

Holiday Garden International Ltd. and subsidiaries
Consolidated Financial Report and Independent Accountant's
Report
2020 and 2019
(Stock code: 2702)

Address: No.279, Liouhe 2nd Rd., Cianjin Dist., Kaohsiung City
Phone: (07) 241-0123

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

Consolidated Financial Report and Independent Accountant's Report of 2019 and 2018

Contents

Item	Page
1. Cover	1
2. Contents	2-3
3. Representation Letter	4
4. Independent Auditors' Report	5-11
5. Consolidated Balance Sheets	12-13
6. Consolidated Statements of Comprehensive Income	14
7. Consolidated Statements of Changes in Equity	15
8. Consolidated Statements of Cash Flows	17
9. Notes to the Consolidated Financial Statements	18-64
(1) Company milestones and scope of business	18
(2) Date and procedure of approval of the financial report	18
(3) Applicability of newly issued and revised standards and interpretations	18-19
(4) Summary of significant accounting policies	20-29
(5) Critical accounting judgments, estimates and key sources of assumption uncertainty	29-30
(6) Details of significant accounts	30-52
(7) Transactions with related parties	52
(8) Collateralized assets	52

Item	Page
(9) Significant contingent liabilities and unrecognized contractual commitments	52-54
(10) Significant casualty losses	55
(11) Major events after the reporting period	55
(12) Others	55-61
(13) Additional disclosure	62
(14) Segment information	62-65

Holiday Garden International Ltd. and subsidiaries

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the Company's fiscal year 2020 (from January 1, 2020 to December 31, 2020), in according to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, enterprises to be included in the Company's consolidated financial statements for affiliated enterprises are also the enterprises to be included into the consolidated financial statements of parent and subsidiary companies in accordance with IFRS 10. Moreover, because information disclosed in the consolidated financial statements of affiliated enterprises has already been disclosed in the previous consolidated financial statements of parent and subsidiary, the Company does not need to prepare the consolidated financial statements for the affiliated enterprises separately.

Holiday Garden International Ltd.

Chen Hai-Ni

March 24 ,2020

Independent Accountants' Report

(2021) Tsai Shen Pao Tzu No. 20004468

Holiday Garden Hotel Co., Ltd.

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 (IFRs), 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

Key audit 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 (IFRSs), 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

Independent accountants

Wu,Chien-chih

Wang,Kuo-hua

The committee of the Financial Supervisory Commission

Approved Certificate Number:Financial Supervisory

Commission Certificate No. 1030027246

Committee of the former Executive Yuan Financial and
Supervisory Commission Approved certificate: (87) Taiwan

Finance (VI) No. 68790

March 24, 2021

Holiday Garden International Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31 of 2020 and 2019

Unit: NT\$, 000

Assets	Notes	<u>December 31 2019</u>	<u>December 31 2018</u>
		Amount	Amount
		%	%
Current assets			
1100	Cash and cash equivalents	\$ 887,011	\$ 1,139,837
		13	15
1136	Financial assets available-for-sale - current	973,505	998,986
		14	13
1150	Net notes receivable	-	1,438
		-	-
1170	Net accounts receivable	24,727	34,412
		-	1
1200	Other accounts receivable	823	3,232
		-	-
1220	Tax assets	69,938	25,283
		1	-
130X	Inventories	1,029	1,096
		-	-
1410	Advance payments	10,987	8,830
		-	-
1479	Other current assets - others	194	292
		-	-
11XX	Total current assets	<u>1,968,214</u>	<u>2,213,406</u>
		<u>28</u>	<u>29</u>
Non-current assets			
1600	Property, plants, and equipment	3,947,433	4,279,580
		56	56
1755	Right if use asset	112,412	118,349
		2	2
1780	Intangible assets	664,991	750,664
		9	10
1840	Deferred tax assets	317,815	192,672
		5	2
1915	Prepayments for equipment	11,663	83,278
		-	1
1920	Guarantee deposits paid	10,040	8,273
		-	-
1990	Other non-current assets - others	192	203
		-	-
15XX	Total non-current assets	<u>5,064,546</u>	<u>5,433,019</u>
		<u>72</u>	<u>71</u>
1XXX	Total assets	<u>\$ 7,032,760</u>	<u>\$ 7,646,425</u>
		<u>100</u>	<u>100</u>

(Next page)

Holiday Garden International Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31 of 2020 and 2019

Unit: NT\$, 000

Liabilities and equity		Notes	D e c e m b e r 3 1 2 0 2 0	%	D e c e m b e r 3 1 2 0 1 9	%
			Amount		Amount	%
Current liabilities						
2100	Short-term borrowings	6(8)and 8	\$ 1,609,599	23	\$ 1,530,000	20
2110	Short-term notes and bills payable	6(9)	130,000	2	130,000	2
2130	Contractual liabilities - current	6(16)	11,090	-	18,310	-
2150	Notes payable		-	-	322	-
2170	Accounts payable		3,712	-	3,020	-
2200	Other accounts payable	6(10)	67,336	1	111,411	2
2230	Current income tax liabilities		18,949	-	1,370	-
2280	Current lease liabilities		6,451	-	5,664	-
2320	Long-term liabilities - current portion	6(11)and 8	718,775	10	1,153,308	15
2399	Other current liabilities: others		3,000	-	2,654	-
21XX	Total current liabilities		<u>2,568,912</u>	<u>36</u>	<u>2,956,059</u>	<u>39</u>
Non-current liabilities						
2540	Long-term borrowings	6(11)and 8	2,997,564	43	2,822,208	37
2570	Deferred income tax liabilities	6(23)	262,719	4	332,231	4
2580	Lease obligations-non-current		113,282	1	117,715	1
2610	Long-term notes and accounts payable	6(4)	127,577	2	127,577	2
2645	Deposits received		755	-	1,370	-
25XX	Total non-current liabilities		<u>3,501,897</u>	<u>50</u>	<u>3,401,101</u>	<u>44</u>
2XXX	Total liabilities		<u>6,070,809</u>	<u>86</u>	<u>6,357,160</u>	<u>83</u>
Equity						
Consolidated net income attributable to owners of the parent company						
Capital stock						
3110	Common share capital	6(13)	1,104,856	16	1,104,856	15
Capital surplus						
3200	Capital surplus	6(14)	2,169	-	2,169	-
Capital surplus						
3310	Legal reserve	6(15)	82,561	1	82,561	1
3320	Special reserve		71,161	1	71,161	1
3350	Retained earnings		(182,800)	(2)	87,509	1
Other equity						
3400	Other equity		(115,996)	(2)	(58,991)	(1)
31XX	Total income attributable to the owners of the parent company		<u>961,951</u>	<u>14</u>	<u>1,289,265</u>	<u>17</u>
3XXX	Total equity		<u>961,951</u>	<u>14</u>	<u>1,289,265</u>	<u>17</u>
Significant contingent liabilities and unrecognized contractual commitments						
3X2X	Major events after the reporting period	9	<u>\$ 7,032,760</u>	<u>100</u>	<u>\$ 7,646,425</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 2020 and 2019

Unit: NT\$1,000

(Except earnings (loss) per share, which is in NT\$1.00)

Item	Notes	2020		2019	
		A m o u n t	%	A m o u n t	%
4000 Operating revenue	6(16)	\$ 741,703	100	\$ 1,520,242	100
5000 Operating cost	6(3)(21) (22)	(228,018)	(31)	(232,551)	(15)
5900 Operating gross profit		513,685	69	1,287,691	85
Operating expenses	6(6)(21)(22)				
6200 Management expense		(712,444)	(96)	(1,067,687)	(70)
6450 Expected impairment loss	12(2)	(667)	-	(354)	-
6000 Total operating expenses		(713,111)	(96)	(1,068,041)	(70)
6900 Operating profit		(199,426)	(27)	219,650	15
Non-operating income and expenses					
7100 Interest income	6(17)	15,983	3	37,413	2
7010 Other income	6(18)	15,527	2	3,220	-
7020 Other gains and losses	6(19)	(185,729)	(25)	(31,609)	(2)
7050 Financial cost	6(20)	(140,215)	(19)	(200,382)	(13)
7000 Total non-operating income and expenses		(294,434)	(39)	(191,358)	(13)
7900 Net profit before tax		(493,860)	(66)	28,292	2
7950 Income tax expense	6(23)	223,551	30	(32,984)	(3)
8200 Net profit (losses) for this year		<u>(\$ 270,309)</u>	<u>(36)</u>	<u>(\$ 4,692)</u>	<u>(1)</u>
Other comprehensive income					
Components may be subsequently reclassified to profit/loss					
8361 Exchange differences on translation of foreign financial statements		(\$ 71,256)	(10)	(\$ 43,314)	(3)
8399 Income tax of components that may be reclassified	6(23)	14,251	2	8,663	1
8300 Net amount other comprehensive income (loss) after tax		<u>(\$ 57,005)</u>	<u>(8)</u>	<u>(\$ 34,651)</u>	<u>(2)</u>
8500 Total comprehensive income (loss)		<u>(\$ 327,314)</u>	<u>(44)</u>	<u>(\$ 39,343)</u>	<u>(3)</u>
Net income attributable to					
8610 Owners of the parent company		<u>(\$ 270,309)</u>	<u>(36)</u>	<u>(\$ 4,692)</u>	<u>(1)</u>
Total comprehensive income (loss) attributable to:					
8710 Owners of the parent company		<u>(\$ 327,314)</u>	<u>(44)</u>	<u>(\$ 39,343)</u>	<u>(3)</u>
Earnings (loss) per share	6(24)				
9750 Basic		<u>(\$ 2.45)</u>		<u>(\$ 0.04)</u>	
9850 dilution		<u>(\$ 2.45)</u>		<u>(\$ 0.04)</u>	

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

Holiday Garden International Ltd. and Subsidiaries
 Consolidated Statements of Changes in Equity
 January 1 to December 31 of 2020 and 2019

Unit: NT\$1,000

	<u>Consolidated net income attributable to stockholders of the company</u>						
	<u>Retained earnings</u>		<u>Other equity</u>				
	Ordinary	Capital				Exchange	
Notes	share capital	surplus - Additional paid-in capital in excess	Legal reserve	Special reserve	Retained	differences on translation of foreign financial	Total
<u>2019</u>							
Balance on January 1, 2019	\$ 1,023,015	\$ 2,169	\$ 61,295	\$ 71,161	\$ 215,768	(\$ 24,341)	\$ 1,349,068
Net loss	-	-	-	-	(4,692)	-	(4,692)
Other comprehensive income	-	-	-	-	-	(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	<u>\$ 1,104,856</u>	<u>\$ 2,169</u>	<u>\$ 82,561</u>	<u>\$ 71,161</u>	<u>\$ 87,509</u>	<u>(\$ 58,99)</u>	<u>\$ 1,289,265</u>
<u>2020</u>							
Balance on January 1, 2020	<u>\$ 1,104,856</u>	<u>\$ 2,169</u>	<u>\$ 82,561</u>	<u>\$ 71,161</u>	<u>\$ 87,509</u>	<u>(\$ 58,99)</u>	<u>\$ 1,289,265</u>
Current net profit	-	-	-	-	(270,309)	-	(270,309)
Other comprehensive income for this year	-	-	-	-	-	(57,005)	(57,005)
Total current comprehensive income	-	-	-	-	(270,309)	(57,005)	(327,314)
Balance, December 31, 2020	<u>\$ 1,104,856</u>	<u>\$ 2,169</u>	<u>\$ 82,561</u>	<u>\$ 71,161</u>	<u>(\$ 182,800)</u>	<u>(\$ 115,996)</u>	<u>\$ 961,951</u>

