

Holiday Garden International Ltd. and subsidiaries  
Consolidated Financial Report and Independent Accountant's  
Report  
2021 and 2020  
(Stock code: 2702)

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

Holiday Garden International Ltd. and Subsidiaries

Consolidated Financial Report and Independent Accountant's Report of 2021 and 2020

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Holiday Garden International Ltd. and subsidiaries

Declaration of Consolidated Financial Statements of Affiliated Enterprises

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

Hereby certify

Holiday Garden International Ltd.

Chen Hai-ni

March 24 ,2022

## Independent Accountants' Report

(2022) Tsai Shen Pao Tzu No. 21004728

Holiday Garden Hotel Co., Ltd.

### **Opinion**

We have audited the following financial statements of Holiday Garden International Ltd. and the subsidiaries (the "Group"): the consolidated balance sheets of December 31, 2020 and 2021, the consolidated statements of comprehensive income of January 1 to December 31 of 2020 and 2021, 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.

According to the opinion of the accountant all material respects, the consolidated financial statements have been prepared in accordance with the Financial Reporting Standards for Securities Issuers and the International Financial Reporting Standards approved by the Financial Supervisory Commission, International Accounting Standards Interpretation and interpretation announcement preparation, it is sufficient to fairly express the consolidated financial position of Holiday Garden Group in 2011 and December 31, 2010. The consolidated financial performance and consolidated cash flow from Jan. 1 to Dec. 31, 2011 and 2010.

### **Basis for opinion**

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

## **Key audit matters**

According to our professional judgment, in the 2021 consolidated financial statements of the Group. These matters have been addressed during the audit of the overall consolidated financial statements and in the formation of our opinion. We do not express our opinion on these matters separately.

We determine the following key audit matters of the consolidated financial statements of 2021 of the Group:

### **Business Mergers and Acquisitions**

#### Description

Holiday Garden Group purchased SpringHill Suites by Marriott San Jose Fremont Hotel on December 9, 2021 at a price of NT\$1,156,684,000. The business combination of Holiday Garden Group adopts the accounting treatment of the acquisition method. Please refer to Note 4 (26) to the consolidated financial statements for relevant explanations. To measure and allocate the acquisition price to the acquired identifiable assets of the acquired company, please refer to Note VI (26) Business Combination Description to the Consolidated Statements.

As the allocation of the purchase price involves important estimates by the management and the amount of mergers and acquisitions in this year is significant, the accountant listed corporate mergers and acquisitions as one of the important items for review this year.

#### Corresponding audit program

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

1. We have learned to understand and evaluated management's operating procedure for the intra-group transactions, verified the document of the board and the business plan approved by the Board of Directors.
2. We examined the M&A Process Agreement, verified the payment instrument and confirmed the acquisition price.

3. We obtained the purchase price allocation of the mergers and acquisitions to estimate the independence of the external specialist, verified the price estimation and assumptions of the report, and evaluate the rationality of the purchase price allocations.

### **Property, plant and equipment and intangible asset impairment assessment**

#### Description

For accounting policies of intangible asset impairment, please refer to Note 4(16) of the consolidated financial statements. For accounting estimation and assumption uncertainty of evaluation of intangible investment impairment, please refer to Note 5(2) of the consolidated financial statements. For intangible assets, please refer to Note 6(7) of the consolidated financial statements.

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

#### Corresponding audit program

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

1. We have learned to understand and evaluate management's operating procedure for

estimating the subsidiaries' future cash flows and verified that their cash flows for the next year that is consistent with the approval by the Board of Directors.

2. Assess the reasonableness of key assumptions used by management to estimate future cash flows.
3. Evaluate the rationality of various parameters and discount rates used in calculating the recoverable amount.

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

The Group has prepared the 2021 and 2020 parent company only financial statements, and we have issued an audit report with unmodified opinion. That report is available for reference.

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

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

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

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

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

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

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

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

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

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

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

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

We determined the key audit matters of the consolidated financial statements of 2021 of 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

Accountants

Wang Guo Hua

Lin Yong Zhi

Former Ministry of Finance Securities and Futures  
Commission

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

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

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

March 24, 2022

Holiday Garden International Ltd. and Subsidiaries  
Consolidated Balance Sheet  
December 31 of 2021 and 2020

Unit: NT\$, 000

Assets	Notes	D e c e m b e r 3 1 2 0 2 1 Amount	2 0 2 1 %	D e c e m b e r 3 1 2 0 2 0 Amount	2 0 2 0 %
<b>Current assets</b>					
1100	Cash and cash equivalents	\$ 2,145,257	25	\$ 887,011	13
1136	Financial assets available-for-sale - current	966,700	11	973,505	14
1150	Net notes receivable	323	-	-	-
1170	Net accounts receivable	30,980	-	24,727	-
1200	Other accounts receivable	567	-	823	-
1220	Tax assets	42,817	-	69,938	1
130X	Inventories	638	-	1,029	-
1410	Advance payments	10,053	-	10,987	-
1479	Other current assets - others	430	-	194	-
11XX	<b>Total current assets</b>	<u>3,197,765</u>	<u>37</u>	<u>1,968,214</u>	<u>28</u>
<b>Non-current assets</b>					
1535	Financial assets at amortized cost - non-current	85,295	1	-	-
1600	Property, plants, and equipment	4,001,582	47	3,947,433	56
1755	Right if use asset	113,107	1	112,412	2
1780	Intangible assets	791,315	9	664,991	9
1840	Deferred tax assets	395,715	5	317,815	5
1915	Prepayments for equipment	12,160	-	11,663	-
1920	Guarantee deposits paid	10,266	-	10,040	-
1990	Other non-current assets - others	229	-	192	-
15XX	<b>Total non-current assets</b>	<u>5,409,669</u>	<u>63</u>	<u>5,064,546</u>	<u>72</u>
1XXX	<b>Total assets</b>	<u>\$ 8,607,434</u>	<u>100</u>	<u>\$ 7,032,760</u>	<u>100</u>

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Holiday Garden International Ltd. and Subsidiaries  
Consolidated Balance Sheet  
December 31 of 2021 and 2020

Unit: NT\$, 000

Liabilities and equity		Notes	D e c e m b e r 3 1 2 0 2 1	2 0 2 1	D e c e m b e r 3 1 2 0 2 0	2 0 2 0
			Amount	%	Amount	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(9)(8)	\$ 884,000	10	\$ 1,609,599	23
2110	Short-term notes and bills payable	6(10)	30,000	-	130,000	2
2130	Contractual liabilities - current	6(17)	3,719	-	11,090	-
2170	Accounts payable		1,814	-	3,712	-
2200	Other accounts payable	6(11)	91,647	1	67,336	1
2230	Current income tax liabilities		36,704	1	18,949	-
2280	Current lease liabilities		8,236	-	6,451	-
2320	Long-term liabilities - current portion	6(12)&8	807,943	10	718,775	10
2399	Other current liabilities: others		567	-	3,000	-
21XX	<b>Total current liabilities</b>		<u>1,864,630</u>	<u>22</u>	<u>2,568,912</u>	<u>36</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(12)&8	3,683,724	43	2,997,564	43
2570	Deferred income tax liabilities	6(24)	187,149	2	262,719	4
2580	Lease obligations-non-current		113,552	1	113,282	1
2610	Long-term notes & accounts payable	6(4)	-	-	127,577	2
2645	Deposits received		181	-	755	-
25XX	<b>Total non-current liabilities</b>		<u>3,984,606</u>	<u>46</u>	<u>3,501,897</u>	<u>50</u>
2XXX	<b>Total liabilities</b>		<u>5,849,236</u>	<u>68</u>	<u>6,070,809</u>	<u>86</u>
<b>Equity</b>						
<b>Consolidated net income attributable to owners of the parent company</b>						
<b>Capital stock</b>						
		6(14)				
3110	Common share capital		1,104,856	13	1,104,856	16
	Capital surplus	6(15)				
3200	Capital surplus		2,169	-	2,169	-
	Retained surplus	6(16)				
3310	Legal reserve		82,561	1	82,561	1
3320	Special reserve		-	-	71,161	1
3350	Retained earnings		1,714,643	20	182,800	2
<b>Other equity</b>						
3400	Other equity		( 146,031)	( 2)	( 115,996)	( 2)
31XX	<b>Total income attributable to the owners of the parent company</b>		<u>2,758,198</u>	<u>32</u>	<u>961,951</u>	<u>14</u>
3XXX	<b>Total equity</b>		<u>2,758,198</u>	<u>32</u>	<u>961,951</u>	<u>14</u>
	Significant contingent liabilities and unrecognized contractual commitments	9				
3X2X	<b>Major events after the reporting period</b>		<u>\$ 8,607,434</u>	<u>100</u>	<u>\$ 7,032,760</u>	<u>100</u>

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

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

Accounting Director: Yu Su-Ling

Holiday Garden International Ltd. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
January 1 to December 31 of 2021 and 2020

Unit: NT\$1,000

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

Item	Notes	2021		2020		
		Amount	%	Amount	%	
4000	Operating revenue	6(17)	\$ 821,146	100	\$ 658,854	100
5000	Operating cost	6(3)(22)(23)	( 193,414)	( 23)	( 189,651)	( 29)
5900	Operating gross profit		<u>627,732</u>	<u>77</u>	<u>469,203</u>	<u>71</u>
	Operating expenses	6(6)(22)(23)				
6200	Management expense		( 733,330)	( 89)	( 645,973)	( 98)
6450	Expected impairment loss	12(2)	( 266)	-	220	-
6000	Total operating expenses		( 733,064)	( 89)	( 646,193)	( 98)
6900	Operating profit		<u>105,332</u>	<u>12</u>	<u>176,990</u>	<u>27</u>
	Non-operating income and expenses					
7100	Interest Income	6(18)	3,397	-	15,983	3
7010	Other income	6(19)	11,769	2	6,798	1
7020	Other gains and losses	6(20)	( 40,766)	( 5)	( 185,452)	( 28)
7050	Financial cost	6(21)	( 113,184)	( 14)	( 130,239)	( 20)
7000	Total non-operating income and expenses		( 138,784)	( 17)	292,910	44
7900	Net profit before tax		( 244,116)	29	( 469,900)	71
7950	Income tax expense	6(24)	( 90,185)	( 11)	( 218,519)	( 33)
8000	Net loss of continuing business units for the current period		<u>153,931</u>	<u>18</u>	<u>251,381</u>	<u>38</u>
8100	Profits (losses) of closed units	6(8)&12(2)	<u>1,980,213</u>	<u>241</u>	<u>18,928</u>	<u>3</u>
8200	Net profit (losses) for this year		<u>( \$ 1,826,282)</u>	<u>( 223)</u>	<u>\$ 270,309</u>	<u>41</u>
	Other comprehensive income					
	Components may be subsequently reclassified to profit/loss					
8361	Exchange differences on translation of foreign financial statements		( \$ 37,544)	( 5)	\$ 71,256	11
8399	Income tax of components that may be reclassified	6(24)	<u>7,509</u>	<u>1</u>	( 14,251)	( 2)
8300	Net amount other comprehensive income (loss) after tax		( \$ 30,035)	( 4)	\$ 57,005	9
8500	Total comprehensive income (loss)		( \$ 1,796,247)	( 219)	\$ 327,314	50
	Net income attributable to					
8610	Owners of the parent company		( \$ 1,826,282)	( 223)	\$ 270,309	41
	Total comprehensive income (loss) attributable to:					
8710	Owners of the parent company		( \$ 1,796,247)	( 219)	\$ 327,314	50
	Earnings (loss) per share	6(24)				
9710	Net loss from continuing business units		( \$	1.39)	( \$	2.28)

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 Comprehensive Income  
January 1 to December 31 of 2021 and 2020

Unit: NT\$1,000

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

9720	Net profit (net loss) of discontinued units	17.92	(	0.17)
9750	Basic earnings per share (loss)	\$ 16.53	(\$	2.45)
9810	Net loss from continuing business units	(\$ 1.39)	(\$	2.28)
9820	Net profit (net loss) of discontinued units	17.92	(	0.17)
9850	Diluted earnings (loss) per share	\$ 16.53	(\$	2.45)

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 2021 and 2020

Unit: NT\$, 000

Notes	<u>R e t a i n e d e a r n i n g s</u>						Exchange differences On financial Statements of Foreign operating agencies	Total
	Ordinary share capital	Capital Reserve – Issue Premium	Statutory Surplus Reserve	Special Surplus Reserve	Undistributed Surplus (with offsetting Losses)			
<b><u>2020</u></b>								
Balance on January 1, 2020	\$ 1,104,856	\$ 2,169	\$ 82,561	\$ 71,161	\$ 87,509	\$ 58,991	-	\$ 1,289,265
Current net profit	-	-	-	-	( 270,309 )	-	-	( 270,309 )
Other comprehensive income for this year	-	-	-	-	-	( 57,005 )	-	( 57,005 )
Total current comprehensive income	-	-	-	-	( 270,309 )	( 57,005 )	-	( 327,314 )
Balance, December 31, 2020	<u>\$ 1,104,856</u>	<u>\$ 2,169</u>	<u>\$ 82,561</u>	<u>\$ 71,161</u>	<u>( \$ 182,800 )</u>	<u>( \$ 115,996 )</u>	-	<u>\$ 961,951</u>
<b><u>2021</u></b>								
Balance on January 1, 2021	\$ 1,104,856	\$ 2,169	\$ 82,561	\$ 71,161	( \$ 182,800 )	( \$ 115,996 )	-	\$ 961,951
Net profit for the current period	-	-	-	-	1,826,282	-	-	1,826,282
Other comprehensive income for this year	-	-	-	-	-	( 30,035 )	-	( 30,035 )
Total comprehensive profit and loss for the current period	-	-	-	-	1,826,282	( 30,035 )	-	( 1,796,247 )
Special surplus reserve reversal	-	-	-	( 71,161 )	71,161	-	-	-
Balance on December 31, 2021	<u>\$ 1,104,856</u>	<u>\$ 2,169</u>	<u>\$ 82,561</u>	<u>\$ --</u>	<u>\$ 1,714,643</u>	<u>( \$ 146,031 )</u>	-	<u>\$ 2,758,198</u>

