

【Stock code: 2702】



Hotel Holiday Garden

Handbook for 2020 Annual meeting of shareholders

Time: June 17, 2020

Venue: No. 279, Liuhe 2nd Road, Kaohsiung City
(Forests Dynasty Room)

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Hotel Holiday Garden

The 2020 Annual Meeting of Shareholders

- 1.Meeting procedures
- 2.Call the meeting to order
- 3.Speech by the Chairman
- 4.Management Presentation
- 5.Proposals
- 6.Discussion
- 7.Questions and motions
- 8.Adjournment

Hotel Holiday Garden

The 2020 Annual Meeting of Shareholders

2.Meeting agenda

Time : June 17,2020 (Wednesday) 09:00

Place: Forests Dynasty Room, 1st Floor, No. 279, Liuho 2nd Road,
Kaohsiung City

1.Call the meeting to order

2.Speech by the Chairman

3.Management presentations

- (1) 2019 Business Report
- (2) Audit committee's Review Report on the 2019 Financial Statements
- (3)The 2019 Employees' bonus and directors' remuneration report
- (4) Cash Dividend Status Report for Distribution of 2019 Profits
- (5)Report on the current proposals by shareholders

4.Acknowledgments

- (1)Adoption of the 2019 Business Report and Financial Statements
- (2)Adoption of the Proposal for Distribution of 2019 Profits

5.Discussions

- (1)Amendment to the Articles of Incorporation

6.Proposals and motions

7.Adjournment

3. Management Presentations

Report No.1: The 2019 Business report

Explanation: Please refer to pages 4-8 of this handbook

Report No. 2: Audit committee 's Review Report on the 2019 Financial Statements °

Explanation: Audit committee's Review Report on the 2019 Financial Statements, please refer to page 9 of this handbook

Report No.3: The distribution of remuneration of the employees and directors.

Explanation: 1. Pursuant to the articles 31, distribute 0.1%, employee's remuneration, NTD 913 by cash; and no distribution of remuneration of directors.

2. Remuneration of NTD 913 and the estimation of 0 was made in 2019, a difference of NTD 913 is by estimation, the change in accounting estimates will be classified as profit and loss for the next year. No payment for the directors, and there is no difference in the 2019 estimation.

3. Proposal is passed by the Board, and according to the law, the case is reported at the meeting of shareholders, and the procedures of distribution is assigned to the Chairman.

Report No. 4: The 2019 net profit with share dividends.

Explanation: According to the disposition of net profit , 2019, planning not to dividend distribution. Please refer to page 35 of this handbook.

Report No.5: Report on proposals made by shareholders

Explanation: During the fixed period of April 10 to April 20, 2020 allocated for shareholders with more than 1% shares to make proposals, but none has been raised during this period. Please refer to page 40 of this handbook.

Hotel Holiday Garden
Business report

Dear ladies and gentlemen

Thank you for participating in the 2020 annual meeting of the shareholders, and thank you for your support and trust in the company.

Under the great impact on the environment and keen competition, we thank all the directors and all the staff for their concerted efforts. Thank you for your hard work.

This year, the company will continue to adhere to high service quality, improve software and hardware facilities, actively promotes various marketing activities, and develops diversified products through various sales channels to deepen and develop markets to create better performance.

The current five hotel operations in the United States have grown significantly. Together with the executives, we will lead all employees to continue their efforts, hoping to create more profits for shareholders.

1. Business results

(1) Guest rooms

The room department received 153,552 passengers from January to December of 2019, compared the same period in 2018, a increase of 81,468 from 72,084, a increase rate 113.02%; The Taiwanese accounted for 44.05% of all the guests, and guests from China accounted for 26.81%, guests from other regions accounted for 29.14%, Room occupancy rate is 73%, the revenue from room department is NT 107,910 thousand dollars, compared to the same period in 2018, NT 57,375 thousand dollars, a addition of NT 50,535 thousand dollars, the increase was 88.08%.

(2) Food and beverage

The revenue from the food and beverage department for January to December 2019 was NT 45,747 thousand dollars, compared to the same period in 2018, NT 45,265 thousand dollar, a addition of 482 thousand dollars, a increase of 1.06%.

(3) Subsidiary

1. The revenue from the guest room of the US subsidiary for January to December, 2019 was US 43,051 thousand dollars, compared to the same period in 2018, US 35,225 thousand dollars, a addition of US 7,826 thousand dollars, a increase of 22.22%.
2. The revenue received from January to December, 2019 from Hua Yuan Development, the subsidiary in Taiwan, was NT 35,886 thousand dollars, compared to the same period in 2018, NT 5,053 thousand dollars, the addition of NT 30,833 thousand dollars, the increase of 610.19%.

(4) The Group

The consolidated business revenue was NT 1,520,242 thousand dollars, compared to the same period in 2018, NT 1,169,715 thousands dollars, a addition of NT 350,527 thousand dollars, a addition of 29.97%.

2. Consolidated financial statements

(1) The net asset liabilities

As of December 31, 2019, the total assets of the Group were NT7,646,425 thousand dollars, out of which the total liabilities is 6,357,160 thousand dollars, accounted for 83.14%, the total net worth is 1,289,265 thousand dollars, which accounted for 16.86% of the total assets.

(2) Profits and losses:

The revenue received for the period of January to December, 2019 was NT1,520,242 thousand dollars, compared to the same period in 2018, NT1,169,715 thousand dollars, a addition of NT350,527 thousand dollars, a increase of 29.97%. The operation cost was NT232,551 thousand dollars, operation expenses of NT1,068,041 thousand dollars, operating profit of NT219,650 thousand dollars. The net income from non-operating activities and expenses was NT191,358 thousand dollars, and the net profit before tax for the period was NT28,292 thousand dollars compared to the same period in 2018, NT398,483 thousand dollars, an decrease of NT370,191 thousand dollars, decreased by 92.9%.

3. Budget and execution

The annual operating income in 2019 was NT1,520,242 thousand dollars, and the budget being NT1,255,000 thousand dollars, an achievement rate of 121.13%; the net profit before tax is NT28,292 thousand dollars, budget net profit before tax being NT42,000 thousand dollars, an achievement of 67.36%.

4. Analysis of Financial revenue and profitability

Unit: NT thousand dollars

Items analyzed		The year		
		2019	2018	
Financial Revenue and expense	Net operating revenue	1,520,242	1,169,715	
	Gross profit	1,287,691	941,812	
	Net profit	(4,692)	212,662	
Profitability	Return of assets(%)		2.28	5.74
	Return of equity (%)		(0.36)	17.45
	Operating Income to Capital Stock to pre-tax income to capital(%)	Operating profit	19.88	8.02
		Income before tax	2.56	38.95
	Net profit margin(%)		(0.31)	18.18
	Earnings per share (dollar)		(0.04)	1.92

5. Status of R&D: Not applicable

6. Summary of business plan for the current year

(1) Annual business policy

1. Affordable food, and changes the image of the existing guest rooms
2. Cultivate marketing talents and increase exposure
3. Expand the company's business and develop new customers.
4. Expand the overseas revenues, and flexible allocation of funds to stabilize the financial structure of the company.
5. Changes mode of purchase, reduction of operation cost ◦

(2) Expected sales quantity and its data

In 2020, we will actively expand the self guided tours in Japan, Hong Kong, Macao, Singapore and Malaysia, and to expand new networks platforms, and actively participate in the domestic and overseas travel exhibitions, as to raise the reputation of the company. In 2020, the company can achieve the expected goal with the steady growth of five hotels in U.S.A, and increase the revenue of guest rooms and catering.

