

Holiday Garden International Ltd.  
Parent Company Only financial Report and Independent  
Accountant's Report  
2021 and 2020  
(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 2021 and 2020

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Independent Accountant's Report

(2022.) Tsai Shen Pao Tzu No.21004726

Holiday Garden International Ltd :

**Opinion**

We have audited the following financial statements of Holiday Garden International Ltd.: The parent company only balance sheets of December 31, 2021 and 2020, the parent company only statements of comprehensive income of January 1 to December 31 of 2021 and 2020, the parent company only statements of changes in equity, the parent company only statements of cash flows, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material aspects, the financial position of Holiday Garden International Ltd. as at December 31, 2021 and 2020 and its financial performance and cash flows for the period from January 1 to December 31 of 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for opinion**

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

**Key audit matters**

Key audit matters refer to the most significant matters, according to our professional judgment, in the 2021 parent company only financial statements of Holiday Garden International Ltd. These matters were addressed during the audit of the overall parent company

only financial statements and in the formation of our opinion. We do not express our opinion on these matters separately.

We determine the following key audit matters of the parent company only financial statements of 2021 of the Holiday Garden International Ltd.:

Evaluation of investment impairment accounted for using the equity method :

## **Investment which adopting to Equity method — Business Mergers and Acquisitions**

### Description

Adopted to Equity method of accounting policy, please refer to parent company financial report note4(12). Descriptions of investment which adopting to equity method of accounting policy, please refer to parent company financial report note6(4). Subsidiaries of Holiday Garden International Ltd. Acquired SpringHill Suites by Marriott San Jose Fremont with 1,156,684,000 NTD on December 09, 2021 which adopting accounting policy. Due to the significant estimation of management and purchase price allocation, the mergers and acquisition amount is material of this year, we recognized the mergers and acquisitions of subsidiary as one of major audit program of this year.

### Corresponding audit program

1. Understand and evaluate the internal control procedures of Holiday Garden Hotel Co., Ltd. and its subsidiaries' investment transactions, and review the relevant documents of the board of directors to confirm that the investment project has been implemented in accordance with the relevant procedures
2. Review the M&A transaction contract and check the payment voucher to confirm the acquisition consideration.
3. Obtain the price apportionment report of the M&A case, assess the independence of external experts, review the data used in the report, and evaluate the valuation methods and important assumptions used in the report to evaluate the reasonableness of the purchase price apportionment.

## **Adopting to Equity method “Impairment evaluation of investment”**

### Description

For accounting policies on investments accounted for using the equity method, please refer to Note 4(12) of the parent company only financial statements. For accounting estimation and

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

As of December 31, 2021, the property, plant and equipment and intangible assets of the US subsidiary of Holiday Garden Hotel Co., Ltd. totaled NT\$4,750,825,000, accounting for 55% of the total consolidated assets. Due to the abundance of various types of accommodation hotels in recent years, fierce competition in the hotel industry, and the impact of the novel coronavirus pneumonia epidemic, the management identified signs that the real estate, plant and equipment and intangible assets of some subsidiaries may have been impaired. The company uses estimated future cash flows and discounts using an appropriate discount rate to measure the recoverable amount of these assets as a basis for assessing whether there is impairment. As the aforementioned estimates of future cash flows involve a number of assumptions, which may have a significant impact on the measurement of the recoverable amount, the accountant will use the equity method for investment impairment assessment (the US subsidiary's property, plant and equipment and intangible assets impairment assessment). is listed as one of the important items in the audit this year.

#### Corresponding audit program

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

1. Understand and evaluate the management's operating procedures for estimating future cash flows of subsidiaries, including reviewing that the operating plan for the next year is consistent with the approval of the board of directors
2. Assess the reasonableness of key assumptions used by management to estimate future cash flows.
3. Evaluate the rationality of various parameters and discount rates used in calculating the recoverable amount.

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

The responsibilities of management are to prepare appropriately stated parent company

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

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

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

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

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

1. We identified and assessed the risks of material misstatement of the parent company only financial statements, whether due to fraud or errors, designed and performed audit procedures according to those risks, and obtained audit evidence that can sufficiently and appropriately form the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for the one resulting from error because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. We obtained an understanding of internal control relevant to the audit in order to design audit procedures suitable for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Holiday Garden International Ltd.'s internal control.

3. We evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and related disclosures made by management.
4. We concluded on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on Holiday Garden International Ltd.'s ability to continue as a going concern based on the audit evidence we have obtained. If we conclude that a material uncertainty exists, we will need to draw attention in our accountant's report to the related disclosures in the parent company only financial statements or to modify our opinion if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of this accountant's report. However, future events or conditions may cause Holiday Garden International Ltd. to cease to continue as a going concern.
5. We evaluated the overall presentation, structure and contents of the parent company only financial statements, including the attached notes, and whether the parent company on financial statements represent the underlying transactions and events in a fair manner.
6. We obtained sufficient and appropriate audit evidence regarding the financial information of entities within Holiday Garden International Ltd. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit of the parent company and are responsible for our audit opinion.

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

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

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

PwC Taiwan

Independent accountants

Wang Guo Hua

Lin Yong Zhi

Former Ministry of Finance Securities and Futures  
Commission

Approval certificate No.: (87) Taiwan Financial Certificate  
(6) No.68790

Financial Supervisory Commission R.O.C.(Taiwan)

Approval certificate No.: Chin Kuan Cheng Shen Tzu No.  
1050029592

March 19, 2022

Holiday Garden International Ltd.  
Independent Company Only Balance Sheet  
December 31 of 2021 and 2020

Unit: NT\$, 000

Assets	Notes	December 31, 2021 Amount	2021 %	December 31, 2020 Amount	2020 %
<b>Current assets</b>					
1100	Cash and cash equivalents	\$ 1,267,737	33	\$ 60,874	2
1136	Financial assets at amortized cost - current	966,700	25	973,505	31
1150	Net notes receivable	323	-	-	-
1170	Net accounts receivable	1,376	-	4,099	-
1200	Other accounts receivable	92	-	141	-
1220	Current income tax assets	1,708	-	-	-
130X	Inventories	435	-	925	-
1410	Advance payments	1,211	-	2,586	-
1479	Other current assets - others	402	-	162	-
11XX	<b>Total current assets</b>	<u>2,239,984</u>	<u>58</u>	<u>1,042,292</u>	<u>33</u>
<b>Non-current assets</b>					
1550	Investments accounted for using the equity method	1,529,304	40	1,332,315	43
1600	Property, plants, and equipment	9,440	-	662,177	21
1755	Right-of-use asset	10,602	-	3,396	-
1840	Deferred tax assets	55,762	2	90,695	3
1920	Guarantee deposits paid	1,156	-	733	-
15XX	<b>Total non-current assets</b>	<u>1,606,264</u>	<u>42</u>	<u>2,089,316</u>	<u>67</u>
1XXX	<b>Total Assets</b>	<u>\$ 3,846,248</u>	<u>100</u>	<u>\$ 3,131,608</u>	<u>100</u>

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Holiday Garden International Ltd.  
Independent Company Only Balance Sheet  
December 31 of 2021 and 2020

Unit: NT\$, 000

Liabilities and equity	Notes	December 31, 2021 Amount	%	December 31, 2020 Amount	%
<b>Current liabilities</b>					
2100	Short-term borrowings	\$ 884,000	23	\$ 1,609,599	51
2110	Short-term notes and bills payable	30,000	1	130,000	4
2130	Contractual liabilities - current	682	-	8,506	-
2170	Accounts payable	946	-	3,140	-
2200	Other accounts payable	22,544	1	15,183	1
2230	Income tax liabilities	-	-	66	-
2280	Lease Liabilities - Current	2,984	-	1,287	-
2320	Long-term liabilities due within one year or one operating cycle	52,196	-	18,597	1
2399	Other current liabilities - others	133	-	2,667	-
21XX	<b>Total current liabilities</b>	<u>955,237</u>	<u>25</u>	<u>1,789,045</u>	<u>57</u>
<b>Non-current liabilities</b>					
2540	Long-term borrowings	-	-	13,948	-
2570	Deferred income tax liabilities	124,991	3	236,212	8
2580	Lease obligation -non current	7,641	-	2,120	-
2610	Long-term notes and accounts payable	-	-	127,577	4
2645	Guarantee deposits received	181	-	755	-
25XX	<b>Total non-current liabilities</b>	<u>132,813</u>	<u>3</u>	<u>380,612</u>	<u>12</u>
2XXX	<b>Total liabilities</b>	<u>1,088,050</u>	<u>28</u>	<u>2,169,657</u>	<u>69</u>
<b>Rights and interests</b>					
<b>Capital stock</b>					
3110	Common share capital	1,104,856	29	1,104,856	35
<b>Capital surplus</b>					
3200	Capital surplus	2,169	-	2,169	-
<b>Retained earnings</b>					
3310	Statutory surplus public debt	82,561	2	82,561	3
3320	Special Defined Surplus Bonds	-	-	71,161	2
3350	Undistributed surplus (loss to be covered)	1,714,643	45	( 182,800)	( 6)
<b>Other equity</b>					
3400	Other equity	( 146,031)	( 4)	( 115,996)	( 3)
3XXX	<b>Total equity</b>	<u>2,758,198</u>	<u>72</u>	<u>961,951</u>	<u>31</u>
3X2X	<b>Total liabilities and equity</b>	<u>\$ 3,846,248</u>	<u>100</u>	<u>\$ 3,131,608</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.  
Independent Company Only Statement of Comprehensive Income  
January 1 to December 31 of 2021 and 2020

				Unit: NT\$1,000	
		(Except earnings (loss) per share, which is in NT\$1.00)			
		2020		2021	
Item	Notes	Amount	%	Amount	%
4000	Operating revenue	\$ 10,653	36	\$ 13,018	23
5000	Operating cost	( 3,499)	( 12)	( 3,254)	( 6)
5900	Operating gross profit	7,154	66	9,764	17
	Operating expenses				
6200	Management expense	( 43,532)	( 145)	( 28,107)	( 49)
6900	Operating loss	( 36,378)	( 121)	( 18,343)	( 32)
	Nonoperating income and				
7100	Interest income	2,276	8	12,381	22
7010	Other income	2,831	9	4,449	8
7020	Other gains and losses	( 40,766)	( 136)	( 52,477)	( 92)
7050	Financial cost	( 11,190)	( 37)	( 11,857)	( 21)
7070	Share of profit or loss of	( 100,137)	(333)	( 250,432)	(440)
7000	Total non-operating income	( 146,986)	(489)	( 297,936)	(523)
7900	<b>Net profit (loss) before tax</b>	( 183,364)	(610)	( 316,279)	(555)
7950	Income tax (expense) benefits	29,433	98	64,898	114
8000	<b>Net loss of continuing business</b>				
	units for the current period	( 153,931)	(512)	( 251,381)	(441)
8100	Profits (losses) of closed units	1,980,213	6593	( 18,928)	( 33)
8200	<b>Net profit (loss)</b>	<u>\$ 1,826,282</u>	<u>6081</u>	<u>(\$ 270,309)</u>	<u>(474)</u>
	<b>Other comprehensive income</b>				
	Items may be subsequently				
8361	Exchange differences on	(\$ 37,544)	( 125)	(\$ 71,256)	( 125)
8399	Income tax of items that may	7,509	25	( 14,251)	( 25)
8300	<b>Other comprehensive income</b>	(\$ 30,035)	( 100)	(\$ 57,005)	( 100)
8500	<b>Total comprehensive income</b>	<u>\$ 1,796,247</u>	<u>5981</u>	<u>(\$ 327,314)</u>	<u>( 574)</u>
	<b>Earnings (loss) per share</b>				
9710	Net loss from continuing business units	(\$ 1.39)		(\$ 2.28)	
9720	Net profit (net loss) of discontinued units	(\$ 17.92)		(\$ 0.17)	

