

【股票代碼：2702】



Holiday Garden Hotel Co., Ltd

2021 Annual Report

Published: May 20, 2022

Reference of the Annual Report, see website:

<https://mops.twse.com.tw>

The Company's Website: <https://www.hotelhg.com.tw/>

1. Company Spokesperson: Ching-Sheng Tu Job Title: Audit Supervisor

Tel: (07) 241-0123

Email: mark.tu@hotelhg.com.tw

Acting Spokesperson: Su-Ling Yu Job Title: Finance Supervisor

Contact Number: (07) 241-0123

Email: weny.yu@hotelhg.com.tw

2. Company Address: Rm. B, 23F., No. 6, Siwei 3rd Rd., Lingya Dist., Kaohsiung City

Tel: (07) 241-0123

Taipei Office: 9F., No. 22, Ln. 187, Sec. 1, Dunhua S. Rd., Songshan Dist., Taipei City

Tel: (02) 2778-2992

3. Share Transfer Institutions: Department of Stock Affairs Agent, IBF Securities CO LTD

Add: 15F., No. 188, Sec. 5, Nanjing E. Rd., Songshan Dist., Taipei City

Web: [https:// www.ibfs.com.tw](https://www.ibfs.com.tw)

Service Line: (02) 2528-8988

4. Certified Public Accountants: Kuo-Hua Wang, Yung-Chih Lin

CPA Firm: PwC Taiwan

Add: 22F., No. 95, Minzu 2nd Rd., Xinxing Dist., Kaohsiung City

Web: <https://www.pwc.tw/>

Tel: (07) 237-3116

5. Name of trading place where overseas marketable securities are listed for trading: None

Information on overseas marketable securities: None

6. Company's Website: <https://www.hotelhg.com.tw/>

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Holiday Garden Hotel Co., Ltd.

Business Report

Dear Shareholders :

I would like to thank all shareholders for coming and participating in the annual general meeting of shareholders in 2022. I would also like to thank all shareholders for their support and trust in the company over the past year.

Under the impact of the environment and the fierce competition, thank you to all the directors and staff for your concerted efforts.

This year, the company continues to adhere to the high quality of service as the foundation, enhance the software and hardware facilities, actively promote various marketing activities, and through various sales channels to develop a variety of products, to dig and develop the market to create better performance.

The operations of six hotels in the United States were not as expected due to the impact of the general environment and COVID-19. However, I and the senior management of the company will actively lead all employees to work together to continue to create greater profits for the company to benefit shareholders.

I. Operating Results

A. Business Plan Implementation Results

For the year ended December 31, 2021, the Group's consolidated operating revenues totaled NT \$854,158 thousand. The Group's consolidated operating revenues for 2020 totaled NT \$741,703 thousand, with room revenue of NT \$825,098 thousand and food and beverage revenue of NT \$24,158 thousand.

II. Consolidated Financial Report

A. Analysis of Financial revenue and profitability:

Unit: NT thousand dollars

| Items analyzed | | The year | | |
|-------------------------------------|----------------------------------------------------------------------------|----------------------|-----------|---------|
| | | 2021 | 2020 | |
| Financial Revenue and expense | Net operating revenue | 854,158 | 741,703 | |
| | Gross profit | 641,167 | 513,685 | |
| | Net profit | 1,826,282 | (270,309) | |
| Profitability | Return of assets(%) | 24.51 | (5.21) | |
| | Return of equity (%) | 98.18 | (24.01) | |
| | Operating Income to Capital Stock to pre-tax income to capital(%) | Operating profit | (9.53) | (18.05) |
| | | Income before tax | 162.26 | (44.70) |
| | Net profit margin(%) | 213.81 | (36.44) | |
| | Earnings per share (dollar) | 16.53 | (2.45) | |

B. The net asset liabilities:

As of December 31, 2021, the total assets of the Group were NT\$8,607,434 thousand dollars, out of which the total liabilities is 5,849,236 thousand dollars, which accounted for 68% of the total assets, the total net worth is 2,758,198 thousand dollars, which accounted for 32% of the total assets.

C. Profits and losses:

The Group's gross profit for fiscal 2021 was NT\$641,167 thousand

and net profit after tax was NT\$1,826,282 thousand, representing a net profit margin of 213.81%.

III. Budget and execution

The annual operating income in 2021 was NT\$854,158 thousand dollars, and the budget being NT981,560 thousand dollars, the net loss before tax is NT1,792,726 thousand dollars, budget net profit before tax being NT135,367 thousand dollars.

IV. Status of R&D: Not applicable

V. Summary of business plan for the current year

A. Annual business policy

- i. Food diversification, and hotel theme specialization, the construction of a new business of hotel catering.
- ii. Cultivate marketing talents and increase exposure
- iii. Expand the company's business and develop new customers.
- iv. Continued expansion of overseas business locations, and Increase business income.
- v. Changes mode of purchase, reduction of operation cost.
- vi. Flexible allocation of funds to stabilize the financial structure of the company.

B. Influenced by external competitive environment, regulations, overall business environment

In 2021, the tourism industry has been affected by the epidemic, but the international epidemic has not yet fully subsided and the government is encouraging domestic travel. With the development of the epidemic, we will continue to adjust our future operation, sales diversification, launch many special offers and actively develop the catering business to show more diversified We will continue to adjust our future operation, diversify our sales, and launch many discount programs and active development of our catering business to showcase a more diversified dining and accommodation experience. With the epidemic in the U.S. under control and the high rate of vaccine uptake, the Company In the fourth quarter, the company purchased six new hotels in the United States. With the gradual recovery of the economy and the steady growth of operations, the Company will be able to contribute to the room revenue and food and beverage revenue of the Company. We expect to achieve our sales target in the new year.

C. Future development strategy

- i. Upholding the principle of pragmatic and stable construction, and continuing to implement the policy of strengthening management.
- ii. In response to the rapid market changes caused by the epidemic, the company continued to strengthen its epidemic prevention efforts, and at the same time actively responded to the transformation by developing restaurant brands, optimizing the quality of hotel services, and diversifying its business development to enrich its business model and meet the diversified needs of consumers. We hope to create good results after the epidemic.

Chairperson of the Board: Chen Hai-ni

Manager: Chen Hai-ni

Accounting Director: Yu Su-ling

VI. The Audit Committee shall check the Company's 2021 annual financial statement and report, please kindly verify.

Note: the 2021 financial statement of the Company is reviewed and concluded by the Audit Committee, and the audit report is issued. Please refer to Page 78 of this manual

Chapter 2. Company Profile

I. Registration Date of Incorporation: July 29, 1959.

Company License Number: Business Administration NO.75560601

II. Business Activities:

- A. General hotel industry.
- B. Restaurant business.
- C. Food and beverage retail business.

III. Company History :

- A. In 1956, the First President, Chiang Kai-Shek, called on overseas Chinese to return home to invest in tourism. Mr. Chih-Chin Chen, the former Chairman of the Board of the company, first responded and returned from Thailand. Together with Mr. Chih-Pei Chen, the current founder of the Company, they found a land with more than 1,500 Pings at No. 279, Liuhe 2nd Rd., Qianjin Dist., Kaohsiung City, and built the first overseas Chinese funded tourist hotel.
- B. The construction began in January 1957. The first phase of the project was completed in two and a half years. There were 34 guest rooms, one Chinese and one western restaurant, as well as a bar.
- C. The hotel opened its business on January 9, 1959, providing services, cooperating with the development of export processing zones, increasing the nation's foreign exchange earnings and international diplomacy.
- D. The Company was listed in 1965.
- E. In 1967, the company began the second phase of the expansion to combine with the overall economic prosperity of the country, from 34 rooms to 120 rooms.
- F. The second phase of the expansion was completed and reopened in 1969.
- G. In 1973, the Company joined the world's largest hotel chain, the American Holiday Inn, becoming a veritable international tourist hotel. Due to the rapid development of national economy, the increasingly developed international transportation and the real peace between countries and between people through tourism, the Company not only made full use of

the performance of smokestack-free factory, but also developed the substantial national diplomacy.

- H. The third phase of the expansion began in 1976
- I. The expansion was completed in the early summer of 1979, the number of rooms increased to 210 and the number of conference rooms increased to one.
- J. The hotel was officially opened on June 30, 1979, with 269 rooms. It is now a very famous tourist hotel.
- K. The Ritz nightclub officially opened in February 1981, which is the first international sightseeing hotel with night club in southern Taiwan.
- L. The hotel was renovated again in 1992.
- M. It was completed and restarted in April 1995. With Jiangsu and Zhejiang Cuisine, Cantonese cuisine, American restaurants, Ritz night club and bars and other catering facilities.
- N. The health club established in October 1997.
- O. The health club was completed and put into operation in April 1998.
- P. In 2003, Mr. Hai-Ni Chen took over as the Chairman of the Board. In order to meet the market demand of young people, he changed the western restaurant into a tea restaurant.
- Q. In 2004, the furniture and equipment of guest rooms were gradually upgraded due to the market demand.
- R. In 2007, we renovate the external hall, dining hall, and housekeeping works.
- S. In 2012, we renovated and decorated more than 200 restaurants and guest rooms to reach the standard of international tourist hotels. In 2013, the land use zoning of the company was changed from government land to commercial land.
- T. In 1997, the Company invested in the first Hotel, Clementine Hotel & Suites Anaheim, in California, with 200 rooms.
- U. In 2015, the Company invested in Towneplace Suites in Silicon Valley, California, with 125 rooms, and the Embassy Suites hotel with 156 rooms in Magic Mountain, California.
- V. In 2016, the Company invested in Holiday Inn Express Walnut Creek hotel in East Bay, California, with 164 rooms.
- W. In 2018, the Company opened Holoday Garden Hotel Kaohsiung

Taroko Park, which combines the elements of paradise and parent-children, next to Kaohsiung Taroko Park, to bring a new look of Kaohsiung tourism.

- X. In 2019, the Company was investing hotel Hyatt Place Emeryville which is located at San Francisco Bay Area, California, with 175 rooms.
- Y. In September 2020, Holiday Inn's mascot "Leo " was used to design the brand. By conveying the spirit of fun and good food, the brand offers a wide range of dining options such as classic and famous Hong Kong-style boiled rice, a variety of Hong Kong-style steamed dim sum, Hong Kong-style toast and nostalgic Hong Kong-style beverages, providing an enjoyable dining experience.
- Z. In August 2021, the restaurant business LEO BO BO were continued to develop and to set up in major famous department stores.
- AA. Sale of Holiday Garden Hotel in November 2021.
- BB. In December 2021, the Company invested in the Springhill Suites Fremont Hotel in California, USA, with 148 rooms.
- CC. In December 2021 Restaurant Business - Mongkok Restaurant Opening.

| | | |
|--------------------------------------------------|-----------------------------------|----------------|
| The capital stock of the company was established | | |
| | and registered in July 1959 with: | NT\$ 8,000,000 |
| | Paid-in Capital | NT\$ 4,000,000 |
| From Jan 1960 | Cash Capital Increase with: | NT\$ 4,000,000 |
| | Paid-in Capital | NT\$ 8,000,000 |
| From Jul 1964 | Cash Capital Increase with: | NT\$32,000,000 |
| | Paid-in Capital: | NT\$40,000,000 |

In February 1965, the stock listing was approved by the Securities and Exchange Commission of the Ministry of Finance. Since 1982, after many capital surplus transfers and capital cash increases, the current registered capital is NT\$ 1,500,000,000.

