

Holiday Garden International Ltd.  
Parent Company Only financial Report and Independent  
Accountant's Report  
2020 and 2019  
(Stock code: 2702)

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

Holiday Garden International Ltd. and Subsidiaries

Parent Company Only Financial Report and Independent Accountant's Report of 2020 and 2019

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## Independent Accountant's Report

(2021.) Tsai Shen Pao Tzu No.20004341

Holiday Garden International Ltd :

### **Opinion**

The individual balance sheets of Hotel Holiday Garden for the years of 2020 and December 31, 2019, and the individual comprehensive income statements for the years for 2020 and January 1 to December 31, 2019, Statement of changes in equity, individual Statements of Cash Flows, and individual financial statement (including the summary of major accounting policies), have been checked by the accountant.

In accordance with the opinion of the accountant, the above individual financial statements are prepared in line with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, which is sufficient to express the 2020 and December 31, 2019 individual financial status of Hotel Holiday Garden, and the 2020 and January 1 to December 31, 2019 individual financial performance and individual cash flow.

### **Basis for opinion**

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

### **Key audit matters**

The auditing of key matters refer to the most important matters of the audit of the 2020 individual financial statements of Hotel Holiday Garden in accordance with the professional judgment of the accountant. These matters have been dealt with in the process of auditing the overall individual financial statements and forming a review opinion. The accountant will not make a separate opinion.

The key check items for the 2020 individual financial statements of Hotel Holiday Garden are as follows:

### **Intangible assets impairment evaluation**

## **Description**

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

The carrying amount of intangible assets and class of property, plant and equipment as of December 31, 2020 of the Group US subsidiary is NT\$3,916,723,000, accounting for 56% 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 And as a result of the impact of the COVID-19 pneumonia outbreak, the management of the Company has identified property, plant and equipment and intangible assets of certain subsidiaries as having indications of possible impairment. 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 experts appointed by management measure the recoverable amounts of property, plant and equipment and intangible assets at fair value less costs of disposal. As the aforementioned estimation of future cash flows and the appraisal report issued by the experts involve a number of assumptions that could result in a material impact on the measurement of recoverable amount, 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 are consistent with the business plan approved by the Board of Directors.
2. Evaluate the reasonableness of key assumptions used by management to estimate future

cash flows.

3. We also evaluated the reasonableness by comparing the parameter and the discount rate of the recoverable amount.
4. Obtain an appraisal report from an expert appointed by management and evaluate the independence, professional competence and suitability of the expert.
5. Review the contents of the appraisal report to understand and assess the reasonableness of the sources of information, evaluation methods and conclusions used in the expert's report.

### **Responsibility of management and governing units regarding the consolidated financial statements**

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

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

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

### **The responsibility of the Accountant to audit the consolidated financial statements**

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

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

1. We identified and assessed the significant misrepresentation of the consolidated financial statements due to fraud or error; designed and implemented appropriate response measures for the assessed risks and to obtain sufficient and appropriate evidence to check as the basis for the review. Because fraud may involve conspiracy, forgery, intentional omission, false statement or overstepping internal control, the risk of significant misrepresentation due to fraud not being detected is higher than the cause of the error.
2. We obtained the necessary understanding of the internal control of the audit to design an appropriate check procedure at the time, but the purpose is not to express an opinion on the effectiveness of the internal control of the Hotel Holiday Garden.
3. Assessment of the appropriateness of accounting policies adopted, and the rationality of accounting estimates and related disclosures made by the management.
4. Conclusions are drawn on the basis of audit evidence obtained, whether the management adopts the appropriateness of the basis of continuing operations accounting and whether there are significant uncertainties in the events or circumstances that may cause significant doubts about the ability of the Hotel Holiday Garden to continue operation.
5. Evaluate the overall presentation, structure and contents of the consolidated financial statements (including related notes) and whether the individual financial statements represent the underlying transactions and events
6. Opinions expressed regarding the consolidated financial statements are based on sufficient and appropriate evidence obtained for the financial information of the entities of the Hotel Holiday Garden. The accountant is responsible for the guidance, supervision and execution of the audit and providing the audit opinions

Communication with those charged with governance regarding the planned scope and the timing of inspection, and major findings (including significant internal control shortcomings identified during the audit).

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

We described these matters in the accountant's report, unless the laws and regulations prohibit such disclosure or under rare condition that we decide not to communicate a given matter because the negative impact from such communication may override its public benefits under reasonable

assumption.

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

Financial Supervisory Commission

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

Former Financial Supervisory Commission of Executive  
Yuan

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

March 24, 2021

Holiday Garden International Ltd.  
Parent Company Only Balance Sheet  
December 31 of 2020 and 2019

Unit: NT\$1,000

Assets	Notes	December 31, 2020		December 31, 2019		
		A m o u n t	%	A m o u n t	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 60,874	2	\$ 91,968	3
1136	Net notes receivable	8	973,505	31	998,986	29
1150	Net accounts receivable	6(2)	-	-	938	-
1170	Other accounts receivable	6(2)	4,099	-	6,428	-
1200	Tax assets		141	-	2,874	-
130X	Advance payments	6(3)	925	-	993	-
1410	Other financial assets - current		2,586	-	2,306	-
1479	Other current assets - others		162	-	241	-
11XX	<b>Total current assets</b>		<u>1,042,292</u>	<u>33</u>	<u>1,104,734</u>	<u>32</u>
<b>Non-current assets</b>						
1550	Investments accounted for using the equity method	6(4)	1,332,315	43	1,654,003	47
1600	Property, plants, and equipment	6(5) and 8	662,177	21	686,263	19
1755	Right-of-use asset	6(6)	3,396	-	1,957	-
1840	Deferred tax assets	6(21)	90,695	3	56,921	2
1920	Guarantee deposits paid		733	-	378	-
15XX	<b>Total non-current assets</b>		<u>2,089,316</u>	<u>67</u>	<u>2,399,522</u>	<u>68</u>
1XXX	<b>Total Assets</b>		<u>\$ 3,131,608</u>	<u>100</u>	<u>\$ 3,504,256</u>	<u>100</u>

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Holiday Garden International Ltd.  
Parent Company Only Balance Sheet  
December 31 of 2020 and 2019

Unit: NT\$, 000

Liabilities and equity		Notes	December 31, 2020		December 31, 2019	
			A	%	A	%
			m		o	
			u		n	
			n		t	
			t		%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(7) and 8	\$ 1,609,599	51	\$ 1,530,000	44
2110	Short-term notes and bills payable	6(8)	130,000	4	130,000	4
2130	Contractual liabilities - current	6(14)	8,506	-	8,196	-
2150	Notes payable		-	-	322	-
2170	Accounts payable		3,140	-	2,519	-
2200	Other accounts payable		15,183	1	15,663	-
2230	Income tax liabilities		66	-	1,370	-
2280	Unearned receipts		1,287	-	586	-
2320	Long-term liabilities - current portion	6(9) and 8	18,597	1	52,196	2
2399	Other current liabilities - others		2,667	-	2,529	-
21XX	<b>Total current liabilities</b>		<u>1,789,045</u>	<u>57</u>	<u>1,743,381</u>	<u>50</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(9) and 8	13,948	-	56,010	1
2570	Deferred income tax liabilities	6(21)	236,212	8	285,764	8
2580	Lease obligation -non current		2,120	-	1,389	-
2610	Long-term notes and accounts payable	6(5)	127,577	4	127,577	4
2645	Guarantee deposits received		755	-	870	-
25XX	<b>Total non-current liabilities</b>		<u>380,612</u>	<u>12</u>	<u>471,610</u>	<u>13</u>
2XXX	<b>Total liabilities</b>		<u>2,169,657</u>	<u>69</u>	<u>2,214,991</u>	<u>63</u>
<b>Equity</b>						
<b>Capital stock</b>						
3110	Common share capital	6(11)	1,104,856	35	1,104,856	32
<b>Capital surplus</b>						
3200	Capital surplus	6(12)	2,169	-	2,169	-
<b>Retained earnings</b>						
3310	Legal reserve	6(13)	82,561	3	82,561	2
3320	Special reserve		71,161	2	71,161	2
3350	Retained earnings		( 182,800)	( 6)	87,509	3
<b>Other equity</b>						
3400	Other equity		( 115,996)	( 3)	( 58,991)	( 2)
3XXX	<b>Total equity</b>		<u>( 115,996)</u>	<u>( 3)</u>	<u>( 58,991)</u>	<u>( 2)</u>
<b>Major events after the reporting period</b>						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 3,131,608</u>	<u>100</u>	<u>\$ 3,504,256</u>	<u>100</u>

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

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

Accounting Director: Yu Su-ling

Holiday Garden International Ltd.  
Parent Company Only Statement of Comprehensive Income  
January 1 to December 31 of 2020 and 2019