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.  
Independent Company Only Statement of Comprehensive Income  
January 1 to December 31 of 2021 and 2020

Unit: NT\$1,000

		(Except earnings (loss) per share, which is in NT\$1.00)	
9750	Basic earnings (loss) per share	16.53	(\$ 2.45)
9810	Net loss from continuing business units	(\$ 1.39)	(\$ 2.28)
9820	Net profit (net loss) of discontinued units	17.92	(\$ 0.17)
9850	Diluted earnings (loss) per share	<u>(\$ 16.53)</u>	<u>(\$ 2.45)</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.  
Independent Company Only Statements of Changes in Equity  
January 1 to December 31 of 2021 and 2020

Unit: NT\$1,000

	<u>R e t a i n e d e a r n i n g s</u>					E x c h a n g e d i f f e r e n c e s o n t r a n s l a t i o n o f f o r e i g n f i n a n c i a l s t a t e m e n t s	<u>T o t a l</u>
<u>N o t e s</u>	<u>common stock</u>	<u>Issue Premium</u>	<u>Statutory reserve</u>	<u>Special reserve</u>	<u>Undistributed surplus</u>		
<b><u>2020</u></b>							
Balance on January 1, 2020	\$ 1,104,856	\$ 2,169	\$ 82,561	\$ 71,161	\$ 87,509	\$ 58,991	\$ 1,289,265
Current net profit	-	-	-	-	( 270,309 )	-	( 270,309 )
Other comprehensive income for this year	-	-	-	-	-	( 57,005 )	( 57,005 )
Total current comprehensive income	-	-	-	-	( 270,309 )	( 57,005 )	( 327,314 )
Balance, December 31, 2020	<u>\$ 1,104,856</u>	<u>\$ 2,169</u>	<u>\$ 82,561</u>	<u>\$ 71,161</u>	<u>( \$ 182,800 )</u>	<u>( \$ 115,996 )</u>	<u>\$ 961,951</u>
<b><u>2021</u></b>							
Balance on January 1, 2021	<u>\$ 1,104,856</u>	<u>\$ 2,169</u>	<u>\$ 82,561</u>	<u>\$ 71,161</u>	<u>( \$ 182,800 )</u>	<u>( \$ 115,996 )</u>	<u>\$ 961,951</u>
Net profit for the current period	-	-	-	-	1,826,282	-	1,826,282
Other comprehensive income for this year	-	-	-	-	-	( 30,035 )	( 30,035 )
Total comprehensive profit and loss for the current period	-	-	-	-	1,826,282	( 30,035 )	( 1,796,247 )
Special surplus reserve reversal	-	-	-	( 71,161 )	71,161	-	-
Balance on December 31, 2021	<u>\$ 1,104,856</u>	<u>\$ 2,169</u>	<u>\$ 82,561</u>	<u>\$ --</u>	<u>\$ 1,714,643</u>	<u>( \$ 146,031 )</u>	<u>\$ 2,758,198</u>

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

Chairperson of the Board: Chen Hai-ni

Manager: Chen Hai-ni

Accounting Director: Yu Su-ling

Holiday Garden Hotel Co., Ltd.  
Independent Company Only Cash Flow Statement  
January 1 to December 31 of 2021 and 2020

Unit: NT\$1,000

	Notes	2021	2020
<b>Cash flows from operating activities</b>			
Net loss before tax of continuing business unit		(\$ 183,364 )	(\$ 316,279)
)Pre-tax net profit (net loss) of closed units	6(8)	<u>2,036,842</u>	<u>( 23,960)</u>
Net profit (losses) before tax		1,853,478	( 340,239)
Adjustments:			
Revenue/expenses			
Provision for bad debt expense	12(2)	( 542 )	447
Depreciation expenses	6(5)(5)		
	(21)	10,448	26,210
Lease Modification Benefit	6(6)(19)	( 14 )	( 16)
Interest expense	6(20)	23,266	21,832
Interest income	6(17)	( 2,276 )	( 12,381)
Share of profit of subsidiaries, associates, joint ventures accounted for using equity method	6(4)		
		100,137	250,432
Disposal of interests in property, plant, equipment	6(19)	( 2,052,593 )	-
Impairment losses on non-financial assets	6(19)	2,083	-
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Notes receivable		( 323 )	938
Accounts receivable		3,265	1,882
Inventories		490	68
Advance payments		1,375	( 280)
Other current assets - others		( 240 )	79
Net changes in liabilities related to operating activities			
Contractual liabilities - current		( 7,824 )	310
Notes payable		-	( 322)
Accounts payable		( 2,194 )	621
Other accounts payable		5,410	( 726)
Other current liabilities - other		<u>( 2,534 )</u>	<u>138</u>
Operating cash inflows (outflows)		<u>( 68,588 )</u>	<u>( 51,007)</u>
Interests received		2,325	15,114
Interests paid		( 24,174 )	( 21,586)
Income taxes paid		<u>( 97,749 )</u>	<u>( 449)</u>
Net cash outflows from operating activities		<u>( 188,186 )</u>	<u>( 57,928)</u>
<b>Cash flows from investment activities</b>			
Other financial assets - increased flows		6,805	25,481
Acquire an investment using the equity method	6(4)	( 334,670 )	-
Acquisition of property, plant and equipment	6(25)	( 130,962 )	( 1,599)
Disposal of property, plant and equipment		2,700,376	-
Increased margin deposit		<u>( 423 )</u>	<u>( 355)</u>
Net cash inflow from investing activities		<u>2,241,126</u>	<u>23,527</u>
<b>Cash flows from fundraising activities</b>			
Increase in short-term borrowings	6(26)	2,274,401	1,791,099
Decrease in short-term borrowings	6(26)	( 3,000,000 )	( 1,711,500)
Short-term notes payable decreased	6(26)	( 100,000 )	-
Lease principal repayment	6(26)	( 1,307 )	( 516)
repay long-term loan	6(26)	( 18,597 )	( 75,661)
Decreased deposits		<u>( 574 )</u>	<u>( 115)</u>
Net cash (outflow) inflow from		<u>( 846,077 )</u>	<u>3,307</u>

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

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

Accounting Director : Yu Su-ling

Holiday Garden Hotel Co., Ltd.  
Independent Company Only Cash Flow Statement  
January 1 to December 31 of 2021 and 2020

Unit: NT\$1,000

	Notes	2021	2020
financing activities			
Increase (decrease) in cash and cash equivalents in the current period		1,206,863	( 31,094)
Cash and cash equivalents at the beginning of the period	6(1)	60,874	91,968
Closing balance of cash and cash equivalents	6(1)	\$ 1,267,737	\$ 60,874

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.  
Notes for Parent Company Only Financial Statements  
2021 and 2020

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 March 24, 2022 ◦

**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 2021 approved by the Financial Supervisory Commission:

<b><u>Newly issued/revised/amended standards and interpretations</u></b>	<b><u>Effective date of issuance by International Accounting Standards Board</u></b>
Amendments to IFRS 4 "The temporary waiver is an extension of IFRS 9"	January 1, 2021
Stage 2 Amendments to IFRS 9, IFRS 39, IFRS 7, IFRS 4 and IFRS 16 「Interest Rate Indicator Changes」	January 1, 2021
Amendments to IFRS 16 「COVID-19 related rent concessions after 30 June 2021」	April 1, 2021

Note: The Financial Supervisory Commission allows it to be applied in advance on January 1, 2010

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

(2) The impact of not yet adopting the newly issued or revised IFRS approved by the FSC

The following table summarizes the newly issued, revised and revised standards and interpretations of the International Financial Reporting Standards approved by the FSC:

<u>Effective date of</u>	<u>issuance by International</u>
<u>Accounting</u>	<u>Standards Board</u>
<u>Newly issued/revised/amended standards and interpretations</u>	<u>Standards Board</u>
*Amendments to IFRS 3 「Index to Conceptual Framework」	January 1, 2022
*Amendments to IAS 16 「Property, plant and equipment; the price before reaching the intended state of us」	January 1, 2022
*Amendments to IAS 37 「Amendments to IAS 37」	January 1, 2022
* Annual Improvements in the 2018~2020 Cycle	January 1, 2022

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

(3) Impact of International Financial Reporting Standards issued by the International Accounting Standards Board but not yet endorsed by the FSC

The following table summarizes the new publications, amendments and revisions to the IFRS that have been issued by the IASB but have not yet been incorporated into the FRS-approved standards and interpretations:

<u>Effective date of</u>	<u>issuance by International</u>
<u>Accounting</u>	<u>Standards Board</u>
<u>Newly issued/revised/amended standards and interpretations</u>	<u>Standards Board</u>
* Amendments to IFRS 10 and IAS 28 「Sales or contributions of assets between investors and their affiliates or joint ventures」	To be announced
* IFRS 17 「Insurance Contracts」	January 1, 2023
* Amendments to IFRS 17 「Contracts of Insurance」	January 1, 2023
* Amendments to IFRS 17 「First use of IFRS 17 and IFRS 9 - Comparative information」	January 1, 2023
* Amendments to IAS 1 「Current or non-current classification」	January 1, 2023

of liabilities」

\* Amendment to IAS 1 「Disclosure of Accounting Policies」 January 1, 2023

\* Amendments to IAS 8 「Definition of Accounting Estimates」 January 1, 2023

\* Amendments to IAS 12 「Deferred income tax relating to assets and liabilities arising from a single transaction」 January 1, 2023

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

#### **4.Summary of significant accounting policies**

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

##### **(1)Statement of compliance**

This consolidated financial report is prepared in accordance with IFRS and IAS approved by the Financial Supervisory Commission and the related interpretations, and interpretative bulletins (IFRSs).