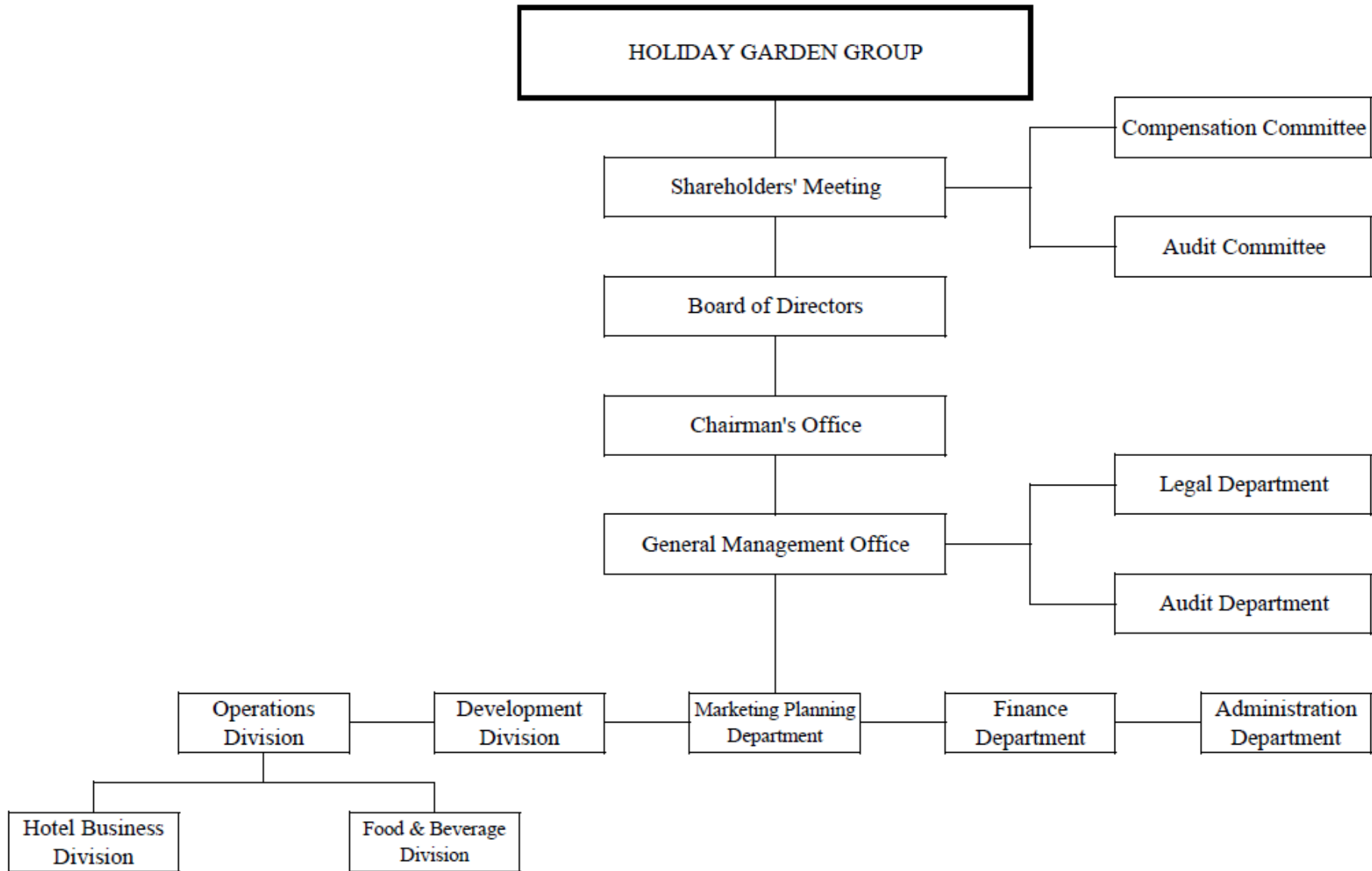
The paid-in capital is NT\$ 1,104,855,380

- IV. The most recent year and up to the date of the publication of the annual report, the company's merger and acquisition, reinvestment of affiliate enterprises, and reorganization: None.
- V. The most recent year and up to the date of the publication of the annual report, substantial transfer or replacement of the shares of directors, supervisors or major shareholders holding more than 10% of the shares: None.
- VI. The most recent year and up to the date of the publication of the annual report, changes in the management right, major changes in the mode of operation or business content, and other important matters sufficient to affect shareholders' equity and their impact on the company: None

Chapter 3. Corporate Governance Report

I. Organization System

A. Organizational Structure of the Company



B. Businesses of Major Departments

| Departments | Main Duties |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operations Division | - Planning and execution of operation development and business promotion, service quality optimization and management of the Group's hotel and catering business units. |
| Development Division | - Group Product Development and Sales Location Development. |
| Marketing Planning Department | - Marketing strategy planning for the hotel and restaurant business, integration of the Group's brand image, and communication social media relations maintenance and development. |
| Administration Department | - Group human resources management, information architecture maintenance and security management, public safety facilities maintenance management, procurement strategy planning and execution Facility maintenance management, procurement strategy planning and execution. |
| Finance Department | - Group financial management operations planning and execution, accounting and tax operations and planning, operating performance and cost analysis, risk management, investor relations management Operating performance and cost analysis, risk management, and investor relations management. |

II. Information of Director, Supervisor, and Manager

A. Information of Directors

December 31, 2021

| Job Title | Nationality or Domicile | Name | Gender | Elected (Appointed) Date | Term of Office | Date of Initial Elected Date | Shares Held When Elected | | Current Shares Held | | Current Shares Held by Spouses and Minor Children | | Holding Shares In the Name of Another Person | | Main Experience & Education | Currently Serve Concurrent Posts in the Company and Other Companies | Other Heads, Directors, or Supervisors with a Spouse or Second Degree of Kinship | | | Note |
|----------------------------------------|-------------------------|--------------------------------------------|--------|--------------------------|----------------|------------------------------|--------------------------|---------------------|---------------------|--------------------|---------------------------------------------------|--------------------|----------------------------------------------|--------------------|-----------------------------|---------------------------------------------------------------------|----------------------------------------------------------------------------------|-----------------------------|--------------------------------------------|------|
| | | | | | | | Shares | Shareholding Ratios | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio | | | Title | Name | Relationship | |
| Chairman of the Board: | Republic of China | Ying Chuan International Enterprise CO LTD | | 2019.06.19 | 3 Years | 1965 | 19,840,164 | 19.39% | 21,427,377 | 19.39% | - | - | 0 | 0 | - | - | - | - | - | - |
| Legal (Judicial) Person Representative | Republic of China | Hai-Ni Chen | Male | 2019.06.19 | 3 Years | 1965 | 3,006,013 | 2.94% | 3,151,505 | 2.85% | 568,064 | 0.51% | 0 | 0 | Tamkang University | Chairman of the Board of the Company | Director Director | Su-Hui Lin Shih-Yi Chen | Spouse Father/ Daughter | Note |
| Director | Republic of China | Ying Chuan International Enterprise CO LTD | | 2019.06.19 | 3 Years | 1965 | 19,840,164 | 19.39% | 21,427,377 | 19.39% | - | - | 0 | 0 | - | - | - | - | - | - |
| Legal (Judicial) Person Representative | Republic of China | Su-Hui Lin | Female | 2019.06.19 | 3 Years | 1965 | 645,430 | 0.63% | 568,064 | 0.51% | 3,151,505 | 2.85% | 0 | 0 | Tamkang University | Vice manager of the company | Chairman of the Board Director | Hai-Ni Chen Shih-Yi Chen | Spouse Father/ Daughter | Note |
| Director | Republic of China | Ying Chuan International Enterprise CO LTD | | 2019.06.19 | 3 Years | 1965 | 19,840,164 | 19.39% | 21,427,377 | 19.39% | - | - | 0 | 0 | - | - | - | - | - | - |
| Legal (Judicial) Person Representative | Republic of China | Shih-Yi Chen | Female | 2019.06.19 | 3 Years | 1965 | 226,163 | 0.22% | 502,256 | 0.45% | - | - | 0 | 0 | Carnegie Mellon University | Vice President of The Goldman Sachs Group, Inc. Tokyo/Japan | Chairman of the Board Director | Hai-Ni Chen Su-Hui Lin | Father/ Daughter Mother/ Daughter | Note |

| Job Title | Nationality or Domicile | Name | Gender | Elected (Appointed) Date | Term of Office | Date of Initial Elected Date | Shares Held When Elected | | Current Shares Held | | Current Shares Held by Spouses and Minor Children | | Holding Shares In the Name of Another Person | | Main Experience & Education | Currently Serve Concurrent Posts in the Company and Other Companies | Other Heads, Directors, or Supervisors with a Spouse or Second Degree of Kinship | | | Note |
|----------------------|-------------------------|--------------|--------|--------------------------|----------------|------------------------------|--------------------------|---------------------|---------------------|--------------------|---------------------------------------------------|--------------------|----------------------------------------------|--------------------|--------------------------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------------------------------|------|--------------|------|
| | | | | | | | Shares | Shareholding Ratios | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio | | | Title | Name | Relationship | |
| Director | Republic of China | Pao-Shang Li | Male | 2019.06.19 | 3 Years | 2017 | 79,602 | 0.08% | 67,970 | 0.06% | - | - | 0 | 0 | National Pei-Kang Agricultural & Industrial Vocational High School | Chairman of Chang-Feng driving class center | None | None | None | None |
| Independent Director | Republic of China | Te-Chu Li | Female | 2019.06.19 | 3 Years | 2017 | 0 | 0% | 0 | 0% | - | - | 0 | 0 | Providence University Accounting Department Bachelor | Person in charge of Liang-Te Accountancy firms | None | None | None | None |
| Independent Director | Republic of China | Ching-Lin Li | Male | 2019.06.19 | 3 Years | 2019 | 0 | 0% | 0 | 0% | - | - | 0 | 0 | Tunghai University Accounting Department Bachelor | Accountant of Crowe(TW) CPAs | None | None | None | None |
| Independent Director | Republic of China | Kuo-Ying Lu | Male | 2019.06.19 | 3 Years | 2019 | 14,765 | 0.01% | 15,946 | 0.01% | 1,680 | 0.002% | 0 | 0 | Y-Sun Senior High School | Consultant of Facetarget Biomedical Co., Ltd | None | None | None | None |

Note: The company's chairman and general manager or equivalent (the top manager) are the same person, are relatives of each other's spouse or first relative, and should explain the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors, And there should be more than half of the directors who are not part-time employees or managers, etc.) related information.

The company's chairman and general manager serve to improve operational efficiency and decision-making execution, but in order to strengthen the independence of the board of directors and implement corporate governance, the company has actively trained suitable candidates; in addition, the chairman also usually communicates closely with the directors to the company Operational status and planning guidelines to implement corporate governance. In the future, the company also plans to increase the number of independent directors to enhance the functions of the board of directors and strengthen the supervision function.