				Unit: NT\$1,000	
		(Except earnings (loss) per share, which is in NT\$1.00)			
		2020		2019	
Item	Notes	A m o u n t	%	A m o u n t	%
4000	<b>Operating revenue</b>	\$ 95,867	100	\$ 153,657	100
5000	<b>Operating cost</b>	( 41,621)	( 44)	( 51,762)	( 34)
5900	<b>Operating gross profit</b>	54,246	56	101,895	66
	<b>Operating expenses</b>				
6200	Management expense	( 94,578)	( 99)	( 106,647)	( 69)
6450	Expected credit impairment loss	( 447)	-	( 125)	-
6000	<b>Total operating expense</b>	( 95,025)	( 99)	( 106,772)	( 69)
6900	<b>Operating loss</b>	( 40,779)	( 43)	( 4,877)	( 3)
	<b>Nonoperating income and</b>				
7100	Interest income	12,381	13	21,077	14
7010	Other income	13,178	14	3,078	2
7020	Other gains and losses	( 52,755)	( 55)	( 31,595)	( 21)
7050	Financial cost	( 21,832)	( 23)	( 21,375)	( 14)
7070	Share of profit or loss of	( 250,432)	( 261)	34,605	23
7000	<b>Total non-operating income</b>	( 299,460)	( 312)	5,790	4
7900	<b>Net profit (loss) before tax</b>	( 340,239)	( 355)	913	1
7950	Income tax (expense) benefits	69,930	73	( 5,605)	( 4)
8200	<b>Net profit (loss)</b>	(\$ 270,309)	( 282)	(\$ 4,692)	( 3)
	<b>Other comprehensive income</b>				
	<b>Items may be subsequently</b>				
8361	Exchange differences on	(\$ 71,256)	( 74)	(\$ 43,314)	( 28)
8399	Income tax of items that may be	14,251	15	8,663	5
8300	<b>Other comprehensive income</b>	(\$ 57,005)	( 59)	(\$ 34,651)	( 23)
8500	<b>Total comprehensive income</b>	(\$ 327,314)	( 341)	(\$ 39,343)	( 26)
	<b>Earnings (loss) per share</b>				
9750	<b>Basic</b>	(\$ 2.45)		(\$ 0.04)	
9850	<b>dilution</b>	(\$ 2.45)		(\$ 0.04)	

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

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

Accounting Director : Yu Su-ling

Holiday Garden International Ltd.  
Parent Company Only Statements of Changes in Equity  
January 1 to December 31 of 2020 and 2019

Unit: NT\$1,000

	N o t e s	A d d i t i o n a l p a i d			R e t a i n e d e a r n i n g s		O t h e r e q u i t y	T o t a l
		Share capital - in common stock	in excess of par	Legal reserve	Special reserve	R e t a i n e d e a r n i n g s	E x c h a n g e differences on translation of foreign financial statements	
<u>2019</u>								
Balance, January 1, 2019		\$ 1,023,015	\$2,169	\$ 61,295	\$ 71,161	\$ 215,768	( \$ 24,340 )	\$ 1,349,068
Net loss		-	-	-	-	( 4,692 )	-	( 4,692 )
Other comprehensive income		-	-	-	-	-	( 34,651 )	( 34,651 )
Total comprehensive income		-	-	-	-	( 4,692 )	( 34,651 )	( 39,343 )
2018 Appropriation and distribution of retained earnings:								
Legal reserve		-	-	21,266	-	( 21,266 )	-	-
Stock dividends	6(13)	81,841	-	-	-	( 81,841 )	-	-
Cash dividends	6(13)	-	-	-	-	( 20,460 )	-	( 20,460 )
Balance, December 31, 2019		\$ 1,104,856	\$ 2,169	\$ 82,561	\$ 71,161	\$ 87,509	( \$ 58,991 )	\$ 1,289,265
<u>2020</u>								
Balance, January 1, 2020		\$ 1,104,856	\$ 2,169	\$ 82,561	\$ 71,161	\$ 87,509	( \$ 58,991 )	\$ 1,289,265
Net income		-	-	-	-	( 270,309 )	-	( 270,309 )
Other comprehensive income		-	-	-	-	-	( 57,005 )	( 57,005 )
Total comprehensive income		-	-	-	-	( 270,309 )	57,005 )	( 327,314 )
Balance, December 31, 2020		\$ 1,104,856	\$ 2,169	\$ 82,561	\$ 71,161	( \$ 182,800 )	( \$ 115,996 )	\$ 961,951

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

Chairperson of the Board: Chen Hai-ni

Manager: Chen Hai-ni

Accounting Director: Yu Su-ling

Holiday Garden Hotel Co., Ltd.  
Parent Company Only Cash Flow Statement  
January 1 to December 31 of 2020 and 2019

Unit: NT\$1,000

	Notes	2020	2019
<u>Cash flows from operating activities</u>			
Net profit (losses) before tax		(\$ 340,239 )	\$ 913
Adjustments:			
Revenue/expenses			
Provision for bad debt expense	12(2)	447	125
Depreciation expenses	6(5)(6)(19)	26,210	28,836
Profit on lease modification	6(6)	( 16 )	-
Interest expense	6(18)	21,832	21,375
Interest income	6(15)	( 12,381 )	( 21,077 )
Share of profit of subsidiaries, associates, joint ventures accounted for using equity method	6(4)	250,432	( 34,605 )
Loss on disposal and write-off of property, plants, and equipment	6(17)	-	( 62 )
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Notes receivable		938	( 538 )
Accounts receivable		1882	( 796 )
Inventories		68	( 661 )
Advance payments		( 280 )	( 118 )
Other current assets - others		79	( 148 )
Net changes in liabilities related to operating activities			
Contractual liabilities - current		310	1,229
Notes payable		( 322 )	( 1,044 )
Accounts payable		621	( 2,922 )
Other accounts payable		( 726 )	2,758
Unearned receipts		138	830
Operating cash inflows (outflows)		( 51,007 )	( 5,905 )
Interests received		15,114	21,558
Interests paid		( 21,586 )	( 21,387 )
Income taxes paid		( 449 )	( 2,149 )
Net cash outflows from operating activities		( 57,928 )	( 7,883 )
<u>Cash flows from investment activities</u>			
Acquired in amortised cost of a financial asset		-	( 409,760 )
Disposal in amortised cost of a financial asset		25,481	-
Acquisition of investments accounted for using the equity method	6(4)	-	( 400,000 )
Cash returned from capital reduction of investments accounted for using the equity method	6(4)	-	605,915
Acquisition of property, plants, and equipment	6(23)	( 1,599 )	( 1,973 )
Disposal of property, plants, and equipment		-	495
Increase (decrease) in guarantee deposits paid		( 355 )	709
Net cash outflows from investment activities		23,527	( 204,614 )
<u>Cash flows from fundraising activities</u>			
Increase in short-term borrowings	6(24)	1,791,099	1,660,000
Decrease in short-term borrowings	6(24)	( 1,711,500 )	( 1,334,500 )
Lease capital repayment	6(24)	( 516 )	( 573 )
Long-term borrowings	6(24)	-	20,000

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

Holiday Garden Hotel Co., Ltd.  
Parent Company Only Cash Flow Statement  
January 1 to December 31 of 2020 and 2019

Unit: NT\$1,000

	Notes	2020	2019
Payments of long-term borrowings	6(24)	( 75,661 )	( 51,086 )
Increase in guarantee deposits received		( 115 )	115
Distribution of cash dividends	6(13)	-	( 20,460 )
Net cash inflows from fundraising activities		3,307	273,496
Increase in cash and cash equivalents		( 31,094 )	60,999
Cash and cash equivalents, beginning of the period	6(1)	91,968	30,969
Cash and cash equivalents, end of the period	6(1)	\$ 60,874	\$ 91,968

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

Holiday Garden International Ltd.  
Notes for Parent Company Only Financial Statements  
2020 and 2019

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

1. Company milestones

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

2. Date and procedure of approval of the financial report

This parent company only financial report has been approved and issued by the Board of Directors on May 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"	January 1, 2020

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

The following table sets forth the newly issued, amended and revised IFRSs recognized by FSC and their interpretations for the year ended December 31, 2021.

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

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

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

#### 4. Summary of significant accounting policies

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

##### (1) Statement of compliance

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

##### (2) Basis of preparation

1. This parent company only financial report is prepared based on the historical cost.

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

##### (3) Foreign currency translation

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

##### 1. Foreign currency transaction and balance

(1) For foreign currency transactions, spot rate of exchange on the trading day or the measurement date is used for functional currency translation, and the resulting exchange differences are recognized in profit or loss.

(2) Foreign currency monetary assets and liabilities balance is adjusted based on the spot exchange rate on the balance sheet date, and the resulting exchange differences are recognized in profit or loss.