##### **(2) Basis of preparation**

- 1.The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.
- 2.To prepare for financial reports in accordance with IFRSs, some important accounting estimations are required. When applying the Group's accounting policies, management also needs to make judgment, which involves accounts of a high level of decision-making and complexity or accounts associated with material assumption and estimation. Please refer to Note 5.

##### **(3)Foreign currency conversion**

Items listed in the company's individual financial report are measured in the currency of the primary economic environment (ie, the functional currency). This individual financial report is presented in the company's functional currency "New Taiwan Dollar" as the presentation currency.

###### **1. Foreign currency transactions and balances**

- (1) Foreign currency transactions are translated into functional currency using the spot exchange rate on the transaction date or measurement date, and the translation differences arising from the translation of these transactions are recognized as

current profits and losses.

- (2) The balance of foreign currency monetary assets and liabilities shall be evaluated and adjusted according to the spot exchange rate on the balance sheet date, and the translation difference arising from the adjustment shall be recognized as the current profit and loss.
- (3) The balance of foreign currency non-monetary assets and liabilities, which are measured at fair value through profit or loss, are adjusted according to the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment is recognized as the current profit and loss; If the comprehensive profit or loss is measured at fair value, it is adjusted according to the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment is recognized in other comprehensive profit and loss items; Exchange rate measurement.
- (4) All exchange gains and losses are presented in “Other gains and losses” in the Consolidated statement of profit or loss.

## 2. Conversion of foreign operating agencies

- (1) For all group entities whose functional currency is different from the expression currency, the operating results and financial conditions of which are converted into the expression currency in the following manner:
  - A. Assets and liabilities expressed on each balance sheet are translated at the closing exchange rate on the balance sheet date;
  - B. The gains and losses expressed in each consolidated income statement are translated at the average exchange rate for the period; and
  - C. All translation differences arising from translation are recognized as other comprehensive gains and losses.
- (2) When a partially disposed or sold foreign operating institution is a subsidiary, the accumulated exchange differences recognized as other comprehensive gains and losses shall be re-attributed to the non-controlling interests of the foreign operating institution on a pro-rata basis. However, if the company still retains part of the rights and interests in the former subsidiary, but has lost the control of the foreign operating organization that is a subsidiary, it will be treated as a disposal of all the rights and interests of the foreign operating organization.

## (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. The company holds time deposits that do not meet the cash equivalent. Due to the short holding period, the impact of discounting is not significant and is measured by the investment amount.

(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 20 years
Business facilities/equipment	1 to 25 years
Other facilities	3to 8 years

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

2019 applicable

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

(15) Impairment of non-financial assets

On the balance sheet date, the Company estimates the recoverable amount of assets with signs of impairment and recognizes impairment losses when the recoverable amount is lower than its book value. The recoverable amount is the fair value of an asset less the cost of disposal or its value in use, whichever is higher. Except for goodwill, when there is no or decrease in the recognized asset impairment in previous years, the impairment loss shall be reversed, but the increase in the carrying amount of the asset due to reversal of impairment loss shall not exceed the reduction in the asset if the impairment loss was not recognized. The carrying amount after depreciation or amortization.

(16) Loans

It refers to long-term and short-term funds borrowed from banks. The Company measures its fair value less transaction costs at the time of original recognition, and subsequently recognizes interest expenses during the circulation period using the effective interest method for any difference between the price after deducting transaction costs and the redemption value according to the amortization procedure. in profit and loss.

(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) Delisting 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 financial liabilities may only be offset when there is a legally enforceable right to offset the recognized amounts of financial assets and liabilities, and the intention is to deliver on a net basis or to realize the assets and settle the liabilities simultaneously. Expressed on a net basis on 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 subsidies

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 will receive the grant. If the nature of the government grant is to compensate the expenses incurred by the Company, the government grant shall be recognized as the current profit and loss on a systematic basis during the period in which the relevant 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, 2021</u>	<u>December 31, 2020</u>
Cash:		
Cash in treasury and working funds	\$ 420	\$ 1,088
Checking deposits and demand deposits	<u>1,267,317</u>	<u>36,204</u>
	1,267,737	37,292
Cash equivalents:		
Time deposits:	<u>-</u>	<u>23,582</u>
	<u>\$ 1,267,737</u>	<u>\$ 60,874</u>

1. The Company places cash and deposits with multiple reputable banks and financial institutions to disperse credit risk, and therefore, the probability of occurrence of default is very low.
2. The cash and cash equivalents held by the Company as at 31 December 2021 and 2020 were restricted and not highly liquid due to the provision of pledges, and were classified into financial assets measured at amortized cost of \$966,700 and \$973,505, respectively, and classified according to liquidity.

### (2) Net amount of accounts and notes receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	\$ 323	\$ -
Less: Allowance for doubtful accounts	-	-
	<u>\$ 323</u>	<u>\$ -</u>
Notes receivable	\$ 1,406	\$ 4,671
Less: Allowance for doubtful accounts	<u>(30)</u>	<u>(572)</u>
	<u>\$ 1,376</u>	<u>\$ 4,099</u>

1. Aging analysis of accounts and notes receivable :

<u>December 31, 2021</u>	<u>December 31, 2020</u>
--------------------------	--------------------------

Not past due and past due for 1 to 30 days	\$	1,299	\$	2,244
Past due for 31 to 90 days		401		1,859
Past due for more than 94 days		29		568
	\$	<u>1,729</u>	\$	<u>4,671</u>

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

- On December 31, 2021, December 31, 2020 and January 1, 2020, the balances of receivables (including bills receivable) for contracts between the company and customers were \$1,729, \$4,671 and \$7,491, respectively.
- The Company does not hold any collateral as security.
- Without considering the collaterals held or other credit enhancement, the Company's maximum amount of credit risk exposure of the most representing notes receivable for December 31, 2021 and 2020 was NT\$938 and NT\$400 respectively. The Company's maximum amount of credit risk exposure of the most representing accounts receivable for December 31, 2021 and 2020 was NT\$1,376 and NT\$4,099 respectively.
- For information related to credit risk of accounts and notes receivable, please refer to 12(2).

### (3) Inventories

	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for price decline in inventories</u>	<u>Carrying amount</u>
Foods and non-alcoholic and alcoholic beverages	\$ <u>435</u>	\$ <u>-</u>	\$ <u>435</u>
	<u>December 31, 2020</u>		
	<u>Cost</u>	<u>Allowance for price decline in inventories</u>	<u>Carrying amount</u>
Foods and non-alcoholic and alcoholic beverages	\$ <u>925</u>	\$ <u>-</u>	\$ <u>925</u>

The inventory cost that the Company recognized as expenses for 2021 and 2020 was \$6,423 and \$12,022 respectively.

### (4) Investments accounted for using the equity method

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

	<u>2021</u>	<u>2020</u>
January 1	\$ 1,332,315	\$ 1,654,003
Increase investments accounted for using the equity method	334,670	-
Share of investment income accounted for using the equity method	( 100,137)	( 250,432)
Capital stock return of investments accounted	-	-

for using the equity method

Changes in other equity	( 37,544)	( 71,256)
December 31	<u>\$ 1,529,304</u>	<u>\$ 1,332,315</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Holiday Garden International Ltd.	\$ 1,492,819	\$ 1,284,466
Holiday Garden Development Co., Ltd.	<u>36,485</u>	<u>47,849</u>
	<u>\$ 1,529,304</u>	<u>\$ 1,332,315</u>

2. Information of the Company's subsidiaries are presented in Note 4(3) of the Company's 2021 consolidated financial statements. °

(5)Property, plants, and equipment

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Land	\$ -	\$ 481,493
Buildings and structures	-	161,188
Utility equipment	-	5,784
Business facilities/equipment	5,809	12,847
Other facilities	<u>3,631</u>	<u>865</u>
	<u>\$ 9,440</u>	<u>\$ 662,177</u>

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

<u>Cost</u>	<u>2021</u>			
	<u>Opening balance</u>	<u>Addition</u>	<u>Reduction</u>	<u>Closing balance</u>
Land	\$ 481,493	\$ -	(\$ 481,493)	\$ -
Buildings and structures	618,478	-	( 618,478)	-
Utility equipment	32,454	-	( 32,454)	-
Business facilities/equipment	42,836	1,567	( 34,723)	9,680
Other facilities	4,304	4,677	( 5,319)	3,662
	<u>\$ 1,179,565</u>	<u>\$ 6,244</u>	<u>(\$ 1,172,467)</u>	<u>\$ 13,342</u>

使用滑鼠雙擊這裡以編輯新增的表格段。

<u>Cost</u>	<u>2020</u>			
	<u>Opening balance</u>	<u>Addition</u>	<u>Reduction</u>	<u>Closing balance</u>
Land	\$ 481,493	\$ -	\$ -	\$ 481,493
Buildings and structures	618,173	305	-	618,478
Utility equipment	32,288	166	-	32,454
Business facilities/equipment	40,047	789	-	42,836
Other facilities	3,965	339	-	4,304
	<u>\$ 1,177,966</u>	<u>\$ 1,599</u>	<u>\$ -</u>	<u>\$ 1,79,565</u>

<u>Accumulated depreciation and impairment</u>	<u>2021 1</u>			
	<u>Opening balance</u>	<u>Addition</u>	<u>Reduction</u>	<u>Closing balance</u>
Buildings and structures	\$ 457,290	\$ 5,788	(\$ 463,078)	\$ -
Utility equipment	26,670	722	( 27,392)	-
Business facilities/equipment	29,989	4,398	( 30,516)	3,871
Other facilities	3,439	290	( 3,698)	31
	<u>\$ 517,388</u>	<u>\$ 11,198</u>	<u>(\$ 524,684)</u>	<u>\$ 3,902</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>

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. It should be paid in full before applying for a license for building a license or changing a license for use at the latest. All of them have been estimated and included in the accounts in 2013. The land has been signed and sold on July 7, 2021, and the payment has been paid in 2021. Pay in full in September (the balance table of the Republic of China on December 31, 2020 lists "long-term bills payable and payments \$127,577").

4. There was no borrowing cost capitalization of the Company's property, plants, and equipment in 2021 and 2020.
5. The major components of the company's buildings and buildings include buildings and decoration works, which are depreciated over 55 years and 15 to 25 years respectively.
6. For the impairment of real estate, plant and equipment, please refer to Note 6(7).
7. For information on guarantees provided by real estate, plants and equipment, please refer to Note 8.