At present, the company has the following specific measures:

1. The current three independent directors have expertise in professional fields and can effectively play their supervisory functions.
2. Arrange directors to participate in professional director courses of the external organizations such as the China Securities Regulatory Commission on an annual basis for continuous training to improve directors' operating efficiency.
3. Independent directors can fully discuss and make recommendations for the board of directors in the functional committees to implement corporate governance.
4. More than half of the board members are not part-time employees or managers.

B. Substantial Shareholders of Judicial Shareholders

December 31, 2021

| Name of Judicial Person Shareholders | Substantial Shareholders of Judicial Shareholders |
|--------------------------------------------|---------------------------------------------------|
| Ying Chuan International Enterprise CO LTD | Hai-Ni Chen |

C. The Substantial Shareholders of the Substantial Shareholders of Judicial Person Shareholders: None

D. Information of Directors and

December 31, 2021

| Conditions | Does the individual have more than 5 years of work experience and the following professional qualifications? | | | Conformity to Independence (Note 1) | | | | | | | | | | | | Number of Other public owned corporations in which the Company concurrently serves as an independent director. | |
|---------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|-------------------------------------|---|---|---|---|---|---|---|---|----|----|----|----------------------------------------------------------------------------------------------------------------|---|
| | Lecturer or above in business, legal finance, accounting or corporate business in public or private tertiary institutions. | Judges, prosecutors, lawyers, accountants or other professional and technicians who have passed national examinations and obtained certificates necessary for the business of the company. | Experience in business, legal, finance, accounting or corporate business. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | | |
| Name | | | | | | | | | | | | | | | | | |
| Director Representative of Ying Chuan International Enterprise CO LTD: Hai-Ni Chen | | | ✓ | | | ✓ | | | ✓ | ✓ | | ✓ | | ✓ | ✓ | | 0 |
| Director Representative of Ying Chuan International Enterprise CO LTD: Su-Hui Lin | | | ✓ | | | ✓ | | | ✓ | ✓ | | ✓ | | ✓ | ✓ | | 0 |

| Conditions | Does the individual have more than 5 years of work experience and the following professional qualifications? | | | Conformity to Independence (Note 1) | | | | | | | | | | | | Number of Other public owned corporations in which the Company concurrently serves as an independent director. |
|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|-------------------------------------|---|---|---|---|---|---|---|---|----|----|----|----------------------------------------------------------------------------------------------------------------|
| | Lecturer or above in business, legal finance, accounting or corporate business in public or private tertiary institutions. | Judges, prosecutors, lawyers, accountants or other professional and technicians who have passed national examinations and obtained certificates necessary for the business of the company. | Experience in business, legal, finance, accounting or corporate business. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| Name | | | | | | | | | | | | | | | | |
| Director Representative of Ying Chuan International Enterprise CO LTD: Shih-Yi Chen | | | ✓ | ✓ | | ✓ | | | ✓ | ✓ | | ✓ | | ✓ | ✓ | 0 |
| Director: Pao-Shang Li | | | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 0 |
| Independent Director: Te-Chu Li | | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 0 |
| Independent Director: Ching-Lin Li | | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 0 |
| Independent Director: Kuo-Ying Lu | | | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 0 |

Note 1: For each Director or Supervisor who meets the conditions for two years prior to being elected and during his/her term of office, please “✓” the box below the corresponding condition(s).

- (1) Employees of non-company or affiliated companies.
- (2) Directors and supervisors of non-company or related companies (but if the company and its parent company, subsidiary or subsidiary of the same parent company are independent directors established by this law or local state laws and regulations, they are not limited)
- (3) Non-self and his spouse, minor children or natural person shareholders who hold more than 1% of the company's total issued shares in the name of others or the top ten shareholders
- (4) Not a manager listed in (1) or a spouse, relative within the second parent, or direct blood relative within the third parent, etc. of the manager listed in (1) or (2), (3)
- (5) Legal person shareholders, directors or supervisors who do not directly hold more than 5% of the company's total issued shares, hold the top five shares, or appoint representatives as company directors or supervisors in accordance with Article 27, paragraph 1 or 2, of the Company Law Employ (but if the independent directors established by the company and its parent company, subsidiary company or subsidiary of the same parent company in accordance with this law or local national laws and regulations concurrently serve each other, are not subject to this limit).
- (6) More than half of the shares that are not on the board of directors of the company or have voting rights are the directors, supervisors or employees of other companies controlled by the same person (but if it is the company or its parent company, subsidiary or subsidiary of the same parent company (The independent directors established by the law or local national laws and regulations shall not be limited to this.)
- (7) Directors (directors), supervisors (supervisors) or employees of other companies or institutions that are not the same person or spouse with the company's chairman, general manager or equivalent, but if the company and its parent company, subsidiary (If the independent directors established by subsidiaries of the same parent company in accordance with this law or local national laws serve concurrently, they are not limited to this).
- (8) Directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of a specific company or organization that does not have financial or business dealings with the company (but if a specific company or organization holds 20% of the company's total issued shares The above does not exceed 50%, and the independent directors

established by the company and its parent company, subsidiary company or subsidiary of the same parent company in accordance with this law or local national laws and regulations concurrently serve each other, not subject to this limit).

- (9) Professionals, proprietors, sole proprietorships, partnerships, companies or institutions that do not provide audits for companies or related companies, or business, legal, financial, accounting and other related services that have not received NT \$ 500,000 in the past two years Partners, directors (directors), supervisors (supervisors), managers and their spouses. However, members of the Salary and Compensation Committee, Public Acquisition Review Committee, or M & A Special Committee that perform their duties in accordance with the relevant laws and regulations of the Securities Exchange Act or the Corporate M & A Act are not limited to this.
- (10) There is no kinship relationship with other directors within the scope of spouse or second parent.
- (11) There is no one of the circumstances in Article 30 of the Company Law.
- (12) There is no Article 27 of the Company Law which stipulates that the government, legal person or its representative shall be elected

E. Information on the General Managers, Deputy General Managers, Assistant Managers, and Heads of Department

December 31, 2021

| Nationality | Job Title | Gender | Name | Elected (Appointed) Date | Shares Held | | Shares Held by Spouses and Minor Children | | Shares Held in the Name of Other Persons | | Main Experience & Education | Currently Serve Concurrent Posts in Other Companies | Managers with a Spouse or Second Degree of Kinship | | | Note |
|-------------------|---------------------------------------|--------|-------------|--------------------------|-------------|---------------------|-------------------------------------------|---------------------|------------------------------------------|--------------------|----------------------------------------------|-----------------------------------------------------|----------------------------------------------------|-------------|--------------|------|
| | | | | | Shares | Shareholding Ratios | Shares | Shareholding Ratios | Shares | Shareholding Ratio | | | Job Title | Name | Relationship | |
| Republic of China | Chairman of the Board/General Manager | Male | Hai-Ni Chen | 2016.07.14 | 3,151,505 | 2.85% | 568,064 | 0.51% | - | - | Chairman of the Board, Holiday Garden Hotel | None | Deputy General Manager | Shu-Hui Lin | Husband/Wife | Note |
| Republic of China | Deputy General Manager | Female | Shu-Hui Lin | 2003.07.01 | 568,064 | 0.51% | 3,151,505 | 2.85% | - | - | Deputy General Manager, Holiday Garden Hotel | None | Chairman of the Board | Hai-Ni Chen | Husband/Wife | Note |

Note: The company's chairman and general manager or equivalent (the top manager) are the same person, are relatives of each other's spouse or first relative, and should explain the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors, And there should be more than half of the directors who are not part-time employees or managers, etc.) related information.

The company's chairman and general manager serve to improve operational efficiency and decision-making execution, but in order to strengthen the independence of the board of directors and implement corporate governance, the company has actively trained suitable candidates; in addition, the chairman also usually communicates closely with the directors to the company Operational status and planning guidelines to implement corporate governance. In the future, the company also plans to increase the number of independent directors to enhance the functions of the board of directors and strengthen the supervision function.

At present, the company has the following specific measures:

1. The current three independent directors have expertise in professional fields and can effectively play their supervisory functions.
2. Arrange directors to participate in professional director courses of the external organizations such as the China Securities Regulatory Commission on an annual basis for continuous training to improve directors' operating efficiency.
3. Independent directors can fully discuss and make recommendations for the board of directors in the functional committees to implement corporate governance.
4. More than half of the board members are not part-time employees or managers.

F. Remuneration of Directors, Supervisors, General Manager and Deputy General Managers

(1) Remuneration of Directors (including Independent Directors)

December 31, 2021 Unit: NT\$ 1,000

| Title | Name (Note 1) | Remuneration of Directors | | | | | | | | A, B, C and D | | Remuneration Paid to Concurrent Employees | | | | | | | | Total Amount of A, B, C, D, E and G Percentage of Total and Net Profit After Tax % (Note 10) | | Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (Note 11) |
|-----------------------|------------------|------------------------------|-------------------------------------------------------------|--------------------------|-------------------------------------------------------------|----------------------------------------------------|-------------------------------------------------------------|-------------------------------------|-------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|--------------------------|-------------------------------------------------------------|---------------------------------------------------|---|-------------------------------------------------------------|---|----------------------------------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| | | Remuneration (A) (Note 2) | | Retirement Allowance (B) | | Earnings Distribution Remuneration (C) (Note 3) | | Business Allowances (D) (Note 4) | | Percentage of Total and Net Profit After Tax % (Note 10) | | Salary and Bonus And Special Expenses, etc. (E) (Note 5) | | Retirement Allowance (F) | | Earnings Distribution Employee Bonus (G) (Note 6) | | | | | | |
| | | The Company | Companies in the Consolidated Financial Statements (Note 7) | The Company | Companies in the Consolidated Financial Statements (Note 7) | The Company | Companies in the Consolidated Financial Statements (Note 7) | The Company | Companies in the Consolidated Financial Statements (Note 7) | The Company | Companies in the Consolidated Financial Statements (Note 7) | The Company | Companies in the Consolidated Financial Statements (Note 7) | The Company | Companies in the Consolidated Financial Statements (Note 7) | The Company | | Companies in the Consolidated Financial Statements (Note 7) | | The Company | Companies in the Consolidated Financial Statements (Note 7) | |
| Director | Hai-Ni Chen | 0 | 0 | 0 | 0 | 0 | 0 | 120 | 120 | 0.007 | 0.007 | 1,420 | 1,420 | 0 | 0 | 0 | 0 | 0 | 0 | 0.084 | 0.084 | None |
| Director | Shih-Yi Chen | 0 | 0 | 0 | 0 | 0 | 0 | 140 | 140 | 0.008 | 0.008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.008 | 0.008 | None |
| Independent Director: | Te-Chu Li | 0 | 0 | 0 | 0 | 0 | 0 | 170 | 170 | 0.009 | 0.009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.009 | 0.009 | None |
| Director | Pao-Shang Li | 0 | 0 | 0 | 0 | 0 | 0 | 140 | 140 | 0.008 | 0.008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.008 | 0.008 | None |
| Director | Su-Hui Lin | 0 | 0 | 0 | 0 | 0 | 0 | 120 | 120 | 0.007 | 0.007 | 860 | 860 | 0 | 0 | 0 | 0 | 0 | 0 | 0.054 | 0.054 | None |
| Independent Director: | Kuo-Ying Lu | 0 | 0 | 0 | 0 | 0 | 0 | 170 | 170 | 0.009 | 0.009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.009 | 0.009 | None |
| Independent Director: | Ching-Lin Li | 0 | 0 | 0 | 0 | 0 | 0 | 160 | 160 | 0.009 | 0.009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.009 | 0.009 | None |

1. Please describe the policy, system, standards and structure of independent directors' remuneration payment, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors: Directors mainly include remuneration, remuneration distribution and various items. The attendance at the meeting is the carriage fee supported. During the tenure of the directors, monthly carriage fees can be paid. The directors' remuneration authorizes the board of directors to agree on the degree of participation in the company's operations and the value of their contributions, and to negotiate with the normal level of the industry. The company distributes directors' remuneration at a profit of no more than 1% in the current year.
2. In addition to the disclosure in the above table, the directors of the company in the most recent year received remuneration for providing services to all companies in the financial report (such as acting as a consultant for all non-employees of the company/investment business in the company/financial report): none

Note 1: The names of directors should be listed separately (legal shareholders should separately list the names and representatives of legal shareholders), and the general directors and independent directors should be listed separately, and the amount of each payment should be disclosed in a summary manner.

