3)	Other Receivables	44,872	According to the Agreement of Both Parties	0.75%
5	Holiday Garden NW CORP.	Holiday Garden SF CORP.	(3)	Other Receivables	12,905	According to the Agreement of Both Parties	0.21%
6	Holiday Garden WC CORP.	Holiday Garden SF CORP.	(3)	Other Receivables	100,979	According to the Agreement of Both Parties	1.68%

Note 1: Information about the business transactions between the parent company and the subsidiary company shall be indicated in the number column respectively. The number shall be entered as follows:

(1) Enter 0 for parent company.

(2) The subsidiaries shall be numbered in numerical order starting from the Arabic numeral 1.

Note 2: There are three types of relationships with a trader, just mark the category. (if it is the same transaction between the parent company and the subsidiaries or between the subsidiaries, there is no need to repeat the disclosure. For example, if the parent company has disclosed the transaction between the subsidiary company and the parent company, the subsidiary part does not need to be disclosed repeatedly.

A transaction between a subsidiary and its subsidiaries, if one has been disclosed, is no longer required for another):

(1) Parent company vs subsidiary company.

(2) Subsidiary company vs parent company.

(3) Subsidiary company vs subsidiary company.

Note 3: The ratio of the transaction amount to the consolidated total revenue or total assets, if it is an item of assets and liabilities, shall be calculated by the ratio of the ending balance to the consolidated total assets. In the case of profit and loss items, the cumulative amount shall be calculated as a proportion of the consolidated total revenue.

Note 4: The material transactions described in this table are transactions amounting to five million NTD or more than 20% of the paid-in capital of the parent company.

Holiday Garden Hotel Co., Ltd. and Subsidiary Companies

Name of investee company, location and other relevant information (excluding mainland Chinese investee companies)

January 1 to December 31, 2018

Table V

Unit: NT$ 1,000

(unless otherwise specified)

Name of Investment Company	Name of Investees (Note 1, 2)	Location	Main Business Items	Original Investment Amount		Held at the End of the Period			Current Profit and Loss of the Investee (Note 2(2))	Current Recognized Investment Profit and Loss (Note 2(3))	Note
				End of Current Period	End of Last Year	Shares	Ratios	Carrying Amount			
Holiday Garden Hotel Co., Ltd.	Holiday Garden Hotel Co., Ltd.	Taiwan	Hotels Operating Tourism Business	$ 65,000	$ 25,000	6,500	100	$ 54,208	($ 10,349)	($ 10,349)	Subsidiary of the Company
Holiday Garden Hotel Co., Ltd.	Holiday Garden International Ltd.	Islands of Bermuda	Investment Business	848,895	969,023	12,000	100	1,814,419	330,501	330,501	Subsidiary of the Company
Holiday Garden International Ltd.	Holiday Garden U.S.	USA	Investment Business	251,291	251,291	18,000	100	738,529	353,607	353,607	Subsidiary of this Company
Holiday Garden U.S.	Holiday Garden SF CORP.	USA	Hotels Operating Tourism Business	84,662	84,662	170,000	100	83,410	36,788	36,788	Subsidiary of this Company
Holiday Garden U.S.	Holiday Garden SN CORP.	USA	Hotels Operating Tourism Business	72,900	72,900	150,000	100	90,186	287,254	287,254	Subsidiary of this Company
Holiday Garden U.S.	Holiday Garden NW CORP.	USA	Hotels Operating Tourism Business	81,250	81,250	150,000	100	64,875	29,802	29,802	Subsidiary of this Company
Holiday Garden U.S.	Holiday Garden VC CORP.	USA	Hotels Operating Tourism Business	81,250	81,250	150,000	100	19,408	(717)	(717)	Subsidiary of this Company
Holiday Garden U.S.	Holiday Garden WC CORP.	USA	Hotels Operating Tourism Business	80,700	80,700	150,000	100	63,353	11,035	11,035	Subsidiary of this Company

Note 1: If a public offering company has a foreign holding company and the consolidated financial report is the main financial report according to the local laws and regulations, the disclosure of information about the foreign invested company may only include the relevant information of the holding company.

Note 2: In cases other than those described in Note 1, the following information shall be filled in according to the following rules:

(1) The columns of "Name of Investees", "Location", "Main Business Items", "Original Investment Amount" and "Ending Shareholding Status" shall be filled in order according to the reinvestment situation of the (public offering) Company and each reinvestment situation of the inveted company under direct or indirect control, and indicate the relationship between each investee company and the Company (if it is a subsidiary or sub-subsidiary company) in the note column.

(2) In the column of "Current Profit and Loss of the Investee", the current profit and loss amount of each investee company shall be filled in.

(3) In the column of "Current Recognized Investment Profit and Loss", only the profit and loss amount of each subsidiary recognized as direct reinvested by the Company and each invested company evaluated by the equity method shall be filled in, and the remaining amount may be exempted. When "the amount of profit and loss of each subsidiary for the current period recognized as direct reinvested" is filled in, it shall be confirmed that the amount of profit and loss of each subsidiary for the current period has included the investment profit and loss that should be recognized according to regulations for its reinvested capital.

Attachment II

Accountant's Audit Report and 2018 Annual Consolidated Financial Statement

Accountant's Audit Report

(2019) Financial Report No. 18004571

For Holiday Garden Hotel CO LTD:

Audit Opinion

The Consolidated Balance Sheet of Holiday Garden Hotel CO LTD and its subsidiaries (hereinafter referred to as “Holiday Garden Hotel Group") on December 31, 2018 and 2017, and the Consolidated Composite Income Statement, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to Consolidated Financial Statements (including summary of major accounting policies) on January 1 to December 31, 2017 and 2018, has been audited and concluded by the accountant.

In the opinion of the accountant, the above consolidated financial statements are prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Financial Reporting Standards, International Accounting Standards, interpretation and interpretation notices approved by the Financial Supervisory Commission in all material respects, which is sufficient to express the consolidated financial status of Holiday Garden Hotel Group as of December 31, 2018 and 2017, as well as the consolidated financial performance and consolidated cash flow on January 1 to December 31, 2017 and 2018.

Audit Opinion

The audit is conducted in accordance with the "Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the generally accepted auditing standards of the R.O.C. The accountant's responsibility under these standards will be further explained in the paragraph of responsibility of the accountant for examining the consolidated financial statements. The personnel of the accounting firm subject to the code of ethics for accountants of the R.O.C.

have maintained a detached and independent relationship with Holiday Garden Hotel Group and have performed other duties under the code of ethics for accountants of the R.O.C. We believe that sufficient and appropriate verification evidence has been obtained to form the basis of our opinion.

Key Audit Items

Key audit items refer to the most important items in the audit of consolidated financial statements of Holiday Garden Hotel Group in 2018 according to the professional judgment of the accountant. Such items have been taken into consideration in the process of auditing the overall consolidated financial statements and forming audit opinions. The accountant does not express opinions on such items separately.

The key items of the 2018 consolidated financial statements of Holiday Garden Hotel Group are as follows:

Impairment Assessment of Intangible Assets

Explanation of Items

Please refer to Note 4 (XVII) to the consolidated financial statements for the accounting policies for impairment of intangible assets. Please refer to Note 5 (II) to the consolidated financial statements for the uncertainty of the accounting estimates and impairment assessment of intangible assets by the equity method. Please refer to Note 6 (VI) to the consolidated financial statements for the explanation of using the equity method.

The intangible assets of the Holiday Garden Hotel Group as of December 31, 2018 are NT$ 403,004,000, accounting for 7% of the total consolidated assets. Due to the large number of hotels and the fierce competition in the hotel sector, the management regards each subsidiary as an independent and minimum cash generating unit for the impairment assessment of intangible assets, and the future cash flow of each subsidiary is estimated and discounted by the appropriate discount rate to measure the recoverable amount of the cash generating unit and serve as the basis for assessing the impairment of intangible assets.

When calculating the recoverable amount of the cash generating unit based on the estimated future cash flow, the estimation is subject to subjective judgment and high uncertainty because it involves many assumptions, including determining the discount rate and using the financial forecast of the next five years. As a result, it has a significant impact on the measurement results of recoverable amount. Therefore, the accountant listed the impairment assessment of the intangible assets as an important item in the annual audit.

Corresponding Audit Procedures

The accountant has implemented the following procedures in response to the above key audit items:

1. Understand and evaluate the management process for estimating the future cash flow of the subsidiary, and confirm that the cash flow in the next five years is consistent with the operation plan approved by the Board of Directors.
2. Discuss specific aspects of the business plan with management and obtain information on the actual implementation of the business plan in the past to assess the management's intention and ability to implement the business plan.
3. The following procedures are used to evaluate the reasonableness of major assumptions such as parameters and discount rate:
   - The estimated growth rate used is compared with historical results and economic environment forecasts, so as to evaluate its rationality.
   - The discount rate used is compared with the capital cost assumption of cash generation unit and the rate of return on similar assets in the market to evaluate its rationality.

Other Items - Individual Financial Reports

Holiday Garden Hotel CO LTD has prepared individual financial statements for the year of 2018 and the year of 2017, and the audit report without reservations issued by the accountant has been put on record for reference.

Responsibility of the Management and the Governing Body for the Consolidated Financial Statements

The responsibility of the management is to prepare consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and International Financial Reporting Standards, International Accounting Standards, interpretation and interpretation notices approved by the Financial Supervisory Commission, and to maintain necessary internal controls related to the preparation of consolidated financial statements, so as to ensure that there is no material misrepresentation of consolidated financial statements due to fraud or error.

In preparing the consolidated financial statements, the management's responsibilities also

include assessing the ability of Holiday Garden Hotel Group to continue operations, disclosure of relevant matters, and adoption of the continuing operations accounting basis, unless the management intends to liquidate or discontinue the business of Holiday Garden Hotel Group, or there is no practical alternative to liquidation or suspension of business.

The governing body (including the supervisor) of Holiday Garden Hotel Group is responsible for supervising the financial reporting process.

Responsibility of the Accountant to Audit Consolidated Financial Statements

The purpose of the accountant's audit of the consolidated financial statements is to obtain reasonable assurance of whether the consolidated financial statements as a whole are substantially misrepresented due to fraud or error, and to issue an audit report. Reasonable confidence is a high degree of confidence, but an audit conducted in accordance with the generally accepted auditing standards of the R.O.C. does not warrant the detection of material misrepresentation of the consolidated financial statements. Misrepresentation may be due to fraud or error. A misrepresentation of an individual amount or sum of transfers is considered significant if it is reasonably expected to affect the economic decisions made by consolidated users of financial statements.

The accountant uses professional judgment and maintains professional skepticism when conducting an audit in accordance with generally accepted auditing standards of the R.O.C. The accountant also performs the following tasks:

1. To identify and assess the risk of material misrepresentation in consolidated financial statements due to fraud or error. Design and implement appropriate countermeasures against the assessed risks. Sufficient and appropriate verification evidence shall be obtained as the basis of the audit opinion. Since fraud may involve collusion, forgery, intentional omission, misrepresentation, or violation of internal control, the risk of material misrepresentation due to fraud is higher than that due to error.
2. Obtain necessary knowledge of the internal controls at stake in order to design appropriate audit procedures in the circumstances, provided that the purpose is not to express an opinion on the effectiveness of the internal controls of Holiday Garden Hotel Group.
3. Assess the appropriateness of accounting policies adopted by management and the

reasonableness of accounting estimates and related disclosures.

4. Based on the audit evidence obtained, the conclusion shall be drawn on the suitability of the management to adopt the continuing operation accounting basis and whether there is significant uncertainty in the event or situation that may cause significant doubt on the ability of Holiday Garden Hotel Group to continue to operate. If the accountant considers that there is significant uncertainty in such events or circumstances, he/she shall, in the audit report, alert the users of the consolidated financial statements to the disclosure of the consolidated financial statements or amend the audit opinion if such disclosure is inappropriate. The accountant's conclusions are based on the evidence obtained as of the audit report date. However, future events or circumstances may render Holiday Garden Hotel Group no longer capable of continuing operations.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements are adequate to express relevant transactions and events.
6. Adequate and appropriate audit of the financial information of the individual members of Holiday Garden Hotel Group, in order to express opinions on the consolidated financial statements. The accountant shall be responsible for the guidance, supervision and implementation of the Group audit case, and shall be responsible for the formation of the audit opinions for the Group.

Matters communicated between the accountant and the governing body, including the limits and time of the planned audit, and major audit findings (including significant deficiencies in internal control identified in the audit process).

The accountant also provides to the governing body that the persons subject to the independence standard of the affiliated CPA firm have complied with the declaration of independence in the code of professional ethics of accountants of the R.O.C., and communicates with the governing body all the relations and other matters that may be considered to affect the independence of the accountant (including relevant protective measures).

The accountant shall, from the matters communicated with the governing body, decide the key matters for the audit of the 2018 annual consolidated financial statements of Holiday Garden Hotel Group. Unless the disclosure of a particular matter is prohibited by statute or, in very rare circumstances, the accountant has decided not to communicate a particular matter in the audit report, as it is reasonably expected that the negative impact of such communication will be greater than the public interest.

P w C T a i w a n

Chien-Chih Wu

CPA

A-Shen Liao

Financial Supervisory Commission
Approved Certified Letter No: FSC Audit No. 1030027246
Financial Supervisory Commission of the Former Executive Yuan
Approved Certified Letter No: FSC Audit No. 1010015969

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Holiday Garden Hotel Co., Ltd. and Subsidiary Companies
Consolidated Balance Sheet
31 December 2017 and 2018

	Assets	Note	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current Asset					
1100	Cash and Cash Equivalents	VI (I) (VII)	$ 1,801,148	30	$ 729,863	14
1125	Financial Assets for Sale - Current	XII (IV)	-	-	50,271	1
1150	Net Bills Receivable	VI (III)	800	-	1,283	-
1170	Net Accounts Receivable	VI (III) (VII)	33,552	-	32,674	1
1200	Other Receivables	VI (XXV)	52,043	1	3,193	-
1220	Current Income Tax Assets		54,697	1	-	-
130X	Inventory	VI (IV)	344	-	839	-
1410	Prepayments	VI (VII)	8,000	-	8,640	-
1460	Net Non-Current Assets Held for Sale	VI (VII)	-	-	443,567	8
1476	Other Financial Assets - Current	VI (VII) and VIII	589,226	10	561,441	11
1479	Other Current Asset - Others		298	-	66	-
11XX	**Total Current Assets**		2,540,108	42	1,831,837	35
	Non-Current Asset					
1600	Real Estate, Plant and Equipment	VI (V) (VII) and VIII	2,929,346	49	2,900,500	54
1780	Intangible Assets	VI (VI) (VII)	403,004	7	423,033	8
1840	Deferred Income Tax Assets	VI (VI) (XXII)	120,314	2	143,065	3
1920	Refundable Deposits	VI (VII)	7,054	-	7,671	-
1990	Other Non-Current Asset - Others	VI (VII)	207	-	201	-
15XX	**Total Non-Current Assets**		3,459,925	58	3,474,470	65
1XXX	**Total Assets**		$ 6,000,033	100	$ 5,306,307	100

(continued next page)

Holiday Garden Hotel Co., Ltd. and Subsidiary Companies

Consolidated Balance Sheet

31 December 2017 and 2018

	Liability and Equity	Note	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current Liability					
2100	Short-Term Loan	VI (VIII) and VIII	$ 1,204,500	20	$ 1,059,977	20
2110	Short-Term Notes Payable	VI (IX)	130,000	2	130,000	3
2130	Contract Liabilities - Current	VI (XVI)	10,371	-	-	-
2150	Bills Payable		1,472	-	5,063	-
2170	Accounts Payable		5,892	-	5,283	-
2200	Other Payables	VI (VII)	92,631	2	88,807	2
2230	Current Income Tax Liabilities		-	-	16,365	-
2260	Liabilities Directly Related to the Non-Current Assets Held for Sale	VI (VII)	-	-	366,560	7
2310	Receipts in Advance	VI (VII) (XVI)	-	-	14,106	-
2320	Long-Term Liabilities Matured Within One Year or One Operating Cycle	VI (VII) (X) and VIII	198,832	4	156,478	3
2399	Other Current Liabilities - Others	VI (VII)	1,777	-	1,723	-
21XX	**Total Current Liabilities**		1,645,475	28	1,844,362	35
	Non-Current Liability					
2540	Long-Term Loan	VI (VII) (X) and VIII	2,594,454	43	2,043,803	38
2570	Deferred Income Tax Liabilities	VI (VI) (XXII)	282,304	5	201,875	4
2610	Long-Term Bills Payable and Payments	VI (V)	127,577	2	127,577	2
2645	Guarantee Deposits Received		1,155	-	755	-
25XX	**Total Non-Current Liabilities**		3,005,490	50	2,374,010	44
2XXX	**Total Liabilities**		4,650,965	78	4,218,372	79
	Equity					
	Equity Attributable to Owners of Parent Company					
	Share Capital	VI (XII)				
3110	Ordinary Share Capital		1,023,015	17	1,023,015	19
	Capital Surplus	VI (XIII)				
3200	Capital Surplus		2,169	-	2,169	-
	Retained Earnings	VI (XII) (XIV)				
3310	Legal Surplus Reserve		61,295	1	61,295	1
3320	Special Surplus Reserve		71,161	1	71,161	2
3350	Retained Earnings		215,768	4	806	-
	Other Equities					
3400	Other Equities	VI (XV) and XII (IV)	(24,340)	(1)	(70,511)	(1)
31XX	**Total Equity Attributable to Owners of Parent Company**		1,349,068	22	1,087,935	21
3XXX	**Total Equities**		1,349,068	22	1,087,935	21
	Material Contingent Liabilities and Unrecognized Contractual Commitments	IX				
	Material Subsequent Events	XI				
3X2X	**Total Liabilities and Equities**		$ 6,000,033	100	$ 5,306,307	100

Holiday Garden International Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31 of 2018 and 2017

Unit: NT$1,000
(Except earnings (loss) per share, which is in NT$1.00)

	Items	Note	2018 Amount	%	2017 Amount	%
4000	**Operating Income**	VI (XVI) and XII (V)	$ 1,169,715	100	$ 1,365,015	100
5000	**Operating Cost**	VI (IV) (XX) (XXI)	(227,903)	(19)	(329,667)	(24)
5900	**Operating Margin**		941,812	81	1,035,348	76
	Operating Expenses	VI (VI) (XI) (XX) (XXI)				
6200	Administration Expenses		(859,772)	(74)	(897,872)	(66)
6900	**Operating Profit**		82,040	7	137,476	10
	Non-Operating Income and Expenditure					
7010	Other Income	VI (XVII)	29,753	3	7,903	1
7020	Other Profits and Losses	VI (II) (XVIII)	426,326	36	(7,006)	(1)
7050	Financial Cost	VI (XIX)	(139,636)	(12)	(98,571)	(7)
7000	**Total Non-Operating Income and Expenditure**		316,443	27	(97,674)	(7)
7900	**Net Profit Before Tax**		398,483	34	39,802	3
7950	Income Tax Expense	VI (XXII)	(185,821)	(16)	(42,110)	(3)
8200	**Current Net Profit (Net Loss)**		$ 212,662	18	($ 2,308)	-
	Other Comprehensive Profit and Loss					
	Items That May Be Subsequently Reclassified as Profit or Loss					
8361	Exchange Differences on Conversion of the Financial Statements of Foreign Operation	VI (XV)	$ 55,805	5	($ 158,662)	(11)
8362	Unrealized Valuation of Profit of Financial Assets for Sale	XII (IV)	-	-	4,851	-
8399	Income Tax Relating to Items Which May Be Reclassified	VI (XXII)	(7,334)	(1)	26,973	2
8300	**Net Amount After Tax of Current Other Comprehensive Profit (Loss)**		$ 48,471	4	($ 126,838)	(9)
8500	**Total Current Comprehensive Profit (Loss)**		$ 261,133	22	($ 129,146)	(9)
	Net Profit Attributable to:					