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 2020 and 2019

Unit: NT\$1,000

	Note	2020	2019
<u>Cash flows from operating activities</u>			
Net profit before tax		(\$ 493,860)	\$ 28,292
Adjustments:			
Revenue/expenses not affecting the cash flows			
Provision for bad debt expense	12(2)	667	354
Depreciation	6(4)(5)(21)	210,080	207,332
Amortization cost	6(6)(21)	49,923	43,062
Financial asset loss measured at fair value through profit or loss	6(5)	(16)	-
Interest expense	6(20)	140,215	200,382
Interest income	6(17)	(15,983)	(37,413)
Gain on disposal of available-for-sale group	6(19)	-	(62)
Impairment loss on non-financial assets	6(7)(19)	132,975	-
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Notes receivable		1,438	(638)
Accounts receivable		7,928	(1,819)
Inventories		(355)	(358)
Advance payments		67	(752)
Other current assets - others		(2,157)	(830)
Notes receivable		98	6
Net changes in liabilities related to operating activities			
Contractual liabilities - current		(7,084)	8,193
Notes payable		(322)	(1,150)
Accounts payable		692	(2,872)
Other accounts payable		(36,839)	16,012
Unearned receipts			
Other current liabilities: others		346	877
Operating cash inflows		(12,187)	458,616
Interests received		18,716	37,403
Interests paid		(142,725)	(196,006)
Refund of income tax		5,187	
Income taxes paid		-	(18,635)
Net cash inflows from operating activities		(131,009)	281,378
<u>Cash flows from investment activities</u>			
Acquisition of financial assets available-for-sale	6(26)	\$ -	49,196
Proceeds from disposal of financial assets available-for-sale		-	(409,760)
Decrease (increase) in other financial assets - current		25,481	-
Acquisition of property, plants, and equipment	6(25)	-	(2,045,468)
Disposal of property, plants, and equipment	6(26)	(3,464)	(8,595)
Cash and cash equivalents classified to the group available for sale		-	495
Decrease (increase) in guarantee deposits paid	6(6)	-	(1,804)
Decrease in other non-current assets - others		(105,227)	(83,278)
Net cash inflows (outflows) from investment activities		(2,111)	(1,367)
Acquisition of financial assets available-for-sale		11	4
Proceeds from disposal of financial assets available-for-sale		(85,310)	(2,500,577)
<u>Cash flows from fundraising activities</u>			
Increase in short-term borrowings	6(27)	1,791,099	1,660,000
Decrease in short-term borrowings	6(27)	(1,711,500)	(1,334,500)
Increase in short-term notes and bills payable	6(27)	(4,730)	(2,118)
Proceeds from long-term borrowings	6(27)	1,060,660	1,441,860
Payments of long-term borrowings	6(27)	(1,125,967)	(156,079)
Increase in guarantee deposits received		(615)	215
Distribution of cash dividends	6(15)	-	(20,460)

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 2020 and 2019

Unit: NT\$1,000

	Note	2020	2019
Net cash inflows from fundraising activities		8,947	1,588,918
Effect of exchange rate changes		(45,454)	(31,030)
Increase (decrease) in cash and cash equivalents of the current period		(252,826)	(661,311)
Cash and cash equivalents at beginning of period	6(1)	1,139,837	1,801,148
Cash and cash equivalents at end of period	6(1)	\$ 887,011	\$ 1,139,837

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
Notes for Consolidated Financial Statements
2020 and 2019

(Unless otherwise noted)

1. Company milestones

- (1) Holiday Garden International Ltd. (the “Company”) was established in July 1959, and the primary scope of business operation 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) For information of the primary business operations activities of the Company and the subsidiaries (the Group), please refer to Note 4(3).

2. Date and procedure of approval of the financial report

This consolidated financial report has been approved and issued by the Board of Directors on March 24, 2021.

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 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 IAS 1 and IAS 8 “Disclosure Initiative -Definition of materiality”	January 1, 2020
Amendments to IFRS3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IFRS 16, "Covid-19-Related Rent Concessions"	June 1, 2020(Note)

Note: The FSC allows early application on 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.

(2) Impacts from not 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 but not yet approved and included 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 4 "Extension of the Temporary Exemption from Applying IFRS 9	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"	January 1, 2021

The Group has determined that the standards and interpretations above has no material impact on the Group's financial conditions and performance.

(3) Impacts from International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) but not yet approved by the Financial Supervisory Commission (ROC)

The following table summarizes the latest, amended and revised IFRS standards and interpretations but not yet approved and included 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 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture".	Pending IAS Board decisions
IFRS 17 "Insurance Contracts".	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current".	January 1, 2023
Amendments to IAS 1 "Disclosures to accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"	January 1, 2022
Annual improvement for the 2018-2020 cycle	January 1, 2022

The Group has determined that the standards and interpretations above has no material impact on the Group's financial conditions and performance.

4. Summary of significant accounting policies

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

(1) Statement of compliance

The consolidated financial statements have been prepared on the basis of historical cost.

(2) Basis of preparation

1. The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.
2. To prepare for financial reports in accordance with IFRSs, some important accounting estimations are required. When applying the Group'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. Please refer to Not 5 attached.

(3) Basis of consolidation

1. Principles for consolidated financial report preparation

- (1) The Group incorporates all subsidiaries into the the entities this consolidated financial report is prepared for. Subsidiaries refer to entities controlled by the Group (including structure entities). When the Group 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 Group controls said entity. The subsidiaries are included into the consolidated financial report since the day the Group acquire their control and the consolidation ends on the day their control is lost.
- (2) The transactions, balance, and unrealized profit or loss generated between the subsidiaries of the Group had been eliminated. Necessary adjustment of accounting policies of the subsidiaries has been made to be consistent with policies of the Group.
- (3) Profit or loss and other comprehensive income components are attributable to owners of the parent company and non-controlling interests. Comprehensive income is also attributable to owners of the parent company and non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

- (4) If changes in the shareholding of a subsidiary do not lead to losing the control (transactions with non-controlling interests), they will be treated as equity transactions, i.e., transactions between shareholders. The difference between adjustment of non-controlling interests and the fair value of the consideration paid or received is directly recognized in equity.
- (5) When the Group loses its control over a subsidiary, the remaining investment of the previous subsidiary should be re-measured at the fair value and be treated as the fair value of the initially recognized financial asset or the cost of initially recognized invested associates or joint ventures. The difference between the fair value and the carrying amount is recognized in profit or loss. For all amounts of a subsidiary previously recognized in other comprehensive income, the accounting treatment is based on the same principle as if the Group directly disposes the related assets or liabilities. That is, if the amount is previously recognized as a profit or loss of other comprehensive income, it should be reclassified as income when the related assets or liabilities are disposed. Moreover, when the Company loses the control over the subsidiary, such profit or loss shall be reclassified into income from equity.

2. Subsidiaries included in the consolidated financial report:

Investor	Subsidiary	Business scope	% shareholding		Description
			December 31, 2020	December 31, 2019	
Holiday Garden Hotel Co., Ltd.	HOLIDAY GARDEN INTERNATIONAL LTD.	Investment business	100	100	
	HOLIDAY GARDEN INTERNATIONAL LTD	Hotel operations	100	100	
HOLIDAY GARDEN INTERNATIONAL LTD.	HOLIDAY GARDEN U.S.	Investment business	100	100	
HOLIDAY GARDEN U.S.	HOLIDAY GARDEN SF CORP.	Hotel operations	100	100	
	HOLIDAY GARDEN SN CORP.	Hotel operations	-	-	Note1
	HOLIDAY GARDEN NW CORP.	Hotel operations	100	100	
	HOLIDAY GARDEN VC CORP.	Hotel operations	100	100	
	HOLIDAY GARDEN WC CORP.	Hotel operations	100	100	
	HOLIDAY GARDEN EV CORP.	Hotel operations	100	100	Note2

Note1 : Holiday Garden SN CORP. has completed the liquidation process in the third quarter of 2019.

Note2 : Holiday Garden EV CORP. was established in the first quarter of 2019 and completed its asset injection in the second quarter of 2019. ◦

3. Subsidiaries not included in the consolidated financial report: None ◦
4. Adjustment and treatment of different accounting period of subsidiaries: None ◦
5. Significant restriction: None
6. Subsidiaries of non-controlling interests significant to the Group: None

(4) Foreign currency translation

Accounts listed in the financial report of each entity of the Group are based on the money (i.e., functional currency) of the primary economic environment where the entity operates. This consolidated 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 current 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; ;
 - B. The income and expense 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 income.
- (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 operation. However, when the Company loses the control of a foreign operation subsidiary, even if the Company still keeps partial equity of the former subsidiary, it is treated as disposing all equity of the foreign operation.

(5) 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) Assets expected to be realized within 12 months after the balance sheet date;
- (4) Cash and cash equivalents, excluding those to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

The Group classifies all assets not meeting the above asset criteria as non-current assets.

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 12 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 Group classifies all liabilities that do not meet the above criteria as non-current.

(6) 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 meet the above definition, and their holding satisfies short-term cash commitments for operation. Therefore, they are classified as cash equivalents.

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

- 1.It refers to financial assets measured at amortized cost or at the fair value through other comprehensive income.
- 2.The Group uses trade day accounting for financial assets measured at fair value through profit or loss and satisfying the accounting practice.
- 3.The Group at initial recognition uses fair value measurement. Related transaction cost is recognized in profit or loss and subsequently measured at fair value. The gain or loss is recognized in profit or loss.

(8) 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 ◦

4.For short-term accounts receivable without certificate of deposit, they are measured at the original invoice amount because of insignificant effect of discounting ◦

(9) 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.

(10) Impairment loss on financial assets

The Group assesses the amortized financial assets carried out at cost based on all reasonable and evidence-supported information (including those on a prospective basis) on 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 do not contain a significant financing component, the Group measures the loss allowance at on amount equal to lifetime expected credit losses for trade receivable

(11) Derecognition of financial asset

The Company will derecognize 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 has 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 retained.

(12) 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.

(13) Inventories

Inventories are stated 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.

(14) 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 Group and moreover, 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 does not depreciate, 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 Group 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” will adopted for treatment. The useful lives of assets are listed below :

Land improvements	2 to 39 years
Buildings and structures	2 to 55 years
Utility equipment	3 to 20 years
Business facilities/equipment	1 to 25 years
Other facilities	3 to 8 years

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

- 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-of-use asset will adjust any remeasurement of the lease liabilities which is reassessed.

(16) Intangible assets

1. Trademark and franchising

Trademark and franchising obtained separately are recognized by the acquisition cost. As for trademarks and franchising acquired from corporate merger, they are recognized using the fair value on the acquisition day. Trademarks and franchising are assets with finite useful lives and amortization is calculated using the straight-line method over the 15 to 22.6 years of useful lives.

2. Other intangible assets

For other intangible assets, they are recorded using the acquisition cost, and amortization is calculated using the straight-line method over 5 to 15 years.

(17) Non-financial asset impairments

The Group 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 will be recognized in impairment loss. The recoverable amount refers to the higher of fair value less costs to sell and value in use. 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

(18) Borrowings

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.

(19) 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. For short-term, non-interest-bearing accounts and notes payable, they are measured at the original invoice amount because of insignificant discounting effect.

(20) Derecognition of financial liabilities

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

(21)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.

(22)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.Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are legal or constructive obligations and are recognized in 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.

(23)Income tax

1.Income tax expense includes current and deferred income tax. 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 Group 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 make tax payment to the tax authorities based on the estimated income tax liabilities. 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 income tax, the balance sheet liability method is adopted, and it is recognized on temporary differences between the tax base of assets and liabilities and their carrying amounts in the balance sheet. Deferred income tax liabilities generated from the initial recognition of goodwill are not recognized. Moreover, deferred income 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) is affected at the time of the transaction. For

temporary differences generated from investments in subsidiaries, they are not recognized if the Group is capable of controlling the time point of reversal of the temporary differences, and the temporary differences may not be reversed in the foreseeable future. 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 current income tax assets and liabilities 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 and the net amount has to be stated in the balance sheet. 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 levied by the same taxation authority on either the same taxable entity or different taxable entities, but each entity intend to either settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(24) 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.

