

【Stock code:2702】



# **Hotel Holiday Garden**

---

---

## **Handbook for 2021 Annual meeting of shareholders**

Time: June 16,2021

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

# Table of Content

1. Meeting procedures.....	1
2. Meeting agenda.....	2
3. Management presentations.....	3
4. Acknowledgments.....	11
5. Discussion.....	11
6. Questions and motions.....	12
7. Adjournment.....	12

## Attachments:

1.The audit report and financial statement of 2020 by the accountant.....	13
2.The audit report and consolidated financial statements of 2020 by the accountant .....	24
3.Deficit Compensation Table.....	35
4.Amendments to the company's ethical behavior criteria.....	36
5.Amendment provisions of Procedure for Board of Directors Meetings.....	37
6.Amendment provisions of procedures for Election of Directors.....	46
7.Amendment provisions of Procedure for Shareholders Meetings.....	50
8.Amendment provisions of Regulations Governing Loaning of Funds.....	62

## Appendices :

1.Current Shareholding of Directors.....	63
2. Description of other matters.....	64
3.The company's ethical behavior criteria.....	65
4. Regulations Governing Procedure for Board of Directors Meetings.....	69
5. Procedures for Election of Directors.....	77
6. Rules of Procedures for Shareholder Meetings.....	84
7.Regulations Governing Loaning of Funds.....	85

# **Hotel Holiday Garden**

## **The 2021 Annual Meeting of Shareholders**

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

# **Hotel Holiday Garden**

## **The 2021 Annual Meeting of Shareholders**

### 2.Meeting agenda

Time : June 16,2021 ( Wednesday ) 09:00

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

Kaohsiung City

1.Call the meeting to order

2.Speech by the Chairman

3.Management presentations

(1) 2020 Business Report

(2) Report on the 2020 Financial Statements

(3)The 2020 Employees' bonus and directors' remuneration report

(4)Amendments to the company's ethical behavior criteria.

(5)Report on the handling of shareholders' proposals.

(6)Amendments to the company's rules of procedure.

(7) A subsidiary of HOLIDAY GARDEN U.S., reports on the improvement of the excess balance of funds lent to others.

4.Acknowledgments

(1)Adoption of the 2020 Business Report and Financial Statements

(2)Adoption of the Proposal for Distribution of 2020 Profits and loss.

5.Discussions

(1)Amendment to the selection process of directors.

(2)Amendment to the Rules of Procedure for Shareholder Meetings.

(3) Amendment provisions of Regulations Governing Loaning of Funds.

(4) Kaohsiung City, the former gold district after the gold section of the real estate disposal case.

6.Proposals and motions

7.Adjournment

### 3. Management Presentations

Report No.1: The 2020 Business report

Explanation: Please refer to pages 5-9 of this handbook

Report No. 2: Audit committee 's Review Report on the 2020 Financial Statements °

Explanation: Audit committee's Review Report on the 2020 Financial Statements, please refer to page 10 of this handbook

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

Explanation: 1. The estimated amount of employees' compensation and directors' compensation for the year ended December 31, 2020 was 0. Employees' compensation and directors' compensation are not intended to be distributed.

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

Report No. 4: Amendments to the Company's " Ethical behavior criteria ".

Explanation: The "Standards of Ethical Conduct" are proposed to be partially revised to conform to the amendments to the Act. Please refer to page 36 of this manual. (Annex IV)

Report No. 5: Report on proposals made by shareholders

Explanation: During the fixed period of April 12 to April 22, 2021 allocated for shareholders with more than 1% shares to make proposals, but none has been raised during this period. Please refer to page 64 of this handbook.

Report No.6: Amendments to the Company's "Regulations Governing Board Meetings".

Explanation: For the proposed new " Regulations Governing Procedure for Board of Directors Meetings" to comply with the amendment of the Act. Please refer to page 37 to 45 of this handbook. (Annex V)

Report No.7: HOLIDAY GARDEN U.S., a subsidiary of HOLIDAY GARDEN U.S., reports on the improvement of the excess balance of funds lent to others.

Explanation: 1. In accordance with the Financial Supervisory Commission's letter No. 1100340238 dated April 22, 2021.

2. The Company's overseas subsidiary, HOLIDAY GARDEN U.S., loaned funds to four overseas subsidiaries, including HOLIDAY

GARDEN NW Corp, VC Corp, WC Corp and EV Corp, which are 100% owned by the Company, in excess of the aggregate amount in December 2009, in violation of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

3. In accordance with the letter No. 1100340238 dated April 22, 2021, the Company announced the improvement plan and the implementation status, and reported the implementation status in the shareholders' meeting.
4. We have exceeded our capital borrowing limit due to the decrease in net assets of our subsidiary, HOLIDAY GARDEN U.S., in the fourth quarter of 2020. We will consider the impact of the change in net assets on the capital borrowing limit, propose an improvement plan and implement it, and report on the implementation at the shareholders' meeting.
  - (1) Reduced quotas for Holiday Garden EV Corp.
  - (2) The Board of Directors resolved to approve the submission of 110.6.16 to the General Meeting of Shareholders for approval to revise the limits of borrowing of funds for individuals and to others, taking into account the impact of changes in net assets on the limits of borrowing of funds.
  - (3) We will continue to track and report to the Audit Committee and the Board of Directors on a quarterly basis to track improvements.

## Hotel Holiday Garden

### Business report

Dear ladies and gentlemen:

Thank you for participating in the 2021 annual meeting of the shareholders, and thank you for your support and trust in the company.

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

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

Our current five hotel operations in the U.S. are not doing so well due to the general environment and the new coronavirus. Together with our executives, we will continue to work with all of our employees in the hope that we can weather the impact of this outbreak together and generate more profits for our shareholders.

## 1. Business results

### (1) Guest rooms

The room department received 89,363 passengers from January to December of 2020, compared the same period in 2019, a decrease of 64,189 from 153,552, a decline rate 41.80%; The Taiwanese accounted for 83.48% of all the guests, and guests from China accounted for 0.95%, guests from other regions accounted for 15.57%, Room occupancy rate is 38%, the revenue from room department is NT 62,141 thousand dollars, compared to the same period in 2019, NT 107,910 thousand dollars, a decline of NT 45,769 thousand dollars, the decline was 42.41%.

### (2) Food and beverage

The revenue from the food and beverage department for January to December 2020 was NT 33,726 thousand dollars, compared to the same period in 2019, NT 45,747 thousand dollar, a decline of 12,021 thousand dollars, a decline of 26.28%.

### (3) Subsidiary

1. The revenue from the guest room of the US subsidiary for January to December, 2020 was US 20,740 thousand dollars, compared to the same period in 2019, US 43,051 thousand dollars, a decline of US 22,311 thousand dollars, a decline of 51.82%.
2. The revenue received from January to December, 2020 from Hua Yuan Development, the subsidiary in Taiwan, was NT 32,970 thousand dollars, compared to the same period in 2019, NT 35,886 thousand dollars, the decline of NT 2,916 thousand dollars, the decline of 8.13%.

### (4) The Group

The consolidated business revenue was NT 741,703 thousand dollars, compared to the same period in 2019, NT 1,520,242 thousands dollars, a decline of NT 778,539 thousand dollars, a decline of 51.21%.

## 2. Consolidated financial statements

### (1) The net asset liabilities

As of December 31, 2020, the total assets of the Group were NT7,032,760 thousand dollars, out of which the total liabilities is 6,070,809 thousand dollars, accounted for 86.32%, the total net worth is 961,951 thousand dollars, which accounted for 13.68% of the total assets.

### (2) Profits and losses:

The revenue received for the period of January to December, 2020 was NT741,703 thousand dollars, compared to the same period in 2019, NT1,520,242 thousand dollars, a decline of NT778,539 thousand dollars, a decrease of 51.21%. The operation cost was NT228,018 thousand dollars, operation expenses of NT713,111 thousand dollars, operating loss of NT199,426 thousand dollars. The net income from non-operating activities and expenses was NT294,434 thousand dollars, and the net loss before tax for the period was NT493,860 thousand dollars compared to the same period in 2019, NT28,292 thousand dollars, a decline of NT522,152 thousand dollars, decline by 1,845.58%.

## 3. Budget and execution

The annual operating income in 2020 was NT741,703 thousand dollars, and the budget being NT1,670,217 thousand dollars, an non-achievement rate of 44.41%; the net loss before tax is NT493,860 thousand dollars, budget net profit before tax being NT171,080 thousand dollars, an non-achievement of 74.27%.

#### 4. Analysis of Financial revenue and profitability

Unit: NT thousand dollars

Items analyzed		The year		
		2020	2019	
Financial Revenue and expense	Net operating revenue	741,703	1,520,242	
	Gross profit	513,685	1,287,691	
	Net profit	(207,309)	(4,692)	
Profitability	Return of assets(%)		(5.21)	2.28
	Return of equity (%)		(24.01)	(0.36)
	Operating Income to Capital Stock to pre-tax income to capital(%)	Operating profit	(18.05)	19.88
		Income before tax	(44.70)	2.56
	Net profit margin(%)		(36.44)	(0.31)
	Earnings per share (dollar)		(2.45)	(0.04)

#### 5. Status of R&D: Not applicable

#### 6. Summary of business plan for the current year

##### (1) Annual business policy

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

(2) Important sales strategy and future development strategy

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

(3) Influenced by external competitive environment, regulations, overall business environment and COVID-19.

Considering the tourism market in 2020 , it is expected that the overall tourism industry will be very tough. The company upholds the principle of pragmatic stability and continuously adjust the business policy to respond to future market demand.

Chairperson of the Board: Chen Hai-ni

Manager: Chen Hai-ni

Accounting Director: Yu Su-ling

# **Hotel Holiday Garden**

## **Audit Report from the Auditing Committee**

The Board is expected to send the 2020 company's annual business report including the individual financial report, the consolidated financial report, and the proposal of surplus distribution. Upon the inspection of the Audit Committee, and no discrepancy found, and the report is prepared according to Article 14-4 of the Securities & Exchange Act and Article 219 of the Company Act, the aforementioned financial statements and documents are fairly presented as stated.

Regards

The 2021 Annual Meeting of Shareholders of Hotel Holiday Garden

Auditing Committee

GUO-YIN LU, Convener

March 24,2021

## 4. Proposals

Report No.1: (proposed by the Board)

Proposal: To acknowledge the company's 2020 financial statements

Explanation: The 2020 company's personal financial report and consolidated financial report were completed by Wu, Chien-chih and Wang, Kuo-hua, accountant of PricewaterhouseCoopers Taiwan, who verified the reports. The business report is also completed and verified by the Audit Committee. Please refer to page 13-34 of the handbook. (Attachment 1 and 2). There is no discrepancy, and a verification report is issued.