8610	Owners of the Parent Company		$	212,662	18	($ | 2,308)	-
	Total Comprehensive Profit (Loss) Attributable to:							
8710	Owners of the Parent Company		$	261,133	22	($ | 129,146)	(9)
	Earnings Per Share (Losses)	VI (XXIII)						
9750	**Basic**		$		2.08	($		0.02)

Holiday Garden International Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31 of 2018 and 2017

Unit: NT$1,000

		Consolidated net income attributable to stockholders of the company							
				Retained earnings			Other equity		
		Capital					Exchange differences	Unrealized	
2017									
Balance as of January 1, 2017		$ 983,668	$ 2,169	$ 55,152	$ 71,161	$ 63,359	$ 58,878	($ 2,551)	$ 1,231,836
Current Net Loss		-	-	-	-	(2,308)	-	-	(2,308)
Current Other Comprehensive Profit and Loss	VI (XV) and XII (IV)	-	-	-	-	-	(131,689)	4,851	(126,838)
Current Total Comprehensive Profit and Loss		-	-	-	-	(2,308)	(131,689)	4,851	(129,146)
2016 Annual Surplus Allocation and Distribution:									
Legal Surplus Reserve		-	-	6,143	-	(6,143)	-	-	-
Stock Dividend	VI (XII) (XIV)	39,347	-	-	-	(39,347)	-	-	-
Cash Dividend	VI (XIV)	-	-	-	-	(14,755)	-	-	(14,755)
Balance as of December 31, 2017		$ 1,023,015	$ 2,169	$ 61,295	$ 71,161	$ 806	($ 72,811)	$ 2,300	$ 1,087,935
2018									
Balance as of January 1, 2018		$ 1,023,015	$ 2,169	$ 61,295	$ 71,161	$ 806	($ 72,811)	$ 2,300	$ 1,087,935
Number of Effects of Retrospective Application and Retrospective Restatement	VI (XV) and XII (IV)	-	-	-	-	2,300	-	(2,300)	-
Balance after Restatement as of January 1, 2018		1,023,015	2,169	61,295	71,161	3,106	(72,811)	-	1,087,935
Current Net Profit		-	-	-	-	212,662	-	-	212,662
Current Other Comprehensive Profit and Loss	VI (XV)	-	-	-	-	-	48,471	-	48,471
Current Total Comprehensive Profit and Loss		-	-	-	-	212,662	48,471	-	261,133
Balance as of December 31, 2018		$ 1,023,015	$ 2,169	$ 61,295	$ 71,161	$ 215,768	($ 24,340)	$ -	$ 1,349,068

Holiday Garden International Ltd. and Subsidiaries
Consolidated Cash Flow Statements
January 1 to December 31 of 2018 and 2017

Unit: NT$1,000

	Notes	2018	2017
Cash Flow from Operating Activities			
Current Net Profit Before Tax		$ 398,483	$ 39,802
Adjusted Items			
Earning Expense Items That Do Not Affect Cash Flow			
Itemized Amount of Bad Debt Expense	XII (IV)	-	170
Depreciation Expense	VI (V) (XX)	203,296	305,300
Amortization Expense	VI (VI) (XX)	33,051	38,448
Financial Asset Loss Measured at Fair Value Through Profit and Loss	VI (II) (XVIII)	3,145	-
Interest Expense	VI (XIX)	139,636	98,571
Interest Income	VI (XVII)	(27,288)	(4,585)
Group Profit Held for Sale Disposed	VI (XVIII)	(414,794)	-
Dispose and Discard the Loss of Real Estate, Plant and Equipment	VI (XVIII)	127	138
Investment Loss Disposed	VI (XVIII) and XII (IV)	-	1,565
Assets Relating to Operating Activities / Change in Liabilities			
Net Changes in Assets Related to Operating Activities			
Bills Receivable		483	357
Accounts Receivable		(1)	(592)
Inventory		495	65
Prepayments		816	(1,701)
Other Current Asset - Others		(232)	(58)
Net Changes in Liabilities Related to Operating Activities			
Contractual Liabilities - Current		(4,007)	-
Bills Payable		(3,591)	2,924
Accounts Payable		609	(653)
Other Payables		(1,570)	(4,898)
Receipts in Advance		-	5,080
Other Current Liabilities - Others		(8,736)	8,747
Cash Inflow from Operations		319,922	488,680
Interest Received		27,127	1,392
Interest Paid		(136,214)	(98,386)
Income Tax Paid		(157,621)	(84,903)
Net Cash Inflow from Operating Activities		53,214	306,783
Cash Flow from Investment Activities			
Financial Assets for Sale Acquired		-	(49,051)
Financial Assets for Sale Proceeds Disposed		-	49,051
Other Financial Assets - Current Decreased (Increased)		4,280	(548,772)
Real Estate, Plant and Equipment Acquired	VI (XXV)	(163,616)	(134,212)
Real Estate, Plant and Equipment Disposed		-	53
Cash and Cash Equivalents Classified to Disposal Group Held for Sale	VI (VII)	-	(117,401)
Group Proceeds Held for Sale Disposed		477,882	-
Refundable Deposits Decreased (Increased)		868	(2,039)
Other Non-Current Asset - Other Decreases		184	-
Net Cash Inflow (Outflow) from Investment Activities		319,598	(802,371)
Cash Flow from Financing Activities			
Short-Term Loan Increased	VI (XXVI)	1,517,500	1,209,977
Short-Term Loan Decreased	VI (XXVI)	(1,372,977)	(1,129,977)
Short-Term Notes Payable Increased	VI (XXVI)	-	25,000
Long-Term Loan Borrowed	VI (XXVI)	663,300	553,826
Long-Term Loan Repaid	VI (XXVI)	(145,905)	(123,573)
Guarantee Deposits Received Increased		400	33
Cash Dividend Payout	VI (XIV)	-	(14,755)
Net Cash Inflow from Financing Activities		662,318	520,531

Impact of Exchange Rate Changes		36,155	(65,546)
Current Cash and Cash Equivalents Increments (Reductions)		1,071,285	(40,603)
Beginning Cash and Cash Equivalents Balance	VI (I)	729,863	770,466
Ending Cash and Cash Equivalents Balance	VI (I)	$ 1,801,148	$ 729,863

Unit: NT$ 1,000
(unless otherwise specified)

I. Company History

(I) Holiday Garden Hotel CO LTD (hereinafter referred to as "the Company") was established in July 1959 with the permission of the government; the main businesses of the hotel are tourism, restaurants and swimming pools. The Company's shares have been traded on the Taiwan Stock Exchange since February 1965.

(II) For the main operating activities of the Company and its subsidiaries (hereinafter referred to as "the Group"), please refer to Note IV (III).

II. Approval Date and Procedures of Financial Reports

The consolidated financial reports were approved and published by the Board of Directors on 20 March 2019.

III. Application of Newly Issued and Revised Guidelines and Interpretations

(I) The Impact of Adopted New Issues Approved by the Financial Supervisory Commission (FSC) and Revised International Financial Reporting Standards (IFRS)

The following table lists the new, revised, and amended standards and interpretations of International Financial Reporting Standards for the year 2018 as recognized by the FSC:

New/Revised/Amended Standards and Interpretations	International Accounting Standards Board Effective Date of Issue
Revision of IFRS 2 "Classification and Measurement of Share-based Payment Transactions”	January 1, 2018
Revision of IFRS 4 “Application of IFRS 9‘Financial Instruments’ under IFRS 4‘Insurance Contracts’”	January 1, 2018
IFRS 9 "Financial Instruments”	January 1, 2018
IFRS 15 "Income from Customer Contracts”	January 1, 2018
Revision of IFRS 15 “interpretation of IFRS 15 ‘Income from Customer Contracts’”	January 1, 2018
Revision of IAS 7 “Disclosure Initiative”	January 1, 2017
Revision of IAS 12 "Recognition of Deferred Income Tax Assets for Unrealized Losses”	January 1, 2017
Revision of IAS 40 “Transfer of Investment Real Estate”	January 1, 2018
Explanation of IFRS 22 “Foreign Currency Transactions and Advance (Prepayment) Consideration”	January 1, 2018
Annual Improvement in the 2014-2016 Cycle - IFRS 1 "First Adoption of IFRS”	January 1, 2018

New/Revised/Amended Standards and Interpretations	International Accounting Standards Board Effective Date of Issue
Annual Improvement in the 2014-2016 Cycle - IFRS 12 "Disclosure of the Equity of Other Individuals"	January 1, 2017
Annual Improvement in the 2014-2016 Cycle - IAS 28 "Investments in Affiliates and Joint Ventures"	January 1, 2018

Except as described below, the Group has assessed that the above criteria and explanations have no significant impact on the Group's financial position and financial performance:

IFRS 9 "Financial Instruments"

1. Financial asset debt instruments are classified into financial assets measured at fair value through profit and loss, financial assets measured at fair value through other comprehensive profit and loss, and financial assets measured at amortized cost according to the business model and contract cash flow characteristics of the enterprise. The equity instruments of financial assets are classified as financial assets measured by fair value through profit and loss, unless the enterprise makes an irrevocable choice to recognize the fair value of equity instruments for non-trading purposes in other comprehensive profit and loss.
2. The impairment assessment of a financial asset or debt instrument shall adopt the mode of expected credit loss to assess whether the credit risk of the instrument has increased significantly on each balance sheet date, so as to apply to the expected credit loss of 12 months or the expected credit loss of the lifetime (the interest income before the impairment is estimated according to the total carrying amount of assets); or whether impairment has occurred, and the net amount of interest income after impairment is estimated on the basis of provision for bad debts. Accounts receivable (excluding material financial component) shall be measured and offset against the expected credit loss during the lifetime.
3. For the significant impact of International Financial Reporting Standards 9 (hereinafter referred to as "IFRS 9") on January 1, 2018 by not recompiling the previous financial statements (hereinafter referred to as "Revised Retrospectivity"), please refer to Note XII (IV) 2.

(II) Impact of New and Revised IFRS as Approved by the FSC Have Not Been Adopted

The following table lists the new, revised, and amended standards and interpretations of International Financial Reporting Standards for the year 2019 as recognized by the FSC:

New/Revised/Amended Standards and Interpretations	International Accounting Standards Board Effective Date of Issue
Revision of IFRS 9 “Prepayment Characteristics with Negative Compensation”	January 1, 2019
IFRS 16 "Lease”	January 1, 2019
Revision of IAS 19 “Revision, Reduction or Liquidation of a Plan”	January 1, 2019
Revision of IAS 28 “Long-Term Interests of Affiliates and Joint Ventures”	January 1, 2019
Explanation of IFRS 23 “Income Tax Treatment of Uncertainty”	January 1, 2019
Annual Improvements to IFRS 2015-2017 Cycle	January 1, 2019

Except as described below, the Group has assessed that the above criteria and explanations have no significant impact on the Group's financial position and financial performance:

IFRS 16 "Lease”

IFRS 16 "Lease” supersedes IAS 17 "Lease” and its related interpretations and explanatory announcements. This standard stipulates that the lessee shall recognize the right-of-use asset and lease liabilities (except the lease of assets whose lease term is less than 12 months or whose value is low). The accounting treatment of the lessor remains the same, and it is treated according to the two types of business lease and financial lease, only relevant disclosure is added.

The Group will treat the lease contract belonging to the lessee in accordance with IFRS 16, but without recompiling the previous financial statements (hereinafter referred to as "revised retrospectivity"), for the increased right-of-use asset and lease liabilities of NT$ 124,898 on January 1, 2019.

(III) The Impact of International Financial Reporting Standards Issued by the International Accounting Standards Board but Not yet Endorsed by the FSC

The table below summarizes the new issues, revisions, and amendments to international financial reporting standards issued by the International Accounting Standards Board but not yet incorporated by the FSC and their interpretation:

New/Revised/Amended Standards and Interpretations	International Accounting Standards Board Effective Date of Issue
Revision of IAS 1 and **IAS** 8 "Disclosure Initiative - Definition of Materiality”	January 1, 2020
Revision of IFRS 3 - "Definition of Business”	January 1, 2020

Revision of IFRS 10 and **IAS** 28 "Sale or Contribution of Assets Between Investors and Their Affiliates or Joint Ventures”	Subject to IASB Decision	
IFRS 17 "Insurance Contract”	January 1, 2021	

The Group has assessed that the above criteria and explanations have no significant impact on the Group's financial position and financial performance.

IV. Summary Statement of Major Accounting Policies

The main accounting policies adopted in the preparation of this consolidated financial report are described below. Unless otherwise noted, these policies apply consistently throughout all reporting periods.

(I) Compliance Statement

The consolidated financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards, International Accounting Standards, interpretation and interpretation notices (hereinafter referred to as IFRSs) approved by the FSC.

(II) Foundation of Preparation

1. Except for the following important items, the consolidated financial report is prepared at historical cost:

(1) Financial assets measured at fair value through profit and loss based on fair value measurement,

(2) Financial assets for sale based on fair value measurement,

2. The preparation of financial reports in accordance with IFRSs requires the use of some important accounting estimates and management's judgment in the application of the Group's accounting policies. For items involving high judgment or complexity, or items involving significant assumptions and estimates of consolidated financial reports, please refer to Note V.

3. The Group applied IFRS 9 and IFRS 15 for the first time on January 1, 2018, by formally retroactively recognizing the conversion difference as retained earnings or other equities as of January 1, 2018, without recompiling the financial statements and notes for the year 2017. In accordance with International Accounting Standards 39 (hereinafter referred to as "IAS 39") and International Accounting Standards 18 (hereinafter referred to as "IAS 18") and the relevant interpretation and interpretation notices, please refer to Notes XII (IV) and (V) for the explanations of major accounting policies and important accounting items adopted in 2017.

(III) Foundation of Consolidation

1. Principles for the Preparation of Consolidated Financial Reports

(1) The Group includes all subsidiaries as individuals in the preparation of consolidated financial reports. A subsidiary is an individual (including a structured individual) under the control of the Group, which controls the individual when the Group is exposed to the variable remuneration or right to such variable remuneration from participation in the individual

and has the ability to influence such remuneration through its power over the individual, the Group then controls the individual. The subsidiaries shall be incorporated into the consolidated financial report on the date when the Group gains control, and the merger shall be terminated on the date when the control is lost.

(2)Transactions, balances and unrealized profits and losses between companies within the Group have been eliminated. The subsidiary's accounting policies have been adjusted as necessary and are consistent with those adopted by the Company.

(3) Profit and loss and other comprehensive profit and loss components are vested in the owner and non-controlling interests of the parent company. The total comprehensive profit and loss is also attributable to the owner and non-controlling interests of the parent company, even if the resulting non-controlling interests results in a loss balance.

(4) If the change of shareholding in the subsidiary does not result in loss of control (transactions with non-controlling interests), it shall be treated as an equity transaction, i.e., a transaction with the owner. The difference between the adjusted amount of a non-controlling interest and the fair value of the consideration paid or received is directly recognized as an equity.

(5) When the Group loses control of its subsidiaries, the remaining investment of the former subsidiary is re-measured at fair value and is regarded as the fair value of the original recognized financial assets or the cost of the original recognized investment affiliated enterprises or joint ventures, and the difference between the fair value and the carrying amount is recognized as the current profit and loss. For all amounts previously recognized as related to the subsidiary in respect of other consolidated profits and losses, the accounting treatment shall be on the same basis as for direct disposal of the relevant assets or liabilities by the Group. That is, the profits or losses previously recognized as other comprehensive profits or losses will be reclassified as profits or losses when related assets or liabilities are disposed of; and, when control of a subsidiary is lost, the profit or loss is reclassified from equity to profit or loss.

2. Subsidiaries included in consolidated financial report:

			Percentage of Equity Held		
			December 31,	December 31,	
Name of Investment Company	Name of Subsidiary	Nature of Business	2018	2017	Explanations
Holiday Garden Hotel Co., Ltd.	HOLIDAY GARDEN INTERNATIONAL LTD.	Investment Business	100	100	
	Holiday Garden Hotel Co., Ltd.	Hotel Operation	100	100	
HOLIDAY GARDEN INTERNATIONAL LTD.	HOLIDAY GARDEN U.S.	Investment Business	100	100	
HOLIDAY GARDEN U.S.	HOLIDAY GARDEN SF CORP.	Hotel Operation	100	100	

HOLIDAY GARDEN SN CORP.	Hotel Operation	100	100
HOLIDAY GARDEN NW CORP.	Hotel Operation	100	100
HOLIDAY GARDEN VC CORP.	Hotel Operation	100	100
HOLIDAY GARDEN WC CORP.	Hotel Operation	100	100

3. Subsidiaries not included in consolidated financial report: no such situation.
4. Different adjustments and treatments of subsidiaries during accounting period: no such situation.
5. Material limitations: no such situation.
6. Subsidiaries with significant non-controlling interests in the group: no such situation.

(IV) Foreign Currency Conversion

The items listed in the financial reports of each individual in the Group are measured in the currency (i.e., functional currency) of the main economic environment in which the individual operates. This consolidated financial report is presented in the functional currency of the Company, "New Taiwan Dollar (NT$)".

1. Foreign Currency Transactions and Balances

(1) Foreign currency transactions are converted into functional currencies using the spot exchange rate on trade date or measurement date, conversion differences arising from such transactions are recognized as current profits and losses.

(2) The balance of foreign currency monetary assets and liabilities shall be appraised and adjusted according to the spot exchange rate on the balance sheet date, conversion differences resulting from adjustments are recognized as current profits and losses.

(3) The balance of foreign currency non-monetary assets and liabilities shall be appraised and adjusted according to the spot exchange rate on the balance sheet date if it is measured by fair value through profit and loss, the exchange difference arising from the adjustment shall be recognized as current profit and loss. Where other comprehensive gains or losses are measured at fair value, they shall be adjusted according to the spot exchange rate on the balance sheet date, the exchange difference resulting from the adjustment is recognized under other consolidated profit and loss items. If it is not measured at fair value, it shall be measured at the historical exchange rate of the initial

trading day.

(4) All exchange profits and losses are reported as "other profits and losses" in the consolidated income statement.

2. Conversion of Foreign Operations

(1) All groups of individuals that are different between functional and expressive currencies, their operating results and financial position are converted into the expressive currencies in the following manner:

A. The assets and liabilities expressed in each balance sheet are converted at the closing rate of the balance sheet date;

B. The income and expense losses expressed in each consolidated income statement are converted at the current average exchange rate; and

C.All conversion differences resulting from conversion are recognized as other consolidated profits and losses.