(25) Revenue recognition

1. The Group provides accommodations and foodservice related products, and the sales revenue is recognized at the time the 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 is recognized at the time services are rendered or products are delivered to customers. Because at that time point the Group has the unconditional right to the contractual price, the consideration can be collected from customers after the time point.

(26) Government Grants

Government grants are recognized at fair value when there is reasonable assurance that the enterprise will comply with the conditions attached to the government grant and receive the grant. If the nature of the government grant is to compensate the Group for expenses incurred, the government grant is recognized systematically in profit or loss in the period in which the related expenses are incurred.

(27)Business combination

- 1.The Group uses the acquisition method for business combinations. Consolidated consideration is based on the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued, and the consideration transferred includes the fair value of any assets and liabilities arising from contingent consideration agreements. Acquisition-related costs are recognized as an expense when incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured at fair value at the acquisition date. On an individual acquisition transaction basis, the Group elects to measure non-controlling interests whose components are present ownership interests and whose holders are entitled to a proportionate share of the net assets of the enterprise at the time of liquidation either at acquisition date fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets; all other components of the non-controlling interest are measured at acquisition date fair value.
- 2.If the aggregate fair value of the transfer consideration, the non-controlling interest in the acquiree, and the interest previously held in the acquiree exceeds the fair value of the identifiable assets acquired and liabilities assumed, the difference is recognized as goodwill at the acquisition date; if the aggregate fair value of the identifiable assets acquired and liabilities assumed exceeds the aggregate fair value of the transfer consideration, the non-controlling interest in the acquiree, and the interest previously held in the acquiree, the difference is recognized in profit or loss for the current period.

(28)Operations department

Information from the Group's operations department and internal management reports provided to major operations decision makers are reported by a consistent approach. Major operations decision makers are responsible for distributing resources to operations department and evaluating their performance.

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

When preparing this consolidated financial report, the Group's management has applied its judgment on determining the accounting policies used and made accounting estimations and assumptions based on reasonable expectation of future events according to the conditions on the balance sheet date. Accounting estimations 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)Material judgments adopted by accounting policies

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

(2) Material accounting estimates and assumptions

Impairment assessment of property, plant and equipment and intangible assets

In asset impairment evaluation, the Group relies on subjective judgment to determine the independent cash flows of a given asset group, service life of the asset, and possible revenue and expenses in future based on the asset use model and the characteristics of the industry. Moreover, estimated changes in economic conditions and group 's strategies may also lead to significant impairment in future.

6. Details of significant accounts

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash:		
Cash in treasury and working funds	\$ 1,667	\$ 2,241
Checking deposits and demand deposits	<u>468,542</u>	<u>561,320</u>
	470,209	563,561
Cash equivalents:		
Time deposits	<u>416,802</u>	<u>576,276</u>
	<u>\$ 887,011</u>	<u>\$</u>

1. The Group places cash and deposits

with multiple reputable banks and financial institutions to disperse the credit risk, and therefore, the probability of occurrence of default is very low.

2. As of December 31, 2020 and 2019, cash and cash equivalents held by Group restricted for pledging purposes have been classified as financial assets measured at amortized cost of \$973,505 and \$998,986, respectively, based on their liquidity.

(2) Net amount of accounts and notes receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	\$ -	\$ 1,438
Less: Allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 1,438</u>
Accounts receivable	\$ 25,738	\$ 34,762
Less: Allowance for doubtful accounts	<u>(1,011)</u>	<u>(350)</u>
	<u>\$ 24,727</u>	<u>\$ 34,412</u>

1. Aging analysis of accounts and notes receivable (including non-current assets available for sale) :

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Not past due and past due for 1 to 30 days	\$ -	\$ 1,438
Past due for 31 to 90 days	<u>-</u>	<u>-</u>

Past due for more than 91 days	\$ <u> -</u>	\$ <u> 1,438</u>
	\$ 25,738	\$ 34,762

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

2. As at December 31, 2020, December 31, 2019 and January 1, 2019, the Group's receivables (including notes receivable) from customers were \$25,738, \$36,200 and \$34,352, respectively.

3. The Group does not hold any collateral as security.

4. Without considering the collaterals held or other credit enhancement, the Group's maximum amount of credit risk exposure of the most representing notes receivable for December 31, 2020 and 2019 was NT\$800 and NT\$1,438 respectively. The Group's maximum amount of credit risk exposure of the most representing accounts receivable for December 31, 2020 and 2019 was NT\$24,727 and NT\$34,412 respectively.

5. For information related to credit risk of accounts and notes receivable, please refer to 12(2).

(3) Inventories

	<u>December 31, 2020</u>		
	<u>Cost</u>	<u>Allowance for price decline in inventories</u>	<u>Carrying amount</u>
Foods and non-alcoholic and alcoholic beverages	<u>\$ 1,029</u>	<u>\$ -</u>	<u>\$ 1,029</u>

	<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>\$ 1,096</u>	<u>\$ -</u>	<u>\$ 1,096</u>

The inventory cost that the Group recognized as expenses for 2020 and 2019 was \$13,710 and \$20,143 respectively.

(4) Property, plants, and equipment

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Land	\$ 1,313,710	\$ 1,357,541
Land improvements	59,225	67,423
Buildings and structures	2,198,603	2,516,868
Utility equipment	11,990	14,910
Business facilities/equipment	341,333	309,798
Other facilities	5,344	3,122
Unfinished construction and to be inspected equipment	<u>17,228</u>	<u>9,918</u>
	<u>\$ 3,947,433</u>	<u>\$ 4,279,580</u>

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

<u>Cost</u>	2020						
	<u>Opening balance</u>	<u>Current addition</u>	<u>Acquired in a combination</u>	<u>Current reduction</u>	<u>Current transfer</u>	<u>Exchange rate affected Amount</u>	<u>Closing balance</u>
Land	\$ 1,357,541	\$ -	\$ -	\$ -	\$ -	(\$ 43,831)	\$ 1,313,710
Land improvements	99,761	-	-	-	-	(4,991)	94,770
Buildings and structures	3,629,155	440	-	-	6,502	(149,971)	3,486,126
Utility equipment	39,989	166	-	-	-	-	40,155
Business facilities/equipment	988,105	909	-	-	158,276	(52,800)	1,094,490
Other facilities	6,456	339	-	-	2,476	-	9,271
Unfinished construction and to be inspected equipment	9,918	-	-	-	7,955	645	17,228
	<u>\$ 4,620,459</u>	<u>\$ 1,854</u>	<u>\$ 1,636,220</u>	<u>(\$ 5,841)</u>	<u>\$ 175,209</u>	<u>(\$ 252,238)</u>	<u>\$ 6,055,750</u>
	2019						
<u>Cost</u>	<u>Opening balance</u>	<u>Current addition</u>	<u>Acquired in a combination</u>	<u>Current reduction</u>	<u>Current Reclassification</u>	<u>Exchange rate affected Amount</u>	<u>Closing balance</u>
Land	\$ 1,104,221	\$ -	\$ 276,331	\$ -	\$ -	(\$ 23,011)	\$ 1,357,541
Land improvements	86,483	-	15,819	-	-	(2,541)	99,761
Buildings and structures	2,583,344	299	1,125,147	-	-	(79,635)	3,629,155
Utility equipment	32,678	2,700	-	-	4,611	-	39,989
Business facilities/equipment	798,205	1,152	218,923	(5,841)	-	(24,334)	988,105
Other facilities	5,279	1,177	-	-	-	-	6,456
Unfinished construction and to be inspected equipment	10,249	4,280	-	-	(4,611)	-	9,918
	<u>\$ 4,620,459</u>	<u>\$ 9,608</u>	<u>\$ 1,636,220</u>	<u>(\$ 5,841)</u>	<u>\$ -</u>	<u>(\$ 129,521)</u>	<u>\$ 6,130,925</u>

<u>Accumulated depreciation and impairment</u>	2020				
	<u>Opening balance</u>	<u>Current addition</u>	<u>Current reduction</u>	<u>Exchange rate affected Amount</u>	<u>Closing balance</u>
Land improvements	\$ 32,338	\$ 5,006	\$ -	(\$ 1,799)	\$ 35,545
Buildings and structures	1,112,287	216,034	-	(40,798)	1,287,523
Utility equipment	25,079	3,086	-	-	28,165
Business facilities/equipment	678,307	111,299	-	(36,449)	753,157
Other facilities	3,334	593	-	-	3,927
	<u>\$ 1,851,345</u>	<u>\$ 336,018</u>	<u>(\$ 5,408)</u>	<u>(\$ 79,046)</u>	<u>\$ 2,108,317</u>

<u>Accumulated depreciation and impairment</u>	2019				
	<u>Opening balance</u>	<u>Current addition</u>	<u>Current reduction</u>	<u>Exchange rate affected Amount</u>	<u>Closing balance</u>
Land improvements	\$ 28,195	\$ 4,972	\$ -	(\$ 829)	\$ 32,338
Buildings and structures	1,048,788	80,500	-	(17,001)	1,112,287
Utility equipment	22,141	2,938	-	-	25,079
Business facilities/equipment	589,286	111,143	(5,408)	(16,714)	678,307
Other facilities	2,703	631	-	-	3,334
	<u>\$ 1,691,113</u>	<u>\$ 200,184</u>	<u>(\$ 5,408)</u>	<u>(\$ 34,544)</u>	<u>\$ 1,851,345</u>

3. In accordance with Kaohsiung Urban Development Kuei Tzu No. 10234984600 correspondence on October 28, 2013, the Group 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 Group made the first installment payment of NT\$85,051, and the remaining amount paid by the second and third installment payments was \$63,788 and \$63,789 respectively. These payments, which should be made before the applied construction permit or the new use permit is issued, 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 2020 and 2019.
5. For the impairment of property, plant and equipment, please refer to the description in Attachment 6(7).
6. For information on using property, plants, and equipment for guarantees, please refer to Note 8.
7. For the information for obtaining property, plants, and equipment with acquisition method on April 4, 2019, please refer to Note 6(25).

(5) Lease transaction – Lessee

1. The lease assets of the company included buildings, transportation equipment, and multifunctional office machine, and the terms between 2 to 20 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 there terms are not over 12 months, they all belong to leases of low-value assets.
3. The changes in the Group's right-of-use assets for the years 2020 and 2019 are as follows:

	2020			
	House	Transportation Equipment	Business Equipment	Total
January 1	\$ 118,253	\$ -	\$ 96	\$ 118,349
Adding	2,813	1,013	-	3,826
Depreciation expense	(6,824)	(141)	(72)	(7,037)
Disposition	(2,726)	-	-	(2,726)
December 31	<u>\$ 111,516</u>	<u>\$ 872</u>	<u>24</u>	<u>\$ 112,412</u>

	2019			
	House	Transportation Equipment	Business Equipment	Total
January 1	\$ 125,329	\$ -	\$ 157	\$ 125,486
Adding	-	-	11	11
Depreciation expense	(7,076)	-	(72)	(7,148)
December 31	<u>\$ 111,516</u>	<u>\$ -</u>	<u>96</u>	<u>\$ 118,349</u>

4. The additions to the Group's right-of-use assets for fiscal 2020 and 2019 were NT\$3,826 and NT\$11, respectively.

5. Information of loss and gains related to lease transaction as the followings:

	<u>2020</u>	<u>2019</u>
<u>Affected project of current loss and gain</u>		
Lease obligation interest	\$ 2,017	\$ 2,094
Expense of short-term lease	1,037	1,139
Expense of leases of low-value assets	533	139
Lease modification benefits	(16)	-

As of December 31, 2010 and 2008, the Group had total lease cash outflows of NT\$8,317 and NT\$5,490, respectively.

