

Holiday Garden International Ltd.
Parent Company Only financial Report and Independent
Accountant's Report
2019 and 2018
(Stock code: 2702)

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

Holiday Garden International Ltd. and Subsidiaries

Parent Company Only Financial Report and Independent Accountant's Report of 2019 and 2018

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Independent Accountant's Report

(2020.) Tsai Shen Pao Tzu No.19004556

Holiday Garden International Ltd :

Opinion

We have audited the following financial statements of Holiday Garden International Ltd.: The parent company only balance sheets of December 31, 2019 and 2018, the parent company only statements of comprehensive income of January 1 to December 31 of 2019 and 2018, the parent company only statements of changes in equity, the parent company only statements of cash flows, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material aspects, the financial position of Holiday Garden International Ltd. as at December 31, 2019 and 2018 and its financial performance and cash flows for the period from January 1 to December 31 of 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted the audit in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the generally accepted auditing standards in the Republic of China. Our responsibilities under those rules and standards are described in the section of the responsibilities of accountants auditing parent company only financial statements. Personnel of our accounting firm subject to the independent requirements have complied with the code of professional ethics of certified public accountants of the Republic of China, stayed fully independent of Holiday Garden Hotel Co., Ltd, and fulfilled other responsibilities in accordance with the code. We believe that we have obtained adequate and appropriate audit evidence to form the basis of our audit opinion.

Key audit matters

Key audit matters refer to the most significant matters, according to our professional judgment, in the 2019 parent company only financial statements of Holiday Garden

International Ltd. These matters were addressed during the audit of the overall parent company only financial statements and in the formation of our opinion. We do not express our opinion on these matters separately.

We determine the following key audit matters of the parent company only financial statements of 2019 of the Holiday Garden International Ltd.:

Evaluation of investment impairment accounted for using the equity method :

Investment which adopting to Equity method —Business Mergers and Acquisitions

Description

Adopted to Equity method of accounting policy, please refer to parent company financial report note4(12).Description of investment which adopting to equity method of accounting policy,please refer to parent company financial report note6(4).Subsidiary of Holiday Garden International Ltd. Acquired Hotel Hyatt Place Emeryville with 2,045,468,000 NTD on April 12, 2019 which adopting accounting policy. Due to the significant estimation of management and purchase price allocation, the mergers and acquisition amount is material of this year, we recognized the mergers and acquisitions of subsidiary as one of major audit program of this year.

Corresponding audit program

1. We have implemented the following audit program corresponding to the aforementioned audit matter.
2. We have learned to obtain an understanding of internal control of Holiday Garden International Ltd. and subsidiary , inspect the related document of board of directors, and make sure the investment has been executed with the relevant procedures.
3. We have confirmed the purchase consideration, review the mergers and acquisition contract, and confirm price payment instrument.
4. We have obtained the purchase price allocation, evaluated the independence of external specialist, reviewed the information of the report. The auditor evaluated the valuation method and assumptions used in report to assess the purchase price allocation.

Adopting to Equity method “ impairment evaluation of investment”

Description

For accounting policies on investments accounted for using the equity method, please refer to

Note 4(12) of the parent company only financial statements. For accounting estimation and assumption uncertainty of evaluation of investment impairment accounted for using the equity method, please refer to Note 5(2) of the parent company only financial statements. For investment using the equity method, please refer to Note 6(4) of the parent company only financial statements.

The carrying amount of intangible assets as of December 31, 2019 of subsidiaries of Holiday Garden International Ltd. is NT\$750,664,000, accounting for 9.82% of the total amount of consolidated assets. The booming of a wide variety of hotels and accommodations and the fierce competition in the hospitality industry in recent years have prompted management to treat each subsidiary as an independent and the smallest cash generating unit in the impairment evaluation of intangible assets and to use the estimated future cash flows of each subsidiary and an appropriate discount rate for discount to measure the recoverable amount of each cash generating unit and to use this information for evaluating the impairment of intangible assets.

The aforementioned use of future cash flow estimation for measuring the recoverable amount of a cash generating unit may exert a significant impact on the measurement of the recoverable amount because the estimation is based on numerous assumptions, including the discount rate and the financial forecast for the next five years, which may lead to subjective judgment and a high level of uncertainty. Therefore, we have chosen intangible assets impairment evaluation to be a key audit matter of this year.

Corresponding audit program

We have implemented the following audit program corresponding to the aforementioned audit matter. :

1. We worked on understanding and evaluated management's operating procedure for estimating the subsidiaries' future cash flows. We also verified that their cash flows for the next five years are consistent with the business plan approved by the Board of Directors.
2. We discussed specific actions in the business plan with management and evaluated management's intent and ability for implementing the business plan by acquiring information related to the actual implementation of management's business plan in the past.
3. We evaluated the reasonableness of various parameters and material assumptions adopted, including the discount rates.

Responsibilities of management and those charged with governance for the parent company only financial statements

The responsibilities of management is to prepare appropriately stated parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Management is also responsible for maintaining necessary internal control relevant to the preparation of the parent company only financial statements to ensure that the parent company only financial statements are free from material misstatement by fraud or error ◦

Management when preparing parent company only financial statements is also responsible for evaluating Holiday Garden International Ltd.'s ability to continue as a going concern, disclosing relevant matters, and using the going concern basis of accounting unless management intends to liquidate Holiday Garden International Ltd., to cease the operations, or to liquidate or to have no feasible alternatives but to do so ◦

Account's responsibilities for the audit of parent company only financial statements

The objectives of accounts for auditing parent company only financial statements are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from any material misstatement due to fraud or error and to issue an accountant's report accordingly. Reasonable assurance refers to a high level of assurance, but there is no guarantee that accountants performing in accordance with the generally accepted auditing standards of the Republic of China can detect any material misstatement from the parent company only financial statements. Misstatements may arise from fraud or errors. A misstated dollar amount, individually or in the aggregate, that could be reasonable predicted to influence the economic decision of the user of the parent company only financial statements can be viewed as material.

In accordance with the generally accepted auditing standards of the Republic of China, we exercised professional judgment and maintained professional skepticism throughout the audit. We also performed the following tasks :

1. We identified and assessed the risks of material misstatement of the parent company only financial statements, whether due to fraud or errors, designed and performed audit procedures according to those risks, and obtained audit evidence that can sufficiently and appropriately form the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for the one resulting from error because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. We obtained an understanding of internal control relevant to the audit in order to design audit procedures suitable for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Holiday Garden International Ltd.'s internal control.
3. We evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and related disclosures made by management.
4. We concluded on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on Holiday Garden International Ltd.'s ability to continue as a going concern based on the audit evidence we have obtained. If we conclude that a material uncertainty exists, we will need to draw attention in our accountant's report to the related disclosures in the parent company only financial statements or to modify our opinion if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of this accountant's report. However, future events or conditions may cause Holiday Garden International Ltd. to cease to continue as a going concern.
5. We evaluated the overall presentation, structure and contents of the parent company only financial statements, including the attached notes, and whether the parent company on financial statements represent the underlying transactions and events in a fair manner.
6. We obtained sufficient and appropriate audit evidence regarding the financial information of entities within Holiday Garden International Ltd. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit of the parent company and are responsible

for our audit opinion.

We have communicated with those charged with governance regarding the planned scope and the timing of the audit as well as material audit findings (including significant internal control shortcomings identified in the audit).

We have also provided those charged with governance the statement that the personnel of our accounting firm subject to the requirements of independence have complied with the requirements of independence of the code of professional ethics of certified public accountants of the Republic of China and communicate with those charged with governance relationships and other matters that may influence our independence (including related preventive measures).

We determined the key audit matters of the parent company only financial statements of 2018 of Holiday Garden International Ltd. according to matters communicated with those charged with governance. We described these matters in the accountant's report, unless the laws and regulations prohibit such disclosure or under rare condition that we decide not to communicate a given matter because the negative impact from such communication may override its public benefits under reasonable assumption.

PwC Taiwan

Independent accountants

Liao A-shen

Wu Chien-chih

Financial Supervisory Commission

Approval certificate No.: Chin Kuan Cheng Shen Tzu
No. 1010015969

Former Financial Supervisory Commission of Executive
Yuan

Approval certificate No.: Chin Kuan Cheng Shen Tzu No.
1030027246

March 19, 2020

Holiday Garden International Ltd.
Parent Company Only Balance Sheet
December 31 of 2019 and 2018

Unit: NT\$1,000

Assets	Notes	December 31, 2019		December 31, 2018		
		A m o u n t	%	A m o u n t	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 91,968	3	\$ 30,969	1
1136	Net notes receivable	8	998,986	29	589,226	18
1150	Net accounts receivable	6(2)	938	-	400	-
1170	Other accounts receivable	6(2)	6,428	-	5,757	-
1200	Tax assets		2,874	-	3,355	-
1220	Inventories		-	-	1,051	-
130X	Advance payments	6(3)	993	-	332	-
1410	Other financial assets - current		2,306	-	2,188	-
1479	Other current assets - others		241	-	93	-
11XX	Total current assets		<u>1,104,734</u>	<u>32</u>	<u>633,371</u>	<u>19</u>
Non-current assets						
1550	Investments accounted for using the equity method	6(4)	1,654,003	47	1,868,627	57
1600	Property, plants, and equipment	6(5) and 8	686,263	19	712,968	22
1755	Right-of-use asset	6(6)	1,957	-	-	-
1840	Deferred tax assets	6(21)	56,921	2	43,745	2
1920	Guarantee deposits paid		378	-	1,087	-
15XX	Total non-current assets		<u>2,399,522</u>	<u>68</u>	<u>2,626,427</u>	<u>81</u>
1XXX	Total Assets		<u>\$ 3,504,256</u>	<u>100</u>	<u>\$ 3,259,798</u>	<u>100</u>

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Holiday Garden International Ltd.
Parent Company Only Balance Sheet
December 31 of 2019 and 2018

Unit: NT\$, 000

Liabilities and equity	Notes	December 31, 2019		December 31, 2018		
		A m o u n t	%	A m o u n t	%	
Current liabilities						
2100	Short-term borrowings	6(7) and 8	\$ 1,530,000	44	\$ 1,204,500	37
2110	Short-term notes and bills payable	6(8)	130,000	4	130,000	4
2130	Contractual liabilities - current	6(15)	8,196	-	6,967	-
2150	Notes payable		322	-	1,366	-
2170	Accounts payable		2,519	-	5,441	-
2200	Other accounts payable		15,663	-	12,917	1
2230	Income tax liabilities		1,370	-	-	-
2280	Unearned receipts		586	-	-	-
2320	Long-term liabilities - current portion	6(9) and 8	52,196	2	49,019	2
2399	Other current liabilities - others		2,529	-	1,699	-
21XX	Total current liabilities		<u>1,743,381</u>	<u>50</u>	<u>1,411,909</u>	<u>44</u>
Non-current liabilities						
2540	Long-term borrowings	6(9) and 8	56,010	1	90,273	3
2570	Deferred income tax liabilities	6(21)	285,764	8	280,216	8
2580	Lease obligation -non current		1,389	-	-	-
2610	Long-term notes and accounts payable	6(5)	127,577	4	127,577	4
2645	Guarantee deposits received		870	-	755	-
25XX	Total non-current liabilities		<u>471,610</u>	<u>13</u>	<u>498,821</u>	<u>15</u>
2XXX	Total liabilities		<u>2,214,991</u>	<u>63</u>	<u>1,910,730</u>	<u>59</u>
Equity						
Capital stock						
3110	Common share capital	6(11)(13)	1,104,856	32	1,023,015	31
Capital surplus						
3200	Capital surplus	6(12)	2,169	-	2,169	-
Retained earnings						
3310	Legal reserve	6(13)	82,561	2	61,295	2
3320	Special reserve		71,161	2	71,161	2
3350	Retained earnings		87,509	3	215,768	7
Other equity						
3400	Other equity	6(14)	(58,991)	(2)	(24,340)	(1)
3XXX	Total equity					
Major events after the reporting period						
3X2X	Total liabilities and equity		<u>\$ 3,504,256</u>	<u>100</u>	<u>\$ 3,259,798</u>	<u>100</u>

Please refer to notes of parent company only financial statements provided at the end, which is part of this parent company only financial report.