- Note 2: Refers to the remuneration of directors in the most recent year (including directors' salaries, job bonuses, severance payments, various bonuses, incentives, etc.).
- Note 3: The amount of directors' remuneration distributed by the board of directors in the most recent year is shown.
- Note 4: Refers to the directors' relevant business execution costs in the most recent year (including carriage fees, special expenses, various allowances, dormitory, car allocation and other physical provision, etc.). When providing expenditures for houses, cars and other transportation or exclusive individuals, the nature and cost of the assets provided, actual or fair market rents, fuel and other payments should be disclosed. In addition, if there is a driver, please note that the company pays the relevant remuneration for the driver, but it is not included in the remuneration.
- Note 5: Refers to the recent annual director concurrent employees (including concurrently general manager, deputy general manager, other managers and employees) received including salary, job bonus, severance payment, various bonuses, incentives, vehicle fees, special expenses, various Subsidies, dormitories, car allocation, etc. are provided in kind. When providing expenditures for houses, cars and other transportation or exclusive individuals, the nature and cost of the assets provided, actual or fair market rents, fuel and other payments should be disclosed. In addition, if there is a driver, please note that the company pays the relevant remuneration for the driver, but it is not included in the remuneration. In addition, the salary expenses recognized in accordance with IFRS 2 "Share-based Payments", including obtaining employee stock option certificates, restricting employee rights and new shares, and participating in capital increase subscription shares, shall also be included in the remuneration.
- Note 6: Refers to the employees who have served concurrently as directors (including general managers, deputy general managers, other managers and employees) in the most recent year and received employee compensation (including stocks and cash). Those who cannot be estimated will calculate the proposed distribution amount for this year according to the proportion of the actual distribution amount last year, and should also fill in the third table of the attached schedule.
- Note 7: The total remuneration paid to the directors of the company by all companies (including the company) in the consolidated report should be disclosed.
- Note 8: The company pays each director a total amount of remuneration, and the name of the director is disclosed in the attribution level.
- Note 9: All companies (including the company) in the consolidated report should be disclosed the total amount of remuneration paid to each director of the company, and the name of the director should be disclosed in the attribution level.
- Note 10: After-tax net profit refers to the net profit after tax in individual or individual financial reports in the most recent year.
- Note 11: a. This column should clearly indicate the amount of remuneration received by the company 's directors from a reinvestment business outside the subsidiary or the parent company (if not, please fill in "none").
- b. If the directors of the company receive relevant remuneration from a subsidiary's reinvestment business or parent company, the remuneration received by the company's directors from the subsidiary's reinvestment business or parent company should be included in column I of the remuneration scale, And change the field name to "parent company and all reinvestment businesses".
- c. Remuneration refers to the remuneration, remuneration (including the remuneration of employees, directors and supervisors) and business execution costs received by the directors of the company as directors, supervisors or managers of non-subsidiary investment companies or parent companies. remuneration.
- * The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure, not for tax purposes.

(2) Remuneration of General Manager and Deputy General Manager

December 31, 2021 Unit: NT\$ 1,000

| Title | Name (Note 1) | Salary (A) (Note 2) | Retirement Allowance (B) | Bonuses and Special Expenses (C) (Note 3) | Remuneration of Employee (Note 4) | Percentage of Total and Net Profit After Tax of A, B, C, and D (%) (Note 7) | Compensation Paid to Directors from an Invested |
|-------|------------------|------------------------|-----------------------------|-------------------------------------------------|--------------------------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------|
|-------|------------------|------------------------|-----------------------------|-------------------------------------------------|--------------------------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------|

| | | The Company | Companies in the Consolidated Financial Statements (Note 6) | The Company | Companies in the Consolidated Financial Statements (Note 6) | The Company | Companies in the Consolidated Financial Statements (Note 6) | The Company | | Companies in the Consolidated Financial Statements (Note 5) | | The Company | Companies in the Consolidated Financial Statements (Note 6) | Company Other than the Company's Subsidiary (Note 8) |
|---------------------------------------|-------------|-------------|-------------------------------------------------------------|-------------|-------------------------------------------------------------|-------------|-------------------------------------------------------------|-------------------|--------------------|-------------------------------------------------------------|--------------------|-------------|-------------------------------------------------------------|------------------------------------------------------|
| | | | | | | | | Cash Bonus Amount | Stock Bonus Amount | Cash Bonus Amount | Stock Bonus Amount | | | |
| Chairman of the Board/General Manager | Hai-Ni Chen | 1,200 | 1,200 | 0 | 0 | 220 | 220 | 0 | 0 | 0 | 0 | 0.078 | 0.078 | None |
| Deputy General Manager | Shu-Hui Lin | 720 | 720 | 0 | 0 | 140 | 140 | 0 | 0 | 0 | 0 | 0.047 | 0.047 | None |

Note 1: Names of the General Manager and Deputy General Manager shall be listed separately and the amount of remuneration paid to them shall be disclosed collectively. If a Director concurrently serve as a General Manager or Deputy General Manager, he/she should fill this form and the (1-1) or (1-2) above.

Note 2: It is the latest annual salary and salary of the general manager and deputy general manager.

Note 3: It is the latest annual general manager and deputy general manager's various bonuses, incentives, carriage fees, special expenses, various allowances, dormitory, car allocation and other physical provision and other remuneration amounts. When providing expenditures on houses, cars and other transportation or exclusive individuals, the nature and cost of the assets provided, actual or fair market rents, fuel and other payments should be disclosed. In addition, if there is a driver, please note that the company pays the relevant remuneration for the driver, but it is not included in the remuneration. In addition, the salary expenses recognized in accordance with IFRS 2 "Share-based Payment", including obtaining employee stock option certificates, restricting employee rights new shares and participating in cash capital increase subscription shares, should also be included in the remuneration.

Note 4: It is to fill in the employee compensation amount (including stocks and cash) of the general manager and deputy general manager approved by the board of directors in the most recent year. Fill in Schedule I ter.

Note 5: The total remuneration paid by all companies (including the company) to the general manager and deputy general manager of the company in the consolidated report should be disclosed.

Note 6: The Company pays each general manager and deputy general manager various remunerations, and the names of the general manager and deputy general manager are disclosed in the attribution level.

Note 7: All companies (including the company) in the consolidated report should be disclosed the total remuneration of each general manager and deputy general manager of the company, and the names of the general manager and deputy general manager should be disclosed in the attribution level.

Note 8: After-tax net profit refers to the net profit after tax in individual or individual financial reports in the most recent year.

Note 9: a. This column should clearly list the amount of remuneration received by the general manager and deputy general manager of the company from a subsidiary outside the company or the parent company.

b. If the general manager and deputy general manager of the company receive remuneration from a subsidiary outside the subsidiary or the parent company, they should transfer the general manager and deputy general manager outside the subsidiary to the subsidiary or the parent company. The remuneration received will be included in column E of the remuneration grade distance table, and the name of the column will be changed to "Parent company and all reinvestment businesses".

c. Remuneration refers to the remuneration and remuneration (including the remuneration of employees, directors and supervisors) received by the general manager and deputy general manager of the company as directors, supervisors or managers of non-subsidiary companies or parent companies. Remuneration such as business execution costs.

* The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure, not for tax purposes.

(3) Top five highest remuneration of supervisor of listed and over-the-counter company

December 31, 2021 Unit: NT\$ 1,000

| Title | Name (Note 1) | Salary (A) (Note 2) | Retirement Allowance (B) | Bonuses and Special Expenses (C) (Note 3) | Remuneration of Employee (Note 4) | Percentage of Total and Net Profit After Tax of A, B, C, and D (%) (Note 7) | Compensation Paid to Directors from |
|-------|---------------|---------------------|--------------------------|-------------------------------------------|-----------------------------------|-----------------------------------------------------------------------------|-------------------------------------|
|-------|---------------|---------------------|--------------------------|-------------------------------------------|-----------------------------------|-----------------------------------------------------------------------------|-------------------------------------|

| | | The Company | Companies in the Consolidated Financial Statements (Note 6) | The Company | Companies in the Consolidated Financial Statements (Note 6) | The Company | Companies in the Consolidated Financial Statements (Note 6) | The Company | | Companies in the Consolidated Financial Statements (Note 5) | | The Company | Companies in the Consolidated Financial Statements (Note 6) | an Invested Company Other than the Company's Subsidiary (Note 8) |
|---------------------------------------|-------------|-------------|-------------------------------------------------------------|-------------|-------------------------------------------------------------|-------------|-------------------------------------------------------------|-------------------|--------------------|-------------------------------------------------------------|--------------------|-------------|-------------------------------------------------------------|------------------------------------------------------------------|
| | | | | | | | | Cash Bonus Amount | Stock Bonus Amount | Cash Bonus Amount | Stock Bonus Amount | | | |
| Chairman of the Board/General Manager | Hai-Ni Chen | 1,200 | 1,200 | 0 | 0 | 220 | 220 | 0 | 0 | 0 | 0 | 0.078 | 0.078 | None |
| Deputy General Manager | Shu-Hui Lin | 720 | 720 | 0 | 0 | 140 | 140 | 0 | 0 | 0 | 0 | 0.047 | 0.047 | None |

Note 1: The so-called "top five top remuneration executives", which refers to the company's managers, to the identification standards of the relevant managers, based on the former Taiwan Securities Certificate on March 27, 1992 Circular No. 0920001301 stipulates that "ManagerThe application scope of "people" is handled. As for the calculation and determination principle of "the top five highest remuneration", the company manager receives the salaries, retirement pensions, bonuses and special expenses from all companies in the consolidated financial report, and the total amount of employee compensation (alsoThat is, A + B + C + D four totals), and after the ranking, the top five remunerations are recognized. If the director concurrently serves as the former supervisor, this table and the above table (1-1) should be filled out.