(3) Important sales strategy and future development strategy

1. To establish a talent cultivation system and to improve the quality of service.
2. In response to the continuous increasing international customers, the quality of catering services is to be raised to attract consumer groups, so as to increase the income sources of the company.
3. Upgrade the existing rooms with advanced facilities and services, and expand business clients.
4. Use on-line marketing to enhance advertising efficiency.

(4) Influenced by external competitive environment, regulations and overall business environment.

Considering the tourism market in 2019, it is expected that the overall tourism industry will be very tough. The company upholds the principle of pragmatic stability and continuously adjust the business policy to respond to future market demand.

Hotel Holiday Garden

Audit Report from the Auditing Committee

The Board is expected to send the 2019 company's annual business report including the individual financial report, the consolidated financial report, and the proposal of surplus distribution. Upon the inspection of the Audit Committee, and no discrepancy found, and the report is prepared according to Article 14-4 of the Securities & Exchange Act and Article 219 of the Company Act, the aforementioned financial statements and documents are fairly presented as stated.

Regards

The 2020 Annual Meeting of Shareholders of Hotel Holiday Garden

Auditing Committee

GUO-YIN LU, Convener

March 19,2020

4. Proposals

Report No.1: (proposed by the Board)

Proposal: To acknowledge the company's 2019 financial statements

Explanation: The 2019 company's personal financial report and consolidated financial report were completed by Liao A-shen and Wu Jianzhian, accountant of PricewaterhouseCoopers Taiwan, who verified the reports. The business report is also completed and verified by the Audit Committee. Please refer to page 11-34 of the handbook. (Attachment 1 and 2). There is no discrepancy, and a verification report is issued.

Resolution:

Report No. 2 : (proposed by the Board)

Proposal: Adoption of the Proposal for Distribution of 2019 Profits

Explanation: The distribution table of 2019 profits is completed and approved by the Auditing Committee, the distribution is as attached. Please refer to page 35 of this handbook (Attachment 3).

Resolution:

5. Discussion

Report No.1: (proposed by the Board)

Proposal : Amendment to the Company's Corporate Charter (Articles of Incorporation).
Please proceed to discuss.

Explanation: : In order to conform to the amendments to related laws, the company hereby proposes to amend the Corporate Charter. Please refer to pages 36-38 of the handbook (Attachment 4)

6. Questions and motions

7. Adjournment

Attachment 1

The accountant's audit report and the financial statement of 2019 The
accountant's audit report

For Hotel Holiday Garden

(2020) Financial Review No.

19004556

Audit opinion

The individual balance sheets of Hotel Holiday Garden for the years of 2019 and December 31, 2018, and the individual comprehensive income statements for the years for 2019 and January 1 to December 31, 2018, Statement of changes in equity, individual Statements of Cash Flows, and individual financial statement (including the summary of major accounting policies), have been checked by the accountant.

In accordance with the opinion of the accountant, the above individual financial statements are prepared in line with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, which is sufficient to express the 2019 and December 31, 2018 individual financial status of Hotel Holiday Garden, and the 2019 and January 1 to December 31, 2018 individual financial performance and individual cash flow.

The basis of check opinion

The audit is carried out in accordance with the rules governing "Auditing and Certifications of Financial Statements by Certified Public Accountants" and the generally accepted auditing standards of the Republic of China. The responsibility of the accountants under these standards will be further explained in the accountability section of the accountant's audit of individual financial statements. In accordance with the professional ethics of the CPA accountant, it has maintained its detached independence from Hotel Holiday Garden and fulfil other responsibilities. The accountant believes that sufficient and appropriate evidence of the audit has been obtained as a basis for expression of the opinion.

Checking of Key items

The auditing of key matters refer to the most important matters of the audit of the 2018 individual financial statements of Hotel Holiday Garden in accordance with the professional judgment of the accountant. These matters have been dealt with in the process of auditing the overall individual financial statements and forming a review opinion. The accountant will not make a separate opinion.

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

Business Mergers and Acquisitions

Description

For the accounting policies of the equity investment, please refer to appendice 4(12) of the individual financial statements. For the accounting policies of the equity investment, please refer to appendice 6(4) of the individual financial statements.

Holiday Garden Hotel Co., Ltd. acquired Hyatt Place Emeryville with the price 2,045,468,000 NTD at April 12, 2019. According to the evaluation of the purchase price allocation and the transaction of the mergers and acquisitions was material. Therefore, Merger and acquisitions were chosen 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 have learned to understand and evaluated management's operating procedure for the intra-group transactions, verified the document of the board and the business plan approved by the Board of Directors.
2. We examined the M&A Process Agreement, verified the payment instrument and confirmed the acquisition price.
3. We obtained the purchase price allocation of the mergers and acquisitions to estimate the independence of the external specialist, verified the price estimation and assumptions of the report, and evaluate the rationality of the purchase price allocation .

Intangible assets impairment evaluation

Description

For accounting policies of investment using the equity method, please refer to Note 4(12) of the consolidated financial statements. For the uncertainty of the accounting estimates and assumptions of the investment impairment assessment using the equity method, please refer to appendice 5 (2) of the individual financial statements. For the description of the equity method investment, please refer to appendice 6 (4) of the individual financial statements.

The carrying amount of intangible assets as of December 31, 2019 of the Group is NT\$750,664,000, accounting for 9.82% of the total amount of the total 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 discounting 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, intangible asset impairment evaluation is chosen to be one of the key audit matter of this year.

Corresponding audit program

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

1. We have learned to understand and evaluate management's operating procedure for estimating the subsidiaries' future cash flows and 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 the management's business plan in the past.
3. We also evaluated the reasonableness by comparing the parameter and the discount rate of the recoverable amount.

Responsibility of management and governing units regarding the consolidated financial statements

The management's responsibilities are based on the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and maintain the necessary internal controls relating to the preparation of the individual financial statements to ensure that there are no significant misrepresentations of fraud or errors in the individual financial statement.

In the preparation of the consolidated financial statements, the management's responsibilities also including assessment of the ability of the Hotel Holiday Garden to continue its operations, the disclosure of related matters, and the adoption of the accounting basis for its continuing operation, unless the management intends to liquidate the Hotel Holiday Garden or cease its operations, or if there is no other options that are practical or feasible, but to liquidate or cease its operations.~19~

Those charged with governance(including the Supervisor) of Hotel Holiday Garden are responsible for overseeing the process of financial reporting.

The responsibility of the Accountant to audit the consolidated financial statements

The objectives of the Accountant auditing the consolidated financial statements are to obtain reasonable assurance about the financial statements as a whole are free from any material misrepresentation due to fraud or error and to issue an audit report. Reasonably assurance refers to a high level of assurance, but the verification work carried out in accordance with the generally accepted auditing standards of the Republic of China cannot guarantee that the significant misrepresentation of the consolidated financial statements can be detected. False expressions may be caused by fraud or errors. If the amount is misstated, individually or in aggregation, this would reasonably expected to affect the economic decision made by the consolidated financial statement users, and this will be considered to be significant impact.

In accordance with the generally accepted auditing standards of the Republic of China, the Accountant exercised professional judgment and maintained professional skepticism. The accountant also performs the following tasks.