(3) Foreign currency monetary assets and liabilities balance is measured at fair value through profit or loss and adjusted using the spot exchange rate on the balance sheet. The resulting exchange differences are recognized in profit or

loss. For foreign currency monetary assets and liabilities balance that is measured at fair value through other comprehensive income, it is adjusted using the the spot exchange rate on the balance sheet day. The resulting exchange differences are recognized in the account of other comprehensive income. As for those not measured at fair value, they are measured at the historical exchange rate on the initial transaction day.

- (4) All exchange gains or losses are recognized in “other gains and losses” in the statement of comprehensive income.

## 2. Translation of foreign financial statements

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

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

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

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

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

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

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

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

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

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

(5) Cash equivalents

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

(6) Financial assets at amortized cost

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

- (1) The business model of the company which owns such financial assets is to collect the contractual cash flows as purpose.
  - (2) The contractual cash flows of specific financial asset under consideration are on account of repayment of principal and interest and they occur on specified dates.
2. The Group uses trade day accounting for financial assets measured at amortized cost through profit or loss and satisfying the accounting practice.
3. The Group measured transaction cost of initial recognition which reported at fair value .Using the effective interest method and is recognized in profit and loss which are recognized in profit and loss when the asset is derecognized.
4. Time deposits held by the parent company that do not qualify as cash equivalents

are measured at the investment amount because the effect of cash discounting is not significant due to the short holding period.

(7) Accounts and notes receivable

1. This term refers to accounts and notes granting an unconditional right to receive consideration in exchange for transferred goods or rendered services in accordance with the contract.
2. For short-term accounts receivable without interest payment, they are measured at the original invoice amount because of insignificant effect of discounting.

(8) Impairment loss on financial assets

The Company assesses the financial assets measured at amortized cost based on all reasonable and evidence-supported information (including those on a prospective basis) at each balance sheet date. For financial assets exposed to significantly increasing credit risk after the initial recognition, the Company measures the loss allowance for 12-month expected credit losses.

For financial assets exposed to significantly increasing credit risk since the initial recognition, the Company measures the loss allowance for the financial assets at an amount equal to the lifetime expected credit losses.

For accounts receivable that does not contain a significant financing component, the Company measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivable.

(9) Derecognition of financial assets

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

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

(10) Operating lease (lessor)

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

of the lease.

(11) Inventories

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

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

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

(13) Property, plants, and equipment

1. Property, plants, and equipment are carried at acquisition cost, and the related

interests during the construction period are capitalized.

2. Subsequent cost may become a carrying amount of the assets or be recognized as a single asset only if future economic benefits associated with this item may flow into the Company, and the cost of this item can be reliably measured. The carrying amount of the replaced part should be derecognized. All other repair and maintenance expenses are recognized in profit or loss when they are incurred.
3. Property, plants, and equipment are measured subsequently using the cost model. Except land, which is not depreciated, all others are depreciated by the straight-line method according to the estimated useful lives. Significant components of property, plants, and equipment should be depreciated separately.
4. The Company reviews each asset's residual value, useful life, and depreciation method at the end of each fiscal year, and if the expected residual value and useful lives are different from the previous estimation or if the expected consumption type of future economic benefits of a given asset has any material change, the stipulation on changes in accounting estimates from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is adopted for treatment. The useful lives of assets are listed below :

Buildings and structures	2 to 55 years
Utility equipment	3 to 15 years
Business facilities/equipment	1 to 25 years
Other facilities	3 to 8 years

(14) 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-if-use asset will adjust any remeasurement of the lease liabilities which is reassessed.

(15) Non-financial asset impairments

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

(16) Loans

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

(17) Accounts and notes payable

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

(18) Derecognition of financial liabilities

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

(19) 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.

(20) Employee benefits

1. Short-term employee benefits

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

## 2. Pensions

### Defined contribution plans (DCP)

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

## 3. Employee compensation and director and supervisor remuneration

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

## (21) Income tax

1. Income tax expense Income tax is recognized either in the income statement or in equity if it relates to items that are recognized in other comprehensive income or directly in equity.
2. The Company calculates the current income tax using tax rates enacted or substantively enacted by the balance sheet date of the country generating the taxable income from operations Management periodically evaluates the condition of income tax filing in accordance with appropriate income tax related laws and regulations and if applicable shall estimate income tax liabilities based on the expected tax payments to the tax authorities. There is an additional tax of unappropriated earnings according to the Income Tax Act, and after the earning distribution is approved at the shareholders' meeting held in the year following the year the earnings are generated, the tax expense of undistributed earnings shall be recognized based on the actual condition of earning distribution. .
3. For deferred tax, the balance sheet liability method is adopted, and it is recognized using the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax is not recognized if it is originated from the initial recognition of assets or liabilities

in transactions (business merger excluded) and neither accounting profits nor taxable income (or tax losses) was affected at the time of the transaction. Deferred tax is determined using tax rates (and tax laws) enacted or substantively enacted by the balance sheet date, and the tax rates (and tax laws) used are the ones expected to be applicable when realizing related deferred tax assets or repaying related deferred tax liabilities.

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

(22) 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 ◦

(23) Revenue recognition

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

(24) 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 that the grant will be received. If the nature of the government subsidy is to compensate the Company for expenses incurred, the government subsidy is recognized in profit or loss on a systematic basis in the period in which the related expenses are incurred.

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

When preparing this parent company only financial report, the Company's management has applied its judgment on determining the accounting policies used and made accounting estimates and assumptions based on reasonable expectation of future events according to the conditions at the balance sheet date. Material accounting estimates and assumptions may be significantly different from the actual results, and therefore, experiences and other factors are continuously evaluated and adjusted. These estimations and assumptions expose the carrying amounts of assets and liabilities to the risk of material adjustment in the next fiscal year. Uncertainty of material accounting judgments, estimates, and assumptions are described below :

(1) Critical judgments adopted by accounting policies

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

(2) Critical accounting estimates and assumptions

Evaluation of investment impairment accounted for using the equity method

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

6. Details of significant accounts

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash:		
Cash in treasury and working funds	\$ 1,088	\$ 1,485
Checking deposits and demand deposits	<u>36,204</u>	<u>29,517</u>
	37,582	31,002
Cash equivalents:		
Time deposits:	<u>23,582</u>	<u>60,966</u>
	<u>\$ 60,874</u>	<u>\$ 91,968</u>

1. The Company places cash and deposits with multiple reputable banks and financial institutions to disperse credit risk, and therefore, the probability of occurrence of default is very low.
2. As of December 31, 2020 and 2019, cash and cash equivalents held by the Parent Company 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	\$ -	\$ 938
Less: Allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 938</u>
Accounts receivable		
Less: Allowance for doubtful accounts	\$ 4,671	\$ 6,553
Notes receivable	<u>(572)</u>	<u>(125)</u>
Less: Allowance for doubtful accounts	<u>\$ 4,099</u>	<u>\$ 6,428</u>

1. Aging analysis of accounts and notes receivable :

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Not past due and past due for 1 to 30 days	\$ 2,244	\$ 6,336
Past due for 31 to 90 days	1,859	1,035
Past due for more than 94 days	<u>568</u>	<u>120</u>
	<u>\$ 4,671</u>	<u>\$ 7,491</u>

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

2. The balance of receivable (included note receivable) between the contract and

company on December 31, 2020, December 31, 2019 and January 1, 2019 are \$4,671, \$7,491 and \$6,157.

3. The Company does not hold any collateral as security.
4. Without considering the collaterals held or other credit enhancement, the Company's maximum amount of credit risk exposure of the most representing notes receivable for December 31, 2020 and 2019 was NT\$0 and NT\$938 respectively. The Company's maximum amount of credit risk exposure of the most representing accounts receivable for December 31, 2020 and 2019 was NT\$4,099 and NT\$6,428 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	\$ 925	\$ -	\$ 925
	<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	\$ 993	\$ -	\$ 993

The inventory cost that the Company recognized as expenses for 2019 and 2018 was \$17,629 and \$20,079 respectively.