(2) In the event that part of the disposal or sale of a foreign operating entity is a subsidiary, the accumulated exchange difference recognized as other consolidated profits and losses shall be proportionally assigned to the non-controlling equity of the foreign operating entity. However, if the Group retains partial equity in the former subsidiary, but has lost control over the foreign operation of the subsidiary, the company may dispose of all equities in the foreign operation of the subsidiary.

(V) Assets and Liabilities Are Classified into Current and Non-Current Categories

1. Assets shall be classified as current assets if they meet any of the following conditions:

(1) The asset is expected to be realized or intended to be sold or consumed during the normal operating cycle.

(2) Held primarily for trading purposes.

(3) Expected to be realized within 12 months after the balance sheet date.

(4) Cash or cash equivalents, except where the exchange or liquidation of liabilities is restricted at least 12 months after the balance sheet date.

The Group classifies all assets that do not meet the above conditions as non-current.

2. Liabilities shall be classified as current liabilities if they meet any of the following conditions:

(1) Expected to be settled in the normal operating cycle.

(2) Held primarily for trading purposes.

(3) Expected to be settled at maturity within 12 months after the balance sheet date.

(4) Failing to unconditionally extend the settlement period to at least 12 months after the balance sheet date. The terms of liabilities, which may lead to the issuance of equity instruments at the option of the counterparty, shall not affect its classification.

The Group classifies all liabilities that do not meet the above conditions as non-current.

(VI) Cash Equivalents

Cash equivalent is a short-term, high liquidity investment that can be readily converted into quota cash with little risk of change in value. Time deposits are classified as Cash equivalents if they meet the above definitions and are held for the purpose of meeting short-term cash commitments in operation.

(VII) Financial Assets Measured at Fair Value Through Profit and Loss

Applicable for 2018

1. Refers to non-amortized cost measurement or financial assets measured at fair value through other comprehensive income.

2. The group uses trading day accounting for financial assets that are measured at fair value through profits and losses for conventional transactions.

3. At the time of initial recognition, the Group shall be measured at fair value, relevant transaction costs shall be recognized at profit and loss, and the subsequent recognition shall be measured at fair value, and its profits or losses shall be recognized at profit and loss.

(VIII) Accounts Receivable and Bills

1. Refers to accounts and bills which, under contract, are entitled to receive unconditionally the amount of consideration for the transfer of goods or services.

2. Refers to short term accounts receivable and bills without interest payment, the Gompany will only use the original invoice amount as the measurement because the discount has little effect.

(IX) Impairment of Financial Assets

On each balance sheet date, the Group's financial assets, as measured at amortized cost, and after taking into account all reasonable and verifiable information (including the forward-looking ones), shall be measured at 12

months 'expected credit loss amount to allow the loss if the credit risk has not increased significantly since the initial recognition. Where the credit risk has increased significantly since the initial recognition, the loss shall be measured and allowed by the amount of the lifetime expected credit losses. For accounts receivable which do not contain significant financial components, the amount of lifetime expected credit losses shall be measured as a allowance for losses.

(X) Derecognition of Financial Assets

If the Group meets any of the following conditions, will derecognise the financial assets:

1. Contractual rights to receive cash flows from financial assets are lapsed.
2. Transfer of contractual rights to receive cash flows from financial assets, and transfer of almost all risks and rewards of ownership of financial assets.
3. The contractual right to transfer the cash flow of financial assets, but does not retain control over the financial assets.

(XI) Operating Lease (Lessor)

The lease proceeds of a operating lease, less any inducement to the lessee, shall be amortized and recognized as current profits and losses during the lease term under the straight-line method.

(XII) Inventory

Inventory is measured by cost or net realized value, and the cost is determined by the method of weighted mean. When determining whichever is lower of the cost and net realizable value, the method of itemized comparison shall be adopted. Net realizable value is the balance of the estimated selling price minus the related variable sales expenses in the normal operating course.

(XIII) Non-Current Assets (or Disposal Group) Held for Sale

Where the carrying amount of a non-current asset (or disposal group) is recovered primarily through a sale transaction rather than continued use and is highly likely to be sold, it is classified as an asset held for sale, as measured by its carrying amount or fair value less the cost of the sale.

(XIV) Real Estate, Plant and Equipment

1. Real estate, plant and equipment shall be recorded on the basis of acquisition cost and capitalized relevant interest during the period of purchase and construction.
2. The subsequent costs shall be included in the carrying amount of the assets or recognized as a separate asset only if the future economic

benefits related to the project are likely to flow to the Group and the cost of the project can be measured reliably. The carrying amount of the reset portion shall be derecognized. All other maintenance costs are recognized as current profits and losses when incurred.

3. In the subsequent measurement of the cost of real estate, plant and equipment, except for the depreciation of land, depreciation shall be calculated on a straight-line method according to the estimated useful life. Depreciation of real estate, plant and equipment, if significant, shall be itemized separately.

4. At the end of each financial year, the Group inspects the residual value, useful life, and depreciation method of each asset. If the expected value of residual value and useful life is different from the previous estimate, or if there is a material change in the expected consumption pattern of future economic benefits contained in the asset, the date of such change shall be handled in accordance with the provisions of IAS 8, "Changes in Accounting Policies, Accounting Estimates and Errors". The useful life of each asset is as follows:

Land Improvement	2 ~ 39 Years
Houses and Buildings	5 ~ 55 Years
Water and Electricity Equipment	5 ~ 15 Years
Operating Instruments	2 ~ 25 Years
Other Equipment	5 ~ 8 Years

(XV) Operating Lease (Lessee)

The benefits of a business lease, less any inducements received by the lessor, shall be amortized and recognized as current profits and losses during the lease term under the straight-line method.

(XVI) Intangible Assets

1. Trademark and Franchise

Trademarks and franchises acquired separately shall be recognized at cost; trademarks and franchise acquired as a result of business combination shall be recognized at fair value at the date of acquisition. Trademarks and franchises are assets of limited useful life, amortized according to the straight-line method at 15 years of estimated useful life.

2. Other Intangible Assets

On the basis of acquisition cost, the estimated benefit years are amortized using the straight-line method, the amortization period is 5 ~ 15 years.

(XVII) Impairment of Non-financial Assets

On the balance sheet date, the Group estimates the recoverable amount of the assets with indicator of impairment, and recognizes the impairment loss when the recoverable amount is lower than its book value. Recoverable amount means the fair value of an asset minus the cost of disposal or the value of its use, whichever is higher. With the exception of goodwill, where the impairment of an asset recognized in a previous year does not exist or is reduced, the impairment loss shall be reversed, provided that the carrying amount of the asset added by the reversal impairment loss shall not exceed the carrying amount of the asset after depreciation or amortization if the impairment loss is not recognized.

(XVIII) Loans

Refers to short- and long-term money borrowed from a bank. The Group shall, at the time of initial recognition, be measured at its fair value minus transaction costs, and thereafter, in respect of any difference between the price after the deduction of transaction costs and the redemption value, the Group shall, under the effective interest method and amortization procedure, recognize the interest expense in the profit and loss in the period of circulation.

(XIX) Accounts Payable and Bills

1. Refers to debts incurred for the purchase of raw materials, goods or services on credit and bills payable for business and non-business reasons.
2. Refers to short term accounts payable and bills without interest payment, the Group will only use the original invoice amount as the measurement because the discount has little effect.

(XX) Derecognition of Financial Liabilities

The Group shall, upon the performance, cancellation or expiration of the obligations set forth in this agreement, derecognise financial liabilities.

(XXI) Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities may be set off against each other and expressed in a net amount on the balance sheet only when there is a legally enforceable right to set off the amounts of financial assets and liabilities recognized and when it is intended that the assets and liabilities be delivered or realized and settled on a net basis or at the same time.

(XXII) Employee Benefits

1. Short-Term Employee Benefits

Short-term employee benefits are measured in terms of expected non-discounted payments and are recognized as expenses at the time of service delivery.

2. Pension

Defined Contribution Plan

For defined contribution plans, the amount of the pension fund to be contributed is recognized as the current pension cost on an accrual basis. Advance contributions are recognized as assets to the extent that they are refundable in cash or reduce future payments.

3. Remunerations of Employees, Directors, and Supervisors

Remunerations of employees, directors, and supervisors are recognized as expenses and liabilities where there is a legal or constructive obligation and the amount is reasonably estimated. If there is any difference between the actual allocation amount and the estimated amount subsequently resolved, it shall be treated as the change of accounting estimation. In addition, for employees whose remuneration is paid by shares, the shares shall be calculated on the basis of the closing price on the day before the resolution of the Board of Directors.

(XXIII) Income Tax

1. Income tax expenses include current and deferred income taxes. Except for income tax related to items included in other comprehensive profits and losses or directly included in the equity, income tax shall be recognized in the profits and losses.

2. The current income tax of the Group shall be calculated on the basis of the tax rate which has been legislated or substantially legislated on the balance sheet date in the country where the operation and taxable income are generated.

The management shall periodically assess the status of the income tax declaration in respect of the applicable income tax laws and regulations, and, where applicable, shall estimate the income tax liabilities according to the taxes expected to be paid to the tax authorities. The income tax levied on undistributed surplus in accordance with the income tax law shall only be recognized as undistributed surplus income tax expenses in respect of the actual distribution of surplus after the distribution of surplus is approved by the board of shareholders in the following year in which the surplus is generated.

3. The deferred income tax shall be recognized on the basis of the temporary difference between the tax basis of assets and liabilities and the carrying amount of the consolidated balance sheet. Deferred income tax liabilities arising from goodwill originally recognized are not recognized, and deferred income tax is disregarded if it is derived from the initial recognition of assets or liabilities in a transaction (excluding a merger) and does not affect accounting profits or taxable income (tax loss) at the time of the transaction. In the event of a temporary difference arising from an investment subsidiary, the Group may control the turning point of the temporary difference, and the temporary

difference may not be recognized in the foreseeable future. Deferred income tax shall be subject to the tax rate (and tax law) which is enacted or substantially enacted on the balance sheet date and which is expected to apply when the deferred income tax asset is realized or the deferred income tax liability is satisfied.

4. Deferred income tax assets are recognized on the basis that temporary differences are likely to be used to offset future taxable income and are reassessed on each balance sheet date for unrecognized and recognized deferred income tax assets.

5. The current income tax assets and current income tax liabilities shall be offset against each other when there is a statutory enforcement right to offset the amount of current income tax assets and liabilities, and there is an intention to repay or simultaneously realize the assets and liabilities on a net basis. When there is a legal enforcement right to offset the current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are generated by the same tax payer or different tax payer of income tax levied by the same tax authority, but each tax payer intends to pay off the assets and liabilities on a net basis or at the same time, then the deferred income tax assets and liabilities shall be offset against each other.

(XXIV) Distribution of Dividends

The shares distributed to the shareholders of the Company shall be recognized in the financial report at the time of dividend distribution by the shareholders' meeting of the Company. The distribution of cash dividends is recognized as a liability. The dividend on the distributed shares shall be recognized as the dividend on the shares to be distributed and rendered ordinary shares on the base date of the issue of new shares.

(XXV) Income Recognition

1. The Group provides accommodation and catering related products, and sales income is recognized when services are provided or goods are delivered to customers.

2. Sales income is recognized on a net basis at contract prices minus estimated price concessions.

3. Accounts receivable shall be recognized when the service is provided or the goods are delivered to the customer. Since the Group has the unconditional right to the contract price from that time on, it can collect the consideration from the customer only after time passes.

(XXVI) Operating Departments

The Group's operating department information is reported in a consistent manner with the internal management reports provided to

key operations decision makers. Key operations decision makers are responsible for allocating resources to operations and assessing their performance.

V. Material Sources of Uncertainty in Accounting Judgments, Estimates and Assumptions

In preparing the Group's consolidated financial statements, the management has used its judgment to determine the accounting policies to be adopted and has made accounting estimates and assumptions based on reasonable expectations of future events based on the current situation on the balance sheet date. Material accounting estimates and assumptions may differ from actual results and will be assessed and adjusted on an ongoing basis taking into account historical experience and other factors. Such estimates and assumptions carry the risk of leading to material adjustments in the carrying amounts of assets and liabilities in the next financial year. Please refer to the following descriptions of material accounting judgments, estimates and assumptions with uncertainty:

(I) Important Judgments on the Adoption of Accounting Policies

The Group does not have important judgments adopted by major accounting policies.

(II) Important Accounting Estimates and Assumptions

Impairment Assessment of Intangible Assets (Except Goodwill)

In the process of asset impairment assessment, the Group needs to rely on subjective judgment and determine the independent cash flow of a specific asset group, the number of years of useful asset life, and potential future income and expense losses according to the asset use pattern and sector characteristics, any change in estimates due to changes in economic conditions or group strategies may result in material future impairment.

VI. Explanation of Important Accounting Items

(I) Cash and Cash Equivalents

	December 31, 2018	December 31, 2017
Cash:		
Cash in Treasury and Revolving Fund	$ 1,175	$ 1,233
Checking Deposits and Demand Deposits	791,852	836,031
	793,027	837,264
Cash Equivalents:		
Time Deposits	1,008,121	10,000
	1,801,148	847,264

Minus: Render to Non-Current Assets Held for Sale	-	(117,401)
	$ 1,801,148	$ 729,863

1. The credit quality of the financial institutions the Group deal with is good, and the Group works with a number of financial institutions to spread credit risk and the probability of an expected default is low.

2. The Group does not offer pledge for cash and cash equivalents.

(II) Financial Assets Measured at Fair Value Through Profit and Loss

Applicable for 2018

Items	December 31, 2018
Current Items:	
Financial Assets Forced to Be Measured at Fair Value Through Profit and Loss	
Beneficiary Certificate	$ -
Non-Current Items: None	

1. The Group's recognized net loss from financial assets at fair value through profit and loss for the year 2018 is NT$ 3,145.

2. For information on the credit risk of financial assets measured at fair value through profit and loss, please refer to Note XII (II).

3. For information on December 31, 2017, please refer to Note XII (IV).

(III) Net Accounts Receivable

	December 31, 2018	December 31, 2017
Bills Receivable	$ 800	$ 1,283
Minus: Allowance for Bad Debts	-	-
	$ 800	$ 1,283
Accounts Receivable	$ 33,552	$ 38,361
Minus: Allowance for Bad Debts	-	-
	33,552	38,361
Minus: Render to Non-Current Assets Held for Sale	-	(5,687)
	$ 33,552	$ 32,674

1. Aging analysis of bills receivable (including non-current assets held for sale) and accounts receivable is as follows:

	December 31, 2018	December 31, 2017
Not Overdue and Overdue 1-30 Days	$ 28,431	$ 39,247
Overdue 31-90 Days	4,763	397
Overdue Over 91 days	1,158	-
	$ 34,352	$ 39,644

The above is an aging analysis based on overdue days.

2. The Group does not hold any collateral.

3. Without regard to the collateral or other credit enhancement held by the Group, the amounts best representing the maximum credit risk of the bills receivable on December 31, 2018 and 2017 are NT$ 800 and NT$ 1,283 respectively. The amounts best representing the maximum credit risk of the Group's accounts receivable as of December 31, 2018 and 2017 are NT$ 33,552 and NT$ 38,361 respectively.

4. For information on credit risk of bills receivable and accounts receivable, please refer to Note XII (II).

(IV) Inventory

	December 31, 2018		
	Cost	Allowance for Depreciation Loss	Carrying Amount
Catering and Wine, Etc	$ 344	$ -	$ 344

	December 31, 2017		
	Cost	Allowance for Depreciation Loss	Carrying Amount
Catering and Wine, Etc	$ 839	$ -	$ 839

The Group's 2018 and 2017 recognized loss inventory costs are NT$ 20,707 and NT$ 20,117, respectively.

(V) Real Estate, Plant and Equipment

1. The book value information of real estate, plant and equipment is as follows:

	December 31, 2018	December 31, 2017
Land	$ 1,104,221	$ 1,158,414
Houses and Buildings	1,534,556	1,737,479
Water and Electricity Equipment	10,537	11,773
Operating Instruments	208,919	176,049

Other Equipment	2,576	1,731
Construction in Progress and Equipment to Be Inspected	10,249	-
	2,929,346	3,141,738
Minus: Render to Non-Current Assets Held for Sale	-	(241,238)
	$ 2,929,346	$ 2,900,500

2. The current changes of real estate, plant and equipment are as follows:

	2018						
Cost	Opening Balance	Current Increase	Current Decrease	Current Reclassification	Number of Exchange Rate Effects	Render to Non-Current Assets Held for Sale Non-Current Asset	Ending Balance
Land	$ 1,098,894	$ -	$ -	($ 14,318)	$ 19,645	$ -	$ 1,104,221
Land Improvement	63,870	5,855	-	14,318	2,440	-	86,483
Houses and Buildings	2,508,176	14,171	-	-	60,997	-	2,583,344
Water and Electricity Equipment	31,320	1,358	-	-	-	-	32,678
Operating Instruments	646,431	130,194	(254)	-	21,834	-	798,205
Other Equipment	3,808	1,471	-	-	-	-	5,279
Construction in Progress and Equipment to Be Inspected	-	10,249	-	-	-	-	10,249
	$ 4,352,499	$ 163,298	($ 254)	$ -	$ 104,916	$ -	$ 4,620,459

	2017						
Cost	Opening Balance	Current Increase	Current Decrease	Current Reclassification	Number of Exchange Rate Effects	Render to Non-Current Assets Held for Sale Non-Current Asset	Ending Balance
Land	$ 1,215,052	$ -	$ -	$ -	($ 56,638)	($ 59,520)	$ 1,098,894
Land Improvement	90,835	-	-	-	(7,013)	(19,952)	63,870
Houses and Buildings	2,878,367	-	-	(886)	(174,559)	(194,746)	2,508,176
Water and Electricity Equipment	31,091	229	-	-	-	-	31,320
Operating Instruments	640,829	134,727	(6,667)	886	(49,166)	(74,178)	646,431
Other Equipment	3,637	171	-	-	-	-	3,808
	$ 4,859,811	$ 135,127	($ 6,667)	$ -	($ 287,376)	($ 348,396)	$ 4,352,499

	2018					
Accumulated Depreciation and Impairment	Opening Balance	Current Increase	Current Decrease	Number of Exchange Rate Effects	Render to Non-Current Assets Held for Sale Non-Current Asset	Ending Balance
Land Improvement	$ 20,547	$ 6,856	$ -	$ 792	$ -	$ 28,195
Houses and Buildings	939,119	90,719	-	18,950	-	1,048,788
Water and Electricity Equipment	19,547	2,594	-	-	-	22,141
Operating Instruments	470,709	102,501	(127)	16,203	-	589,286
Other Equipment	2,077	626	-	-	-	2,703
	$ 1,451,999	$ 203,296	($ 127)	$ 35,945	$ -	$ 1,691,113

	2017					
Accumulated Depreciation and Impairment	Opening Balance	Current Increase	Current Decrease	Number of Exchange Rate Effects	Render to Non-Current Assets Held for Sale Non-Current Asset	Ending Balance
Land Improvement	$ 18,086	$ 11,084	$ -	($ 1,640)	($ 6,983)	$ 20,547
Houses and Buildings	885,540	122,116	-	(42,213)	(26,324)	939,119
Water and Electricity Equipment	16,666	2,881	-	-	-	19,547
Operating Instruments	415,776	168,672	(6,476)	(33,412)	(73,851)	470,709
Other Equipment	1,530	547	-	-	-	2,077
	$ 1,337,598	$ 305,300	($ 6,476)	($ 77,265)	($ 107,158)	$ 1,451,999

3. According to the letter No. 10234984600 issued by Kaohsiung municipal government on October 28, 2013, the Group applies for payment in installments for the change of urban land from government land to commercial land, and the total amount of the payment shall be NT$ 212,628. The Group paid the first installment of NT$ 85,051 in November 2013, and the remaining second and third installment of NT$ 63,788 and NT$ 63,789 respectively, which should be paid by the Company before the application for construction license or the issuance of change of use license, and have been estimated and entered into the account book in 2013 (balance as at 31 December 2018 and 2017 are listed as "long-term notes payable and amounts NT$ 127,577").
4. There is no capitalization of borrowing costs of the Group's real estate, plant and equipment in 2018 and 2017.
5. Please refer to Note VIII for information on warranty of real estate, plant and equipment.