(6) Lease transaction – Lessee

Applicable in 2019

1. The lease assets of the company included buildings and multifunctional office machine, and the terms between 2 to 5 years. The contract included different provisions and requirements, and no other restriction except using the assets as the guarantee to debit and credit.
2. The operating equipment of company included part of buildings and official vehicles and the terms are not over 12 months, they all belong to leases of low-value assets.
3. The changes in the Company's right-of-use assets in 2021 and 2020 are as follows:

	2021			Total
	Houses	Transportation Equipment	Money Making Tools	
Jan. 01	\$ 2,500	\$ 872	\$ 24	\$ 3,396
Add	9,251	-	1,264	10,515
Depreciation Expense	( 857)	( 338)	( 138)	( 1,333)
Disposal	( 1,952)	-	( 24)	( 1,976)
Dec. 31	<u>\$ 8,942</u>	<u>\$ 534</u>	<u>\$ 1,126</u>	<u>\$ 10,602</u>

	2020			Total
	Houses	Transportation Equipment	Money Making Tools	
Jan. 01	\$ 1,861	\$ -	\$ 96	\$ 1,957
Add	2,813	1,013	-	3,826
Depreciation Expense	( 312)	( 141)	( 72)	( 525)
Disposal	( 1,862)	-	( -)	( 1,862)
Dec. 31	<u>\$ 2,500</u>	<u>\$ 872</u>	<u>\$ 24</u>	<u>\$ 3,396</u>

4. The increase in the Company's right-of-use assets in 2021 and 2020 is \$10,515 and \$3,826, respectively.

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

	2021	2020
<u>Affected project of current loss and gain</u>		
Lease obligation interest	\$ 54	\$ 21
Expense of short-term lease	413	1,037
Expense of leases of low-value assets	70	213
Variable lease payments:	140	-

Lease Modification Benefi ( 14 ) ( 16)

6. The Company's total lease cash outflows in 2021 and 2020 are \$1,984 and \$1,787, respectively.

7. Effect of variable lease payments on lease liability

(1) The subject of the company's lease contract with variable lease payment terms is the one linked to the sales amount of various products at the department store counter. As for the leasing object of department store counter type, it is based on the payment terms of variable price, and is mainly related to the sales amount of various products. Lease payments that vary in relation to the sales amount of each type of product are recognised as an expense in the period in which these payment terms are triggered.

(2) If the sales of department store counters in the company increase, the fee for variable lease payment will increase according to the operating income.

(7) Impairment of non-financial assets

1. The details of impairment losses recognized by the Group are as follows:

	Recognized in current profit and loss	
	<u>2021</u>	<u>2020</u>
Impairment loss - business equipment	\$ <u>2,083</u>	\$ -

2. In 2021, the company disposes of the Liuhe Pavilion and changes its business model, resulting in impairment of business equipment. The Company has adjusted its carrying amount to the recoverable amount and recognised an impairment loss of \$2,083. The recoverable amount is the use value of the business equipment. Since the impact of discounting is small, the company has not discounted it.

The cumulative impairment changes are as follows:

	Increase in <u>Jan.01,2021</u>	Decrease in <u>this period</u>	<u>this period</u>	<u>Dec.31 2021</u>
business equipment	\$ -	\$ <u>2,083</u>	(\$ <u>2,083</u> )	\$ -

(8) Suspension of business units

1. Approved by the board of directors on May 5, 2021 and approved by the shareholders' meeting on July 6, 2021, the company intends to dispose of the real estate located at the current location of the company registration and Liuheguan operation, which meets the definition of a closed unit and is expressed as a closed unit. The transaction has been signed on July 7, 2021 in the Republic of China, and

the real estate sale and purchase contract will be completed on November 26, 2021 in the Republic of China.

2. The cash flow information of discontinued units is as follows:

	2021	2020
Cash flow from operating activities	(\$ 13,555)	\$ 5,405
Cash flow from investing activities	2,700,376	( 1,599)
Cash flow from financing activities	-	-
Total cash flow	<u>\$ 2,686,821</u>	<u>\$ 3,806</u>

3. An analysis of the operating results of the discontinued unit is as follows:

	2021	2020
Operating income	\$ 33,012	\$ 82,849
Operating cost	( 19,577)	( 38,367)
Operating expenses	( 51,620)	( 66,471)
Expected credit impairment gain (loss)	542	( 447)
Total non-operating income and expenses	14,755	( 1,524)
Pre-tax net profit (loss) of discontinued units	( 22,888)	( 23,960)
Income Tax (Expense) Benefit	4,577	5,032
After-tax net profit (loss) of discontinued units	<u>( \$ 18,311)</u>	<u>( \$ 18,928)</u>

	2021	2020
Disposal of the benefits of the discontinued unit (before tax)	\$ 2,059,730	\$ -
Income tax expense	( 61,206)	-
Disposal of the benefits of the discontinued unit (after tax)	<u>\$ 1,998,524</u>	<u>\$ -</u>

\*Please refer to Note 6(18) for the government subsidy income recognized by discontinued units.

(9) Short-term loans

<b>The nature of the loan</b>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
The short-term bank loan		
Secured loan	\$ 884,000	\$ 1,519,599
Credit loan	<u>-</u>	<u>\$ 90,000</u>
	<u>\$ 884,000</u>	<u>\$ 1,609,599</u>
Interest rate range	<u>0.94%~0.99%</u>	<u>0.94%~1.62%</u>

1. For the interest expense of the Group's bank borrowings recognized in profit or loss, please refer to the explanation in Note 6 (20).

2. For the collateral for the above short-term borrowings, please refer to Note 8.

(10) Sort-term notes payable

	Dec.31, 2021	Dec. 31, 2020
Commercial paper payable	\$ <u>30,000</u>	\$ <u>130,000</u>
Interest rate range	<u>0.56%</u>	<u>0.55% ~0.90%</u>

The above short-term bills payable are guaranteed by financial institutions such as bill companies.

(11) Long-term borrowings

<u>Types of borrowings</u>	<u>Period of borrowing and repayment method</u>	<u>Range of interest rates</u>	<u>Collaterals</u>	<u>December 31, 2021</u>
Long-term borrowings from banks				
Credit loan	From Sept. 18,2012 to Sept. 18,2022 interest will be paid monthly, and from Dec. 18,2015 it will be amortized quarterly and repaid in 28installments. Sign the loan repayment deferred contract in June 2020, and only need to pay interest until March 2021, and the principal will be amortized on a quarterly basis according to the fixed amount.	1.60%	None	\$ 8,948
Credit loan	From Sept. 20, 2019 to Sept. 20, 2022, the principal and interest will be repaid monthly.	1.10%	None	<u>5,000</u> 13,948
Less:	Long-term borrowings due within One year			<u>(13,948)</u> \$ -

<u>Types of borrowings</u>	<u>Period of borrowing and repayment method</u>	<u>Range of interest rates</u>	<u>Collaterals</u>	<u>December 31, 2020</u>
Long-term borrowings from banks				

Credit loan	From Sept. 18,2012 to Sept. 18,2022 interest will be paid monthly, and from Dec. 18,2015 it will be amortized quarterly and repaid in 28installments. Sign the loan repayment deferred contract in June 2020, and only need to pay interest until March 2021, and the principal will be amortized on a quarterly basis according to the fixed amount.	1.60%	None	\$ 20,878
Credit loan	From Sept. 20, 2019 to Sept. 20, 2022, the principal and interest will be repaid monthly.	1.10%	None	<u>11,667</u> 32,545
Less:	Long-term borrowings due within one year			<u>( 18,597)</u> <u>13,948</u>

For the interest expense recognised in profit or loss on bank borrowings of the Company, please refer to the explanation in Note 6(20).

(12) Pensions

1. In accordance with the Labor Pension Act, the Company set up the defined contribution plan for retirement for employees who are the citizens of ROC starting from July 1, 2005. According to employee's option for the labor pension system stipulated by the Labor Pension Act, the Company each month contributes to the Labor Pension Fund at the rate of 6% of employees' monthly wages. Payments of employees pension are made to each employee's personal pension account and employees can choose to receive the principal and the cumulative gains by monthly pension payments or a lump sum pension payment °
2. In accordance with the above-mentioned pension plan, the Company recognized a pension cost of NT\$2,020 and NT\$2,512 in 2021 and 2020 respectively.

(13) Capital stock

As of December 31, 2021, the Company's authorized capital was NT\$1,500,000, and the paid-in capital was NT\$1,104,856,000 which was divided into 110,486, 000 shares, with a par value of NT\$10 per share. The Company's issued shares are fully paid-up.

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

Unit: 1,000 shares

	<u>2021</u>	<u>2020</u>
January 1(=Dec. 31)	<u>110,486</u>	<u>110,486</u>

(14) Capital surplus

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

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

(15) Retained earnings

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

2. The legal reserve cannot be used for purposes other than offsetting the company's deficits or providing new stock or cash to shareholders in proportion to their original shareholding. If the reserve is used for distributing new stock or cash, it has to be more than 25% of the Company's paid-in capital.

3. (1) The Company shall first set aside a special reserve from the debit balance on the "other equity" item at the balance sheet date before distributing earnings, and later when this debit balance on the "other equity" item is reversed, the reversed amount can be included in distributable earnings.

(2) In accordance with Order 1010012865 issued by the Financial Supervisory Commission on April 6, 2012, for an entity adopting IFRSs

the first time should set aside a special reserve. Later on, when the Company uses, disposes, or reclassifies related assets, the special reserve can be used for reversal by the proportion of the special reserve that has been set aside. If the aforementioned asset is investment property, the land part shall be reversed when it is disposed or reclassified, and for the non-land part, it shall be reversed progressively throughout the term of use.

(3) Due to the disposal of the real estate of Liuhe, the Company reversed the original special surplus reserve of \$71,161 to undistributed surplus.

4. The company's 2021 and 2020 dividends recognized as distribution and owner's dividends are both \$0. On March 24, 2022, the board of directors proposed the 2021 earnings distribution plan to distribute cash dividends of NT\$1 per share and stock dividends of NT\$3.5. Total dividends are \$497,185.