Please refer to notes of 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 2021 and 2020

Unit: NT\$1,000

	Note	2021	2020
<b><u>Cash flows from operating activities</u></b>			
Net loss before tax of continuing business units		(\$ 244,116)	(\$ 469,900)
Net profit before tax (net loss) of discontinued units	6(8)	2,036,842	( 23,960)
Net profit before tax (net loss) for the current period		1,792,726	( 493,860)
Adjust item			
Income expense item			
Expected credit impairment (benefits) losses	12(2)	( 808)	667
Depreciation expense	6(4)(5)(22)	198,045	210,080
Amortized expense	6(6)(22)	48,365	49,923
Lease modification benefits	6(5)(20)	( 14)	( 16)
Interest expenses	6(21)	125,260	140,215
Interest income	6(18)	( 3,397)	( 15,983)
Disposal of property, plant and equipment interests	6(20)	( 2,052,593)	-
Impairment losses on non-financial assets	6(7)(20)	2,083	132,975
Changes in assets/liabilities related to operating activities			
Net change in assets related to operating activities			
Bills receivable		( 323)	1,438
Accounts Receivable		( 6,090)	7,928
Other receivables		190	( 355)
Inventory		391	67
Prepayments		717	( 2,157)
Other current assets - other		( 236)	98
Net change in liabilities related to operating activities			
Contract liabilities - current		( 7,351)	( 7,084)
Bills payable		-	( 322)
Accounts Payable		( 1,898)	692
Other payables		21,295	( 36,839)
Other current liabilities - other		( 2,431)	346
Cash inflows (outflows) from operations		113,931	( 12,187)
Interest received		3,445	18,716
Interest paid		( 124,392)	( 142,425)
Income tax refunded		22,777	5,187
Income tax paid		( 97,749)	-
Net cash outflow from operating activities		( 81,988)	( 131,009)
<b><u>Cash flow from investing activities</u></b>			
Financial assets at amortized cost – decrease in current		\$ 5,789	\$ 25,481
Financial assets at amortized cost – non-current increase		( 85,295)	-
Acquisition of business	6(26)	( 1,156,684)	-
Acquisition of property, plant and equipment	6(27)	( 132,454)	( 3,464)
Disposal of property, plant and equipment		( 2,700,376)	-
Acquire intangible assets	6(6)	( 708)	-
Increase in prepaid equipment		( 12,305)	( 105,227)
Increased margin deposit		( 423)	( 2,111)
Other non-current assets - other (increase) decrease		( 43)	11
Net cash inflows (outflows) from investing activities		1,318,253	( 85,310)
<b><u>Cash flow from financing activities</u></b>			
Short-term borrowing increases	6(28)	2,274,401	1,791,099
Short-term borrowings decrease	6(28)	( 3,000,000)	( 1,711,500)
Short-term notes payable decreased	6(28)	( 100,000)	-
Lease principal repayment	6(28)	( 6,470)	( 4,730)
Long-term loan	6(28)	1,589,281	1,060,660
Repay long-term loan	6(28)	( 699,777)	( 1,125,967)
Decreased deposits		( 574)	( 615)
Net cash inflow from financing activities		56,861	8,947

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 2021 and 2020

Unit: NT\$1,000

	Note	2021	2020
Effects of Exchange Rate Changes		( 34,880 )	( 45,454 )
Increase (decrease) in cash and cash equivalents in the current period		1,258,246	( 252,826 )
Cash and cash equivalents at end of period	6(1)	887,011	\$ 1,139,837
Closing balance of cash and cash equivalents	6(1)	\$ 2,145,257	\$ 887,011

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

Chairperson of the Board: Chen Hai-ni

Manager: Chen Hai-ni

Accounting Director: Yu Su-ling

Holiday Garden International Ltd. and subsidiaries  
Notes for Consolidated Financial Statements  
2021 and 2020

(Unless otherwise noted)

1. Company milestones

- (1) Holiday Garden International Ltd. (the “Company”) was established in July 1959, and the primary scope of business operation includes tourism hotels and attached restaurants and swimming pools. The Company has been a Taiwan Stock Exchange Corporation (TSEC) listed company since February, 1965.
- (2) For information of the primary business operations activities of the Company and the subsidiaries (the Group), please refer to Note 4(3).

2. Date and procedure of approval of the financial report

This consolidated financial report has been approved and issued by the Board of Directors on March 24, 2022.

3. Applicability of newly issued and revised standards and interpretations

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

The following table summarizes the latest, amended and revised IFRS standards and interpretations applicable for 2021 approved by the Financial Supervisory Commission:

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

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

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

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

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

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

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

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

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

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

- |   |                 |
|---|-----------------|
| * Amendment to IAS 1 「 Disclosure of Accounting Policies 」  | January 1, 2023 |
| * Amendments to IAS 8 「 Definition of Accounting Estimates 」  | January 1, 2023 |
| * Amendments to IAS 12 「 Deferred income tax relating to assets and liabilities arising from a single transaction 」 | January 1, 2023 |

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

#### 4. Summary of significant accounting policies

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

##### (1) Statement of compliance

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

##### (2) Basis of preparation

1. The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.
2. To prepare for financial reports in accordance with IFRSs, some important accounting estimations are required. When applying the Group's accounting policies, management also needs to make judgment, which involves accounts of a high level of decision-making and complexity or accounts associated with material assumption and estimation. Please refer to Not 5 attached.

##### (3) Basis of consolidation

###### 1. Principles for consolidated financial report preparation

- (1) The Group incorporates all subsidiaries into the entities this consolidated financial report is prepared for. Subsidiaries refer to entities controlled by the Group (including structure entities). When the Group is exposed to variable rewards from participating in that entity or entitled to rights to said variable rewards and the Company has the power and ability to affect said rewards of that entity, the Group controls said entity. The subsidiaries are included into the consolidated financial report since the day the Group acquire their control and the consolidation ends on the day their control is lost.
- (2) The transactions, balance, and unrealized profit or loss generated between the subsidiaries of the Group had been eliminated. Necessary adjustment of accounting policies of the subsidiaries has been made to be consistent with policies of the Group.

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

## 2. Subsidiaries included in the consolidated financial report:

<u>Investor</u>	<u>Subsidiary</u>	<u>Business scope</u>	<u>% shareholding</u>		<u>Description</u>
			<u>December 31, 2021</u>	<u>December 31, 2020</u>	
Holiday Garden Hotel Co., Ltd.	HOLIDAY GARDEN INTERNATIONAL LTD.	Investment business	100	100	
	HOLIDAY GARDEN INTERNATIONAL LTD	Hotel operations	100	100	
HOLIDAY GARDEN INTERNATIONAL LTD.	HOLIDAY GARDEN U.S.	Investment business	100	100	
HOLIDAY GARDEN U.S.	HOLIDAY GARDEN SF CORP.	Hotel operations	100	100	
	HOLIDAY GARDEN SN CORP.	Hotel operations	100	100	
	HOLIDAY GARDEN NW CORP.	Hotel operations	100	100	
	HOLIDAY GARDEN VC CORP.	Hotel operations	100	100	
	HOLIDAY GARDEN WC CORP.	Hotel operations	100	100	
	HOLIDAY GARDEN EV CORP.	Hotel operations	100	-	Note

Note : Holiday Garden EV CORP. was founded at the first season of 2019 ◦

3. Subsidiaries not included in the consolidated financial report: None ◦
4. Adjustment and treatment of different accounting period of subsidiaries: None ◦
5. Significant restriction: None

6. Subsidiaries of non-controlling interests significant to the Group: None

(4) Foreign currency translation

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

1. Foreign currency transaction and balance

- (1) For foreign currency transactions, spot rate of exchange on the trading day or the measurement date is used for functional currency translation, and the resulting exchange differences are recognized in current profit or loss.
- (2) Foreign currency monetary assets and liabilities balance is adjusted based on the spot exchange rate on the balance sheet date, and the resulting exchange differences are recognized in profit or loss.
- (3) Foreign currency monetary assets and liabilities balance is measured at fair value through profit or loss and adjusted using the spot exchange rate on the balance sheet. The resulting exchange differences are recognized in profit or loss. For foreign currency monetary assets and liabilities balance that is measured at fair value through other comprehensive income, it is adjusted using the spot exchange rate on the balance sheet day. The resulting exchange differences are recognized in the account of other comprehensive income. As for those not measured at fair value, they are measured at the historical exchange rate on the initial transaction day.
- (4) All exchange gains or losses are recognized in "other gains and losses" in the statement of comprehensive income.

2. Translation of foreign financial statements

- (1) All the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - A. The assets and liabilities of each balance sheet presented are translated at the closing rate of that balance; ;
  - B. The income and expense of each statement of comprehensive income are translated using the current average exchange rate, and
  - C. Exchange differences generated from translation are recognized in other comprehensive income.
- (2) When a foreign operation is partially disposed of or sold, it will be recognized in the accumulated exchange differences of other comprehensive income and reclassified to the non-controlling interests of that specific foreign operation. However, when the Company loses the control of a foreign operation subsidiary, even if the Company still keeps

partial equity of the former subsidiary, it is treated as disposing all equity of the foreign operation.

(5) Classification of current and non-current assets and liabilities

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

- (1) Assets expected to be realized in the normal operating cycle or intended to be sold or consumed,
- (2) Liabilities held primarily for transaction purposes.
- (3) Assets expected to be realized within 12 months after the balance sheet date;
- (4) Cash and cash equivalents, excluding those to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

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

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

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

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

(6) Cash equivalents

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

(7) Financial assets at amortized cost

1. Refers to those who meet the following conditions at the same time:

- (1) The financial asset is held under an operating model whose purpose is to collect contractual cash flows.
- (2) The contract terms of the financial asset generate cash flow on a specific date, which is entirely the payment of the principal and the interest on the outstanding principal amount.

2. The Group uses trade day accounting for financial assets measured at fair value through profit or loss and satisfying the accounting practice.

3. The Group at initial recognition uses fair value measurement. Related transaction cost is recognized in profit or loss and subsequently measured at fair value. The gain or loss is recognized in profit or loss.

4. The Group holds time deposits that do not qualify as cash equivalents. Due to

the short holding period, the impact of discounting is not significant and is measured by the investment amount.

(8) Accounts and notes receivable

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

(9) Impairment loss on financial assets

The Group assesses the amortized financial assets carried out at cost based on all reasonable and evidence-supported information (including those on a prospective basis) on each balance sheet date. For financial assets exposed to significantly increasing credit risk after the initial recognition, the Company measures the loss allowance for 12-month expected credit losses. For financial assets exposed to significantly increasing credit risk since the initial recognition, the Company measures the loss allowance for the financial assets at an amount equal to the lifetime expected credit losses. For accounts receivable that do not contain a significant financing component, the Group measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivable

(10) Derecognition of financial asset

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

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

(11) Operating lease(lessor)

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

(12) Inventories

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

(13) Property, plants, and equipment

1. Property, plants, and equipment are carried at acquisition cost, and the related interests during the construction period are capitalized.
2. Subsequent cost may become a carrying amount of the assets or be recognized

as a single asset only if future economic benefits associated with this item may flow into the Group and moreover, the cost of this item can be reliably measured. The carrying amount of the replaced part should be derecognized. All other repair and maintenance expenses are recognized in profit or loss when they are incurred.

3. Property, plants, and equipment are measured subsequently using the cost model. Except land, which does not depreciate, all others are depreciated by the straight-line method according to the estimated useful lives. Significant components of property, plants, and equipment should be depreciated separately.

4. The Group reviews each asset's residual value, useful life, and depreciation method at the end of each fiscal year, and if the expected residual value and useful lives are different from the previous estimation or if the expected consumption type of future economic benefits of a given asset has any material change, the stipulation on changes in accounting estimates from IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" will adopted for treatment. The useful lives of assets are listed below :

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

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

1. Leased assets are recognized as right-of-use assets and lease liabilities at the date they become available for use by the Group. The lease payments are recognized as an expense over the lease term using the straight-line basis when a lease contract is a short-term lease or a lease of a low-value subject asset

2. Recognized the lease obligations as the present value of incremental borrowing rate of interest which lease started. The lease benefit included fixed benefit and deducted any Incentive. Provided the interest during the lease by measuring the cost after amortization whit adopting interest method. The group will reevaluate lease obligations and adjust the right-of-use assets when the lease term or benefit changed by amending non-contract.

3. Right-of-use assets are recognized as cost at the beginning of the lease. The cost includes the original measured amount of the lease liabilities. The useful life of right-of-use assets or the expiry date of the lease term will be provided to be depreciation. The right-if-use asset will adjust any remeasurement of the lease liabilities which is reassessed.

(15) Intangible assets

1. Trademark and franchising

Trademark and franchising obtained separately are recognized by the

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

2. Other intangible assets

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

(16) Non-financial asset impairments

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

(17) Borrowings

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

(18) Accounts payable

1. Refers to the debts incurred due to the purchase of raw materials, commodities or labor services on credit.
2. For short-term, non-interest-bearing accounts and notes payable, they are measured at the original invoice amount because of insignificant discounting effect.

(19) Derecognition of financial liabilities

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

(20) Offset of financial assets and liabilities

Financial assets and liabilities can be offset only if there is the legally enforceable right to do so and the intent is to settle on a net basis or to realize the asset and settle the liability simultaneously, and the net amount has to be stated in the balance sheet.