Resolution:

Report No. 2 : (proposed by the Board)

Proposal: Adoption of the Proposal for Distribution of 2020 profits and losses.

Explanation: The distribution table of 2020 profits and losses are completed and approved by the Auditing Committee, the distribution is as attached. Please refer to page 35 of this handbook (Attachment 3).

Resolution:

## 5. Discussion

Report No.1: (proposed by the Board)

Proposal : Amendment to the Procedures for Election of Directors , Please proceed to discuss.

Explanation: : In order to conform to the amendments to related laws, the company hereby proposes to amend the Procedures for Election of Directors. Please refer to pages 46-49 of the handbook (Attachment 6)

Report No.2: (proposed by the Board)

Proposal : Amendment to the Rules of Procedures for Shareholder Meetings , Please proceed to discuss.

Explanation: : In order to conform to the amendments to related laws, the company hereby proposes to amend the Rules of Procedures for Shareholder Meetings. Please refer to pages 50-61 of the handbook (Attachment 7)

Report No.3: (proposed by the Board)

Proposal : Amendment to the Regulations Governing Loaning of Funds , Please proceed to discuss.

Explanation: : In order to conform to the amendments to related laws, the company hereby proposes to amend the Regulations Governing Loaning of Funds. Please refer to pages 62 of the handbook (Attachment 8)

Report No.4: The real estate disposal case in the back section of Kaohsiung City's Qianjin District is submitted for discussion.

Explanation: (1) The Company intends to revitalize its assets and reduce liabilities in order to improve its financial structure and enhance long-term working capital in order to achieve the goal of maximizing shareholders' equity, and intends to dispose of the land and buildings in the Houjin section of the Qianjin District of Kaohsiung City at an appropriate price depending on its operating conditions.

(2) The Company commissioned China Real Estate Appraisal Firm and Jinmao Real Estate Appraisal Firm to complete the appraisal, which amounted to \$2,347,453,921 and \$2,446,509,019, respectively.

(3) After the approval of the shareholders' meeting, the Company authorized the Chairman to select a suitable buyer based on market conditions and the appraiser's appraisal report, with the total transaction amount not less than NT2.4 billion, and to operate and execute the contract in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

(4) For matters not yet completed, we intend to authorize the chairman of the board of directors to act in accordance with the relevant laws and regulations.

## 6. Questions and motions

## 7. Adjournment

## **Attachment 1**

The accountant's audit report and the financial statement of 2020 The accountant's audit report

For Hotel Holiday Garden

(2021) Financial Review No. 20004341

## **Audit opinion**

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

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

## **The basis of check opinion**

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

## **Checking of Key items**

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

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

## **Intangible assets impairment evaluation**

### **Description**

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

The carrying amount of intangible assets and class of property, plant and equipment as of December 31, 2020 of the Group US subsidiary is NT\$3,916,723,000, accounting for 56% of the total amount of the total consolidated assets. The booming of a wide variety of hotels and accommodations and the fierce competition in the hospitality industry in recent years And as a result of the impact of the COVID-19 pneumonia outbreak, the management of the Company has identified property, plant and equipment and intangible assets of certain subsidiaries as having indications of possible impairment. and to use the estimated future cash flows of each subsidiary and an appropriate discount rate for discounting to measure the recoverable amount of each cash generating unit and to use this information for evaluating the impairment of intangible assets.

The experts appointed by management measure the recoverable amounts of property, plant and equipment and intangible assets at fair value less costs of disposal. As the aforementioned estimation of future cash flows and the appraisal report issued by the experts involve a number of assumptions that could result in a material impact on the measurement of recoverable amount, therefore, intangible asset impairment evaluation is chosen to be one of the key audit matter of this year.

### **Corresponding audit program**

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

1. We have learned to understand and evaluate management's operating procedure for estimating the subsidiaries' future cash flows and verified that their cash flows are consistent with the business plan approved by the Board of Directors.
2. Evaluate the reasonableness of key assumptions used by management to estimate future cash flows.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PwC Taiwan  
Wu,Chien-chih  
Independent accountant  
Wang,Kuo-hua

The committee of the Financial Supervisory Commission Approved  
Certificate Number:Financial Supervisory Commission Certificate  
No. 1030027246

Committee of the former Executive Yuan Financial and Supervisory  
Commission Approved certificate: (87) Taiwan Finance (VI) No.  
68790

March 24, 2021

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

Unit: NT\$1,000

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

(Next page)

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

Unit: NT\$1,000

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

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

Chairperson of the Board: Chen Hai-ni

Manager: Chen Hai-ni

Accounting Director: Yu Su-ling

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

Unit: NT\$1,000

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

Item	Notes	2020		2019	
		A m o u n t	%	A m o u n t	%
4000 <b>Operating revenue</b>	6(14)	\$ 95,867	100	\$ 153,657	100
5000 <b>Operating cost</b>	6(3)(19)(20)	( 41,621)	( 44)	( 51,762)	( 34)
5900 <b>Operating gross profit</b>		<u>54,246</u>	<u>56</u>	<u>101,895</u>	<u>66</u>
<b>Operating expenses</b>	6(19)(20)				
6200 Management expense		( 94,578)	( 99)	( 106,647)	( 69)
6450 Expected credit impairment loss	12(2)	( 447)	-	( 125)	-
6000 <b>Total operating expense</b>		( 95,025)	( 99)	( 106,772)	( 69)
6900 <b>Operating loss</b>		( 40,779)	( 43)	( 4,877)	( 3)
<b>Nonoperating income and</b>					
7100 Interest income	6(15)	12,381	13	21,077	14
7010 Other income	6(16)and7	13,178	14	3,078	2
7020 Other gains and losses	6(17)	( 52,755)	( 55)	( 31,595)	( 21)
7050 Financial cost	6(18)	( 21,832)	( 23)	( 21,375)	( 14)
7070 Share of profit or loss of	6(4)	( 250,432)	( 261)	34,605	23
7000 <b>Total non-operating income</b>		( 299,460)	( 312)	5,790	4
7900 <b>Net profit (loss) before tax</b>		( 340,239)	( 355)	913	1
7950 Income tax (expense) benefits	6(21)	69,930	73	( 5,605)	( 4)
8200 <b>Net profit (loss)</b>		( \$ 270,309)	( 282)	( \$ 4,692)	( 3)
<b>Other comprehensive income</b>					
<b>Items may be subsequently</b>					
8361 Exchange differences on	6(4)	( \$ 71,256)	( 74)	( \$ 43,314)	( 28)
8399 Income tax of items that may be	6(21)	<u>14,251</u>	<u>15</u>	<u>8,663</u>	<u>5</u>
8300 <b>Other comprehensive income</b>		( \$ 57,005)	( 59)	( \$ 34,651)	( 23)
8500 <b>Total comprehensive income</b>		( \$ 327,314)	( 341)	( \$ 39,343)	( 26)
<b>Earnings (loss) per share</b>	6(22)				
9750 <b>Basic</b>		( \$ 2.45)	( \$ 0.04)		
9850 <b>dilution</b>		( \$ 2.45)	( \$ 0.04)		

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

Chairperson of the Board: Chen Hai-ni

Manager: Chen Hai-ni

Accounting Director : Yu Su-ling

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

Unit: NT\$1,000

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

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

Chairperson of the Board: Chen Hai-ni

Manager: Chen Hai-ni

Accounting Director: Yu Su-ling

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

Unit: NT\$1,000

	Notes	2020	2019
<b><u>Cash flows from operating activities</u></b>			
Net profit before tax		(\$ 340,239 )	\$ 913
Adjustments:			
Revenue/expenses			
Provision for bad debt expense	12(2)	447	125
Depreciation expenses	6(5)(6)(19)	26,210	28,836
Profit on lease modification	6(6)	( 16 )	-
Interest expense	6(18)	21,832	21,375
Interest income	6(15)	( 12,381 )	( 21,077 )
Share of profit of subsidiaries, associates, joint ventures accounted for using equity method	6(4)	250,432	( 34,605 )
Loss on disposal and write-off of property, plants, and equipment	6(17)	-	( 62 )
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Notes receivable		938	( 538 )
Accounts receivable		1882	( 796 )
Inventories		68	( 661 )
Advance payments		( 280 )	( 118 )
Other current assets - others		79	( 148 )
Net changes in liabilities related to operating activities			
Contractual liabilities - current		310	1,229
Notes payable		( 322 )	( 1,044 )
Accounts payable		621	( 2,922 )
Other accounts payable		( 726 )	2,758
Unearned receipts		138	830
Operating cash inflows (outflows)		( 51,007 )	( 5,905 )
Interests received		15,114	21,558
Interests paid		( 21,586 )	( 21,387 )
Income taxes paid		( 449 )	( 2,149 )
Net cash outflows from operating activities		( 57,928 )	( 7,883 )
<b><u>Cash flows from investment activities</u></b>			
Acquired in amortised cost of a financial asset		-	( 409,760 )
Disposal in amortised cost of a financial asset		25,481	-
Acquisition of investments accounted for using the equity method	6(4)	-	( 400,000 )
Cash returned from capital reduction of investments accounted for using the equity method	6(4)	-	605,915
Acquisition of property, plants, and equipment	6(24)	( 1,599 )	( 1,973 )
Disposal of property, plants, and equipment		-	495
Increase (decrease) in guarantee deposits paid		( 355 )	709
Net cash outflows from investment activities		23,527	( 204,614 )
<b><u>Cash flows from fundraising activities</u></b>			
Increase in short-term borrowings	6(25)	1,791,099	1,660,000
Decrease in short-term borrowings	6(25)	( 1,711,500 )	( 1,334,500 )
Lease capital repayment	6(25)	( 516 )	( 573 )
Long-term borrowings	6(25)	-	20,000
Payments of long-term borrowings	6(25)	( 75,661 )	( 51,086 )
Increase in guarantee deposits received		( 115 )	115
Distribution of cash dividends	6(13)	-	( 20,460 )
Net cash inflows from fundraising activities		3,307	273,496

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

Unit: NT\$1,000

	Notes	2020	2019
Increase in cash and cash equivalents		( 31,094 )	60,999
Cash and cash equivalents, beginning of the period	6(1)	91,968	30,969
Cash and cash equivalents, end of the period	6(1)	\$ 60,874	\$ 91,968

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

Chairperson of the Board: Chen Hai-ni

Manager: Chen Hai-ni

Accounting Director : Yu Su-ling

## Attachment 2

Independent auditor's review report on the 2020 consolidated financial statements Independent accountant's audit report

(2021) Tsai Shen Pao Tzu No. 20004468

For Hotel Holiday Garden

### **Opinion**

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

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

### **Basis for opinion**

The audit is carried out in accordance with the Regulations Governing the Auditing and Certification of Financial Statements by Certified Public Accountants and the generally recognized auditing standards of Republic of China. The responsibilities of the accountants under these standards will be further described in the responsibility section of the accountant's audit of the consolidated financial statements. The personnel of the accounting firm subject to the independent requirements have complied with the code of professional ethics of certified public accountants of the Republic of China, stayed fully independent of the Hotel Holiday Garden, and performed other responsibilities in accordance with the code

### **Audit of key matters**

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

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

## **Impairment assessment of property, plant and equipment and intangible assets**

### **Explanation**

For the accounting policy on impairment of non-financial assets, please refer to Note 4(17) of the consolidated financial statements. For the uncertainty of accounting estimates and assumptions for impairment assessment of real property, plant and equipment, and intangible assets, please refer to Note 5(2) of the consolidated financial statements. For the explanation of the accounting items for impairment of non-financial assets, please refer to Note 6(7) of the consolidated financial statements.