Chairperson of the Board: Chen Hai-ni Manager: Chen Hai-ni

Accounting Director: Yu Su-ling

Holiday Garden International Ltd.
Parent Company Only Statement of Comprehensive Income
January 1 to December 31 of 2019 and 2018

				Unit: NT\$1,000			
				(Except earnings (loss) per share, which is in NT\$1.00)			
				2019		2018	
Item	Notes	A	m o u n t	%	A	m o u n t	%
4000	Operating revenue	6(15)	\$ 153,657	100	\$ 102,640	100	
5000	Operating cost	6(3)(19)	(51,762)	(34)	(53,566)	(52)	
5900	Operating gross profit		101,895	66	49,074	48	
	Operating expenses	6(19)(20)					
6200	Management expense		(106,647)	(69)	(93,135)	(91)	
6450	Expected credit impairment loss	12(2)	(125)	-	-	-	
6000	Total operating expense		(106,772)	(69)	(93,135)	(91)	
6900	Operating loss		(4,877)	(3)	(44,061)	(43)	
	Nonoperating income and						
7010	Other income	6(16)	24,155	16	13,069	13	
7020	Other gains and losses	6(17)	(31,595)	(21)	14,803	14	
7050	Financial cost	6(18)	(21,375)	(14)	(17,176)	(17)	
7070	Share of profit or loss of	6(4)	34,605	23	320,153	312	
7000	Total non-operating income		5,790	4	330,849	322	
7900	Net profit (loss) before tax		913	1	286,788	279	
7950	Income tax (expense) benefits	6(21)	(5,605)	(4)	(74,126)	(72)	
8200	Net profit (loss)		(\$ 4,692)	(3)	\$ 212,662	207	
	Other comprehensive income						
	Items may be subsequently						
8361	Exchange differences on	6(14)	(\$ 43,314)	(28)	\$ 55,805	54	
8399	Income tax of items that may be	6(21)	8,663	5	(7,334)	(7)	
8300	Other comprehensive income		(\$ 34,651)	(23)	\$ 48,471	47	
8500	Total comprehensive income		(\$ 39,343)	(26)	\$ 261,133	254	
	Earnings (loss) per share	6(22)					
9750	Basic		(\$ 0.04)		\$ 1.92		
9850	dilution		(\$ 0.04)		\$ 1.92		

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Chairperson of the Board: Chen Hai-ni Manager: Chen Hai-ni

Accounting Director : Yu Su-ling

Holiday Garden International Ltd.
Parent Company Only Statements of Changes in Equity
January 1 to December 31 of 2019 and 2018

Unit: NT\$1,000

	Notes	Share capital - common stock	Additional paid-in capital - in excess of par	Retained earnings		Other equity		Total	
				Legal reserve	Special Reserve	Exchange differences of foreign translation	Unrealized gain or loss available-for-sale financial assets		
<u>2018</u>									
Balance, January 1, 2018		\$ 1,023,015	\$ 2,169	\$ 61,295	\$ 71,161	\$ 806	(\$ 72,811)	\$ 2,300	\$ 1,087,935
Effects of retrospective application and retrospective restatement	6(14)	-	-	-	-	2,300	-	(2,300)	-
Balance after restatement, January 1,		<u>1,023,015</u>	<u>2,169</u>	<u>61,295</u>	<u>71,161</u>	<u>3,106</u>	<u>(72,811)</u>	-	<u>1,087,935</u>
Net income		-	-	-	-	212,662	-	-	212,662
Other comprehensive income	6(14)	-	-	-	-	-	48,471	-	48,471
Total comprehensive income		-	-	-	-	212,662	48,471	-	261,133
Balance, December 31, 2018		<u>\$ 1,023,015</u>	<u>\$ 2,169</u>	<u>\$ 61,295</u>	<u>\$ 71,161</u>	<u>\$ 215,768</u>	<u>(\$ 24,340)</u>	<u>\$ -</u>	<u>\$ 1,349,068</u>
<u>2019</u>									
Balance, January 1, 2019		<u>\$ 1,023,015</u>	<u>\$ 2,169</u>	<u>\$ 61,295</u>	<u>\$ 71,161</u>	<u>\$ 215,768</u>	<u>(\$ 24,340)</u>	<u>\$ -</u>	<u>\$ 1,349,068</u>
Net loss		-	-	-	-	(4,692)	-	-	(4,692)
Other comprehensive income	6(14)	-	-	-	-	-	(34,651)	-	(34,651)
Total comprehensive income		-	-	-	-	(4,692)	(34,651)	-	(39,343)
2018 Appropriation and distribution of retained earnings:									
Legal reserve		-	-	21,266	-	(21,266)	-	-	-
Stock dividends	6(13)	81,841	-	-	-	(81,841)	-	-	-
Cash dividends	6(13)	-	-	-	-	(20,460)	-	-	(20,460)
Balance, December 31, 2019		<u>\$ 1,104,856</u>	<u>\$ 2,169</u>	<u>\$ 82,561</u>	<u>\$ 71,161</u>	<u>\$ 87,509</u>	<u>(\$ 58,991)</u>	<u>\$ -</u>	<u>\$ 1,289,265</u>

Please refer to notes of parent company only financial statements provided at the end, which is part of this parent company only financial report.

Chairperson of the Board: Chen Hai-ni

Manager: Chen Hai-ni

Accounting Director: Yu Su-ling

Holiday Garden Hotel Co., Ltd.
Parent Company Only Cash Flow Statement
January 1 to December 31 of 2019 and 2018

Unit: NT\$1,000

	Notes	2019	2018
<u>Cash flows from operating activities</u>			
Net profit (losses) before tax		\$ 913	\$ 286,788
Adjustments:			
Revenue/expenses			
Provision for bad debt expense	12(2)	125	-
Depreciation expenses	6(5)(6)(19)	28,836	29,591
Interest expense	6(18)	21,375	17,176
Interest income	6(16)	(21,077)	(10,713)
Share of profit of subsidiaries, associates, joint ventures accounted for using equity method	6(4)		
Loss on disposal and write-off of property, plants, and equipment	6(17)	(34,605)	(320,153)
Changes in assets/liabilities related to operating activities		(62)	-
Net changes in assets related to operating activities			
Notes receivable		(538)	883
Accounts receivable		(796)	(1,745)
Inventories		(661)	507
Advance payments		(118)	476
Other current assets - others		(148)	(45)
Net changes in liabilities related to operating activities			
Contractual liabilities - current		1,229	(2,878)
Notes payable		(1,044)	(547)
Accounts payable		(2,922)	158
Other accounts payable		2,758	(4,782)
Unearned receipts		830	-
Operating cash inflows (outflows)		(5,905)	(5,284)
Interests received		21,558	10,551
Interests paid		(21,387)	(17,070)
Income taxes paid		(2,149)	(1,051)
Net cash outflows from operating activities		(7,883)	(12,854)
<u>Cash flows from investment activities</u>			
Other financial assets - increased flows		(409,760)	(147,784)
Acquisition of investments accounted for using the equity method	6(4)	(400,000)	(40,000)
Cash returned from capital reduction of investments accounted for using the equity method	6(4)	605,915	122,420
Acquisition of property, plants, and equipment	6(24)	(1,973)	(11,098)
Disposal of property, plants, and equipment		495	-
Increase (decrease) in guarantee deposits paid		709	800
Net cash outflows from investment activities		(204,614)	(75,662)
<u>Cash flows from fundraising activities</u>			
Increase in short-term borrowings	6(25)	1,660,000	1,517,500
Decrease in short-term borrowings	6(25)	(1,334,500)	(1,372,977)
Lease capital repayment	6(25)	(573)	-
Long-term borrowings	6(25)	20,000	-
Payments of long-term borrowings	6(25)	(51,086)	(48,996)
Increase in guarantee deposits received		115	-

Please refer to notes of parent company only financial statements provided at the end, which is part of this parent company only financial report. °

Holiday Garden Hotel Co., Ltd.
Parent Company Only Cash Flow Statement
January 1 to December 31 of 2019 and 2018

Unit: NT\$1,000

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
Distribution of cash dividends	6(13)	(20,460)	-
Net cash inflows from fundraising activities		<u>273,496</u>	<u>95,527</u>
Increase in cash and cash equivalents		60,999	7,011
Cash and cash equivalents, beginning of the period	6(1)	<u>30,969</u>	<u>23,958</u>
Cash and cash equivalents, end of the period	6(1)	<u>\$ 91,968</u>	<u>\$ 30,969</u>

Please refer to notes of parent company only financial statements provided at the end, which is part of this parent company only financial report. °

Holiday Garden International Ltd.
Notes for Parent Company Only Financial Statements
2019 and 2018

Unit: NT\$1,000
(Unless otherwise noted))

1. Company milestones

Holiday Garden International Ltd. (the “Company”) was established in July 1959, and the primary scope of business includes tourism hotels and attached restaurants and swimming pools. The Company has been a Taiwan Stock Exchange Corporation (TSEC) listed company since February, 1965 ◦

2. Date and procedure of approval of the financial report

This parent company only financial report has been approved and issued by the Board of Directors on May 20, 2020 ◦

3. Applicability of newly issued and revised standards and interpretations

(1) Impacts from adopting the latest, amended and revised International Financial Reporting Standards (IFRS) approved by the Financial Supervisory Commission (ROC)

The following table summarizes the latest, amended and revised IFRS standards and interpretations applicable for 2018 approved by the Financial Supervisory Commission:

<u>Newly issued/revised/amended standards and interpretations</u>	<u>Effective date of issuance by International Accounting Standards Board</u>
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019
IFRS 16 “Leases”	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
Interpretations to IFRS 23 Uncertainty over Income Tax Treatments	January 1, 2019
Annual Improvements to 2015 - 2017 Cycle	January 1, 2019

Except the following matters, the Company has determined that the standards and interpretations above has no material effect on the Company’s financial conditions and performance.

IFRS 16 “Leases”

1.Replacing IAS 17 “Lease and the related interpretations and interpretative bulletins” by IFRS 16 “Leases” This standard requires the lessee to recognize the right-of-use asset and lease liabilities (except short-term leases of no more than 12 months or leases of underlying assets of low value. For the leaser, except for requiring more disclosure, the accounting treatment remains the same, i.e., according to whether it is an operating lease or a finance lease.

2.The Company treats the lease contract of the lessee in accordance with IFRS 16. Because the restatement of financial statements of the prior period (“modified retrospective”) is not used, the right of use assets and lease liabilities are both increased to \$2,537 on January 1, 2019 ◦

3. The Company will elect to apply the guidance of IFRS 16 and apply the following practical expedients:

(1) Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

(2)The Company will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

(3) The Company will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases , The amount recognized of the2019 contract:\$663.

(4)The company will exclude initial direct costs from the measurement of right-of-use assets. weighted average interest rate:1.68%

(5)According to IAS17 ,the lease liabilities will be measured at the present value of the remaining lease payments by using the incremental borrowing rate on January 1,2019 :

Adopted the IAS17 “Operating Lease”	\$ 3,515
Less: Exemption of short-term lease	(663)
Leases of low-value assets	<u>(217)</u>
Adopted IFRS16 “Total amount of Lease obligation contract”	<u>\$ 2,635</u>
First applicability of the incremental borrowing rate of interest	1.68%
Adopted to lease obligations recognized by IFRS16 from January 1,2020	<u>\$ 2,537</u>

(2)Impacts from adopting the latest, amended and revised International Financial Reporting Standards (IFRS) approved by the Financial Supervisory Commission (ROC)

The following table summarizes the latest, amended and revised IFRS standards and interpretations applicable for 2020 approved by the Financial Supervisory Commission :

<u>Newly issued/revised/amended standards and interpretations</u>	<u>Effective date of issuance by International Accounting Standards Board</u>
Amendments to IFRS 2 and IAS8 “Disclosure Initiative -Definition of materiality”	January 1, 2020
Amendments to IFRS3 “Definition of a Business”	January 1, 2020
Amendments to IFRS9,IAS39 and IFRS7 “Interest Index Change”	January 1, 2020

The Company has determined that the above standards and interpretations have no material effect on the Company’s financial conditions and performance.

(3)Impacts from adopting the latest, amended and revised International Financial Reporting Standards (IFRS) approved by the Financial Supervisory Commission (ROC) :

<u>Newly issued/revised/amended standards and interpretations</u>	<u>Effective date of issuance by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28 “ Sale or Contribution of Assets between an investor and its Associate or Joint Venture”	To be decided by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS1 「 Classifications of current or Non-current liabilities 」	January 1, 2022

The Company has determined that the above standards and interpretations have no material effect on the Company’s financial conditions and performance.

4. Summary of significant accounting policies

The major accounting policies adopted for preparing these parent company financial statements are described below. Unless otherwise specified, these policies are consistently applied in the entire period reported.

(1) Statement of compliance

This parent company only financial report is prepared in accordance with Regulations Governing Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

1. This parent company only financial report is prepared based on the historical cost.
2. Some material accounting estimation are used in preparing financial statements based on IFRS and IAS approved by the Financial Supervisory Commission and the related interpretations, and interpretative bulletins (IFRSs). When applying the Company's accounting policies, management also needs to make judgment, which involves accounts of a high level of decision-making and complexity or accounts associated with material assumption and estimation in the parent company only financial report. Please refer to Not 5 attached.

(3) Foreign currency translation

Accounts listed in the Company's parent company only financial report are based on the money (i.e., functional currency) of the primary economic environment. This parent company only financial report is presented in New Taiwanese Dollars (NT\$), which is the Company's functional and presentation currency.

1. Foreign currency transaction and balance

- (1) For foreign currency transactions, spot rate of exchange on the trading day or the measurement date is used for functional currency translation, and the resulting exchange differences are recognized in profit or loss.
- (2) Foreign currency monetary assets and liabilities balance is adjusted based on the spot exchange rate on the balance sheet date, and the resulting exchange differences are recognized in profit or loss.
- (3) Foreign currency monetary assets and liabilities balance is measured at fair value through profit or loss and adjusted using the spot exchange rate on the balance sheet. The resulting exchange differences are recognized in profit or loss. For foreign currency monetary assets and liabilities balance that is measured at fair value through other comprehensive income, it is adjusted using the the spot exchange rate on the balance sheet day. The resulting exchange differences are recognized in the account of other comprehensive income. As for those not measured at fair value, they are measured at the historical exchange rate on the initial transaction day.
- (4) All exchange gains or losses are recognized in "other gains and losses" in the statement of comprehensive income.