1. We identified and assessed the significant misrepresentation of the consolidated financial statements due to fraud or error; designed and implemented appropriate response measures for the assessed risks and to obtain sufficient and appropriate evidence to check as the basis for the review. Because fraud may involve conspiracy, forgery, intentional omission, false statement or overstepping internal control, the risk of significant misrepresentation due to fraud not being detected is higher than the cause of the error.
2. We obtained the necessary understanding of the internal control of the audit to design an appropriate check procedure at the time, but the purpose is not to express an opinion on the effectiveness of the internal control of the Hotel Holiday Garden.
3. Assessment of the appropriateness of accounting policies adopted, and the rationality of accounting estimates and related disclosures made by the management.
4. Conclusions are drawn on the basis of audit evidence obtained, whether the management adopts the appropriateness of the basis of continuing operations accounting and whether there are significant uncertainties in the events or circumstances that may cause significant doubts about the ability of the Hotel Holiday Garden to continue operation.

Evaluate the overall presentation, structure and contents of the consolidated financial statements (including related notes) and whether the individual financial statements represent the underlying transactions and events

4. Opinions expressed regarding the consolidated financial statements are based on sufficient and appropriate evidence obtained for the financial information of the entities of the Hotel Holiday Garden. The accountant is responsible for the guidance, supervision and execution of the audit and providing the audit opinions

Communication with those charged with governance regarding the planned scope and the timing of inspection, and major findings (including significant internal control shortcomings identified during 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 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
Liao A-shen
Independent accountant
Wu Jianzhi

The committee of the Financial Supervisory Commission Approved
Certificate Number: Financial Supervisory Commission Certificate
No. 1010015969
Committee of the former Executive Yuan Financial and Supervisory
Commission Approved certificate: Financial and Supervisory
certificate 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\$1,000

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						
		6(11)(13)				
3110	Common share capital		1,104,856	32	1,023,015	31
Capital surplus						
		6(12)				
3200	Capital surplus		2,169	-	2,169	-
Retained earnings						
		6(13)				
3310	Legal reserve		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						
			1,289,265	37	1,349,068	41
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)			
Item	Notes	2019	%	2018	%
		A m o u n t	%	A m o u n t	%
4000	Operating revenue	\$ 153,657	100	\$ 102,640	100
5000	Operating cost	(51,762)	(34)	(53,566)	(52)
5900	Operating gross profit	<u>101,895</u>	<u>66</u>	<u>49,074</u>	<u>48</u>
	Operating expenses				
6200	Management expense	(106,647)	(69)	(93,135)	(91)
6450	Expected credit impairment loss	(125)	-	-	-
6000	Total operating expense	<u>(106,772)</u>	<u>(69)</u>	<u>(93,135)</u>	<u>(91)</u>
6900	Operating loss	<u>(4,877)</u>	<u>(3)</u>	<u>(44,061)</u>	<u>(43)</u>
	Nonoperating income and				
7010	Other income	24,155	16	13,069	13
7020	Other gains and losses	(31,595)	(21)	14,803	14
7050	Financial cost	(21,375)	(14)	(17,176)	(17)
7070	Share of profit or loss of	<u>34,605</u>	<u>23</u>	<u>320,153</u>	<u>312</u>
7000	Total non-operating income	<u>5,790</u>	<u>4</u>	<u>330,849</u>	<u>322</u>
7900	Net profit (loss) before tax	913	1	286,788	279
7950	Income tax (expense) benefits	(5,605)	(4)	(74,126)	(72)
8200	Net profit (loss)	<u>(\$ 4,692)</u>	<u>(3)</u>	<u>\$ 212,662</u>	<u>207</u>
	Other comprehensive income				
	Items may be subsequently				
8361	Exchange differences on	(\$ 43,314)	(28)	\$ 55,805	54
8399	Income tax of items that may be	<u>8,663</u>	<u>5</u>	<u>(7,334)</u>	<u>(7)</u>
8300	Other comprehensive income	<u>(\$ 34,651)</u>	<u>(23)</u>	<u>\$ 48,471</u>	<u>47</u>
8500	Total comprehensive income	<u>(\$ 39,343)</u>	<u>(26)</u>	<u>\$ 261,133</u>	<u>254</u>
	Earnings (loss) per share				
9750	Basic	<u>(\$ 0.04)</u>		<u>\$ 1.92</u>	
9850	dilution	<u>(\$ 0.04)</u>		<u>\$ 1.92</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 Statements of Changes in Equity
January 1 to December 31 of 2019 and 2018

Unit: NT\$1,000

	N o t e s	S t o c k	A d d i t i o n a l p a i d I n c a p i t a l - i n e x c e s s o f	R e t a i n e d e a r n i n g s			O t h e r e q u i t y		T o t a l
				Legal reserve	S p e c i a l R e s e r v e	R e t a i n e d e a r n i n g s	Ex c h a n g e d i f f e r e n c e s o f f o r e i g n t r a n s l a t i o n a v a i l a b l e - f o r s a l e	U n r e a l i z e d g a i n o r l o s s o n f i n a n c i a l a s s e t s	
2018									
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>-</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>
2019									
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)	(34,605)	(320,153)
Loss on disposal and write-off of property, plants, and equipment	6(17)	(62)	-
Changes in assets/liabilities related to operating activities			
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	-
Distribution of cash dividends	6(13)	(20,460)	-
Net cash inflows from fundraising activities		273,496	95,527

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>
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. °

Chairperson of the Board: Chen Hai-ni

Manager: Chen Hai-ni

Accounting Director : Yu Su-ling

Attachment 2

Independent auditor's review report on the 2019 consolidated financial statements Independent accountant's audit report

(2020) Tsai Shen Pao Tzu No. 19004772

For Hotel Holiday Garden

Opinion

We have audited the following financial statements of Hotel Holiday Garden and the subsidiaries (the "Group"): the consolidated balance sheets of December 31, 2019 and 2018, the consolidated statements of comprehensive income of January 1 to December 31 of 2019 and 2018, the consolidated statements of changes in equity, the consolidated statements of cash flows, and the notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018 and its consolidated financial performance and its consolidated cash flows for the period from January 1 to December 31 of 2019 and 2018 of the Group in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Standards (IFRSs), the International Accounting Standards (IASs), and the related interpretations and interpretative bulletins endorsed by the Financial Supervisory Commission

Basis for opinion

The audit is carried out in accordance with the Regulations Governing the Auditing and Certification of Financial Statements by Certified Public Accountants and the generally recognized auditing standards of Republic of China. The responsibilities of the accountants under these standards will be further described in the responsibility section of the accountant's audit of the consolidated financial statements. The personnel of the 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 the Hotel Holiday Garden, and performed other responsibilities in accordance with the code

Audit of key matters

The key auditing matters, based on the professional judgment of the accountants, are the most important matters in the audit of the 2018 consolidated financial statement of Hotel Holiday Garden. These matters have been dealt with in the process of audition as a whole and a review opinion has been given. The accountant will not express a separate opinion on these matters.

The key audit matters of the consolidated financial statements of 2018 of the Group are determined as follows:

Merger and Acquisition Transaction

Description

Holiday Garden Hotel Co., Ltd. acquired Hyatt Place Emeryville with the price 2,045,468,000 NTD at April 12, 2019.