(21) Employee benefits

1. Short-term employee benefits

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

## 2. Pensions

### Defined contribution plans (DCP)

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

### 3. Employees' compensation and directors' and supervisors' remuneration

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

## (22) Income tax

1. Income tax expense includes current and deferred income tax. Income tax is recognized either in the income statement or in equity if it relates to items that are recognized in other comprehensive income or directly in equity
2. The Group calculates the current income tax using tax rates enacted or substantively enacted by the balance sheet date of the country generating the taxable income from operations. Management periodically evaluates the condition of income tax filing in accordance with appropriate income tax related laws and regulations and if applicable shall make tax payment to the tax authorities based on the estimated income tax liabilities. There is an additional tax of unappropriated earnings according to the Income Tax Act, and after the earning distribution is approved at the shareholders' meeting held in the year following the year the earnings are generated, the tax expense of undistributed earnings shall be recognized based on the actual condition of earning distribution.
3. For deferred income tax, the balance sheet liability method is adopted, and it is recognized on temporary differences between the tax base of assets and liabilities and their carrying amounts in the balance sheet. Deferred income tax liabilities generated from the initial recognition of goodwill are not recognized. Moreover, deferred income tax is not recognized if it is originated from the initial recognition of assets or liabilities in transactions (business merger excluded) and neither accounting profits nor taxable income (or tax losses) is affected at the time of the transaction. For temporary differences generated from investments in subsidiaries, they are not recognized if the Group is capable of controlling the time point of reversal of the temporary differences, and the temporary differences may not be reversed in the foreseeable future. Deferred tax is determined using tax rates (and tax laws) enacted or substantively enacted by the balance sheet date, and the tax rates (and tax laws) used are the ones expected to be applicable when realizing related deferred tax assets or repaying related deferred tax liabilities.
4. Deferred tax assets are recognized to the extent when they are highly likely to be used to offset future taxable income, and unrecognized and already recognized deferred income tax assets should be re-evaluated on each balance sheet date.

5. Recognized current income tax assets and liabilities are offset only if there is the legally enforceable right to do so and the intent is to settle on a net basis or to realize the asset and settle the liability simultaneously and the net amount has to be stated in the balance sheet. Deferred income tax assets and liabilities are offset only if there is the legally enforceable right to do so and the deferred income tax assets and liabilities related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, but each entity intend to either settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(23) Dividend distribution

Dividends distribution among the Company's shareholders are recognized in the financial report when the Company's shareholders' meeting resolved that dividend are to be paid; cash dividend distribution is recognized as liabilities, while share dividend distribution is recognized as stock dividend to be distributed and be converted to common stock on the base day of issuance of new stock.

(24) Revenue recognition

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

(25) Government subsidies

Government grants are recognized at fair value when there is reasonable assurance that the enterprise will comply with the conditions attached to the government grant and will receive the grant. If the nature of the government grant is to compensate the expenses incurred by the Group, the government grant shall be recognized as the current profit or loss on a systematic basis during the period in which the relevant expenses are incurred.

(26) Business combination

1. The Group uses the acquisition method for business combinations. Consolidated consideration is based on the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued, and the consideration transferred includes the fair value of any assets and liabilities arising from contingent consideration agreements. Acquisition-related costs are recognized as an expense when incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured at fair value at the acquisition date. On an individual acquisition transaction basis, the Group elects to measure non-controlling interests whose components are present ownership interests and whose holders are entitled to a proportionate share of the net assets of the enterprise at the time of liquidation either at

acquisition date fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets; all other components of the non-controlling interest are measured at acquisition date fair value.

- 2.If the aggregate fair value of the transfer consideration, the non-controlling interest in the acquiree, and the interest previously held in the acquiree exceeds the fair value of the identifiable assets acquired and liabilities assumed, the difference is recognized as goodwill at the acquisition date; if the aggregate fair value of the identifiable assets acquired and liabilities assumed exceeds the aggregate fair value of the transfer consideration, the non-controlling interest in the acquiree, and the interest previously held in the acquiree, the difference is recognized in profit or loss for the current period.

(27) Operations department

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

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

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

(1)Material judgments adopted by accounting policies

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

(2)Material accounting estimates and assumptions

Intangible assets (excluding goodwill) impairment evaluation

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

6.Details of significant accounts

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash:		
Cash in treasury and working funds	\$ 1,098	\$ 1,667

Checking deposits and demand deposits	2,083,245	468,542
	<u>2,084,343</u>	<u>470,209</u>
Cash equivalents:		
Time deposits	60,914	416,802
	<u>\$ 2,145,257</u>	<u>\$ 887,011</u>

1. The Group places cash and deposits

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

2. The cash and cash equivalents held by the Group on December 31, 2011 and 2010 were restricted for providing pledges and were not highly liquid, and were classified as financial assets measured by amortized cost of \$1,051,995 respectively. and \$973,505, categorized by liquidity.

(2) Net amounts of accounts and notes receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	\$ 323	\$ -
Less: Allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 323</u>	<u>\$ -</u>
Accounts receivable	\$ 31,179	\$ 25,738
Less: Allowance for doubtful accounts	<u>( 199)</u>	<u>( 1,011)</u>
	<u>\$ 30,980</u>	<u>\$ 24,727</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Not past due and past due for 1 to 30 days	\$ 28,214	\$ 18,692
Past due for 31 to 90 days	3,102	6,050
Past due for more than 91 days	<u>186</u>	<u>996</u>
	<u>\$ 31,502</u>	<u>\$ 25,738</u>

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

2. As at December 31, 108, December 31, 107 and January 1, 107, the Group's receivables (including notes receivable) from customers were \$36,200, \$34,352 and \$39,644, respectively.

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

4. Without considering the collaterals held or other credit enhancement, the Group's maximum amount of credit risk exposure of the most representing notes receivable for December 31, 2021 and 2020 was NT\$323 and NT\$0 respectively. The Group's maximum amount of credit risk exposure of the most representing accounts receivable for December 31, 2021 and 2020 was NT\$30,980 and NT\$24,727

respectively.

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

(3) Inventories

	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for price decline in inventories</u>	<u>Carrying amount</u>
Foods and non-alcoholic and alcoholic beverages	<u>\$ 638</u>	<u>\$ -</u>	<u>\$ 638</u>
	<u>December 31, 2020</u>		
	<u>Cost</u>	<u>Allowance for price decline in inventories</u>	<u>Carrying amount</u>
Foods and non-alcoholic and alcoholic beverages	<u>\$ 1,029</u>	<u>\$ -</u>	<u>\$ 1,029</u>

The inventory cost that the Group recognized as expenses for 2021 and 2020 was \$7,919 and \$13,710 respectively.

(4) Property, plants, and equipment

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Land	\$ 893,818	\$ 1,313,710
Land improvements	109,230	59,225
Buildings and structures	2,547,750	2,198,603
Utility equipment	5,350	11,990
Business facilities/equipment	425,253	341,333
Other facilities	8,798	5,344
Unfinished construction and to be inspected equipment	<u>11,383</u>	<u>17,228</u>
	<u>\$ 4,001,582</u>	<u>\$ 3,947,433</u>

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

<u>Cost</u>	2021						
	<u>Opening balance</u>	<u>Current addition</u>	<u>Acquired in a combination</u>	<u>Current reduction</u>	<u>Current transfer</u>	<u>Exchange rate affected Amount</u>	<u>Closing balance</u>
Land	\$ 1,313,710	\$ -	\$ 85,054	(\$ 481,493)	\$ -	(\$ 23,453)	\$ 893,818
Land improvements	94,770	-	56,723	-	-	( 2,714)	148,779
Buildings and structures	3,486,126	286	624,450	( 618,478)	-	( 80,547)	3,411,837
Utility equipment	40,155	-	-	( 32,454)	-	-	7,701
Business facilities/equipment	1,094,490	2,463	198,184	( 34,723)	16,895	( 29,758)	1,247,551
Other facilities	9,271	5,837	-	( 5,319)	-	-	9,789
Unfinished construction and to be inspected equipment	17,228	-	-	-	( 5,424)	421	11,383
	<u>\$ 6,055,750</u>	<u>\$ 8,586</u>	<u>\$ 964,411</u>	<u>(\$ 1,172,467)</u>	<u>\$ 11,471</u>	<u>(\$ 136,893)</u>	<u>\$ 5,730,858</u>

<u>Cost</u>	2020						
	<u>Opening balance</u>	<u>Current addition</u>	<u>Acquired in a combination</u>	<u>Current reduction</u>	<u>Current Reclassification</u>	<u>Exchange rate affected Amount</u>	<u>Closing balance</u>
Land	\$ 1,357,541	\$ -	\$ -	\$ -	\$ -	(\$ 43,831)	\$ 1,313,710
Land improvements	99,761	-	-	-	-	( 4,991)	94,770
Buildings and structures	3,629,155	440	-	-	6,502	( 149,971)	3,486,126
Utility equipment	39,989	166	-	-	-	-	40,155
Business facilities/equipment	988,105	909	-	( -	158,276	( 52,800)	1,094,490
Other facilities	6,456	339	-	-	2,476	-	9,271
Unfinished construction and to be inspected equipment	9,918	-	-	-	7,955	( 645)	17,228
	<u>\$ 6,130,925</u>	<u>\$ 1,854</u>	<u>\$ -</u>	<u>(\$ 254)</u>	<u>\$ 175,209</u>	<u>(\$ 252,238)</u>	<u>\$ 6,055,750</u>

<u>Accumulated depreciation and impairment</u>	2021				
	<u>Opening balance</u>	<u>Current addition</u>	<u>Current reduction</u>	<u>Exchange rate affected Amount</u>	<u>Closing balance</u>
Land improvements	\$ 35,545	\$ 5,063	\$ -	(\$ 1,059)	\$ 39,549
Buildings and structures	1,287,523	63,576	( 463,078)	( 23,934)	864,087
Utility equipment	28,165	1,578	( 27,392)	-	2,351
Business facilities/equipment	753,157	121,305	( 30,516)	( 21,648)	822,298
Other facilities	3,927	762	( 3,698)	-	991
	<u>\$ 2,108,317</u>	<u>\$ 192,284</u>	<u>(\$ 524,684)</u>	<u>(\$ 46,641)</u>	<u>\$ 1,729,276</u>

<u>Accumulated depreciation and impairment</u>	2020				
	<u>Opening balance</u>	<u>Current addition</u>	<u>Current reduction</u>	<u>Exchange rate affected Amount</u>	<u>Closing balance</u>
Land improvements	\$ 32,338	\$ 5,006	\$ -	(\$ 1,799)	\$ 35,545
Buildings and structures	1,112,287	216,034	-	( 40,798)	1,287,523
Utility equipment	25,079	3,086	-	-	28,165
Business facilities/equipment	678,307	111,299	-	( 34,449)	753,157
Other facilities	3,334	593	-	-	3,927
	<u>\$ 1,851,345</u>	<u>\$ 336,018</u>	<u>\$ -</u>	<u>(\$ 79,046)</u>	<u>\$ 2,108,317</u>

3. In accordance with Kaohsiung Urban Development Kuei Tzu No. 10234984600 correspondence on October 28, 2013, the Group applied for making payment by installments for converting governmental land to commercial land in the land conversion urban plan, and the total amount to be paid is NT\$212,628. The Group made the first installment payment of NT\$85,051, and the remaining amount paid by the second and third installment payments was \$63,788 and \$63,789 respectively. These payments, which should be made before the applied construction permit or the new use permit is issued, were recognized in 2013. The land was contracted for sale on July 7, 2021, and the payment of the burden was paid in September, 2021 (the balance on December 31, 2020 is listed as "long-term bills payable and payment of \$127,577").
4. There was no borrowing cost capitalization of the Company's property, plants, and equipment in 2021 and 2020.
5. Significant components of the Group's buildings and buildings, including buildings and decoration works, are depreciated over 39 to 55 years and 15 to 25 years respectively.
6. For the information for obtaining property, plants, and equipment with acquisition method on April 4, 2019, please refer to Note 6(26).
7. For information on using property, plants, and equipment for guarantees, please refer to Note 8.

(5) Lease transaction – Lessee

1. The subject assets leased by the Group include buildings, transportation equipment and multi-function printers, and the lease contract period ranges from 2 years to 20 years. The lease contract is negotiated individually and contains various terms and conditions. Except that the leased assets cannot be used as loan guarantees, and the sublease to a third party requires the consent of the lessor, no other restrictions are imposed.
2. The lease period of some of the buildings and official vehicles leased by the Group is not more than 12 months and the leased low-value subject assets are business equipment.
3. The changes in the Group's right-of-use assets in 2011 and 2010 are as follows:

	<b>2021</b>			
	Buildings	Transportation Equipment	wealth-producing equipment	Total
Jan. 01	\$111,516	\$ 872	\$ 24	\$ 112,412
increase	9,251	-	1,264	10,515
depreciation	( 7,368 )	( 338 )	( 138 )	( 7,844 )
Expenses	( 1,952 )	-	( 24 )	( 1,976 )
Dec. 31	<u>111,447</u>	<u>\$ 534</u>	<u>\$ 1,126</u>	<u>\$ 113,107</u>

**2 0 2 0**

Transportation      wealth-producing

	Buildings	Equipment	equipment	Total
Jan. 01	\$118,253	\$ -	\$ 96	\$ 118,349
increase	2,813	1,013	-	3,826
depreciation (	6,824)	( 141)	( 72)	( 7,037)
Expenses (	2,726)	-	( -)	( 2,726)
Dec. 31	111,516	\$ 872	\$ 24	\$ 112,412

4. The increase of the Group's right-of-use assets in 2021 and 2020 is \$10,515 and \$3,826, respectively.
5. Information of loss and gains related to lease transaction as the followings:

	<u>2021</u>	<u>2020</u>
Affected project of current loss and gain		
Lease obligation interest	\$ 1,971	\$ 2,017
Expense of short-term lease	413	1,037
Expense of leases of low-value assets	85	533
Variable lease payments:	140	-
Lease Modification Benefi	( 14)	( 16)

6. The Group's total lease cash outflows in 2021 and 2020 are \$9,079 and \$8,317 respectively.
7. Effect of variable lease payments on lease liability