(VI) Intangible Assets

	December 31, 2018	December 31, 2017
Trademark and Franchise	$ 398,504	$ 464,685
Other Intangible Assets	4,500	7,041
	403,004	471,726
Minus: Render to Non-Current Assets Held for Sale		(48,693)
	$ 403,004	$ 423,033

	2018	2017
January 1	$ 423,033	$ 551,943
Current Amortization	(33,051)	(38,448)
Number of Exchange Rate Effects	13,022	(41,769)
	403,004	471,726
Minus: Render to Non-Current Assets Held for Sale	-	(48,693)
December 31	$ 403,004	$ 423,033

The amortization details of intangible assets are as follows:

	2018	2017
Operating Expenses	$ 33,051	$ 38,448

(VII) Non-Current Assets Held for Sale

1. On June 13, 2018, the Group adopted a resolution by the Board of Directors to sell the subsidiary Holiday Garden SF CORP. 's Residence Inn Anaheim in California, USA, and the related assets and liabilities were rendered to the disposal group held for sale. As the transaction price cannot reach an agreement with the buyer, the Group adopted a

resolution by the Board of Directors on November 7, 2018 to cancel the sale of the subsidiary Holiday Garden SF CORP. 's Residence Inn Anaheim in California, USA, and the related assets and liabilities were not rendered to the disposal group held for sale.

2. On November 7, 2017, the Group adopted a resolution by the Board of Directors to sell the subsidiary Holiday Garden SN CORP. 's Residence Inn Sacramento Airport Natomas in California's capital Sacramento, USA, and the related assets and liabilities were rendered to the disposal group held for sale. The settlement of this transaction was completed on February 9, 2018.

(1) Assets of the disposal group held for sale:

	December 31, 2017
Cash and Cash Equivalents	$ 117,401
Accounts Receivable	5,687
Prepayments	81
Other Financial Assets - Current	30,098
Real Estate, Plant and Equipment	241,238
Intangible Assets	48,693
Deferred Income Tax Assets	48
Refundable Deposits	127
Other Non-Current Asset - Others	194
	$ 443,567

(2) Liabilities directly related to the non-current assets held for sale:

	December 31, 2017
Other Payables	$ 8,803
Receipts in Advance	276
Long-Term Liabilities Matured Within One Year or One Operating Cycle	10,892
Other Current Liabilities - Others	8,928
Long-Term Loan	337,657
Deferred Income Tax Liabilities	4
	$ 366,560

(3) The disposal group held for sale has no impairment loss after re-measurement based on its carrying amount and fair value less the lower selling cost.

(VIII) Short-Term Loan

Nature of Loan	December 31, 2018	December 31, 2017
Bank Credit Loan	$ 145,500	$ 130,000
Bank Warranty Loan	1,059,000	929,977
	$ 1,204,500	$ 1,059,977
Interest Rate Collars	1.10%~1.30%	1.00%~1.36%

1. Please refer to Note VI (XIX) for the interest expense recognized in the profit and loss of the Group's bank loan.

2. For collateral for the above short-term loans, please refer to Note VIII.

(IX) Short-Term Notes Payable

	December 31, 2018	December 31, 2017
Commercial Paper Payable	$ 130,000	$ 130,000
Interest Rate Collars	0.58%~0.76%	0.48%~0.74%

The above short-term notes payable are guaranteed by securities companies and other financial institutions.

(X) Long-Term Loan

Nature of Loan	Period of Loan and Method of Repayment	Interest Rate Collars	Collaterals	December 31, 2018
Long-Term Bank Loan				
Credit Loan	From September 18, 2012 to September 18, 2022, interest is paid on a monthly basis, and from December 18, 2015, it will be amortized quarterly and reimbursed in 28 installments.	1.75%	None	$ 31,378
Warranty Loan	From June 4, 2014 to June 4, 2021, interest is paid on a monthly basis, and from June 4, 2015, it will be amortized quarterly and reimbursed in 25 installments.	1.90%	Note 1	64,825
Warranty Loan	From June 1, 2015 to June 1, 2022, interest is paid on a monthly basis, and from June 1, 2016, it will be amortized quarterly and reimbursed in 25 installments.	1.69%	Note 1	39,200
Credit Loan	From 5 July 2016 to 5 July 2019, with principal and interest amortized on a monthly basis.	1.38%	None	3,889
Warranty Loan	Note 2, 4	4.87%	Note 1	468,173
Warranty Loan	Note 2, 5	5.12%	Note 1	374,882
Warranty Loan	Note 2, 6	5.02%	Note 1	598,168
Warranty Loan	Note 2, 7	4.99%	Note 1	396,288
Warranty Loan	Note 2, 8	5.12%	Note 1	117,572
Warranty Loan	Note 2, 9	5.12%	Note 1	38,819
Warranty Loan	Note 2, 10	5.12%	Note 1	660,092
				2,793,286
Minus: Long-Term Loan Due Within One Year				(198,832)
				$ 2,594,454

Nature of Loan	Period of Loan and Method of Repayment	Interest Rate Collars	Collaterals	December 31, 2017
Long-Term Bank Loan				
Credit Loan	From September 18, 2012 to September 18, 2022, interest is paid on a monthly basis, and from December 18, 2015, it will be amortized quarterly and reimbursed in 28 installments.	1.75%	None	$ 39,778
Warranty Loan	From June 4, 2014 to June 4, 2021, interest is paid on a monthly basis, and from June 4, 2015, it will be amortized quarterly and reimbursed in 25 installments.	1.90%	Note 1	90,754
Warranty Loan	From June 1, 2015 to June 1, 2022, interest is paid on a monthly basis, and from June 1, 2016, it will be amortized quarterly and reimbursed in 25 installments.	1.69%	Note 1	47,200
Credit Loan	From 5 July 2016 to 5 July 2019, with principal and interest amortized on a monthly basis.	1.38%	None	10,556
Warranty Loan	Note 2, 3	3.99%	Note 1	348,549
Warranty Loan	Note 2, 4	3.67%	Note 1	499,968
Warranty Loan	Note 2, 5	4.30%	Note 1	374,438
Warranty Loan	Note 2, 6	4.20%	Note 1	597,669
Warranty Loan	Note 2, 7	3.73%	Note 1	383,904
Warranty Loan	Note 2, 8	4.30%	Note 1	117,326
Warranty Loan	Note 2, 9	4.30%	Note 1	38,688
				2,548,830
Minus: Long-Term Loan Due Within One Year				(156,478)
Liabilities Directly Related to the Non-Current Assets Rendered and Held for Sale				(348,549)
				$ 2,043,803

Note 1: For collateral for the above long-term loans, please refer to Note VIII.

Note 2: Please refer to Note IX (II) for an explanation of the commitment to maintain the loan financial ratio.

Note 3: The term of this loan is 4.75 years and the interest rate is subject to a floating rate. Since September 2016, the subsidiary has been repaying the principal at a fixed rate of US$ 30,500 per month. When the loan term expires in June 2020, the subsidiary will repay the other remaining loan amount at one time. The loan was settled in February 2018.

Note 4: The term of this loan is 5 years and the interest rate is subject to a

floating rate. Since March 2017, the subsidiary has been repaying the principal at a fixed rate of US$ 130,000 per month. When the loan term expires in February 2021, the subsidiary will repay the other remaining loan amount at one time.

Note 5: The term of this loan is 4.5 years and the interest rate is subject to a floating rate. Since July 2016, the subsidiary has been repaying the principal at a fixed rate of US$ 31,560 per month. When the loan term expires in December 2020, the subsidiary will repay the other remaining loan amount at one time.

Note 6: The term of this loan is 4.25 years and the interest rate is subject to a floating rate. Since July 2016, the subsidiary has been repaying the principal at a fixed rate of US$ 50,946 per month. When the loan term expires in October 2020, the subsidiary will repay the other remaining loan amount at one time.

Note 7: The term of this loan is 3.7 years and the interest rate is subject to a floating rate. When the loan term expires in February 2021, the subsidiary will repay the remaining loan amount at one time.

Note 8: The term of this loan is 3.5 years and the interest rate is subject to a floating rate. Since July 2017, the subsidiary has been repaying the principal at a fixed rate of US$ 9,600 per month. When the loan term expires in December 2020, the subsidiary will repay the other remaining loan amount at one time.

Note 9: The term of this loan is 3.67 years and the interest rate is subject to a floating rate. Since January 2018, the subsidiary has been repaying the principal at a fixed rate of US$ 3,029 per month. When the loan term expires in August 2021, the subsidiary will repay the other remaining loan amount at one time.

Note 10: The term of this loan is 5 years and the interest rate is subject to a floating rate. Since March 2018, the subsidiary has been repaying the principal at a fixed rate of US$ 51,260 per month. When the loan term expires in February 2023, the subsidiary will repay the other remaining loan amount at one time.

Please refer to Note VI (XIX) for the interest expense recognized in the profit and loss of the Group's bank loan.

(XI) Pension

1. (1) Since July 1, 2005, the Company and its subsidiaries have established certain retirement provisions in accordance with the

"Labor Pension Statutes", which are applicable to employees of the same nationality. The Company and its subsidiaries shall contribute 6% of the employee's monthly salary to the individual employee account of the Bureau of Labor Insurance for the part of the employee's pension system that is subject to the labor pension ordinance. The payment of the employee's pension shall be made in monthly pension or lump sum pension according to the employee's individual pension account and the amount of accumulated benefits.

(2) For the years of 2018 and 2017, the pension costs recognized by the Company and its subsidiaries under the said pension plan were NT$ 2,431 and NT$ 2,325 respectively.

2. The subsidiary adopts the defined contribution system, that is, according to the regulations of the local government, the pension is withdrawn on a monthly basis and is included in the current expenses. For the years of 2018 and 2017, the pension costs recognized by the the subsidiaries under the related pension plan were NT$ 943 and NT$ 878 respectively.

(XII) Share Capital

1. As of December 31, 2018, the Company's rated total capital is NT$ 1,500,000, and the paid-in capital is NT$ 1,023,015, divided into 102,302,000 shares with a face value of NT$ 10 each. All the proceeds of shares issued by the Company have been received.
The number of outstanding shares at the beginning and end of the ordinary shares of the Company is adjusted as follows:

Unit: 1,000 shares

	2018	2017
January 1	102,302	98,367
Surplus Transferred to Capital Increase	-	3,935
December 31	102,302	102,302

2. On June 20, 2017, the Company resolved at the shareholders' meeting to issue 3,935 new shares for capital increase with the surplus of NT$ 39,347. The capital increase was approved by the Financial Supervisory Commission on July 26, 2017, and the registration of changes has been completed.

(XIII) Capital Surplus

In accordance with the provisions of the Company Act, the excess of the proceeds from the issuance of shares above par value and the capital reserve from the gifts received may be used to cover losses, and in the absence of accumulated losses, the company shall issue new shares or cash in proportion to the original shares held by shareholders. In

addition, in accordance with the relevant provisions of the Securities and Exchange Act, when the said capital reserve is set aside for capital, the total amount shall not exceed 10% of the paid-in capital each year. When the company does not use surplus reserve to cover capital loss and is still insufficient, it shall not be supplemented by capital reserve.

(XIV) Retained Earnings

1. In accordance with the Articles of Association, if there is surplus in the total annual accounts, it shall first set aside the business income tax in accordance with the law and make up for the losses in the past years. If there is any balance, it shall itemize 10% of the statutory surplus reserve in accordance with the law, except when the statutory surplus reserve has reached the total capital of the company. In addition, after the special surplus reserve is itemized or turned over according to law, and the undistributed surplus at the beginning of the same period accumulates the distributable surplus for shareholders, the Board of Directors shall draw up a proposal for surplus allocation and submit it to the Board of Shareholders for allocation. As for the preceding item, more than 10% of the distributable surplus shall be allocated for the distribution of dividends and shareholders' dividends, and the cash dividend shall not be less than 10% of the total dividends and shareholders' dividends.

2. The legal surplus reserve shall not be used except to cover the company's losses and to issue new shares or cash in proportion to the original shares held by shareholders, provided that the issue of new shares or cash shall be limited to the portion of the reserve that exceeds 25% of the paid-in capital.

3. (1) When the Company distributes the surplus, it may only distribute the special surplus reserve as required by law to set aside the debit balance of other equity items on the balance sheet date of the current year. In the case of subsequent reversal of the debit balance of other equity items, the amount converted may be included in the surplus available for distribution.
   (2) In the case of the first adoption of IFRSs, the proportion of the special surplus reserve set forth in letter No. 1010012865 issued by FSC on April 6, 2012 shall be reversed if the Company subsequently uses, disposes of or reclassifies the relevant assets. If the aforesaid related assets are investment real estate, the part of land will reverse when disposing or reclassifying; if it is a part other than the land, it will reverse period by period during the use period.

4. The Company's dividends recognized and distributed to the owner for

the years of 2018 and 2017 are NT$ 0 and NT$ 54,102 (NT$ 0.55 per share), respectively. On March 20, 2019, the Board of Directors proposed to distribute a cash dividend of NT$ 20,460 (NT$ 0.2 per share) and a stock dividend of NT$ 81,841 (NT$ 0.8 per share) for the 2018 earnings, totaling a dividend of NT$ 102,301.

(XV) Other Equity Items

	2018		
	Unrealized Valuation of Profit and Loss	Foreign Currency Conversion	Total
January 1	$ 2,300	($ 72,811)	($ 70,511)
Number of Effects Applicable for IFRS 9	(2,300)	-	(2,300)
Number of Differences of Foreign Currency Conversion:			
–Group	-	48,471	48,471
December 31	$ -	($ 24,340)	($ 24,340)

	2017		
	Unrealized Valuation of Profit and Loss	Foreign Currency Conversion	Total
January 1	($ 2,551)	$ 58,878	$ 56,327
Valuation Adjustment	4,851	-	4,851
Number of Differences of Foreign Currency Conversion:			
–Group	-	(131,689)	(131,689)
December 31	$ 2,300	($ 72,811)	($ 70,511)

(XVI) Operating Income

	2018
Customer Contractual Income	$ 1,169,715

1. Subdivision of Customer Contract Income

The Group's income can be subdivided into the following major product lines and geographic regions:

	Taiwan			USA	
2018	Guest Room Income	Catering Income	Other Income	Guest Room Income	Total
External Customer Contractual Income	$ 56,914	$ 46,043	$ 4,736	$ 1,062,022	$1,169,715

2. Contractual Liabilities

The Group recognizes the relevant contractual liabilities of the

customer's contractual income as follows:

	December 31, 2018
Contractual liabilities:	
Contractual Liabilities - Guest Room Service Contracts	$ 7,030
Contractual Liabilities - Catering Service Contracts	3,341
	$ 10,371

Current recognized income of beginning contractual liabilities:

Current Recognized Income of Beginning Balance of Contractual Liability	
Guest Room Service Contracts	
Catering Service Contracts	

3. Please refer to Note XII (V) 2 for the disclosure of 2017 annual operating income.

(XVII) Other Income

	2018	2017
Interest income:		
Bank Deposit Interest	$ 27,288	$ 4,585
Rental Income	2,072	2,072
Other Income - Others	393	1,246
	$ 29,753	$ 7,903

(XVIII) Other Profits and Losses

	2018	2017
Losses of Real Estate, Plant and Equipment Disposed	($ 127)	($ 138)
Group Profit Held for Sale Disposed	414,794	-
Investment Loss Disposed	-	(1,565)
Foreign Exchange Profit (Loss)	14,783	(4,947)
Financial Asset Loss Measured at Fair Value Through Profit and Loss	(3,145)	-
Net Other Profits (Losses)	21	(356)
	$ 426,326	($ 7,006)

(XIX) Financial Cost

	2018	2017
Interest Expense:		
Bank Loan	$ 139,636	$ 98,571

(XX) Additional Information on the Nature of the Expense

	2018	2017
Employee Benefits Expenses	$ 291,289	$ 312,653
Depreciation Expenses of Real Estate, Plant and Equipment	203,296	305,300
Amortization Expense of Intangible Asset	33,051	38,448

(XXI) Employee Benefits Expenses

	2018	2017
Salary Expenses	$ 250,072	$ 267,430
Labor and Health Insurance Expenses	36,778	39,880
Pension Expenses	3,374	3,203
Other Employee Benefits Expenses	1,065	2,140
	$ 291,289	$ 312,653

In accordance with the Articles of Association, the Company shall distribute remuneration to employees at the rate of 0.1% to 1% and remuneration to directors and supervisors at the rate of 1% or less for the current year's profit. However, if the company has accumulated losses, it shall make up for them.

2. The estimated amount of remunerations of employees, directors, and supervisors for the year of 2018 and 2017 is NT$ 0.

The remunerations of employees, directors, and supervisors for the year 2017 as resolved by the Board of Directors shall be consistent with the amount recognized in the financial report for the year 2017.

Information regarding remunerations of employees, directors, and supervisors approved by the Board of Directors of the Company can be obtained from the Market Observation Post System.

(XXII) Income Tax

1. Income Tax Expense (Profit)
   (1) Income tax expense components:

	2018	2017
Current Income Tax:		
Income Tax on Current Income	$ 87,480	$ 22,572
Surtax on Undistributed Retained Earnings	-	118
Previous Annual Income Tax (Over-) Under-estimates	(139)	56,539
Total Current Income Tax	87,341	79,229

Deferred Income Tax:		
Origin and Reversal of Temporary Differences	83,813	(76,840)
Impact of Tax Rate Changes	14,667	39,721
Total Deferred Income Tax	98,480	(37,119)
Income Tax Expense	$ 185,821	$ 42,110

(2) Income tax amount related to other comprehensive profits and losses:

	2018	2017
Conversion Difference of Foreign Operations	$ 11,161	($ 26,973)
Impact of Tax Rate Changes	(3,827)	-
	$ 7,334	($ 26,973)

2. Relationship between income tax expense and accounting gains:

	2018	2017
Income Tax Calculated at Statutory Tax Rate for Net Profit (Loss) Before Tax (Note)	$ 151,008	($ 18,735)
Income Tax Impact Number of Items Adjusted in Accordance with the Provisions of the Tax Law	20,285	(35,533)
Previous Annual Income Tax (Over-) Under-estimates	(139)	56,539
Impact of Tax Rate Changes	14,667	39,721
Surtax on Undistributed Retained Earnings	-	118
Income Tax Expense	$ 185,821	$ 42,110

Note: The basis of the applicable tax rate shall be the tax rate applicable to the relevant country.