(6) Intangible assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Trademark and franchising	\$ 660,096	\$ 744,998
Other intangible assets	4,895	5,666
	<u>\$ 664,991</u>	<u>\$ 750,664</u>
	<u>2020</u>	<u>2019</u>
January 1	\$ 750,664	\$ 403,004
Current addition-separation	-	1,804
Current addition-combination	-	409,248
Current amortization	(49,923)	(43,062)
Exchange rate affected amount	(35,750)	(20,330)
December 31	<u>\$ 664,991</u>	<u>\$ 750,664</u>

Detailed list of intangible asset amortization :

	<u>2020</u>	<u>2019</u>
Operating expenses	<u>\$ 49,923</u>	<u>\$ 43,062</u>

For information on obtaining Intangible assets on April 12, 2019, please refer to Note 6(25) °.

(7) Non-current assets available for sale

1. The Group recognized impairment losses of NT\$132,975 and NT\$0 in fiscal 2020 and 2019, respectively, as follows:

	<u>Recognized in profit or loss for the period</u>	
	<u>2020</u>	<u>2019</u>
Impairment loss - building and construction	<u>\$ 132,975</u>	<u>\$ -</u>

2. A breakdown of the above impairment loss by segment is disclosed below:

	<u>Recognized in profit or loss for the period</u>	
	<u>2020</u>	<u>2019</u>
U.S. Business Unit-Holiday Garden EV CORP.	<u>\$ 132,975</u>	<u>\$ -</u>

3. In 2020, the Group recognized an impairment loss on buildings and structures due to a decrease in housing rates as a result of the outbreak of novel coronavirus pneumonia. The Group recognized an impairment loss of \$132,975 by adjusting the carrying amount to the recoverable amount. The recoverable amount is the fair value of the property less the cost of disposal, which is assessed under the income method and classified in Level 3.

(8) Short-term borrowings

<u>Types of borrowings</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unsecured loans from bank	\$ 90,000	\$ 75,000
Secured loans from banks	<u>1,519,599</u>	<u>1,455,000</u>
	<u>\$ 1,609,599</u>	<u>\$ 1,530,000</u>
Range of interest rates	0.94%~1.62%	1.10%~1.90%

1. The Group's bank loans are recognized in the interest expense of income. Please see Note 6(20) .

2. For collaterals of the above-mentioned short-term borrowings, please refer to Note 8 .

(9) Short-term notes and bills payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Commercial paper payable	<u>\$ 130,000</u>	<u>\$ 130,000</u>
Range of interest rates	0.55%~0.90%	0.60%~0.96%

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

(10) Other payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Salaries payable	\$ 13,834	\$ 32,933
Tax payable	6,251	16,000
Interest payable	5,508	8,299
management expenses payable	657	3,224
Royalty payable	1,464	3,760
Other	<u>39,622</u>	<u>47,195</u>
	<u>\$ 67,336</u>	<u>\$</u>

(11) Long-term borrowings

<u>Types of borrowings</u>	<u>Period of borrowing and repayment method</u>	<u>Range of interest rates</u>	<u>Collaterals</u>	<u>December 31, 2020</u>
Long-term borrowings from banks				
Unsecured loans	The term of borrowing is from September 18, 2012 to September 18, 2022. The interest has been paid on a monthly basis. Starting from December 2015, the loan has been repaid quarterly for 28 installments. A deferred loan repayment agreement was entered into in June 2020, with interest-only payments until March 2021 and quarterly principal repayments at a fixed amount over that period.	1.60%	None	\$ 20,878
Secured loans	The term of borrowing is from June 4, 2014 to June 4, 2021. The interest has been paid on a monthly base. Starting from June 4, 2015, the loan has been repaid quarterly for 25 installments. The loan was repaid	-	Note 1	-
Secured loans	The term of borrowing is from June 1, 2015 to June 1, 2022. The interest has been paid on a monthly base. Starting from June 1, 2016, the loan has been repaid quarterly for 25 installments.	-	Note 1	-
Unsecured loans	The term of borrowing was from July 5, 2016 to July 5, 2019. The interest and principal were paid on a monthly basis.	1.10%	None	11,667
Secured loans	Notes 2 and 3	2.47%	Note 1	374,797
Secured loans	Notes 2 and 4	-	Note 1	
Secured loans	Notes 2 and 5	2.51%	Note 1	530,655
Secured loans	Notes 2 and 6	2.48%	Note 1	367,392
Secured loans	Notes 2 and 7	-	Note 1	-
Secured loans	Notes 2 and 8	3.05%	Note 1	34,522
Secured loans	Notes 2 and 9	3.05%	Note 1	587,143
Secured loans	Notes 2 and 10	2.50%	Note 1	1,306,662
Secured loans	Notes 2 and 11	2.76%	Note 1	428,882
Unsecured loans	Notes 12	1.00%	None	53,741
				<u>3,716,339</u>
Less: Current portion of long-term loans payable				<u>(1,153,308)</u>
				<u>\$ 2,997,564</u>

<u>Types of borrowings</u>	<u>Period of borrowing and repayment method</u>	<u>Range of interest rates</u>	<u>Collaterals</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 has been paid on a monthly basis. Starting from December 2015, the loan has been 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 has been paid on a monthly base. Starting from June 4, 2015, the loan has been repaid quarterly for 25 installments.	1.90%	Note 1	38,895
Secured loans	The term of borrowing is from June 1, 2015 to June 1, 2022. The interest has been paid on a monthly base. Starting from June 1, 2016, the loan has been repaid quarterly for 25 installments.	1.70%	Note 1	28,000
Unsecured loans	The term of borrowing was from September 20, 2022 to September 20, 2022. The interest and principal were paid on a monthly basis.	1.38%	None	18,333
Secured loans	Notes 2 and 3	4.16%	Note 1	
Secured loans	Notes 2 and 4	4.56%	Note 1	
Secured loans	Notes 2 and 5	4.46%	Note 1	
Secured loans	Notes 2 and 6	4.16%	Note 1	
Secured loans	Notes 2 and 7	4.56%	Note 1	111,286
Secured loans	Notes 2 and 8	4.56%	Note 1	
Secured loans	Notes 2 and 9	4.56%	Note 1	
Secured loans	Notes 2 and 10	4.00%	Note 1	<u>1,376,682</u>
				3,975,516
Less: Current portion of long-term loans payable				(<u>1,153,30</u>)
				<u>\$ 2,822,208</u>

Note 1: For collaterals of the above-mentioned long-term borrowings, please refer to Note 8.

Note 2: For commitment to maintaining financial ratios for loans, please refer to Note 9(2).

Note 3: The term of borrowing of said loan is 5 years and the interest rate is a floating interest rate. Since March 2017, the subsidiary has been making a fixed repayment for the principal of US\$130,000 on a monthly basis, and when the term of borrowing ends in February 2021, the remaining amount of the borrowing will be returned in a lump sum. The subsidiary entered into a

deferred contract in February 2020 for a 1-year term with a floating interest rate and a fixed monthly principal repayment of \$130,000, and will repay the remaining balance of the loan in one lump sum at the end of the term in February 2022. The subsidiary also entered into a deferred loan repayment agreement in May 2020, under which only interest is payable until April 2021, and the deferred principal will be repaid at the end of the loan period.

Note 4 : The term of borrowing of said loan is 4.75 years and the interest rate is a floating interest rate. Since September 2016, the subsidiary has been making a fixed repayment for the principal of US\$30,500 on a monthly basis, and when the term of borrowing ends in June 2020, a lump sum repayment will be made for returning the remaining amount of the borrowing. The Group made an early repayment of said loan in February 2018. The subsidiary entered into a new loan agreement to repay the loan in July 2020.

Note 5 : The term of borrowing of said loan is 4.25 years and the interest rate is a floating interest rate. Since July 2016, the subsidiary has been making a fixed repayment for the principal of US\$50,946 on a monthly basis, and when the term of borrowing ends in December 2020, a lump sum repayment will be made for returning the remaining amount of the borrowing. The subsidiary entered into a new loan agreement in March 2020 to repay the loan for a period of seven years at a variable interest rate. The subsidiary will make fixed monthly principal repayments of \$41,944 beginning in April 2020 and repay the remaining balance of the loan in one lump sum when the loan period expires in March 2027. The subsidiary also entered into a deferred loan repayment agreement in June 2020, under which only interest will be paid until November 2020 and the deferred principal will be repaid at the end of the loan period.

Note 6 : The term of borrowing of said loan is 3.7 years and the interest rate is a floating interest rate. When the term of borrowing ends in February 2021, the remaining amount of the borrowing will be returned in lump sum. The subsidiary has entered into a rollover contract in February 2020 for a one-year extension period with a floating interest rate on borrowings, and will repay the other remaining borrowing amount in one lump sum when the borrowing period expires in February 2022.

Note 7 : The term of borrowing of said loan is 3.5 years and the interest rate is a floating interest rate. Since July 2017, the subsidiary has been making a fixed repayment for the principal of US\$9,600 on a monthly basis, and when the term of borrowing ends in December 2020, the remaining amount of the borrowing will be returned in lump sum. The subsidiary has entered into a new loan contract to repay the loan in July 2020.

Note 8 : The term of borrowing of said loan is 3.67 years and the interest rate is a floating interest rate. Since January 2018, the subsidiary has been making a fixed repayment for the principal of US\$3,029 on a monthly basis, and when the term of borrowing ends in August 2021, the remaining amount of the borrowing will be returned in a lump sum. The subsidiary also entered into a deferred loan repayment agreement in June 2020, under which only interest will be paid until November 2020 and the deferred principal will be repaid at the end of the loan period.

Note 9 : The term of borrowing of said loan is 5 years and the interest rate is a floating interest rate. Since March 2018, the subsidiary has been making a fixed repayment for the principal of US\$51,260 on a monthly basis, and when the term of borrowing ends in February 2023, the remaining amount of the borrowing will be returned in a lump sum. The subsidiary also entered into a deferred loan repayment agreement in June 2020, under which only interest will be paid until November 2020 and the deferred principal will be repaid at the end of the loan period.

Note 10: The term of borrowing of said loan is 7 years and the interest rate is a floating interest rate. Since May 2019, the subsidiary has been making a fixed repayment for the principal of US\$10,000 on a monthly basis, and when the term of borrowing ends in April 2026, the remaining amount of the borrowing will be returned in a lump sum. The subsidiary also entered into a deferred loan repayment agreement in May 2020, under which only interest will be paid until April 2021 and the deferred principal will be repaid in a fixed monthly amount of \$94,887 starting from May 2021, and the remaining balance of the loan will be repaid in one lump sum when the loan period expires in April 2026.

Note 11: The borrowing period is five years and the interest rate is variable. The subsidiary will make fixed monthly principal repayments of US\$37,862 starting from July 2020 and repay the remaining borrowing amount in one lump sum when the borrowing period expires in July 2025.

Note 12: The borrowing period is 2 years and the interest rate is fixed. The subsidiary applied for a Salary Protection Loan Program (Paycheck Protection Program) from the Small Business Administration (SBA) in April 2020 to address the impact of the new COVID-19 outbreak. The principal amount of \$54,911 (US\$1,887,000) was transferred on May 1, 2020.

The main conditions are as follows:

- (1) No repayment of principal and interest until the loan forgiveness is confirmed.
- (2) Under the current U.S. Wage Protection Loan Program, businesses may use the 24-week waiver coverage period to pay operating expenses and may apply to the SBA for a loan forgiveness within 10 months of the end of the waiver coverage period. Those who qualify will receive a full or partial loan forgiveness.

As of December 31, 2020, the subsidiary had not applied for a waiver from the SBA.

The Group's bank loans are recognized in the interest expense of income.

Please see Note 6(20).