(4) Investments accounted for using the equity method

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

	<u>2020</u>	<u>2019</u>
January 1	\$ 1,654,003	\$ 1,868,627
Increase investments accounted for using the equity method	-	400,000
Share of investment income accounted for using the equity method	( 250,432)	34,605
Capital stock return of investments accounted for using the equity method	-	( 605,915)
Changes in other equity	( 71,256)	( 43,314)
December 31	<u>\$ 1,332,315</u>	<u>\$ 1,654,003</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Holiday Garden International Ltd.	\$ 1,284,466	<u>\$ 1,603,478</u>
Holiday Garden Development Co., Ltd.	47,849	<u>50,525</u>
	<u>\$ 1,332,315</u>	<u>\$ 1,654,003</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Holiday Garden International Ltd.	\$ 1,284,466	\$ 1,603,478
Holiday Garden Development Co., Ltd.	<u>47,849</u>	<u>50,525</u>
	<u>\$ 1,332,315</u>	<u>\$ 1,654,003</u>

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

(5)Property, plants, and equipment

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Land	\$ 481,493	\$ 481,493
Buildings and structures	161,188	181,294
Utility equipment	5,784	7,850
Business facilities/equipment	12,847	14,785
Other facilities	<u>865</u>	<u>841</u>
	<u>\$ 662,177</u>	<u>\$ 686,263</u>

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

Cost	2020			
	Opening balance	Addition	Reduction	Closing balance
Land	\$ 481,493	\$ -	\$ -	\$ 481,493
Buildings and structures	618,173	305	-	618,478
Utility equipment	32,288	166	-	32,454
Business facilities/equipment	42,047	789	-	42,836
Other facilities	3,965	339	-	4,304
	<u>\$ 1,177,966</u>	<u>\$ 1,599</u>	<u>\$ -</u>	<u>\$ 1,179,565</u>

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

<u>Accumulated depreciation and impairment</u>	<u>2020</u>			
	<u>Opening balance</u>	<u>Addition</u>	<u>Reduction</u>	<u>Closing balance</u>
Buildings and structures	\$ 436,879	\$ 20,411	\$ -	\$ 457,290
Utility equipment	24,438	2,232	-	26,670
Business facilities/equipment	27,262	2,727	-	29,989
Other facilities	3,124	315	-	3,439
	<u>\$ 491,703</u>	<u>\$ 25,685</u>	<u>\$ -</u>	<u>\$ 517,388</u>
	<u>2019</u>			
<u>Accumulated depreciation and impairment</u>	<u>Opening balance</u>	<u>Addition</u>	<u>Reduction</u>	<u>Closing balance</u>
Buildings and structures	\$ 414,614	\$ 22,265	\$ -	\$ 436,879
Utility equipment	22,094	2,344	-	24,438
Business facilities/equipment	29,504	3,166	( 5,408)	27,262
Other facilities	2,654	470	-	3,124
	<u>\$ 468,866</u>	<u>\$ 28,245</u>	<u>(\$ 5,408)</u>	<u>\$ 491,703</u>

3. In accordance with Kaohsiung Urban Development Kuei Tzu No. 10234984600 correspondence on October 28, 2013, the Company applied for making payment by installments for converting governmental land to commercial land in the land conversion urban plan, and the total amount to be paid is NT\$212,628. The Company made the first installment payment of NT\$85,051, and the remaining amount was paid by the second and third installment payments of \$63,788 and \$63,789 respectively. These payments had to be made before applying for the construction permit or the issuing of the change of use permit, and they were recognized in 2013 (The balance at December 31, 2020 and 2019 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 information on using property, plants, and equipment for guarantees, please refer to Note 8.

(6) Lease transaction – Lessee

1. The lease assets of the company included buildings and multifunctional office machine, and the terms between 2 to 3 years. The contract included different provisions and requirements, and no other restriction except using the assets as the guarantee to debit, credit and the consent of the lessor is required for subleasing to a third party.
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. Information of the carrying amounts of right-of-use assets and recognized depreciation expense as the below:

	2020			
	Building	Transportation Equipment	Business Equipment	Total
January 1	\$ 1,861	\$ -	\$ 96	\$ 1,957
Adding	2,813	1,013	-	3,826
<u>Depreciation expense</u>	( 312)	( 141)	( 72)	( 525)
Dispositions	(1,862)	-	-	( 1,862)
December 31	<u>\$ 2,500</u>	<u>\$ 872</u>	<u>\$ 24</u>	<u>\$ 3,396</u>

	2019			
	Building	Transportation Equipment	Business Equipment	Total
January 1	\$ 2,380	\$ -	\$ 157	\$ 2,537
Adding	-	-	11	11
<u>Depreciation expense</u>	(519)	-	(72)	( 591)
December 31	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 96</u>	<u>\$ 1,957</u>

4. The right-of-use of the company increase to \$3,826 and \$11 in 2020 and 2019, respectively.
5. Information of loss and gains related to lease transaction as the followings:

	2020	2019
<u>Affected project of current loss and gain</u>		
Lease obligation interest	\$ 21	\$ 39
Expense of short-term lease	1,037	1,139
Expense of leases of low-value assets	213	135
Interest on lease modifications	( 16)	-

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

(7) Short-term borrowings

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

1. The Company's bank loans are recognized in the interest expense of profit or loss. Please see Note 6(18) °

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

(8) Short-term notes and bills payable

	<u>December 31, 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.

(9) Long-term borrowings

<u>Types of borrowings</u>	<u>Period of borrowing and repayment method</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>December 31, 2019</u>
Long-term Borrowings from banks				
Unsecured loans	The term of borrowing is from September 18, 2012 to September 18, 2022. The interest is paid on a monthly basis. Starting from December 2015, the loan is repaid quarterly for 28 installments. A loan deferment agreement was executed in June 2020 for interest-only payments until March 2021, at which time the principal will be repaid in fixed amounts in equal quarterly installments.	1.60%	None	\$ 20,878

Secured loans	The term of borrowing is from June 4, 2014 to June 4, 2021. The interest is paid on a monthly base. Starting from June 4, 2015, the loan is repaid quarterly for 25 installments. The loan was repaid early in September 2009.	-	Note:	-
Secured loans	The term of borrowing is from June 1, 2015 to June 1, 2022. The interest is paid on a monthly base. Starting from June 1, 2016, the loan is repaid quarterly for 25 installments. The loan was repaid early in September 2020.		Note:	-
Unsecured loans	The term of borrowing is from September 20 2019 to September 20, 2022. The interest is paid on a monthly basis.	1.10%	None	
				<u>11,667</u>
				32,545
Less: Current portion of long-term loans payable				<u>( 52,196)</u>
				<u>\$ 13,948</u>

<u>Types of borrowings</u>	<u>Period of borrowing and repayment method</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>December 31, 2018</u>
Long-term borrowings from banks				
Unsecured loans	The term of borrowing is from September 18, 2012 to September 18, 2022. The interest is paid on a monthly basis. Starting from December 18, 2015, the loan is repaid quarterly for 28 installments.	1.75%	None	\$22,978
Secured loans	The borrowing period is from June 4, 2014 to June 4, 2021. The interest is paid on a monthly base. Starting from June 4, 2015, the loan is repaid quarterly for 25 installments.	1.90%	Note:	38,895
Secured loans	The borrowing period is from June 1, 2015 to June 1, 2022. The interest is paid on a monthly base. Starting from June 1, 2016, the loans are repaid quarterly for 25 installments.	1.70%	Note:	28,000

Unsecured loans	The term of borrowing is from September 20, 2019 to September 20, 2022. The interest is paid on a monthly basis.	1.38%	None	18,333
				108,206
Less: Current portion of long-term loans payable				(49,019)
				<u>\$ 56,010</u>

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

The Company's bank loans are recognized in the interest expense of income. Please see Note 6(18).

(10) Pensions

- In accordance with the Labor Pension Act, the Company set up the defined contribution plan for retirement for employees who are the citizens of ROC starting from July 1, 2005. According to employee's option for the labor pension system stipulated by the Labor Pension Act, the Company each month contributes to the Labor Pension Fund at the rate of 6% of employees' monthly wages. Payments of employees pension are made to each employee's personal pension account and employees can choose to receive the principal and the cumulative gains by monthly pension payments or a lump sum pension payment.
- In accordance with the above-mentioned pension plan, the Company recognized a pension cost of NT\$2,512 and NT\$2,424 in 2020 and 2019 respectively.

(11) Capital stock

- As of December 31, 2020, the Company's authorized capital was NT\$1,500,000, and the paid-in capital was NT\$1,104,856,000 which was divided into 110,486,000 shares, with a par value of NT\$10 per share. The Company's issued shares are fully paid-up.

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

	2020	2019
January 1	110,486	102,302
Capital increase by retained earnings	-	8,184
December 31	<u>110,486</u>	<u>110,486</u>

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

approved by the Financial Supervisory Commission on July 26, 2019 and the change has been registered.

(12) Capital surplus

In accordance with the Company Act, the capital surplus from shares issued in excess of par and donations may be used to offset a deficit, or when the company has no deficit, the capital surplus can then be distributed as cash dividends or new stock among shareholders in proportion to their original shareholdings. Moreover, according to the Securities and Exchange Act, for the above-mentioned capital increase by capital surplus, the total amount each year cannot exceed 10% of the paid-in capital. The Company cannot use capital surplus for capital increase unless the reserve is not enough to cover the capital losses.

(13) Retained earnings

1. In accordance with the Company's Articles of Incorporation, if there are earnings upon the Company's final account at the end of the year, the Company shall first pay profit-seeking enterprise income tax, make up the deficits for the preceding years and then set aside a legal reserve of 10% of the remainder (not applicable if the legal reserve has reached the total capital amount of the Company). After appropriating or reversing a special reserve in accordance with laws, the balance and the unallocated accumulated earnings from the previous years are the accumulated, distributable earnings for shareholders, for which the Board of Directors shall propose an earning distribution plan to be resolved at the shareholders' meeting. More than 10% of the aforementioned allocable earnings are provided for dividends and shareholders' bonuses, and the cash dividends should be no less than 10% of the total amount of shareholders' dividends and bonuses.