The carrying amount of intangible assets and class of property, plant and equipment as of December 31, 2020 of the Group US subsidiary is NT\$3,916,723,000, accounting for 56% of the total amount of the total consolidated assets. The booming of a wide variety of hotels and accommodations and the fierce competition in the hospitality industry in recent years And as a result of the impact of the COVID-19 pneumonia outbreak, the management of the Company has identified property, plant and equipment and intangible assets of certain subsidiaries as having indications of possible impairment. and to use the estimated future cash flows of each subsidiary and an appropriate discount rate for discounting to measure the recoverable amount of each cash generating unit and to use this information for evaluating the impairment of intangible assets.

The experts appointed by management measure the recoverable amounts of property, plant and equipment and intangible assets at fair value less costs of disposal. As the aforementioned estimation of future cash flows and the appraisal report issued by the experts involve a number of assumptions that could result in a material impact on the measurement of recoverable amount, therefore, intangible asset impairment evaluation is chosen to be one of the key audit matter of this year.

### **Corresponding audit program**

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

1. We have learned to understand and evaluate management's operating procedure for estimating the subsidiaries' future cash flows and verified that their cash flows are consistent with the business plan approved by the Board of Directors.

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

### **Other matters: Parent company only financial report**

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

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

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

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

Those charged with governance (including the supervisors) of Group are responsible for supervising the

Group's financial reporting procedure.

## **Account's responsibilities for the audit of consolidated financial statements**

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

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

1. We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or errors, designed and performed audit procedures according to those risks, and obtained audit evidence that can sufficiently and appropriately form the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. We obtained an understanding of internal control relevant to the audit in order to design audit procedures suitable for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. We evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and related disclosures made by management. °
4. We concluded on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern based on the audit evidence we have obtained. If we

conclude that a material uncertainty exists, we will need to draw attention in our accountant's report to the related disclosures in the consolidated financial statements or to modify our opinion if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of this accountant's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. We evaluated the overall presentation, structure and content of the consolidated financial statements, including the attached notes, and whether the consolidated financial statements represent the underlying transactions and events in a fair manner.
6. We obtained sufficient and appropriate audit evidence regarding the financial information of entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of group audits and are responsible for our audit opinion.

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

We determined the key audit matters of the consolidated financial statements of 2019 of the Group according to matters communicated with those charged with governance. We described these matters in the accountant's report, unless the laws and regulations prohibit such disclosure or under rare condition that we decide not to communicate a given matter because the negative impact from such communication may override its public benefits under reasonable assumption.

PwC Taiwan  
Wu, Chien-chih  
Independent accountant  
Wang, Kuo-hua

The committee of the Financial Supervisory Commission Approved  
Certificate Number: Financial Supervisory Commission Certificate  
No. 1030027246

Committee of the former Executive Yuan Financial and Supervisory  
Commission Approved certificate: (87) Taiwan Finance (VI) No.  
68790

March 24, 2021

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

Unit: NT\$, 000

Assets	Notes	<u>December 31 2020</u>	<u>2020</u>	<u>December 31 2019</u>	<u>2019</u>
		Amount	%	Amount	%
<b>Current assets</b>					
1100	Cash and cash equivalents	\$ 887,011	13	\$ 1,139,837	15
1136	Financial assets available-for-sale - current	973,505	14	998,986	13
1150	Net notes receivable	-	-	1,438	-
1170	Net accounts receivable	24,727	-	34,412	1
1200	Other accounts receivable	823	-	3,232	-
1220	Tax assets	69,938	1	25,283	-
130X	Inventories	1,029	-	1,096	-
1410	Advance payments	10,987	-	8,830	-
1479	Other current assets - others	194	-	292	-
11XX	<b>Total current assets</b>	<u>1,968,214</u>	<u>28</u>	<u>2,213,406</u>	<u>29</u>
<b>Non-current assets</b>					
1600	Property, plants, and equipment	3,947,433	56	4,279,580	56
1755	Right if use asset	112,412	2	118,349	2
1780	Intangible assets	664,991	9	750,664	10
1840	Deferred tax assets	317,815	5	192,672	2
1915	Prepayments for equipment	11,663	-	83,278	1
1920	Guarantee deposits paid	10,040	-	8,273	-
1990	Other non-current assets - others	192	-	203	-
15XX	<b>Total non-current assets</b>	<u>5,064,546</u>	<u>72</u>	<u>5,433,019</u>	<u>71</u>
1XXX	<b>Total assets</b>	<u>\$ 7,032,760</u>	<u>100</u>	<u>\$ 7,646,425</u>	<u>100</u>

(Next page)

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

Unit: NT\$, 000

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

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

Holiday Garden International Ltd. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
January 1 to December 31 of 2020 and 2019

Unit: NT\$1,000

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

Item	Notes	2020		2019		
		A m o u n t	%	A m o u n t	%	
4000	Operating revenue	6(16)	\$ 741,703	100	\$ 1,520,242	100
5000	Operating cost	6(3)(21)(22)	( 228,018)	( 31)	( 232,551)	( 15)
5900	Operating gross profit		513,685	69	1,287,691	85
	<b>Operating expenses</b>	6(6)(21)(22)				
6200	Management expense		( 712,444)	( 96)	( 1,067,687)	( 70)
6450	Expected impairment loss	12(2)	( 667)	-	( 354)	-
6000	Total operating expenses		( 713,111)	( 96)	( 1,068,041)	( 70)
6900	Operating profit		( 199,426)	( 27)	219,650	15
	<b>Non-operating income and expenses</b>					
71100	Interest income	6(17)	15,983	3	37,413	2
7010	Other income	6(18)	15,527	2	3,220	-
7020	Other gains and losses	6(19)	( 185,729)	( 25)	( 31,609)	( 2)
7050	Financial cost	6(20)	( 140,215)	( 19)	( 200,382)	( 13)
7000	Total non-operating income and expenses		( 294,434)	( 39)	( 191,358)	( 13)
7900	Net profit before tax		( 493,860)	( 66)	28,292	2
7950	Income tax expense	6(23)	223,551	30	( 32,984)	( 3)
8200	Net profit (losses) for this year		(\$ 270,309)	( 36)	(\$ 4,692)	( 1)
	<b>Other comprehensive income</b>					
	<b>Components may be subsequently reclassified to profit/loss</b>					
8361	Exchange differences on translation of foreign financial statements		(\$ 71,256)	( 10)	(\$ 43,314)	( 3)
8399	Income tax of components that may be reclassified	6(23)	14,251	2	8,663	1
8300	Net amount other comprehensive income (loss) after tax		(\$ 57,005)	( 8)	(\$ 34,651)	( 2)
8500	Total comprehensive income (loss)		(\$ 327,314)	( 44)	(\$ 39,343)	( 3)
	<b>Net income attributable to</b>					
8610	Owners of the parent company		(\$ 270,309)	( 36)	(\$ 4,692)	( 1)
	<b>Total comprehensive income (loss) attributable to:</b>					
8710	Owners of the parent company		(\$ 327,314)	( 44)	(\$ 39,343)	( 3)
	<b>Earnings (loss) per share</b>	6(24)				
9750	Basic		(\$ 2.45)		(\$ 0.04)	
9850	dilution		(\$ 2.45)		(\$ 0.04)	

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

Chairperson of the Board: Chen Hai-ni

Manager: Chen Hai-ni

Accounting Director : Yu Su-ling

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

Unit: NT\$1,000

		<u>Consolidated net income attributable to stockholders of the company</u>						
		<u>R e t a i n e d e a r n i n g s</u>			<u>O t h e r e q u i t y</u>			
		C a p i t a l s u r p l u s - A d d i t i o n a l p a i d - i n c a p i t a l i n			E x c 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			
<u>N o t e s</u>	<u>Ordinary share capital</u>	<u>e x c e s s</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>R e t a i n e d e a r n i n g s</u>	<u>s t a t e m e n t s</u>	<u>T o t a l</u>	
<u>2019</u>								
						)		
Balance on January 1, 2019	\$ 1,023,015	\$ 2,169	\$ 61,295	\$ 71,161	\$ 215,768	( \$ 24,340 )	\$ 1,349,068	
Net loss	-	-	-	-	( 4,692 )	-	( 4,692 )	
Other comprehensive income	-	-	-	-	-	( 34,651 )	( 34,651 )	
Total current comprehensive income	-	-	-	-	( 4,692 )	( 34,651 )	( 39,343 )	
2018 Appropriation and distribution of retained earnings:								
Legal reserve	-	-	21,266	-	( 21,266 )	-	-	
Stock dividends	6(15) 81,841	-	-	-	( 81,841 )	-	-	
Cash dividends	6(15) -	-	-	-	( 20,460 )	-	( 20,460 )	
Balance on December 31, 2019	<u>\$ 1,104,856</u>	<u>\$ 2,169</u>	<u>\$ 82,561</u>	<u>\$ 71,161</u>	<u>\$ 87,509</u>	<u>( \$ 58,991 )</u>	<u>\$ 1,289,265</u>	
<u>2020</u>								
Balance on January 1, 2020	\$ 1,104,856	\$ 2,169	\$ 82,561	\$ 71,161	\$ 87,509	( \$ 58,991 )	\$ 1,289,265	
Net loss	-	-	-	-	( 270,309 )	-	( 270,309 )	
Other comprehensive income	-	-	-	-	-	( 57,005 )	( 57,005 )	
Total current comprehensive income	6(15) -	-	-	-	( 270,309 )	( 57,005 )	( 327,314 )	
Balance on December 31, 2020	<u>\$ 1,104,856</u>	<u>\$ 2,169</u>	<u>\$ 82,561</u>	<u>\$ 71,161</u>	<u>\$ 182,800</u>	<u>( \$ 115,996 )</u>	<u>\$ 961,951</u>	

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

Chairperson of the Board: Chen Hai-ni

Manager: Chen Hai-ni

Accounting Director: Yu Su-ling

Holiday Garden International Ltd. and Subsidiaries  
Consolidated Cash Flow Statements  
January 1 to December 31 of 2020 and 2019

Unit: NT\$1,000

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

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

Unit: NT\$1,000

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

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

Chairperson of the Board: Chen Hai-ni

Manager: Chen Hai-ni

Accounting Director: Yu Su-ling

**Hotel Holiday Garden**  
**For the year 2020**  
**Deficit Compensation Table**

Unit: New Taiwan dollar

Items	Amount	
	Sub-total	Total
Retained earnings at the beginning		\$ 87,508,942
Less: Submit a 10% legal capital surplus		<u>(270,309,127)</u>
Deficit Compensation at the end		<u>\$ (182,800,185)</u>

Note: According to the letter of 2012.04.06, the certificate No. 1010012865 issued by the Financial Supervisory Committee, due to the selection of the International Financial Reporting Standard No. 1 exemption project, the Company has not realized the revaluation and added value to the retained surplus portion, and proposed a special surplus reserve of NT 71,161 thousand dollars. The special surplus reserve is not able to bring forward to 2020.