(12)Pensions

1.(1)Starting from July 1, 2005, the Company and its domestic subsidiaries, in accordance with the Labor Pension Act, set up the defined contribution plan for retirement, which is applicable for employees who are the citizens of ROC. According to employee's option for the labor pension system stipulated by the Labor Pension Act, the Group and domestic subsidiaries each month contribute 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 accumulated income by monthly pension payment or a lump sum pension payment.

(2)In accordance with the above-mentioned pension plan, the Group and domestic subsidiaries recognized a pension cost of NT\$2,946 and NT\$2,807 in 2020 and 2019 respectively. °

2.The subsidiaries adopt the defined contribution plan, i.e., making monthly pension contributions in accordance with local government's regulations and recognizing the contributions in expenses. In accordance with related pension plans, the subsidiaries recognized a pension cost of NT\$631 and NT\$1,533 in 2020 and 2019 respectively.

(13)Share capital

1. As of December 31, 2020, the Company's authorized capital was NT\$1,500,000, and the paid-in capital was NT\$1,104,856, 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.

beginning and the ending of the reporting period are as follow :

	Unit : 1000 of shares	
	2020	2019
January 1	110,486	102,302
Capital increase by earnings recapitalization	-	8,184
December 31	<u>110,486</u>	<u>110,486</u>

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, 2019a nd the change has been registered.13.Capital surplus.

(14) 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.

(15) Retained surplus

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.

The Company shall distribute all or part of its dividends and bonuses, capital surplus or legal reserve in cash and report to the shareholders' meeting with at least two-thirds of the members of the Board of Directors present and resolved by a majority of the directors present, and the requirements of the resolution of the shareholders' meeting mentioned above shall not apply.

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\$0 and NT\$102,301 for 2020 and 2019 respectively.The Company has accumulated losses for fiscal 2020 and has no earnings available for distribution.

(16)Operating revenue

	<u>2020</u>	<u>2019</u>
Revenue from contracts with customers	<u>\$ 741,703</u>	<u>\$ 1,520,242</u>

1. Details of revenue from contracts with customers

The Group’s revenue is mainly from the following lines of products and regions :

	<u>Taiwan</u>			<u>USA</u>	
	<u>Guest room</u>	<u>Foodservice Revenue</u>	<u>Others</u>	<u>Guest room</u>	<u>Total</u>
<u>2020</u> Revenue from contracts with external customers	<u>\$ 82,263</u>	<u>\$ 39,253</u>	<u>\$ 7,322</u>	<u>\$ 612,865</u>	<u>\$ 741,703</u>
	<u>Taiwan</u>			<u>USA</u>	
	<u>Guest room</u>	<u>Foodservice Revenue</u>	<u>Others</u>	<u>Guest room</u>	<u>Total</u>
<u>2019</u> Revenue from contracts with external customers	<u>\$ 130,153</u>	<u>\$ 51,019</u>	<u>\$ 8,371</u>	<u>\$ 1,330,699</u>	<u>\$ 1,520,242</u>

In fiscal 2020, the Group's operations were affected by the new COVID-19 outbreak, resulting in a decrease in the Group's operating income. As of the date of the audit report, the impact on operating income cannot be reasonably estimated as it is still affected by the subsequent control of COVID-19.

2. Contractual liabilities

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1, 2019</u>
Contractual liabilities :			
Contractual liabilities - Room service contracts	\$ 5,666	\$ 13,275	\$ 7,030
Contractual liabilities - Foodservice contracts	<u>5,422</u>	<u>5,035</u>	<u>3,341</u>
	<u>\$ 11,090</u>	<u>\$ 18,310</u>	<u>\$ 10,371</u>

Contractual liabilities at beginning of the period recognized in revenue: :

	<u>2020</u>	<u>2019</u>
Opening balance of contractual liabilities recognized in revenue		
Room service contracts	\$ 13,275	\$ 7,030
Foodservice contracts	<u>5,035</u>	<u>3,341</u>
	<u>\$ 18,310</u>	<u>\$ 10,371</u>

(17) Interest income

	<u>2020</u>	<u>2019</u>
Bank Deposit Interest	\$ 4,073	\$ 17,456
Interest income on financial assets measured at amortized cost	<u>11,910</u>	<u>19,957</u>
	<u>\$ 15,983</u>	<u>\$ 37,413</u>

(18) Other income

	<u>2020</u>	<u>2019</u>
Rental income	\$ 2,050	\$ 2,073
Government Subsidy Revenue	9,142	-
Other income - others	<u>4,335</u>	<u>1,147</u>
	<u>\$ 15,527</u>	<u>\$ 3,220</u>

In the second and fourth quarters of 2020, the Group applied for subsidies from the Ministry of Transportation and Tourism in accordance with the "Methodology of Wage Subsidies for Employees in the Tourist Hotel Industry and Hotel Industry of the Ministry of Transportation and Tourism" and the "Implementation Methodology of Necessary Operating Burden Subsidies for the Tourist Hotel Industry and Hotel Industry of the Ministry of Transportation and Tourism", and after examination and approval, the Group recognized government subsidy income of NT\$9,142 in fiscal 2020, with no outstanding conditions and other contingent items.

(19) Other gains and losses

	<u>2020</u>	<u>2019</u>
Disposal of property, plants, and equipment	\$ -	\$ 62
Interests		
Loss on disposal of investment	(52,476)	(31,649)
Impairment loss on non-financial assets	(132,975)	-
Other losses	(278)	(22)
	<u>(\$ 185,729)</u>	<u>\$ 31,609</u>

(20) Financial cost

	<u>2020</u>	<u>2019</u>
Interest expense		
Long-term borrowings from banks	\$ 138,198	\$ 198,288
Finance lease obligations interest	2,017	2,094
	<u>\$ 140,215</u>	<u>\$ 200,382</u>

(21) Addition information on expenses

	<u>2020</u>	<u>2019</u>
Employee benefits expenses	\$ 269,592	\$ 366,299
Property, plants, and equipment		
Depreciation	203,043	200,184
Right-of-use asset Depreciation	7,037	7,148
Intangible asset amortization cost	49,923	43,062

(22) Employee benefit expense

	<u>2020</u>	<u>2019</u>
Wages and salaries	\$ 220,539	\$ 312,731
Health and labor insurance	44,609	48,061
Pension expense	3,577	4,340
Other employee benefit expense	867	1,167
	<u>\$ 269,592</u>	<u>\$ 366,299</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 remuneration. However, if the Corporation has accumulated deficit, the priority is to offset the deficit first.
2. The differences between the employee compensation and director compensation resolved by the board of directors for fiscal 2019 and the employee compensation of \$0 and director compensation of \$0 recognized in the 2019 financial statements were \$1 and \$0, respectively, adjusted for the gain or loss in fiscal 2020.

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.

(23) Income tax

1. Income tax expense (benefit)

(1) Composition of income tax:

	<u>2020</u>	<u>2019</u>
Current income tax: :		
Income tax generated from current	\$ 19,780	\$ 44,148
Tax on unappropriated earnings	-	4,570
(Overestimation) underestimation of prior year income tax	(855)	249
Total current tax	<u>18,925</u>	<u>48,967</u>
Deferred income tax: :		
Origination and reversal of	(242,476)	(15,983)
Income tax expense	<u>\$ 223,551</u>	<u>\$ 32,984</u>

(2) Amount of income tax related to other comprehensive income :

2019	<u>2020</u>	<u>2019</u>
Exchange differences on translation of foreign financial statements	(\$ 14,251)	\$ 8,663

2. Reconciliation between income tax expense and accounting profit :

	<u>2020</u>	<u>2019</u>
Income tax calculated using net profit (loss) before tax based on statutory tax rate(Note)	(\$ 226,302)	(\$ 23,038)
Income tax effects of adjustments based on income tax laws and regulations	5,434	51,203
Income exempt from tax under the Tax Act	(1,828)	-
Underestimation (overestimation) of prior year income tax	(855)	249
Tax on unappropriated earnings	-	4,570
Income tax expense	<u>\$ 223,551</u>	<u>\$ 32,984</u>

Note: The basis of applicable tax rates is calculated using the income.

3. The deferred income tax assets or liabilities generated from temporary :

2020						
	January 1	Recognized in Gain or loss	Recognized in others Comprehensive income	Current Reclassification	Disposal of available-for-sale Groups	December 31
Deferred income tax assets:						December 31
Temporary differences :						December 31
Exchange differences on translation of foreign financial statements	\$ 8,136	-	\$ 14,251	\$ -	\$ -	22,387
Unrealized exchange loss	3,809	10,502	-	-	-	14,311
Bonus for not taking leave	258	(19)	-	-	-	239
Amortization of book-tax difference for intangible assets	27	(27)	-	-	-	-
US state tax effects	23,637	(19,615)	-	(473)	-	3,549
Unrealized interest payable	-	16,075	-	(582)	-	15,493
Unrealized Payable expenses	-	4,478	-	(162)	-	4,316
Tax losses	<u>156,805</u>	<u>163,231</u>	<u>-</u>	<u>(10,983)</u>	<u>(51,533)</u>	<u>257,520</u>
	<u>192,672</u>	<u>174,625</u>	<u>14,251</u>	<u>(12,200)</u>	<u>(51,533)</u>	<u>317,815</u>
Deferred income tax liabilities:						
Temporary differences :						
Investment income recognized under foreign equity method	(192,297)	(49,552)	-	-	-	(142,745)
Depreciation expense recognized as book-tax difference	(46,467)	24,144	-	1,451	-	(20,872)
Amortization of tax differences on intangible assets	-	(5,845)	-	210	-	(5,635)
Unrealized reserve for land revaluation increment tax	(93,467)	-	-	-	-	(93,467)
	<u>(332,231)</u>	<u>67,851</u>	<u>-</u>	<u>1,661</u>	<u>-</u>	<u>(262,719)</u>
	<u>(\$ 139,559)</u>	<u>\$ 242,476</u>	<u>\$ 14,251</u>	<u>(\$ 10,539)</u>	<u>(\$ 51,553)</u>	<u>\$ 55,096</u>

2019						
January 1	January 1	Recognized in Gain or loss	Recognized in others Comprehensive income	Exchange rate Effects	Transfer to available-for-sale Disposal groups	December 31
Deferred income 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
Depreciation expense recognized as book-tax difference	18,157	(18,269)	-	112	-	-
Amortization of book-tax difference for intangible assets	51	(24)	-	-	-	27
US state tax effects	-	24,370	-	(733)	-	23,637
Tax losses	<u>95,003</u>	<u>64,824</u>	<u>-</u>	<u>(3,022)</u>	<u>-</u>	<u>156,805</u>
	<u>120,314</u>	<u>67,338</u>	<u>8,663</u>	<u>(3,643)</u>	<u>-</u>	<u>192,672</u>
Deferred income tax liabilities:						

Temporary differences:

Unrealized exchange loss	(2,110)	2,110	-	-	-	-
Exchange differences on translation of foreign financial statements	(184,639)	(7,658)	-	-	-	(192,297)
Depreciation expense recognized as book-tax difference	-	(47,909)	-	1,442	-	(46,467)
Unrealized reserve for land revaluation increment tax	(93,467)	-	-	-	-	(93,467)
US state tax effects	(2,088)	2,102	-	(14)	-	-
	(282,304)	(51,355)	-	1,428	-	(332,231)
	<u>(\$ 161,990)</u>	<u>\$ 15,983</u>	<u>\$ 8,663</u>	<u>(\$ 2,215)</u>	<u>\$ -</u>	<u>(\$ 139,559)</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, 2020

<u>Year of occurrence</u>	<u>Amount filed/ amount approved</u>	<u>Deductible amount</u>	<u>Undeducted amount</u>	<u>Unrecognized deferred</u>	<u>Year for last</u>
2013	Reassessed and reapproved amount	\$ 14,300	\$ 14,300	\$ -	2023
2014	Reassessed and reapproved amount	3,003	3,003	-	2024
2015	Approved amount	9,018	9,018	-	2025
2016	Approved amount	26,590	26,590	-	2026
2017	Approved amount	72,817	72,817	-	2027
2018	Approved amount	56,901	56,901	-	2028
2019	Amount filed	40,604	40,604	-	2029
2020	Amount to be filed	45,556	45,556	-	2029
		<u>\$ 268,789</u>	<u>\$ 268,789</u>	<u>\$ -</u>	