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

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

(6) Intangible assets

<b>2 0 2 1</b>			
	<u>Trademark &amp; franchising</u>	<u>Other intangible assets</u>	<u>Total</u>
Jan. 01			
Cost	\$ 884,104	\$ 7,333	\$ 891,437
Accumulated amortisation and impairment	( 224,008 )	( 2,438 )	( 226,446 )
	<u>\$ 660,096</u>	<u>\$ 4,895</u>	<u>\$ 664,991</u>
Jan. 01	\$ 660,096	\$ 4,895	\$ 664,991
Added in this issue_separate	-	708	708
Added in this issue_merger	192,273	-	192,273
Amortization for the current period	( 47,921 )	( 444 )	( 48,365 )
Exchange rate impact	( 18,152 )	( 140 )	( 18,292 )
Dec. 31	<u>\$ 786,296</u>	<u>\$ 5,019</u>	<u>\$ 791,315</u>
Dec. 31			
Cost	\$ 1,076,377	\$ 8,041	\$ 1,084,418
Accumulated amortisation	( 290,081 )	( 3,022 )	( 293,103 )
	<u>\$ 786,296</u>	<u>\$ 5,019</u>	<u>\$ 791,315</u>
<b>2 0 2 0</b>			
	<u>Trademark &amp; franchising</u>	<u>Other intangible assets</u>	<u>Total</u>
Jan. 01			
Cost	\$ 884,104	\$ 7,333	\$ 891,437
Accumulated amortisation and impairment	( 139,106 )	( 1,667 )	( 140,773 )
	<u>\$ 744,998</u>	<u>\$ 5,666</u>	<u>\$ 750,664</u>
Jan. 01	\$ 744,998	\$ 5,666	\$ 750,664
Amortization for the current period	( 49,416 )	( 507 )	( 49,923 )
Exchange rate impact	( 35,486 )	( 264 )	( 35,750 )
Dec. 31	<u>\$ 660,096</u>	<u>\$ 4,895</u>	<u>\$ 664,991</u>
Dec. 31			
Cost	\$ 884,104	\$ 7,333	\$ 891,437
Accumulated amortisation	( 224,008 )	( 2,438 )	( 226,446 )

Detailed list of intangible asset amortization :

	<u>2021</u>	<u>2020</u>
Operating expenses	\$ 48,365	\$ 49,923

(7) Impairment of non-financial assets

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

	Recognized in current profit and loss	
	<u>2021</u>	<u>2020</u>
Impairment loss - business equipment	\$ 2,083	\$ –
Impairment Loss - House and Construction	\$ –	\$ 132,975

2. The details of the above impairment losses disclosed by sector are as follows:

	Recognized in current profit and loss	
	<u>2021</u>	<u>2020</u>
Taiwan Division_ Our company	\$ 2,083	\$ –
US Division_Holiday Garden EV CORP.	\$ –	\$ 132,975

3. In 2020, due to the impact of the novel coronavirus pneumonia epidemic, the occupancy rate of the Group decreased, resulting in impairment of houses and buildings. The Group has adjusted its carrying amount to the recoverable amount and recognized an impairment loss of \$132,975 for the US business unit. The recoverable amount is the fair value of the real estate less the cost of disposal, which is assessed according to the income method, and the fair value belongs to the third level.

In 2021, the Group disposed of Liuhe Pavilion and changed its business model, resulting in impairment of business equipment. The Group has adjusted its carrying amount to the recoverable amount and recognized an impairment loss of \$2,083 for the Taiwan business unit. The recoverable amount is the value in use of the business equipment. Since the impact of discounting is not significant, the Group has not discounted it.

The cumulative impairment changes are as follows

	<b>Jan. 01 2021</b>	<b>Increase in this period</b>	<b>Decrease in this period</b>	<b>Exchange rate impact</b>	<b>Dec.31 2021</b>
<b>Housing and Construction</b>	\$ 128,160	\$ _	\$ _	(\$ 3,600)	\$ 124,560
<b>Business Equipment</b>	_	2,083	( 2,083 )	_	_
	<u>\$ 128,160</u>	<u>\$ 2,083</u>	<u>( \$ 2,083 )</u>	<u>( \$ 3,600 )</u>	<u>\$ 124,560</u>

(8) Suspension of business units

1. Approved by the board of directors on May 5, 2021 and approved by the shareholders' meeting on July 6, 2021, the company intends to dispose of the real estate located at the current location of the company registration and Liuheguan operation, which meets the definition of a closed unit and is expressed as a closed unit. The transaction has been signed on July 7, 2021 in the Republic of China, and the real estate sale and purchase contract will be completed on November 26, 2021 in the Republic of China.

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

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

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

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

After-tax net profit (loss) of discontinued units	( \$ 18,311 )	( \$ 18,928 )
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	<b>2021</b>	<b>2020</b>
Disposal of the benefits of the discontinued unit (before tax)	\$ 2,059,730	\$ —
Income tax expense	( 61,206 )	—
Disposal of the benefits of the discontinued unit (after tax)	\$ 1,998,524	\$ —

\*Please refer to Note 6(19) for the government subsidy income recognized by discontinued units.

(9) Short-term loans

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

1. For the interest expense of the Group's bank borrowings recognized in profit or loss, please refer to the explanation in Note VI (21).

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

(10) Sort-term notes payable

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

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

(11) Other payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salaries payable	\$ 24,403	\$ 13,834
Tax payable	15,413	6,251
Interest payable	6,229	5,508

Payable for equipment	3,709	-
Premium payable	2,661	1,464
Management fee payable	2,130	657
Other	37,102	39,622
	<u>\$ 91,647</u>	<u>\$ 67,336</u>

(12) Long-term borrowings

<u>Types of borrowings</u>	<u>Period of borrowing and repayment method</u>	<u>Range of interest rates</u>	<u>Collaterals</u>	<u>December 31, 2021</u>
Long-term borrowings from banks				
Credit loan	From Sept. 18,2012 to Sept. 18,2022 interest will be paid monthly, and from Dec. 18,2015 it will be amortized quarterly and repaid in 28installments. Sign the loan repayment deferred contract in June 2020, and only need to pay interest until March 2021, and the principal will be amortized on a quarterly basis according to the fixed amount.	1.60%	None	\$ 8,948
Credit loan	From Sept. 20, 2019 to Sept. 20, 2022, the principal and interest will be repaid monthly.	1.10%	None	5,000
Secured loans	Notes 2 and 3	2.46%	Note 1	335,482
Secured loans	Notes 2 and 4	2.75%	Note 1	675,778
Secured loans	Notes 2 and 5	2.42%	Note 1	357,072
Secured loans	Notes 2 and 6	-	Note 1	-
Secured loans	Notes 2 and 7	-	Note 1	-
Secured loans	Notes 2 and 8	2.50%	Note 1	1,248,947
Secured loans	Notes 2 and 9	2.75%	Note 1	412,018
Secured loans	Notes 2 and 10	3.05%	Note 1	593,470
Secured loans	Notes 2 and 11	3.25%	Note 1	747,360
Credit loan	Note 12	1.00%	None	<u>107,592</u>
				4,491,667
Less: Current portion of long-term loans payable				<u>( 807,943</u>
				<u>\$ 3,683,724</u>

<u>Types of borrowings</u>	<u>Period of borrowing and repayment method</u>	<u>Range of interest rates</u>	<u>Collaterals</u>	<u>December 31, 2020</u>
Long-term borrowings from banks				
Credit loan	From Sept. 18,2012 to Sept. 18,2022 interest will be paid monthly, and from Dec. 18,2015 it will be amortized quarterly and repaid in 28installments. Sign the loan repayment deferred contract in June 2020, and only need to pay interest until March 2021, and the principal will be amortized on a quarterly basis according to the fixed amount.	1.60%	None	\$ 20,878
Credit loan	From Sept. 20, 2019 to Sept. 20, 2022, the principal and interest will be repaid monthly.	1.10%	None	11,667
Secured loans	Notes 2 and 3	2.47%	Note 1	374,797
Secured loans	Notes 2 and 4	2.51%	Note 1	530,655
Secured loans	Notes 2 and 5	2.48%	Note 1	367,392
Secured loans	Notes 2 and 6	3.05%	Note 1	34,522
Secured loans	Notes 2 and 7	3.05%	Note 1	587,143
Secured loans	Notes 2 and 8	2.50%	Note 1	1,306,662
Secured loans	Notes 2 and 9	2.76%	Note 1	428,882
Secured loans	Notes 2 and 10	1.00%	None	53,741
				<u>3,716,339</u>
Less: Current portion of long-term loans payable				<u>( 718,775)</u>
				<u>\$ 2,997,564</u>

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

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

Note 3 : The loan period is 5 years, and the loan interest rate adopts floating interest rate. Since March 2017, the subsidiary will repay the principal of USD 130,000 on a fixed monthly basis. When the loan period expires in February 2021, the remaining loan amount will be repaid in one lump sum. The subsidiary has signed an extension contract in February 2020. The extension period is 1 year. The borrowing rate adopts a floating interest rate. The monthly fixed repayment of the principal is US\$130,000. When the loan period expires in February 2022, the remaining loan amount will be repaid in one go. The subsidiary also signed a loan repayment deferred contract in May 2020, and only needs to pay interest until April 2021, and the principal of the deferred repayment will be repaid when the loan period expires in February 2022.

Note 4 : The loan period is 4.25 years, and the loan interest rate adopts floating interest rate. Since July 2016, the subsidiary will repay a fixed monthly principal of USD 50,946. When the loan period expires in October 2020, the remaining loan amount will be repaid in one go. The subsidiary has signed a new loan contract in March 2020 to repay the loan. The loan period is 7 years, and the loan interest rate adopts a floating interest rate. Since April 2020, the subsidiary will repay a fixed monthly principal of USD 41,944. In 2027 When the loan period expires in March, the remaining loan amount will be repaid in one lump sum. The subsidiary also signed a loan repayment deferred contract in June 2020, and only needs to pay interest until November 2020, and the deferred repayment principal will be repaid when the loan period expires. The subsidiary also signed a loan repayment deferred contract in December 2020, from January 2021 to June 2021, the monthly fixed repayment of the principal is US\$11,250, and the monthly fixed repayment of the principal from July to December is US\$17,750. , the principal of deferred repayment will be repaid together when the loan period expires in March 2027.

Note 5 : The loan period is 3.7 years, and the loan interest rate is floating. When the loan period expires in February 2021, the remaining loan amount will be repaid in one lump sum. The subsidiary has signed an extension contract in February 2020. The extension period is 1 year. The borrowing rate adopts a floating interest rate. When the borrowing period expires in February 2022, the remaining loan amount will be repaid in one go.

Note 6 : The loan period is 3.67 years, and the loan interest rate adopts floating interest rate. Since January 2018, the subsidiary will repay the principal of USD 3,029 on a fixed monthly basis. When the loan period expires in August 2021, the remaining loan amount will be repaid in one lump sum. The subsidiary also signed a loan repayment deferred contract in June 2020, and only needs to pay interest until November 2020, and the deferred repayment principal will be repaid when the loan period expires in August 2021. The subsidiary has signed a new loan contract in August 2021 to repay the loan.

Note 7 : The loan period is 3.5 years, and the loan interest rate adopts floating interest rate. Since March 2018, the subsidiary will repay a fixed monthly principal of USD 51,260. When the loan period expires in August 2021, the remaining loan amount will be repaid in one lump sum. The subsidiary also signed a loan repayment deferred contract in June 2020, and only needs to pay interest until November 2020, and the deferred repayment principal will be repaid when the loan period expires. The subsidiary also signed a loan repayment deferred contract in December 2020, from January 2021 to July 2021, the monthly fixed repayment of the principal of USD 22,500, and the deferred repayment of the

principal will be due to the expiration of the loan period in August 2021 repay together. The subsidiary has signed a new loan contract in August 2021 to repay the loan.

- Note 8 : The loan period is 7 years, and the loan interest rate adopts floating interest rate. Since May 2019, the subsidiary will repay the principal of USD 10,000 on a fixed monthly basis. When the loan period expires in April 2026, the remaining loan amount will be repaid in one go. The subsidiary also signed a loan repayment deferred contract in May 2020, and only needs to pay interest until April 2021. The deferred repayment principal will be repaid with a fixed monthly repayment of US dollars from May 2021. 94,887 yuan. When the loan period expires in April 2026, the remaining loan amount will be repaid in one go.
- Note 9 : The loan period is 5 years, and the loan interest rate adopts floating interest rate. The subsidiary will repay the principal of USD 37,862 per month on a fixed basis from July 2020. When the loan period expires in July 2025, the remaining loan amount will be repaid in one lump sum. The subsidiary also signed a loan repayment deferred contract in December 2020, from January 2021 to June 2021, the monthly fixed repayment of the principal is US\$11,250, and the monthly fixed repayment of the principal from July to December is US\$17,750, the principal of deferred repayment will be repaid together when the loan period expires in July 2025.
- Note 10: The loan period is 5 years, and the loan interest rate is floating. The subsidiary will repay the principal of USD 51,934 on a fixed monthly basis from August 2021. When the loan period expires in August 2026, the remaining loan amount will be repaid in one lump sum.
- Note 11: The loan period is 5 years, and the loan interest rate adopts floating interest rate. From December 2021, the subsidiary will repay the principal of USD 65,151 on a fixed monthly basis. When the loan period expires in December 2026, the remaining loan amount will be repaid in one lump sum.
- Note 12: The loan period is 5 years and 2 years respectively, and the loan interest rate is fixed annual interest rate. In response to the impact of the new coronavirus pneumonia epidemic, the subsidiary will apply for a salary protection loan to the Small Business Administration (SBA) in 2021 and April 2020 respectively. The program (Paycheck Protection Program), with a total principal of \$108,253 (US\$3,887,000), has been transferred on April 1, 2021 and May 1, 2020, respectively.

The main conditions are as follows:

- (1) The principal and interest do not need to be repaid until the loan exemption result is confirmed.
- (2) According to the current U.S. Paycheck Protection Loan Program, companies can use the 24-week waiver coverage period to pay for operating expenses, and can apply to SBA for loan forgiveness within 10 months after the waiver coverage period ends. Those who qualify will receive full or partial loan forgiveness.