3. The amounts of deferred income tax assets or liabilities arising from temporary differences and tax losses are as follows:

	2018						
	January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Net Profit	Number of Exchange Rate Effects	Current Reclassification	Group Held for Sale Disposed	December 31
Deferred income tax assets:							
Temporary Differences:							
Exchange Difference of Foreign Operations	$ 16,927	($ 2,702)	($ 7,334)	$ -	$ -	$ -	6,891
Unrealized Exchange Loss	720	(720)	-	-	-	-	-
Non-Leave Bonus	184	28	-	-	-	-	212
Depreciation Expenses Itemized as Book-Tax Difference	46,910	(29,629)	-	951	-	(75)	18,157
Intangible Assets Amortizatized as Book-Tax Difference	50	(125)	-	3	-	123	51
Levy Loss	78,274	14,952	-	1,777	-	-	95,003
	143,065	(18,196)	(7,334)	2,731	-	48	120,314
Deferred Income Tax Liabilities:							
Temporary Differences:							
Unrealized Exchange Profit	-	(2,110)	-	-	-	-	(2,110)
Investment Profits Recognized under the Overseas Equity Act	(100,758)	(83,881)	-	-	-	-	(184,639)
Unrealized Land Value Increment Tax Reserve	(93,467)	-	-	-	-	-	(93,467)
Number of U.S. State Tax Impacts	(7,650)	5,707	-	(141)	-	(4)	(2,088)
	(201,875)	(80,284)	-	(141)	-	(4)	(282,304)
	($ 58,810)	($ 98,480)	($ 7,334)	$ 2,590	$ -	$ 44	($ 161,990)

	2017						
	January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Net Profit	Number of Exchange Rate Effects	Current Reclassification	Render to Disposal Group Held for Sale	December 31
Deferred income tax assets:							
Temporary Differences:							
Exchange Difference of Foreign Operations	$ -	($ 4,759)	$ 21,686	$ -	$ -	$ -	16,927
Unrealized Exchange Loss	-	720	-	-	-	-	720
Non-Leave Bonus	180	4	-	-	-	-	184
Depreciation Expenses Itemized as Book-Tax Difference	13,242	35,395	-	(1,802)	-	75	46,910
Intangible Assets Amortizatized as Book-Tax Difference	271	(79)	-	(19)	-	(123)	50
Interest Payable	57,055	(53,835)	-	(3,220)	-	-	-
Levy Loss	11,610	68,078	-	(1,414)	-	-	78,274
	82,358	45,524	21,686	(6,455)	-	(48)	143,065
Deferred Income Tax Liabilities:							
Temporary Differences:							

Exchange Difference of Foreign Operations	(5,287)	-	5,287	-	-	-	-
Investment Profits Recognized under the Overseas Equity Act	(92,669)	(8,089)	-	-	-	-	(100,758)
Unrealized Land Value Increment Tax Reserve	(93,467)	-	-	-	-	-	(93,467)
Number of U.S. State Tax Impacts	(5,890)	(2,268)	-	504	-	4	(7,650)
Interest Receivable	(39,954)	-	-	2,254	37,700	-	-
Others	(2,069)	1,952	-	117	-	-	-
	(239,336)	(8,405)	5,287	2,875	37,700	4	(201,875)
	($ 156,978)	$ 37,119	$ 26,973	($ 3,580)	$ 37,700	($ 44)	($ 58,810)

4. The term of validity of the unused levy loss of the Company and the relevant amounts of the unrecognized deferred income tax assets are as follows:

December 31, 2018					
Year of Occurrence	Declarations/Approvals	Deductible Amount	Undeducted Amount	Unrecognized Deferred Income Tax Assets	Final Deduction Year
2013	Re-Approvals	$ 14,300	$ 14,300	$ -	2023
2014	Re-Approvals	3,003	3,003	-	2024
2015	Approvals	9,018	9,018	-	2025
2016	Approvals	26,590	26,590	-	2026
2017	Declarations	72,817	72,817	-	2027
2018	Estimated Declarations	57,481	57,481	-	2028
		$ 183,209	$ 183,209	$ -	

December 31, 2017					
Year of Occurrence	Declarations/Approvals	Deductible Amount	Undeducted Amount	Unrecognized Deferred Income Tax Assets	Final Deduction Year
2013	Approvals	$ 14,490	$ 14,490	$ -	2023
2014	Approvals	3,135	3,135	-	2024
2015	Approvals	9,018	9,018	-	2025
2016	Declarations	26,590	26,590	-	2026
2017	Estimated Declarations	73,241	73,241	-	2027
		$ 126,474	$ 126,474	$ -	

5. The term of validity of the unused levy loss of the subsidiary and the relevant amounts of the unrecognized deferred income tax assets are as follows:

December 31, 2018					
Year of Occurrence	Declarations/Approvals	Deductible Tax Credit	Uncredited Tax Credits	Unrecognized Deferred Income Tax Assets Credits	Deductible Year
2017	Declarations	$ 56,773	$ 55,665	$ -	Year 2015 to Year 2037

December 31, 2017

Year of Occurrence	Declarations/Approvals	Deductible TaxCredit	Undeducted Tax Credits	Unrecognized Deferred Income Tax Assets Credits	Deductible Year
2017	Estimated Declarations	$ 56,773	$ 56,773	$ -	Year 2015 to Year 2037

6. The term of validity of the unused levy loss of the subsidiary - Holiday Garden Hotel Co., Ltd. and the relevant amounts of the unrecognized deferred income tax assets are as follows:

December 31, 2018

Year of Occurrence	Declarations/Approvals	Deductible Amount	Undeducted Amount	Unrecognized Deferred Income Tax Assets Amount	Final Deduction Year
2017	Declarations	$ 436	$ 436	$ -	2027
2018	Estimated Declarations	13,045	13,045	-	2028
		$ 13,481	$ 13,481	$ -	

December 31, 2017

Year of Occurrence	Declarations/Approvals	Deductible Amount	Undeducted Amount	Unrecognized Deferred Income Tax Assets Amount	Final Deduction Year
2017	Estimated Declarations	$ 436	$ 436	$ 436	2027

7. The Company's business income tax has been approved by the Revenue Service Offices until 2016.

8. The amendment to the Income Tax Law was promulgated and came into effect on February 7, 2018. The tax rate of the business income tax was increased from 17% to 20%, this amendment applies from 2018 onwards. The Group has assessed the relevant income tax implications of the tax rate changes.

(XXIII) Earnings (Loss) per Share

	2018		
	Post-Tax Amount	Weighted Average Flow Outstanding 1,000 Shares	Loss per Share (NT$)
Basic Loss per Share			
Current Net Profit Attributable to Ordinary Shareholders of Parent Company	$ 212,662	102,302	$ 2.08

	2017		
	Post-Tax Amount	Weighted Average Flow Outstanding 1,000 Shares	Earnings Per Share (NT$)
Basic Earnings Per Share			
Current Net Loss Attributable to Ordinary Shareholders of Parent Company	($ 2,308)	102,302	($ 0.02)

The above weighted average number of outstanding shares has been retrospectively adjusted according to the ratio of capital increase from surplus in 2016.

(XXIV) Operating Lease

The Group leases buildings, vehicles, business equipment, office equipment and other assets under a business lease period from 2016 to 2037. Rental charges of NT$ 5,295 and NT$ 2,947 are recognized as current profits and losses for the year of 2018 and the year of 2017 respectively. In addition, the minimum future lease payments due to the non-cancelable contract are as follows:

	December 31, 2018	December 31, 2017
Not More Than 1 Year	$ 4,970	$ 5,128
More than 1 Year but Not More than 5 Years	30,825	32,902
Over 5 Years	112,740	112,740
	$ 148,535	$ 150,770

(XXV) Supplement Information of Cash Flow

1. Investment activities with only partial cash payment:

	2018	2017
Purchase of Real Estate, Plant and Equipment	$ 163,298	$ 135,127
Plus: Other Beginning Accounts Payable - Land Alternation Subsidy (List "Long-Term Bills Payable and Payments")	127,577	127,577
Beginning Equipment Payment Payable (List "Other Payables")	915	-
Minus: Other Ending Accounts Payable - Land Alternation Subsidy (List "Long-Term Bills Payable and Payments")	(127,577)	(127,577)
Ending Equipment Payment Payable (List "Other Payables")	(597)	(915)
Current Cash Payment	$ 163,616	$ 134,212

2. Operating activities that affect cash flow:

	2018	2017
Price of Financial Assets at Fair Value Through Profit and Loss Disposed	$ 47,785	$ -
Minus: Ending Other Receivables	(47,785)	-
Current Cash Received	$ -	$ -

(XXVI) Changes in Liabilities Arising from Financing Activities

	Short-Term Loan	Short-Term Notes Payable	Long-Term Loan	Total Liabilities Arising from Financing Activities
January 1, 2018	$ 1,059,977	$ 130,000	$ 2,200,281	$ 3,390,258
Changes in the Financing Cash Flow	144,523	-	517,395	661,918
Impact of Exchange Rate Changes	-	-	75,610	75,610
December 31, 2018	$1,204,500	$ 130,000	$2,793,286	$ 4,127,786

VII. Affiliate Transaction

Key Management Remuneration Information

	2018	2017
Short-Term Employee Benefits	$ 15,944	$ 14,453

VIII. Pledged Asset

The details of the Group's assets collaterals are as follows:

Asset Items	Book Value December 31, 2018	Book Value December 31, 2017	Collateral Purpose
Land and Land Improvement (Note)	$ 1,162,509	$ 1,214,706	Short-Term and Long-Term Loans
Houses and Buildings (Note)	1,521,073	1,737,479	Short-Term and Long-Term Loans
Operating Instruments (Note)	187,155	165,101	Long-Term Loan
Time Deposits (List “Other Financial Assets - Current”)	587,084	440,448	Short-Term Loan
Time Deposits (List “Other Financial Assets - Current”)	2,142	994	Gift Coupon Performance Guarantee
	$ 3,459,963	$ 3,558,728	

Note: Including non-current assets held for sale.

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

(I) Contingent Events

No such situation.

(II) Commitment Events

1. The subsidiary acquired Residence Inn Anaheim (which will continue to operate under its own brand Clementine Inn Anaheim when its contract expires on October 15, 2018), TownePlace Suites Newark Silicon Valley, Embassy Suites Valencia and Holiday Inn Express Walnut Creek are all currently operated by Interstate. According to the agreement signed by both parties (the contract respectively expires on December 31, 2018, August 31, 2021, August 31, 2021 and June 22, 2022), the subsidiary shall pay the monthly management fee and performance bonus to Interstate by a certain ratio calculated according to the conditions agreed in the contract.
2. According to the management contract signed by the subsidiary and Interstate, a certain percentage of the total business income shall be allocated to the dedicated account on a monthly basis to purchase or repair related assets (excluding offices). If the dedicated account is insufficient to cover the purchase or repair of assets related to the hotel, the subsidiary shall make a separate deposit of the full amount to the account.
3. Subsidiaries - HOLIDAY GARDEN SF CORP. and HOLIDAY GARDEN NW CORP. have royalty agreements with Marriott. As per the terms of the agreement, Residence Inn Anaheim is available until August 8, 2018 and TownePlace Suites Newark Silicon Valley until March 31, 2030. They shall pay royalties to Marriott based on a percentage of the total room revenue for the use of the Marriott's management and maintenance

system. However, HOLIDAY GARDEN SF CORP., a subsidiary company, signs an extension contract with Marriott. In accordance with the provisions of the contract, the royalty contract between HOLIDAY GARDEN SF CORP., and Marriott is extended until October 15, 2018, and will not renew the contract, it will instead continue to operate under its own brand Clementine Inn Anaheim.

4. HOLIDAY GARDEN VC CORP., a subsidiary, signed a royalty agreement with Hilton. In accordance with the terms of the contract, Embassy Suites Valencia, until September 10, 2030, will be required to pay royalties to Hilton as a percentage of total room revenue for use of the Hilton's management and maintenance system.

5. HOLIDAY GARDEN WC CORP., a subsidiary, signed a royalty agreement with IHG. In accordance with the terms of the contract, Holiday Inn Express Walnut Creek, until July 11, 2031, will be required to pay royalties to IHG as a percentage of total room revenue for use of the IHG's management and maintenance system.

6. HOLIDAY GARDEN SF CORP., a subsidiary, entered into a long-term loan agreement with CTBC BANKCO., LTD. on February 11, 2016, with a total credit line of US$ 31,000,000. HOLIDAY GARDEN SF CORP., a subsidiary, also committed during the credit period that its financial structure should maintain an interest protection multiple of no less than 1.3 to 1.

7. HOLIDAY GARDEN NW CORP., a subsidiary, signed a long-term loan agreement with FIRSTCOMMERCIAL BANK, LTD. on December 17, 2015, with a total credit line of US$ 17,150,000. HOLIDAY GARDEN NW CORP., a subsidiary, also committed during the credit period that its financial structure should maintain an interest protection multiple of no less than 1.15.

8. HOLIDAY GARDEN VC CORP., a subsidiary, signed a long-term loan agreement with FIRST COMMERCIAL BANK, LTD. on October 20, 2015, with a total credit line of US$ 21,000,000. HOLIDAY GARDEN VC CORP., a subsidiary, also committed during the credit period that its financial structure should maintain an interest protection multiple of no less than 1.15.

9. HOLIDAY GARDEN WC CORP., a subsidiary, signed a long-term loan contract with FIRST COMMERCIAL BANK, LTD. on August 29, 2016, with a total credit line of US$ 23,300,000. HOLIDAY GARDEN WC CORP., a subsidiary, also committed during the credit period that its financial structure should maintain an interest protection multiple of no less than 1.15.

10. As of December 31, 2018 and 2017, the Group has signed the total purchase price of the unfinished project and prepaid equipment respectively is NT$ 12,999 and NT$ 91,852, and the unrecognized amount is NT$ 3,577 and NT$ 91,852 respectively.

X. Material Disaster Losses

No such situation.

XI. Material Subsequent Events

(I) On January 29, 2008, the Board of Directors of the Group decided to set up a new subsidiary, Holiday Garden EV CORP., with an estimated total investment of US$ 2,500,000.

(II) On January 29, 2019, the Group made a resolution by the Board of Directors to acquire the Emeryville Hyatt Place hotel, located in Emeryville, California, USA, by the subsidiary Holiday Garden EV CORP., with a transaction amount of about US$ 66,250,000.

(III) On February 27, 2019, the Group by resolution of the Board of Directors cancelled the American hotel investment of Hampton Inn/Homewood Suites by Hilton Long Beach Airport, which was acquired on December 18, 2018 through the subsidiary Holiday Garden SN CORP.

XII. Others

(I) Capital Management

The objective of the Group's capital management is to ensure that the group can continue to operate, maintain the optimal capital structure to reduce capital costs and provide remuneration to shareholders. To maintain or adjust capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. In line with sector practice, the Group controls its capital with a ratio of liabilities to assets.

The Group's strategy is to maintain a stable ratio of liabilities to assets, as follows:

	December 31, 2018	December 31, 2017
Total Liabilities	$ 4,650,965	$ 4,218,372
Total Assets	$ 6,000,033	$ 5,306,307
Ratio of Liabilities to Assets	78	79

(II) Financial Instrument

1. Categories of Financial Instrument

	December 31, 2018	December 31, 2017
Financial Assets		
Available-for-Sale Financial Assets	$ -	$ 50,271
Financial Assets Measured at Amortized Cost		
Cash and Cash Equivalents	1,801,148	729,863

Bills Receivable	800	1,283
Accounts Receivable	33,552	32,674
Other Receivables	52,043	3,193
Other Financial Assets	589,226	561,441
Refundable Deposits	7,054	7,671
	$ 2,483,823	$ 1,386,396
Financial Liabilities		
Financial Liabilities Measured at Amortized Cost		
Short-Term Loan	$ 1,204,500	$ 1,059,977
Short-Term Notes Payable	130,000	130,000
Bills Payable	1,472	5,063
Accounts Payable	5,892	5,283
Other Payables	92,631	88,807
Long-Term Loan (including expiration within one year)	2,793,286	2,200,281
Long-Term Bills Payable and Payments	127,577	127,577
Guarantee Deposits Received	1,155	755
	$ 4,356,513	$ 3,617,743

2. Risk Management Policies

(1) The Group's daily operations are affected by a number of financial risks, including market risks (including exchange rate risks, interest rate risks and price risks), credit risks and liquidity risks.

(2) Risk management shall be carried out by the Finance Department of the Group in accordance with the approved policies. The Finance Department works closely with the company's operating units to identify, assess and mitigate financial risks.

3. Nature and Extent of Material Financial Risks

(1) Market Risk

Currency Risk

A. The group operates internationally and is therefore subject to exchange rate risks that are different from those of the Company and its subsidiaries' functional currencies, which is mainly USD. Related currency risk comes from future business transactions and recognized assets and liabilities.

B. The Group's management has established policies that require

companies within the group to manage exchange rate risks relative to their functional currencies. The companies shall hedge its overall currency risk through the Group's Finance Department.

C. The business of the Company involves a number of non-functional currencies (the functional currency of the company is NTD, the functional currency of the subsidiary is USD), so it is affected by currency fluctuations; the information on foreign currency assets and liabilities with significant impact of currency fluctuations is as follows:

	December 31, 2018					
			Carrying Amount	Sensitivity Analysis		
	Foreign Currency ($1,000)	Exchange Rate	(NTD)	Fluctuation Amplitude	Effect from Profit and Loss	Effect from Other Comprehensive Profit and Loss
(Foreign Currency: Functional Currency)						
Financial Assets						
Monetary Items						
USD : NTD	$ 19,148	30.72	$ 588,140	1%	$ 5,881	$ -

	December 31, 2017					
			Carrying Amount	Sensitivity Analysis		
	Foreign Currency ($1,000)	Exchange Rate	(NTD)	Fluctuation Amplitude	Effect from Profit and Loss	Effect from Other Comprehensive Profit and Loss
(Foreign Currency: Functional Currency)						
Financial Assets						
Monetary Items						
USD : NTD	$ 14,832	29.76	$ 441,413	1%	$ 4,414	$ -

D. For the year of 2018 and the year of 2017, the aggregate amounts of all exchange benefits (losses) (including realized and unrealized) of the Group's monetary items which are significantly affected by currency fluctuations are NT$ 14,783 and NT$ 4,947 respectively.

Price Risk

The Group invests in an open-end fund and the price of such equity instruments may be affected by uncertainty about the future value of the underlying investment, provided that the Group has established a stop-loss point and therefore no material market risk is expected to occur.

Cash Flow and Fair Value Interest Rate Risk

A. The Group's interest rate risk comes from short-term and long-term loans at a floating interest rate, exposing the company to the interest rate risk of cash flow.