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</u>	<u>Year for last</u>
2013	Reassessed and reapproved amount	\$ 14,300	\$ 14,300	\$ -	2023
2014	Reassessed and reapproved amount	3,003	3,003	-	2024
2015	Approved amount	9,018	9,018	-	2025
2016	Approved amount	26,590	26,590	-	2026
2017	Amount filed	72,817	72,817	-	2027
2018	Amount filed	56,901	56,901	-	2028
2019	Amount to be filed	40,958	40,958	-	2029
		<u>\$ 223,587</u>	<u>\$ 223,587</u>	<u>\$ -</u>	

5. The validity period of tax losses which the US subsidiaries have not used and the amounts of unrecognized deferred income tax assets are provided below :

December 31, 2020					
<u>Year of occurrence</u>	<u>Amount filed/amount approved</u>	<u>Deductible tax amount</u>	<u>Undeducted tax amount</u>	<u>Unrecognized deferred income tax assets amount</u>	<u>Deductible year</u>
2018	Amount filed	\$ 86,253	\$ 86,253	\$ -	Note
2019	Amount to be filed	<u>113,134</u>	<u>113,134</u>	<u>-</u>	Note
		<u>\$ 199,387</u>	<u>\$ 199,387</u>	<u>\$ -</u>	

December 31, 2019					
<u>Year of occurrence</u>	<u>Amount filed/amount approved</u>	<u>Deductible amount</u>	<u>Undeducted tax amount</u>	<u>Unrecognized deferred income tax assets amount</u>	<u>Deductible year</u>
2017	Amount filed	\$ 56,773	\$ 55,665	\$ -	2015~2137
2019	Amount to be filed	<u>\$ 52,856</u>	<u>\$ 52,856</u>	<u>\$ -</u>	None deduction period
		<u>\$ 109,629</u>	<u>\$ 108,521</u>	<u>\$ -</u>	

Note: For the CARES Act passed in fiscal 2020 due to the novel coronavirus pneumonia outbreak, the tax losses incurred in fiscal 2018, 2019 and 2020 can be offset for five years or indefinitely.

6. The validity period of tax losses which the subsidiary Holiday Garden Development Co., Ltd. has not used and the amounts of unrecognized deferred income tax assets are provided below:

December 31, 2020					
<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 amount</u>	<u>Year for last deduction</u>
2017	Approved amount	\$ 436	\$ 436	\$ -	2027
2018	Approved amount	12,843	12,843	-	2028
2019	Amount filed	4,413	4,413	-	2029
2020	Amount to be filed	<u>4,187</u>	<u>4,187</u>	<u>-</u>	2030
		<u>\$ 21,879</u>	<u>\$ 21,879</u>	<u>\$ -</u>	

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 amount</u>	<u>Year for last deduction</u>
2017	Amount filed	\$ 436	\$ 436	\$ -	2027
2018	Amount filed	12,843	12,843	-	2028
2019	Amount to be filed	<u>4,552</u>	<u>4,552</u>	<u>-</u>	2029
		<u>\$ 17,831</u>	<u>\$ 17,831</u>	<u>\$ -</u>	

7. The tax authorities have examined and approved the Company's business income

tax returns through 2018.

(24) Loss per share

	<u>2020</u>		
	<u>Amount after tax</u>	<u>Weighted average of Outstanding shares (1,000shares)</u>	<u>Earnings per share (NT\$)</u>
<u>Basic earnings per share</u>			
Current net income attributable to the common stock shareholders of the parent company	(\$ 270,309)	110,486	(\$ 2.45)
	<u>2019</u>		
	<u>Amount after tax</u>	<u>Weighted average of Outstanding shares (1,000shares)</u>	<u>Earnings per share (NT\$)</u>
<u>Basic loss per share</u>			
Current net income attributable to the common stock shareholders of the parent company	(\$ 4,692)	110,486	(\$ 0.04)

The above-mentioned weighted average number of outstanding shares has been retroactively adjusted proportionally according to the 2016 capital increase by retained earnings °

(25) Business combination

1. The group purchase Hotel Hyatt Place Emeryville with \$2,045,468 NTD(66,250 USD) on April 12, 2019 ,operating the business related to the hotel in the U.S.A. The group expected to strengthen the market position.
2. Information on the consideration paid for the acquisition of the Hyatt Place Emeryville Hotel and the fair value of assets acquired and liabilities assumed at the acquisition date is as following:

	<u>April 12,2019</u>
Purchase consideration	
Cash	\$ 2,045,468
Fair value of identifiable assets acquired and liabilities assumed	
Real estate and equipment	\$ 1,636,220
Intangible assets	409,248
Total identifiable net assets	2,045,248
Goodwill	\$ -

3. From April 12, 2019, merging Hotel Hyatt Place Emeryville, the hotel contributed the operating income and net income before tax are \$291,958 and \$2,805 respectively. The hotel assumed to be merged on January 1, 2019, the revenue would be \$1,626,370.

(26) Additional cash flows information

1. Investment activities paid partially by cash: :

	<u>2020</u>	<u>2019</u>
Purchase of property, plants, and equipment	\$ 1,854	\$ 9,608
Add: Other accounts payable at beginning of the period: Fees for converting land purposes (stated as "long-term notes and accounts payable")	127,577	127,577
Accounts payable at beginning of the period (stated as "Other accounts payable")	1,610	597
Less: Other accounts payable at the end of the period: Fees for converting land purposes (stated as "long-term notes and accounts payable")	(127,577)	(127,577)
Accounts payable at the end of the period (stated as "Other accounts payable")	-	(1,610)
Cash paid of this period	<u>\$ 3,464</u>	<u>\$ 8,595</u>

2. Operating activities affecting cash flows :

	<u>2020</u>	<u>2019</u>
Disposing financial asset proceeds measured at fair value through profit and loss		
Disposing financial asset proceeds measured at fair value through profit and loss	\$ -	\$ -
Add : Other accounts receivable at the start of the period	-	47,785
Less : Other accounts receivable at the end of the period	-	-
Affected rate amount	-	1,411
Cash received this period	<u>\$ -</u>	<u>\$ 49,196</u>

2. Operating activities that do not affect cash flows:

	<u>2020</u>	<u>2019</u>
Transfer of prepayments for equipment Property, plant and equipment	<u>\$ 175,209</u>	<u>\$ -</u>

(27) Changes in liabilities related to fundraising activities

	2020				
	<u>Short-term borrowings</u>	<u>Short-term notes and bills payable</u>	<u>Lease liabilities</u>	<u>Long-term borrowings</u>	<u>Total liabilities from fundraising activities</u>
January 1,	\$ 1,530,000	\$ 130,000	\$ 123,379	\$ 3,975,516	\$ 5,758,895
Changes in fundraising cash flows	79,599	-	(4,730)	(65,307)	9,562
Other changes in fundraising non-cash flow	-	-	1,084	-	1,084
Effect of exchange rate changes	-	-	-	(193,870)	(193,870)
December 31	<u>\$ 1,609,599</u>	<u>\$ 130,000</u>	<u>\$ 119,733</u>	<u>\$ 3,716,339</u>	<u>\$ 5,575,671</u>

	2019				
	<u>Short-term borrowings</u>	<u>Short-term notes and bills payable</u>	<u>Lease liabilities</u>	<u>Long-term borrowings</u>	<u>Total liabilities from fundraising activities</u>
January 1	\$ 1,204,500	\$ 130,000	\$ 125,486	\$ 2,793,286	\$ 4,253,272
Effect of financing cash flows	325,500	-	(2,118)	1,285,781	1,609,163
Other changes in fundraising	-	-	11	-	11
Effect of exchange rate changes	-	-	-	(103,551)	(103,551)
December 31	<u>\$ 1,530,000</u>	<u>\$ 130,000</u>	<u>\$ 123,379</u>	<u>\$ 3,975,516</u>	<u>\$ 5,758,895</u>

7. Transactions with related parties

Primary management remuneration and compensation information

	<u>2020</u>	<u>2019</u>
Short-term employee benefits	<u>\$ 3,332</u>	<u>\$ 21,047</u>

8. The Group's collateralized assets are listed below :

<u>Assets</u>	<u>Book value</u>		
	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>For guarantee</u>
Land and land improvements	\$ 1,372,935	\$ 1,424,964	Short-term and
Buildings and structures	2,180,219	2,504,235	Short-term and
Business facilities/equipment	324,080	291,002	Long-term
Time deposits (Stated as "Amortizes cost			
Financial assets—current)	971,578	997,129	Short-term
Time deposits (Stated as "Amortizes cost			
Financial assets—current)	1,927	1,857	Voucher
	<u>\$ 4,850,739</u>	<u>\$ 5,219,187</u>	

9. Significant contingent liabilities and unrecognized contractual commitments

(1) Contingencies

None

(2) Undertakings

1. The Group's subsidiary acquired Clementine Inn Anaheim 、TownePlace Suites

Newark Silicon Valley 、 Embassy Suites Valencia 、 Holiday Inn Express Walnut Creek and Hyatt Place Emeryville was commissioned by the Group to operate the above-mentioned hotels, and the contract ends on November 31, 2024, August 31, 2021, August 31, 2021, June 22, 2022, and April 11, 2024 respectively. The subsidiary shall pay Interstate Hotels & Resort management fees and performance bonus on a monthly basis, and the calculation of the related expenses is based on the fix rates agreed in the contract.

2. According to the management contract signed between the subsidiary and Interstate Hotels & Resort, a fix ratio of the operating revenue has to be appropriated on a monthly basis to an exclusive account for related asset purchase or repair (except the office). If said account is not enough to pay for the purchase or repair of assets related to the hotels, the subsidiary has to appropriate and deposit an adequate amount into the account.
3. HOLIDAY GARDEN NW CORP. has entered into a royalty agreement with Marriott under which TownePlace Suites Newark Silicon Valley is required to pay Marriott a percentage of the total room revenue for the period ending March 31, 2030 for the use of Marriott's management and maintenance system. Under the agreement, TownePlace Suites Newark Silicon Valley is required to pay royalties to Marriott for the use of its management and maintenance system for the period ending March 31, 2030.
4. The Group's subsidiary HOLIDAY GARDEN VC CORP. signed a royalty agreement with Hilton, and according to the agreement, Embassy Suites Valencia (until September 10, 2030) will pay Hilton a certain proportion of the total guest room income as royalties for using Hilton's management maintenance system.
5. The Group's subsidiary HOLIDAY GARDEN VC CORP. signed a royalty agreement with IHG, and according to the agreement, Holiday Inn Express Walnut Creek (until July 11, 2031) will pay IHG a certain proportion of the total guest room income as royalties for using IHG's management maintenance system.
6. The Group's subsidiary HOLIDAY GARDEN VC CORP. signed a royalty agreement with Hyatt, and according to the agreement, Hyatt Place Emeryville (until November 21, 2041) will pay Hilton a certain proportion of the total guest room income as royalties for using Hilton's management maintenance system.
7. On February 11, 2016, HOLIDAY GARDEN SF CORP. signed a long-term loan agreement with CTBC BANK CO.,LTD. with a total credit line of USD 31,000 thousand. On February 5, 2020, HOLIDAY GARDEN SF CORP. agreed with CTBC BANK CO.,LTD. to adjust the interest coverage multiple to not less than 1 times for the single year 2019. Subsidiary - HOLIDAY GARDEN SF CORP.

negotiated with CTBC BANK CO.,LTD. on May 15, 2020 to waive the requirement that it should maintain an interest coverage multiple of not less than 1.3 times for a single year in 2020.