For the accounting treatment of Business Combination, please refer to Note4(28) of the consolidated financial statements; The Purchase Price Allocation was evaluated with the acquiree's identifiable assets by the external specialist which the management appointed to, please refer to Note6(26) of the consolidated statement

According to the evaluation of the purchase price allocation and the transaction of the mergers and acquisitions was material. Therefore, Merger and acquisitions were chosen 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 have learned to understand and evaluated management's operating procedure for the intra-group transactions, verified the document of the board and the business plan approved by the Board of Directors.
2. We examined the M&A Process Agreement, verified the payment instrument and confirmed the acquisition price.
3. We obtained the purchase price allocation of the mergers and acquisitions to estimate the independence of the external specialist, verified the price estimation and assumptions of the report, and evaluate the rationality of the purchase price allocation

Evaluation of the Intangible assets impairment

Explanation

For accounting policies of intangible asset impairment, please refer to Note 4(19) of the consolidated financial statements. For accounting estimation and assumption uncertainty of evaluation of intangible investment impairment, please refer to Note 5(2) of the consolidated financial statements. For intangible

assets, please refer to Note 6(6) of the consolidated financial statements.

The carrying amount of intangible assets as of December 31, 2019 of the Group is NT\$750,664,000, accounting for 9.82% of the total amount of the total 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 discounting 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, intangible asset impairment evaluation is chosen to be one of the key audit matter of this year.

Corresponding audit program

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

1. We have learned to understand and evaluate management's operating procedure for estimating the subsidiaries' future cash flows and 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 the management's business plan in the past.
3. We also evaluated the reasonableness by comparing the parameter and the discount rate of the recoverable amount.

Other matters: Parent company only financial report

The Group has prepared the 2019 and 2018 parent company only financial statements, and we have issued an audit report with unmodified opinion. That report is available for reference.

Responsibilities of management and those charged with governance for the consolidated financial statements

The responsibilities of management is to prepare appropriately stated consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Standards (IFRs), the international Accounting Standards (IASs), and the related interpretations and interpretative bulletins endorsed by the Financial Supervisory Commission of the Republic of China. Management is also responsible for maintaining necessary internal control relevant to the preparation of the consolidated financial statements to ensure that the consolidated financial statements are free from material misstatement by fraud or error.

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

Those charged with governance (including the supervisors) of Group are responsible for supervising the Group's financial reporting procedure.

Account's responsibilities for the audit of consolidated financial statements

The objectives of the accountants for auditing the consolidated financial statements are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from any material misstatement due to fraud or errors and to issue an accountant's report accordingly. Reasonable assurance refers to a high level of assurance, but there is no guarantee that an audit performed in accordance with the generally accepted auditing standards of the Republic of China can detect any material misstatement from the consolidated financial statements. Misstatements may arise from fraud or errors. A misstated dollar amount, individually or in the aggregate, that could be reasonably predicted to influence the economic decision of the user of the consolidated 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 consolidated 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 one resulting from error, as 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 the Group'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 the Group'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 consolidated 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 the Group to cease to continue as a going concern.
5. We evaluated the overall presentation, structure and content of the consolidated financial statements, including the attached notes, and whether the consolidated 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 the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of group audits 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 determined the key audit matters of the consolidated financial statements of 2019 of the Group 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
Liao A-shen
Independent accountant
Wu Jianzhi

The committee of the Financial Supervisory Commission Approved
Certificate Number: Financial Supervisory Commission Certificate
No. 1010015969

Committee of the former Executive Yuan Financial and Supervisory
Commission Approved certificate: Financial and Supervisory
certificate no. 1030027246

March 19, 2020

Holiday Garden International Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31 of 2019 and 2018

Unit: NT\$, 000

Assets	Notes	<u>December 31 2019</u>	<u>2018</u>	<u>December 31 2019</u>	<u>December 31 2018</u>
		Amount	%	Amount	%
Current assets					
1100	Cash and cash equivalents	\$ 1,139,837	15	\$ 1,801,148	30
1136	Financial assets available-for-sale - current	998,986	13	589,226	10
1150	Net notes receivable	1,438	-	800	-
1170	Net accounts receivable	34,412	1	33,552	-
1200	Other accounts receivable	3,232	-	52,043	1
1220	Tax assets	25,283	-	54,697	1
130X	Inventories	1,096	-	344	-
1410	Advance payments	8,830	-	8,000	-
1479	Other current assets - others	292	-	298	-
11XX	Total current assets	<u>2,213,406</u>	<u>29</u>	<u>2,540,108</u>	<u>42</u>
Non-current assets					
1600	Property, plants, and equipment	4,279,580	56	2,929,346	49
1755	Right if use asset	118,349	2	-	-
1780	Intangible assets	750,664	10	403,004	7
1840	Deferred tax assets	192,672	2	120,314	2
1915	Prepayments for equipment	83,278	1	-	-
1920	Guarantee deposits paid	8,273	-	7,054	-
1990	Other non-current assets - others	203	-	207	-
15XX	Total non-current assets	<u>5,433,019</u>	<u>71</u>	<u>3,459,925</u>	<u>58</u>
1XXX	Total assets	<u>\$ 7,646,425</u>	<u>100</u>	<u>\$ 6,000,033</u>	<u>100</u>

(Next page)

Holiday Garden International Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31 of 2019 and 2018

Unit: NT\$, 000

Liabilities and equity	Notes	December 31 2019		December 31 2018		
		Amount	%	Amount	%	
Current liabilities						
2100	Short-term borrowings	6(8)(8)	\$ 1,530,000	20	\$ 1,204,500	20
2110	Short-term notes and bills payable	6(9)	130,000	2	130,000	2
2130	Contractual liabilities - current	6(17)	18,310	-	10,371	-
2150	Notes payable		322	-	1,472	-
2170	Accounts payable		3,020	-	5,892	-
2200	Other accounts payable	6(10)	111,411	2	92,631	2
2230	Current income tax liabilities		1,370	-	-	-
2280	Current lease liabilities		5,664	-	-	-
2320	Long-term liabilities - current portion	6(11)(8)	1,153,308	15	198,832	4
2399	Other current liabilities: others		2,654	-	1,777	-
21XX	Total current liabilities		<u>2,956,059</u>	<u>39</u>	<u>1,645,475</u>	<u>28</u>
Non-current liabilities						
2540	Long-term borrowings	6(11)(8)	2,822,208	37	2,594,454	43
2570	Deferred income tax liabilities	6(23)	332,231	4	282,304	5
2580	Lease obligations-non-current		117,715	1	-	-
2610	Long-term notes and accounts payable	6(4)	127,577	2	127,577	2
2645	Deposits received		1,370	-	1,155	-
25XX	Total non-current liabilities		<u>3,401,101</u>	<u>44</u>	<u>3,005,490</u>	<u>50</u>
2XXX	Total liabilities		<u>6,357,160</u>	<u>83</u>	<u>4,650,965</u>	<u>78</u>
Equity						
Consolidated net income attributable to owners of the parent company						
Capital stock						
3110	Common share capital	6(13)(15)	1,104,856	15	1,023,015	17
Capital surplus						
3200	Capital surplus	6(14)	2,169	-	2,169	-
Capital surplus						
3310	Legal reserve	6(15)	82,561	1	61,295	1
3320	Special reserve		71,161	1	71,161	1
3350	Retained earnings		87,509	1	215,768	4
Other equity						
3400	Other equity	6(16)	(58,991)	(1)	(24,340)	(1)
31XX	Total income attributable to the owners of the parent company		<u>1,289,265</u>	<u>17</u>	<u>1,349,068</u>	<u>22</u>
3XXX	Total equity		<u>1,289,265</u>	<u>17</u>	<u>1,349,068</u>	<u>22</u>
Significant contingent liabilities and unrecognized contractual commitments						
3X2X	Major events after the reporting period		<u>\$ 7,646,425</u>	<u>100</u>	<u>\$ 6,000,033</u>	<u>100</u>