As of December 31, 2021, the amount of loan forgiveness that has been applied for under the U.S. Paycheck Protection Loan Program is \$52,232 and is

currently pending approval.

The Group's bank loans are recognized in the interest expense of income. Please see Note 6(21).

(13)Pensions

1.(1)Starting from July 1, 2005, the Company and its domestic subsidiaries, in accordance with the Labor Pension Act, set up the defined contribution plan for retirement, which is applicable for employees who are the citizens of ROC. According to employee's option for the labor pension system stipulated by the Labor Pension Act, the Group and domestic subsidiaries each month contribute to the Labor Pension Fund at the rate of 6% of employees' monthly wages. Payments of employees pension are made to each employee's personal pension account and employees can choose to receive the principal and the accumulated income by monthly pension payment or a lump sum pension payment.

(2)In accordance with the above-mentioned pension plan, the Group and domestic subsidiaries recognized a pension cost of NT\$2,467 NT\$2,946 in 2021 and 2020 pectively.

2.The subsidiaries adopt the defined contribution plan, i.e., making monthly pension contributions in accordance with local government's regulations and recognizing the contributions in expenses. In accordance with related pension plans, the subsidiaries recognized a pension cost of NT\$980 and NT\$631 in 2021 and 2020 respectively.

(14)Share capital

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

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

	2021	Unit : 1000 of shares 2020
January 1 (December 31)	<u>110,486</u>	<u>110,486</u>

(15)Capital surplus

In accordance with the Company Act, the capital surplus from shares issued in excess of par and donations may be used to offset a deficit, or when the company has no deficit,the capital surplus can then be distributed as cash dividends or new stock among shareholders in proportion to their original shareholdings. Moreover, according to the Securities and Exchange Act, for the above-mentioned capital

increase by capital surplus, the total amount each year cannot exceed 10% of the paid-in capital. The Company cannot use capital surplus for capital increase unless the reserve is not enough to cover the capital losses.

(16) Retained surplus

1. In accordance with the Company's Articles of Incorporation, if there are earnings upon the Company's final account at the end of the year, the Company shall first pay profit-seeking enterprise income tax, make up the deficits for the preceding years and then set aside a legal reserve of 10% of the reminder (not applicable if the legal reserve has reached the total capital amount of the Company). After appropriating or reversing a special reserve in accordance with laws, the balance and the unallocated accumulated earnings from the previous years are the accumulated, distributable earnings for shareholders, for which the Board of Directors shall propose an earning distribution plan to be resolved at the shareholders' meeting. More than 10% of the aforementioned allocable earnings are provided for dividends and shareholders' bonuses, and the cash dividends should be no less than 10% of the total amount of shareholders' dividends and bonuses.
2. The legal reserve cannot be used for purposes other than offsetting the company's deficits or providing new stock or cash to shareholders in proportion to their original shareholding. If the reserve is used for distributing new stock or cash, it has to be more than 25% of the Company's paid-in capital.
3. (1) The Company shall first set aside a special reserve from the debit balance on the "other equity" item at the balance sheet date before distributing earnings, and later when this debit balance on the "other equity" item is reversed, the reversed amount can be included in distributable earnings.  
(2) In accordance with Order 1010012865 issued by the Financial Supervisory Commission on April 6, 2012, for an entity adopting IFRSs the first time should set aside a special reserve. Later on, when the Company uses, disposes, or reclassifies related assets, the special reserve can be used for reversal by the proportion of the special reserve that has been set aside. If the aforementioned asset is investment property, the land part shall be reversed when it is disposed or reclassified, and for the non-land part, it shall be reversed progressively throughout the term of use.  
(3) Due to the disposal of the real estate of Liuhe, the Company reversed the original special surplus reserve of \$71,161 to undistributed surplus.
4. The company's 2021 and 2020 dividends recognized as distribution and owner's

dividends are both \$0. On March 24, 2022, the board of directors proposed the 2021 earnings distribution plan to distribute cash dividends of NT\$1 per share and stock dividends of NT\$3.5 \$497,185 in dividends.

(17) Operating income

	<b>2021</b>	<b>2020</b>
Revenue from customer contracts	\$ 854,158	\$ 741,703
Operating income of discontinued units	( 33,012 )	( 82,849 )
	<u>\$ 821,146</u>	<u>\$ 658,854</u>

1. Breakdown of customer contract revenue

The Group's revenue can be broken down into the following major product lines and geographic regions:

	<b>Taiwan</b>			<b>U.S.A</b>	
	<u>Room Revenue</u>	<u>Food &amp; Beverage Income</u>	<u>Other Income</u>	<u>Room Revenue</u>	<b>Total</b>
<b>2021</b>					
Revenue from external client contracts	\$ 43,823	\$ 24,158	\$ 4,902	\$ 781,275	\$ 854,158
Less: Operating income of discontinued units	( 21,472 )	( 9,398 )	( 2,142 )	—	( 33,012 )
	<u>\$ 22,351</u>	<u>\$ 14,760</u>	<u>\$ 2,760</u>	<u>\$ 781,275</u>	<u>\$ 821,146</u>
Income recognition time point					
Revenue recognised at a point in time	\$ —	\$ 24,158	\$ 4,902	\$ —	\$ 29,060
Income recognised over time	43,823	—	—	781,275	825,098
	<u>43,823</u>	<u>24,158</u>	<u>4,902</u>	<u>781,275</u>	<u>854,158</u>
Less: Operating income of discontinued units	( 21,472 )	( 9,398 )	( 2,142 )	—	( 33,012 )
	<u>\$ 22,351</u>	<u>\$ 14,760</u>	<u>\$ 2,760</u>	<u>\$ 781,275</u>	<u>\$ 821,146</u>

	<b>Taiwan</b>			<b>U.S.A</b>	
	Room Revenue	Food & Beverage Income	Other Income	Room Revenue	<b>Total</b>
<b>2020</b>					
Revenue from external client contracts	\$ 82,263	\$ 39,253	\$ 7,322	\$ 612,865	\$ 741,703
Less: Operating income of discontinued units	( 57,650 )	( 21,486 )	( 3,713 )	—	( 82,849 )
	<u>\$ 24,613</u>	<u>\$ 17,767</u>	<u>\$ 3,609</u>	<u>\$ 612,865</u>	<u>\$ 658,854</u>
Income recognition time point					
Revenue recognised at a point in time	\$ —	\$ 39,253	\$ 7,322	\$ —	\$ 46,575
Income recognised over time	82,263	—	—	612,865	695,128
	<u>82,263</u>	<u>39,253</u>	<u>7,322</u>	<u>612,865</u>	<u>741,703</u>
Less: Operating income of discontinued units	( 57,650 )	( 21,486 )	( 3,713 )	—	( 82,849 )

The Group's operations in 2021 and 2020 were affected by the novel coronavirus pneumonia epidemic, resulting in a decrease in the Group's operating income. As of March 24, 2022, due to the impact of the follow-up control of the novel coronavirus, the amount of its impact on operating income cannot be reasonably estimated

## 2. Contract liabilities

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

	Dec. 31, 2021	Dec. 31, 2020	Jan. 01, 2020
Contract liabilities:			
Contract liabilities-- Room	\$ 3,012	\$ 5,668	\$ 13,275
Service contract Contract liabilities-- Food			
Service contract	707	5,422	5,035
	<u>\$ 3,719</u>	<u>\$ 11,090</u>	<u>\$ 18,310</u>

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

	2021	2020
The opening balance of contract liabilities is recognized as revenue in the current period		
Room service contract	\$ 5,668	\$ 13,275
Food service contract	5,422	5,035
	<u>\$ 11,090</u>	<u>\$ 18,310</u>

## (18) Interest income

	2021	2020
Bank deposit interest	\$ 869	\$ 4,073
Interest income fom financial assets measured at amortised cost	1,853	11,910
	675	-
Other interest income	<u>\$ 3,397</u>	<u>\$ 15,983</u>

## (19) Other income

	2021	2020
Rental income	\$ 5,935	\$ 2,050
Government grants	16,762	9,142
Other income -other	15,903	4,335
	38,600	15,527
Less: Operating income of discontinued units	<u>(26,831)</u>	<u>(8,729)</u>

\$ 11,769      \$ 6,798

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

(20) Other benefits and losses

	<u>2021</u>	<u>2020</u>
Disposal of interests in property, plant and equipment	\$ 2,052,593	\$ -
Foreign currency exchange loss	( 30,649)	( 52,477)
Impairment losses on non-financial assets	( 2,083)	( 132,975)
Lease Modification Benefit	14	16
Other losses	( 911)	( 294)
	\$ 2,018,964	( 185,730)
Less: Other benefits and losses of closed units	( <u>2,059,730</u> )	<u>278</u>
	<u>(\$ 40,766)</u>	<u>(\$ 185,452)</u>

(21) Financial cost

	<u>2021</u>	<u>2020</u>
Interest expense		
Borrowings from banks	\$ 123,289	\$ 138,197
Interest on lease liability	<u>1,971</u>	<u>2,017</u>
	\$ 125,260	\$ 140,214
Less: Finance costs of closed units	( 12,076)	( 9,975)
	<u>\$ 113,184</u>	<u>\$ 130,239</u>

(22) Addition information on expenses

	<u>2021</u>	<u>2020</u>
Employee benefits expenses	\$ 302,475	\$ 269,592
Property, plants, and equipment Depreciation	190,201	203,043
Right-of-use asset Depreciation	7,844	7,037

Intangible asset amortization cost	48,365	49,923
	<u>548,885</u>	<u>529,595</u>
Less: Operating costs and operating expenses of closed units	( 19,322)	( 29,229)
	<u>\$ 529,563</u>	<u>\$ 500,366</u>

(23) Employee benefit expense

	<u>2021</u>	<u>2020</u>
Wages and salaries	\$ 253,666	\$ 220,539
Health and labor insurance	44,356	44,609
Pension expense	3,447	3,577
Other employee benefit expense	1,006	867
	302,475	269,592
Less: Employee welfare expenses for closed units	( 12,786)	( 16,804)
	<u>\$ 289,689</u>	<u>\$ 252,788</u>

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

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

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

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

(24) Income tax

1. Income tax expense (benefit)

(1) Composition of income tax:

	<u>2021</u>	<u>2020</u>
Current income tax: :		
Income tax generated from current	\$ 18,706	\$ 19,780
Land value added tax	95,975	-
Underestimation (overestimation)	-	( 855)
Total current tax	<u>114,681</u>	<u>18,925</u>

Deferred income tax: :		
Origination and reversal of temporary differences	( 148,237)	( 242,476)
	( 33,556)	( 223,551)
Less: Income tax(benefits) expenses for units that are discontinued	( 56,629)	5,032
Income Tax Benefit	<u>\$ 90,185</u>	<u>\$ 218,519</u>

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

2019	<u>2021</u>	<u>2020</u>
Exchange differences on translation of foreign financial statements	(\$ 7,509)	\$ 14,251

2. Reconciliation between income tax expense and accounting profit :

	<u>2021</u>	<u>2020</u>
Income tax calculated using net profit (loss) before tax based on statutory tax rate(Note)	\$ 285,997	(\$ 226,302)
Income tax effects of adjustments based on income tax laws and regulations	21,593	5,434
Changes in the realizability assessment of deferred tax assets	4,376	-
Income exempt from tax under the tax law	( 348,030)	( 1,828)
Land value added tax	95,975	-
Unrealized land value added tax recognized in previous years Amount of effect of provision for deferred income tax	( 93,467)	-
Previous income tax overestimation	-	( 885)
	( 33,556)	( 223,551)
Less: Income tax (benefits) expenses for units that are discontinued	( 56,629)	5,032
Income tax expenses	<u>\$ 90,185</u>	<u>\$ 218,519</u>

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

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

	<u>2021</u>					
	Recognized in	Recognized in others	Exchange			December 31
	January 1	Gain or loss	Comprehensive income	Rate impact	Other (Note)	
Deferred income tax assets:						
Temporary differences: :						
Exchange differences on translation of foreign financial statements	\$ 22,387	\$ -	\$ 7,509	\$ -	\$ -	29,896

Unrealized exchange loss	14,311	6,130	-	-	-	20,441
Bonus for not taking leave	239	( 119)	-	-	-	120
US state tax effects	3,549	2,989)	-	( 135)	-	6,403
Unrealized interest payable	15,493	21,706	-	( 691)	-	36,508
Unrealized expenses payable	4,316	( 2,431)	-	( 93)	-	1,792
Tax losses	<u>257,520</u>	<u>45,571</u>	<u>-</u>	<u>( 6,809)</u>	<u>4,273</u>	<u>300,555</u>
	<u>317,815</u>	<u>73,846</u>	<u>7,509</u>	<u>( 7,728)</u>	<u>4,273</u>	<u>395,715</u>

Deferred income tax liabilities:

Temporary differences :

Investment income recognized under foreign equity method (	142,745)	17,754	-	-	-	(\$ 124,991)
Depreciation expense recognized as book-tax difference	( 20,872)	( 34,347)	-	991	-	( 54,228)
Fiscal and tax differences in amortization of intangible assets	( 5,635)	( 2,483)	-	188	-	( 7,930)
Unrealized reserve for land revaluation increment tax	( 93,467)	93,467	-	( -)	-	-
	<u>( 262,719)</u>	<u>( 74,391)</u>	<u>-</u>	<u>1,179</u>	<u>-</u>	<u>( 187,149)</u>
	<u>(\$ 55,096)</u>	<u>\$ 148,237</u>	<u>\$ 7,509</u>	<u>(\$ 6,549)</u>	<u>\$ 4,273</u>	<u>(\$ 208,566)</u>

**2020**

January 1	January 1	Recognized in Gain or loss	Recognized in others Comprehensive income	Exchange rate Effects	Other (Note)	December 31
Deferred income tax assets:						
Temporary differences: :						
Exchange differences on translation of foreign financial statements	\$ 8,136	\$ -	\$ 14,251	\$ -	\$ -	22,387
Unrealized exchange loss	3,809	10,052	-	-	-	14,311
Bonus for not taking leave	258	( 19)	-	-	-	239
Fiscal and tax differences in amortization of intangible assets	27	( 27)	-	-	-	-
US state tax effects	23,637	( 19,615)	-	( 473)	-	3,549
Unrealized interest payable	-	16,075	-	( 582)	-	15,493
Unrealized expenses	-	4,478	-	( 162)	-	4,316
Tax losses	<u>156,805</u>	<u>163,231</u>	<u>-</u>	<u>( 10,983)</u>	<u>( 51,533)</u>	<u>257,520</u>
	192,672	174,625	14,251	12,200	( 51,533)	317,815
Deferred income tax liabilities:						
Temporary differences:						
Investment income recognized under foreign equity method	(\$ 192,672)	\$ 49,552	\$ -	-	\$ -	(\$ 142,745)
Depreciation expense recognized as book-tax difference	( 46,467)	24,144	-	1,451	-	( 20,872)
Fiscal and tax differences in amortization of intangible assets	-	( 5,845)	-	210	-	( 5,635)
Unrealized reserve for land revaluation increment tax	( 93,467)	-	-	-	-	( 93,467)
	<u>( 332,231)</u>	<u>67,851</u>	<u>-</u>	<u>( 1,661)</u>	<u>-</u>	<u>( 262,719)</u>
	<u>(\$ 139,559)</u>	<u>\$ 242,476)</u>	<u>\$ 14,251</u>	<u>(\$ 10,539)</u>	<u>(\$ 51,533)</u>	<u>\$ 55,096</u>

Note: In 2020, the subsidiary applied for the 2017 taxable loss tax refund for the

two years before the taxable income. Since the tax refund limit has been reached, the remaining taxable loss will be deferred and deducted.