Chairperson of the Board: Chen Hai-ni

Manager: Chen Hai-ni

Accounting Director: Yu Su-ling

## Hotel Holiday Garden

### Amendment Revisions of Codes of Ethical Conduct

Article	Clause before amendment	Clause after amendment	Purpose of amendment
Article 4	<p>The Company's personnel shall conduct their official duties in an objective and efficient manner, and in the event of a conflict between their own interests and those of the Company, they shall give priority to the Company's interests and shall not use their position with the Company to improperly benefit themselves, their spouses, parents, children or relatives within the third degree of consanguinity.</p> <p>In the event that the Company and the affiliates of the aforementioned officers have lending of funds or providing guarantees for them, major asset transactions, or operational transactions, the relevant Company officers shall take the initiative to explain to the Company whether there is any potential conflict of interest between them and the Company, and shall follow the Company's regulations in order to prevent conflict of interest.</p>	<p>The Company's personnel shall conduct their official duties in an objective and efficient manner, and in the event of a conflict between their own interests and those of the Company, they shall give priority to the Company's interests and shall not use their position with the Company to improperly benefit themselves, their spouses, within the second degree of consanguinity.</p> <p>In the event that the Company and the affiliates of the aforementioned officers have lending of funds or providing guarantees for them, major asset transactions, or operational transactions, the relevant Company officers shall take the initiative to explain to the Company whether there is any potential conflict of interest between them and the Company, and shall follow the Company's regulations in order to prevent conflict of interest.</p>	<p>In consideration of the fact that both parents and children are relatives within the second degree of consanguinity, the text of two (1) shall be streamlined as appropriate.</p>

**Hotel Holiday Garden**  
**Amendment Revisions of Board of Directors Meetings**

June 16, 2021

Article	Clause before amendment	Clause after amendment	Purpose of amendment
Article 3	<p>(Call of the Board of Directors and Notice of Meeting)  Items 1 and 2 omitted  The notice set forth in the preceding paragraph may be effected by means of written notification, electronic transmission, FAX, after obtaining prior consent from the recipients thereof.</p> <p>The following omitted</p>	<p>(Call of the Board of Directors and Notice of Meeting)  Items 1 and 2 omitted  The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof.</p> <p>The following omitted</p>	<p>In order to conform to amendments to related laws</p>
Article 4	<p>The board of directors of a company appointan agenda working group, which is Finance Department.</p> <p>The agenda working group shall prepare agenda items for board of directors meetings and provide sufficient pre-meeting materials, to be sent together with the notice of the meeting.</p> <p>A director of the opinion that the pre-meeting materials provided are insufficiently sufficient may request the agenda group to supplement the materials.</p> <p>If a director is of the opinion that materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the board of directors.</p>	<p>The board of directors of a company appointan agenda working group, which is Finance Department.</p> <p>The agenda working group shall prepare agenda items for board of directors meetings and provide comprehensive pre-meeting materials, to be sent together with the notice of the meeting.</p> <p>A director of the opinion that the pre-meeting materials provided are insufficiently comprehensive may request the agenda working group to supplement the materials.</p> <p>If a director is of the opinion that materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the board of directors.</p>	<p>In order to conform to amendments to related laws</p>

Article	Clause before amendment	Clause after amendment	Purpose of amendment
Article 7	<p>Where a meeting of the board of directors is called by the chairman of the board, the meeting shall be chaired by the chairperson. However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.</p> <p>The following omitted</p>	<p>Where a meeting of the board of directors is called by the chairman of the board, the meeting have chaired by the chairman.</p> <p>However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.</p> <p>Where a meeting of the board of directors is called by a majority of directors on their own initiative in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.</p> <p>The following omitted</p>	In order to conform to amendments to related laws

Article	Clause before amendment	Clause after amendment	Purpose of amendment
Article 9	<p>Items 1 omitted</p> <p>If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of a board of directors meeting, the relevant audio or video recordings shall continue to be preserved, the provisions of the preceding paragraph shall are not applicable.</p> <p>The following omitted</p>	<p>Items 1 omitted</p> <p>If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of a board of directors meeting, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.</p> <p>The following omitted</p>	<p>In order to conform to amendments to related laws</p>
Article 12	<p>A company shall submit the following items for discussion by the board of directors:</p> <ol style="list-style-type: none"> <li>1. Corporate business plan.</li> <li>2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations.</li> <li>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of Securities and Exchange Act, and an assessment of the effectiveness of the internal control system.</li> <li>4. Adoption or amendment, pursuant to Article 36-1 of Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.</li> </ol>	<p>A company shall submit the following items for discussion by the board of directors:</p> <ol style="list-style-type: none"> <li>1. Corporate business plan.</li> <li>2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations.</li> <li>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of Securities and Exchange Act, and an assessment of the effectiveness of the internal control system.</li> <li>4. Adoption or amendment, pursuant to Article 36-1 of Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.</li> </ol>	<p>In order to conform to amendments to related laws</p>

Article	Clause before amendment	Clause after amendment	Purpose of amendment
Article 12	<p>5.The offering, issuance, or private placement of any equity-type securities.</p> <p>6.The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>7.A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>8.Any matter required by Article 14-3 of Securities and Exchange Act, or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority.</p> <p>The remuneration of directors and officers shall be discussed and decided by the Board of Directors after the Compensation Committee has made its recommendations.</p> <p>If the Board of Directors does not adopt or revise the recommendations of the Compensation Committee regarding the compensation of directors and officers,</p>	<p>5.The offering, issuance, or private placement of any equity-type securities.</p> <p>6.The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>7.A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>8.Any matter required by Article 14-3 of Securities and Exchange Act, or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority.</p> <p>The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more,</p>	<p>In order to conform to amendments to related laws</p>

Article	Clause before amendment	Clause after amendment	Purpose of amendment
Article 12	<p>the Board of Directors shall require the presence of at least two-thirds of all directors and the approval of a majority of the directors present, and shall state in the resolution whether the compensation approved by the Board of Directors is superior to the recommendations of the Compensation Committee. If the remuneration approved by the Board of Directors is superior to the recommendation of the Compensation Committee, the circumstances and reasons for the difference shall be set forth in the minutes of the Board of Directors' meeting and shall be announced and reported within two days from the date of approval by the Board of Directors.</p> <p>The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the</p>	<p>or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>For foreign companies whose stock has no par value or a par value other than NTD10, the "5 percent of paid-in capital" in paragraph 2 above shall be calculated instead as 2.5 percent of shareholder equity. If a company has an independent director or directors, at least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy.</p>	<p>In order to conform to amendments to related laws</p>

Article	Clause before amendment	Clause after amendment	Purpose of amendment
Article 12	<p>CPA-attested financial report for the most recent year.</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>For foreign companies whose stock has no par value or a par value other than NTD10, the "5 percent of paid-in capital" in paragraph 2 above shall be calculated instead as 2.5 percent of shareholder equity.</p> <p>If a company has an independent director or directors, at least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy.</p> <p>If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes.</p>	<p>If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.</p> <p>The following omitted</p>	<p>In order to conform to amendments to related laws</p>

Article	Clause before amendment	Clause after amendment	Purpose of amendment
Article 12	<p>An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.</p> <p>The following omitted</p>		In order to conform to amendments to related laws
Article 15	<p>If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.</p> <p>The following omitted</p>	<p>If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.</p> <p>Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director, is an interested party with respect to an agenda item as described in the preceding</p>	In order to conform to amendments to related laws

Article	Clause before amendment	Clause after amendment	Purpose of amendment
Article 15		<p>paragraph, such director shall be deemed to be an interested party with respect to that agenda item.</p> <p>The following omitted</p>	<p>In order to conform to amendments to related laws</p>
Article 16	<p>(Meeting minutes and Signatures)</p> <p>paragraphs 1 to 8 in Items 1 are omitted.</p> <p>9. Other items to be recorded. The board of directors' sign-in book shall be part of the minutes and shall be kept permanently.</p> <p>The following omitted</p>	<p>(Meeting minutes and Signatures)</p> <p>paragraphs 1 to 8 in Items 1 are omitted.</p> <p>9. Other items to be recorded. Any of the following matters in relation to a resolution passed at a meeting of the board of directors shall be stated in the meeting minutes and within two days of the meeting be published on an information reporting website designated by the competent authority:</p> <p>1. Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing.</p> <p>2. If the company has an audit committee, any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee.</p> <p>The board of directors' sign-in book shall be part of the minutes and shall be kept permanently.</p> <p>The following omitted</p>	<p>In order to conform to amendments to related laws</p>

Article	Clause before amendment	Clause after amendment	Purpose of amendment
Article 18	The provisions of Article 2, paragraph 2 of Article 3, Articles 4 to 6, Article 9, and Articles 11 to 18 shall apply mutatis mutandis to the procedure for meetings of the managing directors.	The provisions of Article 2, paragraph 2 of Article 3, Articles 4 to 6, Article 9, and Articles 11 to 18 shall apply mutatis mutandis to the procedure for meetings of the managing directors, provided that if a meeting of managing directors is scheduled to be convened within seven days, the notice to each managing director may be made two days in advance.	In order to conform to amendments to related laws

**Hotel Holiday Garden**  
**Amendment Revisions of Procedures for Directors**

June 16, 2021

Article	Clause before amendment	Clause after amendment	Purpose of amendment
title	Procedures for Directors and supervisors	Procedures for Directors	Cooperating with the Financial Supervisory Commission R.O.C.'s issuance of FSC Order No. 10703452331 on December 19, 2018, Adjust the name of title
Article 5	<p>The election of directors of the Company shall be conducted in accordance with the procedures of the nomination system for candidates as set forth in Article 192-1 of the Company Act. The Company shall examine the qualifications of the candidates for directors, their academic background, and whether they have any of the matters listed in Article 30 of the Company Act, and shall not arbitrarily add other documents to prove their qualifications.</p> <p>If for any reason the number of directors is less than seven, the Company shall hold a by-election at the most recent</p>	<p>The election of directors of the Company shall be conducted in accordance with the procedures of the candidate nomination system set forth in Article 192-1 of the Company Act.</p> <p>If, for any reason, the number of directors is less than five, the Company shall hold a by-election at the most recent shareholders' meeting. However, if the number of director vacancies reaches one-third of the number of seats set forth in the Articles of Incorporation, the Company shall convene an interim shareholders' meeting to hold a by-election within 60 days from the date of occurrence of</p>	To simplify the procedures for nominating directors in accordance with the amendment to Article 192-1 of the Company Act.

	shareholders' meeting to hold a by-election within 60 days from	the fact. If the number of independent directors is	
Article	Clause before amendment	Clause after amendment	Purpose of amendment
Article 5	occurrence.	less than the first proviso of Article 14-2 of the Securities and Exchange Act, a by-election shall be held at the latest shareholders' meeting; if all independent directors are dismissed, a by-election shall be held at the shareholders' meeting within 60 days from the date of occurrence.	