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

Chairperson of the Board: Chen Hai-ni

Manager: Chen Hai-ni

Accounting Director: Yu Su-Ling

Holiday Garden International Ltd. and Subsidiaries
Consolidated Statements 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)

Item	Notes	2019		2018		
		A m o u n t	%	A m o u n t	%	
4000	Operating revenue	6(17)	\$ 1,520,242	100	\$ 1,169,715	100
5000	Operating cost	6(3)(21)				
		(22)	(232,551)	(15)	(227,903)	(19)
5900	Operating gross profit		1,287,691	85	941,812	81
	Operating expenses	6(6)(21)				
		(22)				
6200	Management expense		(1,067,687)	(70)	(859,772)	(74)
6450	Expected impairment loss	12(2)	(354)	-	-	-
6000	Total operating expenses		(1,068,041)	(70)	(859,772)	(74)
6900	Operating profit		219,650	15	82,040	7
	Non-operating income and expenses					
7010	Other income	6(18)	40,633	2	29,753	3
7020	Other gains and losses	6(19)	(31,609)	(2)	426,326	36
7050	Financial cost	6(20)	(200,382)	(13)	(139,636)	(12)
7000	Total non-operating income and expenses		(191,358)	(13)	316,443	27
7900	Net profit before tax		28,292	2	398,483	34
7950	Income tax expense	6(23)	(32,984)	(3)	(185,821)	(16)
8200	Net profit (losses) for this year		(\$ 4,692)	(1)	\$ 212,662	18
	Other comprehensive income					
	Components may be subsequently reclassified to profit/loss					
8361	Exchange differences on translation of foreign financial statements	6(16)	(\$ 43,314)	(3)	\$ 55,805	5
8399	Income tax of components that may be reclassified	6(23)	8,663	1	(7,334)	(1)
8300	Net amount other comprehensive income (loss) after tax		(\$ 34,651)	(2)	\$ 48,471	4
8500	Total comprehensive income (loss)		(\$ 39,343)	(3)	\$ 261,133	22
	Net income attributable to					
8610	Owners of the parent company		(\$ 4,692)	(1)	\$ 212,662	18
	Total comprehensive income (loss) attributable to:					
8710	Owners of the parent company		(\$ 39,343)	(3)	\$ 261,133	22
	Earnings (loss) per share	6(24)				
9750	Basic		(\$ 0.04)		\$ 1.92	
9850	dilution		(\$ 0.04)		\$ 1.92	

Please refer to notes of consolidated financial statements provided at the end, which is part of the consolidated financial statements. °

Chairperson of the Board: Chen Hai-ni

Manager: Chen Hai-ni

Accounting Director : Yu Su-ling

Holiday Garden International Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31 of 2019 and 2018

Unit: NT\$1,000

		<u>Consolidated net income attributable to stockholders of the company</u>								
		<u>R e t a i n e d e a r n i n g s</u>			<u>O t h e r e q u i t y</u>					
		C a p i t a l			E x c h a n g e	U n r e a l i z e d				
		s u r p l u s -			d i f f e r e n c e s	o n o r l o s s				
		A d d i t i o n a l			o f	t r a n s l a t i o n				
		p a i d - i n			o f	o f				
		c a p i t a l i n			f o r e i g n	f i n a n c i a l				
		e x c e s s	L e g a l	S p e c i a l	e a r n i n g s	s t a t e m e n t s	a v a i l a b l e - f o r -			
N o t e s	O r d i n a r y	s h a r e	r e s e r v e	r e s e r v e	e a r n i n g s	s t a t e m e n t s	s a l e	T o t a l		
N o t e s	s h a r e	c a p i t a l	e x c e s s	L e g a l	S p e c i a l	e a r n i n g s	s t a t e m e n t s	a v a i l a b l e - f o r -	T o t a l	
<u>2018</u>		\$ 1,023,015	\$ 2,169	\$ 61,295	\$ 71,161	\$ 806	(\$ 72,811)	\$ 2,300	\$ 1,087,935	
	Balance on January 1, 2018	6(16)	-	-	-	2,300	-	(2,300)	-	
	Balance after restatement, January 1, 2018	1,023,015	2,169	61,295	71,161	3,106	(72,811)	-	1,087,935	
	Current net profit	-	-	-	-	212,662	-	-	212,662	
	Other comprehensive income for this year	6(16)	-	-	-	-	48,471	-	48,471	
	Total current comprehensive income	-	-	-	-	212,662	48,471	-	261,133	
	Balance, December 31, 2018	\$ 1,023,015	\$ 2,169	\$ 61,295	\$ 71,161	\$ 215,768	(\$ 24,340)	\$ -	\$ 1,349,068	
<u>2019</u>										
	Balance on January 1, 2019	\$ 1,023,015	\$ 2,169	\$ 61,295	\$ 71,161	\$ 215,768	(\$ 24,340)	\$ -	\$ 1,349,068	
	Net loss	-	-	-	-	(4,692)	-	-	(4,692)	
	Other comprehensive income	6(16)	-	-	-	-	(34,651)	-	(34,651)	
	Total current comprehensive income	-	-	-	-	(4,692)	(34,651)	-	(39,343)	
2018 Appropriation and distribution of retained earnings:										
	Legal reserve	-	-	21,266	-	(21,266)	-	-	-	
	Stock dividends	6(15)	81,841	-	-	(81,841)	-	-	-	
	Cash dividends	6(15)	-	-	-	(20,460)	-	-	(20,460)	
	Balance on December 31, 2019	\$ 1,104,856	\$ 2,169	\$ 82,561	\$ 71,161	\$ 87,509	(\$ 58,991)	\$ -	\$ 1,289,265	

Please refer to notes of consolidated financial statements provided at the end, which is part of the consolidated financial statements.

Chairperson of the Board: Chen Hai-ni

Manager: Chen Hai-ni

Accounting Director: Yu Su-ling

Holiday Garden International Ltd. and Subsidiaries
Consolidated Cash Flow Statements
January 1 to December 31 of 2019 and 2018