Note 2: It is to fill in the salary, post bonus and severance payment of the top five remuneration supervisors in the most recent year.

Note 3: It is to fill in the various types of bonuses, incentives, carriage fees, special expenses, various allowances, dormitory, car allocation and other physical provision and other remuneration amounts of the top five remuneration supervisors in the most recent year. When providing expenditures for houses, cars and other transportation or exclusive individuals, the nature and cost of the assets provided, actual or fair market rents, fuel and other payments should be disclosed. In addition, if there is a driver, please note that the company pays the relevant remuneration for the driver, but it is not included in the remuneration. In addition, the salary expenses recognized under IFRS 2 "Share-based Payments", including obtaining employee stock option certificates, restricting employee rights new shares and participating in capital increase subscription shares, shall also be included in the remuneration.

Note 4: It is to fill in the employee compensation amount (including stock and cash) of the top five remuneration executives approved by the board of directors in the most recent year Fill in Schedule .

Note 5: The total remuneration of the top five remuneration executives of the company paid by all companies (including the company) in the consolidated report should be disclosed.

Note 6: After-tax net profit refers to the net profit after tax in individual or individual financial reports in the most recent year.

Note 7: a. This column should clearly list the top five remuneration executives of the company who receive remuneration from affiliated companies or parent companies (if no, please fill in "none").b. Remuneration refers to the remuneration, remuneration (including the remuneration of employees, directors and supervisors) received by the top five remuneration executives of the company as directors, supervisors or managers of non-subsidiary companies or parent companies Remuneration such as business execution costs.

* The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure, not for tax purposes.

(4) Name of manager and circumstances of distribution of employee bonus: None

G. Analysis of the proportion of the total remuneration paid to the directors, supervisors, general manager and deputy general managers of the Company and the consolidated statements in the net profit after tax in the most recent two years, as well as policies, standards and portfolios for payment of remuneration, procedures for setting remuneration, relevance to business performance and future risks :

| Job Title | 2021 | 2022 |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | The total amount of remuneration paid by the Company and the consolidated statements to the directors, general manager and deputy general managers of the company as a percentage of the net profit after tax. | The total amount of remuneration paid by the Company and the consolidated statements to the directors, supervisors, general manager and deputy general managers of the company as a percentage of the net profit after tax. |
| Director | 0.056% | -1.23% |
| Supervisor | - | - |
| General Manager and Deputy General Manager | 0.125% | -0.72% |

1. Policies, standards and combinations for payment of remuneration :

- (1) The remuneration of the directors and supervisors of the Company shall include the expenses for traveling and shall be distributed in accordance with Article 31 of the Articles of Association, and shall be paid no more than 1% of the profits of the current year °
- (2) The remuneration and salary of the general manager and deputy general managers of the Company will be based on their professional experience and reference to the general standards of the same sector. In addition, bonuses will be issued according to their achievement rate, growth rate, risk and performance °

2. Procedures for setting remuneration:

In December 2011, the board of directors of the Company approved the "Rules and Regulations for the Organization of the Remuneration Committee", and established the Remuneration Committee according to the organization rules to formulate the remuneration of directors, supervisors and managers.

The Remuneration Committee of the Company shall determine and regularly evaluate the remuneration of directors, supervisors and managers. The remuneration of directors, supervisors and managers shall be approved by the Board of Directors before implementation.

3. Relevance to business performance and future risk:

- (1) The remuneration of the Board of Directors and the Board of Supervisors of the Company shall be paid in accordance with the earnings distribution plan approved by the Board of Shareholders and related to the company's business performance, and the Remuneration Committee shall assess the rationality of the association between the Board of Directors' performance and the company's business performance and future risks to determine their remuneration.
- (2) The Remuneration Committee will assess the reasonableness of the association between managers' performance and the company's business performance and future risks to determine their remuneration.

III. Operations of Corporate Governance

A. Operations of the Board of Directors

As of the date of publication of the annual report, the Board of Directors has held 13 meetings in the most recent year (year 2021), and the directors were present as follows:

| Job Title | Name | Number of Actual Attendance B | Number of Proxy Attendance | Rate of Actual Attendance (%) [B/A] | Note |
|-----------------------|--------------------------------------------------------------------|-------------------------------|----------------------------|-------------------------------------|----------------------------------------------------------------------------------------------------------|
| Chairman of the Board | Director Representative of Ying Chuan International : Hai-Ni Chen | 13 | — | 100 | On June 19, 2019, the directors of the shareholders' general meeting were re-elected |
| Director | Director Representative of Ying Chuan International : Shu-Hui Lin | 11 | 2 | 85 | The directors of the shareholders' general meeting will take office after being elected on June 19, 2019 |
| Director | Director Representative of Ying Chuan International : Shih-Yi Chen | 0 | 13 | 0 | On June 19, 2019, the directors of the shareholders' general meeting were re-elected |
| Director | Pao-Shang Li | 12 | 1 | 92 | On June 19, 2019, the directors of the shareholders' general meeting were re-elected |
| Independent Director | Te-Chu Li | 13 | — | 100 | On June 19, 2019, the directors of the shareholders' general meeting were re-elected |
| Independent Director | Ching-Lin Li | 13 | — | 100 | The directors of the shareholders' general meeting will take office after being elected on June 19, 2019 |
| Independent Director | Kuo-Ying Lu | 13 | — | 100 | The directors of the shareholders' general meeting will take office after being elected on June 19, 2019 |

Other items that shall be recorded:

1. If the operation of the board of directors is under any of the following circumstances, the date, stage, contents of the bill of the board of directors, all the opinions of the independent directors and the company's treatment of the opinions of the independent directors shall be clearly stated:

(1) Items listed in Article 14-3 of the Securities and Exchange Act:

| Date/Period | Motion content | Resolution result | Independent director opinion | The company's handling of independent directors' opinions |
|-------------|---------------------------------------|--------------------------------------------------------------------------------------|-------------------------------|-----------------------------------------------------------|
| 2021.03.24 | Change of Certified Public Accountant | After the chairman consulted the opinions of all the directors present, the proposal | No objections or reservations | Not applicable |

| | | | | |
|------------|------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------|
| | | was passed without objection | | |
| 2021.05.05 | U.S. Funds Lending Case and Disposal of immovable property cases | After the chairman consulted the opinions of all the directors present, the proposal was passed without objection | No objections or reservations | Not applicable |
| 2021.06.07 | Revision of provisions on lending and borrowing of funds | After the chairman consulted the opinions of all the directors present, the proposal was passed without objection | No objections or reservations | Not applicable |
| 2021.07.15 | Acquisition and disposal of immovable property case | After the chairman consulted the opinions of all the directors present, the proposal was passed without objection | No objections or reservations | Not applicable |
| 2021.11.08 | U.S. Funds Lending Case | After the chairman consulted the opinions of all the directors present, the proposal was passed without objection | No objections or reservations | Not applicable |
| 2021.11.19 | U.S. Funds Lending Case | After the chairman consulted the opinions of all the directors present, the proposal was passed without objection | No objections or reservations | Not applicable |
| 2021.12.28 | Assessment certified public accountant' s independence | After the chairman consulted the opinions of all the directors present, the proposal was passed without objection | No objections or reservations | Not applicable |

(2) Other than the matters mentioned above, the resolutions of the Board of Directors that have been objected or reserved by independent directors and have been documented or issued in writing: no such situation.

2. Directors abstain from voting as a result of voting proposals, and the name of the Directors, the content of the proposal, reasons for recusal due to conflict of interests and the results of voting counts shall be stated: no such situation.
3. Objectives of strengthening board functions in the current and most recent years (e.g., setting up Audit Committee, improving information transparency, etc.) and performance evaluation:
 - A. On December 5, 2016, the Board of Directors adopted the case of "Corporate Social Responsibility Best Practice Principles", "Corporate Governance Best Practice Principles", "Code of Ethical Corporate Management" and "Rules on the Scope of Duties of Independent Directors" to make the operation of the Board of Directors more systematic.
 - B. Improve the Transparency of Information
The company is committed to promoting the transparency of information and the shareholder equity, and the important decisions will be published on the company website immediately after the board meeting.
 - C. Further Education of Directors and Supervisors
See page 49-52.

B. The Operation of functional committees or participation in the Board of Directors

i. Operation of the Audit Committee :

As of the date of publication of the annual report, the Board of Directors has held 12 meetings in the most recent year (year 2021), and the members were present as follows :

| Job Title | Name | Number of Actual Attendance (B) | Rate of Actual Attendance (%) (B/A) | Note |
|----------------------|-----------|---------------------------------|-------------------------------------|------------------------------------|
| Independent Director | Te-Chu Li | 12 | 100 | First Audit Committee set for June |

| | | | | |
|----------------------|--------------|----|-----|----------|
| Independent Director | Ching-Lin Li | 12 | 100 | 19, 2019 |
| Independent Director | Kuo-Ying Lu | 12 | 100 | |

Other items that shall be recorded:

1. The operation of the Audit Committee shall state the call date and period of the Board of Directors, the content of the motion, independent directors' dissenting opinion, reservations or significant proposed project content, the result of the resolution of the Audit Committee and the Company's handling of the Audit Committee's opinion, if any of the following circumstances apply.

(1) Items listed in Article 14-5 of the Securities and Exchange Act:

| Date/ Period | Motion content | Resolution result | Audit Committee's opinion | The company's handling of independent directors' opinions |
|-----------------|------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-------------------------------|-----------------------------------------------------------|
| 2021.03.24 | Change of Certified Public Accountant | After the Chairman consulted all audit members, the proposal was passed without objection | No objections or reservations | Not applicable |
| 2021.05.05 | U.S. Funds Lending Case and Disposal of immovable property cases | After the Chairman consulted all audit members, the proposal was passed without objection | No objections or reservations | Not applicable |
| 2021.06.07 | Revision of provisions on lending and borrowing of funds | After the Chairman consulted all audit members, the proposal was passed without objection | No objections or reservations | Not applicable |
| 2021.07.15 | Acquisition and disposal of immovable property case | After the Chairman consulted all audit members, the proposal was passed without objection | No objections or reservations | Not applicable |
| 2021.11.08 | U.S. Funds Lending Case | After the Chairman consulted all audit members, the proposal was passed without objection | No objections or reservations | Not applicable |
| 2021.11.19 | U.S. Funds Lending Case | After the Chairman consulted all audit members, the proposal was passed without objection | No objections or reservations | Not applicable |
| 2021.12.28 | Assessment certified public accountant's independence | After the Chairman consulted all audit members, the proposal was passed without objection | No objections or reservations | Not applicable |
| 2022.03.24 | Revision of guidelines for internal control systems | After the Chairman consulted all audit members, the proposal was passed without objection | No objections or reservations | Not applicable |

(2) Except for the pre-opening matters, other resolutions that have not been approved by the Audit Committee and have been approved by more than two-thirds of all directors: None

2. The implementation status of the independent director's avoidance of the proposal of interest shall state the name of the independent director, the content of the proposal, the reason for the avoidance of interest and the situation of participation in voting: None.