4. The validity period of tax losses which the Company has not used and the amounts of unrecognized deferred income tax assets are provided below :

December 31, 2021					
<u>Year of occurrence</u>	<u>Amount filed/ amount approved</u>	<u>Deductible amount</u>	<u>Undeducted amount</u>	<u>Unrecognized deferred income tax assets</u>	<u>Year for last</u>
2020	Approved amount	\$ 47,692	\$ 26,523	\$ -	2020

  

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

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

December 31, 2021					
<u>Year of occurrence</u>	<u>Amount filed/amount approved</u>	<u>Deductible tax amount</u>	<u>Undeducted tax amount</u>	<u>Unrecognized deferred income tax assets amount</u>	<u>Deductible year</u>
2017-State tax	Amount filed	\$ 4,428	\$ 4,428	\$ -	2015~2037
2019-Federal tax	Amount filed	70,518	70,518	-	Note
2019-State tax	Amount filed	13,312	13,312	-	2020~2039
2020-Federal tax	Amount filed	76,792	76,792	-	Note
2020-State tax	Amount filed	37,610	37,610	-	2021~2040
2021-Federal tax	Estimated amounts of filings	74,938	74,938	-	No deduction period
2021-State tax	Estimated amounts of filings	17,651	17,651	-	2022~2041
		<u>\$295,249</u>	<u>\$295,249</u>	<u>\$ -</u>	

  

December 31, 2021					
<u>Year of occurrence</u>	<u>Amount filed/amount approved</u>	<u>Deductible tax amount</u>	<u>Undeducted tax amount</u>	<u>Unrecognized deferred</u>	<u>Deductible year</u>

				<u>income tax</u> <u>assets amount</u>	
2019-Federal tax	Amount filed	72,556	72,556	\$ -	Note
2019-State tax	Amount filed	13,697	13,697	-	2020~2039
2020-Federal tax	Estimated amounts of filings	74,740	74,740		Note
2020-State tax	Estimated amounts of filings	<u>38,394</u>	<u>38,394</u>	<u>-</u>	2022~2040
		<u>\$199,387</u>	<u>\$199,387</u>	<u>\$ -</u>	

Note: The CARES Act passed in 2020 due to the novel coronavirus pneumonia epidemic, the taxable losses incurred in 2018, 2019 and 2020 can be offset for 5 years in advance or indefinitely.

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

<u>December 31, 2021</u>						
<u>Year of occurrence</u>	<u>Amount filed /amount approved</u>	<u>Deductible amount</u>	<u>Undeducted amount</u>	<u>Unrecognized deferred income tax assets amount</u>	<u>Year for last deduction</u>	
2017	Approved filed	\$ 436	\$ 436	\$ 436		2027
2018	Approved filed	12,843	12,843	12,843		2028
2019	Approved filed	4,413	4,413	4,413		2029
2020	Amount filed	5,858	5,858	5,858		2030
2021	Estimated amounts of filings	<u>7,868</u>	<u>7,868</u>	<u>7,868</u>		2031
		<u>\$ 31,418</u>	<u>\$ 31,418</u>	<u>\$ 31,418</u>		

<u>December 31, 2020</u>						
<u>Year of occurrence</u>	<u>Amount filed /amount approved</u>	<u>Deductible amount</u>	<u>Undeducted amount</u>	<u>Unrecognized deferred income tax assets amount</u>	<u>Year for last deduction</u>	
2017	Approved filed	\$ 436	\$ 436	\$ -		2027
2018	Approved filed	12,843	12,843	-		2028
2019	Amount filed	4,413	4,413	-		2029
2020	Estimated amounts of filings	<u>4,187</u>	<u>4,187</u>	<u>-</u>		2030
		<u>\$ 21,879</u>	<u>\$ 21,879</u>	<u>\$ -</u>		

7. Due to the impact of the epidemic in the past two years, the Group has incurred operating losses, but it is expected that taxable income will be generated after the recovery of revenue in the future. It is likely that there will be sufficient taxable income to deduct temporary differences and taxable losses in the future use.

8. The company's profit-seeking business income tax has been approved by the tax collection authority until 2019.

(25) Earnings (loss) per share

	2021		
	<u>Amount after tax</u>	<u>Weighted average of Outstanding shares (1,000shares)</u>	<u>Earnings per share (NT\$)</u>
<u>Basic earnings per share</u>			
Current net income attributable to the common stock shareholders of the parent company	(\$ 153,931)	110,486	(\$ 1.39)
Net profit for the period attributable to the discontinued unit of the parent company owner	<u>1,980,213</u>	110,486	<u>17.92</u>
Net profit for the period attributable to owners of the parent company	<u>\$ 1,826,282</u>	110,486	<u>\$ 16.53</u>

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

(26) Operating lease

1. On December 9, 2021, the Group purchased SpringHill Suites by Marriott San Jose Fremont Hotel for \$1,156,684 (US\$41,750,000) in cash, mainly operating hotel-related business in the United States. The Group expects to strengthen its position in these markets after the acquisition.
2. Information on the fair value of the consideration paid for the acquisition of

SpringHill Suites by Marriott San Jose Fremont Hotel, the assets acquired and the liabilities assumed on the acquisition date are as follows

	<u>December 09, 2021</u>
Purchase consideration	
Cash	<u>\$ 1,156,684</u>
Fair value of identifiable assets acquired and liabilities assumed	
Real estate and equipment	964,411
Intangible assets	<u>\$ 192,273</u>
Total identifiable net assets	<u>1,156,684</u>
Business reputation	<u>\$ -</u>

3. The Group consolidated the SpringHill Suites by Marriott San Jose Fremont Hotel on December 9, 2021. The operating income and pre-tax net loss contributed by the hotel were \$4,099 and \$9,133 respectively.

(27) Supplementary information on cash flow

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

	<u>2021</u>	<u>2020</u>
Purchase of real estate, plant and equipment	\$ 8,586	\$ 1,854
Add: Accounts payable at the beginning of the period-land destination change deposit (listed as "long-term bills and payments payable")	127,577	127,577
Equipment payable at the beginning of the period (listed as "other payables")	-	1,610
Minus: other accounts payable at the end of the period - cash for change of destination (listed in "long-term bills and payments")	-	( 127,577 )
Equipment payable at the end of the period ("Other payables" in the table)	( 3,709 )	-
Cash payment in the current period	<u>\$ 132,454</u>	<u>\$ 3,464</u>

2. Financing activities that do not affect cash flow:

	2021	2020
Long-term borrowings are transferred to the portion due within one year	\$ 807,943	\$ 718,775
Advance payments for equipment transferred to property, plant and equipment	\$ 11,471	\$ 175,209

(28) Changes in liabilities from financing activities

1. Investment activities paid partially by cash: :

	2021				
	Short-term Loan	Short-term notes payable	Lease Liability	Long term Loan	Total liabilities from financing activities
Jan. 01	\$ 1,609,599	\$ 130,000	\$ 119,733	\$ 3,716,339	\$ 5,575,671
Changes in financing cash flow	( 725,599 )	( 100,000 )	( 6,470 )	889,504	57,435
Other non-cash changes(Note)	-	-	8,525	-	8,525
Effects of Exchange Rate Changes	-	-	-	( 114,176 )	( 114,176 )
Dec. 31	\$ 884,000	\$ 30,000	\$ 121,788	\$ 4,491,667	\$ 5,527,455

	2020				
	Short-term Loan	Short-term notes payable	Lease Liability	Long term Loan	Total liabilities from financing activities
Jan. 01	\$ 1,530,000	\$ 130,000	\$ 123,379	\$ 3,975,516	\$ 5,758,895
Changes in financing cash flow	79,599	-	( 4,730 )	65,307	9,562
Other non-cash changes(Note)	-	-	1,084	-	1,084
Effects of Exchange Rate Changes	-	-	-	( 193,870 )	( 193,870 )
Dec. 31	\$ 1,609,599	\$ 130,000	\$ 119,733	\$ 3,716,339	\$ 5,575,671

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

7. Transactions with related parties

Primary management remuneration and compensation information

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	<u>\$ 3,850</u>	<u>\$ 3,332</u>

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

<u>Assets</u>	<u>Book value</u>		<u>For guarantee</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	
Land and land improvements	\$ 1,003,048	\$ 1,372,935	Long-term
Buildings and structures	2,530,361	2,180,219	Long-term
Business facilities/equipment	414,767	324,080	Long-term
Time deposits (Stated as “Amortizes cost Financial assets–current” )	957,921	971,578	Short-term
Time deposits (Stated as “Amortizes cost Financial assets–illiquid t” )	85,295	-	Long-term
Demand deposit (Stated as “Amortizes cost Financial assets-current”)	368	1,927	Gift Voucher Performance Guarantee
	<u>\$ 4,991,760</u>	<u>\$ 4,850,739</u>	

9. Significant contingent liabilities and unrecognized contractual commitments

(1) Contingencies

None

(2) Undertakings

1. Subsidiaries purchased Clementine Inn Anaheim, TownePlace Suites Newark Silicon Valley, Embassy Suites Valencia, Holiday Inn Express Walnut Creek, Hyatt Place Emeryville and SpringHill Suites by Marriott San Jose Fremont are currently operated by Aimbridge Corporation (formerly Interstate Corporation). The contract signed (the contract expiry date is November 19, 2024, August 31, 2024, August 31, 2024, June 22, 2022, April 11, 2026 and December 7, 2031 date), the subsidiary shall pay Aimbridge's monthly management fees and performance bonuses, which are calculated by a certain ratio based on the conditions stipulated in the contract.
2. According to the management contract signed with Aimbridge, the subsidiary must allocate a certain percentage of the total operating income to a special account on a monthly basis to purchase or repair related assets (except offices). If the special

account is insufficient to pay for the hotel-related assets For the purchase or repair, the subsidiary company shall allocate a full amount to the account.

3. Subsidiary - HOLIDAY GARDEN NW CORP. signed a royalty contract with Marriott. According to the contract, TownePlace Suites Newark Silicon Valley will use Marriott's management and maintenance system until March 31, 2030, and must be based on the total room revenue. Proportionate royalties paid to Marriott.
4. Subsidiary - HOLIDAY GARDEN VC CORP. signed a royalty contract with Hilton. According to the contract, Embassy Suites Valencia will be paid a certain percentage of the total room revenue due to the use of Hilton's management and maintenance system until September 10, 2030. Royalties to Hilton Corporation.
5. Subsidiary - HOLIDAY GARDEN WC CORP. signed a royalty contract with IHG. According to the contract, Holiday Inn Express Walnut Creek as of July 11, 2031, due to the use of IHG's management and maintenance system, must be based on the total room revenue. Proportionate royalties paid to IHG.
6. Subsidiary - HOLIDAY GARDEN EV CORP. signed a royalty contract with Hyatt Company. According to the contract, Hyatt Place Emeryville must pay a certain percentage of the total room revenue due to the use of Hyatt Company's management and maintenance system until November 21, 2041. Royalties to Hyatt Corporation.
7. Subsidiary-HOLIDAY GARDEN FM CORP. signed a royalty contract with Marriott. According to the contract, SpringHill Suites by Marriott San Jose Fremont as of August 26, 2041, due to the use of Marriott's management and maintenance system, must be based on the total room revenue. A certain percentage of royalties are paid to Marriott.
8. Subsidiary-HOLIDAY GARDEN SF CORP. signed a long-term loan contract with CTBC BANK CO.,LTD. on February 11, 2016, with a total credit line of USD 31,000,000. Subsidiary-HOLIDAY GARDEN SF CORP. The financial structure should maintain an interest coverage ratio of not less than 1.3 times. The subsidiary, HOLIDAY GARDEN SF CORP., negotiated with CTBC BANK CO., LTD. on May 15, 2020 to exempt the requirement that the interest coverage ratio should be maintained at least 1.3 times in a single year in 2020. In addition, it negotiated with CTBC BANK CO., LTD. on November 4, 2021 to waive the requirement that the interest coverage ratio should not be less than 1.3 times for the pledged fixed deposit of \$41,339.