	<p>Article 11</p> <p>An election ballot is invalid if one of the following circumstances occurs.</p> <p>1 The ballot paper prepared by the Board of Directors is not used.</p> <p>2 A blank ballot is placed in the ballot box.</p> <p>3 The handwriting is illegible or altered.</p> <p>4 If the name of the electee is a shareholder, the name and shareholder number of the electee do not match with the shareholder's register; if the name of the electee is not a shareholder, the name and identification number of the electee do not match with the shareholder's register.</p> <p>5 If the name of the electee (name) or the shareholder's account number (identity document number) and the number of allocated election rights are written in addition to the name of the electee (name) or the shareholder's account number (identity document</p>	<p>Article 10</p> <p>An election ballot is invalid if one of the following circumstances occurs.</p> <p>1 The ballot paper prepared by convenors is not used.</p> <p>2 A blank ballot is placed in the ballot box.</p> <p>3 The handwriting is illegible or altered.</p> <p>4 The list of candidates for election does not match with the list of candidates for director.</p> <p>5 in addition to the Allocation of Election Rightsrights is filled in, and then other words are included.</p>	<p>In conjunction with the deletion of Article 10, the amendment to the Article and the amendment to the Act.</p>
Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p>number).</p> <p>6 The name of the person to be elected is the same as that of other shareholders, but the shareholder account number or identification document number is not filled in for identification.</p>		

	Article 12 Skip	Article 11 Skip	In conjunction with the deletion of Article 10, the amendment to the Article.
	Article 13 Skip	Article 12 Skip	In conjunction with the deletion of Article 10, the amendment to the Article.
	Article 14 Skip	Article 13 Skip	In conjunction with the deletion of Article 10, the amendment to the Article.

## Hotel Holiday Garden

### Amendment Revisions of Procedures for Procedure of Shareholders' Meetings

June 16, 2021

Article	Clause before amendment	Clause after amendment	Purpose of amendment
Article 2	<p>Items 1 to 4 are omitted</p> <p>The number of shares present is calculated based on the sign-in book or hand in the attendance card . The number of shares for which the voting rights are exercised by written or electronic means shall be added to the calculation.</p>	<p>Items 1 to 4 are omitted</p> <p>The Company shall deliver to the shareholders present at the shareholders' meeting the meeting manual, annual report, attendance cards, speech slips, voting tickets and other meeting materials; if there is an election of directors or supervisors, a separate election ticket shall be attached.</p> <p>If the government or a legal entity is a shareholder, there shall be no more than one representative attending the shareholders' meeting.</p> <p>The number of shares present is calculated based on the sign-in book or hand in the attendance card . The number of shares for which the voting rights are exercised by written or electronic means shall be added to the calculation.</p> <p>The number of shares acquired by the requester and the number of shares represented by proxy shall be clearly disclosed in the shareholders' meeting on the date of the shareholders' meeting in accordance with the statistical tables prepared in the prescribed format.</p> <p>The Company shall transmit to</p>	<p>In order to conform to amendments to related laws</p>

		the Market Observation Post System (MOPS), within the prescribed time, any material information regarding the resolution of the shareholders' meeting that is required by law or the regulations of the Taiwan Stock Exchange(Taipei Exchange).	
Article 3	<p>Items 1 to 3 are omitted</p> <p>The election or dismissal of directors or supervisors, change of articles of incorporation, reduction of capital, application for suspension of public offering, permission for directors to compete for business, transfer of capital from earnings to capital, transfer of capital from reserves to capital, dissolution, merger, division, or any of the matters set forth in Article 185, Paragraph 1, shall be listed in the cause of convocation and the main contents thereof shall be stated, and no motion shall be made on an ad hoc basis.</p> <p>The main content of the notice may be placed on the website designated by the securities authority or the Company, and the website address shall be included in the notice.</p> <p>After the completion of the general election of directors and supervisors and the date of their appointment, the date of their appointment may not be changed at the same meeting by temporary motion or other means.</p>	<p>Items 1 to 3 are omitted</p> <p>The election or dismissal of directors or supervisors, change of articles of incorporation, reduction of capital, application for suspension of public offering, permission for directors to compete for business, transfer of capital from earnings to capital, transfer of capital from reserves to capital, dissolution, merger, division, or any of the matters set forth in Article 185, Paragraph 1, shall be listed in the cause of convocation and the main contents thereof shall be stated, and no motion shall be made on an ad hoc basis.</p> <p>After the completion of the general election of directors and supervisors and the date of their appointment, the date of their appointment may not be changed at the same meeting by temporary motion or other means.</p> <p>Shareholders holding at least one percent of the total number of issued shares may propose to the Company a motion for an ordinary shareholders' meeting, limited to one proposal, and any proposal exceeding one shall</p>	In order to conform to amendments to related laws

<p>Article 3</p>	<p>Shareholders holding at least one percent of the total number of issued shares may propose to the Company a motion for an ordinary shareholders' meeting, limited to one proposal, and any proposal exceeding one shall not be included in the motion. However, the Board of Directors may include a proposal from a shareholder to urge the Company to promote public interest or fulfill its social responsibility. In addition, the Board of Directors may not include a shareholder's proposal in any of the circumstances set forth in Article 172-1, Paragraph 4 of the Company Act.</p> <p>The Company shall announce the acceptance of the shareholders' proposals, the written or electronic means of acceptance, the place of acceptance, and the period of acceptance no less than ten days prior to the date of cessation of stock transfer prior to the shareholders' meeting; the period of acceptance shall not be less than ten days. A shareholder's proposal shall be limited to 300 words, and if the proposal exceeds 300 words, the proposal shall not be included in the motion; the proposing attend the shareholders' meeting in person or by proxy and participate in the discussion of the proposal.</p>	<p>not be included in the motion. However, the Board of Directors may include a proposal from a shareholder to urge the Company to promote public interest or fulfill its social responsibility. In addition, the Board of Directors may not include a shareholder's proposal in any of the circumstances set forth in Article 172-1, Paragraph 4 of the Company Act.</p> <p>The Company shall announce the acceptance of the shareholders' proposals, the written or electronic means of acceptance, the place of acceptance, and the period of acceptance no less than ten days prior to the date of cessation of stock transfer prior to the shareholders' meeting; the period of acceptance shall not be less than ten days. A shareholder's proposal shall be limited to 300 words, and if the proposal exceeds 300 words, the proposal shall not be included in the motion; the proposing shareholder shall attend the shareholders' meeting in person or by proxy and participate in the discussion of the proposal. The Company shall notify the proposing shareholder of the results of the proceedings before the date of the notice of the shareholders' meeting, and shall include in the notice of the meeting those motions that comply with the provisions of</p>	
------------------	---	--	--

<p>Article 3</p>	<p>The Company shall notify the proposing shareholder of the results of the proceedings before the date of the notice of the shareholders' meeting, and shall include in the notice of the meeting those motions that comply with the provisions of this Article. The Board of Directors shall state the reasons for not including the proposal in the shareholders' meeting. Attendance and voting at shareholders' meetings shall be based on shares, if a shareholder proposes a headcount, the Chairman may not accept it. The number of shares of non-voting shareholders is not included in the total number of issued shares in the resolution of the shareholders' meeting. A shareholder may not vote at a meeting if he or she has an interest in the meeting that would be detrimental to the Company's interests, and may not exercise his or her voting rights on behalf of another. The number of shares for which the Company may not exercise its voting rights as described above shall not be counted as the voting rights of the shareholders present. Except for trust companies or stock agencies approved by the securities authorities, if a person is appointed by more than two shareholders at the same time,</p>	<p>this Article. The Board of Directors shall state the reasons for not including the proposal in the shareholders' meeting. Attendance and voting at shareholders' meetings shall be based on shares. The number of shares of non-voting shareholders is not included in the total number of issued shares in the resolution of the shareholders' meeting. A shareholder may not vote at a meeting if he or she has an interest in the meeting that would be detrimental to the Company's interests, and may not exercise his or her voting rights on behalf of another shareholder. The number of shares for which the Company may not exercise its voting rights as described above shall not be counted as the voting rights of the shareholders present. Except for trust companies or stock agencies approved by the securities authorities, if a person is appointed by more than two shareholders at the same time, the voting rights of the proxy shall not exceed 3% of the total number of issued shares, and the voting rights in excess of that shall not be counted.</p>	
------------------	---	--	--

Article 3	the voting rights of the proxy shall not exceed 3% of the total number of issued shares, and the voting rights in excess of that shall not be counted.		
Article 4	The Company's shareholders' meetings shall be held at the place where the Company operates or at a place convenient for the shareholders to attend and suitable for the shareholders' meetings, and the meetings shall commence no earlier than 9:00 a.m. or later than 3:00 p.m.	The Company's shareholders' meetings shall be held at the place where the Company operates or at a place convenient for the shareholders to attend and suitable for the shareholders' meetings, and the meetings shall commence no earlier than 9:00 a.m. or later than 3:00 p.m. The venue and time of the meeting shall take into full consideration the opinions of the independent directors.	In order to conform to amendments to related laws
Article 5	The chairman of the shareholders' meeting shall be governed by Article 182-1 of the Company Act.	The chairman of the shareholders' meeting shall be governed by Article 182-1 of the Company Act. If the shareholders' meeting is convened by the board of directors, the chairman of the meeting shall be the chairman of the board of directors. If the chairman of the board of directors is absent from office or is unable to exercise his or her duties for any reason, the vice chairman of the board of directors shall act as his or her proxy. The chairman of the board of directors shall be appointed by the chairman of the board of directors. If the chairman of the Board of Directors is represented by a managing director or a director,	In order to conform to amendments and addition for related laws