3. Communication between independent directors and internal audit supervisors and accountants: Regularly review audit reports and financial statements, and contact the audit supervisor and accountants at any time if necessary

ii. Operation of the Compensation Committee :

1. The Compensation Committee is designed to assist the Board of Directors in

implementing and evaluating the company's overall compensation and benefits policies, as well as manger compensation. °

2. By the end of March 2022, the Company has three Compensation Committee members. Please refer to the company website for the organization rules of the Compensation Committee. °

3. In the most recent year (year 2021) to as of the date of publication of the annual report, and the members were present as follows:

| Job Title | Name | Number of Actual Attendance | Number of Proxy Attendance | Rate of Actual Attendance | Note |
|----------------------|---------------|-----------------------------|----------------------------|---------------------------|------|
| Independent Director | Te-Chu Li | 3 | - | 100% | |
| Independent Director | Ching-Lin Li | 3 | - | 100% | |
| Others | Chi-Chun Chiu | 2 | 1 | 67% | |

4. The review and evaluation information for the most recent year (year 2021) as of the printing date of the annual report is as follows:

| Date/Period | Motion content | Resolution result |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| 2021.03.24 | The Company's 2020 Employee Compensation and Director Compensation Allocation Proposal and Amendment to the Company's "Board of Directors' Performance Evaluation Method | After the Chairman consulted all compensation members, the proposal was passed without objection |
| 2021.12.28 | The Company's directors' and independent directors' travel expenses and managers' salaries for 2022 and the managers' year-end bonuses for 2021 | After the Chairman consulted all compensation members, the proposal was passed without objection |
| 2022.03.24 | The Company's proposal for the distribution of employee compensation and director compensation for fiscal year 2021 and the revision of the Company's "Board of Directors' Performance Evaluation Method | After the Chairman consulted all compensation members, the proposal was passed without objection |

5. Information on the Members of the Remuneration Committee:

| Identity (Note 1) | Name | Conditions | Does the individual have more than 5 years of work experience and the following professional qualifications? | Conformity to Independence (Note 2) | | | | | | | | | | Number of members who are also members of the remuneration committee of other public owned corporations | Note | | | |
|----------------------|--------------|------------|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|---|---|---|---|---|---|---|---------------------------------------------------------------------------------------------------------|------|---|---|----|
| | | | | Lecturer or above in business, legal, finance, accounting or corporate business in public or private tertiary institutions. | Judges, prosecutors, lawyers, accountants and technicians who have passed the national examinations and obtained certificates necessary for the business of the company | Has experience in business, legal, finance, accounting or corporate business | 1 | 2 | 3 | 4 | 5 | 6 | 7 | | | 8 | 9 | 10 |
| Independent Director | Te-Chu Li | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 0 | |
| Independent Director | Ching-Lin Li | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 0 | |

| | | | | | | | | | | | | | | | | |
|--------|------------------|--|---|---|---|---|---|---|---|---|---|---|---|---|---|--|
| Others | Chi-Chun Chiu | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 0 | |
|--------|------------------|--|---|---|---|---|---|---|---|---|---|---|---|---|---|--|

Note 1: For identity, please state whether the person is a Director, Independent Director or other.

Note 2: For each member who meets the conditions for two years prior to being elected and during his/her term of office, please “✓” the box below the corresponding condition(s)

- (1) An employee who is not an employee of the company or its affiliates.
- (2) A director or supervisor who is not a director or supervisor of the company or its affiliates, but is a director or supervisor of the company and its parent, subsidiary, or subsidiary of the same parent company, in the case of a company and its parent, subsidiary, or subsidiary of the same parent company, in the case of a company and its parent, subsidiary, or subsidiary of the same parent company
(Except where independent directors are established by this Law or local laws and regulations, they shall hold office in conjunction with each other).
- (3) The natural person who does not hold more than 1% of the Company's total outstanding shares or the top ten shares in the name of himself or herself, his or her spouse, minor children or otherspeople Shareholders.
- (4) A spouse, a relative within the second degree of consanguinity or an immediate blood relative within the third degree of consanguinity who is not a manager listed in (1) or a spouse, a relative within the second degree of consanguinity or an immediate blood relative within the third degree of consanguinity of a person listed in (2) or (3).
- (5) not directly holding more than 5% of the total issued shares of the company, the top five holders of shares or appointing a proxy in accordance with Article 27, paragraph 1 or 2, of the Companies Act.A director, supervisor or employee of a corporate shareholder who is a director or supervisor of the company (but not a director, supervisor or employee of the company and its parent, subsidiary or other corporate entity)(Unless the independent directors of subsidiaries of the same parent company are appointed in accordance with this Law or local laws and regulations, they shall not hold the same position).
- (6) A director, supervisor or employee of another company controlled by the same person who holds more than half of the directorship or voting rights in the company.(but in the case of an independent director of a company or its parent, subsidiary or subsidiary of the same parent established under this Act or the laws and regulations of that country)(except where they work in conjunction with each other).
- (7) A director (trustee), supervisor of another company or organization with which the chairman, general manager or equivalent of the company is not the same person or spouse as the chairman, general manager or equivalent of the company.(except where the independent directors are appointed by law).
- (8) a director (director), supervisor (supervisor), manager or 5% shareholder of a specific company or organization other than a company with which the company has financial or business dealings More than one shareholder (but not more than 50% of the total number of issued shares of the company held by a particular company or institution, which is a company and its parent)A company, a subsidiary or a subsidiary of the same parent company which has an independent director established in accordance with this Law or local laws and regulations shall not be subject to the provisions of this Law.(This limit).
- (9) Commercial, legal, and other business activities that are not audited for the Company or its affiliates, or for which the cumulative amount of compensation received in the past two years did not exceed NT\$500,000.Supervisors (Supervisors), managers and their spouses. However, the Board of Directors of the Company is required to perform its duties in accordance with the Securities and Exchange Act or the relevant laws and regulations under the Business Mergers and Acquisitions Act.The Committee, the Public Takeover Review Committee or the Special Committee on Mergers and Acquisitions are not members of the Committee.
- (10) In the absence of one of the subsections of section 30 of the Companies Act.

C. The operation of corporate governance and the reason of difference between it and the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies.

| Evaluation Items | Operation Status | | | The Reason of Difference Between It and the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary/Description | |
| I. Does the company establish and disclose a code of practice on corporate governance in accordance with the “Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies”? | V | | The Company has adopted the "Corporate Governance Best Practice Principles" by the board of directors on December 5, 2016, in accordance with the "Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies" and disclosed it on the company website (www.hotelhg.com.tw). | No difference. |
| 2. Equity Structure and Stockholders' Equity of the Company | | | | |
| (I) Does the company have internal procedures in place to handle shareholder suggestions, questions, disputes and lawsuits, and to follow those procedures? | V | | (I) The Company has spokespersons and acting spokespersons to deal with shareholders' suggestions, questions, disputes and lawsuits | No difference. |
| (II) Does the company have a list of the substantial shareholder and the final list of controllers of the substantial shareholder who actually control the company? | V | | (II) The Company, in accordance with the relevant laws and regulations, regularly declares to the Market Observation Post System any changes in the equity held by insiders (directors, supervisors, managers and shareholders holding 10% of the total shares) | No difference. |
| (III) Does the company establish, implement risk management and firewall mechanisms with affiliated enterprises? | V | | (III) The financial and accounting operations of the affiliated enterprises are operated independently and are under the control and audit of the parent company. | No difference. |
| | | | (IV) The Company has formulated “Guidelines | |

| Evaluation Items | Operation Status | | | The Reason of Difference Between It and the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary/Description | |
| (IV) Does the company have internal rules that prohibit insiders from trading marketable securities using market information that is not publicly available? | V | | Governing Internal Major Information” that prohibit insiders from trading marketable securities using market information that is not publicly available. | No difference. |
| 3. Composition and Responsibilities of the Board of Directors | | | | |
| (I) Whether the Board of Directors has formulated a diversity policy, specific management objectives and implemented them? | V | | (I) The Company has adopted a board diversity policy in the “Corporate Governance Best Practice Principles”(Note1)。 | No difference. |
| (II) Besides the salary and remuneration committee and audit committee, does the company voluntarily set up other functional committees? | | V | (II) The company has set up a salary and compensation committee, and an audit committee after the general shareholders' general election in 2019. In the future, the company will establish other functional committees according to business needs. | The Company will proceed according to the plan. |
| (III) Does the company formulated the board's performance appraisal methods and methods, and regularly conduct annual performance appraisals, and report the results of the performance assessment to the board of directors, and apply them to individual directors' salary and nomination renewal? | V | | (III) The Company will conduct regular performance evaluation for the attendance rate of directors every year,and the Board of Directors has agreed on the performance evaluation method on March 22, 2018.And regularly reviewed by the Salary and Remuneration Committee It is recommended to report to the board of directors for discussion. | No difference. |

| Evaluation Items | Operation Status | | | The Reason of Difference Between It and the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary/Description | |
| (IV) Does the company regularly assess the independence of CPAs? | V | | (IV) The CPA of the Company is PwC Taiwan On March 24, 2022, the board meeting of the accounts, Kuo-Hua Wang and Yung-Chih Lin, approved the independent evaluation of the 2021 CPA (Note2) and obtained the statement issued by the CPA. | No difference. |
| 4. Do the TWSE & TPEX listed companies set up a corporate governance professional (concurrently serving) unit or personnel responsible for corporate governance related affairs (This includes but is not limited to providing information required by directors and supervisors to carry out business, handling matters related to meetings of the board of directors and board of shareholders in accordance with the law, handling company registration and registration of changes, and making minute book of the board of directors and board of shareholders, etc.)? | V | | The Company has set up a professional (concurrently serving) corporate governance unit or personnel responsible for corporate governance related affairs, and the executive units are the Finance Department and Audit Department. | No difference. |

| Evaluation Items | Operation Status | | | The Reason of Difference Between It and the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary/Description | |
| 5. Does the company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), and set up a special area for stakeholders on the company website, and properly respond to the important issues of corporate social responsibility concerned by stakeholders? | V | | The Company has corresponding windows for stakeholders, including employees, consumers, suppliers and community neighbors, etc., and maintains smooth communication channels. In addition, there is a special section for stakeholders on the company website. | No difference. |
| 6. Does the company appoint a professional stock agency to handle the affairs of the Board of Shareholders? | V | | The Company has appointed the stock affairs agency department of Waterland Securities Co., Ltd. | No difference. |
| 7. Information Disclosure | | | | |
| (I) Does the company have a website that discloses financial and corporate governance information? | V | | (I) The Company has set up a website and disclosed relevant information. The Company's Website: http://www.hotelhg.com.tw | No difference. |
| (II) Does the company adopt other methods of information disclosure (such as setting up an English website, appointing a person to be responsible for the collection and disclosure of company information, implementing a spokesperson system, and placing judicial person briefings on the | V | | (II)The Company has designated a person to be responsible for the collection and disclosure of company information, and to implement the spokesperson system in accordance with the provisions. The Company's Website: http://www.hotelhg.com.tw | No difference. |