2. Translation of foreign financial statements

(1) All the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows :

- A. The assets and liabilities of each balance sheet presented are translated at the closing rate of that balance sheet date ;
- B. The income and expenses of each statement of comprehensive income are translated using the current average exchange rate, and
- C. Exchange differences generated from translation are recognized in other comprehensive profit/loss.

(2) When a foreign operation is partially disposed of or sold, it will be recognized in the accumulated exchange differences of other comprehensive income and reclassified to the non-controlling interests of that specific foreign operating entity. However, when the Company loses the control of a foreign operating subsidiary, even if the Company still keeps partial equity of this former subsidiary, it is treated as disposing all equity of this foreign operating subsidiary.

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

1. Assets that meet one of the following criteria are classified as current assets :

- (1) Assets expected to be realized in the normal operating cycle or intended to be sold or consumed.
- (2) Liabilities held primarily for transaction purposes.
- (3) Liabilities that are to be paid off within 12 months after the balance sheet date °
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Classification of liabilities for which, at the option of the counterparty, repayment is required for the issue of equity instruments is not affected

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

2. Liabilities that meet one of the following criteria are classified as current liabilities :

- (1) Liabilities expected to be paid off in the normal operating cycle.
- (2) Liabilities held primarily for transaction purposes.

(3) Liabilities that are to be paid off within 12 months after the balance sheet date.

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Classification of liabilities for which, at the option of the counterparty, repayment is required for the issue of equity instruments is not affected.

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

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments, which can be readily converted to fixed cash and has an insignificant risk of value change. Time deposits are classified as cash equivalents because they meet the above definition and their holding satisfies short-term cash commitments for operation.

(6) Financial assets at amortized cost

1. Financial assets at cost are corresponding to the following conditions :

(1) The business model of the company which owns such financial assets is to collect the contractual cash flows as purpose.

(2) The contractual cash flows of specific financial asset under consideration are on account of repayment of principal and interest and they occur on specified dates.

2. The Group uses trade day accounting for financial assets measured at amortized cost through profit or loss and satisfying the accounting practice.

3. The Group measured transaction cost of initial recognition which reported at fair value .Using the effective interest method and is recognized in profit and loss which are recognized in profit and loss when the asset is derecognized.

(7) Accounts and notes receivable

1. This term refers to accounts and notes granting an unconditional right to receive consideration in exchange for transferred goods or rendered services in accordance with the contract.

2. For short-term accounts receivable without interest payment, they are measured at the original invoice amount because of insignificant effect of discounting.

(8) Impairment loss on financial assets

The Company assesses the financial assets measured at amortized cost based on all reasonable and evidence-supported information (including those on a prospective basis) at each balance sheet date. For financial assets exposed to significantly increasing credit risk after the initial recognition, the Company measures the loss allowance for 12-month expected credit losses. For financial assets exposed to significantly increasing credit risk since the initial recognition, the Company measures the loss allowance for the financial assets at an amount equal to the lifetime expected credit losses. For accounts receivable that does not contain a significant financing component, the Company measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivable.

(9) Derecognition of financial assets

The Company derecognizes a financial asset if one of the following conditions is met :

1. The contractual rights to receive cash flows from the financial asset expire.
2. The contractual rights to receive cash flows from the financial asset are transferred, and almost all risks and rewards of the ownership of the financial asset have been transferred.
3. The contractual rights to receive cash flows from the financial asset are transferred, and the control over the financial asset is not kept.

(10) Operating lease (lessor)

Payments received under operating leases, net of any incentives given to the lessees, are recognized in profit or loss on a straight-line basis over the term of the lease.

(11) Inventories

Inventories are measured at the lower of cost and net realizable value, and the cost is determined by the weighted average method. The item by item method is adopted to compare between the cost and the net realizable value to decide which one is lower. The net realizable value refers to the estimated sale price in the normal course of business, less relevant variable selling expenses.

(12) Investments/subsidiaries accounted for using the equity method

1. Subsidiaries refer to entities controlled by the Company (including structure entities). When the Company is exposed to variable rewards from participating in that entity or entitled to rights to said variable rewards and the Company has the power and ability to affect said rewards of that entity, the Company controls said entity.
2. The unrealized profit or loss generated from transactions between the Company and the subsidiary has been eliminated. Necessary adjustment of accounting policies of the subsidiary has been made so it is consistent with policies of the Company.
3. The Company recognizes the share of profit or loss after acquiring the subsidiary in profit or loss, and as for the share of other comprehensive income after the acquisition, it is recognized in other comprehensive income. If the Company's recognized share of impairments of a subsidiary is equal to or more than its equity of the subsidiary, the Company shall continue to recognize the loss in proportion to the Company's percentage of ownership in the subsidiary.
4. In accordance with the Regulations Governing Preparation of Financial Reports by Securities Issuers, the profit or loss and other comprehensive income of the parent company only financial report should be the same as the share of the profit or loss and other comprehensive income belonging to the owner of the parent company in the consolidated financial report. The owner's equity in the parent company only financial report, should be the same as the equity belonging to the owner of the parent company in the consolidated financial report.

(13) Property, plants, and equipment

1. Property, plants, and equipment are carried at acquisition cost, and the related interests during the construction period are capitalized.
2. Subsequent cost may become a carrying amount of the assets or be recognized as a single asset only if future economic benefits associated with this item may flow into the Company, and the cost of this item can be reliably measured. The carrying amount of the replaced part should be derecognized. All other repair and maintenance expenses are recognized in profit or loss when they are incurred.
3. Property, plants, and equipment are measured subsequently using the cost model. Except land, which is not depreciated, all others are depreciated by the straight-line method according to the estimated useful lives. Significant

components of property, plants, and equipment should be depreciated separately.

4. The Company reviews each asset's residual value, useful life, and depreciation method at the end of each fiscal year, and if the expected residual value and useful lives are different from the previous estimation or if the expected consumption type of future economic benefits of a given asset has any material change, the stipulation on changes in accounting estimates from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is adopted for treatment. The useful lives of assets are listed below :

Buildings and structures	5 to 55 years
Utility equipment	5 to 15 years
Business facilities/equipment	5 to 25 years
Other facilities	5 to 8 years

(14) Lease transaction of Lessee – Right-of-use asset/Lease obligations

2019 applicable

1. Leased assets are recognized as right-of-use assets and lease liabilities at the date they become available for use by the Group. The lease payments are recognized as an expense over the lease term using the straight-line basis when a lease contract is a short-term lease or a lease of a low-value subject asset
2. Recognized the lease obligations as the present value of incremental borrowing rate of interest which lease started .The lease benefit included fixed benefit ,and deducted any Incentive. Provided the interest during the lease by measuring the cost after amortization whit adopting interest method . The group will reevaluate lease obligations and adjust the right-of-use assets when the lease term or benefit changed by amending non-contract.
3. Right-of-use assets are recognized as cost at the beginning of the lease .The cost includes the original measured amount of the lease liabilities. The useful life of right-of-use assets or the expiry date of the lease term will be provided to be depreciation. The right-if-use asset will adjust any remeasurement of the lease liabilities which is reassessed.

(15) Operating lease (lessor)

Applicable in 2018

Payments given under operating leases, net of any incentives from the lessor, are recognized in profit or loss on a straight-line basis over the term of the lease.

(16) Non-financial asset impairments

The Company estimates the recoverable amount for assets showing impairments at the balance sheet date, and when the recoverable amount of an asset is lower than the book value, it is recognized in impairment losses. The recoverable amount refers to fair value less costs to sell or value in use, whichever is lower. Aside from goodwill, when an asset impairment loss recognized the year before disappears or decreases, reverse the impairment loss, but the increase to the carrying amount of the asset due to the reversal cannot exceed the said asset's book value without impairment recognized and net of amortization or depreciation.

(17) Loans

It refers to proceeds from long-term and short-term bank borrowings. The Group recognizes borrowings initially at fair value, net of transaction costs incurred, and subsequently any difference between the proceeds (net of transaction costs) and the redemption value is measured at amortized cost using the effective interest method and recognized as interest expense in profit or loss during the circulating period.

(18) Accounts and notes payable

1. Accounts and notes payable are liabilities for purchases of raw materials, goods or services resulting from operating and non-operating activities.
2. Short-term notes and accounts payable without bearing interest are measured at initial invoice amount because of an insignificant effect of discounting.

(19) Derecognition of financial liabilities

The Company will derecognize a financial liability when the contracted obligations are fulfilled, canceled, or expired.

(20) Offset of financial assets and liabilities

Financial assets and liabilities can be offset only if there is the legally enforceable right to do so and the intent is to settle on a net basis or to realize the asset and settle the liability simultaneously and the net amount has to be stated in the balance sheet.

(21) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at undiscounted amount of prospective payment and are recognized as expenses when related services are rendered.

2. Pensions

Defined contribution plans (DCP)

For defined contribution plans, the contribution amounts for pension are recognized in the current pension expense when they are due on the accrual basis. Prepaid contributions are recognized as assets to the extent of refundable cash or reduction in future payment.

3. Employee compensation and director and supervisor remuneration

Employee compensation and director and supervisor remuneration are legal or constructive obligations and are recognized as expenses and liabilities when the amount can be reasonably estimated. Deviation between estimated and actual distribution amount shall be treated in accordance with changes in accounting estimates. For stock distribution as employee remunerations, the closing price of the day prior to the resolution of the Board of Directors shall be the basis for calculating the number of shares ◦

(22) Income tax

1. Income tax expense Income tax is recognized either in the income statement or in equity if it relates to items that are recognized in other comprehensive income or directly in equity.
2. The Company calculates the current income tax using tax rates enacted or substantively enacted by the balance sheet date of the country generating the taxable income from operations Management periodically evaluates the condition of income tax filing in accordance with appropriate income tax related laws and regulations and if applicable shall estimate income tax liabilities based on the expected tax payments to the tax authorities. There is an additional tax of unappropriated earnings according to the Income Tax Act, and after the earning distribution is approved at the shareholders' meeting held in the year following the year the earnings are generated, the tax expense of undistributed earnings shall be recognized based on the actual condition of earning distribution. ◦
3. For deferred tax, the balance sheet liability method is adopted, and it is recognized using the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax is not recognized if it is originated from the initial recognition of assets or liabilities in transactions (business merger excluded) and neither accounting profits nor taxable income (or tax losses) was affected at the time of the transaction. Deferred tax is determined using tax rates (and tax laws) enacted or

substantively enacted by the balance sheet date, and the tax rates (and tax laws) used are the ones expected to be applicable when realizing related deferred tax assets or repaying related deferred tax liabilities.

4. Deferred tax assets are recognized to the extent when they are highly likely to be used to offset future taxable income, and unrecognized and already recognized deferred income tax assets should be re-evaluated on each balance sheet date.
5. Recognized income tax assets and liabilities of the reporting period are offset only if there is the legally enforceable right to do so and the intent is to settle on a net basis or to realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset only if there is the legally enforceable right to do so and the deferred income tax assets and liabilities related to income taxes are levied by the same taxation authority on either the same taxable entity or different taxable entities, but each entity intends to either settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(23) Dividend distribution

Dividends distribution among the Company's shareholders are recognized in the financial report when the Company's shareholders' meeting resolved that dividends are to be paid; cash dividend distribution is recognized as liabilities, while share dividend distribution is recognized as stock dividend to be distributed and be converted to common stock on the base day of issuance of new stock ◦

(24) Revenue recognition

1. The Company provides accommodations and foodservice related products, and the sales revenue is recognized at the time services are rendered or products are delivered to customers.
- 2 Sales revenue is recognized as the contractual price net of the estimated price.
3. Accounts receivable are recognized at the time services are rendered or products are delivered to customers. Because at that time point the Company has the unconditional right to the contractual price, the consideration can be collected from customers after the time point ◦

5. Material accounting judgments, estimates and key sources of assumption uncertainty

When preparing this parent company only financial report, the Company's management has applied its judgment on determining the accounting policies used and made accounting estimates and assumptions based on reasonable expectation of future

events according to the conditions at the balance sheet date. Material accounting estimates and assumptions may be significantly different from the actual results, and therefore, experiences and other factors are continuously evaluated and adjusted. These estimations and assumptions expose the carrying amounts of assets and liabilities to the risk of material adjustment in the next fiscal year. Uncertainty of material accounting judgments, estimates, and assumptions are described below :

(1) Critical judgments adopted by accounting policies

The Company has made no critical judgments adopted by accounting policies.

(2) Critical accounting estimates and assumptions

Evaluation of investment impairment accounted for using the equity method

When there are signs of impairments indicating that a given investment accounted for using the equity method may have been impaired to cause the carrying amount unrecoverable, the Company immediately evaluates the impairment of said investment. The Company evaluates the recoverable amount based on the discounted value of the future cash flows the Company is entitled to from the investee and analyzes the reasonableness of related assumptions.

6. Details of significant accounts

(1) Cash and cash equivalents

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash:		
Cash in treasury and working funds	\$ 1,485	\$ 760
Checking deposits and demand deposits	<u>29,517</u>	<u>20,209</u>
	31,002	20,969
Cash equivalents:		
Time deposits:	<u>60,966</u>	<u>10,000</u>
	<u>\$ 91,968</u>	<u>\$ 30,969</u>

1. The Company places cash and deposits with multiple reputable banks and financial institutions to disperse credit risk, and therefore, the probability of occurrence of default is very low.