Article 5		<p>a managing director or a director who has been in office for at least six months and understands the financial condition of the Company shall serve as the chairman. The same applies if the chairman is a representative of a corporate director. The chairman of the board of directors shall preside in person at any shareholders' meeting called by the board of directors, and a majority of the board of directors, at least one supervisor shall be present in person, and at least one member of each functional committee shall be present to represent the board of directors, and the attendance shall be recorded in the minutes of the shareholders' meeting.</p> <p>If a shareholders' meeting is convened by someone other than the Board of Directors, the chairman of the meeting shall be the convener of the meeting, and if there are more than two conveners, one shall be elected from among themselves.</p>	
-----------	--	--	--

<p>Article 8</p>	<p>If the time for a meeting has expired, the chairman shall immediately announce the meeting. However, if the shareholders representing more than one-half of the total number of issued shares are not present, the chairman may announce an adjournment of the meeting for a maximum of two times, with the total time of the adjournment not exceeding one hour. If the second postponement is still insufficient, but the shareholders representing one-third or more of the total number of issued shares are present, a sham resolution may be made in accordance with Article 175(1) of the Company Act.</p> <p>The following is omitted</p>	<p>If the time for a meeting has expired, the chairman shall immediately announce the meeting. However, if the shareholders representing more than one-half of the total number of issued shares are not present, the chairman may announce an adjournment of the meeting for a maximum of two times, with the total time of the adjournment not exceeding one hour.</p> <p>The number of non-voting rights and the number of shares present will be announced at the same time.</p> <p>If the second postponement is still insufficient, but the shareholders representing one-third or more of the total number of issued shares are present, the meeting shall be adjourned by the chairman. In the event that there is a shortage of shareholders representing at least one-third of the total number of issued shares after the second postponement of the preceding item, the meeting shall be adjourned.</p> <p>A sham resolution may be made in accordance with Article 175(1) of the Company Act.</p> <p>The shareholders will be notified of the bogus resolution to convene another shareholders' meeting within one month.</p> <p>The following is omitted</p>	<p>In order to conform to amendments to related laws</p>
------------------	--	--	--

Article 9	<p>If a shareholders' meeting is convened by the Board of Directors, the agenda shall be set by the Board of Directors and the meeting shall be conducted in accordance with the scheduled agenda, which may not be changed without a resolution of the shareholders' meeting.</p> <p>The following is omitted</p>	<p>If a shareholders' meeting is convened by the Board of Directors, the agenda shall be set by the Board of Directors, the relevant motions (including provisional motions and amendments to original motions) should be voted on on a case-by-case basis, and the meeting shall be conducted in accordance with the scheduled agenda, which may not be changed without a resolution of the shareholders' meeting.</p> <p>The following is omitted</p>	In order to conform to amendments to related laws
Article 11	<p>Each shareholder shall speak no more than once on the same motion, and each speech shall not exceed three minutes, without the consent of the chairman. If a shareholder speaks in violation of the foregoing provisions or exceeds the scope of the question, the chairman may stop his or her speech or make other appropriate disposition.</p>	<p>Each shareholder shall speak no more than twice on the same motion, and each speech shall not exceed five minutes, without the consent of the chairman. If a shareholder speaks in violation of the foregoing provisions or exceeds the scope of the question, the chairman may stop his or her speech or make other appropriate disposition.</p>	In order to conform to amendments to related laws
Article 14	<p>No discussion or vote on the matter reported or not as a motion, if the chairman considers that the discussion of a motion has reached the level of being ready for voting, he/she may declare that the discussion has been stopped and put to a vote.</p>	<p>The chairman shall give sufficient opportunity to explain and discuss the motions and the amendments or temporary motions proposed by the shareholders, and may declare the discussion closed and vote on them when he/she considers that they are ready to be voted on. The chairman of the board of directors shall give an</p>	In order to conform to amendments to related laws

Article 14		<p>opportunity to explain and discuss the proposed amendments or provisional motions and, if he/she deems that they are ready to be voted on, he/she may declare that the discussion is closed and proceed to vote.</p>	
Article 15	<p>The chairman shall appoint the scrutineers and vote-counters for voting on motions or election matters. However, the scrutineers shall have the status of shareholders.</p>	<p>The chairman shall appoint the scrutineers and vote-counters for voting on motions or election matters. However, the scrutineers shall have the status of shareholders.</p> <p>The counting of votes for a shareholders' meeting or an election proposal shall be conducted in an open place on the floor of the shareholders' meeting, and the voting results, including the number of votes counted, shall be announced and recorded on the spot after the counting of votes is completed.</p>	<p>In order to conform to amendments to related laws</p>
Article 16	<p>During a meeting, the chairman may announce a break at his discretion. In the event of an unavoidable situation, the chairman may suspend the meeting and announce the time of resumption of the meeting as appropriate.</p>	<p>During a meeting, the chairman may announce a break at his discretion. In the event of an unavoidable situation, the chairman may suspend the meeting and announce the time of resumption of the meeting as appropriate.</p> <p>If the meeting venue cannot be used before the end of the meeting (including temporary motions), the shareholders' meeting may resolve to find another venue to continue the meeting.</p>	<p>In order to conform to amendments to related laws</p>

Article 16		In accordance with Article 182 of the Company Act, the shareholders' meeting may resolve to postpone or renew the meeting within five days.	
Article 17	<p>Items 1 to 4 are omitted.</p> <p>Except as otherwise provided in the relevant laws and regulations or the Company's Articles of Incorporation, voting on motions shall be by a majority of the votes cast by the shareholders present.</p> <p>A motion shall be deemed to have been passed if the Chairman consults all shareholders present and there is no dissenting vote, and shall have the same effect as a poll.</p>	<p>Items 1 to 4 are omitted.</p> <p>Except as otherwise provided in the relevant laws and regulations or the Company's Articles of Incorporation, voting on motions shall be by a majority of the votes cast by the shareholders present.</p> <p>In the case of voting, the chairman or his or her designee shall announce the total number of voting rights of shareholders present on a case-by-case basis, and then the shareholders shall vote on each case, and on the day after the shareholders' meeting, the results of shareholders' approval, disapproval and abstention shall be entered into the Market Observation Post System on the day after the shareholders' meeting.</p> <p>In the event of an election of directors and supervisors at a shareholders' meeting, the election results shall be announced on the spot, including the list of elected directors and supervisors and the number of their elected rights, as well as the list of unsuccessful directors and supervisors and the number of election rights they received.</p> <p>The election ballots for the</p>	In order to conform to amendments and addition for related laws

Article 17		<p>aforementioned election shall be sealed and signed by the scrutineers and kept in a safe place for at least one year.</p> <p>However, if a lawsuit is filed by a shareholder in accordance with Article 189 of the Company Act, it shall be kept until the end of the lawsuit.</p> <p>The Company shall keep the election ballots for at least one year.</p>	
Article 18	<p>If there are amendments or substitutions to the same motion, the Chairman shall determine the order of voting on them together with the original motion. If one of the motions has been passed, the other motions shall be considered as negatived and shall not be voted on again.</p>	<p>If there are amendments or substitutions to the same motion, the Chairman shall determine the order of voting on them together with the original motion. If one of the motions has been passed, the other motions shall be considered as negatived and shall not be voted on again.</p> <p>The minutes of the shareholders' meeting shall be prepared, signed or sealed by the chairman, and distributed to the shareholders within 20 days after the meeting. The minutes may be prepared and distributed electronically.</p> <p>The aforementioned minutes may be distributed by means of an announcement entered into the Market Observation Post System.</p> <p>The Company shall record the year, month, day, place, name of the chairman, method of resolution, main points of the proceedings, and voting results (including the number of votes) of the meeting, and in the case</p>	<p>In order to conform to amendments and addition for related laws</p>

Article 18		of election of directors and supervisors, the number of votes received by each candidate. The records shall be kept permanently for the duration of the Company's existence.	
------------	--	--	--

**Hotel Holiday Garden  
Amendment Revisions of Management of Loans to Others**

June 16, 2021

Article	Clause before amendment	Clause after amendment	Purpose of amendment
Article 3	<p>Total amount of funds lent and the limits of individual objects. Items 1 to 3:omitted 4. The Company shall not be subject to the restrictions in the preceding paragraph, but the amount of individual loans shall not exceed 7.5 times the net worth of the lending company, the total amount of loans shall not exceed 15 times the net worth of the lending company, and the loan period shall not exceed 15 years.</p>	<p>Total amount of funds lent and the limits of individual objects. Items 1 to 3:omitted 4. The Company shall not be subject to the restrictions in the preceding paragraph, but the amount of individual loans shall not exceed 10 times the net worth of the lending company, the total amount of loans shall not exceed 20 times the net worth of the lending company, and the loan period shall not exceed 15 years.</p>	<p>In order to conform to amendments to related laws</p>

Appendix 1

**The current shares holding of the directors and supervisors**

April 18,2021

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

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

## Appendix 2

### Other matters

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

Explanation:

1. In accordance with Article 172 of the Company Act, holding more than one percent of the total number of issued shares, may submit written proposal, but limited to one proposal only, and the proposals are limited to 300 words.
2. The company's shareholders' meeting this year accepts the application for shareholder proposal, from April 12, 2021 to April 22, 2021, and this is announced on the Market Observation Post System.
3. The company has not received any shareholder proposals as of the deadline of the proposal.

**Hotel Holiday Garden**  
**The company's ethical behavior criteria**

**Purpose**

Article 1: For the purpose of encouraging company personnel to act in line with ethical standards, and helping interested parties better understand the ethical standards of the company, the code of ethical conduct is established with reference to the “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies”

**Applicable objects**

Article 2: This Code is applicable to “persons of the company”, including directors, supervisors, managers and all employees of the company.

**Standards of Ethical Conduct**

Article 3: Employees of the company shall, when acting in their respective capacities, adopt a positive and responsive attitude, avoid parochialism, promote the spirit of team work, and strictly comply with truthful and fiduciary duty.

Article 4: Employees of the company shall perform their duties in an objective and efficient manners and shall be prohibited from taking advantage of their position in the company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the third degree of kinship. When aforementioned persons engage in loans of funds, provisions of guarantees and major asset transactions or the purchase or sale of goods involving the affiliated companies at which a director, supervisor, or managerial officer works, those directors, supervisors, and managerial officers shall voluntarily explain whether there is any potential conflict between them and the company.

Article 5: Employees of the company shall not engage in any of the following activities:

- (1) attempt to obtain or obtain personal gain by using the company property of information or taking advantage of their positions.
- (2) other company competing with the company, except for Those who have been approved by the shareholders' meeting to remove the limit of competition.
- (3) Behaviors prohibited by the company's code of ethics or other relevant regulations.

## Confidentiality

Article 6: Employees of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.