9. Subsidiary-HOLIDAY GARDEN NW CORP. signed a long-term loan contract with FIRST COMMERCIAL BANK, LTD. on July 24, 2020, with a total credit line of USD 15,331,000. Subsidiary-HOLIDAY GARDEN NW CORP. and committed financial The structure should maintain the interest coverage ratio of not less than 1.15 times. The subsidiary, HOLIDAY GARDEN NW CORP., negotiated with FIRST COMMERCIAL BANK, LTD. on February 17, 2021, and agreed that starting from 2022, the requirement that the interest coverage ratio should be maintained at least 1.15 times.
10. Subsidiary-HOLIDAY GARDEN VC CORP. signed a long-term loan contract with FIRST COMMERCIAL BANK, LTD. on March 6, 2020, with a total credit line of USD 24,850,000. Subsidiary-HOLIDAY GARDEN VC CORP. and committed financial The structure should maintain the interest coverage ratio of not less than 1.15 times. The subsidiary, HOLIDAY GARDEN VC CORP., negotiated with FIRST COMMERCIAL BANK, LTD. on February 17, 2021 to exempt the requirement that the interest coverage ratio should be maintained at not less than 1.15 times in 2020 and 2021.
11. Subsidiary-HOLIDAY GARDEN WC CORP. signed a long-term loan contract with FIRST COMMERCIAL BANK, LTD. on August 29, 2016, with a total credit line of USD 23,300,000. Subsidiary-HOLIDAY GARDEN WC CORP. and committed financial The structure should maintain the interest coverage ratio of not less than 1.15 times. The subsidiary, HOLIDAY GARDEN WC CORP., negotiated with FIRST COMMERCIAL BANK, LTD. on February 17, 2021 to exempt the requirement that the interest coverage ratio should be maintained at least 1.15 times in 2020 and 2021.
12. Subsidiary-HOLIDAY GARDEN EV CORP. signed a long-term loan contract with CTBC BANK CO., LTD. on April 12, 2019, with a total credit line of USD 46,000,000. Subsidiary-HOLIDAY GARDEN EV CORP. promised during the credit period The financial structure should maintain an interest coverage ratio of not less than 1.2 times. The subsidiary, HOLIDAY GARDEN EV CORP., negotiated with CTBC BANK CO., LTD. on May 15, 2020 to exempt the requirement that the interest coverage ratio should be maintained at least 1.2 times in a single year in 2020. In addition, on November 4, 2021, it negotiated with CTBC BANK CO., LTD. to waive the requirement that the interest coverage ratio should not be less than 1.2 times for the pledged fixed deposit of \$43,956.
13. Subsidiary-HOLIDAY GARDEN FM CORP. signed a long-term loan contract with FIRST COMMERCIAL BANK, LTD. on December 6, 2021, with a total credit line of USD 27,000,000. Subsidiary-HOLIDAY GARDEN FM CORP. and committed financial The structure should maintain the interest coverage ratio of not less than 1.15 times from 2023.

14. As of December 31, 2021 and 2020, the Group's total contracted purchase prices for outstanding works and prepaid equipment purchases were \$189,648 and \$198,661, respectively, and the unrecognized amounts were \$28,041 and \$39,278, respectively.

10. Significant casualty losses

None

11. Major events after the reporting period

None

12. Other

(1) Capital management

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total liabilities	\$ 5,849,236	\$ 6,070,809
Total assets	<u>\$ 8,607,434</u>	<u>\$ 7,032,760</u>
Debt to assets ratio	<u>68</u>	<u>86</u>

(2) Financial instruments

1. Types of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 2,145,257	\$ 887,011
Financial assets measured at amortized cost	1,051,995	973,505
Notes payable	323	-
Accounts payable	30,980	24,727
Other accounts payable	567	823
Guarantee deposits received	<u>10,266</u>	<u>10,040</u>

	<u>\$</u>	<u>3,239,388</u>	<u>\$</u>	<u>1,896,106</u>
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Short-term borrowings	\$	884,000	\$	1,609,599
Short-term notes and bills payable		30,000		130,000
Accounts payable		1,814		3,712
Other payables		91,647		67,336
Long-term borrowings (including the current portion of long-term debt payable)		4,491,667		3,716,339
Long-term notes and accounts payable		-		127,577
Guarantee deposits received		181		755
	<u>\$</u>	<u>5,499,309</u>	<u>\$</u>	<u>5,655,318</u>
Lease liabilities	<u>\$</u>	<u>121,788</u>	<u>\$</u>	<u>119,733</u>

## 2. Financial instruments not measured at fair value

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

## 3. Risk management policies

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

#### 4. Nature and level of significant financial risk

##### (1) Market risk

###### Foreign exchange rate risk

- A. The Group is a multinational corporation, and as a result, the Group is exposed to foreign exchange rate risk generated from transactions using currencies different from the Company and the subsidiaries' functional currency (primarily the US dollars). Related foreign rate exchange risk from future commercial transactions and recognized assets and liabilities.
- B. The Group's management has set policies requiring the Group to manage the foreign exchange rate risk related to its functional currency. Each company should manage the risk according to the overall foreign exchange rate risk through the finance department of the Group.
- C. The Group's businesses involve several non-functional currencies (The Company's functional currency is New Taiwanese dollars, while the subsidiaries' functional currency is US dollars), and they are affected by exchange rate fluctuation. Information of foreign currency assets and liabilities subject to material effect of exchange rate fluctuation is presented below:

December 31, 2021						
<u>Foreign currencies</u> (NT\$1,000)	<u>Exchange rate</u>	Carrying amount (NT\$)	<u>Sensitivity analysis</u>			
			<u>Degree of variation</u>	<u>Effect on profit and loss</u>	<u>Effect on other comprehensive income</u>	
<b>(Foreign currency: functional currency)</b>						
<u>Financial assets</u>						
<u>Currency item</u>						
US\$ : NT\$	\$ 57,222	27.68	\$ 1,583,905	1%	\$ 15,839	\$ -

December 31, 2020						
<u>Foreign currencies</u> (NT\$1,000)	<u>Exchange rate</u>	Carrying amount (NT\$)	<u>Sensitivity analysis</u>			
			<u>Degree of variation</u>	<u>Effect on profit and loss</u>	<u>Effect on other comprehensive income</u>	
<b>(Foreign currency: functional currency)</b>						
<u>Financial assets</u>						
<u>Currency item</u>						
US\$ : NT\$	\$ 35,157	28.48	\$ 1,001,271	1%	\$ 10,013	\$ -

- D. In 2021 and 2020, the aggregate amounts of all exchange losses (including realized and unrealized) of the Group's monetary items due to exchange rate fluctuations that have a significant impact are \$30,649 and \$52,477, respectively.

Price risk

None significant market risk is expected to the Group.

Cash flows and fair value interest rate risk

- A. The Group's interest risk comes from short-term and long-term borrowings at a floating rate of interests, and they expose the Group to cash flow interest rate risk. At December 31, 2021 and 2020, the Group's borrowings at floating rate of interests are in NT dollars and US dollars.
- B. The Group's loans are measured at amortized cost and the interest rates are re-set each year according to the contract. Therefore, the Group is exposed to the risk of future market interest rate changes.
- C. When the borrowing rate increases or decreases by 1%, and all other factors remain unchanged, the net profit before tax in 2021 and 2020 will decrease or increase by \$53,757 and \$53,259, mainly due to the change in interest expense caused by floating rate borrowing.

(2) Credit risk

- A. The Group is exposed to credit risk of customers' or financial instruments' failure of fulfilling their contractual obligation, which can expose the Group to the risk of financial loss. The primary source of credit risk is the counterparty's failure of paying accounts receivable according to the terms of payment and the contractual cash flows of investment in liability instruments measured at fair value through profit and loss.
- B. The Group establishes credit risk management from the Group's perspective. Before entering into the terms and conditions of payment and service rendering with each new customer, each operating entity of the Group has to manage and analyze the credit risk in accordance with the internal credit policy. Internal risk control evaluates a customer's credit quality based on the customer's financial condition, past experience, and other factors.
- C. The Group adopts the premise provided by IFRS9: When the payment is 30

days past due according to the contractual terms and conditions, the credit risk of this financial asset is deemed to have increased significantly since its initial recognition.

- D. The Group adopts the premise provided by IFRS9: When the payment is more than 90 days past due according to the contractual terms and conditions, default is deemed to have happened.
- E. The Group classifies customers' notes and accounts receivable according to credit conditions and adopts a simplified method of using the loss rate as the basis for estimating the expected credit loss.
- F. According to future forward-looking considerations, the Group adjusts the loss rate established based on the history of the specific period and current information to estimate the loss allowance of notes and accounts receivable. The provision matrix of December 31, 2021 and 2020 is as follow: :

	Not past due <u>Past due for 1 to 30 days</u>	Past due for 31 <u>to 90 days</u>	Past due for more than <u>91 days</u>	<u>Total</u>
<u>December 31, 2021</u>				
Expected loss rate	0.34%	0.81%	100.00%	
Total book value	\$ 28,214	\$ 3,102	\$ 186	\$ 31,502
Allowance for loss	8	5	186	199
	Not past due <u>Past due for 1 to 30 days</u>	Past due for 31 <u>to 90 days</u>	Past due for more than <u>91 days</u>	<u>Total</u>
<u>December 31, 2020</u>				
Expected loss rate	0.34%	0.81%	100%	
Total book value	\$ 18,692	\$ 6,050	\$ 996	\$ 25,738
Allowance for loss	5	10	996	1,011

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

	2021	2020
	<u>Accounts Receivable</u>	<u>Accounts Receivable</u>
January 1	\$ 1,011	\$ 350
Impairment losses for continuing operating units	-	220
Provision for impairment loss of units that are discontinued	-	447
Reversal of provision for impairment losses that are continuing operating units	( 266)	-
Reversal of provision for impairment losses that are discontinuing units	( 542)	-
Exchange rate impact	( 4)	( 6)

December 31 \$ 199 \$ 1,011

(3) Liquidity risk

- A. Cash flows forecasts are performed by each operating entity of the Company and summarized by the finance department of the Group. The Group's finance department monitors the Group's circulating capital requirements to ensure that the Company has sufficient capital for its operating needs and to maintain a sufficient unspent loan commitment at all times ◦
- B. The surplus cash held by each operating entity will be transferred back to the Group Finance Department when it exceeds the management needs of working capital. The Group Finance Department invests the remaining funds in interest-bearing demand deposits, cheque deposits and time deposits, and the instruments selected by it have an appropriate maturity date or sufficient liquidity to meet the above forecast and provide sufficient dispatch levels. As at 31 December 2021 and 2020, the Group held money market positions of \$2,144,159 and \$885,344, respectively, to generate immediate cash flow to manage liquidity risk.
- C. The following table shows the Group's non-derivative financial liabilities, which are classified by the maturity date. Non-derivative financial liabilities are analyzed based on the time remains from the balance date to the contractual maturity date. The following table disclose the amount of contractual cash flows that is non-discounting.

December 31, 2021

<u>Non-derivative financial liabilities:</u>	<u>In 1 year</u>	<u>1 to 2 years</u>	<u>More than 2 years</u>
Short-term borrowings	\$ 885,289	\$ -	\$ -
Short-term notes and bills payable	30,000	-	-
Accounts payable	1,814	-	-
Other accounts payable	91,647	-	-
Lease liability.	10,190	11,425	116,563
Long-term borrowings (Expires within one year)	914,390	255,321	3,783,224
Guarantee deposits received	144	-	37

Derivative financial liabilities: none

December 31, 2020

<u>Non-derivative financial liabilities :</u>	<u>In 1 year</u>	<u>1 to 2 years</u>	<u>More than 2 years</u>
Short-term borrowings	\$ 1,611,948	\$ -	\$ -
Short-term notes and bills payable	130,000	-	-
Accounts payable	3,712	-	-

Other accounts payable	67,336	-	-
Lease liability.	8,411	8,386	121,022
Long-term borrowings (Expires within one year)	808,883	902,169	2,341,606
Long-term notes and accounts payable	-	-	127,577 -
Guarantee deposits received	393	-	362

### 13. Supplementary disclosure

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

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

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

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

#### (3) Investment in mainland China

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

#### (4) Information of major shareholders

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

### 14. Segment information

#### (1) General information

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

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

(2) Measurement of segment information

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

(3) Segment information

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

	2021				
	Taiwan business	USA business	Total	Closed unit	Continuing business unit
Revenue					
External Client Revenue	\$ 72,883	\$ 781,275	\$ 854,158	\$ 33,012	\$ 821,146
Divisional profit & loss	(\$ 79,129)	(\$ 63,846)	(\$ 142,975)	(\$ 37,643)	(\$ 105,332)
Interest income			3,397	–	3,397
Company general revenue			38,600	26,831	11,769
Other company profits & losses			2,018,964	2,059,730	( 40,766)
Interest expense			( 125,260)	( 12,076)	( 113,184)
Net (loss) profit before tax			\$ 1,792,726	\$ 2,036,842	(\$ 244,116)
Departmental Assets	\$ 42,072	\$ 3,959,510	\$ 4,001,582		\$ 4,001,582
Company general assets					4,605,852
Total assets					\$ 8,607,434
Depreciation & Amortization Expenses	\$ 20,193	\$ 226,217	\$ 246,410	\$ 6,536	\$ 239,874
Amount of capital expenditure	\$ 8,586	\$ –	\$ 8,586		\$ 8,586
Departmental Liabilities	\$ 1,207,571	\$ 4,641,665	\$ 5,849,236		\$ 5,849,236

	2020				Continuing business unit
	Taiwan business	USA business	Total	Closed unit	
Revenue					
External Client Revenue	\$ 128,838	\$ 612,865	\$ 741,703	\$ 82,849	\$ 658,854
Divisional profit & loss	(\$ 42,505)	(\$ 156,921)	(\$ 199,426)	(\$ 22,436)	(\$ 176,990)
Interest income			15,983	–	15,983
Company general revenue			15,527	8,729	6,798
Other company profits & losses			( 185,730 )	( 278 )	( 185,452 )
Interest expense			( 140,214 )	( 9,975 )	( 130,239 )
Net (loss) profit before tax			\$ 493,860	\$ 23,960	(\$ 469,900)
Departmental Assets	\$ 695,701	\$ 3,251,732	\$ 3,947,433		\$ 3,947,433
Company general assets					3,085,327
Total assets					\$ 7,032,760
Depreciation & Amortization Expenses	\$ 35,355	\$ 224,648	\$ 260,003	\$ 21,425	\$ 238,578
Amount of capital expenditure	\$ 1,854	\$ –	\$ 1,854		\$ 1,854
Departmental Liabilities	\$ 2,292,783	\$ 3,778,026	\$ 6,070,809		\$ 6,070,809

(4) Reconciliation of segment profit and loss

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

(5) Product type and service type information

Please refer to Note 6(17) .