(16) Operating income

	<b>2021</b>	<b>2020</b>
Revenue from customer contracts	\$ 43,665	\$ 95,867
Less: Operating income of discontinued units	( 33,012 )	( 82,849 )
	<u>\$ 10,653</u>	<u>\$ 13,018</u>

1. Revenue from customer contracts

The Company's revenue can be broken down into the following major product lines:

<b>2021</b>	<u>Room Revenue</u>	<u>Food &amp; Beverage Income</u>	<u>Other Income</u>	<u>Total</u>
Revenue from external client contracts	\$ 21,472	\$ 19,204	\$ 2,989	\$ 43,665
Less: Operating income of discontinued units	( 21,472 )	( 9,398 )	( 2,142 )	( 33,012 )
	<u>\$ -</u>	<u>\$ 9,806</u>	<u>\$ 847</u>	<u>\$ 10,653</u>
Income recognition time point				
Revenue recognised at a point in time	\$ -	\$ 19,204	\$ 2,989	\$ 22,193
Income recognised over time	21,472	-	-	21,472
	<u>21,472</u>	<u>19,204</u>	<u>2,989</u>	<u>43,665</u>
Less: Operating income of discontinued units	( 21,472 )	( 9,398 )	( 2,142 )	( 33,012 )
	<u>\$ -</u>	<u>\$ 9,806</u>	<u>\$ 847</u>	<u>\$ 10,653</u>

Food &

<b>2020</b>	<u>Room Revenue</u>	<u>Beverage Income</u>	<u>Other Income</u>	<u>Total</u>
Revenue from external client contracts	\$ 57,650	\$ 33,726	\$ 4,491	\$ 95,867
Less: Operating income of discontinued units	( 57,650 )	( 21,486 )	( 3,713 )	( 82,849 )
	<u>\$ —</u>	<u>\$ 12,240</u>	<u>\$ 778</u>	<u>\$ 13,018</u>
Income recognition time point				
Revenue recognised at a point in time	\$ —	\$ 33,726	\$ 4,491	\$ 38,217
Income recognised over time	<u>57,650</u>	<u>—</u>	<u>—</u>	<u>57,650</u>
	<u>57,650</u>	<u>33,726</u>	<u>4,491</u>	<u>95,867</u>
Less: Operating income of discontinued units	( 57,650 )	( 21,486 )	( 3,713 )	( 82,849 )
	<u>\$ —</u>	<u>\$ 12,240</u>	<u>\$ 778</u>	<u>\$ 13,018</u>

In 2021 and 2020, the company's operations were affected by the novel coronavirus pneumonia epidemic, resulting in a decrease in the company's operating income. As of March 24, 2022 in the Republic of China, due to the impact of the subsequent control of the novel coronavirus, the amount of its impact on operating income cannot be reasonably estimated.

## 2. Contract liabilities

The Group recognises contract liabilities related to customer contract revenue as follows:

	<b>Dec. 31, 2021</b>	<b>Dec. 31, 2020</b>	<b>Jan. 01, 2020</b>
Contract liabilities:			
Contract liabilities--Room	\$ —	\$ 3,084	\$ 3,161
Service contract			
Contract liabilities--Food			
Service contract	<u>682</u>	<u>5,422</u>	<u>5,035</u>
	<u>\$ 682</u>	<u>\$ 8,506</u>	<u>\$ 8,196</u>

Revenue recognized in the current period for contract liabilities at the beginning of the period:

**2021**                      **2020**

The opening balance of  
contract liabilities is

recognized as revenue in the  
current period

Room service contract	\$	3,084	\$	3,161
Food service contract		5,422		5,035
	\$	<u>8,506</u>	\$	<u>8,196</u>

(17) Interest income

		<u>2021</u>		<u>2020</u>
Bank deposit interest	\$	420	\$	471
Interest income from financial assets measured at amortised cost		1,853		11,910
Other interest income		<u>3</u>		<u>-</u>
	\$	<u>2,276</u>	\$	<u>12,381</u>

(18) Other income

		<u>2021</u>		<u>2020</u>
Rental income	\$	5,935	\$	2,050
Government grants		15,882		8,440
Other income -other		<u>7,845</u>		<u>2,688</u>
		29,662		13,178
Less: Operating income of discontinued units	(	<u>26,831</u> )	(	<u>8,729</u> )
	\$	<u>2,831</u>	\$	<u>4,449</u>

Due to the application of the Group's Relief and Revitalization Measures for Industries and Businesses with Operational Difficulties Affected by the Severe Special Infectious Pneumonia and the application to the Tourism Bureau of Kaohsiung City Government for the use of anti-epidemic accommodation, after review and compliance, the continuing business units will be recognized in 2021 and 2020 respectively. The government subsidy income is \$3,711 and \$5,151. The discontinued unit will be recognized as government subsidy income of \$12,707 and \$3,991 in 2021 and 2020, respectively. There are no unfulfilled conditions and other contingencies.

(19) Other benefits and losses

	<u>2021</u>	<u>2020</u>
Disposal of interests in property, plant and equipment	\$ 2,052,593	\$ -
Foreign currency exchange loss	( 30,649)	( 52,477)
Impairment losses on non-financial assets	( 2,083)	( -)
Lease Modification Benefit	14	16
Other losses	( <u>911</u> )	( <u>294</u> )
	\$ 2,018,964	( 52,755)
Less: Other benefits and losses of closed units	( <u>2,059,730</u> )	<u>278</u>
	<u>(\$ 40,766)</u>	<u>(\$ 52,477)</u>

(20) Financial cost

	<u>2021</u>	<u>2020</u>
Interest expense		
Borrowings from banks	\$ 23,212	\$ 21,811
Interest on lease liability	<u>54</u>	<u>21</u>
	\$ 23,266	\$ 21,832
Less: Finance costs of closed units	( <u>12,076</u> )	( <u>9,975</u> )
	<u>\$ 11,190</u>	<u>\$ 11,857</u>

(21) Addition information on expenses

	<u>2021</u>	<u>2020</u>
Employee benefits expenses	\$ 50,006	\$ 54,370
Property, plants, and equipment Depreciation	9,115	25,685
Right-of-use asset Depreciation	<u>1,333</u>	<u>525</u>
	60,454	80,580
Less: Operating costs and operating expenses of closed units	( <u>19,322</u> )	( <u>29,229</u> )
	<u>\$ 41,132</u>	<u>\$ 51,351</u>

(22) Employee benefit expense

	<u>2021</u>	<u>2020</u>
Wages and salaries	\$ 43,058	\$ 46,257
Health and labor insurance	4,207	4,911
Pension expense	2,020	2,512
Other employee benefit expense	<u>721</u>	<u>690</u>
	50,006	54,370
Less: Employee welfare expenses for closed units	<u>( 12,786)</u>	<u>( 16,804)</u>
	<u>\$ 37,220</u>	<u>\$ 37,566</u>

1. In accordance with the Company's Article of Incorporation, 0.1% to 1% of the earnings of the year should be appropriated for employee compensation and no more than 1% for directors and supervisors remuneration. However, if the Corporation has accumulated deficit, the priority is to offset the deficit first.
2. The Company's 2021 and 2020 employee compensation and director compensation estimates are both \$0.

The company's 2020 is a net loss before tax, so no employee remuneration and director's remuneration will be allocated.

The 2021 is based on the profit status of the year and the percentages stipulated in the articles of association as the basis for estimation. The board of directors has resolved that the actual allotment amounts are \$1,671 and \$0 respectively, of which employee compensation will be paid in cash. The differences in employee compensation and director compensation are \$1,671 and \$0, respectively, mainly due to changes in estimates and will be adjusted to profit or loss in 2022

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

(23) Income tax

1. Income tax expense (benefit)

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

	<u>2021</u>	<u>2020</u>
<i>Current income tax:</i>		
Income tax generated from current income:	\$ -	\$ -
Tax on unappropriated earnings	95,975	-
Overestimation of prior year income tax	<u>-</u>	<u>( 855)</u>
Total current tax	<u>95,975</u>	<u>( 855)</u>
<i>Deferred income tax:</i>		
Origination and reversal of temporary differences	<u>( 68,779)</u>	<u>( 69,075)</u>

	27,196	69,930
Less: Income tax (benefits) expenses of units that are closed	( 56,629)	5,032
Income tax expense (benefits)	<u>\$ 29,433</u>	<u>(\$ 64,898)</u>

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

	<u>2021</u>	<u>2020</u>
Foreign operating agency conversion difference	<u>(\$ 7,509)</u>	<u>(\$ 14,251)</u>

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

	<u>2021</u>	<u>2020</u>
Income tax calculated using net profit (loss) before tax based on statutory tax rate(Note)	\$ 370,696	(\$ 68,048)
Income tax effects of adjustments based on income tax laws and regulations	1,846	661
Changes in the realizability assessment of		
Income exempt from tax under the tax law	( 347,854)	( 1,688)
Land value added tax	95,975	-
Unrealized land value added tax recognized in previous years Amount of effect of provision for deferred income tax	( 93,467)	-
Previous income tax overestimation	<u>-</u>	<u>( 885)</u>
	27,196	( 69,930)
Less: Income tax (benefits) expenses for units that are discontinued	<u>( 56,629)</u>	<u>5,032</u>
Income tax expenses	<u>\$ 29,433</u>	<u>\$ 64,898</u>

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

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

		2021			1
		Recognized in	Recognized in	Recognized in	
		Others	Others	Others	
		<u>Comprehensive</u>	<u>Comprehensive</u>	<u>Comprehensive</u>	
		income	income	income	
<u>January 1</u>	<u>Gain or loss</u>	<u>income</u>	<u>income</u>	<u>income</u>	<u>December 31</u>
Deferred tax assets:					
Temporary differences:					
Exchange differences on translation of foreign financial statements					
\$ 22,387	\$ -	\$ 7,509			\$ 29,896
Unrealized exchange loss	14,311	6,130	-		20,441
Bonus for not taking leave	239	( 119 )	-		120
Tax losses	<u>53,758</u>	<u>( 48,453 )</u>	<u>-</u>		<u>5,305</u>
	<u>\$ 90,695</u>	<u>\$ 42,442</u>	<u>\$ 7,509</u>		<u>\$ 55,762</u>
Deferred income tax liabilities:					
Temporary differences:					
Investment income recognized under the foreign equity method					
( 142,745)	\$ 17,754	\$ -			( 124,991)
Unrealized reserve for land revaluation increment tax	<u>( 93,467)</u>	<u>93,467</u>	<u>-</u>		<u>-</u>
	<u>(\$236,212)</u>	<u>(\$ 111,221)</u>	<u>\$ -</u>		<u>(\$ 124,991)</u>
	<u>(\$ 145,517)</u>	<u>(\$ 68,779)</u>	<u>\$ 7,509</u>		<u>(\$ 69,229)</u>
		2020			0
		Recognized in	Recognized in	Recognized in	
		Others	Others	Others	
		<u>Comprehensive</u>	<u>Comprehensive</u>	<u>Comprehensive</u>	
		Income	Income	Income	
<u>January 1</u>	<u>Gain or loss</u>	<u>Income</u>	<u>Income</u>	<u>Income</u>	<u>December 31</u>
Deferred income 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>58,758</u>
	<u>\$56,921</u>	<u>\$ 19,523</u>	<u>\$ 14,251</u>		<u>\$ 90,695</u>
Deferred income tax liabilities:					
Temporary differences:					
Exchange differences on translation of foreign financial					
(\$ 192,297)	\$ 49,552	\$ -			(\$ 142,745)

statements

Unrealized reserve for land revaluation increment tax	( 93,467)	-	-	( 93,467)
	<u>(\$ 285,467)</u>	<u>(\$ 49,552)</u>	<u>\$ -</u>	<u>(\$ 236,212)</u>
	<u>(\$ 228,843)</u>	<u>\$ 69,075</u>	<u>\$ 14,251</u>	<u>(\$ 145,517)</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, 2021						1
<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 portion</u>	<u>Year for last deduction</u>	
2020	Approved amount	\$ 47,692	\$ 26,523	\$ -	2020	