2. The Company does not pledge its cash and cash equivalents to others.

(2) Net amount of accounts and notes receivable

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Notes receivable	\$ 938	\$ 400
Less: Allowance for doubtful accounts	-	-
	<u>\$ 938</u>	<u>\$ 400</u>
Accounts receivable		
Less: Allowance for doubtful accounts	\$ 6,553	\$ 5,757
Notes receivable	(125)	-
Less: Allowance for doubtful accounts	<u>\$ 6,428</u>	<u>\$ 5,757</u>

1. Aging analysis of accounts and notes receivable :

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Not past due and past due for 1 to 30 days	\$ 6,336	\$ 5,591
Past due for 31 to 90 days	1,035	497
Past due for more than 94 days	120	69
	<u>\$ 7,491</u>	<u>\$ 6,157</u>

The above is the aging analysis based on past due days.

- The balance of receivable(included note receivable) between the contract and company on December 31 , 2019 ,December 31, 2018 and January 1,2018 are \$7,491,\$6,157 and \$5,295.
- The Company does not hold any collateral as security.
- Without considering the collaterals held or other credit enhancement, the Company's maximum amount of credit risk exposure of the most representing notes receivable for December 31, 2019 and 2018 was NT\$938 and NT\$400 respectively. The Company's maximum amount of credit risk exposure of the most representing accounts receivable for December 31, 2019 and 2018 was NT\$6,428 and NT\$5,757 respectively.
- For information related to credit risk of accounts and notes receivable, please refer to 12(2) .

(3) Inventories

	<u>December 31, 2019</u>		
	<u>Cost</u>	<u>Allowance for price decline in inventories</u>	<u>Carrying amount</u>
Foods and non-alcoholic and alcoholic beverages	<u>\$ 993</u>	<u>\$ -</u>	<u>\$ 993</u>
	<u>December 31, 2018</u>		
	<u>Cost</u>	<u>Allowance for price decline in inventories</u>	<u>Carrying amount</u>
Foods and non-alcoholic and alcoholic beverages	<u>\$ 332</u>	<u>\$ -</u>	<u>\$ 332</u>

The inventory cost that the Company recognized as expenses for 2019 and 2018

was \$17,629 and \$20,079 respectively.

(4) Investments accounted for using the equity method

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

	<u>2019</u>	<u>2018</u>
January 1	\$ 1,868,627	\$ 1,575,089
Increase investments accounted for using the equity method	400,000	40,000
Share of investment income accounted for using the equity method	34,605	320,153
Capital stock return of investments accounted for using the equity method	(605,915)	(122,420)
Changes in other equity	<u>(43,314)</u>	<u>55,805</u>
December 31	<u>\$ 1,654,003</u>	<u>\$ 1,868,627</u>

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Holiday Garden International Ltd.	\$ 1,603,478	\$ 1,814,419
Holiday Garden Development Co., Ltd.	<u>50,525</u>	<u>54,208</u>
	<u>\$ 1,654,003</u>	<u>\$ 1,868,627</u>

2. Information of the Company's subsidiaries are presented in Note 4(3) of the Company's 2019 consolidated financial statements. °

(5) Property, plants, and equipment

1. The book value of property, plants, and equipment is presented below :

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Land	\$ 481,493	\$ 481,493
Buildings and structures	181,294	203,260
Utility equipment	7,850	9,226
Business facilities/equipment	14,785	17,678
Other facilities	<u>841</u>	<u>1,311</u>
	<u>\$ 686,263</u>	<u>\$ 712,968</u>

2. Changes in property, plants, and equipment are as follows :

Cost	2019			
	Opening balance	Addition	Reduction	Closing balance
Land	\$ 481,493	\$ -	\$ -	\$ 481,493
Buildings and structures	617,874	299	-	618,173
Utility equipment	31,320	968	-	32,288
Business facilities/equipment	47,182	706	(5,841)	42,047
Other facilities	3,965	-	-	3,965
	<u>\$ 1,181,834</u>	<u>\$ 1,973</u>	<u>(\$ 5,841)</u>	<u>\$ 1,177,966</u>

使用滑鼠雙擊這裡以編輯新增的表格段。

Cost	2018			
	Opening balance	Addition	Reduction	Closing balance
Land	\$ 481,493	\$ -	\$ -	\$ 481,493
Buildings and structures	617,273	601	-	617,874
Utility equipment	31,320	-	-	31,320
Business facilities/equipment	37,757	9,425	-	47,182
Other facilities	3,808	157	-	3,965
	<u>\$ 1,171,651</u>	<u>\$ 10,183</u>	<u>\$ -</u>	<u>\$ 1,181,834</u>

2019				
<u>Accumulated depreciation and impairment</u>	<u>Opening balance</u>	<u>Addition</u>	<u>Reduction</u>	<u>Closing balance</u>
Buildings and structures	\$ 414,614	\$ 22,265	\$ -	\$ 436,879
Utility equipment	22,094	2,344	-	24,438
Business facilities/equipment	29,504	3,166	(5,408)	27,262
Other facilities	2,654	470	-	3,124
	<u>\$ 468,866</u>	<u>\$ 28,245</u>	<u>(\$ 5,408)</u>	<u>\$ 491,703</u>
2018				
<u>Accumulated depreciation and impairment</u>	<u>Opening balance</u>	<u>Addition</u>	<u>Reduction</u>	<u>Closing balance</u>
Buildings and structures	\$ 390,841	\$ 23,773	\$ -	\$ 414,614
Utility equipment	19,547	2,547	-	22,094
Business facilities/equipment	26,810	2,694	-	29,504
Other facilities	2,077	577	-	2,654
	<u>\$ 439,275</u>	<u>\$ 29,591</u>	<u>\$ -</u>	<u>\$ 468,866</u>

3. In accordance with Kaohsiung Urban Development Kuei Tzu No. 10234984600 correspondence on October 28, 2013, the Company applied for making payment by installments for converting governmental land to commercial land in the land conversion urban plan, and the total amount to be paid is NT\$212,628. The Company made the first installment payment of NT\$85,051, and the remaining amount was paid by the second and third installment payments of \$63,788 and \$63,789 respectively. These payments had to be made before applying for the construction permit or the issuing of the change of use permit, and they were recognized in 2013 (The balance at December 31, 2019 and 2018 was stated as long-term notes and accounts payable of \$127,577).
4. There was no borrowing cost capitalization of the Company's property, plants, and equipment in 2019 and 2018.
5. For information on using property, plants, and equipment for guarantees, please refer to Note 8.

(6) Lease transaction – Lessee

Applicable in 2019

1. The lease assets of the company included buildings and multifunctional office machine, and the terms between 3 to 5 years. The contract included different provisions and requirements, and no other restriction except using the assets as the guarantee to debit and credit.
2. The operating equipment of company included part of buildings and official vehicles and their terms are not over 12 months, they all belong to leases of low-value assets.
3. Information of the carrying amounts of right-of-use assets and recognized depreciation expense as the below:

	<u>December 31 , 2019</u>	<u>2019</u>
	<u>Carrying amount</u>	<u>Depreciation expense</u>
Building	1,861	519
Equipment(copy machine)	96	72
	<u>\$ 1,957</u>	<u>\$ 591</u>

4. The right-of-use of the company increase to \$11 in 2019.
5. Information of loss and gains related to lease transaction as the followings:

	<u>2019</u>
<u>Affected project of current loss and gain</u>	
Lease obligation interest	\$ 39
Expense of short-term lease	1,139
Expense of leases of low-value assets	135

6. The total cash flow amount of the company in 2019 is \$1,886.

(7) Short-term borrowings

<u>Types of borrowings</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Unsecured loans from banks	\$ 75,000	\$ 145,500
Secured loans from banks	1,455,000	1,059,000
	<u>\$ 1,530,000</u>	<u>\$ 1,204,500</u>
Range of interest rates	1.10%~1.90%	1.10%~1.30%

1. The Company's bank loans are recognized in the interest expense of profit or loss. Please see Note 6(18) ◦
2. For collaterals of the above-mentioned short-term borrowings, please refer to Note 8 ◦

(8) Short-term notes and bills payable

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Commercial paper payable	<u>\$ 130,000</u>	<u>\$ 130,000</u>
Range of interest rates	0.60%~0.96%	0.58%~0.76%

Bills finance companies and other financial institutions provide guarantees for the above-mentioned short-term notes and bills payable.

(9) Long-term borrowings

<u>Types of borrowings</u>	<u>Period of borrowing and repayment method</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>December 31, 2019</u>
Long-term Borrowings from banks				
Unsecured loans	The term of borrowing is from September 18, 2012 to September 18, 2022. The interest is paid on a monthly basis. Starting from December 2015, the loan is repaid quarterly for 28 installments.	1.75%	None	\$ 22,978
Secured loans	The term of borrowing is from June 4, 2014 to June 4, 2021. The interest is paid on a monthly base. Starting from June 4, 2015, the loan is repaid quarterly for 25 installments	1.90%	Note:	38,895
Secured loans	The term of borrowing is from June 1, 2015 to June 1, 2022. The interest is paid on a monthly base. Starting from June 1, 2016, the loan is repaid quarterly for 25 installments.	1.70%	Note:	28,000
Unsecured loans	The term of borrowing is from July 5 2016 to July 5, 2019.			
	The interest is paid on a monthly basis.	1.38%	None	<u>18,333</u>
				108,206
Less: Current portion of long-term loans payable				<u>(52,196)</u>
				<u>\$ 56,010</u>

<u>Types of borrowings</u>	<u>Period of borrowing and repayment method</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>December 31, 2018</u>
Long-term borrowings from banks				
Unsecured loans	The term of borrowing is from September 18, 2012 to September 18, 2022. The interest is paid on a monthly basis. Starting from December 2015, the loan is repaid quarterly for 28 installments.	1.75%	None	\$ 31,378
Secured loans	The borrowing period is from June 4, 2014 to June 4, 2021. The interest is paid on a monthly base. Starting from June 4, 2015, the loan is repaid quarterly for 25 installments.	1.90%	Note:	64,825
Secured loans	The borrowing period is from June 1, 2015 to June 1, 2022. The interest is paid on a monthly base. Starting from June 1, 2016, the loans are repaid quarterly for 25 installments.	1.69%	Note:	39,200
Unsecured loans	The term of borrowing is from July 5 2016 to July 5, 2019. The interest is paid on a monthly basis.	1.38%	None	<u>3,889</u>
				139,292
Less: Current portion of long-term loans payable				<u>(49,019)</u>
				<u>\$ 90,273</u>

1. The Company's bank loans are recognized in the interest expense of income. Please see Note 6(18).
2. Note: For collaterals of the above-mentioned long-term borrowings, please refer to Note 8.

(10) Pensions

1. In accordance with the Labor Pension Act, the Company set up the defined contribution plan for retirement for employees who are the citizens of ROC starting from July 1, 2005. According to employee's option for the labor pension system stipulated by the Labor Pension Act, the Company each month contributes to the Labor Pension Fund at the rate of 6% of employees' monthly wages. Payments of employees pension are made to each employee's personal pension account and employees can choose to receive the principal and the cumulative gains by monthly pension payments or a lump sum pension payment °

2. In accordance with the above-mentioned pension plan, the Company recognized a pension cost of NT\$2,424 and NT\$2,308 in 2019 and 2018 respectively.

(11) Capital stock

1. As of December 31, 2019, the Company's authorized capital was NT\$1,500,000, and the paid-in capital was NT\$1,104,856,000 which was divided into 110,486,000 shares, with a par value of NT\$10 per share. The Company's issued shares are fully paid-up.

Reconciliation of the Company's common stock outstanding at the beginning and the end of the reporting period is as follows:

	Unit: 1,000 shares	
	2019	2018
January 1	102,302	102,302
Capital increase by retained earnings	8,184	-
December 31	110,486	102,302

2. The Company's capital increase out of earnings was approved at the shareholders' meeting on June 19, 2019 and a total of 8,184,000 new shares were issued from the earning of \$81,841. This capital increase has been approved by the Financial Supervisory Commission on July 26, 2019 and the change has been registered.

(12) Capital surplus

In accordance with the Company Act, the capital surplus from shares issued in excess of par and donations may be used to offset a deficit, or when the company has no deficit,

the capital surplus can then be distributed as cash dividends or new stock among shareholders in proportion to their original shareholdings. Moreover, according to the Securities and Exchange Act, for the above-mentioned capital increase by capital surplus, the total amount each year cannot exceed 10% of the paid-in capital. The Company cannot use capital surplus for capital increase unless the reserve is not enough to cover the capital losses.