The presence of at least two-thirds of the board of directors of the Parent Company and the resolution of a majority of the directors present to distribute all or part of the dividends and bonuses, capital surplus or legal reserve in the form of cash and report to the shareholders' meeting shall not apply to the aforementioned requirement for a resolution at the shareholders' meeting.

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.

(14) Operating revenue

	<u>2020</u>	<u>2019</u>
Revenue from contracts with customers	<u>\$ 95,867</u>	<u>\$ 153,657</u>

1. Details of customer contract revenue

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

<u>2020</u>	<u>Guest room revenue</u>	<u>Foodservice Revenue</u>	<u>Others</u>	<u>Total</u>
Revenue from contracts with external revenue	<u>\$ 57,650</u>	<u>\$ 33,726</u>	<u>\$ 4,491</u>	<u>\$ 95,867</u>

<u>2019</u>	<u>Guest room revenue</u>	<u>Foodservice Revenue</u>	<u>Others</u>	<u>Total</u>
Revenue from contracts with external revenue	<u>\$ 103,454</u>	<u>\$ 45,747</u>	<u>\$ 4,456</u>	<u>\$ 153,657</u>

In 2020, the Company's business was impacted by the COVID-19 outbreak, resulting in a decrease in operating income. As of the date of the audit report, the impact on operating income cannot be reasonably estimated as the subsequent control of COVID-19 is still affected.

## 2. Contractual liabilities

The Company has 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	\$ 3,084	\$ 3,161	\$ 3,626
Contractual liabilities - Foodservice contracts	<u>5,422</u>	<u>5,035</u>	<u>3,341</u>
	<u>\$ 8,506</u>	<u>\$ 8,196</u>	<u>\$ 6,967</u>

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

	<u>2020</u>	<u>2019</u>
Opening balance of contractual liabilities recognized as revenue:		
Room service contracts	\$ 3,161	\$ 3,626
Foodservice contracts	<u>5,035</u>	<u>3,341</u>
	<u>\$ 8,196</u>	<u>\$ 6,967</u>

### (15) Interest income

	<u>2020</u>	<u>2019</u>
Bank deposit interest	\$ 471	\$ 1,120
Measured by post-amortized cost		
Interest income from financial assets	<u>11,910</u>	<u>19,957</u>
	<u>\$ 12,381</u>	<u>\$ 21,077</u>

### (16) Other income

	<u>2020</u>	<u>2019</u>
Rental income	\$ 2,050	\$ 2,073
Government Subsidy Revenue	8,440	-
Other income – others	2,688	1,005
	<u>\$ 13,178</u>	<u>\$ 3,078</u>

In the second and fourth quarters of 2020, the Company applied for subsidies from the Tourism Bureau of the Ministry of Transportation and Communications in accordance with the "Salary Subsidy Guidelines for Employees in the Tourist Hotel and Guesthouse Industry" and the "Implementation Guidelines for Subsidies for Necessary Operating Burdens in the Tourist Hotel and Guesthouse Industry by the Tourism Bureau of the Ministry of Transportation and Communications". After review and approval, we will recognize \$8,440 in government grant revenue in fiscal 2020 with no outstanding conditions and other contingencies.

(17) Other gains and losses

	<u>2020</u>	<u>2019</u>
Disposal of property, plants, and equipment loss	\$ -	\$ 62
Net gain (loss) on foreign currency exchange	( 52,477)	( 31,649)
Other gains (losses), net	<u>( 278)</u>	<u>( 8)</u>
	<u>(\$ 52,755)</u>	<u>(\$ 31,595)</u>

(18) Financial cost

	<u>2020</u>	<u>2019</u>
Interest expense :		
Long-term borrowings from banks	\$ 21,811	\$ 21,336
Lease obligations interest	<u>21</u>	<u>39</u>
	<u>\$ 21,832</u>	<u>\$ 21,375</u>

(19) Addition information on expenses

	<u>2020</u>	<u>2019</u>
Employee benefit expense	\$ 54,370	\$ 57,788
Property, plants, and equipment depreciation	25,685	28,245
Right-of-use assets depreciation expense	525	591

(20) Employee benefit expense

	<u>2020</u>	<u>2019</u>
Wages and Salaries	\$ 46,257	\$ 49,444
Health and labor insurance expense	4,911	4,904
Pension expense	2,512	2,424
Other Employee benefit expense	<u>690</u>	<u>1,016</u>
	<u>\$ 54,370</u>	<u>\$ 57,788</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 Company estimated NT\$0 for employees compensation and directors and supervisors remuneration for both 2020 and 2019. The 2019 employee compensation and directors and supervisors remuneration resolved by the Board of Directors are the amount separately 1 and \$0 recognized in the 2020 financial report.

Information on employee compensation and directors and supervisors

remuneration approved by the Company's Board of Directors is posted on the Market Observation Post System

(21) Income tax

1. Income tax expense (benefit)

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

	<u>2020</u>	<u>2019</u>
Current income tax:		
Income tax generated from current income:	\$ -	\$ -
Tax on unappropriated earnings	-	4,570
Overestimation of prior year income tax	( <u>855</u> )	<u>-</u>
Total current tax	( <u>855</u> )	( <u>4,570</u> )
Deferred income tax:		
Origination and reversal of temporary differences	<u>69,075</u>	<u>1,035</u>
Income tax expense (benefit)	( <u>\$ 69,930</u> )	\$ <u>5,605</u>

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

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

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

	<u>2020</u>	<u>2019</u>
Income tax calculated based on the net profit before tax at the statutory rate (See note)	( \$ 68,048 )	\$ 183
Affected income tax amount according to adjustment items stipulated by income tax laws and regulations	661	852
Effect of tax rate changes	( 1,688 )	-
Overestimation of prior year income tax	( 855 )	-
Tax on unappropriated earnings	<u>-</u>	<u>4,570</u>
Income tax expense (benefit)	( <u>\$ 69,930</u> )	\$ <u>5,605</u>

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

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

2020				
	January 1	Gain or loss	Recognized in Others <u>Comprehensive</u> income	December 31
Deferred tax assets:				
Temporary differences:				
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
Tax losses	<u>44,718</u>	<u>9,040</u>	<u>-</u>	<u>53,758</u>
	<u>\$ 56,921</u>	<u>\$ 19,523</u>	<u>\$ 14,251</u>	<u>\$ 90,695</u>
Deferred income tax liabilities:				
Temporary differences:				
Investment income recognized under the foreign equity method	(\$ 192,297)	\$ 49,552	\$ -	( \$ 142,745)
Unrealized reserve for land revaluation increment tax	( 93,467)	-	-	( 93,467)
	<u>(\$ 285,764)</u>	<u>\$ 49,548</u>	<u>\$ -</u>	<u>(\$ 236,212)</u>
	<u>(\$ 228,843)</u>	<u>\$ 69,075</u>	<u>\$ 14,251</u>	<u>(\$ 145,517)</u>

2019				
	January 1	Gain or loss	Recognized in Comprehensive Income	Recognized in others <u>Comprehensive</u> December 31
Deferred tax assets:				
Temporary differences:				
Exchange differences on translation of foreign financial statements	\$ 6,891	(\$ 7,418)	\$ 8,663	\$ 8,136
Unrealized exchange loss	-	3,809	-	3,809
Bonus for not taking leave	212	46	-	258
Tax losses	<u>36,642</u>	<u>8,076</u>	<u>-</u>	<u>44,718</u>
	<u>\$ 43,745</u>	<u>\$ 4,513</u>	<u>\$ 8,663</u>	<u>\$ 56,921</u>
Deferred income tax liabilities:				
Temporary differences:				
Unrealized exchange gain	(\$ 2,110)	\$ 2,110	\$ -	\$ -

Investment income recognized under the foreign equity method	( 184,639)	( 7,658)	-	( 192,297)
Unrealized reserve for land revaluation increment tax	( 93,467)	-	-	( 93,467)
	<u>(\$ 280,216)</u>	<u>(\$ 5,548)</u>	<u>\$ -</u>	<u>(\$ 285,764)</u>
	<u>(\$ 236,471)</u>	<u>(\$ 1,035)</u>	<u>\$ 8,663</u>	<u>(\$ 228,843)</u>

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 income tax assets</u>	<u>Portion</u>
2013	Re-approved 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 to be filed	56,901	56,901	-	2028
2019	Amount to be filed	40,604	40,604	-	2029
2020	Re-approved amount	<u>45,556</u>	<u>45,556</u>	<u>-</u>	2030
		<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 income tax assets</u>	<u>Portion</u>
2013	Re-approved 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 to be filed	56,901	56,901	-	2028
2019	Re-approved amount	40,958	40,958	-	2029
		<u>\$ 223,587</u>	<u>\$ 223,587</u>	<u>\$ -</u>	

5.The tax authorities have examined and approved the Company's business income tax returns up to and including 2018.