As of December 31, 2007 and December 31, 2006, the Group's floating interest rate borrowings were denominated mainly in NTD and USD.

B. The Group's loans are measured at amortized cost and the interest rate is repriced each year according to the contract. Therefore, the company is exposed to the risk of future market interest rate changes.

C. When the loan rate rises or falls by 1% while all other factors remain unchanged, the net profit before tax for the year of 2018 and December 31, 2017 will decrease or increase by NT$ 39,978 and NT$ 31,788

Respectively, mainly due to the change of interest expense caused by the floating interest rate loan.

(2) Credit Risk

A. The credit risk of the Group is the risk of financial loss caused by the failure of the customer or the counterparty of the financial instrument to perform its contractual obligations, which mainly comes from the failure of the counterparty to pay off the accounts receivable paid on the terms of collection and the contract cash flow of the debt instrument investment measured at fair value through profit and loss.

B. The Group establishes credit risk management from a corporate erspective. In accordance with established internal credit policies, each individual operator within the group shall conduct management and credit risk analysis before setting terms and conditions for payment and provision of labor

services with each new customer. Internal risk management assesses customers' credit quality by taking into account their financial position, past experience and other factors.

C. The Group adopts the premise provided by IFRS 9. If the contractual payment is more than 30 days overdue according to the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly since the initial recognition.

D. The Group adopts the premise provided by IFRS 9. If the contractual payment is more than 90 days overdue according to the agreed payment terms, it is deemed to have been breached.

E. The Group shall group the bills receivable and accounts receivable of customers according to the credit terms and adopt a simplified approach to estimate the expected credit loss based on the loss rate.

F. The Group's forward-looking considerations for the future adjust the loss rate established based on historical and current information during a specific period to estimate the allowance loss for bills receivable and accounts receivable. The preparation matrix for December 31, 2018 is as follows:

	Not Overdue andOverdue 1-30 Days	Overdue 31-90 Days	Overdue Over 91 days	Total
December 31, 2018				
Expected Loss Rate	0.11%	1%	100%	
Total Carrying Amount	$ 28,431	$ 4,763	$ 1,158	$ 34,352
Loss Allowance	-	-	-	-

G. For credit risk information for 2017, please refer to Note XII (IV).

(3) Liquidity Risk

A.Cash flow predicting is performed by each individual operator within the group and summarized by the Finance Department of the group.

The Finance Department monitors the prediction of the group's working capital needs to ensure that it has sufficient funds to meet its operating needs and to maintain sufficient unspent loan commitments at all times.

B. The surplus cash held by each individual operator will be transferred back to the Finance Department of the group when it exceeds the working capital management requirements. The Finance Department of the group invests the remaining funds in interest-bearing demand deposits, checking deposits, time deposits, and marketable securities and the instruments it chooses have appropriate maturity or sufficient liquidity to meet the above prediction and provide sufficient dispatch level. On December 31, 2018 and 2017, the Company held money market positions of NT$ 1,799,973 and NT$ 1,046,399 respectively to generate immediate cash flow to manage liquidity risk.

C. The following table is the non-derivative financial liabilities of the Group, grouped according to the relevant maturity date. The non-derivative financial liabilities are analyzed according to the remaining period of the balance sheet date to contract expiration date of the remaining period for analysis. The contract cash flow amounts disclosed in the table below are undiscounted amounts.

December 31, 2018

Non-Derivative Financial Liabilities:	Within 1 Year	1 to 2 Years	Over 2 Years
Short-Term Loan	$ 1,211,636	$ -	$ -
Short-Term Notes Payable	130,000	-	-
Bills Payable	1,472	-	-
Accounts Payable	5,892	-	-
Other Payables	92,631	-	-
Long-Term Loan (including expiration within one year)	304,015	1,311,938	1,408,630
Long-Term Bills Payable and Payments	-	127,577	-
Guarantee Deposits Received	420	25	710

December 31, 2017

Non-Derivative Financial Liabilities:	Within 1 Year	1 to 2 Years	Over 2 Years
Short-Term Loan	$ 1,066,613	$ -	$ -
Short-Term Notes Payable	130,000	-	-
Bills Payable	5,063	-	-
Accounts Payable	5,283	-	-
Other Payables	88,807	-	-
Long-Term Loan (including expiration within one year)	258,969	278,692	2,274,267
Long-Term Bills Payable and Payments	-	127,577	-
Guarantee Deposits Received	25	20	710

(IV) Information of Fair Value

1. The lvels of assessment techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: Enterprise's offered price (unadjusted) for the same assets or liabilities available in the active market on the measurement date.Active market is a market with sufficient frequency and quantitative transactions of assets or liabilities to provide pricing information on a continuous basis. The fair value of the beneficiary certificates of the Group's investments shall be the same.

Level 2: Observable input values of assets or liabilities, direct or indirect, except for those quoted in Level 1.

Level 3: The unobservable input value of an asset or liability.

2. Financial Instruments Not Measured at Fair Value

The financial instruments not measured at fair value of the Group include cash and cash equivalents, bills receivable, accounts receivable, other receivables, other financial assets - current, refundable deposits, short-term loan, short-term bills payable, bills payable, accounts payable, other payables, long-term loans (including those expire within one year), long-term bills payable and payments, and the carrying amount of the deposit is a reasonable approximation of the fair value.

3. Financial and non-financial instruments measured at fair value are classified by the nature, characteristic and risk of the Group's assets and liabilities and by fair value measurement; the relevant information is as follows:

(1) The Group is classified by the nature of its assets and liabilities; the relevant information is as follows:

December 31, 2018: no such situation.

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Repeated Fair Value				
Available-for-Sale Financial Assets				
Beneficiary Certificate	$ 50,271	$ -	$ -	$ 50,271

Liabilities: None

(2) The methods and assumptions used by the Group to measure fair value are described as follows:

Where the Group adopts the market quotation as the fair value input (i.e., Level 1), it shall be listed as follows according to the characteristics of the tool:

	Open-End Fund
	Quoted Market
Price	Net Value

Impact of the Initial Application of IFRS 9 and Information on the Application of IFRS 39 for the Year 2017

1. The material accounting policies adopted in 2017 are as follows:

(1) Available-for-Sale Financial Assets

A. Refers to non-derivative financial assets designated for sale or not classified in any other category.

B. The Group uses trade date accounting for available-for-sale financial assets in accordance with trading practices.

C. At the time of initial recognition, the fair value shall be added to the transaction cost, and thereafter, the fair value shall be added. The change of the fair value shall be recognized in other comprehensive profits and losses.

(2) Receivables

A. Accounts Receivable

Refers to accounts receivable originally generated, and accounts receivable from customers arising from the sale of goods or the provision of services in the normal course of business. At the time of initial recognition, the fair value shall be measured, and the effective interest method shall be adopted to measure the amount after deducting impairment from the amortized cost. However, for short-term accounts receivable that have not paid interest, since the discount effect is not material, the subsequent amount shall be measured by the original invoice amount.

B. Other Financial Assets

The debt investment held by the Group in the inactive market is the time deposit of non-conforming cash equivalents, and

due to the short holding period, the discount effect is not material, which is measured by the investment amount.

(3) Impairment of Financial Assets

A. At each balance sheet date, the Group assesses whether any objective evidence of impairment has occurred that one or more events (i.e., " loss items") occurred after the initial recognition of a financial asset or group of financial assets, and the loss item has a reliable impact on the estimated future cash flow of a financial asset or a group of financial assets.

B. The Group's policy for determining the existence of objective evidence of impairment loss is as follows:

(A) Material financial difficulties of the issuer or debtor;

(B) Default, such as delay or non-payment of interest or principal;

(C) Due to economic or legal reasons related to the debtor's financial difficulties, the Group gives concessions to the debtor that could not be considered at first;

(D) The likelihood that the debtor will enter bankruptcy or other financial restructuring increases;

(E) The disappearance of the active market for the financial asset as a result of financial difficulties;

(F) The information that can be observed, according to a set of the estimated future cash flow of financial assets in such assets can be measured in the aftermath of the primitive recognition of decrease, while the decreased have yet to be decided that belong to the group of certain financial assets, the information including the group of financial assets of the debtor to pay the adverse change of condition, or related to this group of financial assets in the default of national or regional economic conditions;

(G) Information about a material change in the technical, market, economic, or regulatory environment in which the issuer operates that has an adverse impact, and evidence that it may not be able to recover the investment cost of the equity investment; or

(H) The fair value or duration of an fair value investment falls substantially below cost.

C. In the event that objective evidence of impairment exists in the Group and the impairment loss has occurred, it shall be handled as follows:

(A) Financial Assets Measured at Amortized Cost

Refers to the difference between the carrying amount of the asset and the present value of the estimated future cash

flow discounted at the original effective interest rate of the financial asset to recognize the impairment loss in the current profit and loss. Where the amount of the impairment loss is reduced in a subsequent period and the reduction can be objectively linked to the events that occurred after the recognition of the impairment loss, the previously recognized impairment loss is turned within the profit and loss of the current period within the limit of the amortized cost due on the turning day without the recognition of the impairment loss. The amount of recognized and recoverable impairment losses is the carrying amount of assets adjusted against the allowance account.

(B) Available-for-Sale Financial Assets

Refers to the difference between the cost of acquisition of the asset (minus any principal and amortization paid) and the current fair value of the asset shall be used to deduct the impairment loss previously included in the profit and loss of the financial asset, which shall be reclassified from other comprehensive profits and losses to the current profit and loss. For an investor in a debt instrument, when its fair value is increased in a subsequent period and the increase can be objectively linked to events occurred after the recognition of an impairment loss, the impairment loss shall be reversed in the current profit and loss. As an equity instrument investor, the impairment loss already recognized in the profit and loss shall not be reversed through the current profit and loss. The amount of recognized and reversible impairment losses is the carrying amount of assets adjusted against the allowance account.

2. The book value of financial assets converted from the IAS 39 of December 31, 2017 to IFRS 9 of January 1, 2018 is adjusted as follows:

		Available-for-Sale - Debt		Impacts	
	Measured at Fair Value Through Gain or Loss	Measured at Fair Value - Debt	Total	Retained Earnings	Other Equities
IAS 39	$ -	$ 50,271	$ 50,271	$ -	$ 2,300
Transfer to Measurement with Fair Value Through Gain or Loss	50,271	(50,271)	-	2,300	(2,300)
IFRS 9	$ 50,271	$ -	$ 50,271	$ 2,300	$ -

A debt instrument of NT$ 50,271 classified as "fAvailable-for-Sale Financial Assets" in IAS 39 is classified as "Financial Asset Measured at Fair Value Through Profit and Loss" in the initial

application of IFRS 9 because it does not meet the condition that the cash flow is solely for the payment of principal and interest on the amount of principal outstanding.

3.The important accounting items as of December 31, 2017 are described as follows:

Available-for-Sale Financial Assets

Items	December 31, 2017
Current Items:	
Bond Funds	$ 47,971
Valuation Adjustment of Available-for-Sale Financial Assets	2,300
	$ 50,271

Non-Current Items: None

The amount of other comprehensive profits recognized by the Group due to changes in fair value in 2017 is NT$ 3,286, and the amount of losses from reclassification of equity to current period is NT$ 1,565.

4. Credit risk information for 2017 is as follows:

Credit risk refers to the risk of the Group’s financial loss caused by the breach of contractual obligations by the counterparty. The Group's credit risks are mainly derived from cash and bank deposits, receivables generated from operating activities and committed transactions, which are divided into operational credit risks and financial credit risks, and they are managed separately.

Operational Credit Risk

In order to maintain the quality of accounts receivable, the Group has established operational credit risk management procedures.

The risk assessment of an individual customer is based on factors that may affect the customer's ability to pay, including the customer's financial position, historical transaction history and current financial situation. The Group will also use certain credit enhancement tools, such as cash advances, when appropriate to reduce credit risk for specific customers.

Financial Credit Risk

The credit risk of bank deposits, fixed income investments and other financial instruments shall be measured and monitored by the Finance Department of the Group. As the transaction objects and performing parties of the Group are banks with good credit or financial institutions and companies with investment grade or above, there are no material doubts about the performance of the company, so there is no material credit risk.

(1) In the year of 2017, there was no case that the credit limit was exceeded, and the credit of the transaction counterpart was good, so

the management did not expect to suffer any material loss due to the non-performance of the counterparty.

(2) Accounts receivable of the Group are not overdue and have not been impaired, mainly from customers with good collection records.

(3) The changes of impaired financial assets (accounts receivable allowance for bad debts) are analyzed as follows:

a. As of December 31, 2017, the Group's impaired accounts receivable amount is NT$ 0.

b. The table of changes in allowance for bad debts is as follows:

	2017		
	Impairment Loss of Individual Assessment	Impairment Loss of Group Assessment	Total
Balance on January 1	$ -	$ -	$ -
Current Itemized Impairment Loss	170	-	170
Money Written off as Uncollectible	(170)	-	(170)
Balance on December 31	$ -	$ -	$ -

The main customers of the Group are general individual customers and other companies, and the Group's payment terms for company accounts are about 90 days after monthly statement. In determining the collectibility of accounts receivable, the Group takes into account any changes in the credit quality of individual customers' accounts receivable since the end of the original credit reporting period, historical experience and current financial situation, etc., to estimate the amount that cannot be recovered.

(V) Impact of the Initial Application of IFRS 15 and Information on the Application of IFRS 18 for the Year 2017

1. The material accounting policies of income recognition adopted in 2017 are as follows:

Sale Income

The Group provides accommodation and catering related products. Income is the fair value of received or receivable consideration for goods sold by customers outside the group in normal business activities and is expressed as net sales tax, sales returns, quantity discounts and allowances. Income is recognized when the provision of services or the sale of goods is delivered to the buyer, sales are reliably measured and future economic benefits are likely to flow into the business. The delivery of the goods shall not take place until the material risks and rewards related to the ownership have been

transferred to the customer, the Group neither participates in the management of the goods nor maintains effective control over the goods, and the customer accepts the goods according to the sales contract, or when there is objective evidence that all the acceptance terms have been met. Income shall be recognized according to the level of labor services provided, when the transaction results of labor services provided can be estimated reliably.

2.In the year of 2017, the income recognized by the Group in accordance with the aforementioned accounting policies is as follows:

		2017
Guest Room Income	$	1,306,559
Catering Income		55,417
Other Income		3,039
	$	1,365,015

3. If the Group continues to apply the above accounting policies in the ear of 2018, the number and description of the impact on the current balance sheet are as follows, but there is no significant impact on the separate items of the consolidated income statement.

		December 31, 2018		
Balance Sheet Item	Explanations	Adopt IFRS 15 Recognized Balance	Adopt Original Accounting Policies Recognized Balance	Impact of Changes In Accounting Policies
Contractual Liabilities		$ 10,371	$ -	$ 10,371
Advance Payment		-	10,371	(10,371)

In accordance with the provisions of IFRS 15, the advance payment for the advance receipt of accommodation vouchers, advance receipt of meals and advance deposit is recognized as "contractual liability" and expressed as "Receipts in Advance" on the balance sheet during the reporting period.

XIII. Additional Disclosure Items

(I) Information on Material Transactions

1. Capital loan to others: Please refer to Table I for details.

2. Endorsement of others: No such situation.

3. Marketable securities held at the ending period (excluding the controls of investment subsidiaries, affiliated enterprises and joint ventures): No such situation.

4. Accumulated amount of NT$ 300 million or paid-in capital of more than 20% in the purchase or sale of the same marketable securities: No such situation.

5. Amount of real estate acquired up to NT$ 300 million or more than 20% of the paid-in capital: No such situation.

6. Disposal of real estate up to nt$ 300 million or more than 20% of paid-in capital: Please refer to Table II for details.

7. The amount of import and sales with related parties up to NT$ 100 million or more than 20% of the paid-in capital: no such situation: No such situation.

8. Receivables from affiliates of NT$ 100 million or more than 20% of the paid-in capital: Please refer to Table III for details.

9. Engaging in derivatives trading: No such situation.

10. Business relationship and important transactions between parent and subsidiary companies and between subsidiaries and their amounts: Please refer to Table V for details.

(II) Information on Reinvestment in Other Companies

Name of investee company, location and other relevant information (excluding mainland Chinese investee companies): Please refer to Table V for details.

(3) Investment information on Mainland China

1. Basic information: no such situation.

2. Material transaction events occurring directly or indirectly through a business in a third region and an investee company reinvested in mainland China: No such situation.

XIV. Department Information

(I) General Information

The Group operates its business and makes decisions in a geo-distinction manner; therefore, management also uses this model to identify the reporting departments.

The Group has two reporting departments: the Taiwan Business Department and the U.S. Business Department. The Taiwan Business Department mainly deals with tourism related businesses such as hotels, restaurants and swimming pools. The U.S. Business Department operates tourist hotels.

(II) Measurement of Departmental Information

The performance of the Group is evaluated on the basis of operating profit and loss of each operating department.

(III) Department Information

The department information to be reported to key operations decision makers is as follows:

	2018			
	Taiwan Business Department	U.S. Business Department	Adjustment and Write-Off	Total
Income				
External Customer Income	$ 107,693	$ 1,062,022	$ -	$ 1,169,715
Departmental Profit and Loss	($ 57,243)	$ 139,283	$ -	$ 82,040
Interest Income				27,288
General Income of Company				2,465
Interest Expense				(139,636)
Other Profits and Losses of Company				426,326
Net Profit Before Tax				$ 398,483
Departmental Assets	$ 743,363	$ 2,185,983	$ -	$ 2,929,346
General Assets of Company				3,070,687
Total Assets				$ 6,000,033
Depreciation and Amortization Expenses	$ 29,930	$ 206,417	$ -	$ 236,347
Capital Expenditure Amount	$ 40,917	$ 122,381	$ -	$ 163,298
Departmental Liabilities	$ 1,917,436	$ 2,733,529	$ -	$ 4,650,965

	2017			
	Taiwan Business Department	U.S. Business Department	Adjustment and Write-Off	Total
Income				
External Customer Income	$ 121,206	$ 1,243,809	$ -	$ 1,365,015
Departmental Profit and Loss	($ 33,326)	$ 170,802	$ -	$ 137,476
Interest Income				4,585
General Income of Company				3,318
Interest Expense				(98,571)
Other Profits and Losses of Company				(7,006)
Net Profit Before Tax				$ 39,802
Departmental Assets	$ 732,376	$ 2,168,124	$ -	$ 2,900,500
General Assets of Company				2,405,807
Total Assets				$ 5,306,307
Depreciation and Amortization Expenses	$ 30,487	$ 313,261	$ -	$ 343,748
Capital Expenditure Amount	$ 2,797	$ 132,330	$ -	$ 135,127
Departmental Liabilities	$ 1,741,338	$ 2,477,034	$ -	$ 4,218,372

(IV) Information on Adjustment of Departmental Profit and Loss

The total amount of relevant information and other major project information disclosed in the above mentioned (III) shall be consistent with the pre-tax profit and loss, assets, liabilities and amount of relevant corresponding items of the Company's financial report, and shall be measured in a consistent manner.

(V) Information on Product and Labor Service Categories

Please refer to Note VI (XVI).