(13) Retained earnings

1. In accordance with the Company's Articles of Incorporation, if there are earnings upon the Company's final account at the end of the year, the Company shall first pay profit-seeking enterprise income tax, make up the deficits for the preceding years and then set aside a legal reserve of 10% of the remainder (not applicable if the legal reserve has reached the total capital amount of the Company). After appropriating or reversing a special reserve in accordance with laws, the balance and the unallocated accumulated

earnings from the previous years are the accumulated, distributable earnings for shareholders, for which the Board of Directors shall propose an earning distribution plan to be resolved at the shareholders' meeting. More than 10% of the aforementioned allocable earnings are provided for dividends and shareholders' bonuses, and the cash dividends should be no less than 10% of the total amount of shareholders' dividends and bonuses

2. The legal reserve cannot be used for purposes other than offsetting the company's deficits or providing new stock or cash to shareholders in proportion to their original shareholding. If the reserve is used for distributing new stock or cash, it has to be more than 25% of the Company's paid-in capital.
3. (1) The Company shall first set aside a special reserve from the debit balance on the "other equity" item at the balance sheet date before distributing earnings, and later when this debit balance on the "other equity" item is reversed, the reversed amount can be included in distributable earnings.
 (2) In accordance with Order 1010012865 issued by the Financial Supervisory Commission on April 6, 2012, for an entity adopting IFRSs the first time should set aside a special reserve. Later on, when the Company uses, disposes, or reclassifies related assets, the special reserve can be used for reversal by the proportion of the special reserve that has been set aside. If the aforementioned asset is investment property, the land part shall be reversed when it is disposed or reclassified, and for the non-land part, it shall be reversed progressively throughout the term of use.
4. The Company recognized dividends for owners of NT\$102,301 and NT\$0 for 2019 and 2018 respectively. On March 20, 2020, the board of directors proposed to all surpluses are retained without dividend.

(14) Other equity items

	2019		
	<u>Unrealized gain/ loss on valuation</u>	<u>Foreign currency translation</u>	<u>Total</u>
January 1	\$ -	(\$ 24,340)	(\$ 24,340)
IFRS 9 applicable effects			
Foreign currency translation differences:	-	(34,651)	(34,651)
- Group	<u>\$ -</u>	<u>(\$ 58,991)</u>	<u>(\$ 58,991)</u>

	2018		
	<u>Unrealized gain/ loss on valuation</u>	<u>Foreign currency Translation</u>	<u>Total</u>
January 1	\$ 2,300	(\$ 72,811)	(\$ 70,511)
Adjustments on valuation	(2,300)	-	(2,300)
Foreign currency translation differences			
- Group	-	48,471	48,471
December 31	\$ -	(\$ 24,340)	(\$ 24,340)

(15) Operating revenue

	<u>2019</u>	<u>2018</u>
Revenue from contracts with customers	\$ 153,657	\$ 102,640

1. Details of customer contract revenue

The Company's revenue is mainly from the following lines of products :

<u>2019</u>	<u>Guest room revenue</u>	<u>Foodservice Revenue</u>	<u>Others</u>	<u>Total</u>
Revenue from contracts with external revenue	\$ 103,454	\$ 45,747	\$ 4,456	\$ 153,657
<u>2018</u>	<u>Guest room revenue</u>	<u>Foodservice Revenue</u>	<u>Others</u>	<u>Total</u>
Revenue from contracts with external revenue	\$ 53,473	\$ 45,265	\$ 3,902	\$ 102,640

2. Contractual liabilities

The Company has recognized the following contractual liabilities related to revenue from contracts with customers :

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>January 1, 2018</u>
Contractual liabilities:			
Contractual liabilities - Room service contracts	\$ 3,161	\$ 3,626	\$ 5,493
Contractual liabilities - Foodservice contracts	5,035	3,341	4,352
	<u>\$ 8,196</u>	<u>\$ 6,967</u>	<u>\$ 9,845</u>

Contractual liabilities at beginning of the reporting period recognized as revenue :

	<u>2019</u>	<u>2018</u>
Opening balance of contractual liabilities recognized as revenue:		
Room service contracts	\$ 3,626	\$ 5,493
Foodservice contracts	3,341	4,352
	<u>\$ 6,967</u>	<u>\$ 9,845</u>

(16) Other income

	<u>2019</u>	<u>2018</u>
Interest income		
Bank deposit interest	\$ 21,077	\$ 10,713
Rental income	2,073	2,072
Other income - others	1,005	284
	<u>\$ 24,155</u>	<u>\$ 13,069</u>

(17) Other gains and losses

	<u>2019</u>	<u>2018</u>
Disposal of property, plants, and equipment loss	\$ 62	\$ -
Net gain (loss) on foreign currency exchange	(31,649)	14,783
Other gains (losses), net	(8)	20
	<u>(\$ 31,595)</u>	<u>\$ 14,803</u>

(18) Financial cost

	<u>2019</u>	<u>2018</u>
Interest expense :		
Long-term borrowings from banks	\$ 21,336	\$ 17,176
Lease obligations interest	39	-
	<u>\$ 21,375</u>	<u>\$ 17,176</u>

(19) Addition information on expenses

	<u>2019</u>	<u>2018</u>
Employee benefit expense	\$ 57,788	\$ 52,893
Property, plants, and equipment depreciation	28,245	29,591
Right-of-use assets depreciation expense	591	-

(20) Employee benefit expense

	<u>2019</u>	<u>2018</u>
Wages and Salaries	\$ 49,444	\$ 45,065
Health and labor insurance expense	4,904	4,534
Pension expense	2,424	2,308
Other Employee benefit expense	1,016	986
	<u>\$ 57,788</u>	<u>\$ 52,893</u>

1. In accordance with the Company's Article of Incorporation, 0.1% to 1% of the earnings of the year should be appropriated for employee compensation and no more than 1% for directors and supervisors remuneration. However, if the Corporation has accumulated deficit, the priority is to offset the deficit first. °
2. The Company estimated NT\$0 for employees compensation and directors and supervisors remuneration for both 2019 and 2018. The 2018 employee compensation and directors and supervisors remuneration resolved by the Board of Directors are the amount separately \$287 and \$0 recognized in the 2018 financial report

Information on employee compensation and directors and supervisors remuneration approved by the Company's Board of Directors is posted on the Market Observation Post System

(21) Income tax

1. Income tax expense (benefit)

(1) Components of income tax expense (benefit):

	<u>2019</u>	<u>2018</u>
Current income tax:		
Income tax generated from current income:	\$ -	\$ -
Tax on unappropriated earnings	4,570	-
Overestimation of prior year income tax	<u>-</u>	<u>(118)</u>
Total current tax	<u>4,570</u>	<u>(118)</u>
Deferred income tax:		
Origination and reversal of temporary differences	1,035	59,577
Effect on tax rate changes	<u>-</u>	<u>14,667</u>
Total of deferred tax income	<u>1,035</u>	<u>74,244</u>
Income tax expense (benefit)	<u>\$ 5,605</u>	<u>\$ 74,126</u>

(2) Other income tax amount related to comprehensive loss and gain:

	<u>2019</u>	<u>2018</u>
Exchange differences on translation of(\$ foreign financial statements	8,663)	\$ 11,161
Effect on tax rate changes	<u>-</u>	<u>(3,827)</u>
	<u>(\$ 8,663)</u>	<u>\$ 7,334</u>

2. Reconciliation between income tax expense (benefit) and accounting profit :

	<u>2019</u>	<u>2018</u>
Income tax calculated based on the net profit before tax at the statutory rate (See note)	\$ 183	\$ 57,358
Affected income tax amount according to adjustment items stipulated by income tax laws and regulations	852	2,219
Effect of tax rate changes	-	14,667
Overestimation of prior year income tax	-	(118)
Tax on unappropriated earnings	<u>4,570</u>	<u>-</u>
Income tax expense (benefit)	<u>\$ 5,605</u>	<u>\$ 74,126</u>

Note: The basis of applicable tax rates is calculated using the tax rate appropriate for the Company. °

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

	<u>2019</u>			
	<u>January 1</u>	<u>Recognized in Gain or loss</u>	<u>Recognized in Others Comprehensive income</u>	<u>December 31</u>
Deferred tax assets:				
Temporary differences:				
Exchange differences on translation of foreign financial statements	\$ 6,891	(\$ 7,418)	\$ 8,663	\$ 8,136
Unrealized exchange loss	-	3,809	-	3,809
Bonus for not taking leave	212	46	-	258
Tax losses	<u>36,642</u>	<u>8,076</u>	<u>-</u>	<u>44,718</u>
	<u>\$ 43,745</u>	<u>\$ 4,513</u>	<u>\$ 8,663</u>	<u>\$ 56,921</u>
Deferred income tax liabilities:				
Temporary differences:				
Unrealized exchange gain	(\$ 2,110)	\$ 2,110	\$ -	\$ -
Investment income recognized under the foreign equity method	(184,639)	(7,658)	-	(192,297)
Unrealized reserve for land revaluation increment tax	<u>(93,467)</u>	<u>-</u>	<u>-</u>	<u>(93,467)</u>
	<u>(\$ 280,216)</u>	<u>(\$ 5,548)</u>	<u>\$ -</u>	<u>(\$ 285,764)</u>
	<u>(\$ 236,471)</u>	<u>(\$ 1,035)</u>	<u>\$ 8,663</u>	<u>(\$ 228,843)</u>

2018					
	<u>January 1</u>	<u>Gain or loss</u>	<u>Recognized in Comprehensive Income</u>	<u>Recognized in others Comprehensive Income</u>	<u>December 31</u>
Deferred income tax assets:					
Temporary differences:					
Exchange differences on translation of foreign financial statements	\$ 16,927	(\$ 2,702)	(\$ 7,334)		\$ 6,891
Unrealized exchange loss	720	(720)	-		-
Bonus for not taking leave	184	28	-		212
Tax losses	<u>21,501</u>	<u>15,141</u>	<u>-</u>		<u>36,642</u>
	<u>\$ 39,332</u>	<u>\$ 11,747</u>	<u>(\$ 7,334)</u>		<u>\$ 43,745</u>
Deferred income tax liabilities:					
Temporary differences:					
Exchange differences on translation of foreign financial statements	\$ -	(\$ 2,110)	\$ -		(\$ 2,110)
Investment income recognized under the foreign equity method	(100,758)	(83,881)	-		(184,639)
Unrealized reserve for land revaluation increment tax	<u>(93,467)</u>	<u>-</u>	<u>-</u>		<u>(93,467)</u>
	<u>(\$ 194,225)</u>	<u>(\$ 85,991)</u>	<u>\$ -</u>		<u>(\$ 280,216)</u>
	<u>(\$ 154,893)</u>	<u>(\$ 74,244)</u>	<u>(\$ 7,334)</u>		<u>(\$ 236,471)</u>

4. The validity period of tax losses which the Company has not used and the amounts of unrecognized deferred income tax assets are provided below :

December 31, 2019				
<u>Year of occurrence</u>	<u>Amount filed/amount approved</u>	<u>Deductible amount</u>	<u>Undeducted amount</u>	<u>Unrecognized deferred income tax assets Income tax assets Portion</u>
2013	Re-approved amount	\$ 14,300	\$ 14,300	-
2014	Reassessed and reapproved amount	3,003	3,003	-
2015	Approved amount	9,018	9,018	-
2016	Approved amount	26,590	26,590	-
2017	Amount filed	72,817	72,817	-
2018	Amount to be filed	56,901	56,901	-
2019	Re-approved amount	40,958	40,958	-
		<u>\$ 223,587</u>	<u>\$ 223,587</u>	<u>-</u>

December 31, 2018

<u>Year of occurrence</u>	<u>Amount filed/amount approved</u>	<u>Deductible amount</u>	Unrecognized deferred income tax assets	
			<u>Undeducted amount</u>	<u>Income tax</u>
2023	Reapproved amount \$	14,300	\$ 14,300	\$ -
2024	Reapproved amount	3,003	3,003	-
2025	Approved amount	9,018	9,018	-
2026	Approved amount	26,590	26,590	-
2027	Amount filed	72,817	72,817	-
2028	Amount to be filed	<u>57,481</u>	<u>57,481</u>	-
		<u>\$ 183,209</u>	<u>\$ 183,209</u>	<u>\$ -</u>

5. The tax authorities have examined and approved the Company's business income tax returns up to and including 2017. °
6. The amendment of increasing the business income tax from 17% to 20% of the Income Tax Act was promulgated and became effective on February 7, 2018. The Company has evaluated the related income tax effect in accordance with this tax rate change.

(22) Earnings (loss) per share

	2019		
	Amount after tax	Weighted average of outstanding shares (1,000 shares)	Loss per share (NT\$)
<u>Basic loss per share</u>			
Current net loss attributable to the Company's common stock shareholders	<u>(\$ 4,692)</u>	<u>110,486</u>	<u>(\$ 0.04)</u>
	2018		
	Amount after tax	Weighted average of outstanding shares (1,000 shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Current net income attributable to the Company's common stock shareholders	<u>\$ 212,662</u>	<u>110,486</u>	<u>\$ 1.92</u>

The above-mentioned weighted average number of outstanding shares has been retroactively adjusted proportionally according to the 2018 capital increase by retained earnings.