| Evaluation Items | Operation Status | | | The Reason of Difference Between It and the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary/Description | |
| company (III) Does the company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation within the prescribed deadline? | | V | (III) The company handles announcements and reports to the competent authority in accordance with Article 36 of the Securities and Exchange Act. | The Company will proceed according to the plan. |
| 8. Does the company have other helps to understand the situation and the importance of corporate governance operation information (including but not limited to employee rights, employee care, investor relations, supplier relations, further education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, where the company purchases liability insurance for directors and supervisors, etc.)? | V | | <p>1. Employee Equity The Company actively cultivates tourism talents, implements labor laws and regulations, and protects employees' equity, such as labor, health insurance and regular health check for employees.</p> <p>2. Employees Care Communication between employees and the company can be conducted through departmental meetings or suggestion boxes to effectively solve problems and promote harmonious labor relations.</p> <p>3. Investor Relations The Company sets up the investor contact section on the company website, through which investors can communicate with the company.</p> <p>4. Supplier Relations</p> | No difference. |

| Evaluation Items | Operation Status | | | The Reason of Difference Between It and the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies |
|------------------|------------------|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary/Description | |
| | | | <p>The Company maintains good relationship with suppliers.</p> <p>5. Stakeholder Rights The Company and stakeholders, including correspondent banks, employees, consumers, suppliers, etc., have set up corresponding windows and channels to safeguard the equity of stakeholders.</p> <p>6. Further Education of Directors and Supervisors The Company may, from time to time, assign directors and supervisors to attend relevant refresher courses, such as those offered by Taiwan Corporate Governance Association, Taiwan Stock Exchange, Securities and Futures Institute, etc. Please refer to page 49-52 for further information on directors and supervisors' further education.</p> <p>7. Implementation of Risk Management Policies and Risk Measurement Standards: The Company adopts a preventive strategy for risk management, and carries out regular and irregular audits to carry out risk management. In addition, the Company also provides business related insurance,</p> | |

| Evaluation Items | Operation Status | | | The Reason of Difference Between It and the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary/Description | |
| | | | <p>such as public accident liability insurance, fire insurance...etc.</p> <p>8. Implementation of Consumer and Customer Protection Policies</p> <p>The amount received by the Company from the sale of the gift certificate has been fully guaranteed by Cathay United Bank.</p> | |
| <p>9. Please explain the improvement situation of the corporate governance evaluation results issued by the Taiwan Stock Exchange Co., Ltd. Corporate Governance Center in the most recent year, and propose priority enhancement measures and measures for those who have not improved. (If it is not listed in the rated company, it is not required)</p> | | | | |
| 1.14 | Does the company's articles of association stipulate that all directors / supervisors should be nominated for candidate election (if their nominated independent directors have served for three consecutive terms, should they continue to be nominated at the public information observatory?) | | | Disclosure of performance in the annual report of shareholders for fiscal year 2021 |
| 2.13 | Do members of the company's Compensation Committee attend at least twice a year and disclose information about the policies, systems, standards and structure of performance evaluation and compensation for directors, supervisors and managers on a regular basis? | | | Disclosure of performance in the annual report of shareholders for fiscal year 2021 |

| Evaluation Items | Operation Status | | | The Reason of Difference Between It and the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------------------------------------------------------------------------------------------|---------------------|----------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary/Description | |
| 10.Participating of Further Education and Training Related to Corporate Governance of Managers (General Manager, Deputy General Manager, Supervisors of Accounting, Finance, Internal Audit, Etc) | | | | |
| Job Title | Name | Training Courses | | Training Hours (hrs) |
| Accounting Supervisor | Su-Ling Yu | Accounting Supervisor Continuing Education Courses by Accounting Research and Development Foundation | | 12 |
| Audit Supervisor | Ching-Sheng Tu | Audit Supervisor Continuing Education Courses by Accounting Research and Development Foundation | | 12 |

Note1 : Board members implement diversification:

| Name | Multiple core Item | gender | Ability of making judgements about operations | Accounting and financial analysis ability | Business management ability | Crisis management ability | Leadership ability | An international market perspective | Leadership ability | Decision-making ability |
|--------------|--------------------|--------|-----------------------------------------------|-------------------------------------------|-----------------------------|---------------------------|--------------------|-------------------------------------|--------------------|-------------------------|
| Hai-Ni Chen | | Male | V | V | V | V | V | V | V | V |
| Shu-Hui Lin | | Female | V | V | V | V | V | V | V | V |
| Shih-Yi Chen | | Female | V | V | V | V | V | V | V | V |
| Pao-Shang Li | | Male | V | V | V | V | V | V | V | V |
| Te-Chu Li | | Female | V | V | V | V | V | V | V | V |
| Kuo-Ying Lu | | Male | V | V | V | V | V | V | V | V |
| Ching-Lin Li | | Male | V | V | V | V | V | V | V | V |

Note2 : Accountant independence assessment criteria

| Items | Results | Conformity with independence |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|------------------------------|
| 1. Whether the accountant has a direct or material indirect financial interest in the Company | N | Y |
| 2. Whether the accountant has a financing or assurance practice with the Company or the Company's directors | N | Y |
| 3. Whether the accountants have a close business relationship with the Company and potential employment | N | Y |
| 4. whether the accountant and the members of his audit team currently hold, or have held in the last two years, positions as a director, manager or officer of the Company that have a significant impact on the audit | N | Y |
| 5. whether the accountant has provided non-audit services to the Company that may directly affect the audit | N | Y |
| 6. Whether the accountants have an intermediary for shares or other securities issued by the Company | N | Y |
| 7. Whether the accountant has acted as an advocate for or on behalf of the Company in coordinating conflicts with other third parties | N | Y |
| 8. Whether the accountant is related to a director, manager or officer of the Company who has a significant influence on the audit case | N | Y |

D. Promoting sustainable development implementation and Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies of discrepancies and reasons :

| Promotional Items | Execution Situation | | | The Reason of Difference Between It and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary/Description | |
| 1.Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations and formulate relevant risk management policies or strategies in accordance with the principle of materiality? | | V | The Company has not yet established a policy on the management of relevant risk assessment. | The Company will proceed according to the plan |
| 2.Does the company have a professional (concurrent) unit to promote corporate social responsibility, which is authorized by the board of directors to be handled by senior management and reported to the board of directors? | | V | The Company has not set up a professional (concurrent serving) unit to promote corporate social responsibility | The Company will proceed according to the plan ° |
| 3.Environment issue (1)Does the company have a corporate social responsibility policy or system in place and review its implementation? | V | | (1)The Company has established an appropriate environmental management system based on its industry characteristics to comply with the domestic environmental safety regulations. | No difference. |
| (2)Does the company organize social responsibility | V | | (2)The Company is committed to improving | No difference. |

| Promotional Items | Execution Situation | | | The Reason of Difference Between It and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary/Description | |
| <p>training regularly ?</p> <p>(3) Does the company have a professional (concurrent) unit to promote corporate social responsibility, which is authorized by the board of directors to be handled by senior management and reported to the board of directors?</p> <p>(4) Does the company compiled statistics on greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies on energy conservation, carbon reduction, greenhouse gas reduction, water reduction or other</p> | V | | <p>the efficiency of the use of resources, such as:</p> <p>(1) Implement air conditioning temperature control, change lighting equipment to LED lamps, effectively save energy.</p> <p>(2) The Public Works Department maintains the equipment regularly to improve the utilization efficiency of water, electricity, gas and other resources.</p> <p>(3) Purchase energy saving equipment.</p> <p>(3) Aware of the impact of climate change on business activities, the Company has implemented air conditioning temperature control in the building, promoted paperless e-operation in the office, replaced lighting equipment with LED lamps, and purchased energy-saving equipment.</p> <p>(4) The Company has not established policies for energy conservation, carbon reduction, greenhouse gas reduction, water reduction or other waste management.</p> | <p>No difference.</p> <p>The Company will proceed according to the plan.</p> |

| Promotional Items | Execution Situation | | | The Reason of Difference Between It and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary/Description | |
| waste management? | | | | |
| 4. Preserving Social Welfare | | | | |
| (1)Does the company establish management policies and procedures in accordance with relevant laws and regulations and international human rights conventions? | V | | (1)The Company actively cultivates tourism talents, implements labor laws and regulations, safeguards the equity of employees, and establishes employment policies without discrimination in accordance with the provisions of the Gender Equality in Employment Act, and implements the equality of remuneration, employment conditions, training and promotion opportunities. | No difference. |
| (2)Does the company establish and implement reasonable employee benefit measures (including compensation, vacation and other benefits, etc.) and properly reflect operating performance or results in employee compensation? | V | | (2)The Company sets the salary and remuneration according to the salary level of the same sector and the position of employees. In addition, there are "Working Rules", which shall be delivered to the employees upon their arrival. Besides, there are also "Employee Performance Appraisal Method" and "Employee Rewards and Punishments Method", which specify the contents of rewards and punishments. | No difference. |
| (3)Does the company provide a safe and healthy | V | | (3)The Company provides labor insurance and health | No difference. |

| Promotional Items | Execution Situation | | | The Reason of Difference Between It and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary/Description | |
| working environment for employees, and regularly implement safety and health education for employees? | | | insurance for employees in accordance with the provisions, and regularly carries out health checks for employees, and regularly holds safety and health training courses for employees to promote the company's safety and health code of practice | |
| (4) Does the company establish effective career development programs for employees? | V | | (4) The Human Resources Section of the Company is responsible for the career planning of the employee and arranges training courses for the management trainee. | No difference. |
| (5) Does the company comply with relevant regulations and international standards on customer health and safety, customer privacy, marketing and labeling of its products and services, and has it formulated relevant policies and complaint procedures to protect consumer rights? | V | | (5) The Company's marketing and labeling of products and services are in accordance with relevant regulations and international standards. For consumer complaints, in addition to providing a complaint service channel on the website, we ask the relevant departments to provide the best service. | No difference. |
| (6) Does the company have a supplier management policy that requires suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or human rights in | V | | (6) The Company selects its suppliers in accordance with the Company's rules and regulations and operates in good faith, therefore, the Company will assess whether the supplier has any past record of | No difference. |

| Promotional Items | Execution Situation | | | The Reason of Difference Between It and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary/Description | |
| the workplace, and how is it implemented? | | | environmental and social impact before making any transaction. | |
| 5.Does the company make reference to international standards or guidelines for the preparation of corporate social responsibility reports and other reports that disclose non-financial information about the company? Did you obtain a third-party verification unit's confirmation or assurance opinion on the previous report? | | V | The Company does not currently prepare a CSR report. | The Company will proceed according to the plan. |
| 6.If the company has its own Code of Ethical Corporate Social Responsibility in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE & TPEX Listed Companies”, please state the difference between its operation and the code: The company has drawn up a “Code of Ethical Corporate Social Responsibility”. | | | | |
| 7.Other important information to help understand corporate social responsibility operations: 1.Consumer Equity : The Company pays attention to the equity of consumers and fully discloses the products and services on the Company website,and provides full performance guarantee for the gift certificates sold. In addition, for the complaint of consumers, the Company not only provides a complaints channel on the website, but also requests the relevant departments to provide the best service. 2.Employee Equity: The Company shall, in accordance with the provisions of the Gender Equality in Employment Act and the Employment Act,establish non-discriminatory employment policies, and implement equal remuneration, employment conditions, training and promotion opportunities 3. Safety and Health: The company actively prepares the HACCP certification of the "food safety system", and formulates the work code of practice of safety and health to implement the labor safety and health management. | | | | |