Unit: NT\$1,000

	Note	2019	2018
<u>Cash flows from operating activities</u>			
Net profit before tax		\$ 28,292	\$ 398,483
Adjustments:			
Revenue/expenses not affecting the cash flows			
Provision for bad debt expense	12(2)	354	-
Depreciation	6(4)(5)(21)	207,332	203,296
Amortization cost	6(6)(21)	43,062	33,051
Financial asset loss measured at fair value through profit or loss	6(19)	-	3,145
Interest expense	6(20)	200,382	139,636
Interest income	6(18)	(37,413)	(27,288)
Gain on disposal of available-for-sale group	6(19)	(62)	127
Loss on disposal and write-off of property, plants, and equipment	6(19)	-	(414,794)
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Notes receivable		(638)	483
Accounts receivable		(1,819)	(1)
Inventories		(358)	-
Advance payments		(752)	495
Other current assets - others		(830)	816
Notes receivable		6	(232)
Net changes in liabilities related to operating activities			
Contractual liabilities - current		8,193	(4,007)
Notes payable		(1,150)	(3,591)
Accounts payable		(2,872)	609
Other accounts payable		16,012	(1,570)
Unearned receipts			
Other current liabilities: others		877	(8,736)
Operating cash inflows		458,616	319,922
Interests received		37,403	27,127
Interests paid		(196,006)	(136,214)
Income taxes paid		(18,635)	(157,621)
Net cash inflows from operating activities		281,378	53,214
<u>Cash flows from investment activities</u>			
Acquisition of financial assets available-for-sale	6(27)	49,196	-
Proceeds from disposal of financial assets available-for-sale		(409,760)	(147,784)
Decrease (increase) in other financial assets - current		-	152,064
Acquisition of property, plants, and equipment	6(26)	(2,045,468)	-
Disposal of property, plants, and equipment	6(27)	(8,595)	(163,616)
Cash and cash equivalents classified to the group available for sale		495	-
Proceeds from disposal of group available-for-sale		-	477,882
Decrease (increase) in guarantee deposits paid	6(6)	(1,804)	-
Decrease in other non-current assets - others		(83,278)	-
Net cash inflows (outflows) from investment activities		(1,367)	868
Acquisition of financial assets available-for-sale		4	184
Proceeds from disposal of financial assets available-for-sale		(2,500,577)	319,598
<u>Cash flows from fundraising activities</u>			
Increase in short-term borrowings	6(28)	1,660,000	1,517,500
Decrease in short-term borrowings	6(28)	(1,334,500)	(1,372,977)
Increase in short-term notes and bills payable	6(28)	(2,118)	-
Proceeds from long-term borrowings	6(28)	1,441,860	663,300
Payments of long-term borrowings	6(28)	(156,079)	(145,905)
Increase in guarantee deposits received		215	400
Distribution of cash dividends	6(15)	(20,460)	-

Holiday Garden International Ltd. and Subsidiaries
Consolidated Cash Flow Statements
January 1 to December 31 of 2019 and 2018

Unit: NT\$1,000

	Note	2019	2018
Net cash inflows from fundraising activities		1,588,918	662,318
Effect of exchange rate changes		(31,030)	36,155
Increase (decrease) in cash and cash equivalents of the current period		(661,311)	1,071,285
Cash and cash equivalents at beginning of period	6(1)	1,801,148	729,863
Cash and cash equivalents at end of period	6(1)	\$ 1,139,837	\$ 1,801,148

Please refer to notes of consolidated financial statements provided at the end, which is part of the consolidated financial statements.

Chairperson of the Board: Chen Hai-ni

Manager: Chen Hai-ni

Accounting Director: Yu Su-ling

Hotel Holiday Garden
For the year 2019
Distribution of surplus table

Unit: New Taiwan dollar

Items	Amount	
	Sub-total	Total
Retained earnings at the beginning		\$ 92,200,581
Less: Submit a 10% legal capital surplus		<u>(4,691,639)</u>
Retained earnings at the end		<u>\$ 87,508,942</u>

Note: According to the letter of 2002.04.06, the certificate No. 1010012865 issued by the Financial Supervisory Committee, due to the selection of the International Financial Reporting Standard No. 1 exemption project, the Company has not realized the revaluation and added value to the retained surplus portion, and proposed a special surplus reserve of NT 71,161 thousand dollars. The special surplus reserve is not able to bring forward to 2018.

Chairperson of the Board: Chen Hai-ni

Manager: Chen Hai-ni

Accounting Director: Yu Su-ling

Hotel Holiday Garden
Amendment Revisions of Articles of Incorporation (43th)

June 17, 2020

Article	Clause before amendment	Clause after amendment	Purpose of amendment
Article 18	<p>The board of directors of a company shall have five to seven directors who shall be elected by the shareholders' meeting from among the persons with disposing capacity. The term of office is three years, and they may be re-elected. The total registered shares owned by the directors and supervisors shall be in accordance with the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies as set by the securities authority.</p> <p>Among the above-mentioned directors of the company, the number of independent directors shall not be less than three. <u>The election of independent directors adopts the candidate nomination system</u>, and the Board shall elect the independent directors from among the listed of independent director candidates. The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the</p>	<p>The board of directors of a company shall have five to seven directors who shall be elected by the shareholders' meeting from among the persons with disposing capacity. <u>The election of directors adopts the candidate nomination system.</u> The term of office is three years, and they may be re-elected. The total registered shares owned by the directors and shall be in accordance with the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies as set by the securities authority.</p> <p>Among the above-mentioned directors of the company, the number of independent directors shall not be less than three. The Board shall elect the independent directors from among the listed of independent director candidates. The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other</p>	In order to conform to amendments to related commercial laws

Article	Clause before amendment	Clause after amendment	Purpose of amendment
Article 18	<p>The company shall take out directors liability insurance with respect to liabilities resulting from exercising their duties during their terms.</p> <p>The company shall establish either an audit committee or a supervisor in pursuant of Article 14-4 of the Securities Exchange.</p> <p>The audit committee shall compose all the independent directors, and the duties of the Audit Committee and other matters to be followed shall be handled in accordance with the Company Law, the Securities Exchange and other relevant laws and articles of incorporation.</p>	<p>requirements with regard to the independent directors shall be set forth in accordance with the relevant regulations of the securities authority.</p> <p>The company shall take out directors liability insurance with respect to liabilities resulting from exercising their duties during their terms.</p> <p>The company shall establish either an audit committee or a supervisor in pursuant of Article 14-4 of the Securities Exchange.</p> <p>The audit committee shall compose all the independent directors, and the duties of the Audit Committee and other matters to be followed shall be handled in accordance with the Company Law, the Securities Exchange and other relevant laws and articles of incorporation.</p>	

Article 37	<p>The scheduled date of the articles of association of these companies is May 26, 1959.</p> <p>The 40th Amendment was on June 12, 2015, the 41st Amendment was on June 20, 2016, and the 42nd Amendment was on June 19, 2019. Effective meeting.</p>	<p>The scheduled date of the articles of association of these companies is May 26, 1959. 40th amendment on June 12, 2015, 41st amendment on June 20, 2016, 42nd amendment on June 19, 2019, and 43rd amendment The meeting took effect on June 17, 2020 and after approval by the general meeting of shareholders.</p>	<p>According to the amendment, add the date</p>
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Appendix 1

The current shares holding of the directors and supervisors

April 19,2020

Job title	Name	Elect Date	Term	Initial election date	H o l d i n g s h a r e s at the time of election		The shareholders' register as of the book closure date	
					Number of shares	Shareholding ratio	Record of shares held	
							Number of shares	Shareholding ratio
Chairman	Representative of Yingchuan International Enterprise Co., Ltd.: Chen Hai-ni	108.06.19	3 years	1965	19,840,164	19.39%	21,427,377	19.39%
Chairman	Representative of Yingchuan International Enterprise Co., Ltd.: Lin Shu-hui	108.06.19	3 years	1965	19,840,164	19.39%	21,427,377	19.39%
Chairman	Representative of Yingchuan International Enterprise Co., Ltd.: Chen Shiyi	108.06.19	3 years	1965	19,840,164	19.39%	21,427,377	19.39%
Chairman	Li Baoshang	108.06.19	3 years	2007	79,602	0.08%	85,970	0.08%
Independent director	Lu Guoying	108.06.19	3 years	2019	14,765	0.01%	15,946	0.01%
Independent director	Li TeJu	108.06.19	3 years	2016	0	0%	0	0%
Independent director	Li Chingling	108.06.19	3 years	2019	0	0%	0	0%

1. The paid-in capital of the company is NT\$1,104,855,380 number of shares issued is 110,485,538
2. According to Article 26 of the Securities and Exchange Act, all directors shall hold a minimum of 8,000,000 shares, and all supervisors shall hold a minimum of 800,000 shares
3. The numbers of shares, which must reached the statutory standard, held by the directors and supervisors individually and by the entire bodies thereof respectively as recorded in the shareholders' register as of the book closure date for that shareholders' meeting.