December 31, 2020						0
<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>Year for last deduction</u>	
2013	Reassessed	\$ 14,300	\$ 14,300	\$ -	2023	
2014	Reassessed	3,003	3,003	-	2024	
2015	Approved amount	9,018	9,018	-	2025	
2016	Approved amount	26,590	26,590	-	2026	
2017	Approved amount	72,817	72,817	-	2027	
2018	Approved amount	56,901	56,901	-	2028	
2019	Amount filed	40,604	40,604	-	2029	
2020	Estimated amounts of filings	<u>45,556</u>	<u>45,556</u>		2030	
		<u>\$ 268,789</u>	<u>\$ 268,789</u>	<u>\$ -</u>		

5. The company's profit-seeking business income tax has been approved by the tax collection authority until 2010.

(24) Earnings (loss) per share

2021				1
	<u>Amount after tax</u>	<u>Weighted average of Outstanding shares (1,000shares)</u>	<u>Earnings per share (NT\$)</u>	
<u>Basic earnings per share</u>				
Current net income attributable to the common stock shareholders of the parent company	(\$ 153,931)	110,486	(\$ 1.39)	

Net profit for the period attributable to the discontinued unit of the parent company owner	<u>1,980,213</u>	110,486	<u>17.92</u>
Net profit for the period attributable to owners of the parent company	<u>\$ 1,826,282</u>	110,486	<u>\$ 16.53</u>

	<u>2020</u>	<u>2020</u>	<u>0</u>
	<u>Amount after tax</u>	<u>Weighted average of Outstanding shares (1,000 shares)</u>	<u>Earnings per share (NT\$)</u>
<u>Basic loss per share</u>			
Current net income attributable to the common stock shareholders of the parent company	(\$ 251,381 )	110,486	(\$ 2.28 )
Net loss for the current period attributable to the closed business unit of the owner of the parent company	( 18,928 )	110,486	( 0.17 )
Net loss for the period attributable to owners of the parent company	<u>(\$ 270,309 )</u>	110,486	<u>(\$ 2.45 )</u>

(25) Supplementary information on cash flow

1. Investing activities with only partial cash receipts and payments:

	<u>2021</u>	<u>2020</u>
Purchase of real estate, plant and equipment	\$ 6,244	\$ 1,599
Add: Accounts payable at the beginning of the period-land destination change deposit (listed as "long-term bills and payments payable")	127,577	127,577
Minus: other accounts payable at the end of the period - cash for change of destination (listed in "long-term bills and payments")	—	( 127,577 )

Equipment payable at the end of the period ("Other payables" in the table)	(	2,859)	–
Cash payment in the current period	\$	130,962	\$ 1,599

2. Financing activities that do not affect cash flow:

		<u>2021</u>		<u>2020</u>
Long-term borrowings are transferred to the portion due within one year	\$	13,948	\$	18,597

(26) Change of liabilities from financing activities

	<u>2021</u>					1
	<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	\$1,609,599	\$ 130,000	\$ 3,407	\$ 32,545	\$ 1,775,551	
Change of cash flows from Financing activities	( 725,599)	( 100,000)	( 1,307)	( 18,597)	( 845,503)	
Other change of non cash	–	–	8,525	–	8,525	
December 31	<u>\$ 884,000</u>	<u>\$ 30,000</u>	<u>\$ 10,625</u>	<u>\$ 13,948</u>	<u>\$ 938,573</u>	
						<u>2020</u>
						0
	<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	
	–	–	1,948	–	1,948	
December 31	<u>\$1,204,500</u>	<u>\$ 130,000</u>	<u>\$ 3,407</u>	<u>\$ 32,545</u>	<u>\$ 1,775,551</u>	

Note: Non-cash changes arising from the increase, disposal and lease modification of right-of-use assets.

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.	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 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.
Holiday Garden FM CORP. ("FM CORP.)	Subsidiaries directly held by U.S.

(2) Material Transactions with related parties

1. Income from management services ("Other Income" in the table)

	<u>2021</u>	<u>2020</u>
Holiday Garden Development Co., Ltd.	\$ <u>1,200</u>	\$ <u>500</u>

2. Primary management remuneration and compensation information

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ <u>3,850</u>	\$ <u>3,332</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, 2021</u>	<u>December 31, 2020</u>	
Land	\$ -	\$ 481,493	Short-term and long-term borrowings
Buildings and structures	-	161,188	Short-term and long-term borrowings
Time deposits: (Stated in "Other financial asset - current")	957,921	971,578	Short-term borrowings
Time deposits: (Stated in "Other financial asset - current")	<u>368</u>	<u>1,927</u>	Voucher performance guarantee
	<u>\$ 958,289</u>	<u>\$ 1,616,186</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, 2021</u>	<u>December 31, 2020</u>
Total liabilities	\$ 1,088,050	\$ 2,169,657
Total assets	\$ 3,846,248	\$ 3,131,608
Debt to assets ratio	28	69

(2) Financial instruments

1. Types of financial instruments

<u>Financial assets</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 1,267,737	\$ 60,874
Financial assets measured at amortized	966,700	973,505
Notes receivable	323	-
Accounts receivable	1,376	4,099
Other accounts receivable	92	141
Guarantee deposits paid	1,156	733
	<u>\$ 2,237,384</u>	<u>\$ 1,039,352</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets measured at		
Short-term borrowings	\$ 884,000	\$ 1,609,599
Short-term notes and bills		
Notes payable	30,000	130,000
Accounts payable	946	3,140
Other accounts payable	22,544	15,183
Long-term borrowings (including	13,948	32,545
Long-term notes and accounts	-	127,577
Guarantee deposits received	181	755
	<u>\$ 951,619</u>	<u>\$ 1,918,799</u>
Lease liabilities	<u>\$ 10,625</u>	<u>\$ 3,407</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:

<u>December 31, 2021</u>						
	<u>Foreign currencies (NT\$1,000)</u>	<u>Exchange rate</u>	<u>Carrying amount (NT\$)</u>	<u>Sensitivity analysis</u>		
				<u>Degree of variation</u>	<u>Effect on <u>profit</u> or <u>loss</u></u>	<u>Effect on other comprehensive income</u>
<b>(Foreign currency: functional currency)</b>						
<u>Financial assets</u>						
<u>Currency item</u>						
US\$ : NT\$	\$ 57,222	27.68	\$ 1,583,898	1%	\$ 15,839	\$ -
<u>Long-term investments accounted for using the equity method</u>						
US\$ : NT\$	53,931	29.98	1,492,819	1%	-	14,928

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<u>December 31, 2020</u>						
	<u>Foreign currencies (NT\$1,000)</u>	<u>Exchange rate</u>	<u>Carrying amount (NT\$)</u>	<u>Sensitivity analysis</u>		
				<u>Degree of variation</u>	<u>Effect on <u>profit</u> or <u>loss</u></u>	<u>Effect on other comprehensive income</u>
<b>(Foreign currency: functional currency)</b>						
<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</u>						
	45,101	28.48	1,284,466	1%	-	12,845

D. In 2021 and 2020, the aggregate amounts of all exchange losses (including realized and unrealized) of the Company's monetary items due to exchange rate fluctuations that have a significant impact are \$30,649 and \$52,470, 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 rate risk arises from short-term and long-term borrowings at floating rates, exposing the Company to cash flow interest rate risk. As of December 31, 2021 and 2020, the Company's borrowings with floating interest rates are in New Taiwan Dollars.
- 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 the borrowing rate increases or decreases by 1%, and all other factors remain unchanged, the net profit before tax in 2021 and 2020 will decrease or increase by \$8,979 and \$16,421 respectively, mainly due to the change in interest expense due to floating rate borrowings caused.

(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. The company's forward-looking consideration of the future adjusts the loss rate established by historical and current information for a specific period to estimate the provision loss for bills receivable and accounts receivable. The provision matrix for 2021 and December 31, 2020 is as follows

	<u>Not past due and past due for 1 to 30days</u>	<u>Past due for 31 to 90 days</u>	<u>Past due for more than 91 days</u>	<u>Total</u>
<u>December 31, 2018</u>				
Expected loss rate	0.34%	0.81 %	100.00%	
Total book value	\$ 1,299	\$ 401	\$ 29	\$ 1,729
Loss allowance	-	1	29	30

	<u>Not past due and past due for 1 to 30 days</u>	<u>Past due for 31 to 90 days</u>	<u>Past due for more than 91 days</u>	<u>Total</u>
<u>December 31, 2018</u>				
Expected loss rate	0.34%	0.81%	100%	
Total book value	\$ 2,244	\$ 1,859	\$ 568	\$ 4,671
Loss allowance	1	3	568	572

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

	<u>2021</u>	<u>2020</u>
January 1	\$ 572	\$ 125
Impairment loss provision	-	447
Impairment loss reversal of discontinued units	( 542)	-
December 31	<u>\$ 30</u>	<u>\$ 572</u>

### (3) Liquidity risk

A. A. Cash flows forecasts are performed by each operating entity of the Company and summarized by the finance department of the Company. The Company's finance department monitors the Company's circulating capital requirements to ensure that the Company has sufficient capital for its operating needs, and a sufficient unspent loan commitment is maintained

at all times.

- B. When the residual cash held by each operating entity exceeds the amount of operating capital required for management, it shall be transferred back to the finance department of the Company. The Company's finance department will invest the residual funds in demand deposits, checking deposits, and time deposits, and the selected instruments have a proper due date or an adequate liquidity in order to meet the above-mentioned forecasts and ensure that the Company has sufficient liquidity to fund the requirements. At December 31, 2021 and 2020, the Company's money market position was NT\$1,267,317 and NT\$59,786 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, 2021

<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	\$ 885,289	\$ -	\$ -
Short-term notes and bills payable			
Notes payable	30,000	-	-
Accounts payable	946	-	-
Other accounts payable	22,544	-	-
Lease obligation	3,110	3,985	3,823
Long-term borrowings (including the current portion of long-term debt payable)	14,055	-	-
Long-term notes and accounts payable			
Guarantee deposits received	144	-	37

Derivative financial liabilities: None

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			
Notes payable	130,000	-	-
Accounts payable	3,140	-	-
Other accounts payable	15,183	-	-

Lease obligation	1,331	1,306	842
Long-term borrowings (including the current portion of long-term debt payable)	18,978	14,048	-
Long-term notes and accounts payable	-	-	127,577
Guarantee deposits received	393	-	362
<u>Derivative financial liabilities: None</u>			

### 13. Supplementary disclosure

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

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

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

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

#### (3) Investment in mainland China

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

#### (4) Information of major shareholders

Information of major shareholders: Please refer to Schedule 7 for details.