(VI) Information on Geo-Distinction

The information on geo-gistinction of the Group for the year of 2018 and the year of 2017 is as follows:

	2018		2017	
	Income	Non-Current Asset	Income	Non-Current Asset (Note)
USA	$ 1,062,022	$ 2,589,194	$ 1,243,809	$ 2,881,483
Taiwan	107,693	743,363	121,206	732,376
	$ 1,169,715	$ 3,332,557	$ 1,365,015	$ 3,613,859

Note: Including non-current assets held for sale.

(VII) VIP Information

For the year of 2018 and 2017, the Group's income from each customer does not reach 10% of the amount in the Composite Income Statement, so it is not applicable.

Holiday Garden Hotel Co., Ltd. and Subsidiary Companies

Loans for others.

January 1 to December 31, 2018

Table I

Unit: NT$ 1,000
(unless otherwise specified)

Number (Note 1)	Company That Loans to Others	Loan Object	Current Items (Note 2)	Whether It Is an Affiliate	Current Highest Amount (Note 3)	Ending Balance (Note 8)	Actual Expenditure Amount	Interest Rate Collars	Capital Loan Nature (Note 4)	Business Transaction Amount (Note 5)	Reasons for the Need of Short-Term Financing (Note 6)	Itemized Allowance Loss Amount	Collaterals		Individual Object Capital Loan Limit (Note 7)	Capital Loan Total Limit (Note 7)	Note
													Name	Value			
1	Holiday Garden International Ltd.	Holiday Garden U.S.	Payment Receivables of Affiliated Enterprise	Yes	$ 1,167,600	$ 1,048,560	$ 1,048,560	Annual Interest 6.5%	Short-Term Financing Capital	$ -	Operating Turnover	$ -	None	$ -	$ 13,608,143	$ 27,216,285	Note 9
2	Holiday Garden U.S.	Holiday Garden NW CORP.	Payment Receivables of Affiliate Enterprise	Yes	123,360	-	-	Annual Interest 6.5%	Short-Term Financing Capital	-	Hotel Purchase	-	None	-	5,538,968	11,077,935	Note 9
2	Holiday Garden U.S.	Holiday Garden NW CORP.	Payment Receivables of Affiliate Enterprise	Yes	185,040	92,520	92,520	Annual Interest 3.0%	Short-Term Financing Capital	-	Hotel Purchase	-	None	-	5,538,968	11,077,935	Note 9
2	Holiday Garden U.S.	Holiday Garden VC CORP.	Payment Receivables of Affiliate Enterprise	Yes	123,360	46,260	46,260	Annual Interest 3.0%	Short-Term Financing Capital	-	Hotel Purchase	-	None	-	5,538,968	11,077,935	Note 9
2	Holiday Garden U.S.	Holiday Garden WC CORP.	Payment Receivables of Affiliate Enterprise	Yes	974,700	584,820	584,820	Annual Interest 6.5%	Short-Term Financing Capital	-	Hotel Purchase	-	None	-	5,538,968	11,077,935	Note 9
2	Holiday Garden U.S.	Holiday Garden WC CORP.	Payment Receivables of Affiliate Enterprise	Yes	64,980	64,980	64,980	Annual Interest 3.0%	Short-Term Financing Capital	-	Hotel Purchase	-	None	-	5,538,968	11,077,935	Note 9
2	Holiday Garden U.S.	Holiday Garden SN CORP.	Payment Receivables of Affiliate Enterprise	Yes	1,026,720	-	-	Annual Interest 3.0%	Short-Term Financing Capital	-	Hotel Purchase	-	None	-	5,538,968	11,077,935	Note 9
2	Holiday Garden U.S.	Holiday Garden SN CORP.	Payment Receivables of Affiliate Enterprise	Yes	539,350	539,350	-	Annual Interest 6.5%	Short-Term Financing Capital	-	Hotel Purchase	-	None	-	5,538,968	11,077,935	Note 9
3	Holiday Garden SF CORP.	Holiday Garden VC CORP.	Payment Receivables of Affiliate Enterprise	Yes	154,200	154,200	154,200	Annual Interest 3.0%	Short-Term Financing Capital	-	Hotel Purchase	-	None	-	625,575	1,251,150	Note 9
3	Holiday Garden SF CORP.	Holiday Garden U.S.	Payment Receivables of Affiliated	Yes	387,516	387,516	387,516	Annual Interest 3.0%	Short-Term Financing Capital	-	Operating Turnover	-	None	-	625,575	1,251,150	Note 9

Enterprise

Note 1: the instructions in the numbered column are as follows:

(1) Enter 0 for the Company.

(2) The investee company shall be numbered sequentially starting from the Arabic numeral 1 according to the companies, and for the same company, the number shall be the same.

Note 2: Accounts receivable for affiliated enterprises, accounts receivable for affiliates, shareholders' transactions, advances, suspense payments...etc., this column is required if the loan is of a capital nature.

Note 3: The accumulated maximum balance between the capital loan for others from the current year to the declared month.

Note 4: Capital loan and nature should be listed as having business contacts or having the necessity of short-term financing.

Note 5: If the capital loan is a business transaction, the amount of business transactions shall be input.

Note 6: Where capital loan and nature are necessary for short-term financing, the reasons for the necessary loan and capital and the purpose of the loan purpose and object of capital shall be specified, such as repayment of loan, purchase of equipment, operating turnover, etc.

Note 7: It is necessary to input the limits and total limits of capital loaned to individual objects set by the company in accordance with the operating procedures of capital loaned to other people, and explain the calculation method of capital loaned to individual objects and total limits in the note column.

Note 8: It is necessary to input the limit/amount of the capital loan to others that is still valid up to the month of declaration. (If the public issuing company refers to the capital loan and the board resolution one by one in accordance with Article 14, Paragraph 1 of the handling guidelines, the amount of the board resolution shall be included in the announced balance to dispose its risk bearing, although it has not been appropriated. However, in the event of subsequent capital repayments, the balance after the repayments shall be disclosed to reflect the adjustment of risk. If the public issuing company authorizes the Chairman of the Board to allocate a certain amount of capital and make a sub-loan or cyclic use within one year according to the resolution of the board of directors in accordance with Paragraph 2 of Article 14 of the handling guidelines, the capital loan and amount approved by the Board of Directors shall still be the balance declared by the public announcement. However, any subsequent repayment may still be subject to the possibility of further appropriation, and the amount of the loan approved by the Board of Directors shall remain as the balance declared in the public announcement.)

Note 9: In accordance with the operating procedures for capital loan for others of the Company, the Company engages in capital loan for others with foreign subsidiaries that hold 100% of the voting shares directly and indirectly. Individual loans and amounts sha not exceed 7.5 times of the net value of the company. The total loan and amount shall not exceed 15 times of the company's net value, and the term of loan shall not exceed 15 years.

Disposal of Real Estate up to NT$ 300 Million or More than 20% of Paid-In Capital

January 1 to December 31, 2018

Table II

Unit: NT$ 1,000 (unless otherwise specified)

Company ThatDisposes of Real Estate	Estate Name	Occurrence Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Proceeds Received	Profit/Loss Disposal	Transaction Object	Relationship	Disposal Purpose	Price Determination Reference	Other Items Agreed
Holiday Garden SN CORP.	Residence Inn by Marriott Sacramento Airport Natomas, Hotel	Dec 21 2017	Oct 24 2012	$ 289,931	$ 688,550	$ 688,550	$ 403,100	Welcome Natomas,LLC.	None	According to Operating Strategy	Refer to the Appraisal Amount and Approved by the Board of Directors	None

Note 1: The appraisal results shall be indicated in the column of "Price Determination Reference" if the appraisal results are required in accordance with the regulations for the disposal of assets.

Note: 2 Paid-in capital means the paid-in capital of the parent company. Where there is no face value of the issuer's shares or the face value of each share is not NT$ 10, the transaction amount of 20% of the paid-in capital shall be calculated as 10% o balance sheet vested in the owner of the parent company.

Note 3: Date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of Directors' resolutions, or other dates that can confirm the trade counterpart and monetary amount of the transaction, whichever date is earlier.

Holiday Garden Hotel Co., Ltd. and Subsidiary Companies

Receivables from affiliates of NT$ 100 million or more than 20% of the paid-in capital.

December 31, 2018

Table III

Unit: NT$ 1,000

(unless otherwise specified)

Companies That Account for Receivables	Name of Transaction Object	Relationship	Balance of Receivables from Affiliates (Note 1)	Turnover Rate	Overdue Receivables from Affiliates		Receivables from AffiliatesEnding Recovered Amount	Itemized Allowance Amount for Bad Debts
					Amount	Handling Method		
Holiday Garden International Ltd.	Holiday Garden U.S.	Note 3	Other Receivables: 1,048,560	Note 4	$ -	-	$ -	$ -
Holiday Garden U.S.	Holiday Garden WC CORP.	Note 3	Other Receivables: 649,800	Note 4	-	-	-	-
Holiday Garden SF CORP.	Holiday Garden U.S.	Note 3	Other Receivables: 387,516	Note 4	-	-	-	-
Holiday Garden SF CORP.	Holiday Garden VC CORP.	Note 3	Other Receivables: 154,200	Note 4	-	-	-	-
Holiday Garden WC CORP.	Holiday Garden SF CORP.	Note 3	Other Receivables: 100,979	Note 4	-	-	-	-

Note 1: Please refer to accounts receivable, bills, other receivables...etc.
Note: 2 Paid-in capital means the paid-in capital of the parent company. Where there is no face value of the issuer's shares or the face value of each share is not NT$ 10, the transaction amount of 20% of the paid-in capital shall be calculated as 10% of the equity of balance sheet vested in the owner of the parent company.
Note 3: Both the investee company and the subject of the transaction are subsidiaries of the Company.
Note 4: It is mainly other receivables, so it is not applicable to the calculation of turnover days.

Holiday Garden Hotel Co., Ltd. and Subsidiary Companies

Business relationship and important transactions between parent and subsidiary companies and between subsidiaries and their amounts: please refer to Table V for details.

January 1 to December 31, 2018

Table IV

Unit: NT$ 1,000

(unless otherwise specified)

Number (Note 1)	Transactor Name	Transacting Objects	Relation with Transactor (Note 2)	Transacting Status				
				Item		Amount	Transacting Condition	Percentage of the Consolidated Total Revenue or Total Assets (Note 3)
1	Holiday Garden International Ltd.	Holiday Garden U.S.	(3)	Other Receivables	$	1,048,560	According to the Agreement of Both Parties	17.46%
1	Holiday Garden International Ltd.	Holiday Garden U.S.	(3)	Interest Income		66,632	According to the Agreement of Both Parties	5.70%
1	Holiday Garden International Ltd.	Holiday Garden SF CORP.	(3)	Other Income		18,090	According to the Agreement of Both Parties	1.55%
1	Holiday Garden International Ltd.	Holiday Garden SN CORP.	(3)	Other Income		13,568	According to the Agreement of Both Parties	1.16%
1	Holiday Garden International Ltd.	Holiday Garden NW CORP.	(3)	Other Income		9,045	According to the Agreement of Both Parties	0.77%
1	Holiday Garden International Ltd.	Holiday Garden VC CORP.	(3)	Other Income		9,045	According to the Agreement of Both Parties	0.77%
1	Holiday Garden International Ltd.	Holiday Garden WC CORP.	(3)	Other Income		9,045	According to the Agreement of Both Parties	0.77%
2	Holiday Garden U.S.	Holiday Garden SF CORP.	(3)	Other Receivables		26,251	According to the Agreement of Both Parties	0.44%
2	Holiday Garden U.S.	Holiday Garden SF CORP.	(3)	Dividend Income		11,668	According to the Agreement of Both Parties	1.00%
2	Holiday Garden U.S.	Holiday Garden NW CORP.	(3)	Other Receivables		92,520	According to the Agreement of Both Parties	1.54%
2	Holiday Garden U.S.	Holiday Garden NW CORP.	(3)	Interest Income		12,387	According to the Agreement of Both Parties	1.06%
2	Holiday Garden U.S.	Holiday Garden VC CORP.	(3)	Other Receivables		46,260	According to the Agreement of Both Parties	0.77%

2	Holiday Garden U.S.	Holiday Garden WC CORP.	(3)	Other Receivables	649,800	According to the Agreement of Both Parties	10.82%
2	Holiday Garden U.S.	Holiday Garden WC CORP.	(3)	Interest Income	58,642	According to the Agreement of Both Parties	5.01%
3	Holiday Garden SF CORP.	Holiday Garden NW CORP.	(3)	Other Receivables	12,905	According to the Agreement of Both Parties	0.21%
3	Holiday Garden SF CORP.	Holiday Garden U.S.	(3)	Other Receivables	387,516	According to the	6.45%
3	Holiday Garden SF CORP.	Holiday Garden VC CORP.	(3)	Other Receivables	154,200	Agreement of Both Parties	2.57%
4	Holiday Garden VC CORP.	Holiday Garden SF CORP.	(3)	Other Receivables	44,872	According to the Agreement of Both Parties According to the Agreement of Both Parties	0.75%
5	Holiday Garden NW CORP.	Holiday Garden SF CORP.	(3)	Other Receivables	12,905	According to the Agreement of Both Parties	0.21%
6	Holiday Garden WC CORP.	Holiday Garden SF CORP.	(3)	Other Receivables	100,979	According to the Agreement of Both Parties	1.68%

Note 1: Information about the business transactions between the parent company and the subsidiary company shall be indicated in the number column respectively. The number shall be entered as follows:

(1) Enter 0 for parent company.

(2) The subsidiaries shall be numbered in numerical order starting from the Arabic numeral 1.

Note 2: There are three types of relationships with a trader, just mark the category. (if it is the same transaction between the parent company and the subsidiaries or between the subsidiaries, there is no need to repeat the disclosure. For example, if the parent company has disclosed the transaction between the subsidiary company and the parent company, the subsidiary part does not need to be disclosed repeatedly.

A transaction between a subsidiary and its subsidiaries, if one has been disclosed, is no longer required for another):

(1) Parent company vs subsidiary company.

(2) Subsidiary company vs parent company.

(3) Subsidiary company vs subsidiary company.

Note 3: The ratio of the transaction amount to the consolidated total revenue or total assets, if it is an item of assets and liabilities, shall be calculated by the ratio of the ending balance to the consolidated total assets. In the case of profit and loss items, the cumulative amount shall be calculated as a proportion of the consolidated total revenue.

Note 4: The material transactions described in this table are transactions amounting to five million NTD or more than 20% of the paid-in capital of the parent company.

Holiday Garden Hotel Co., Ltd. and Subsidiary Companies

Name of investee company, location and other relevant information (excluding mainland Chinese investee companies)

January 1 to December 31, 2017

Table V

Unit: NT$ 1,000

(unless otherwise specified)

Name of Investment Company	Name of Investees (Note 1, 2)	Location	Main Business Items	Original Investment Amount		Held at the End of the Period			Current Profit and Loss of the Investee (Note 2(2))	Current Recognized Investment Profit and Loss (Note 2 (3))	Note
				End of Current Period	End of Last Year	Shares	Ratios	Carrying Amount			
Holiday Garden Hotel Co., Ltd.	Holiday Garden Hotel Co., Ltd.	Taiwan	Hotels Operating Tourism Business	$ 65,000	$ 25,000	6,500	100	$ 54,208	($ 10,349)	($ 10,349)	Subsidiary of the Company
Holiday Garden Hotel Co., Ltd.	Holiday Garden International Ltd.	Islands of Bermuda	Investment Business	848,895	969,023	12,000	100	1,814,419	330,501	330,501	Subsidiary of the Company
Holiday Garden International Ltd.	Holiday Garden U.S.	USA	Investment Business	251,291	251,291	18,000	100	738,529	353,607	353,607	Subsidiary of this Company
Holiday Garden U.S.	Holiday Garden SF CORP.	USA	Hotels Operating Tourism Business	84,662	84,662	170,000	100	83,410	36,788	36,788	Subsidiary of this Company
Holiday Garden U.S.	Holiday Garden SN CORP.	USA	Hotels Operating Tourism Business	72,900	72,900	150,000	100	90,186	287,254	287,254	Subsidiary of this Company
Holiday Garden U.S.	Holiday Garden NW CORP.	USA	Hotels Operating Tourism Business	81,250	81,250	150,000	100	64,875	29,802	29,802	Subsidiary of this Company
Holiday Garden U.S.	Holiday Garden VC CORP.	USA	Hotels Operating Tourism Business	81,250	81,250	150,000	100	19,408	(717)	(717)	Subsidiary of this Company
Holiday Garden U.S.	Holiday Garden WC CORP.	USA	Hotels Operating Tourism Business	80,700	80,700	150,000	100	63,353	11,035	11,035	Subsidiary of this Company

Note 1: If a public offering company has a foreign holding company and the consolidated financial report is the main financial report according to the local laws and regulations, the disclosure of information about the foreign invested company may only include the relevant information of the holding company.

Note 2: In cases other than those described in Note 1, the following

information shall be filled in according to the following rules:

(1) The columns of "Name of Investees", "Location", "Main Business Items", "Original Investment Amount" and "Ending Shareholding Status" shall be filled in order according to the reinvestment situation of the (public offering) Company and each reinvestment situation of the inveted company under direct or indirect control, and indicate the relationship between each investee company and the Company (if it is a subsidiary or sub-subsidiary company) in the note column.

(2) In the column of "Current Profit and Loss of the Investee", the current profit and loss amount of each investee company shall be filled in.

(3) In the column of "Current Recognized Investment Profit and Loss", only the profit and loss amount of each subsidiary recognized as direct reinvested by the Company and each invested company evaluated by the equity method shall be filled in, and the remaining amount may be exempted. When "the amount of profit and loss of each subsidiary for the current period recognized as direct reinvested" is filled in, it shall be confirmed that the amount of profit and loss of each subsidiary for the current period has included the investment profit and loss that should be recognized according to regulations for its reinvested capital.

Chapter 7. Review Analysis and Risk Assessment of Financial Position and Operating Results

I. Financial Position - Consolidated

(I) Review and Analysis of Financial Position

(the increase or decrease amount is more than NT$ 10 million and the change proportion is more than 20%)

Unit: NT$ 1,000

Year / Items	2018	2017	Difference	
			Amount	%
Current Asset	2,540,108	1,831,837	708,271	38.66
Real Estate, Plant and Equipment	2,929,346	2,900,500	28,846	0.99
Intangible Assets	403,004	423,033	-20,029	-4.73
Other Assets	127,575	150,937	-23,362	-15.48
Total Assets	6,000,033	5,306,307	693,726	13.07
Current Liability	1,645,475	1,844,362	-198,887	-10.78
Non-Current Liability	3,005,490	2,374,010	631,480	26.60
Total Liabilities	4,650,965	4,218,372	432,593	10.25
Equity Attributable to Owners of Parent Company	1,349,068	1,087,935	261,133	24.00
Share Capital	1,023,015	1,023,015	—	—
Capital Surplus	2,169	2,169	—	—
Retained Earnings	348,224	133,262	214,962	161.31
Other Equities	(24,340)	(70,511)	46,171	-65.48
Treasury Stock	—	—	—	—
Non-Controlling Interest	—	—	—	—
Total Equity	1,349,068	1,087,935	261,133	24.00

Reasons for the difference:

1. The increase in total current assets is due to the cash reduction of Holiday Garden International Ltd., a foreign subsidiary.
2. The increase of current liabilities is caused by the increase of long-term loans.
3. The increase in the retained surplus was due to the sale of American hotels.
4. Other reduction in equity is due to cumulative conversion adjustments.