(22) Earnings (loss) per share

	<u>2020</u>		
	Amount after tax	Weighted average of outstanding shares (1,000 shares)	Loss per share (NT\$)
<u>Basic loss per share</u>			
Current net loss attributable to the Company's common stock shareholders	(\$ 270,309)	110,486	(\$ 2.45)

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

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

(23) Additional cash flows information

Investment activities paid partially by cash:

	<u>2020</u>	<u>2019</u>
Purchase of property, plants, and equipment	\$ 1,599	\$ 1,973
Add: Other accounts payable at beginning of the period:		
Fees for converting land purposes (Stated in "Long-term notes and accounts payable")	127,577	127,577
Beginning balance payable - machinery and equipment (Stated in "Other accounts payable")	-	-
Less: Other accounts payable at the end of the period:		
Fees for converting land purposes (Stated in "Long-term notes and accounts payable")	( 127,577)	( 127,577)
Cash paid	<u>\$ 1,599</u>	<u>\$ 1,973</u>

(24) Change of liabilities from financing activities

	2020				
	<u>Short-term borrowings</u>	<u>Short-term notes payable</u>	<u>Lease Liabilities</u>	<u>Long-term liabilities</u>	<u>Total liabilities from financing activities</u>
January 1	\$1,530,000	\$ 130,000	\$ 1,975	\$108,206	\$ 1,770,181
Change of cash flows from Financing activities	79,599	-	( 516)	( 75,661)	3,422
Other change of non-cash	-	-	1,948	-	1,948
December 31	<u>\$1,609,599</u>	<u>\$ 130,000</u>	<u>\$ 3,407</u>	<u>\$ 32,545</u>	<u>\$ 1,775,551</u>

  

	2019				
	<u>Short-term borrowings</u>	<u>Short-term notes payable</u>	<u>Lease Liabilities</u>	<u>Long-term liabilities</u>	<u>Total liabilities from financing activities</u>
January 1	\$1,204,500	\$ 130,000	\$ 2,537	\$139,292	\$ 1,476,329
Change of cash flows from Financing activities	325,500	-	( 573)	( 31,086)	293,841
Other change of non cash	-	-	11	-	11
December 31	<u>\$1,530,000</u>	<u>\$ 130,000</u>	<u>\$ 1,975</u>	<u>\$108,206</u>	<u>\$ 1,770,181</u>

7. Transactions with related parties

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

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

(2) Material Transactions with related parties

1. Management service income (listed as "Other income")

	<u>2020</u>	<u>2019</u>
Taroko Park	\$ <u>500</u>	\$ <u>-</u>

The transaction prices and terms of payment for management service revenues are based on the agreements between the parties.

2. Compensation information for key management.

	<u>2020</u>	<u>2019</u>
Short-term Employee Benefits	\$ <u>3,332</u>	\$ <u>2,825</u>

8. Collateralized assets

The Company's collateralized assets are listed below:

<u>Assets</u>	<u>Book value</u>		<u>For guarantee purposes</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>	
Land	\$ 481,493	\$ 481,493	Short-term and long-term borrowings
Buildings and structures	161,188	181,294	Short-term and long-term borrowings
Time deposits: (Stated in "Other financial asset - current")	971,578	997,129	Short-term borrowings
Time deposits: (Stated in "Other financial asset - current")	1,927	1,857	Voucher performance guarantee
	<u>\$ 1,616,186</u>	<u>\$ 1,661,773</u>	

9. Significant contingent liabilities and unrecognized contractual commitments

(1) Contingency

None

(2) Undertakings

No undertakings

10. Significant casualty losses

None

11. Major events after the reporting period

None

## 12. Others

### (1) Capital management

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

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total liabilities	<u>\$ 2,168,657</u>	<u>\$ 2,214,991</u>
Total assets	<u>\$ 3,131,608</u>	<u>\$ 3,504,256</u>
Debt to assets ratio	<u>69</u>	<u>63</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	\$ 60,874	\$ 91,968
Financial assets measured at amortized	973,505	998,986
Notes receivable	-	938
Accounts receivable	4,099	6,428
Other accounts receivable	141	2,874
Guarantee deposits paid	733	378
	<u>\$ 1,039,352</u>	<u>\$ 1,101,572</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets measured at		
Short-term borrowings	\$ 1,609,599	\$ 1,530,000
Short-term notes and bills	130,000	130,000
Notes payable	-	322
Accounts payable	3,140	2,519
Other accounts payable	15,183	15,663
Long-term borrowings	32,545	108,206
Long-term notes and	127,577	127,577
Guarantee deposits received	<u>755</u>	<u>870</u>
	<u>\$ 1,918,799</u>	<u>\$ 1,915,157</u>
Lease liabilities	<u>\$ 3,407</u>	<u>\$ 1,975</u>

## 2. Financial instruments not measured at fair value

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

## 3. Risk management policies

- (1) The Company's regular operations are affected by multiple financial risks, including market risk (including the foreign exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk.
- (2) Risk management work is implemented by the Company's finance department in accordance with the approved policies. The Company's finance department closely collaborates with all operating departments for identifying, evaluating, and avoiding financial risk.

## 4. Nature and level of significant financial risk

### (1) Market risk

#### Foreign exchange rate risk

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

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

December 31, 2020						
<u>Sensitivity analysis</u>						
<b>(Foreign currency: functional currency)</b>	<u>Foreign currencies (NT\$1,000)</u>	<u>Exchange rate</u>	<u>Carrying amount (NT\$)</u>	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
<u>Financial assets</u>						
<u>Currency item</u>						
US\$ : NT\$	\$ 35,157	28.48	\$ 1,001,271	1%	\$ 10,013	\$ -
<u>Long-term investments accounted for using the equity method</u>						
US\$ : NT\$	45,101	28.48	1,248,466	1%	-	12,845
December 31, 2019						
<u>Sensitivity analysis</u>						
<b>(Foreign currency: functional currency)</b>	<u>Foreign currencies (NT\$1,000)</u>	<u>Exchange rate</u>	<u>Carrying amount (NT\$)</u>	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
<u>Financial assets</u>						
<u>Currency item</u>						
US\$ : NT\$	\$ 35,354	29.98	\$ 1,059,910	1%	\$ 10,599	\$ -
<u>Long-term investments</u>						
	53,485	29.98	1,603,478	1%	-	16,035

D. The overall gain (loss) from the exchange (including realized and unrealized) of the Company's currency items due to material exchange rate fluctuation was NT\$52,477 and NT\$31,649 in 2020 and 2019 respectively.

#### Price risk

The Company is not exposed to significant commodity price risk.

#### Cash flows and fair value interest rate risk

- A. The Company's interest risk comes from short-term and long-term borrowings at a floating interest rate, and they expose the Company to cash flows interest rate risk.
- B. The Company's loans are measured at amortized cost and the interest rates are re-set each year according to the contract. Therefore, the Company is exposed to the risk of future market interest rate changes.
- C. When interest rate of loans increases or decreases by 1% but all remaining factors stay the same, the net profit before tax will increase by NT\$16,421 and decrease by NT\$16,382 in 2020 and 2019 respectively, and it is mainly caused by changes in the interest rate of floating rate loans.

#### (2) Credit risk

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

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

- F. According to future forward-looking considerations, the Company adjusts the loss rate established based on the history of a specific period and current information to estimate the loss allowance of notes and accounts receivable. The provision matrix at December 31, 2020 and 2019 is as follow :

	<u>Not past due and past due for 1 to 30days</u>	<u>Past due for 31 to 90 days</u>	<u>Past due for more than 91 days</u>	<u>Total</u>
<u>December 31, 2020</u>				
Expected loss rate	0.34%	0.81%	100.00%	
Total book value	\$ 2,244	\$ 1,859	\$ 568	\$ 4,671
Loss allowance	1	3	568	572

	<u>Not past due and past due for 1 to 30 days</u>	<u>Past due for 31 to 90 days</u>	<u>Past due for more than 91 days</u>	<u>Total</u>
<u>December 31, 2019</u>				
Expected loss rate	0.59%	1.06 %	100.00%	
Total book value	\$ 6,336	\$ 1,035	\$ 120	\$ 7,491
Loss allowance	3	2	120	125

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

	<u>2020</u>	<u>2019</u>
January 1	\$ 125	\$ -
Impairment loss provision	447	125
December 31	<u>\$ 572</u>	<u>\$ 125</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 Company. The Company's finance department monitors the Company's circulating capital requirements to ensure that the Company has sufficient capital for its operating needs, and a sufficient unspent loan commitment is maintained at all times.
- B. When the residual cash held by each operating entity exceeds the amount