## Fair trade

Article 7: Employees of the company shall treat all suppliers and customers fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

The employees of the company, when acting in their respective capacities, shall not request, offer, deliver or receive gift, service, kickback, bribe or other improper benefits in any kind for themselves, the company or any other third parties, unless those gifts or service requested, offered, delivered, or received are in accordance with societal customs or permitted by the company.

Article 8: Employees of the company have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes. On the other hand, all employees of the company shall be preventive any theft, negligence in care, or waste of the assets.

## Legal Compliance

Article 9: Employees of the company shall act in compliance with the Company Act, the Securities and Exchange Act, and other applicable laws, regulations, and by law concerning the company business activities.

## Report on illegal or unethical activities

Article 10: The company shall handle the education and promotion of this code for its personnel.

Employees to report to a company the company's directors, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. The company shall ensure that information reported according to the preceding paragraph will be treated as confidential and take necessary measures to protect the safety of the good-faith informants.

## Disciplinary measures

Article 11: When employees of the company violate the code of ethical conduct, the company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. It is advisable that the company establish a relevant complaint system to provide the violator with remedies.

## Procedures for exemption

Article 12: The code of ethical conduct adopted by a company must require that any exemption for employees of the company, from compliance with the code be adopted by a resolution of the board of directors, and that information on the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

## Method of disclosure

Article 13: A TWSE or TPEX listed company shall disclose the code of ethical conduct it has adopted, and any amendments to it, on its company website, in its annual reports and prospectuses and on the MOPS.

## Enforcement

Article 14.: This code will be announced and implemented after approval by the board of directors; the same applies when revised.

If the company has set up independent directors, the codes of ethical conduct shall be discussed by the Board of Directors. The Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. If independent directors are unable to attend the board of directors in person that to express objections or reservations of them. They shall issue written opinions in advance and include them in the minutes of the board of directors unless they have legitimate reasons.

If the company establishes an audit committee, the regulations on supervisors in this Code shall be used by the audit committee *mutatis mutandis*.

Established and revised date

Article 15 This code was established on March 20, 2019

## **Hotel Holiday Garden**

### **Regulations Governing Procedure for Board of Directors Meetings**

Article 1: To establish a strong governance system and sound supervisory capabilities for this Corporation's board of directors meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 2 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies".

Article 2: The procedure for board of directors meetings of this Corporation; the main agenda items, operational procedures, required content of meeting minutes, public announcements, and other compliance requirements for board meetings shall be handled in accordance with these Regulations.

Article 3: (Board convocation and meeting notice)

A board of directors shall meet at least quarterly.

The reasons for calling a board of directors meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.

The notice can be written form, by e-mail, or by fax.

All matters set out in the subparagraphs of Article 12, paragraph 1, shall be specified in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion except in the case of an emergency or legitimate reason.

Article 4: (Meeting notice and meeting materials)

The agenda working group designated by the Company is Financial Department.

The agenda working group shall prepare agenda items for board of directors meetings and provide comprehensive pre-meeting materials, to be sent together with the notice of the meeting. A director of the opinion that the pre-meeting materials provided are insufficiently comprehensive may request the agenda working group to supplement the materials. If a director is of the opinion that materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the board of directors.

Article 5: (Preparation of attendance book and other documents and entrusted attendance of directors)

When a meeting of the board of directors is held, an attendance book shall be made ready for signature by directors attending the meeting and thereafter made

available for future reference.

All board directors shall attend board meetings in person; if attendance in person is not possible, they may, pursuant to the company's articles of incorporation, appoint another director to attend as their proxy. Attendance via tele- or video-conference is deemed as attendance in person.

A director appointing another director to attend a board meeting in his or her place shall in each case give to that director a written proxy stating the scope of authorization with respect to the reasons for meeting.

A proxy under paragraph 2 may accept a proxy from one person only.

Article 6:(Principle of meeting place and time of the board of directors)

A board of directors meeting shall be held at the location and during the business hours of the Company, or at a place and time convenient to all directors and suitable for holding such a meeting.

Article 7:(Chairman of the Board and Deputy)

Where a meeting of the board of directors is called by the chairperson of the board, the meeting shall be chaired by the chairperson. However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.

When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, the vice chairperson shall do so in place of the chairperson, or, if there is no vice chairperson or the vice chairperson also is on leave or for any reason is unable to act, by a managing director designated by the chairperson, or, if there is no managing director, by a director designated thereby, or, if the chairperson does not make such a designation, by a managing director or director elected by and from among themselves.

Article 8:(board of directors meetings of relevant information, attendees)

When the board of directors of the Company holds a meeting, the Manager and Financial Department shall prepare relevant information for the directors' reference at the meeting.

When holding a meeting of the board of directors, the Company may, as necessary for the agenda items of the meeting, notify personnel of relevant departments or subsidiaries to attend the meeting participants.

When necessary, the Company may also invite accountant, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting

takes place.

The chairman of the board of directors shall call the meeting to order when a majority of the directors are present at the time of the meeting. When the time of a meeting has arrived and one-half all board directors are not present, the meeting chair may announce postponement of the meeting time, provided that only two postponements may be made. Besideshe the total delay time cannot exceed one hour.If the quorum is still not met after two such delays, the chair shall re-call the meeting following the procedures provided in Article 3, paragraph 2.

The term "all board directors " as used in the preceding paragraph, paragraph 2, subparagraph 2 shall be calculated as the number of directors then in office

#### Article 9:(video recording of board meeting process)

A company shall record on audio or video tape the entire proceedings of a board of directors meeting, and preserve the recordings for at least five years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of a board of directors meeting, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.

Where a board of directors meeting is held via tele- or video conferencing, the audio and visual documentation of the meeting form a part of the meeting minutes and shall be well preserved during the existence of the company.

#### Article 10:(Contents of the meeting)

Agenda items for regular board of directors meetings shall include at least the following:

##### 1.Reports:

- (1)Minutes of the last meeting and actions arising.
- (2)Reporting on important financial and business matters.
- (3)Reporting on internal audit activities.
- (4)Other important matters to be reported.

##### 2.Discussions:

- (1)Items discussed and continued from the last meeting.
- (2)Items for discussion at this meeting.

##### 3.Extraordinary motions.

Article 11:(discussion of meeting)

A board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting.

The meeting chair may not declare the meeting closed without the approval of a majority of directors present at the meeting.

If at any time during the proceeding of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of meeting, in which case paragraph 3 of the preceding article 8 shall apply mutatis mutandis.

Article 12:(discussion by the board of directors)

A company shall submit the following items for discussion by the board of directors:

1. Corporate business plan.
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA).
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of Securities and Exchange Act, and an assessment of the effectiveness of the internal control system.
4. Adoption or amendment, pursuant to Article 36-1 of Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of any equity-type securities.
6. The appointment or discharge of a financial, accounting, or internal audit officer.
7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
8. Any matter required by Article 14-3 of Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority.

9. The remuneration of directors and managers shall be discussed and decided by the board of directors after the remuneration committee makes recommendations.

If the board of directors will decline to adopt, or will modify, a recommendation of the remuneration committee, it shall require the consent of a majority of the directors in attendance at a meeting attended by two-thirds or more of the entire board, which in its resolution shall give the comprehensive consideration under the preceding paragraph and shall specifically explain whether the remuneration passed by it exceeds in any way the recommendation of the remuneration committee.

If the remuneration passed by the board of directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified in the board meeting minutes, and shall be publicly announced and reported on the information reporting website designated by the competent authority within 2 days counting from the date of passage by the board of directors.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board aren't included.

If a company has an independent director or directors, at least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

#### Article 13:(voting)

When the chair at a board of directors meeting is of the opinion that a matter has been sufficiently discussed to a degree of putting to a vote, the chair may announce the discussion closed and bring the matter to vote.

When a proposal comes to a vote at a board of directors meeting, if the chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved.

When there is any objection, a vote shall be held. The meeting chair shall choose one of the following voting methods, except that if there is any voice of objection in the meeting, the meeting chair shall seek a majority vote.

1. Voting by show of hands or by electronic voting
2. Roll-call voting
3. Voting by ballot
4. Voting at the Company's option

#### Article 14:(voting, way of scrutiny and counting)

Except as otherwise stated in Securities and Exchange Act or in the Company Act, a resolution on a matter at a board of directors meeting requires the approval of a majority of the directors present at the meeting that shall be attended by a majority of all directors.

If there is an amendment to or substitute for the same motion, the meeting chair shall determine the order of voting on the same motion together with the original motion. However, if one of the motions has been passed, the other motions shall be considered as rejected and need not be voted on again. If it is necessary to have a vote monitoring and vote counting personnel, the meeting chair shall designate such personnel, but the vote monitoring personnel shall also be a director. The results of voting shall be reported and recorded in the minutes.

#### Article 15:(Director's benefit avoidance system)

If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

The provisions of Article 180, paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206, paragraph 2 of that Act, apply to resolutions of board of directors meetings when a director is prohibited by the preceding two paragraphs from exercising voting rights.

Article 16:(Meeting discussions and signing matters)

Minutes shall be prepared of the discussions at board of directors meetings. The meeting minutes shall record the following:

- 1.Session (or year), time, and place of meeting.
- 2.Name of the meeting chair.
- 3.Attendance of directors at the meeting, specifying the names and number of members present, excused, and absent.
- 4.Names and titles of those attending the meeting as nonvoting participants.
- 5.Name of minutes taker.
- 6.Matters reported on.
- 7.Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Article 12, paragraph 7.
- 8.Extraordinary motions: the name of the mover; the method of resolution and the result for each motion; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.
- 9.Other matters required to be recorded.

The attendance book forms a part of the minutes for each board of directors meeting and shall be well preserved during the existence of the company. The minutes of a board of directors meeting shall bear the signature or seal of both the meeting chair and the minutes taker; a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting and well preserved as important company records during the existence of the company.

The production and distribution of the meeting minutes referred to in paragraph 1 may be done in electronic form.

Article 17:( The authorization principle of the board of directors)

In addition to the matters that shall be referred to the board of directors of the Company for discussion in the first paragraph of Article 12, where the board of directors is authorized to exercise the powers and functions of the board of directors in accordance with the law or the provisions of the Articles of Incorporation of the Company, the level and contents of such authorization shall be specific and clear, and the contents or matters of such authorization shall be as follows:

- (1) The company shall report to the board of directors for ratification afterwards for regulations governing loaning of funds and endorsement and guarantees of subsidiaries.
- (2) The company's loan to financial institutions shall be reported to the board of directors for ratification afterwards.

Article 18:( board of representative directors)

If there is one or more managing director on the board of directors, the provisions of Article 2, paragraph 2 of Article 3, Articles 4 to 6, Articles 8 to 11, and Article 13 to 16.

Article 19:These Regulations of Procedure shall be approved by the board of directors of the Company and reported to the shareholders meeting. Any future amendments shall be authorized to be approved by the board of directors.