8. Subsidiary HOLIDAY GARDEN NW CORP. and FIRST COMMERCIAL BANK. signed a long-term loan contract on July 24, 2020 for a total credit line of US\$17,150,000. Subsidiary HOLIDAY GARDEN NW CORP. pledged that during the credit period, the financial structure shall maintain a times interest earned ratio no lower than 1.15. On February 17, 2021, HOLIDAY GARDEN NW CORP. negotiated with FIRST COMMERCIAL BANK, LTD. and agreed to maintain the interest coverage multiple of not less than 1.15 times starting from 2022.
9. Subsidiary HOLIDAY GARDEN VC CORP. and FIRST COMMERCIAL BANK. signed a long-term loan contract on March 6, 2020 for a total credit line of US\$24,850,000. Subsidiary HOLIDAY GARDEN VC CORP. pledged that during the credit period, the financial structure shall maintain a times interest earned ratio no lower than 1.15. On February 17, 2021, the subsidiary - HOLIDAY GARDEN VC CORP. negotiated with FIRST COMMERCIAL BANK, LTD. to waive the requirement that the interest coverage multiple should be maintained at no less than 1.15 times for 2020 and 2021 year.
10. Subsidiary HOLIDAY GARDEN WC CORP. and FIRST COMMERCIAL BANK. signed a long-term loan contract on August 29, 2016 for a total credit line of US\$23,300,000. Subsidiary HOLIDAY GARDEN WC CORP. pledged that during the credit period, the financial structure shall maintain a times interest earned ratio no lower than 1.15. Subsidiary - HOLIDAY GARDEN WC CORP. negotiated with FIRST COMMERCIAL BANK, LTD. on February 17, 2021 to waive the requirement that the interest coverage multiple should be maintained at no less than 1.15 times for 2020 and 2021.
11. Subsidiary HOLIDAY GARDEN VC CORP. and CTBC BANK CO.,LTD.. signed a long-term loan contract on April 12, 2019 for a total credit line of US\$46,000,000. Subsidiary HOLIDAY GARDEN VC CORP. pledged that during the credit period, the financial structure shall maintain a times interest earned ratio no lower than 1.2. Subsidiary - HOLIDAY GARDEN EV CORP. negotiated with CTBC BANK CO.,LTD. on May 15, 2020 to waive the requirement that it should maintain an interest coverage multiple of not less than 1.2 times for a single year in 2020.
12. As of December 31, 2020 and 2019, the Group had total proceeds for contracted unfinished construction and prepayments for business facilities of NT\$198,661 and NT\$159,294 respectively, and the unrecognized amount was NT\$39,278 and NT\$71,769 respectively.

10. Significant casualty losses

None

11. Major events after the reporting period

None

12. Other

(1) Capital management

The Group'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 Group 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 Group manages the assets by the debt to assets ratio.

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total liabilities	\$ <u>6,070,809</u>	\$ <u>6,357,160</u>
Total assets	\$ <u>7,032,760</u>	\$ <u>7,646,425</u>
Debt to assets ratio	<u>86</u>	<u>83</u>

(2) Financial instruments

1. Types of financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 887,011	\$ 1,139,837
Financial assets measured at amortized cost	973,505	998,986
Notes payable	-	1,438
Accounts payable	24,727	34,412
Other accounts payable	823	3,232
Guarantee deposits received	<u>1,040</u>	<u>8,273</u>
	<u>\$ 1,896,106</u>	<u>\$ 2,186,178</u>

Financial liabilities

Financial liabilities measured at amortized cost

Short-term borrowings	\$	1,609,599	\$	1,530,000
Short-term notes and bills payable		130,000		130,000
Notes payable		-		322
Accounts payable		3,712		3,020
Other accounts payable		67,336		111,411
Long-term borrowings (including the current portion of long-term debt payable)		3,716,339		3,975,516
Long-term notes and accounts payable		127,577		127,577
Guarantee deposits received		755		1,370
		<u>\$ 5,655,318</u>		<u>\$ 5,879,216</u>
Lease liabilities	\$	<u>119,733</u>	\$	<u>123,379</u>

2. Financial instruments not measured at fair value

The Group'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 Group'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 Group's finance department in accordance with the approved policies. The Group'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 Group is a multinational corporation, and as a result, the Group is exposed to foreign exchange rate risk generated from transactions using currencies different from the Company and the subsidiaries' functional currency (primarily the US dollars). Related foreign rate exchange risk from future commercial transactions and recognized assets and liabilities.

- B. The Group's management has set policies requiring the Group to manage the foreign exchange rate risk related to its functional currency. Each company should manage the risk according to the overall foreign exchange rate risk through the finance department of the Group.
- C. The Group's businesses involve several non-functional currencies (The Company's functional currency is New Taiwanese dollars, while the subsidiaries' functional currency is US 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, 2020

	<u>Foreign currencies</u> (NT\$1,000)	<u>Exchange rate</u>	<u>Carrying amount</u> (NT\$)	<u>Sensitivity analysis</u>		
				<u>Degree of variation</u>	<u>Effect on profit and loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Currency item</u>						
US\$: NT\$	\$ 35,157	28.48	\$ 1,001,271	1%	\$ 10,013	\$ -

December 31, 2019

	<u>Foreign currencies</u> (NT\$1,000)	<u>Exchange rate</u>	<u>Carrying amount</u> (NT\$)	<u>Sensitivity analysis</u>		
				<u>Degree of variation</u>	<u>Effect on profit and loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Currency item</u>						
US\$: NT\$	\$ 35,354	29.98	\$ 1,059,910	1%	\$ 10,599	\$ -

- D. The overall gain (loss) from the exchange (including realized and unrealized) of the Group's currency items due to material exchange rate fluctuation were NT\$52,476 and NT\$ 31,649 in 2020 and 2019.

Price risk

None significant market risk is expected to the Group.

Cash flows and fair value interest rate risk

- A. The Group's interest risk comes from short-term and long-term borrowings at a floating rate of interests, and they expose the Group to cash flow interest rate risk. At December 31, 2020 and 2019, the Group's borrowings at floating rate of interests are in NT dollars and US dollars.
- B. The Group's loans are measured at amortized cost and the interest rates are re-set each year according to the contract. Therefore, the Group is exposed to the risk of future market interest rate changes.
- C. When interest rates of loans increase or decrease by 1% but all other factors remain the same, the net profit before tax decreased by NT\$53,259 and increased by NT\$55,055 at December 31, 2020 and 2019 respectively, and the main reason was changes in interest rates of floating rate loans.

(2) Credit risk

- A. The Group is exposed to credit risk of customers' or financial instruments' failure of fulfilling their contractual obligation, which can expose the Group to the risk of financial loss. The primary source of credit risk is the counterparty's failure of paying accounts receivable according to the terms of payment and the contractual cash flows of investment in liability instruments measured at fair value through profit and loss.
- B. The Group establishes credit risk management from the Group's perspective. Before entering into the terms and conditions of payment and service rendering with each new customer, each operating entity of the Group has to manage and analyze the credit risk in accordance with the internal credit policy. Internal risk control evaluates a customer's credit quality based on the customer's financial condition, past experience, and other factors.
- C. The Group adopts the premise provided by IFRS9: When the 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 Group adopts the premise provided by IFRS9: When the payment is more than 90 days past due according to the contractual terms and conditions, default is deemed to have happened.
- E. The Group classifies customers' notes and accounts receivable according to credit conditions and adopts a simplified method of using the loss rate as the basis for estimating the expected credit loss.
- F. According to future forward-looking considerations, the Group adjusts the loss rate established based on the history of the specific period and current information to estimate the loss allowance of notes and accounts receivable. The provision matrix of December 31, 2020 and 2019 is as follow:

	Not past due			
	<u>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, 2020</u>				
Expected loss rate	0.34%	0.81%	100.00%	
Total book value	\$ 18,692	\$ 6,050	\$ 996	\$ 25,738
	Not past due			
	<u>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, 2019</u>				
Expected loss rate	0.59%	1.06%	100.00%	
Total book value	\$ 32,111	\$ 3,761	\$ 328	\$ 36,200

- G. The group simplified the accounts receivable as following :

	<u>2020</u>		<u>2019</u>	
January 1	\$	350	\$	-
Impairment loss		667		354
Effectuated rate amount	(6)	(4)
December 31	\$	<u>1,011</u>	\$	<u>350</u>

(3) Liquidity risk

- A. Cash flows forecasts are performed by each operating entity of the Company and summarized by the finance department of the Group. The Group's finance department monitors the Group's circulating capital requirements to ensure that the Company has sufficient capital for its operating needs and to maintain a sufficient unspent loan commitment at all times °
- B. transferred back to the finance department of the Group. The Group's

finance department will invest the residual funds in demand deposits, checking deposits, time deposits, and marketable securities, and the selected instruments have a proper due date or an adequate liquidity in order to meet the above-mentioned forecasts and to ensure that the Group has sufficient liquidity to fund the requirements. At December 31, 2020 and 2019, the Group's money market position was NT\$885,344 and NT\$1,137,596 respectively, and they can generate immediate cash flows for liquidity risk management.

C. The following table shows the Group'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 disclose 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	\$ 1,611,948	\$ -	\$ -
Short-term notes and bills payable	130,000	-	-
Accounts payable	3,712	-	-
Other accounts payable	67,336	-	-
Long-term borrowings	8,411	8,386	121,022
Long-term borrowings (including the current portion of long-term debt payable)	808,883	902,169	2,341,606
Long-term notes and accounts payable	-	-	127,577
Guarantee deposits received	393	-	362

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	\$ 1,532,085	\$ -	\$ -
Short-term notes and bills payable	130,000	-	-
Notes payable	322	-	-
Accounts payable	3,020	-	-
Other accounts payable	111,411	-	-
Leasing Liabilities	7,694	30,460	105,300
Long-term borrowings (including the current portion of long-term debt payable)	1,318,209	938,875	2,250,386
Long-term notes and accounts payable	-	127,577	-
Guarantee deposits received	525	368	477

13. Supplementary disclosure

(一) Information related to material transactions

1. Financing provided: See Table 1 attached.
2. Endorsement provided: None.
3. Marketable securities held at end of reporting 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: None.
5. Properties acquired at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
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 2 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 3 attached.

(二) Re-investment related information

The investee's name, location, and other related information (excluding investees in mainland China): See Table 4 attached.

(三) 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.

(四) Major Shareholders Information

Major Shareholders Information: See Table 5 attached.

14. Segment information

(1) General information

The Group takes a regional perspective in its operation and decision-making. Management too adopts this model to identify the divisions to be reported.

The Group has two reportable segments: Taiwan business segment and US business segment. The primary scope of business operation of Taiwan business segment is tourism hotels and attached restaurants and swimming pools. The primary scope of business operation of US business segment is tourism hotels.

(2) Measurement of segment information

The Group uses the operating income of each operating department as the evaluation performance basis.