(23) Operating lease

Applicable in 2018

The Company rent buildings, vehicles, operating equipment, office equipment, and other assets by operating lease for a lease term from 2016 to 2023. The Company recognized NT\$1,809 as rental expense in profit or loss of 2018 respectively. The total future minimum lease payments under non-cancellable operating leases are as follows:

	<u>December 31, 2018</u>
Less than one year	\$ 1,370
More than 1 year but less than 5 years	<u>2,145</u>
	<u>\$ 3,515</u>

(24) Additional cash flows information

Investment activities paid partially by cash:

	<u>2019</u>	<u>2018</u>
Purchase of property, plants, and equipment	\$ 1,973	\$ 10,183
Add: Other accounts payable at beginning of the period:		
Fees for converting land purposes (Stated in "Long-term notes and accounts payable")	127,577	127,577
Beginning balance payable - machinery and equipment (Stated in "Other accounts payable")	-	915
Less: Other accounts payable at the end of the period:		
Fees for converting land purposes (Stated in "Long-term notes and accounts payable")	<u>(127,577)</u>	<u>(127,577)</u>
Cash paid	<u>\$ 1,973</u>	<u>\$ 11,098</u>

(25) Change of liabilities from financing activities

	<u>2019</u>				<u>Total</u>
	<u>Short-term</u>	<u>Short-term</u>	<u>Lease</u>	<u>Long-term</u>	<u>liabilities from</u>
	<u>borrowings</u>	<u>notes payable</u>	<u>Liabilities</u>	<u>liabilities</u>	<u>financing activities</u>
January 1	\$1,204,500	\$ 130,000	\$ 2,537	\$139,292	\$ 1,476,329
Change of cash flows from Financing activities	325,500	-	(573)	(31,086)	293,841
Other change of non cash	-	-	11	-	11
December 31	<u>\$1,530,000</u>	<u>\$ 130,000</u>	<u>\$ 1,975</u>	<u>\$108,206</u>	<u>\$ 1,770,181</u>
	<u>2018</u>				<u>Total</u>
	<u>Short-term</u>	<u>Short-term</u>	<u>Lease</u>	<u>Long-term</u>	<u>liabilities from</u>
	<u>borrowings</u>	<u>notes payable</u>	<u>Liabilities</u>	<u>liabilities</u>	<u>financing activities</u>
January 1	\$1,059,977	\$ 130,000	\$ -	\$188,288	\$ 1,378,265
Change of cash flows from Financing activities	144,523	-	-	(48,996)	95,527
December 31	<u>\$1,204,500</u>	<u>\$ 130,000</u>	<u>\$ -</u>	<u>\$139,292</u>	<u>\$ 1,473,792</u>

7. Transactions with related parties

(1) Name of the related parties and their relations with the Company

<u>Name of the related parties</u>	<u>and their relations with the Company</u>
Holiday Garden International Ltd. ("Int. Ltd.")	Subsidiaries directly held by the Company
Holiday Garden Development Co., Ltd. Holiday Garden U.S. ("US")	Subsidiaries directly held by the Company Subsidiaries directly held by Int. Ltd.
Holiday Garden SF CORP. ("SF CORP.")	Subsidiaries directly held by U.S.
Holiday Garden SN CORP. ("SN CORP.")	Subsidiaries directly held by U.S.
Holiday Garden NW CORP. ("NW CORP.")	Subsidiaries directly held by U.S.
Holiday Garden VC CORP. ("VC CORP.")	Subsidiaries directly held by U.S.
Holiday Garden WC CORP. ("WC CORP.")	Subsidiaries directly held by U.S.
Holiday Garden EV CORP. ("EV CORP.")	Subsidiaries directly held by U.S.

(2) Material Transactions with related parties

Primary management remuneration and compensation information

	<u>2019</u>	<u>2018</u>
Short-term employee benefits	<u>\$ 2,825</u>	<u>\$ 2,980</u>

8. Collateralized assets

The Company's collateralized assets are listed below:

<u>Assets</u>	<u>Book value</u>		<u>For guarantee purposes</u>
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	
Land	\$ 481,493	\$ 481,493	Short-term and long-term borrowings
Buildings and structures	181,294	203,260	Short-term and long-term borrowings
Time deposits: (Stated in "Other financial asset - current")	997,129	587,084	Short-term borrowings
Time deposits: (Stated in "Other financial asset - current")	1,857	2,142	Voucher performance guarantee
	<u>\$ 1,661,773</u>	<u>\$ 1,273,979</u>	

9. Significant contingent liabilities and unrecognized contractual commitments

(1) Contingency

None

(2) Undertakings

No undertakings

10. Significant casualty losses

None

11. Major events after the reporting period

None

12. Others

(1) Capital management

The Company's capital management objectives are to secure the Company's ability to continue as a going concern, maintain the optimal capital structure for reducing the cost of capital, and to provide returns to our shareholders. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares or sell assets to reduce the liabilities. Consistent with the industry's practice, the Company manages the assets by the debt to assets ratio.

The Company's strategy is to maintain a stable debt to assets ratio. See below for the ratios. :

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Total liabilities	\$ 2,214,991	\$ 1,910,730
Total assets	\$ 3,504,256	\$ 3,259,798
Debt to assets ratio	63	59

(2) Financial instruments

1. Types of financial instruments

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial assets</u>		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 91,968	\$ 30,969
Financial assets measured at amortized	998,986	589,226
Notes receivable	938	400
Accounts receivable	6,428	5,757
Other accounts receivable	2,874	3,355
Guarantee deposits paid	378	1,087
	<u>\$ 1,101,572</u>	<u>\$ 630,794</u>

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial assets</u>		
Financial assets measured at		
Short-term borrowings	\$ 1,530,000	\$ 1,204,500
Short-term notes and bills	130,000	130,000
Notes payable	322	1,366
Accounts payable	2,519	5,441
Other accounts payable	15,663	12,917
Long-term borrowings	108,206	139,292
Long-term notes and accounts	127,577	127,577
Guarantee deposits received	870	755
	<u>\$ 1,915,157</u>	<u>\$ 1,621,848</u>
Lease liabilities	<u>\$ 1,975</u>	<u>\$ -</u>

2. Financial instruments not measured at fair value

The Company's financial assets and liabilities that are not assessed by fair value (including cash and cash equivalents, notes receivable, accounts payable, other receivable, other financial assets (current), refundable deposits, short-term borrowings, short-term notes payable, notes payable, accounts payable, other payable, long-term borrowings (including current portion of long-term debt payable), long-term notes and accounts payable, and guarantee deposits receive) have a carrying value reasonably close to their fair value.

3. Risk management policies

(1) The Company's regular operations are affected by multiple financial risks, including market risk (including the foreign exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk.

(2) Risk management work is implemented by the Company's finance department in accordance with the approved policies. The Company's finance department closely collaborates with all operating departments for identifying, evaluating, and avoiding financial risk.

4. Nature and level of significant financial risk

(1) Market risk

Foreign exchange rate risk

A. The Company's investment in subsidiaries exposes the Company to foreign exchange rate risk generated from transactions using currencies different from the Company's functional currency (primarily the US dollars). Foreign exchange rate related risk comes from future commercial transactions and recognized assets and liabilities.

- B. The Company's management has set policies requiring the Company to manage the foreign exchange rate risk related to its functional currency. The Company should manage the risk according to the overall foreign exchange rate risk through the finance department.
- C. The Company's businesses involve several non-functional currencies (The Company's functional currency is New Taiwanese Dollars), and they are affected by exchange rate fluctuation. Information of foreign currency assets and liabilities subject to material effect of exchange rate fluctuation is presented below:

December 31, 2019

	Foreign currencies (NT\$1,000)	Exchange rate	Carrying amount (NT\$)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Currency item</u>						
US\$: NT\$	\$ 35,354	29.98	\$ 1,059,910	1%	\$ 10,599	\$ -
<u>Long-term investments accounted for using the equity method</u>						
US\$: NT\$	53,485	29.98	1,603,478	1%	-	16,035

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December 31, 2018

	Foreign currencies (NT\$1,000)	Exchange rate	Carrying amount (NT\$)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Currency item</u>						
US\$: NT\$	\$ 19,148	30.72	\$ 588,140	1%	\$ 5,881	\$ -
<u>Long-term investments</u>						
	59,063	30.72	1,814,419	1%	-	18,144

D. The overall gain (loss) from the exchange (including realized and unrealized) of the Company's currency items due to material exchange rate fluctuation was NT\$31,649 and (NT\$14,783) in 2018 and 2017 respectively.

Price risk

The Company is not exposed to significant commodity price risk.

Cash flows and fair value interest rate risk

- A. The Company's interest risk comes from short-term and long-term borrowings at a floating interest rate, and they expose the Company to cash flows interest rate risk.
- B. The Company's loans are measured at amortized cost and the interest rates are re-set each year according to the contract. Therefore, the Company is exposed to the risk of future market interest rate changes.
- C. When interest rate of loans increases or decreases by 1% but all remaining factors stay the same, the net profit before tax will increase by NT\$13,438 and decrease by NT\$16,382 in 2019 and 2018 respectively, and it is mainly caused by changes in the interest rate of floating rate loans.

(2) Credit risk

- A. The Company is exposed to credit risk of customers' failure of fulfilling their contractual obligations, which can expose the Company to financial losses. The primary source of credit risk is the counterparty's failure of paying accounts receivable according to the terms of payment.
- B. The Company has to manage and perform credit risk analysis in accordance with the internal credit policy before entering into the terms and conditions of payment and service rendering with each new customer. Internal risk control evaluates a customer's credit quality based on the customer's financial condition, past experience, and other factors.
- C. The Company adopts the premise provided by IFRS9: When a payment is 30 days past due according to the contractual terms and conditions, the credit risk of this financial asset is deemed to have increased significantly since its initial recognition.
- D. The Company adopts the premise provided by IFRS9: When a payment is more than 90 days past due according to the contractual terms and conditions, default is deemed to have happened.
- E. The Company classifies customers' notes and accounts receivable according to credit conditions and adopts a simplified method that uses

the loss rate as the basis for estimating the expected credit loss.

- F. According to future forward-looking considerations, the Company adjusts the loss rate established based on the history of a specific period and current information to estimate the loss allowance of notes and accounts receivable. The provision matrix at December 31, 2018 is as follow :

	<u>Not past due and past due for 1 to 30days</u>	<u>Past due for 31 to 90 days</u>	<u>Past due for more than 91 days</u>	<u>Total</u>
<u>December 31, 2018</u>				
Expected loss rate	0.59%	1.06 %	100.00%	
Total book value	\$ 6,336	\$ 1,035	\$ 120	\$ 7,491
Loss allowance	3	2	120	125

	<u>Not past due and past due for 1 to 30 days</u>	<u>Past due for 31 to 90 days</u>	<u>Past due for more than 91 days</u>	<u>Total</u>
<u>December 31, 2018</u>				
Expected loss rate	0.11%	1.00%	100%	
Total book value	\$ 5,591	\$ 497	\$ 69	\$ 6,157
Loss allowance	-	-	-	-

- G. The statement of changes in the allowance for loss on accounts receivable using the simplified method is as following

	<u>2019</u>	<u>2018</u>
January 1	\$ -	\$ -
Impairment loss provision	125	-
December 31	<u>\$ 125</u>	<u>\$ -</u>

(3) Liquidity risk

- A. A. Cash flows forecasts are performed by each operating entity of the Company and summarized by the finance department of the Company. The Company's finance department monitors the Company's circulating capital requirements to ensure that the Company has sufficient capital for its operating needs, and a sufficient unspent loan commitment is maintained at all times.
- B. When the residual cash held by each operating entity exceeds the amount of operating capital required for management, it shall be transferred back

to the finance department of the Company. The Company's finance department will invest the residual funds in demand deposits, checking deposits, and time deposits, and the selected instruments have a proper due date or an adequate liquidity in order to meet the above-mentioned forecasts and ensure that the Company has sufficient liquidity to fund the requirements. At December 31, 2019 and 2018, the Company's money market position was NT\$90,483 and NT\$30,209 respectively, and they can generate immediate cash flows for liquidity risk management.

C. The following table shows the Company's non-derivative financial liabilities, which are classified by the maturity date. Non-derivative financial liabilities are analyzed based on the time remains from the balance date to the contractual maturity date. The following table discloses the amount of contractual cash flows that is non-discounting.

December 31, 2019

<u>Non-derivative financial liabilities:</u>	<u>In 1 year</u>	<u>1 to 2 years</u>	<u>More than 2 years</u>
Short-term borrowings	\$ 1,532,085	\$ -	\$ -
Short-term notes and bills payable	130,000	-	-
Notes payable	322	-	-
Accounts payable	2,519	-	-
Other accounts payable	15,663	-	-
Lease obligation	614	1,420	-
Long-term borrowings (including the current portion of long-term debt payable)	53,712	39,856	16,896
Long-term notes and accounts payable	-	127,577	-
Guarantee deposits received	25	368	477

December 31, 2018

<u>Non-derivative financial liabilities:</u>	<u>In 1 year</u>	<u>1 to 2 years</u>	<u>More than 2 years</u>
Short-term borrowings	\$ 1,211,636	\$ -	\$ -
Short-term notes and bills payable	130,000	-	-
Notes payable	1,366	-	-
Accounts payable	5,441	-	-
Other accounts payable	12,917	-	-
Long-term borrowings (including the current portion of long-term debt payable)	51,569	46,833	44,937
Long-term notes and accounts payable	-	127,577	-
Guarantee deposits received	20	25	710

13. Supplementary disclosure

(1) Information related to material transactions

1. Financing provided: See Table 1 attached.
2. Endorsement provided: None °
3. Marketable securities held at closing period (excluding investments in subsidiaries, associates, and joint ventures): None
4. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: See Table 2 attached
5. Properties acquired at costs or prices of at least NT\$300 million or 20% of the paid-in capital: See Table 3 attached.
6. Properties disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
7. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None.
8. Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 4 attached
9. Engagement in derivative instruments: None.
10. Business relations and material transactions and amounts between the parent company and its subsidiaries and among the subsidiaries: See Table 5.

(2) Re-investment related information

The investee's name, location, and other related information (excluding investees in mainland China): See Table 6.