II. Review and Analysis of Business Operating Results – Consolidated

(I) Comparative analysis of business operating results:

(the increase or decrease amount is more than NT$ 10 million and the change proportion is more than 20%)

Unit: NT$ 1,000

Items	2018	2017	Increase (Decrease) Amount	Variable Proportion %
Operating Income	1,169,715	1,365,015	-195,300	-14.31
Operating Margin	941,812	1,035,348	-93,536	-9.03
Operating Profit and Loss	82,040	137,476	-55,436	-40.32
Non-Operating Income and Expenditure	316,443	(97,674)	414,117	423.98
Net Profit Before Tax	398,483	39,802	358,681	901.16
Continuing Operations Net Income	212,662	(2,308)	214,970	9314.12
Loss from Discontinued Operations	—	—	—	—
Current Net Profit (Loss)	212,662	(2,308)	214,970	9314.12
Current Other Comprehensive Profit and Loss (Net Amount After Tax)	48,471	(126,838)	175,309	138.21
Current Total Comprehensive Profit and Loss	261,133	(129,146)	390,279	302.20
Net Income Attributable to Owners of Parent Company	212,662	(2,308)	214,970	9314.12
Net Profit Attributable to Non-Controlling Interests	—	—	—	—
Total Comprehensive Profit and Loss Attributable to Owners of the Parent Company	261,133	(129,146)	390,279	302.20
Total Comprehensive Profit and Loss Attributable to Non-Controlling Interest	—	—	—	—
Earnings Per Share	2.08	(0.02)	2.1	10500.00
Explanation analysis: The increase in profits was due to the sale of American hotels.				

(II) Analysis of operating margin changes: None

III. Review and Analysis of Cash Flow - Consolidated

(I) Cash Flow Analysis

2018

Unit: NT$ 1,000

Beginning Cash Balance	Net Cash Flow from Operating Activities Throughout the Year	Cash Outflows (Inflows) from Investment and Financing Activities Throughout the Year	Cash Balance Amount	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financial Plan
$729,863	$ 53,214	$ 1,018,071	$1,801,148	—	—

(II) The net cash flow of each item changes by 50% at present and later stage, and the change in the amount is more than 5% of the paid-in capital.

Unit: NT$ 1,000

Items	2018	2017	Changes in the Amount	Rate of Change %
Operating Activities	53,214	306,783	-253,569	-82,65
Investment Activities	319,598	（802,371）	1,121,969	139.83
Financing Activities	662,318	520,531	141,787	27.24

Net cash flow from financing activities: due to reduction in long-term loan.

(III) Remedial measures for insufficient cash and liquidity analysis: N/A

(IV) Analysis of cash liquidity in the next year:

Unit: NT$ 1,000

Beginning Cash Balance (1)	Expected Full-Year Net Cash Flow from Operating Activities (2)	Expected Full-Year Net Cash Flow Amount (3)	Cash Balance (Insufficient) Amount (1)+(2)-(3)	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financial Plan
1,801,148	$ 800,000	$750,000	$ 1,851,148	—	—

IV. The Impact of Recent Material Capital Expenditures on Financial Operations: None

IIV. Recent Annual Reinvestment Policy, Main Reason for Income or Loss, Its Improvement Plan and Investment Plan for the Next Year

Unit: NT$ 1,000

Items \ Explanations	Amount	Policies	Main Cause of Profit or Loss	Improvement Plan	Other Future Investment Plans
Holiday Garden International Ltd.	320,153 (2018)	Offshore Holding Company	Operating profit through American sub-subsidiary Holiday Garden International's investments in hotels such as Clementine Hotel & Suites Anaheim in California	Made profits in 2018, and the Company is still strengthening various controls to achieve greater profits	None

VI. Risk Items and Assessment

(1) Impacts on interest rate, fluctuation in exchange and inflation on corporate gains and losses and future countermeasures:

1. The Company is engaged in short-term and long-term loans, which is a kind of debt with floating interest rate. Therefore, the change of market interest rate will cause the effective interest rate of short-term and long-term loans to change accordingly. The Company will continue to maintain a good interactive relationship with its banks, obtain preferential loan terms, and minimize the risk of interest rate fluctuations affecting interest expenses.
2. Recently, the exchange rate of USD and JPY fluctuates a lot, but most of our tourists are from mainland China, so the influence on our Company is limited.
3. Under the pressure of rising prices, the Company will purchase in bulk to reduce the cost of goods in response to inflation.

(2) Policies on high-risk, highly leveraged investments, capital loans for others, endorsements, and derivative transactions, major causes of profits or losses and future countermeasures:

The Company forbids high-risk and highly leveraged investments. For the capital loan to other people and endorsement of the object of guarantee, they are limited to affiliated enterprises with 50% reinvestment. Up to the date of publication, no funds have been loaned. The Company has so far prohibited trading in derivative products.

(3) Future R&D plan and expected invested R&D cost:

The Company is in the service sector, and we have no such plan at present.

(4) The impact of important domestic and foreign policies and laws on the company's financial business and countermeasures:
The Financial Supervisory Commission of the Executive Yuan issued on May 14, 2009 that TWSE & TPEx listed companies shall prepare financial reports in accordance with IFRS (main framework of International Accounting Standards and important accounting standards of International Financial Reporting Standards) from 2013; the Company has adopted IFRS to prepare financial reports.

(5) Impact of technological and industrial changes on the company's financial business and countermeasures:
Over the years, the Internet booking has become a new trend, in addition to the layout of a number of Internet booking companies, to strengthen the expansion of the business, training related business personnel, for the company's largest volume of business.

(6) Impact of corporate image change on corporate crisis management and countermeasures:
The Company has always upheld the supremacy of guests, service first for the most priority, so that guests feel at home. In case of any customer complaint, it is necessary to make timely correction and improvement, maintain the corporate image of law-abiding and trustworthy, and cultivate the business philosophy of environmental responsibility in silence.

(7) Anticipated benefit, possible risks and countermeasures of the merger and acquisition:
The merger and acquisition policy of the Company has always been conservative, and we will only do so when we can do our best and do not take additional debt, when the expected benefits are expected, and when the risks are the lowest.

(8) Anticipated efficiency, possible risks and countermeasures of the expanded plants:
The Company's land use rate is full, there is no plan to expand the hotel.

(9) Risks and countermeasures encountered in the purchase or turnover concentration:
The Company is in service sector, the object of purchase and sales are very scattered and the source channels are diverse, sales has always taken business personnel and the cooperation with travel agencies, so the Company's purchase and sales concentrated risk is

minimal.

(10) Directors, supervisors, or major shareholders holding more than 10% of the company's shares, in terms of the impact and risks of the transfer or change of ownership on the company:
The directors of the company are all appointed by Yingchuan International Enterprise Co., Ltd., and the majority shareholder holding more than 10% shares is only the legal person shareholder, so there is little risk of substantial transfer of shares.

(11) Impact of the change of management right on the company, risks and countermeasures:
So far, there has been no change in the management of the Company.

(12) The company and its directors, supervisors, general managers, substantial heads, major shareholders holding more than 10% of the shares of the company and its subsidiaries shall be listed in the litigation or non-litigation or administrative disputes in which the company has determined or is still in possession. Where the outcome may have a material impact on shareholders' equity or securities prices, it shall disclose the facts of the dispute, the target amount, the commencement date of the lawsuit, the major litigants involved and the disposition as of the date of publication of the annual report:
No such thing happened in the Company.

(13) Other important risks and countermeasures: None.

(14) Other important items: None.

Chapter 8. Special Noted Items

1. Related Information on Affiliated Enterprises

(I) Consolidated Business Report of Affiliated Enterprises: Please refer to pages 180~184.

(II) Consolidated Financial Statement of Affiliated Enterprises: Please refer to pages 117~173.

(III) Relationship report: None.

2. For the most recent year and up to the date of publication of the annual report, the status of private offering of marketable securities: None.

3. For the most recent year and up to the date of publication of the annual report, the status of holding or disposing of the Company's shares by a subsidiary: None.

4. Other necessary supplementary notes: None.

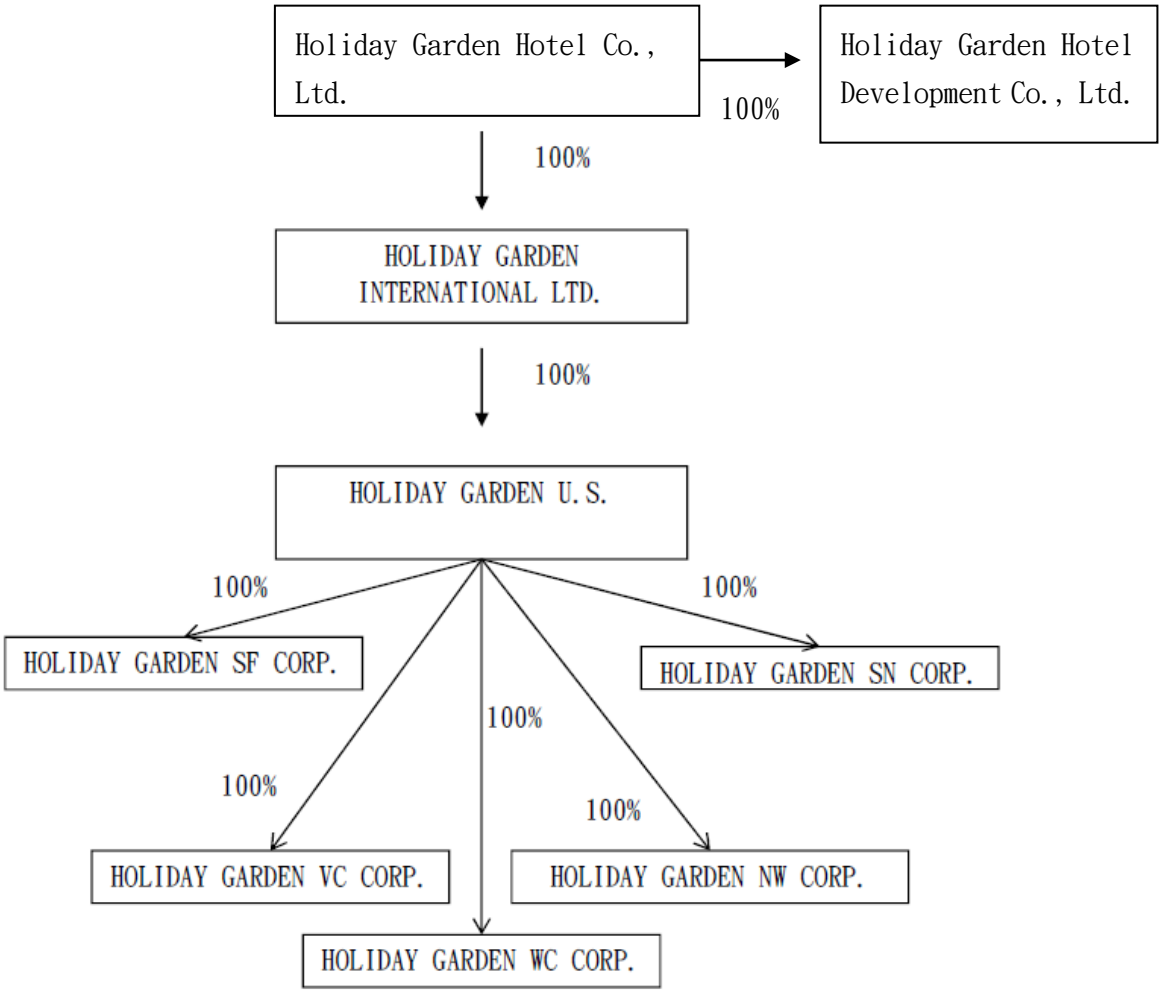
Chapter 9. For the Most Recent Year and up to the Date of Publication of the Annual Report, There are Matters that Have a Material Impact on The Shareholders' Equity or the Securities Price as Provided for in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None.

Holiday Garden Hotel Co., Ltd.
Consolidated Business Report of Affiliated Enterprises

I. Affiliated Enterprise Profile

I. Organizational Profile of the Affiliated Enterprises

(I) Organization Chart of the Affiliated Enterprises



(II) A company presumed to have a controlling and subordinate relationship under Article 369-3 of the Company Act: No such situation.

(III) A company which has a controlling and subordinate relationship as provided for in Article 6 of the preparation guidelines for the Consolidated Business Report of Affiliated Enterprises, Consolidated Financial Statement of Affiliated Enterprises, and Relationship Report: No such situation.

II. Basic Information on Affiliated Enterprises

Unit: NT$ 1,000

Enterprise Name	Date of Incorporation	Address	Paid-In Capital (Note)	Major Business or Production Items
HOLIDAY GARDEN INTERNATIONAL LTD.	March 14, 1997	Canon's Court, 22 Victoria Street, PO Box 1624, Hamilton HM EX, Bermuda	USD 12	Investment Business
HOLIDAY GARDEN U.S.	January 22, 1997	202 S. Minnesota Street, Carson City, NV 89703, U.S.A.	USD 180	Investment Business
HOLIDAY GARDEN SF CORP.	January 21, 1997	1540 W. Artesia Sq., Unit D Gardena, CA, U.S.A. 90248	USD 170	Operating Tourist Hotel Business
HOLIDAY GARDEN SN CORP.	October 24, 2012	1540 W. Artesia Sq., Unit D Gardena, CA, U.S.A. 90248	USD 150	Operating Tourist Hotel Business
HOLIDAY GARDEN VC CORP.	July 8, 2015	1540 W. Artesia Sq., Unit D Gardena, CA, U.S.A. 90248	USD 150	Operating Tourist Hotel Business
HOLIDAY GARDEN NW CORP.	July 20, 2015	1540 W. Artesia Sq., Unit D Gardena, CA, U.S.A. 90248	USD 150	Operating Tourist Hotel Business
HOLIDAY GARDEN WC CORP.	May 18, 2016	1540 W. Artesia Sq., Unit D Gardena, CA, U.S.A. 90248	USD 150	Operating Tourist Hotel Business
Holiday Garden Hotel Development Co., Ltd.	September 28, 2017	No. 1, Zhong'an Rd., Qianzhen Dist., Kaohsiung City	NT 65,000	Operating Tourist Hotel Business

Note: The exchange rate on the reporting date was USD1 = NT30.72.

III. The same shareholder information is presumed to be controlled and affiliated: None.

IV. Sectors covered by the overall business operation of the affiliated enterprise:The business of the company and its affiliated enterprises mainly involves the investment and operation of tourist hotels and restaurants.

V. Information on Directors and General Manager of Affiliated Enterprises:

Unit: Shares; %

Enterprise Name	Title	Name or Representative	Shares Held	
			Number of Shares (shares)	Shareholding Percentage (%)
Holiday Garden Hotel Co., Ltd.	Director Chairman of the Board (Representative of Hotel Holiday Garden)	Holiday Garden Hotel Co., Ltd. Hai-Ni Chen	6,500,000 -	100 -
HOLIDAY GARDEN INTERNATIONAL LTD.	Director Chairman of the Board (Representative of Hotel Holiday Garden)	Holiday Garden Hotel Co., Ltd. Hai-Ni Chen	12,000 -	100 -
HOLIDAY GARDEN U.S.	Director Chairman of the Board (Representative of Hotel Holiday Garden)	HOLIDAY GARDEN INTERNATIONAL LTD. Hai-Ni Chen	18,000 -	100 -
HOLIDAY GARDEN SF CORP.	Director Chairman of the Board (Representative of Hotel Holiday Garden)	HOLIDAY GARDEN U.S. Hai-Ni Chen	170,000 -	100 -
HOLIDAY GARDEN SN CORP.	Director Chairman of the Board (Representative of Hotel Holiday Garden)	HOLIDAY GARDEN U.S. Hai-Ni Chen	150,000 -	100 -
HOLIDAY GARDEN VC CORP.	Director Chairman of the Board (Representative of Hotel Holiday Garden)	HOLIDAY GARDEN U.S. Hai-Ni Chen	150,000 -	100 -
HOLIDAY GARDEN NW CORP.	Director Chairman of the Board (Representative of Hotel Holiday Garden)	HOLIDAY GARDEN U.S. Hai-Ni Chen	150,000 -	100 -
HOLIDAY GARDEN WC CORP.	Director Chairman of the Board (Representative of Hotel Holiday Garden)	HOLIDAY GARDEN U.S. Hai-Ni Chen	150,000 -	100 -

Note 1: If the affiliated enterprise is a foreign company, its equivalent position shall be listed.

Note 2: If the investee company is a company limited by share, the number of shares and shareholding ratio shall be filled in.

II. Operating Profile of Affiliated Enterprises

The Financial Position and Operating Results of the Relevant Enterprises (Note) Unit: NT$ 1,000

Enterprise Name	Capital	Total Value of Assets	Total Liabilities	Net Value	Operating Income	Operating (Loss) Profit	Current (Loss) Profit (After Tax)	Earnings Per Share (NT$) (After Tax) (Note 2)
Holiday Garden Hotel Co., Ltd.	$ 65,000	$ 59,915	$ 5,707	$ 54,208	$ 5,053	$ (13,182)	$ (10,349)	$ (1.59)
HOLIDAY GARDEN INTERNATIONAL LTD.	$ 369	$ 4,549,004	$ 2,734,585	$ 1,814,419	$ 1,062,022	$ 444,894	$ 330,501	$ 27,541.75
HOLIDAY GARDEN U.S.	$ 5,530	$ 1,738,145	$ 1,447,147	$ 296,998	$ -	$ 287,915	$ 228,182	$ 1,267.67
HOLIDAY GARDEN SF CORP.	$ 5,222	$ 1,167,042	$ 1,085,567	$ 81,475	$ 374,462	$ 52,539	$ 34,889	$ 205.23
HOLIDAY GARDEN SN CORP.	$ 4,608	$ 76,362	$ -	$ 76,362	$ 16,988	$ 381,609	$ 273,687	$ 1,824.58
HOLIDAY GARDEN VC CORP.	$ 4,608	$ 826,590	$ 824,500	$ 2,090	$ 284,589	($ 25,206)	($ 17,714)	($ 118.09)
HOLIDAY GARDEN NW CORP.	$ 4,608	$ 637,549	$ 594,510	$ 43,039	$ 173,197	$ 11,743	$ 8,370	$ 55.80
HOLIDAY GARDEN WC CORP.	$ 4,608	$ 1,322,451	$ 1,328,064	($ 5,613)	$ 212,786	($ 75,600)	($ 56,652)	($ 377.68)

Note: Average buy/sell rate of reporting date on December 31, 2018 was USD1 = NTD30.72. Average exchange rate from January 1 to December 31, 2018 was USD1 = NTD30.15.

Holiday Garden Hotel

Signature and seal of the person in charge:
Hai-Ni Chen