Appendix 2

Other matters

The shareholders meeting, the shareholders' proposals and nominations and explanations:

Explanation:

1. In accordance with Article 172 of the Company Act, holding more than one percent of the total number of issued shares, may submit written proposal, but limited to one proposal only, and the proposals are limited to 300 words.
2. The company's shareholders' meeting this year accepts the application for shareholder proposal, from April 10, 2020 to April 20, 2020, and this is announced on the Market Observation Post System.
3. The company has not received any shareholder proposals as of the deadline of the proposal.

Hotel Holiday Garden

Regulations of shareholders' meeting

- Article 1: Unless otherwise provided by laws and regulations, shareholders' meetings (the Meeting) of the Company shall be conducted in accordance with the Rules and Procedures of Shareholders' Meetings (the Rules and Regulations) herein °
- Article 2: When the Company holds a shareholders' meeting, it shall provide the attendance book for the shareholders to sign in, or the attending shareholders will submit the sign-in card instead of signing in. The number of attending shares will be calculated base on the signature book or the signed card.
- Article 3: The attendance and voting of the shareholders' meeting shall be calculated based on the number of shares. If the shareholders propose to count the number of votes, the chairman shall not accept the case.
- Article 4: The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 5: The chairman of the shareholders' meeting is aware of the provisions of Article 182 of the Company Act.
- Article 6: The company may assign company appointed lawyer, an accountant or relevant personnel to attend the shareholders' meeting.
Staff handling administrative affairs of a shareholders meeting shall wear identification cards for identification.
- Article 7: The Company shall tape or video record the entire process of the shareholders' meeting, and keep it for at least a year.
- Article 8: The chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted a majority at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponement shall be limited to two times at the most and the total time of postponement shall not exceed one hour. If after two postponements no majority can yet be constituted but the shareholders present at the Meeting represent more than one-third of the total outstanding shares, tentative resolutions may be made in accordance with paragraph 1 of Article 175 of the Company Act, unless otherwise provided by other laws and regulations.

If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute a majority, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Act.

Article 9: The Meeting agenda shall be set by the board of directors if the Meeting is convened by the board of directors.

Unless otherwise resolved at the meeting, the Meeting shall proceed in accordance with the agenda.

If the Meeting is convened by any other person(s), the person(s) shall set the agenda, and the preceding paragraph applies. Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before the proceedings on the agenda are resolved. In the event that the chairman adjourns the Meeting in violation of the Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

After the meeting is adjourned, the shareholders may not elect another chairman to continue the meeting at the original site or at another location.

Article 10: When a shareholder present at the Meeting wishes to speak, a speech request form shall be filled out with a summary of the speech, the meeting attendance card number, and the name of the shareholder. The sequence of speeches by shareholders shall be decided by the chairman.

If any shareholder present at the Meeting submits a speech request form but does not speak, no speech shall be deemed to have been made by the shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the speech request form, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

Shareholders' speeches shall be simple and concise, a shareholder shall not speak more than one time for one motion without prior consent from the chairman, and each speech shall not exceed 3 minutes.

If a shareholder violates the preceding article or his or her speech exceeds the scope of the motion, the chairman may stop him or her from doing so or other appropriate disposition.

Article 11 : Without chairman's permission ,every shareholder couldn't speak over one time ,either over three minutes.If the shareholder violate the regulation,the chairman can restrain the speech.

Article 12: Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting.

If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item

Article 13: After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.

Article 14: Reporting on matters not to be discussed or voted, the chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate.

Article 15: The person(s) to check and the person(s) to record the ballots or election matter during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s).

Article 16: During the Meeting, the chairman may, at his discretion, set time for intermission. In case of incident of force majeure, the chairman may decide to temporarily suspend the Meeting and announce, depending on the situation, when the Meeting will resume.

Article 17:Except otherwise specified in the related law or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting.

In the resolution, if the chairman of the meeting inquires and receives no objection, the motion is deemed passed, with equivalent force as a resolution by vote.

Article 18: If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute.

If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary .

Article 19:The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges or arm bands marked "Disciplinary Officers" for identification purpose. .

Article 20: These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

Hotel Holiday Garden

Articles of Incorporation

Chapter 1 General Provisions

Article 1: The Company shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be Hotel Holiday Garden.

Article 2: The scope of business of the Company:

1. Operates international sightseeing hotel, room rental and the attached Chinese and Western restaurants, night clubs and swimming pool business.
2. General import and export trade business (except for licensing business)
3. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company is located in Kaohsiung City, the future business of setting up branches locally and overseas must be decided by the board of directors ◦

Article 4: Deleted.

Chapter 2 Shares

Article 5: The total capital stock of the Company shall be in the amount of 1,500,000,000 New Taiwan Dollars, divided into 150,000,000 shares, at ten New Taiwan Dollars each, and authorize the Board of Directors to issue in batches.

Article 6: The Company implements virtual publish of shares, provided that it shall arrange for book-entry registration with a central depository.

Article 7: Change in the list of shareholders' records shall be suspended sixty (60) days immediately before the date of regular meeting of shareholders, and thirty (30) days immediately before the date of any special meeting of shareholders, or within five (5) days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company ◦

Article 8: All the handling of the stocks of the Company shall follows the “Guidelines for Stock Operations for Public Companies” as issued by the competent authority.

Article 9 : The company stipulates the shares to be bought in accordance with the law, and the entities entitled to the transfer of these shares, restricted stock for

employees shares, the issuance of employee stock warrants or new restricted employee shares, shall include the employees of parents or subsidiaries of the company meeting certain specific requirements.

Article 10: Deleted.

Article 11: Shareholders' meetings are classified into two kinds: regular meetings and special meetings. Regular meetings shall be convened at least once annually by the Board of Directors within 6 months after the close of each fiscal year, and special meetings, , shall be called when necessary.

Article 12: To convene a shareholders' meeting, a notice of the meeting shall be given to each shareholder by 30 days before a regular meeting, or by 15 days before a special meeting, stating the date and place of and the proposals to be considered at the meeting.

Article 13: If a shareholder is unable to attend a shareholders' meeting, he/she may appoint a representative to attend it, with a Shareholder Proxy Form issued by the Company, in accordance with Article 177 of the Company Act of the Republic of China, and the Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

Article 14: Unless otherwise provided by law, the Chairman of the Board of Directors ("Chairman") shall chair every shareholders' meeting. When the Chairman by reason of leave or otherwise is unable to exercise such power of office, the Vice chairman will chair the meeting. If the Vice Chairman by reason of leave or otherwise unable to exercise such power of office, the Chairman shall designate a Director as deputy to chair the meeting, failing which the Directors shall select one from among themselves to chair the meeting.

Article 15: Unless otherwise provided under the Company Act, the quorum for a Shareholders' Meeting shall be duly adopted by a majority in the meeting attended by Shareholders who represent a majority of the total issued shares.

Article 16: Except as otherwise provided by other laws or regulations, each share is entitled to one voting right.

Article 17: All resolutions adopted at a shareholders' meeting shall be recorded in the meeting minutes, and signed or sealed by the chair of the meeting and distributed to each shareholder. The meeting minutes shall state date, place, name of the chair, method of resolution, attendance book of the shareholders, number of shares represented by the shareholders present and kept in the Company. The meeting minutes under the preceding

paragraph may be made and announced.