14. Segment information

Not applicable

Holiday Garden International Ltd. and subsidiaries

Loan funds

January 1, 2021 to December 31, 2021

Table 1

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

No. (Note. 1)	Company providing the loan	Borrower	Transaction item(Note2)	A related party yes or not	The maximum amount of this period (Note3)	Closing balance (Note 8)	Actual drawing amount	Range of interest rate	Type of loan fund (Note 4)	Business transaction amount (Note 5)	Reasons for short-term financing (Note6)	Recognized amount of loss allowance	Collaterals Name Value	Maximum amount of loans permitted to a single borrower(Note 7)	Total amount permitted for loaning of funds (Note 7)	Note
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 \$ -	\$ 74,640,950	\$ 149,281,900	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 -	11,924,650	23,849,300	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 -	11,924,650	23,849,300	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 -	11,924,650	23,849,300	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 -	11,924,650	23,849,300	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 -	11,924,650	23,849,300	Note 9
2	Holiday Garden U.S.	Holiday Garden EV CORP.	Receivable from related companies	yes	953,680	559,362	559,362	Annual interest 6.5%	Short-term financing funds	-	Hotel acquisition	-	None -	11,924,650	23,849,300	Note 9
2	Holiday Garden U.S.	Holiday Garden EV CORP.	Receivable from related companies	yes	84,030	84,030	84,030	Annual interest 6.5%	Short-term financing funds	-	Operational needs	-	None -	11,924,650	23,849,300	Note 9
2	Holiday Garden U.S.	Holiday Garden FM CORP.	Receivable from related companies	yes	430,900	430,900	430,900	Annual interest 3.0%	Short-term financing funds	-	Hotel acquisition Operational needs	-	None -	11,924,650	23,849,300	Note 9
3	Holiday Garden SF CORP.	Holiday Garden VC CORP.	Receivable from related companies	yes	154,200	154,200	-	Annual interest 3.0%	Short-term financing funds	-	Hotel acquisition	-	None -	6,843,350	13,686,700	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 -	6,843,350	13,686,700	Note 9

Note 1: See the footnotes below

(1) 0 for the Company

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

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

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

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

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

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

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

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

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

Holiday Garden Hotel Co., Ltd.  
 Properties disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital  
 January 1, 2021 to December 31, 2021

Table 2

Unit: NT\$1,000

Company which acquired properties	property name	Occuring Date	Transaction amount	Payment of price	Transaction		Holder	Relationship with issuer	Transfer date	Amount	(Unless otherwise noted)		
					object	Relationship					The former tranfer object is	information of transaction related party	reference of priceBasis
Holiday Garden EV CORP.	SpringHill Suites by Marriott San Jose Fremont 旅館	110/12/09	\$ 964,411	\$ 964,411	MILLENNIUM HOTEL INC.	None-related parties	-	-	-	\$ -	Valuation report	Operating the food and hotel business in U. S. A	None

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

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

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

Holiday Garden International Ltd. and subsidiaries  
 Properties acquired of at costs or prices of at least NT\$300 million or 20% of the paid-in capital  
 January 1, 2021 to December 31, 2021

Table 3

<u>Company disposing of real estate</u>	<u>Property name</u>	<u>Date of fact (Note 1)</u>	<u>Original date of acquisition</u>	<u>Carrying amount</u>	<u>Amount of the transaction</u>	<u>Price collection situation</u>	<u>Disposal profit and loss (Note 2)</u>	<u>Trading partners</u>	<u>Relation</u>	<u>Punishment purpose</u>	<u>Reference basis for price determination</u>	<u>Other agreements</u>
Holiday Garden International Ltd.	The real estate at the current location of Liuheguan's operation	May 05, 2021	Jul. 29, 1959	\$642, 673	2.7 billion	The price is charged according to the conditions agreed in the sales and purchase agreement of both parties	\$1,960,037	Yongshuo Investment Co., Ltd.	None	According to business strategy	Referring to market conditions and obtaining two real estate appraisal reports, the appraisal results are about 2.34 billion and 2.45 billion respectively.	None

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

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

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

Holiday Garden International Ltd. and subsidiaries  
 Receivable from related parties amounts to at least NT\$100 million or 20% of the paid-in capital.  
 January 1, 2021 to December 31, 2021

Table 4

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

<u>Companies of account</u> <u>receivable</u>	<u>Transaction object name</u>	<u>Relationship</u>	Balance of Receivable from related <u>companies (Note 1)</u>	<u>Turnover rate</u>	<u>Past due accounts</u> receivable from related		Accounts receivable recovered from related companies after <u>the reporting period</u>	Amount of loss allowance <u>recognized</u>
					<u>Amount</u>	<u>Treatment</u>		
Holiday Garden International Ltd.	Holiday Garden U.S.	Note 3	Account receivable : 1,063,466	Note 4	\$ -	-	\$ -	\$ -
Holiday Garden U.S.	Holiday Garden WC CORP.	Note 3	Account receivable : 465,301	Note 4	-	-	-	-
Holiday Garden SF CORP.	Holiday Garden U.S.	Note 3	Account receivable : 367,784	Note 4	-	-	-	-
Holiday Garden U.S.	Holiday Garden EV CORP.	Note 3	Account receivable : 680,478	Note 4	-	-	-	-
Holiday Garden WC CORP.	Holiday Garden SF CORP.	Note 3	Account receivable : 141,205	Note 4	-	-	-	-
Holiday Garden EV CORP.	Holiday Garden SF CORP.	Note 3	Account receivable : 125,684	Note 4	-	-	-	-
Holiday Garden U.S.	Holiday Garden FM CORP.	Note 3	Account receivable : 487,608	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, 2021 to December 31, 2021

Table 5

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

Number (Note 1)	Name	Counterparty	Relationship with the counterparty (Note 2)	Transaction condition		Ratio to consolidated total revenue or total assets (Note 3)
				Account	Amount	
1	Holiday Garden International Ltd.	Holiday Garden U. S.	(3)	Other accounts receivable	\$1,063,466	Processed according to the agreement between the two parties 12.36%
1	Holiday Garden International Ltd.	Holiday Garden U. S.	(3)	Interest income	61,902	Processed according to the agreement between the two parties 7.25%
1	Holiday Garden International Ltd.	Holiday Garden SF CORP.	(3)	Other income	24,912	Processed according to the agreement between the two parties 0.29%
1	Holiday Garden International Ltd.	Holiday Garden SF CORP.	(3)	Interest income	12,605	Processed according to the agreement between the two parties 1.48%
1	Holiday Garden International Ltd.	Holiday Garden NW CORP.	(3)	Other income	24,912	Processed according to the agreement between the two parties 0.29%
1	Holiday Garden International Ltd.	Holiday Garden NW CORP.	(3)	Interest income	12,605	Processed according to the agreement between the two parties 1.48%
1	Holiday Garden International Ltd.	Holiday Garden VC CORP.	(3)	Other income	24,912	Processed according to the agreement between the two parties 0.29%
1	Holiday Garden International Ltd.	Holiday Garden VC CORP.	(3)	Interest income	12,605	Processed according to the agreement between the two parties 1.48%
1	Holiday Garden International Ltd.	Holiday Garden WC CORP.	(3)	Other income	24,912	Processed according to the agreement between the two parties 0.29%
1	Holiday Garden International Ltd.	Holiday Garden WC CORP.	(3)	Interest income	12,605	Processed according to the agreement between the two parties 1.48%
1	Holiday Garden International Ltd.	Holiday Garden EV CORP.	(3)	Other income	20,760	Processed according to the agreement between the two parties 0.24%
1	Holiday Garden International Ltd.	Holiday Garden EV CORP.	(3)	Interest income	12,605	Processed according to the agreement between the two parties 1.48%
2	Holiday Garden U. S.	Holiday Garden NW CORP.	(3)	Other income	83,040	Processed according to the agreement between the two parties 0.96%
2	Holiday Garden U. S.	Holiday Garden WC CORP.	(3)	Other income	465,301	Processed according to the agreement between the two parties 5.40%
2	Holiday Garden U. S.	Holiday Garden WC CORP.	(3)	Interest income	25,349	Processed according to the agreement between the two parties 2.97%
2	Holiday Garden U. S.	Holiday Garden VC CORP.	(3)	Other income	41,520	Processed according to the agreement between the two parties 0.48%
2	Holiday Garden U. S.	Holiday Garden EV CORP.	(3)	Other income	680,478	Processed according to the agreement between the two parties 7.91%
2	Holiday Garden U. S.	Holiday Garden EV CORP.	(3)	Interest income	37,779	Processed according to the agreement between the two parties 4.42%
2	Holiday Garden U. S.	Holiday Garden FM CORP.	(3)	Other income	487,608	Processed according to the agreement between the two parties 5.66%
3	Holiday Garden SF CORP.	Holiday Garden U. S.	(3)	Other income	367,784	Processed according to the agreement between the two parties 4.27%
3	Holiday Garden SF CORP.	Holiday Garden U. S.	(3)	Interest income	10,840	Processed according to the agreement between the two parties 1.27%

4	Holiday Garden VC CORP.	Holiday Garden SF CORP.	(3)	Other income	54,225	Processed according to the agreement between the two parties	0.63%
5	Holiday Garden NW CORP.	Holiday Garden SF CORP.	(3)	Other income	25,565	Processed according to the agreement between the two parties	0.30%
6	Holiday Garden WC CORP.	Holiday Garden SF CORP.	(3)	Other income	141,205	Processed according to the agreement between the two parties	1.65%
7	Holiday Garden EV CORP.	Holiday Garden SF CORP.	(3)	Other income	125,684	Processed according to the agreement between the two parties	1.46%
8	Holiday Garden FM CORP.	Holiday Garden SF CORP.	(3)	Other income	57,281	Processed according to the agreement between the two parties	0.67%