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

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

December 31, 2020

<u>Non-derivative financial liabilities:</u>	<u>In 1 year</u>	<u>1 to 2 years</u>	<u>More than 2</u> <u>years</u>
Short-term borrowings	\$ 1,611,948	\$ -	\$ -
Short-term notes and bills payable	130,000	-	-
Notes payable	3,140	-	-
Accounts payable	15,183	-	-
Other accounts payable	1,331	1,306	842
Lease obligation	18,978	14,048	-
Long-term borrowings (including the current portion of long-term debt payable)	-	-	127,577
Long-term notes and accounts payable	393	-	362
Guarantee deposits received	\$ 1,611,948	\$ -	\$ -

December 31, 2019

<u>Non-derivative financial liabilities:</u>	<u>In 1 year</u>	<u>1 to 2 years</u>	<u>More than 2</u> <u>years</u>
Short-term borrowings	\$ 1,532,085	\$ -	\$ -
Short-term notes and bills payable	130,000	-	-
Notes payable	322	-	-
Accounts payable	2,519	-	-
Other accounts payable	15,663	-	-
Lease obligation	614	1,420	-
Long-term borrowings (including the	53,712	39,856	16,896

current portion of long-term debt payable)

Long-term notes and accounts payable	-	-	127,577
Guarantee deposits received	25	368	477

### 13. Supplementary disclosure

#### (1) Information related to material transactions

1. Financing provided: See Table 1 attached.
2. Endorsement provided: None ◦
3. Marketable securities held at closing period (excluding investments in subsidiaries, associates, and joint ventures): None
4. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: 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.

#### (2) Re-investment related information

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

#### (3) Investment in mainland China

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

#### (4) Major Shareholders Information

Major Shareholders Information: See Table 5.

14. Segment information

Not applicable

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		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
	Borrower												Name	Value			
1	Holiday Garden International Ltd.	Holiday Garden U.S.	Receivable from related companies	yes	\$ 1,448,560	\$ 1,448,560	\$ 1,054,242	Annual interest 6.5%	Short-term financing funds	\$ -	Operational needs	\$ -	None	\$ -	\$ 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 3.0%	Short-term financing funds	-	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 3.0%	Short-term financing funds	-	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 6.5%	Short-term financing funds	-	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 3.0%	Short-term financing funds	-	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 6.5%	Short-term financing funds	-	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 6.5%	Short-term financing funds	-	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 3.0%	Short-term financing funds	-	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 3.0%	Short-term financing funds	-	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 1 according to the company. Investees of the same company share the same code

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

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

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

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

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

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

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

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

Holiday Garden 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>	<u>Balance of Receivable from related companies (Note 1)</u>	<u>Turnover rate</u>	<u>Past due accounts receivable from related companies</u>		<u>Accounts receivable recovered from related companies after the reporting period</u>	<u>Amount of loss allowance 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\$1,000  
(Unless otherwise noted)

Number (Note 1)	Name	Counterparty	Relationship with the counterparty (Note 2)	Transaction condition		Ratio to consolidated total revenue or total assets (Note 3)
				Account	Amount	
1	Holiday Garden International Ltd.	Holiday Garden U.S.	(3)	Other accounts receivable	\$ 1,031,261	Processed according to the agreement between the two parties 14.66%
1	Holiday Garden International Ltd.	Holiday Garden U.S.	(3)	Interest income	65,306	Processed according to the agreement between the two parties 8.80%
1	Holiday Garden International Ltd.	Holiday Garden SF CORP.	(3)	Other accounts receivable	12,816	Processed according to the agreement between the two parties 0.18%
1	Holiday Garden International Ltd.	Holiday Garden SF CORP.	(3)	Other income	13,298	Processed according to the agreement between the two parties 1.79%
1	Holiday Garden International Ltd.	Holiday Garden NW CORP.	(3)	Other accounts receivable	12,816	Processed according to the agreement between the two parties 0.18%
1	Holiday Garden International Ltd.	Holiday Garden NW CORP.	(3)	Other income	13,298	Processed according to the agreement between the two parties 1.79%
1	Holiday Garden International Ltd.	Holiday Garden VC CORP.	(3)	Other accounts receivable	12,816	Processed according to the agreement between the two parties 0.18%
1	Holiday Garden International Ltd.	Holiday Garden VC CORP.	(3)	Other income	13,298	Processed according to the agreement between the two parties 1.79%
1	Holiday Garden International Ltd.	Holiday Garden WC CORP.	(3)	Other accounts receivable	12,816	Processed according to the agreement between the two parties 0.18%
1	Holiday Garden International Ltd.	Holiday Garden WC CORP.	(3)	Other income	13,298	Processed according to the agreement between the two parties 1.79%
1	Holiday Garden International Ltd.	Holiday Garden EV CORP.	(3)	Other accounts receivable	8,544	Processed according to the agreement between the two parties 0.12%
1	Holiday Garden International Ltd.	Holiday Garden EV CORP.	(3)	Other income	8,865	Processed according to the agreement between the two parties 1.20%
2	Holiday Garden U.S.	Holiday Garden SF CORP.	(3)	Other accounts receivable	26,641	Processed according to the agreement between the two parties 0.38%
2	Holiday Garden U.S.	Holiday Garden NW CORP.	(3)	Other accounts receivable	85,440	Processed according to the agreement between the two parties 1.21%
2	Holiday Garden U.S.	Holiday Garden WC CORP.	(3)	Other accounts receivable	452,974	Processed according to the agreement between the two parties 6.44%
2	Holiday Garden U.S.	Holiday Garden WC CORP.	(3)	Interest income	26,743	Processed according to the agreement between the two parties 3.61%
2	Holiday Garden U.S.	Holiday Garden VC CORP.	(3)	Other accounts receivable	42,720	Processed according to the agreement between the two parties 0.61%
2	Holiday Garden U.S.	Holiday Garden EV CORP.	(3)	Other accounts receivable	576,293	Processed according to the agreement between the two parties 8.19%
2	Holiday Garden U.S.	Holiday Garden EV CORP.	(3)	Interest income	36,494	Processed according to the agreement between the two parties 4.92%
3	Holiday Garden SF CORP.	Holiday Garden U.S.	(3)	Other accounts receivable	367,392	Processed according to the agreement between the two parties 5.22%
3	Holiday Garden SF CORP.	Holiday Garden U.S.	(3)	Interest income	11,436	Processed according to the agreement between the two parties 1.54%
3	Holiday Garden SF CORP.	Holiday Garden VC CORP.	(3)	Other accounts receivable	142,400	Processed according to the agreement between the two parties 2.02%

4	Holiday Garden VC CORP.	Holiday Garden SF CORP.	(3)	Other accounts receivable	51,002	Processed according to the agreement between the two parties	0.73%
5	Holiday Garden NW CORP.	Holiday Garden SF CORP.	(3)	Other accounts receivable	19,539	Processed according to the agreement between the two parties	0.28%
6	Holiday Garden WC CORP.	Holiday Garden SF CORP.	(3)	Other accounts receivable	129,096	Processed according to the agreement between the two parties	1.84%
7	Holiday Garden EV CORP.	Holiday Garden SF CORP.	(3)	Other accounts receivable	98,592	Processed according to the agreement between the two parties	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 again. For transactions among subsidiaries, if one subsidiary has disclosed it already, then there is no need for the other subsidiary to disclose it again.)

(1) The parent company to a subsidiary

(2) A subsidiary to the parent company

(3) A subsidiary to another subsidiary

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

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

Holiday Garden International Ltd. and subsidiaries  
The investee's name, location, and other related information (excluding investees in mainland China)  
January 1,2020 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 (Notes 2(2))	Recognized current investment gain or loss (Note 2(3))	Note
				Ending of reporting period	Previous year end	Number of shares	Ratio	Carrying amount			
Holiday Garden International Ltd.	Holiday Garden International Ltd.	Taiwan	Tourism hotels	\$ 65,000	\$ 65,000	6,500,000	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	( 247,756)	( 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 subsidiary
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 subsidiary
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 subsidiary
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 subsidiary
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 subsidiary

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

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

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

Holiday Garden International Ltd. and subsidiaries  
Major Shareholders Information  
December 31,2020

Table 5

Name of Major Shareholders	Shares	
	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 Bank is entrusted with the custody of the investment account of True Path Holdings Ltd.	10,361,288	9.37%
Cathay United Bank is entrusted with the custody of the investment account of East-West Holdings Ltd.	8,748,960	7.91%

Holiday Garden International Ltd.  
Financial assets measured at amortized cost - current schedule  
December 31, 2020

Statement 2

<u>Item</u>	<u>Abstract</u>	<u>Amount</u>
Cash in treasury and working funds		\$ 1,088
Checking deposits		121
Demand deposits: in New Taiwanese Dollars		14,920
Demand deposits: in US Dollars	USD 743,000, Exchange rate: 28.48	21,156
Demand deposits: in SGD Dollars	SGD 333.57, Exchange rate: 21.56	7
Time deposits: n New Taiwanese Dollars	Expiration date: February 2,2021 -March 11,2021	15,038
	Interest rate: 0.08%~0.17%	
Time deposits: in US Dollars	Expiration date : February 2,2021	
	Interest rate:0.27%	8,544
		<u>\$ 60,874</u>