(3) Investment in mainland China

1. Basic information: None
2. Significant direct or indirect transactions with the investee in mainland China through an enterprise at a third place: None

14. Segment information

Not applicable

Holiday Garden International Ltd. and subsidiaries
Loan funds
January 1, 2019 to December 31, 2019

Table 1

Unit: NT\$1,000
(Unless otherwise noted)

No. (Note 1)	Company providing the loan	Borrower	Transaction item(Note2)	A related party yes or not	The maximum amount of this period (Note3)	Closing balance (Note 8)	Actual drawing amount	Range of interest rate	Type of loan fund (Note 4)	Business transaction amount (Note 5)	Reasons for short-term financing (Note6)	Recognized amount of loss allowance	Collaterals		Maximum amount of loans permitted to a single borrower(Note 7)	Total amount permitted for loaning of funds (Note 7)	Note
				Name									Value				
1	Holiday Garden International Ltd.	Holiday Garden U.S.	Receivable from related companies	yes	\$ 1,448,560	\$ 1,448,560	\$ 1,054,242	Annual interest 6.5%	Short-term financing funds	\$ -	Operational needs	\$ -	None	\$ -	\$ 12,026,085	\$ 24,052,170	Note 9
2	Holiday Garden U.S.	Holiday Garden NW CORP.	Receivable from related companies	yes	92,520	92,520	92,520	Annual interest 3.0%	Short-term financing funds	-	Hotel acquisition	-	None	-	3,513,833	7,027,665	Note 9
2	Holiday Garden U.S.	Holiday Garden VC CORP.	Receivable from related companies	yes	46,260	46,260	46,260	Annual interest 3.0%	Short-term financing funds	-	Hotel acquisition	-	None	-	3,513,833	7,027,665	Note 9
2	Holiday Garden U.S.	Holiday Garden WC CORP.	Receivable from related companies	yes	584,820	584,820	429,370	Annual interest 6.5%	Short-term financing funds	-	Hotel acquisition	-	None	-	3,513,833	7,027,665	Note 9
2	Holiday Garden U.S.	Holiday Garden WC CORP.	Receivable from related companies	yes	64,980	64,980	64,980	Annual interest 3.0%	Short-term financing funds	-	Hotel acquisition	-	None	-	3,513,833	7,027,665	Note 9
2	Holiday Garden U.S.	Holiday Garden SN CORP.	Receivable from related companies	yes	539,350	-	-	Annual interest 6.5%	Short-term financing funds	-	Hotel acquisition	-	None	-	3,513,833	7,027,665	Note 9
2	Holiday Garden U.S.	Holiday Garden EV CORP.	Receivable from related companies	yes	94,950	94,950	31,650	Annual interest 6.5%	Short-term financing funds	-	Operational needs	-	None	-	3,513,833	7,027,665	Note 9
2	Holiday Garden U.S.	Holiday Garden EV CORP.	Receivable from related companies	yes	953,680	953,680	559,362	Annual interest 6.5%	Short-term financing funds	-	Hotel acquisition	-	None	-	3,513,833	7,027,665	Note 9
3	Holiday Garden SF CORP.	Holiday Garden VC CORP.	Receivable from related companies	yes	154,200	154,200	154,200	Annual interest 3.0%	Short-term financing funds	-	Hotel acquisition	-	None	-	843,578	1,687,155	Note 9
3	Holiday Garden SF CORP.	Holiday Garden U.S.	Receivable from related companies	yes	387,516	387,516	387,516	Annual interest 3.0%	Short-term financing funds	-	Operational needs	-	None	-	843,578	1,687,155	Note 9

Note 1: See the footnotes below

(1) 0 for the Company

(2) For the investees, they are coded from 1 according to the company. Investees of the same company share the same code

Note 2: Recorded accounts receivable from related companies and/or parties, shareholders accounts, prepayments, temporary payments, etc. should be entered in this field if they are related to loans to others.

Note 3: It is the cumulative maximum balance of loaning others from the current year to the reporting month.

Note 4: For loans to others and the type, fill in the parties that the Company has business transaction with or that require short-term financing funds.

Note 5: For the business transaction type of loans, fill in the amount of the business transactions.

Note 6: For those requiring the short-term financing type of loans, concretely explain the reason for loaning and the borrowers' use of the loans, such as for making repayments, purchase of equipment, or operational needs:

Note 7: Enter the limit of loans for individual borrowers and the total amount of loans set by the Company in accordance with the loans to others operating procedure and enter the method of calculation of the limit of loan for individual borrowers and the total limit of loans in the note section.

Note 8: Enter the amount of funds loaned to others that remains effective as of the reporting month. (For an publicly listed company deciding to resolve each fund to be loaned to other at the Board of Directors according to Article 14.1 of the Procedure of Management of Loans to Others, then even if the fund has not yet been appropriated, the amount of loans resolved at the Board of Directors should be stated in the announced balance to disclose the exposed risk. If said funds are repaid later, the balance after the repayment should be disclosed to reflect the adjusted risk. If, in accordance with Article 14.2 of Regulations Governing the Administration of Shareholder Services of Public Companies, a publicly listed company decides to authorize the chairperson of the board, resolved at the board of directors, to have the funds for lending that are within the specific amount authorized in installment or revolver within one year, it is the balance of the amount of loans to others approved at the Board of Directors that should be announced and filed. Said loans to others may be repaid later, but because lending may be authorized again, use the amount of loans to others approved by the Board of Directors as the balance announced and reported.

Note 9: In accordance with the Company's Operating procedure of management of loans to others, the amount of loans to foreign subsidiaries, in which the Company holds directly or indirectly, 100% of the voting shares or to individual borrowers should not exceed 7.5 times of the Company's net value, and the total amount of loans should not exceed 15 times of the net value of the company, and the duration of loans should be no more than 15 years.

Holiday Garden Hotel Co., Ltd.
 Properties disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital
 January 1, 2019 to December 31, 2019

Table 2

Unit: NT\$1,000

(Unless otherwise noted)

Buying and selling companies	Types of marketable securities (Note1)	Account	Transaction object (Note 2)	Relationship (Note 2)	beginning of term		Buying(Note3.5)		Selling(Note3.5)			End of term		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling Price	Book cost	Disposal of gain	Number of shares	Amount
Holiday Garden Hotel Co., Ltd.	Seasoned equity offering	Investment adopted with Equity method	Holiday Garden International Ltd.	Parent and subsidiary companies	12,000	\$ 848,895	-	\$ 400,000	-	\$ -	(\$ 605,915)	\$ -	12,000	\$ 642,980

Note 1 : Marketable securities in this table refer to stocks, bonds, beneficial certificates and marketable securities arising from the above items.

Note 2 : Investors in equity-method securities are required to complete these two fields and the remaining fields are not required

Note3 : The cumulative purchase and sale amounts shall be calculated separately according to the market price to determine whether they amount to \$300 million or 20% of the paid-in capital

Note 4: Paid-in capital refers to the paid-in capital of the parent company. If the shares issued by an issuer have no par value or a par value other than NT\$10 per share, the threshold transaction amount of 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent company as stated in the balance sheet

Note5 : Includes capital increases and decreases during the period, share of subsidiaries, affiliates and joint ventures recognized under the equity method, distribution of investment earnings under the equity method, valuation adjustments of available-for-sale financial assets of investees and translation differences in the financial statements of foreign operating companies.

Holiday Garden International Ltd. and subsidiaries

Properties acquired of at costs or prices of at least NT\$300 million or 20% of the paid-in capital

January 1, 2019 to December 31, 2019

Table 3

Unit: NT\$1,000

(Unless otherwise noted)

Company which acquired <u>properties</u>	<u>property name</u>	Occuring <u>Date</u>	Transaction <u>amount</u>	<u>Payment of price</u>	<u>Transaction object</u>	<u>Relationship</u>	<u>The former transfer information of transaction object is</u>			<u>reference of priceBasis</u>	purpose of acquisition Usage	other appointment_ Item
							<u>Holder</u>	Relationship with <u>issuer</u>	Transfer <u>date</u>			
Holiday Garden EV CORP.	Emeryville Hyatt place 旅館	108/01/29	\$ 1,636,220	\$ 1,636,220	Bay street Hotel Properties, LLC	None-related parties	-	-	-	\$ -	Valuation report	Operating the food and hotel business in U. S. A

Note 1: If appraisal is required for asset disposal in accordance with the regulations, enter the appraisal results in the section "Reference for price determination."

Note 2: Paid-in capital refers to the paid-in capital of the parent company. If the shares issued by an issuer have no par value or a par value other than NT\$10 per share, the threshold transaction amount of 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent company as stated in the balance sheet.

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 date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

Holiday Garden International Ltd. and subsidiaries
 Receivable from related parties amounts to at least NT\$100 million or 20% of the paid-in capital.
 January 1, 2019 to December 31, 2019

Table 4

Unit: NT\$1,000
 (Unless otherwise noted)

<u>Companies of account receivable</u>	<u>Transaction object name</u>	<u>Relationship</u>	Balance of Receivable from related <u>companies (Note 1)</u>	<u>Turnover rate</u>	<u>Past due accounts</u> receivable from related		Accounts receivable recovered from related companies after <u>the reporting period</u>	Amount of loss allowance <u>recognized</u>
					<u>Amount</u>	<u>Treatment</u>		
Holiday Garden International Ltd.	Holiday Garden U.S.	Note 3	Account receivable : 1,019,320	Note 4	\$ -	-	\$ -	\$ -
Holiday Garden U.S.	Holiday Garden WC CORP.	Note 3	Account receivable : 449,700	Note 4	-	-	-	-
Holiday Garden SF CORP.	Holiday Garden U.S.	Note 3	Account receivable : 386,742	Note 4	-	-	-	-
Holiday Garden SF CORP.	Holiday Garden VC CORP.	Note 3	Account receivable : 149,900	Note 4	-	-	-	-
Holiday Garden U.S.	Holiday Garden EV CORP.	Note 3	Account receivable : 569,620	Note 4	-	-	-	-
Holiday Garden WC CORP.	Holiday Garden SF CORP.	Note 3	Account receivable : 109,345	Note 4	-	-	-	-

Note 1: Please enter the accounts receivable of the related parties, the notes, and other accounts receivable.

Note 2: Paid-in capital refers to the paid-in capital of the parent company. If the shares issued by an issuer have no par value or a par value other than NT\$10 per share, the threshold transaction amount of 20% of paid-in capital shall be replaced by 10 percent of equity attributable to owners of the parent company as stated in the balance sheet.

Note 3: The investee and the counterparty are both subsidiaries of the Company.

Note 4: It is mainly because that "other accounts receivable" is not suitable for calculating the days of turnovers.

Holiday Garden International Ltd. and subsidiaries

Business relations and material transactions and amounts between the parent company and its subsidiaries and among the subsidiaries

January 1, 2019 to December 31, 2019

Table 5

Unit: NT\$1,000
(Unless otherwise noted)

Number (Note 1)	Name	Counterparty	Relationship with the counterparty (Note 2)	Transaction condition		Ratio to consolidated total revenue or total assets (Note 3)
				Account	Amount	
1	Holiday Garden International Ltd.	Holiday Garden U. S.	(3)	Other accounts receivable	\$1,019,320	Processed according to the agreement between the two parties 13.33%
1	Holiday Garden International Ltd.	Holiday Garden U. S.	(3)	Interest income	69,384	Processed according to the agreement between the two parties 4.56%
1	Holiday Garden International Ltd.	Holiday Garden SF CORP.	(3)	Other income	13,910	Processed according to the agreement between the two parties 0.91%
1	Holiday Garden International Ltd.	Holiday Garden NW CORP.	(3)	Other income	13,910	Processed according to the agreement between the two parties 0.91%
1	Holiday Garden International Ltd.	Holiday Garden VC CORP.	(3)	Other income	13,910	Processed according to the agreement between the two parties 0.91%
1	Holiday Garden International Ltd.	Holiday Garden WC CORP.	(3)	Other income	13,910	Processed according to the agreement between the two parties 0.91%
1	Holiday Garden International Ltd.	Holiday Garden EV CORP.	(3)	Other income	6,955	Processed according to the agreement between the two parties 0.46%
2	Holiday Garden U. S.	Holiday Garden SF CORP.	(3)	Other accounts receivable	34,487	Processed according to the agreement between the two parties 0.45%
2	Holiday Garden U. S.	Holiday Garden NW CORP.	(3)	Other accounts receivable	89,940	Processed according to the agreement between the two parties 1.18%
2	Holiday Garden U. S.	Holiday Garden WC CORP.	(3)	Other accounts receivable	449,700	Processed according to the agreement between the two parties 5.88%
2	Holiday Garden U. S.	Holiday Garden WC CORP.	(3)	Interest income	32,996	Processed according to the agreement between the two parties 2.17%
2	Holiday Garden U. S.	Holiday Garden EV CORP.	(3)	Interest income	31,701	Processed according to the agreement between the two parties 2.09%
2	Holiday Garden U. S.	Holiday Garden VC CORP.	(3)	Other accounts receivable	44,970	Processed according to the agreement between the two parties 0.59%
2	Holiday Garden U. S.	Holiday Garden EV CORP.	(3)	Other accounts receivable	569,620	Processed according to the agreement between the two parties 7.45%
3	Holiday Garden SF CORP.	Holiday Garden VC CORP.	(3)	Other accounts receivable	149,900	Processed according to the agreement between the two parties 1.96%
3	Holiday Garden SF CORP.	Holiday Garden U. S.	(3)	Other accounts receivable	386,742	Processed according to the agreement between the two parties 5.06%
3	Holiday Garden SF CORP.	Holiday Garden U. S.	(3)	Interest income	11,962	Processed according to the agreement between the two parties 0.79%
4	Holiday Garden VC CORP.	Holiday Garden SF CORP.	(3)	Other accounts receivable	41,136	Processed according to the agreement between the two parties 0.54%
5	Holiday Garden NW CORP.	Holiday Garden SF CORP.	(3)	Other accounts receivable	13,113	Processed according to the agreement between the two parties 0.17%
6	Holiday Garden WC CORP.	Holiday Garden SF CORP.	(3)	Other accounts receivable	109,345	Processed according to the agreement between the two parties 1.43%

Note 1: Business transaction information between the parent company and its subsidiaries should be coded in the coding section, and the coding is described below.