(6) Regional information

The Group's regional information for 2021 and 2020 is as follows: :

	<u>2019</u>		<u>2018</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
USA	\$ 781,275	\$ 4,763,215	\$ 612,865	\$ 3,928,577
Taiwan	<u>72,883</u>	<u>155,178</u>	<u>128,838</u>	<u>808,114</u>
	854,158	\$ 4,918,393	\$ 741,703	\$ 4,736,691
minus: Closed ( unit	( 33,012 )	-	( 82,849 )	-
	<u>\$ 821,146</u>	<u>\$ 4,918,393</u>	<u>\$ 658,854</u>	<u>\$ 4,736,691</u>

(7) Important customer information

It is not applicable because none of the revenue from each customer of the Group in 2021 and 2020 reached 10% of the amount of the comprehensive income statement.

Holiday Garden International Ltd. and subsidiaries  
Loan funds  
January 1, 2021 to December 31, 2021

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

No. (Note.1)	Company providing the loan	Borrower	Transaction item(Note2)	A related party yes or not	The maximum amount of this period (Note3)	Closing balance (Note 8)	Actual drawing amount	Range of interest rate	Type of loan fund (Note 4)	Business transaction amount (Note 5)	Reasons for short-term financing (Note6)	Recognized amount of loss allowance	Collaterals		Maximum amount of loans permitted to a single borrower(Note 7)	Total amount permitted for loaning of funds (Note 7)	Note
													Name	Value			
1	Holiday Garden International Ltd.	Holiday Garden U.S.	Receivable from related companies	yes	\$ 1,448,560	\$ 1,448,560	\$ 1,054,242	Annual interest 6.5%	Short-term financing funds	\$ -	Operational needs	\$ -	None	\$ -	\$ 74,640,950	\$ 149,281,900	Note 9
2	Holiday Garden U.S.	Holiday Garden NW CORP.	Receivable from related companies	yes	240,870	240,870	92,520	Annual interest 3.0%	Short-term financing funds	-	Hotel acquisition	-	None	-	11,924,650	23,849,300	Note 9
2	Holiday Garden U.S.	Holiday Garden VC CORP.	Receivable from related companies	yes	194,610	194,610	46,260	Annual interest 3.0%	Short-term financing funds	-	Hotel acquisition	-	None	-	11,924,650	23,849,300	Note 9
2	Holiday Garden U.S.	Holiday Garden WC CORP.	Receivable from related companies	yes	584,820	584,820	429,370	Annual interest 6.5%	Short-term financing funds	-	Hotel acquisition	-	None	-	11,924,650	23,849,300	Note 9
2	Holiday Garden U.S.	Holiday Garden WC CORP.	Receivable from related companies	yes	64,980	64,980	64,980	Annual interest 3.0%	Short-term financing funds	-	Hotel acquisition	-	None	-	11,924,650	23,849,300	Note 9
2	Holiday Garden U.S.	Holiday Garden EV CORP.	Receivable from related companies	yes	94,950	94,950	31,650	Annual interest 6.5%	Short-term financing funds	-	Hotel acquisition	-	None	-	11,924,650	23,849,300	Note 9
2	Holiday Garden U.S.	Holiday Garden EV CORP.	Receivable from related companies	yes	953,680	559,362	559,362	Annual interest 6.5%	Short-term financing funds	-	Operational needs	-	None	-	11,924,650	23,849,300	Note 9
2	Holiday Garden U.S.	Holiday Garden EV CORP.	Receivable from related companies	yes	84,030	84,030	84,030	Annual interest 6.5%	Short-term financing funds	-	Hotel acquisition	-	None	-	11,924,650	23,849,300	Note 9
2	Holiday Garden U.S.	Holiday Garden FM CORP.	Receivable from related companies	yes	430,900	430,900	430,900	Annual interest 3.0%	Short-term financing funds	-	Operational needs · Hotel acquisition	-	None	-	11,924,650	23,849,300	Note 9
3	Holiday Garden CORP.	SF Holiday Garden VC CORP.	Receivable from related companies	yes	154,200	154,200	-	Annual interest 3.0%	Short-term financing funds	-	Hotel acquisition	-	None	-	6,843,350	13,686,700	Note 9
3	Holiday Garden CORP.	SF Holiday Garden U.S.	Receivable from related companies	yes	387,516	387,516	387,516	Annual interest 3.0%	Short-term financing funds	-	Operational needs	-	None	-	6,843,350	13,686,700	Note 9

Note 1: See the footnotes below

(1) 0 for the Company

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

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

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

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

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

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

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

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

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

Holiday Garden International Ltd. and subsidiaries

Properties acquired of at costs or prices of at least NT\$300 million or 20% of the paid-in capital

January 1, 2021 to December 31, 2021

Table 2

Unit: NT\$1,000

(Unless otherwise noted)

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

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

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

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

Holiday Garden Hotel Co., Ltd

The amount of real estate disposed of is NT\$300 million or 20% of the paid-in capital above

January 1, 2021 to December 31, 2021

Table 3

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

Note 1. The date of the fact is the date of the resolution of the board of directors.

Note 2. Disposal gains and losses are calculated based on the selling price after deducting the book value of the real estate and related business taxes, transaction costs, and land value-added tax.

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

Table 4

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

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

Note 1: Please enter the accounts receivable of the related parties, the notes, and other accounts receivable.

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

Note 3: The investee and the counterparty are both subsidiaries of the Company.

Note 4: It is mainly because that "other accounts receivable" is not suitable for calculating the days of turnovers.

Holiday Garden International Ltd. and subsidiaries

Business relations and material transactions and amounts between the parent company and its subsidiaries and among the subsidiaries

January 1, 2021 to December 31, 2021

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

Table 5

Number (Note 1)	Name	Counterparty	Relationship with the counterparty (Note 2)	Transaction condition		Ratio to consolidated total revenue or total assets (Note 3)
				Account	Amount	
1	Holiday Garden International Ltd.	Holiday Garden U.S.	(3)	Other accounts receivable	\$1,063,466	Processed according to the agreement between the two parties 12.36%
1	Holiday Garden International Ltd.	Holiday Garden U.S.	(3)	Interest income	61,902	Processed according to the agreement between the two parties 7.25%
1	Holiday Garden International Ltd.	Holiday Garden SF CORP.	(3)	Other income	24,912	Processed according to the agreement between the two parties 0.29%
1	Holiday Garden International Ltd.	Holiday Garden SF CORP.	(3)	Interest income	12,605	Processed according to the agreement between the two parties 1.48%
1	Holiday Garden International Ltd.	Holiday Garden NW CORP.	(3)	Other income	24,912	Processed according to the agreement between the two parties 0.29%
1	Holiday Garden International Ltd.	Holiday Garden NW CORP.	(3)	Interest income	12,605	Processed according to the agreement between the two parties 1.48%
1	Holiday Garden International Ltd.	Holiday Garden VC CORP.	(3)	Other income	24,912	Processed according to the agreement between the two parties 0.29%
1	Holiday Garden International Ltd.	Holiday Garden VC CORP.	(3)	Interest income	12,605	Processed according to the agreement between the two parties 1.48%
1	Holiday Garden International Ltd.	Holiday Garden WC CORP.	(3)	Other income	24,912	Processed according to the agreement between the two parties 0.29%
1	Holiday Garden International Ltd.	Holiday Garden WC CORP.	(3)	Interest income	12,605	Processed according to the agreement between the two parties 1.48%
1	Holiday Garden International Ltd.	Holiday Garden EV CORP.	(3)	Other income	20,760	Processed according to the agreement between the two parties 0.24%
1	Holiday Garden International Ltd.	Holiday Garden EV CORP.	(3)	Interest income	12,605	Processed according to the agreement between the two parties 1.48%
2	Holiday Garden U.S.	Holiday Garden NW CORP.	(3)	Other income	83,040	Processed according to the agreement between the two parties 0.96%
2	Holiday Garden U.S.	Holiday Garden WC CORP.	(3)	Other income	465,301	Processed according to the agreement between the two parties 5.41%
2	Holiday Garden U.S.	Holiday Garden WC CORP.	(3)	Interest income	25,349	Processed according to the agreement between the two parties 2.97%
2	Holiday Garden U.S.	Holiday Garden VC CORP.	(3)	Other income	41,520	Processed according to the agreement between the two parties 0.48%
2	Holiday Garden U.S.	Holiday Garden EV CORP.	(3)	Other income	680,478	Processed according to the agreement between the two parties 7.91%
2	Holiday Garden U.S.	Holiday Garden EV CORP.	(3)	Interest income	37,779	Processed according to the agreement between the two parties 4.42%
2	Holiday Garden U.S.	Holiday Garden FM CORP.	(3)	Other income	487,608	Processed according to the agreement between the two parties 5.66%
3	Holiday Garden SF CORP.	Holiday Garden U.S.	(3)	Other income	367,784	Processed according to the agreement between the two parties 4.27%
3	Holiday Garden SF CORP.	Holiday Garden U.S.	(3)	Interest income	10,840	Processed according to the agreement between the two parties 1.27%
4	Holiday Garden VC CORP.	Holiday Garden SF CORP.	(3)	Other income	54,225	Processed according to the agreement between the two parties 0.63%

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

Note 1: Business transaction information between the parent company and its subsidiaries should be coded in the coding section, and the coding is described below.

(1) 0 for the parent company.

(2) For the subsidiaries, they are coded starting from 1 based on the company

Note2: There are the following three types of relationship with counterparties, and only the type is specified (one disclosure for the same transaction between the parent company and a subsidiary or among subsidiaries). For example, for a transaction between the parent company and a subsidiary, if the parent company has already disclosed it, there is no need for the subsidiary to disclose the same transaction again. For transactions among subsidiaries, if one subsidiary has disclosed it already, then there is no need for the other subsidiary to disclose it again.)

(1) The parent company to a subsidiary

(2) A subsidiary to the parent company

(3) A subsidiary to another subsidiary

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

and as for income statement accounts, it is based on accumulated amount to consolidated total operating revenue

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

Holiday Garden International Ltd. and subsidiaries  
The investee's name, location, and other related information (excluding investees in mainland China)  
January 1, 2021 to December 31, 2021

Table 6

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

Investor	Investee (Notes 1 and 2)	Location	Primary business items	Initial investment amount		End of the reporting period			Investee' s current profit and loss (Notes 2(2))	Recognized current investment gain or loss (Note 2(3))	Note
				Ending of reporting period	Previous year end	Number of shares	Ratio	Carrying amount			
Holiday Garden Hotel Co., Ltd	Holiday Garden Development Ltd.	Taiwan	Tourism hotels	\$ 65,000	\$ 65,000	6,500	100	\$ 36,485	(\$ 11,364)	(\$ 11,364)	The Company' s subsidiary
Holiday Garden Hotel Co., Ltd	Holiday Garden International Ltd.	Bermuda	Investment business	977,650	642,980	12,000	100	1,492,819	( 88,773 )	( 88,773 )	The Company' s subsidiary
Holiday Garden International Ltd.	Holiday Garden U.S.	USA	Investment business	585,961	251,291	18,000	100	238,493	( 125,434 )	( 125,434 )	The Company' s subsidiary
Holiday Garden U.S.	Holiday Garden SF CORP.	USA	Tourism hotels	84,662	84,662	170,000	100	136,867	8,852	8,852	The Company' s subsidiary
Holiday Garden U.S.	Holiday Garden NW CORP.	USA	Tourism hotels	81,250	81,250	150,000	100	22,981	( 15,573 )	( 15,573 )	The Company' s subsidiary
Holiday Garden U.S.	Holiday Garden VC CORP.	USA	Tourism hotels	81,250	81,250	150,000	100	( 23,686 )	( 10,690 )	( 10,690 )	The Company' s subsidiary
Holiday Garden U.S.	Holiday Garden WC CORP.	USA	Tourism hotels	80,700	80,700	150,000	100	( 207,437 )	( 55,661 )	( 55,661 )	The Company' s subsidiary
Holiday Garden U.S.	Holiday Garden EV CORP.	USA	Tourism hotels	77,188	77,188	150,000	100	( 240,695 )	( 83,189 )	( 83,189 )	The Company' s subsidiary
Holiday Garden U.S.	Holiday Garden FM CORP.	USA	Tourism hotels	69,263	-	150,000	100	58,430	59,127	59,127	The Company' s subsidiary

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

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

(1) For the name of the investee, the location, the primary business items, the initial investment amount, and shareholding at the end of the period, they should be filled out in sequence according to the reinvestment of the Company (a publicly listed company) and each reinvestment of each direct or indirect controlled investee. In addition, the relationship (e.g., a subsidiary or a subsidiary-subsidary of the parent company) between each investee and the Company (a publicly listed company) should be entered.

(2) For the section of "investee' s profit and loss," please enter the amount of current profit and loss of each investee.

(3) For "Recognized current investment income," enter only the recognized amount of profit and loss of each direct investment subsidiary of the Company (a publicly listed company) and of each investee

accounted or using the equity method. The balance is not required. When entering the "Amount of profit and loss recognized of each subsidiary of direct reinvestment," subsidiary of the Company (a publicly listed company) and of each investee accounted for using the equity method. The balance is not required. When entering the "Amount of profit and loss recognized of each subsidiary of direct reinvestment," make sure that the amount of profit or loss of each subsidiary includes the investment income of the reinvestment to be recognized in accordance with the regulations.

Table 7

Holiday Garden Hotel Co., Ltd  
Major Shareholder Information  
January 1, 2021 to December 31, 2021

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