Holiday Garden International Ltd.  
Financial assets measured at amortized cost - current schedule  
December 31, 2020

Statement 2

<u>Name</u>	<u>Abstract</u>	<u>Contract Period</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Note</u>
Cathay United Bank	New Taiwan Dollar Demand Deposits	-	\$ 1,927	-	Note
CTBC Bank	US Dollar Time Deposits	2020.12.08-2020.04.08	429,805	0.15%	Note
CTBC Bank	US Dollar Time Deposits	2020.10.28-2021.04.28	118,810	0.25%	Note
O-Bank Co., Ltd.	US Dollar Time Deposits	2020.12.26-2021.03.26	402,705	0.41%	Note
O-Bank Co., Ltd.	US Dollar Time Deposits	2020.12.25-2021.01.25	2,874	0.41%	Note
O-Bank Co., Ltd.	US Dollar Time Deposits	2020.12.17-2021.06.17	2,859	0.37%	Note
O-Bank Co., Ltd.	US Dollar Time Deposits	2020.09.08-2021.03.18	2,848	0.45%	Note
O-Bank Co., Ltd.	US Dollar Time Deposits	2020.10.12-2021.04.12	3,133	0.38%	Note
O-Bank Co., Ltd.	US Dollar Time Deposits	2020.11.12-2021.05.12	8,544	0.31%	Note
			<u>\$ 973,505</u>		

Holiday Garden International Ltd.  
Statement of changes in investment property accounted for using the equity method  
January 1 to December 31, 2020

Statement 3

Unit: NT\$, 000

<u>Name</u>	<u>Opening balance</u>		<u>Add (Note 1)</u>		<u>Less (Note)</u>		<u>Closing balance</u>			<u>Market price or net equity</u>		<u>Evaluation basis</u>	<u>Guarantee provision or pledge condition</u>	<u>Note</u>
	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>% shareholding</u>	<u>Amount</u>	<u>Unit price (\$)</u>	<u>Total price</u>			
HOLIDAY GARDEN														
INTERNATIONAL Ltd.	12,000	\$1,603,478	-	-	-	(\$ 319,012)	12,000	100%	\$ 1,284,466	\$ 107,039	\$ 1,284,466	Equity Law	None	
Holiday Garden Development Co., Ltd	6,500,000	<u>50,525</u>	-	<u>-</u>	-	<u>( 2,676)</u>	6,500,000	100%	<u>47,849</u>	7.36	<u>47,849</u>	Equity Law	None	
		<u>\$1,654,003</u>		<u>-</u>		<u>(\$ 321,688)</u>			<u>\$ 1,332,315</u>		<u>\$ 1,332,315</u>			

Note : The decrease in the current period represents translation differences in the financial statements of foreign operating institutions and shares in subsidiaries, affiliates and joint ventures recognized under the equity method in the current period.

Holiday Garden International Ltd.  
Statement of short-term borrowings  
December 31, 2020

Unit: NT\$1,000

Statement4

<u>Type of borrowings</u>	<u>Description</u>	<u>Closing balance</u>	<u>Contract term</u>	<u>Range of interest rates</u>	<u>Financing amount</u>	<u>Pledges or collaterals</u>	<u>Note:</u>
Unsecured loans from banks	Hua Nan Commercial Bank – East Kaohsiung Branch	\$ 30,000	2020.10.16~2021.01.15	1.21%	\$ 30,000	None	
Unsecured loans from banks	Export-Import Bank of Republic of China	35,000	2020.05.05~2021.05.05	1.06%	35,000	None	
Unsecured loans from banks	Export-Import Bank of Republic of China	10,000	2020.07.16~2021.07.16	1.06%	10,000	None	
Unsecured loans from banks	Export-Import Bank of Republic of China	10,000	2020.12.16~2021.12.16	1.06%	45,000	None	
Unsecured loans from banks	Export-Import Bank of Republic of China	5,000	2020.08.16~2021.08.15	1.06%	5,000	None	
Secured bank loans	CTBC Bank	400,000	2020.10.30~2021.04.30	1.00%	400,000	Time deposit	
Secured bank loans	CTBC Bank	100,000	2020.10.30~2021.04.30	1.00%	600,000	Time deposit	
Secured bank loans	O-Bank	400,000	2020.12.07~2021.01.07	0.94%	400,000	Time deposit	
Secured bank loans	O-Bank	619,599	2020.12.07~2021.01.07	1.62%	619,599	Land, Building and Construction	
		<u>\$ 1,609,599</u>					

Holiday Garden International Ltd.  
Statement of short-term notes and bills payable  
December 31, 2020

Statement 5

Unit: NT\$1,000

<u>Item</u>	<u>Guarantee Institution</u>	<u>Contract term</u>	<u>Range of interest rates</u>	<u>Amount</u>			<u>Note:</u>
				<u>Amount</u>	<u>Unamortized discounts</u>	<u>Book value</u>	
Commercial paper	China Bills Finance Corporation	2020.12.07~2021.01.06	0.59%	\$ 50,000	\$ -	\$ 50,000	
Commercial paper	Mega Bills Finance Co., Ltd.	2020.12.23-2021.01.19	0.90%	50,000	-	50,000	
Commercial paper	International Bills Finance Corporation	2020.12.18-2021.01.15	0.55%	<u>30,000</u>	<u>-</u>	<u>30,000</u>	
				<u>\$ 130,000</u>	<u>\$ -</u>	<u>\$ 130,000</u>	

Holiday Garden International Ltd.  
Statement of long-term borrowings  
December 31, 2020

Unit: NT\$1,000

Statement 6

Creditor	Summary	Amount of Borrowing	Contract term	Interest	Financing amount	Pledges or Collaterals	Note:
First Commercial Bank, Sanmin Branch	Unsecured loans (10 years)	\$ 20,878	2012.09.18~2022.09.18	1.60%	\$ 58,678	Land, buildings and structures	
Hua Nan Commercial Bank – East Kaohsiung Branch	Unsecured loans (3 years)	11,667	2019.09.20~2022.09.20	1.10%	20,000	None	
		32,545					
	Less: Current portion of loans payable	( 18,597)					
		<u>\$ 13,948</u>					

Holiday Garden International Ltd.  
Statement of operating cost  
January 1 to December 31, 2020

Unit: NT\$1,000

Statement 7

Item	Amount	Note:
Beginning foodservice inventory	\$ 993	
Current material purchased	12,750	
Transfer to operating expenses	( 796)	
Ending foodservice inventory	( 925)	
Current material consumed	12,022	
Foodservice and accommodation cost	<u>29,599</u>	
	<u>\$ 41,621</u>	
Beginning foodservice inventory	\$ 993	
Current material purchased	12,750	

Holiday Garden International Ltd.  
Statements of operating expenses  
January 1 to December 31, 2020

Unit: NT\$1,000

Statement 8

Item	Abstract	Amount	Note:
Salary and wage expense		\$ 40,824	
Miscellaneous expenses		5,590	
Various depreciation		6,868	
Utility expense		5,357	
Taxes		36,386	The balance does not exceed 5% of this account.
		\$ 95,025	

Holiday Garden International Ltd.  
Aggregation of employee  
benefit, depreciation, and amortization expenses by function  
January 1 to December 31 of 2020 and 2019

Unit: NT\$1, 000

Statement 9

Function Type	2020			2019		
	Under operating cos	Under operating expenses	Total	Under operating cos	Under operating expenses	Total
Employee benefit expense (See note)	\$9,019	\$45,351	\$45,351	\$9,597	\$48,191	\$ 57,788
Wages and salaries	7,615	36,722	36,722	8,092	39,387	47,479
Health and labor insurance expense	959	3,952	3,952	890	4,014	4,904
Pension expense	330	2,182	2,182	458	1,966	2,424
Board of director remuneration		1,920	1,920	-	1,965	1,965
Other employee benefit expense	115	575	575	157	859	1,016
Other employee benefit expense	19,342	6,868	6,868	21,756	7,080	28,836

Note:1. As of December 13, 2020 and 2019, the Company had 115 employees and 117 employees respectively, and among them, there were 3 and 5 directors respectively who were not the Company's employees.

2. Companies whose shares are listed on a stock exchange or traded on an over-the-counter trading center should disclose the Information as following:

- (1) The average of employee benefit this year \$468; he average of employee benefit last year \$498.
- (2) The average of employee salary this year \$396; he average of employee salary last year \$424.
- (3) The average of employee salary adjustment (6.60%).

(4)The Parent Company has established an audit committee to replace the supervisors in accordance with the regulations, therefore, no supervisors' remuneration has been recognized.