(1) 0 for the parent company.

(2) For the subsidiaries, they are coded starting from 1 based on the company

Note2: There are the following three types of relationship with counterparties, and only the type is specified (one disclosure for the same transaction between the parent company and a subsidiary or among subsidiaries). For example, for a transaction between the parent company and a subsidiary, if the parent company has already disclosed it, there is no need for the subsidiary to disclose the same transaction again. For transactions among subsidiaries, if one subsidiary has disclosed it already, then there is no need for the other subsidiary to disclose it again.)

(1) The parent company to a subsidiary

(2) A subsidiary to the parent company

(3) A subsidiary to another subsidiary

Note 3: Regarding the ratio of transaction amount to consolidated total operating revenues or total assets, it is computed based on the closing balance to consolidated total assets for balance sheet accounts, and as for income statement accounts, it is based on accumulated amount to consolidated total operating revenue

Note 4: The significant transaction conditions summarized in this table are transactions of an amount greater than NT\$ 5 million or 20% of the paid-in capital of the parent company.

Holiday Garden International Ltd. and subsidiaries
The investee's name, location, and other related information (excluding investees in mainland China)
January 1, 2019 to December 31, 2019

Table 6

Unit: NT\$1,000
(Unless otherwise noted)

Investor	Investee (Notes 1 and 2)	Location	Primary business items	Initial investment amount		End of the reporting period			Investee's current profit and loss (Notes 2(2))	Recognized current investment gain or loss (Note 2(3))	Note
				Ending of reporting period	Previous year end	Number of shares	Ratio	Carrying amount			
Holiday Garden International Ltd.	Holiday Garden International Ltd.	Taiwan	Tourism hotels	\$ 65,000	\$ 65,000	6,500	100	\$ 50,525	(\$ 3,683)	(\$ 3,683)	The Company's subsidiary
Holiday Garden International Ltd.	Holiday Garden International Ltd.	Bermuda	Investment business	642,980	848,895	12,000	100	1,603,478	38,288	38,288	The Company's subsidiary
Holiday Garden International Ltd.	Holiday Garden U.S.	USA	Investment business	251,291	251,291	18,000	100	468,511	(59,775)	(59,775)	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden SF CORP.	USA	Tourism hotels	84,662	84,662	170,000	100	112,477	46,280	46,280	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden SN CORP.	USA	Tourism hotels	72,900	72,900	150,000	100	-	(5,143)	(5,143)	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden NW CORP.	USA	Tourism hotels	81,250	81,250	150,000	100	57,302	1,057	1,057	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden VC CORP.	USA	Tourism hotels	81,250	81,250	150,000	100	19,052	2,327	2,327	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden WC CORP.	USA	Tourism hotels	80,700	80,700	150,000	100	(80,777)	(41,763)	(41,763)	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden EV CORP.	USA	Tourism hotels	77,188	-	150,000	100	40,178	(35,851)	(35,851)	The Company's subsidiary

Note 1: For a publicly company with an overseas holding company and using the consolidated financial report as the major financial report in compliance with local laws and regulations, the disclosure of information of overseas investees can be limited to information related to the holding company.

Note 2: If the circumstances described in Note 1 are not applicable, please enter the following information:

- (1) For the name of the investee, the location, the primary business items, the initial investment amount, and shareholding at the end of the period, they should be filled out in sequence according to the reinvestment of the Company (a publicly listed company) and each reinvestment of each direct or indirect controlled investee. In addition, the relationship (e.g., a subsidiary or a subsidiary-subsubsidiary of the parent company) between each investee and the Company (a publicly listed company) should be entered.
- (2) For the section of "investee's profit and loss," please enter the amount of current profit and loss of each investee.
- (3) For "Recognized current investment income," enter only the recognized amount of profit and loss of each direct investment subsidiary of the Company (a publicly listed company) and of each investee accounted for using the equity method. The balance is not required. When entering the "Amount of profit and loss recognized of each subsidiary of direct reinvestment," subsidiary of the Company (a publicly listed company) and of each investee accounted for using the equity method. The balance is not required. When entering the "Amount of profit and loss recognized of each subsidiary of direct reinvestment," make sure that the amount of profit or loss of each subsidiary includes the investment income of the reinvestment to be recognized in accordance with the regulations.

Holiday Garden International Ltd.
Statement of cash and cash equivalents
December 31, 2019

Unit: NT\$1,000

<u>Item</u>	<u>Abstract</u>	<u>Amount</u>
Cash in treasury and working funds		\$ 1,485
Checking deposits		309
Demand deposits: in New Taiwanese Dollars		17,394
Demand deposits: in US Dollars	USD\$394,000, Exchange rate: 29.98	11,814
Time deposits: in New Taiwanese Dollars	Expiration date: February 2	
	Interest rate: 0.16%	10,000
Time deposits: in US Dollars	Expiration date : January 20,2020-February 2,2020	
	Interest rate:2.10%-2.28%	50,966
		<u>\$ 91,968</u>

Holiday Garden International Ltd.
Statement of changes in investment property accounted for using the equity method
January 1 to December 31, 2019

Statement 2

Unit: NT\$1,000

<u>Name</u>	<u>Opening balance</u>		<u>Add (Note 1)</u>		<u>Less (Note 2)</u>		<u>Closing balance</u>			<u>Market price or net equity</u>		<u>Evaluation basis</u>	<u>Guarantee provision or pledge condition</u>	<u>Note</u>
	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>% shareholding</u>	<u>Amount</u>	<u>Unit price (\$)</u>	<u>Total price</u>			
HOLIDAY GARDEN INTERNATIONAL Ltd.	12,000	\$1,814,419		\$438,288	-	(\$ 649,229)	12,000	100%	\$ 1,603,478	\$ 133,623	\$ 1,603,478	Equity Law	None	
Holiday Garden Development Co., Ltd	6,500,000	54,208	-	-	-	(3,683)	6,500,000	100%	50,525	7.77	50,525	Equity Law	None	
		<u>\$1,868,627</u>		<u>\$438,288</u>		<u>(\$ 652,912)</u>			<u>\$ 1,654,003</u>		<u>\$ 1,654,003</u>			

Note 1: Addition of this reporting period includes increased investment amount of this period and share of profit and loss of subsidiaries, associates, joint ventures accounted for using the equity method.

Note 2: Reduction of this reporting period includes cash returned from investees' capital reduction and the exchange differences on translation of foreign financial statements.

Holiday Garden International Ltd.
Statement of short-term borrowings
December 31, 2019

Unit: NT\$1,000

<u>Type of borrowings</u>	<u>Description</u>	<u>Closing balance</u>	<u>Contract term</u>	<u>Range of interest rates</u>	<u>Financing amount</u>	<u>Pledges or collaterals</u>	<u>Note:</u>
Unsecured loans from banks	Hua Nan Commercial Bank – East Kaohsiung Branch	\$ 30,000	108.10.17~109.01.17	1.25%	\$ 30,000	None	
Unsecured loans from banks	Export-Import Bank of Republic of China	5,000	108.08.16~109.08.16	1.25%	5,000	None	
Unsecured loans from banks	Export-Import Bank of Republic of China	10,000	108.07.16~109.07.16	1.26%	10,000	None	
Unsecured loans from banks	Export-Import Bank of Republic of China	20,000	108.08.01~109.08.01	1.26%	20,000	None	
Unsecured loans from banks	Export-Import Bank of Republic of China	10,000	108.12.16~109.12.16	1.26%	45,000	None	
Secured bank loans	Mega International Commercial Bank	400,000	108.06.04~109.06.03	1.90%	400,000	Land, Housing and Construction	
Secured bank loans	Mega International Commercial Bank	155,000	108.09.23~109.06.17	1.30%	170,000	Land, Housing and Construction	
Secured bank loans	CTBC Bank	400,000	108.12.06~109.05.06	1.10%	400,000	Time deposit	
Secured bank loans	CTBC Bank	100,000	108.10.30~109.04.30	1.10%	600,000	Time deposit	
Secured bank loans	0-Bank	400,000	108.12.27~109.01.22	1.11%	400,000	Time deposit	
		<u>\$ 1,530,000</u>					

Holiday Garden International Ltd.
Statement of short-term notes and bills payable
December 31, 2019

Statement 4

Unit: NT\$1,000

<u>Item</u>	<u>Guarantee Institution</u>	<u>Contract term</u>	<u>Range of interest rates</u>	<u>Amount</u>			<u>Note:</u>
				<u>Amount</u>	<u>Unamortized discounts</u>	<u>Book value</u>	
Commercial paper	Mega Bills Finance Co., Ltd.	108. 12. 13~109. 02. 11	0. 96%	\$ 50, 000	\$ -	\$ 50, 000	
Commercial paper	China Bills Finance Corporation	108. 12. 13~109. 02. 11	0. 60%	50, 000	-	50, 000	
Commercial paper	International Bills Finance Corporation	108. 12. 13~109. 02. 11	0. 81%	30, 000	-	30, 000	
				<u>\$ 130, 000</u>	<u>\$ -</u>	<u>\$ 130, 000</u>	

Holiday Garden International Ltd.
Statement of long-term borrowings
December 31, 2019

Unit: NT\$1,000

<u>Creditor</u>	<u>Summary</u>	<u>Amount of Borrowing</u>	<u>Contract term</u>	<u>Interest</u>	<u>Financing amount</u>	<u>Pledges or Collaterals</u>	<u>Note:</u>
First Commercial Bank, Sanmin Branch	Unsecured loans (10 years)	\$ 22,978	101.09.18~111.09.18	1.75%	\$ 58,678	Land, buildings and structures	
Mega International Commercial Bank	Secured loans (7 years)	38,895	103.06.04~110.06.04	1.90%	300,000	Land, buildings and structures	
Co., Ltd., Kaohsiung Branch Mega International Commercial Bank	Secured loans (7 years)	28,000	104.06.01~111.06.01	1.70%	100,000	None	
Co., Ltd., Kaohsiung Branch Hua Nan Commercial Bank – East Kaohsiung Branch	Unsecured loans (3 years)	<u>18,333</u>	108.09.20~111.09.20	1.38%	20,000	None	
		108,206					
	Less: Current portion of loans payable	<u>(52,196)</u>					
		<u>\$ 56,010</u>					

Holiday Garden International Ltd.
Statement of operating cost
January 1 to December 31, 2019

Unit: NT\$1,000

Item	Amount	Note:
Beginning foodservice inventory	\$ 332	
Current material purchased	19,820	
Transfer to operating expenses	(1,524)	
Loss on physical inventory	(6)	
Ending foodservice inventory	(993)	
Current material consumed	17,629	
Foodservice and accommodation cost	34,127	
Loss on physical inventory	6	
	\$ 51,762	

Holiday Garden International Ltd.
Statements of operating expenses
January 1 to December 31, 2019

Unit: NT\$1,000

<u>Item</u>	<u>Abstract</u>	<u>Amount</u>	<u>Note:</u>
Salary and wage expense		\$ 43,318	
Miscellaneous expenses		7,693	
Various depreciation		7,080	
Utility expense		5,872	
Taxes		42,809	The balance does not exceed 5% of this account.
		<u>\$ 106,772</u>	

Holiday Garden International Ltd.
Aggregation of employee

benefit, depreciation, and amortization expenses by function
January 1 to December 31 of 2019 and 2018

Unit: NT\$1,000

Function Type	2019			2018		
	Under operating cos	Under operating expenses	Total	Under operating cos	Under operating expenses	Total
Employee benefit expense (See note)	\$9,597	\$48,191	\$57,788	\$9,077	\$43,816	\$52,893
Wages and salaries	8,092	39,387	47,479	7,578	35,687	43,265
Health and labor insurance expense	890	4,014	4,904	891	3,643	4,534
Pension expense	458	1,966	2,424	460	1,848	2,308
Board of director remuneration	-	1,965	1,965	-	1,800	1,800
Other employee benefit expense	157	859	1,016	148	838	986
Other employee benefit expense	21,756	7,080	28,836	22,337	7,254	29,591

Note:

1. As of December 13, 2019 and 2018, the Company had 117 employees and 119 employees respectively, and among them, there were 5 and 4 directors respectively who were not the Company's employees.
2. Companies whose shares are listed on a stock exchange or traded on an over-the-counter trading center should disclose the Information as following:
 - (1)The average of employee benefit this year \$498; he average of employee benefit last year \$444.
 - (2)The average of employee salary this year \$424; he average of employee salary last year \$376.
 - (3)The average of employee salary adjustment 13%.