(3) Segment information

The reportable segment information provided to main operations decision makers is as follows :

	2020			
	<u>Taiwan business</u>	<u>USA business</u>	<u>Adjustment</u>	<u>Total</u>
Revenue				
Revenue from	<u>\$ 128,838</u>	<u>\$ 612,865</u>	<u>\$ -</u>	<u>\$ 741,703</u>
Segment profit and loss	<u>(\$ 42,505)</u>	<u>\$ 156,921</u>	<u>\$ -</u>	<u>(\$ 199,426)</u>
Interest income				15,983
General revenue				15,527
Interest expense				(140,215)
Other gains and losses				(185,729)
Net profit before tax				<u>(\$ 493,860)</u>
Segment assets	<u>\$ 695,701</u>	<u>\$ 3,251,732</u>	<u>\$ -</u>	<u>\$ 3,947,433</u>
General assets				<u>3,085,327</u>
Total assets				<u>\$ 7,032,760</u>
Amortization and	<u>\$ 35,355</u>	<u>\$ 224,648</u>	<u>\$ -</u>	<u>\$ 260,003</u>
Capital expenditure	<u>\$ 1,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,854</u>
Segment liabilities	<u>\$ 2,292,783</u>	<u>\$ 3,778,026</u>	<u>\$ -</u>	<u>\$ 6,070,809</u>
	2019			
	<u>Taiwan business</u>	<u>USA business</u>	<u>Adjustment</u>	<u>Total</u>
Revenue				
Revenue from	<u>\$ 189,543</u>	<u>\$ 1,330,699</u>	<u>\$ -</u>	<u>\$ 1,520,242</u>
Segment profit and loss	<u>(\$ 7,420)</u>	<u>\$ 227,070</u>	<u>\$ -</u>	<u>\$ 219,650</u>
Interest income				37,413
General revenue				3,220
Interest expense				(200,382)
Other gains and losses				(31,609)
Net profit before tax				<u>\$ 28,292</u>
Segment assets	<u>\$ 722,166</u>	<u>\$ 3,557,414</u>	<u>\$ -</u>	<u>\$ 4,279,580</u>
General assets				<u>3,366,845</u>
Total assets				<u>\$ 7,646,425</u>
Amortization and	<u>\$ 37,520</u>	<u>\$ 212,874</u>	<u>\$ -</u>	<u>\$ 250,394</u>
Capital expenditure	<u>\$ 9,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,608</u>
Segment liabilities	<u>\$ 2,344,396</u>	<u>\$ 4,012,764</u>	<u>\$ -</u>	<u>\$ 6,357,160</u>

(四)Reconciliation of segment profit and loss

The total amount information of the reportable segments and the disclosed information of other critical items are consistent with the amounts of profit and loss before tax, assets, liabilities, and other related items in the Company's financial report, and they were measured by consistent methods.

(五)Product type and service type information

Please refer to Note 6(16) .

(六)Regional information

The Group's regional information for 2020 and 2019 is as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
USA	\$ 612,865	\$ 3,928,577	\$ 1,330,699	\$ 4,391,560
Taiwan	<u>128,838</u>	<u>808,114</u>	<u>189,543</u>	<u>840,514</u>
	<u>\$ 741,703</u>	<u>\$ 4,736,691</u>	<u>\$ 1,520,242</u>	<u>\$ 5,232,074</u>

(七)Important customer information

It is not applicable because none of the revenue from each customer of the Group in 2020 and 2019 reached 10% of the amount of the comprehensive income statement.

Holiday Garden International Ltd. and subsidiaries
Loan funds
January 1, 2020 to December 31, 2020

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	Short-term financing	\$ -	Operational needs	\$ -	None	\$ -	\$ 9,633,495	\$19,266,990	Note 9
2	Holiday Garden U.S.	Holiday Garden NW CORP.	Receivable from related companies	yes	240,870	240,870	92,520	Annual interest	Short-term financing	-	Hotel acquisition	-	None	-	767,738	1,535,475	Note 9
2	Holiday Garden U.S.	Holiday Garden VC CORP.	Receivable from related companies	yes	194,610	194,610	46,260	Annual interest	Short-term financing	-	Hotel acquisition	-	None	-	767,738	1,535,475	Note 9
2	Holiday Garden U.S.	Holiday Garden WC CORP.	Receivable from related companies	yes	584,820	584,820	429,370	Annual interest	Short-term financing	-	Hotel acquisition	-	None	-	767,738	1,535,475	Note 9
2	Holiday Garden U.S.	Holiday Garden WC CORP.	Receivable from related companies	yes	64,980	64,980	64,980	Annual interest	Short-term financing	-	Hotel acquisition	-	None	-	767,738	1,535,475	Note 9
2	Holiday Garden U.S.	Holiday Garden EV CORP.	Receivable from related companies	yes	94,950	94,950	31,650	Annual interest	Short-term financing	-	Operational needs	-	None	-	767,738	1,535,475	Note 9
2	Holiday Garden U.S.	Holiday Garden EV CORP.	Receivable from related companies	yes	953,680	953,680	559,362	Annual interest	Short-term financing	-	Hotel acquisition	-	None	-	767,738	1,535,475	Note 9
3	Holiday Garden SF CORP.	Holiday Garden VC CORP.	Receivable from related companies	yes	154,200	154,200	154,200	Annual interest	Short-term financing	-	Hotel acquisition	-	None	-	988,665	1,977,330	Note 9
3	Holiday Garden SF CORP.	Holiday Garden U.S.	Receivable from related companies	yes	387,516	387,516	387,516	Annual interest	Short-term financing	-	Operational needs	-	None	-	988,665	1,977,330	Note 9

Note 1: See the footnotes below

(1) 0 for the Company

(2) For the investees, they are coded from I 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 International Ltd. and subsidiaries
 Receivable from related parties amounts to at least NT\$100 million or 20% of the paid-in capital.
 January 1, 2020 to December 31, 2020

Table 2

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 : 1,031,261	Note 4	\$ -	-	\$ -	\$ -
Holiday Garden U.S.	Holiday Garden WC CORP.	Note 3	Account receivable : 452,974	Note 4	-	-	-	-
Holiday Garden SF CORP.	Holiday Garden U.S.	Note 3	Account receivable : 367,392	Note 4	-	-	-	-
Holiday Garden SF CORP.	Holiday Garden VC CORP.	Note 3	Account receivable : 142,400	Note 4	-	-	-	-
Holiday Garden U.S.	Holiday Garden EV CORP.	Note 3	Account receivable : 576,293	Note 4	-	-	-	-
Holiday Garden WC CORP.	Holiday Garden SF CORP.	Note 3	Account receivable : 129,096	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, 2020 to December 31, 2020

Table 3

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

Number (Note 1)	Name	Counterparty	Relationship with the counterparty	Account		Transaction condition	Ratio to consolidated
				Account	Amount		
1	Holiday Garden International Ltd.	Holiday Garden U. S.	(3)	Other accounts receivable	\$1,031,261	Processed according to the agreement	14.66%
1	Holiday Garden International Ltd.	Holiday Garden U. S.	(3)	Interest income	65,306	Processed according to the agreement	8.80%
1	Holiday Garden International Ltd.	Holiday Garden SF CORP.	(3)	Other accounts receivable	12,816	Processed according to the agreement	0.18%
1	Holiday Garden International Ltd.	Holiday Garden SF CORP.	(3)	Other income	13,298	Processed according to the agreement	1.79%
1	Holiday Garden International Ltd.	Holiday Garden NW CORP.	(3)	Other accounts receivable	12,816	Processed according to the agreement	0.18%
1	Holiday Garden International Ltd.	Holiday Garden NW CORP.	(3)	Other income	13,298	Processed according to the agreement	1.79%
1	Holiday Garden International Ltd.	Holiday Garden VC CORP.	(3)	Other accounts receivable	12,816	Processed according to the agreement	0.18%
1	Holiday Garden International Ltd.	Holiday Garden VC CORP.	(3)	Other income	13,298	Processed according to the agreement	1.79%
1	Holiday Garden International Ltd.	Holiday Garden WC CORP.	(3)	Other accounts receivable	12,816	Processed according to the agreement	0.18%
1	Holiday Garden International Ltd.	Holiday Garden WC CORP.	(3)	Other income	13,298	Processed according to the agreement	1.79%
1	Holiday Garden International Ltd.	Holiday Garden EV CORP.	(3)	Other accounts receivable	8,544	Processed according to the agreement	0.12%
1	Holiday Garden International Ltd.	Holiday Garden EV CORP.	(3)	Other income	8,865	Processed according to the agreement	1.20%
2	Holiday Garden U. S.	Holiday Garden SF CORP.	(3)	Other accounts receivable	26,641	Processed according to the agreement	0.38%
2	Holiday Garden U. S.	Holiday Garden NW CORP.	(3)	Other accounts receivable	85,440	Processed according to the agreement	1.21%
2	Holiday Garden U. S.	Holiday Garden WC CORP.	(3)	Other accounts receivable	452,974	Processed according to the agreement	6.44%
2	Holiday Garden U. S.	Holiday Garden WC CORP.	(3)	Interest income	26,743	Processed according to the agreement	3.61%
2	Holiday Garden U. S.	Holiday Garden VC CORP.	(3)	Other accounts receivable	42,720	Processed according to the agreement	0.61%
2	Holiday Garden U. S.	Holiday Garden EV CORP.	(3)	Other accounts receivable	576,293	Processed according to the agreement	8.19%
2	Holiday Garden U. S.	Holiday Garden EV CORP.	(3)	Interest income	36,494	Processed according to the agreement	4.92%
3	Holiday Garden SF CORP.	Holiday Garden U. S.	(3)	Other accounts receivable	367,392	Processed according to the agreement	5.22%
3	Holiday Garden SF CORP.	Holiday Garden U. S.	(3)	Interest income	11,436	Processed according to the agreement	1.54%
3	Holiday Garden SF CORP.	Holiday Garden VC CORP.	(3)	Other accounts receivable	142,400	Processed according to the agreement	2.02%
4	Holiday Garden VC CORP.	Holiday Garden SF CORP.	(3)	Other accounts receivable	51,002	Processed according to the agreement	0.73%
5	Holiday Garden NW CORP.	Holiday Garden SF CORP.	(3)	Other accounts receivable	19,539	Processed according to the agreement	0.28%
6	Holiday Garden WC CORP.	Holiday Garden SF CORP.	(3)	Other accounts receivable	129,096	Processed according to the agreement	1.84%
7	Holiday Garden EV CORP.	Holiday Garden SF CORP.	(3)	Other accounts receivable	98,592	Processed according to the agreement	1.40%

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

(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, 2020 to December 31, 2020

Table 4

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	Recognized current investment gain or loss	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	6,500,000	100	\$ 47,849	(\$ 2,676)	(\$ 2,676)	The Company's subsidiary
Holiday Garden International Ltd.	Holiday Garden International Ltd.	Bermuda	Investment business	642,980	642,980	12,000	100	1,284,466	(245,756)	(247,756)	The Company's subsidiary
Holiday Garden International Ltd.	Holiday Garden U.S.	USA	Investment business	251,291	251,291	18,000	100	102,365	(355,581)	(355,581)	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden SF CORP.	USA	Tourism hotels	84,662	84,662	170,000	100	131,822	8,479	8,479	The Company's
Holiday Garden U.S.	Holiday Garden NW CORP.	USA	Tourism hotels	81,250	81,250	150,000	100	39,479	(15,518)	(15,518)	The Company's
Holiday Garden U.S.	Holiday Garden VC CORP.	USA	Tourism hotels	81,250	81,250	150,000	100	(13,501)	(32,787)	(32,787)	The Company's
Holiday Garden U.S.	Holiday Garden WC CORP.	USA	Tourism hotels	80,700	80,700	150,000	100	(156,838)	(83,112)	(83,112)	The Company's
Holiday Garden U.S.	Holiday Garden EV CORP.	USA	Tourism hotels	77,188	77,188	150,000	100	(163,066)	(208,795)	(208,795)	The Company's

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 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. and subsidiaries		
Major Shareholders Information		
December 31,2020		
Table 5		
	Shares	
Name of Major Shareholders	Number of shares held	Shareholding ratio
YENJUAN INTERNATIONAL CO., LTD.	21,427,377	19.39%
Cathay United Bank is entrusted with the custody of the investment account of Girard-Perregaux Co.	10,908,482	9.87%
Cathay United Bank is entrusted with the custody of the investment account of Estoshi Co.	10,485,338	9.49%
Cathay United Commercial Bank is entrusted with the custody of the investment account of True Path Holdings Ltd.	10,361,288	9.37%
Cathay United Commercial Bank is entrusted with the custody of the investment account of East-West Holdings Co.	8,748,960	7.91%