Chapter 3 Board of Directors

Article 18 : The board of directors of a company shall have five to seven directors who shall be elected by the shareholders' meeting from among the persons with disposing capacity

Among the above-mentioned directors of the company, the number of independent directors shall not be less than three. The election of independent directors adopts the candidate nomination system, and the Board shall elect the independent directors from among the listed of independent director candidates. The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the relevant regulations of the securities authority

The company shall establish either an audit committee or a supervisor in pursuant of Article 14-4 of the Securities Exchange.

The audit committee shall compose all the independent directors, and the duties of the Audit Committee and other matters to be followed shall be handled in accordance with the Company Law, the Securities Exchange and other relevant laws and articles of incorporation.

Article 19: The Chairman shall be elected at a meeting and may also elect a Vice Chairman in the same manner. The Chairman of the Board of Directors shall externally represent the Company.

Article 20: When the Chairman is on leave of absence or cannot exercise its job for any cause, agency of his/her job shall be handled in accordance with Article 208 of the Company Act.

Article 21: The functions of the Board of Directors:

- 1.To decide on business policy
- 2.Approval of the business plan.
- 3.Deliberation of budgets and final accounts.
- 4.Deliberation of increasing or decreasing capital.
- 5.Proposed corporate bond issuance or consolidation.
- 6.Deliberation of proposals for the distribution of profits and offsetting of losses.
- 7.Resolution on foreign investment or cooperation.
- 8.Approval of important chapters revision and abolitions.

9. Approval of important contract amendments and abolitions.
10. Approval of setting up or dissolving branches.
11. Appointing or discharging the Company's managers.
12. Convening of the shareholders' meeting °

Article 22: The board of directors shall meet at least quarterly, a notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice. The convening of the board of directors of the company can be notified by writing, electronic transmission or by fax.

The Board of directors is called by the chairperson, and directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place. A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting. The proxy may be the appointed proxy of only one person.

In case a meeting of the board of directors is proceed via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person °

Article 23: A meeting of the Board of Directors may be held if attended by a majority or more of total Directors and resolutions shall be adopted with the concurrence of the majority or more of the Directors present at the meeting, and the minutes shall be signed by the chairman.

Article 23-1: The proceedings of a meeting of the Board of Directors shall be signed or sealed by the chairman of the meeting and distributed to each Director and Supervisor within 20 days after the meeting.

Article 24: During the term of the director, the traveling expenses are paid monthly.

Article 24-1: The Board of Directors is authorized to determine the salary for the Directors, taking into account the extent and value of the services provided for the management of the Company and the standards of the industry within the R.O.C. and overseas

Chapter 4 Managers

Article 25 : The Company may have several Managerial Officers, whose appointment,

dismissal and the salary shall comply with Article 29 of the Company Act

Article 26 : In accordance with the provisions of Article 23, under the resolution of the Board, the company may hire consultants or important staff.

Article 27 : The other staff of the company shall be appointed or dismissed by the general manager in accordance with the “Working Rules” of the internal operation regulations.

Chapter 5 Accounting

Article 28 : The company’s fiscal year is set from January 1 to December 31 of the same year.

Article 29 : At the end of each fiscal year, the following reports are produced by the board of directors and submitted to the shareholders’ meeting for ratification.

1. Corporate business report
2. Financial statements
3. The surplus earnings distribution or loss make-up proposal.

Article 30 : The company belongs to a changing industry, and its life cycle is at the steady growing stage. Regarding the distribution of surplus, the board should consider the budget of capital expenditure and funds needed, and to determine the amount of surplus retention or distributing to the shareholders in the form of cash dividends or bonus.

After closing of accounts, if there are earnings, the Company shall first pay the tax, make up the losses for the preceding years and then set aside a legal reserve of 10% of the net profit. But when such legal reserve amounts to the total paid-in capital, this provision shall not apply. 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 allocable earnings mentioned in the preceding paragraph 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.

Article 31 : A 0.1% or 1% of profit of the current year shall be distributable as employees’ compensation. However, the company’s accumulated losses shall have been covered. A 0.1% or 1% of profit of the current year shall be distributable as employees’ compensation. However, the company’s

accumulated losses shall have been covered. 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.

The profit distributable as employees' compensation shall be distributed in the form of shares or in cash; Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, are entitled to receive shares or cash.

In the preceding paragraph, the term "profitability" for the current year refers to the pre-tax profit of the year less the benefits before the remunerations of the employees and the directors as well as the Supervisor. °

A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as director and supervisors' compensation and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Chapter 6 Supplementary Provisions

Article 32 : The organizational regulations and rules will be set accordingly.

Article 33 : In regards to all matters not provided for in these Articles of Incorporations, the Company Act shall govern.

Article 34 : The total amount of the Company's reinvestment shall not be subject to the restriction of not more than forty percent of the Company's paid-up capital as provided in Article 13 of the Company Law.

Any matters regarding the reinvestment shall be resolved in accordance with the resolutions of the Board of Directors.

Article 35 : In accordance with the law, the organizational rules of the Comapny shall be adopted separately by the Board of Directors, and any amendment applies.

Article 36 : In accordance with the law, the organizational rules of the Comapny shall be adopted separately by the Board of Directors, and any amendment applies.

Article 37 : This Chapter was enacted May 26, 1959, and the first Amendment was approved on February 1, 1963, the second Amendment on August 3, 1964, the third Amendment on September 18, 1968, the fourth

Amendment on June 1, 1969, the fifth Amendment on July 23, 1973, the sixth Amendment on May 20, 1978, the seventh Amendment on December 2, 1979, the eighth Amendment on June 27, 1981, the ninth Amendment on November 19, 1981, the tenth Amendment on March 22, 1982, the eleventh Amendment on January 30, 1983, the twelfth Amendment on December 7, 1987, the thirteenth Amendment on April 14, 1988, the fourteenth Amendment on April 26, 1989, the fifteenth Amendment on September 20, 1989, the sixteenth ~145~ Amendment on June 4, 1990, the seventeenth Amendment on September 20, 1990, the eighteenth Amendment on September 20, 1990, the nineteenth Amendment on June 20, 1992, the twentieth Amendment on June 22, 1992, the twenty-first Amendment on April 13, 1993, the twenty-second Amendment on May 16, 1994, the twenty-third Amendment on April 15, 1995, the twenty-fourth Amendment on May 7, 1996, the twenty-fifth Amendment on April 9, 1997, the twenty-sixth Amendment on April 22, 1998, the twenty-seventh Amendment on May 7, 1999, the twenty-eighth Amendment on May 10, 2000, the twenty-ninth Amendment on June 18, 2002, the thirtieth Amendment on June 3, 2003, the thirty-first Amendment on June 15, 2004, the thirty-second Amendment on June 21, 2005, the thirty-third Amendment on April 12, 2007, the thirty-fourth Amendment on April 15, 2008, the thirty-fifth Amendment on June 10, 2009, the thirty-sixth Amendment on June 25, 2010, the thirty-seventh Amendment on June 17, 2011, the thirty-eighth Amendment on June 12, 2012, the thirty-ninth Amendment on June 13, 2014, the fortieth Amendment on June 12, 2015, the forty-first Amendment on June 20, the forty-second Amendment on June 19, 2019, and becomes effective after being approved by the shareholders' meeting.

Hotel Holiday Garden

Chairman of the Board: Chen Hai-ni