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, 2021 to December 31, 2021

Table 6

Unit: NT\$, 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	Taiwan	Tourism hotels	\$ 65,000	\$ 65,000	6,500	100	\$ 36,485	(\$ 11,364)	(\$ 11,364)	The Company's subsidiary
Holiday Garden International Ltd.	International Holiday Garden	Bermuda	Investment business	977,650	642,980	12,000	100	1,492,819	( 88,773 )	( 88,773 )	The Company's subsidiary
Holiday Garden International Ltd.	International Holiday Garden U.S.	USA	Investment business	585,961	251,291	18,000	100	238,493	( 125,434 )	( 125,434 )	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden SF CORP.	USA	Tourism hotels	84,662	84,662	170,000	100	136,867	8,852	8,852	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden NW CORP.	USA	Tourism hotels	81,250	81,250	150,000	100	22,981	( 15,573 )	( 15,573 )	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden VC CORP.	USA	Tourism hotels	81,250	81,250	150,000	100	( 23,686 )	( 10,690 )	( 10,690 )	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden WC CORP.	USA	Tourism hotels	80,700	80,700	150,000	100	( 207,437 )	( 55,661 )	( 55,661 )	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden EV CORP.	USA	Tourism hotels	77,188	77,188	150,000	100	( 240,695 )	( 83,189 )	( 83,189 )	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden FM CORP.	USA	Tourism hotels	69,263	-	150,000	100	58,430	59,127	59,127	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

Table 7

Major Shareholder Information  
January 1, 2021 to December 31, 2021

Main shareholder name	Shares	
	Shares held	Shareholding ratio
YENJUAN INTERNATIONAL CO., LTD.	21,427,377	19.39%
CATHAY UNITED BANK is entrusted with custody of GIPPER CO., LTD. investment account	10,908,482	9.87%
CATHAY UNITED BANK is entrusted with custody of ESSIDIY Co., Ltd. investment account	10,485,338	9.49%
CATHAY UNITED BANK is entrusted with custody of CHUN TAO KOO (HOLDINGS) LTD. investment account	10,361,288	9.37%
CATHAY UNITED BANK is entrusted with custody of KDX HOLDING LTD. investment account	8,748,960	7.91%

Holiday Garden International Ltd. and subsidiaries

Statement of Cash and Cash Equivalents

January 1, 2021 to December 31, 2021

List 1.

Unit: NT\$1,000

<u>Project</u>	<u>Summary</u>	<u>Amount</u>
Cash on hand and working capital		\$ 420
Check Deposit		4,893
Current Deposit - NTD Deposit		636,440
Current Deposit - USD Deposit	USD 22,615,000 , Exchange rate 27.68	625,977
Demand Deposit - Singapore Deposit	SGD 333.57 , Exchange rate 20.46	<u>7</u>
		<u>\$ 1,267,737</u>

Holiday Garden International Ltd. and subsidiaries  
Financial Assets at Amortised Cost - Current Statement  
January 1,2021 to December 31,2021

List 2

Unit: NT\$1,000

Name	Summary	Contract Period	Amount	Interest Rate	Remark
Cathay United Bank	NTD survive	—	\$ 368	—	Note
O-Bank	NTD Time Deposit	2021.09.11~2022.03.11	5046	0.17%	Note
O-Bank	NTD Time Deposit	2021.09.12~2022.03.12	407	0.59%	Note
O-Bank	NTD Time Deposit	2021.10.28~2022.04.28	2,958	0.53%	Note
O-Bank	USD Time Deposit	2021.12.27~2022.01.27	423,095	0.20%	Note
CTBC BANK Co., Ltd	USD Time Deposit	2021.12.08~2022.04.08	417,732	0.12%	Note
CTBC BANK Co., Ltd	USD Time Deposit	2021.10.29~2022.04.29	1,384	0.19%	Note
CTBC BANK Co., Ltd	USD Time Deposit	2021.10.28~2022.04.28	115,710	0.20%	Note
			<u>\$ 966,700</u>		

Note: For information on guarantees for financial assets measured at amortised cost, please refer to Note 8

Holiday Garden International Ltd. and subsidiaries  
Statement of Changes in Investments Using the Equity Method  
2021

List 3

Name	<u>Opening Balance</u>		<u>Increase in this period (Note 1)</u>		<u>Decrease in the current period (Note 2)</u>		<u>Ending balance</u>		<u>Market price or net value</u>		<u>Evaluation basis</u>	<u>Guarantee or Pledge</u>	<u>Remark</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 ratio</u>	<u>Amount</u>	<u>Unit price</u>			
Holiday Garden International Ltd.,	12,000	\$1,284,466	-	\$334,670	-	( \$126,317 )	12,000	100%	\$1,492,819	\$124,402	\$1,492,819	Equity method	None
Holiday Garden Development International Ltd.,	6,500,000	47,849	-	-	-	( 11,364 )	6,500,000	100%	36,485	5.61	36,485	Equity method	None
		<u>\$1,332,315</u>		<u>\$334,670</u>		<u>( \$137,681 )</u>			<u>\$1,529,304</u>		<u>\$1,529,304</u>		

Note 1: The increase in the current period is the increase in the investment amount in the current period

Note 2: The decrease in the current period is due to the exchange difference from the translation of the financial statements of foreign operating agencies and the share of the profits and losses of subsidiaries, affiliated enterprises and joint ventures recognized by the equity method in the current period

Holiday Garden International Ltd. and subsidiaries  
Short-term loan schedule  
December 31,2021

List 4

Unit: NT\$1,000

<u>Type of loan</u>	<u>Summary</u>	<u>Ending balance</u>	<u>Contract Period</u>	<u>Interest Rate</u>	<u>Financing Amount</u>	<u>Mortgage or Guarantee</u>
Guaranteed bank loan	CTBC BANK Co., Ltd	\$ 400,000	2021.10.28~2022.04.28	0.99%	\$ 400,000	Time Deposit
Guaranteed bank loan	CTBC BANK Co., Ltd	84,000	2021.10.28~2022.04.28	0.99%	600,000	Time Deposit
Guaranteed bank loan	O-Bank	400,000	2021.12.24~2022.01.24	0.94%	400,000	Time Deposit
		\$ 884,000				

Blank Below

Holiday Garden International Ltd. and subsidiaries

Schedule of Short Term Notes Payable

December 31,2021

List 5

Unit: NT\$1,000

<u>Project</u>	<u>Guarantee agency</u>	<u>Contract Period</u>	<u>Interest Rate</u>	<u>A M O U N T</u>			<u>Remark</u>
				<u>Issue amount</u>	<u>Unamortized discount</u>	<u>Value</u>	
Commercial promissory note	China Bills Finance Corporation (CBF)	2021.10.28~2022.04.28	0.56%	\$ <u>30,000</u>	\$ <u>—</u>	\$ <u>30,000</u>	

Holiday Garden International Ltd. and subsidiaries

Long-term loan details

December 31,2021

List 6

Unit: NT\$1,000							
<u>Creditor</u>	<u>Summary</u>	<u>Loan Amount</u>	<u>Contract Period</u>	<u>Interest Rate</u>	<u>Financing Amount</u>	<u>Mortgage or Guarantee</u>	<u>Remark</u>
First Commercial Bank, Sanmin ranch	10 years credit loan	\$ 8,948	2012.09.18~2022.09.18	1.60%	58,678	None	
					\$		
Hua Nan Commercial Bank, Ltd. Tung-Kaohsiung Branch	3 years credit loan	5,000	2019.09.20~2022.09.20	1.10%	20,000	None	
		13,948					
Minus: portion due within one year	(	13,948)					
	\$	-					

Holiday Garden International Ltd. and subsidiaries

Operating Cost Schedule

January 1,2021 to December 31,2021

List 7

Unit: NT\$1,000

Project	Amount	Remark
Beginning Catering Inventory	\$ 925	
Feed in this period	6,871	
Transfer operating expenses	( 938 )	
Ending Catering Inventory	( 435 )	
Consumables for this issue	6,423	
Food and room costs	16,653	
	23,076	
Less: Operating costs of closed units	( 19,577 )	
	\$ 3,499	

Holiday Garden International Ltd. and subsidiaries  
 Operating Expenses Schedule  
 January 1,2021 to December 31,2021

List 8

Unit: NT\$1,000

Project	Summary	Amount	Remark
Salary Expenses		\$ 36,670	
Labor Fee		12,372	
Tax		4,795	
Other Fee		41,315	The balance does not exceed 5% of the amount of the subject
		<u>95,152</u>	
Less: Operating expenses of closed units		( <u>51,620</u> )	
		<u>\$ 43,532</u>	

Holiday Garden International Ltd. and subsidiaries  
Summary of employee benefits, depreciation, and amortization expenses incurred in the current period by function  
January 1, 2020 to December 31, 2021

List 9

Unit: NT\$1,000

<i>Function</i>	2021			2020		
	Operating Cost	Operating Expenses	Total	Operating Cost	Operating Expenses	Total
<i>Properties</i>						
Employee Benefit Expenses	\$ 9,426	\$ 40,580	\$ 50,006	\$ 9,019	\$ 45,351	\$ 54,370
Salary Cost	8,020	31,188	39,208	7,615	36,722	44,337
Labor and health insurance costs	880	3,327	4,207	959	3,952	4,911
Superannuation Expenses	388	1,632	2,020	330	2,182	2,512
Director's Remuneration	—	3,850	3,850	—	1,920	1,920
Other Employee Benefit Expenses	138	583	721	115	575	690
Depreciation Expense	6,027	4,421	10,448	19,342	6,868	26,210

Notes:

1. The number of employees in the current year and the previous year was 93 and 115 respectively, of which the number of directors who were concurrently employees was 3 and 3 respectively
2. For companies whose stocks have been listed on the stock exchange or traded on the OTC securities exchange center, the following information should be disclosed:
  - (1) The average employee benefit cost for the current year is \$513; the employee benefit cost for the previous year is \$468.
  - (2) The average employee salary cost in the current year is \$436; the employee salary cost in the previous year is \$396.
  - (3) 10.10% of the adjustment and change of the average employee salary cost.
  - (4) The company has set up an audit committee to replace the supervisor in accordance with the regulations, so the remuneration of the supervisor is not recognized.
  - (5) Salary and remuneration policy
    1. Policies, standards and combinations of remuneration:
      - (1). The remuneration of the company's directors and independent directors includes the travel expenses and the distribution remuneration according to the company's articles of association of not more than 1% of the profit for the year, which shall be paid according to Article 31 of the company's articles of association.
      - (2). The remuneration and salary of the managers of the company will be paid according to the personal professional experience and the usual standards of the industry, and the bonus will be issued according to the individual's performance according to its achievement rate, growth rate, risk and performance.
      - (3). The salary of the company's employees is determined according to the results of the interview and evaluation at each stage; the salary of the personnel is approved according to the grade level. In addition, bonuses are issued according to the individual's performance according to their achievement rate, growth rate, and job performance.
    2. Procedure for setting remuneration
      - (1). The board of directors of the company passed the "Organization Regulations of the Remuneration Committee" in December 2011, and established a Remuneration Committee in accordance with the organizational regulations to formulate director and independent director-level managers' remuneration.
      - (2). The Compensation and Remuneration Committee of the Company determines and regularly evaluates the remuneration of directors, independent directors and managers. The remuneration of directors, independent directors and managers must be approved by the board of directors.