## **Hotel Holiday Garden**

### **Procedures for Election of Directors**

Article 1: To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2: Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.

Article 3: The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:  
Basic requirements and values: Gender, age, nationality, and culture.  
Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of this Corporation shall consider adjusting its composition based on the results of performance evaluation.

Article 4: The qualifications for the independent directors of this Corporation shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. The election of independent directors of this Corporation shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 5: Elections of both directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors and supervisors will be elected.

When the number of directors falls below seven due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in the Company's articles of incorporation, the Company shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, or the related provisions of the Taiwan Stock Exchange Corporation rules governing the review of listings, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 6: The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 7: The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting.

Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 8: The number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 9: Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 10: If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a nonshareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 11: A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the board of directors
2. A blank ballot is placed in the ballot box
3. The writing is unclear and indecipherable or has been altered
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match
5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.

6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual

Article 12: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 13: The board of directors of this Corporation shall issue notifications to the persons elected as directors.

Article 14: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

## **Hotel Holiday Garden**

### **Regulations of shareholders' meeting**

Article 1: Unless otherwise provided by laws and regulations, shareholders' meetings (the Meeting) of the Company shall be conducted in accordance with the Rules and Procedures of Shareholders' Meetings (the Rules and Regulations) herein .

Article 2: When the Company holds a shareholders' meeting, it shall provide the attendance book for the shareholders to sign in, or the attending shareholders will submit the sign-in card instead of signing in. The number of attending shares will be calculated base on the signature book or the signed card.

Article 3: The attendance and voting of the shareholders' meeting shall be calculated based on the number of shares. If the shareholders propose to count the number of votes, the chairman shall not accept the case.

Article 4: The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 5: The chairman of the shareholders' meeting is aware of the provisions of Article 182 of the Company Act.

Article 6: The company may assign company appointed lawyer, an accountant or relevant personnel to attend the shareholders' meeting.  
Staff handling administrative affairs of a shareholders meeting shall wear identification cards for identification.

Article 7: The Company shall tape or video record the entire process of the shareholders' meeting, and keep it for at least a year.

Article 8: The chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted a majority at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponement shall be limited to two times at the most and the total time of postponement shall not exceed one hour. If after two postponements no majority can yet be constituted but the shareholders present at the Meeting represent more than one-third of the total outstanding shares, tentative resolutions may be made in accordance with paragraph 1 of Article 175 of the Company Act, unless otherwise provided by other laws and regulations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 19: The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or

security guards shall wear badges or arm bands marked "Disciplinary Officers" for identification purpose. °

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

## Hotel Holiday Garden Regulations Governing Loaning of Funds

### I. Subject :

These Regulations are promulgated pursuant to Article 36-1 of the Securities and Exchange Act.

A public company shall comply with these Regulations when making loans to others; provided, where financial laws or regulations provide otherwise, such provisions shall govern.

### II. Content :

#### Article 1 : Entities to which the company may loan funds :

- (1) Companies that have a business relationship with the Company.
- (2) Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40% of the lender's net worth.

The term "short-term" as used in the preceding paragraph is a time period of one year. Where the Company's operating cycle exceeds one year, the term of "short-term" means one operating cycle. The term "financing amount" as used in Subparagraph 2 of this Article means the cumulative balance of the Company's short-term financing.

The company's direct and indirect holding of 100% of the voting shares of foreign companies engaged in capital lending, or the company's direct and indirect holding of 100% of the voting shares of foreign companies engaged in capital lending to the company, is not subject to the restrictions of paragraph 2 of this Article.

When a responsible person of a company violates paragraph 1 or the proviso of the preceding paragraph, the responsible person shall bear joint and several liability with the borrower for repayment; if the company suffers damage, the responsible person also shall be liable for damages.

#### Article 2 : The reason and necessity of lending funds to others :

Where funds are lent to a company or business with business relationships with the Company, such loans shall be granted in accordance with Paragraph 2 of Article 3. Loans may be granted due to short-term financing need only under one of the following circumstances:

1. A Subsidiary of the Company of which the Company holds 50% or more of its shares having a business need for short-term financing.
2. Where short-term financing is required for a company or business due to purchase of materials or operational needs.
3. Where the loan is approved by the Board of Directors of the Company.

Article 3 : The aggregate amount of loans and the maximum amount permitted to a single borrower :

1. The accumulated total of loans granted shall not exceed 40% of the net worth of the Company.
2. The amount of an individual loan granted by the Company to a company or business with business relationship with the Company shall not exceed the business transaction amount between the parties. "Business transaction amount" refers to the amount of purchase or sale between the parties, whichever is higher. Where funds are lent to a company or business with business relationship, the accumulated amount of such loan shall not exceed 10% of the net worth of the Company.
3. Where funds are lent to a company or business with a short-term financing need, the accumulated amount of such loans shall not exceed 20% of the net worth of the Company.
4. Each inter-company loan of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares shall not exceed 7.5 times of the net worth of the company.  
The accumulated total of loans granted shall not exceed 15 times of the net worth of the company, and the loan period shall not exceed 15 years.

Article 4 : Procedures for handling loans of funds :

1. Credit Investigation :

To apply for loans, the borrower shall provide company information and financial information and apply to the Company for the loan by written form. Upon acceptance of the application, the finance department shall conduct an investigation, evaluating the borrower's financial condition, debt-paying ability and credit, and earning power and purpose, and draft a report. The accounting department shall conduct an investigation against the borrower and do a thorough evaluation; assessments shall at least include the following:

- (1) The necessity and reasonableness of extending loans to others.
- (2) Whether the amount of loan to be extended is necessary considering the

financial status of the borrower.

(3) Whether the accumulated loan amount is within the limit.

(4) Impact on the Company's operation, financial condition and shareholders' equity.

(5) Whether collateral must be obtained and the appraised value thereof.

(6) Borrowers' credit status and risk assessment record shall be attached

2. Preservation :

When handling capital loans and matters, the company shall obtain a security note of the same amount and, if necessary, handle the mortgage setting of movable or immovable property. In the case of the prior claim guarantee, the debtor provides an individual or company that provides considerable capital and credit as a guarantee, the board of directors shall consider the credit report of the finance department. If the company is the guarantee, pay attention to whether its articles of association are stipulated may be a guarantee clause.

3. The scope of authorization :

The Company handles capital loans and matters, then the company's finance department credit, and submit to the general manager for verification and to the board of directors for approval. The Company shall not empower any other person to make such a decision.

Lending between the Company and its subsidiaries, or between other subsidiaries, shall submit to the board of directors for approval. , and the Chairman shall be authorized to handle the matter within the specific amount of fund lending to the same party approved by the Board of Directors and the lending is authorized in installment or revolver within one year.

"Specific amount" as referred to above shall mean that the authorized amount of loans by the Company to an individual entity shall not exceed 20% of the Company's net value in their most recent financial statement except loans between the Company's Subsidiaries outside of Taiwan of whom the Company directly or indirectly holds 100 percent of voting shares.

The Board of Directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting

Article 5 : Duration of loans and calculation of interest:

1. The term of each loan extended by the Company shall not exceed one year.

Under any special circumstance, the term may be extended if approved by the board of directors in consideration of business needs.

2. The interest rate shall not be lower than the short-term lending rate offered by the bank on the date the loan is borrowed. The calculation of the Company's interest shall be collected once per month in principle. Under any special circumstance, the interest can be adjusted according to the actual situation after the approval of the board of directors.

Article 6 : Subsequent measures for management of loans, and procedures for handling delinquent creditor's rights:

1. After the advance of payment, the Company shall constantly pay attention to the financial status and business condition as well creditability of the borrower and its guarantor. If collateral is provided, the Company shall also pay attention to any changes to the value of such collateral. In case of major changes, the chairman of the board shall be notified immediately, and the instructions shall be dealt with appropriately.
2. Upon maturity of the loan, the borrower shall first calculate interest payable and repay together with the principal, before the Company may discharge the collateralized debt obligation of the promissory note and IOU and return to the borrower.
3. At maturity, the borrower shall repay the principal and interest. In the event the borrower is unable to repay and requires extension, such borrower shall submit its request in advance and the same shall submit to the board of directors for approval. The extension of each repayment shall not exceed three (3) months and shall be a one-time extension. In the event of violation, the Company may directly punish such Borrower and seek compensation.

Article 7 : Internal control :

1. Company shall establish and maintain a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the Board of Directors, lending/borrowing date, and matters to be carefully evaluated under the preceding Article.
2. Internal auditors shall perform auditing on the Procedures and the implementation of the Procedures every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Audit Committee and the Board of Directors. Should there be any violation found, the manager and organizer shall be punished according to the violation.

3. Should a borrower no longer satisfy the criteria set forth in the relevant regulations and/or the Procedures or there be any excess over the lending limit due to unexpected changes of the Company, a corrective plan has to be provided to the Audit Committee, and the proposed correction actions should be implemented within the period specified in such plan.

Article 8 : Announcement and Report :

1. The Company shall announce and report the previous month's loan balances of its head office and Subsidiaries by the 10th day of each month.
2. The Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence of the fact:
  - (1) The aggregate balance of loans to others by the Company and its Subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
  - (2) The balance of loans by the Company and its Subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.
  - (3) The amount of new loans of funds by the Company or its Subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.

If there is any reporting and announcement required for the Company's Subsidiary which is not a domestic public company, the Company will follow the requirement on behalf of its Subsidiary.

Article 9:

"Subsidiary" and "parent company" as referred to in the Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The company's financial report is prepared in accordance with the International Financial Reporting Standards. "Net worth" as referred to in the Procedures shall be equity attributable to owners of the parent company in the balance sheet.

Article 10:

The term "Announcement and Report" as used in the Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission of Taiwan.

The term "date of occurrence of the fact" as used in the Procedures refers to the date of contract signing, date of payment, dates of resolutions of the Board of

Directors, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

### III. Others:

1. Where a Subsidiary of the Company proposes to lend funds to a third party, the Company shall require the Subsidiary to establish procedures for lending funds in accordance with relevant regulations and the Procedures and shall conform to such procedures.
2. The Company shall make sufficient provision based on the condition of its lending profile, adequately disclose information in the financial statements, and provide external auditors with necessary information for conducting due auditing.
3. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations and the Company's relevant regulations.

### IV. Implementation and Revision :

The Procedures and any amendment thereof shall be effective upon approval by the Audit Committee first and then by Board of Directors, submit to the shareholders meeting for approval. Any objection by the Directors which is recorded or in writing shall be submitted to the Audit Committee and for discussion by the Shareholders' Meeting. The same shall apply to any amendments to the Procedures.

The Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

**Hotel Holiday Garden**

**Chairman of the Board: Chen Hai-ni**