E. The Company's performance and measures to operate in good faith.

| Evaluation Items | Operation Status | | | Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary/Description | |
| <p>1. Formulating Policies and Plans for Ethical Corporate Management</p> <p>(1) Does the Company have an honest business policy approved by the Board of Directors and express in its regulations and external documents the policy and practice of honest business and the commitment of the Board of Directors and senior management to actively implement the business policy?</p> <p>(2) Does the Company established an assessment mechanism for the risk of dishonest conduct, and regularly analyzed and evaluated the business activities within the scope of business with a higher risk of dishonest conduct, and formulated a plan to prevent dishonest conduct, covering at least the preventive measures under Article 7(2) of the "Code of Integrity for Listed OTC Companies"?</p> | V | | <p>(1) On December 5, 2016, the Board of Directors of the Company has drawn up the "Code of Ethical Corporate Management", which serves as the standard for directors, supervisors, managers and employees to conduct business in good faith and to be responsible to shareholders, customers, employees and the investing public.</p> <p>(2) The Company has established good corporate governance, internal control mechanisms and internal rules and regulations to prevent the situations described in Article 7, paragraph 2.</p> | <p>No difference</p> <p>No difference</p> |

| Evaluation Items | Operation Status | | | Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary/Description | |
| (3) Does the company defined and implemented the operating procedures, conduct guidelines, disciplinary and complaint systems for non-compliance in its dishonest conduct prevention program, and regularly reviewed the revised foreclosure program? | V | | (3)In order to prevent dishonest behavior, the Company prepares "Personnel Regulations", which will be delivered when the employee reports for duty, and in the regular education and training, strengthens the implementation of the moral concept of ethical management staff and operations. | No difference |
| <p>2.Implementation of ethical corporate management and measures for implementation</p> <p>(1)Does the company assess the integrity record of its business contacts and specify the terms of good faith conduct in its contracts with its business contacts ?</p> <p>(2) Does the Company have a dedicated unit under the Board of Directors to promote honest business practices and report to the Board of Directors on a regular basis (at least once a year) on its honest business policies and programs to prevent</p> | V | | <p>(1)The Company's Procurement Section will verify through the company's database in advance whether the transaction object has a record of dishonest conduct, and specify the conditions of dishonest conduct in the contract °</p> <p>(2)The Company has not set up a professional (concurrent serving) unit to promote ethical corporate management.</p> | <p>No difference</p> <p>The Company will proceed according to the plan.</p> |

| Evaluation Items | Operation Status | | | Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary/Description | |
| <p>dishonest practices and monitor their implementation?</p> <p>(3) Does the company have a code of practice for preventing dishonest conduct, which includes procedures, guidelines for conduct, disciplinary and grievance systems for violations, and which are implemented? ?</p> | V | | <p>(3) The Company stipulates in the rules of procedure of the Board of Directors: Where a director has an interest in himself/herself or the legal person he/she represents, he/she shall not participate in the discussion or vote, and shall withdraw from the discussion or vote, and shall not exercise his/her voting rights on behalf of other directors. Employees and the company can fully communicate through the departmental meeting channels.</p> | No difference |
| <p>(4) Does the Company established an effective accounting system and internal control system for the implementation of good faith operations, and has the internal audit unit drawn up an audit plan based on the results of the assessment of the risk of dishonest conduct, in order to verify compliance with the plan for prevention of dishonest conduct, or has it engaged an accountant</p> | V | | <p>(4) The Company has an accounting system and a special accounting unit. The financial reports are checked by CPAs to ensure the fairness of financial statements. The Company's internal audit organization consists of two directors, who check the work of each unit according to the audit plan every month and make records. The audit report shall be submitted to the Chairman of the Board</p> | No difference |

| Evaluation Items | Operation Status | | | Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary/Description | |
| to perform the audit? (5) Does the company regularly conduct internal and external education and training on ethical corporate management? | V | | and the supervisor for review before the end of the next month, and the audit director shall present the report to the Board of Directors. At the end of each year, the "Statement of Internal Control System" will be issued by the Audit Department. ° (5) The Company adheres to the principle of good faith, in order to meet the needs of customers for meals and travels, regularly holds staff education and training, and formulates various measures to prevent cheating. | No difference |
| 3.Implementation of the Company's Whistleblowing System (1) Does the company have a specific whistleblowing and reward system, a convenient whistleblowing channel, and appropriate personnel assigned to handle the whistleblowing? (2) Does the company have standard operating procedures and relevant confidentiality mechanisms for the investigation of | V | | (1) The Company has an employee complaint system, and employee rewards and punishments as punishment for violating the provisions of ethical corporate management. (2) The Company has an employee complaint system, but no standard operating procedure and relevant confidentiality mechanism have been established | No difference The Company will proceed according to the plan. |

| Evaluation Items | Operation Status | | | Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary/Description | |
| whistleblowing matters? (3) Does the company take measures to protect the whistleblower against inappropriate disciplinary actions? | | V | for the investigation of the matters reported. (3) The Company has not formulated relevant measures. | The Company will proceed according to the plan. |
| 4.Strengthening Information Disclosure Does the company disclose the content and effectiveness of its Code of Ethical Corporate Management on its website and in its Market Observation Post System? | V | | On December 5, 2016, the Board of Directors of the Company has drawn up the "Code of Ethical Corporate Management" and disclosed it on the company website (www.hotelhg.com.tw). | No difference |
| 5.If the company has its own Code of Ethical Corporate Management in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies” please state the difference between its operation and the code: On December 5, 2016, the Board of Directors of the Company has drawn up the "Code of Ethical Corporate Management", and the company has complied with the "Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies". | | | | |
| 6. Other important information that may help us understand the Company's honest operation: (e.g., the Company's review and revision of its code of ethical conduct, etc.) The Company's core guiding principle is "Conducting Business with Integrity", and it promotes the implementation of this principle in all corporate governance to help investors, employees, consumers and suppliers understand the Company's commitment and policy to conduct business with integrity. | | | | |

F. Where a company has established a code of corporate governance and relevant regulations, it should disclose its enquiry methods:
Please refer to our website for more information (<https://www.hotelhg.com.tw/>).

- G. Other important information necessary to improve the understanding of corporate governance operations:
- i. In order to strengthen the implementation of corporate governance, the Company keeps the Board of Directors informed of the updates of corporate governance related laws and regulations.
 - ii. The directors of the Company shall be present at the Board of Directors in a normal condition and shall not join the vote if the directors have an interest in any of the proposals listed on the Board of Directors, which may harm the interests of the company.
 - iii. The Company has drawn up the "Code of Ethical Corporate Management", "Corporate Social Responsibility Best Practice Principles" and "Corporate Governance Best Practice Principles" in accordance with the norms of the competent authority and considering the practical operation situation, which will be implemented upon the approval of the Board of Directors on December 5, 2016.

(9) Implementation of Internal Control System:

1. Statement of Internal Control

Holiday Garden Hotel Co., Ltd.
Statement of Internal Control System

Date: March 24, 2022

The internal control system of the Company in the year of 2021, based on the results of self-inspection, is hereby stated as follows:

- I. It is the responsibility of the board of directors and managers of the Company to establish, implement and maintain the internal control system, which the company has established. The objective is to provide reasonable assurance of the effectiveness and efficiency of operations (including profitability, performance and asset security), the reliability of financial reporting, and compliance with applicable laws and regulations.
- II. The internal control system has its inherent limitation, no matter how perfect the design is, the effective internal control system can only provide reasonable assurance for the above three objectives; moreover, the effectiveness of the internal control system may change with the change of environment and situation. However, the internal control system of the Company is provided with a self-monitoring mechanism, and the company will take corrective actions once the absence is identified.
- III. The Company shall judge whether the design and implementation of the internal control system are effective or not according to the judgment items of the effectiveness of the internal control system stipulated in the "Guidelines for the Establishment of Internal Control System by Public Owned Corporations" (hereinafter referred to as "Handling Guidelines"). The internal control system used in the "Handling Guidelines" is used to determine the item. According to the process of management control, the internal control system is divided into five components: 1. Environment Control, 2. Risk Assessment, 3. Control Operation, 4. Information and Communication, and 5. Supervision. Each constituent element also includes a number of items. For the foregoing items, please refer to the provisions of "Handling Guidelines".
- IV. The Company has adopted the above internal control system to judge items and examine the effectiveness of the design and implementation of the internal control system.
- V. Based on the inspection results set forth in the preceding paragraph, the Company believes that the internal control system (including supervision and management of the subsidiaries) set up by the company on 31 December 2018, including the effectiveness of the design and implementation of the internal control system to understand the effectiveness and efficiency of the operation, the reliability of financial reporting, and the compliance with relevant codes and regulations, will reasonably ensure the achievement of the above objectives.
- VI. This statement will be the primary content of the Company's annual report and public statements and will be made publicly available to the public. If the above-mentioned disclosure is unlawful, such as forgery or concealment, it will involve legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Board of Directors of the Company on March 24, 2021, with 0 of the 7 directors present holding dissenting views and the rest agreeing with the contents of this statement.

Holiday Garden Hotel Co., Ltd.

Chairman of the Board: Chen Hai-Ni(signature)

2. If an accountant is entrusted to examine the internal control system, the audit report shall be disclosed: N/A

(10) Penalties imposed on the Company and its internal staff, penalties imposed on its internal staff, and any status of improvements made in the internal control system, major deficiencies and improvements in the most recent year up to the publication date of this annual report: no such situation.

(11) Important resolutions of the shareholders' meeting and the board of directors as of the date of publication of the annual report in the most recent year (year 2021):

1. Important Resolutions and Execution Situation of the Shareholders' Meeting

| The Meeting Name | The Meeting Date | Important Resolutions | Execution Situation |
|-----------------------|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shareholders' Meeting | 2021.07.06 | <ol style="list-style-type: none"> 1. Acknowledgment of the financial statements for fiscal year 2020. 2. To recognize the appropriation of profit and loss for fiscal year 2020. 3. To approve the amendment of the "Procedures for Election of Directors" of the Company. 4. Approved the amendment of the "Rules of Procedure of the Shareholders' Meeting". 5. Approved the amendment of the Company's "Guidelines for the Lending of Funds to Others". 6. To approve the disposal of real estate in the back section of Qianjin District, Kaohsiung City. | <p>Item 3-5: The completion of the amendment was announced on the Company's website and in accordance with the revised criteria.</p> <p>Item 6: Completion of settlement on 110.11.26.</p> |
| Shareholders' Meeting | 2021.11.01 | <ol style="list-style-type: none"> 1. To approve the change of the Company's business. 2. Approved the amendment of the Company's Articles of Incorporation. | The registration was approved by the Ministry of Economic Affairs on 24.11.2021 and announced on the Company's website. |

2. Important Resolutions of the Board of Directors

| The Meeting Name | The Meeting Date | Important Resolutions |
|--------------------|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Board of Directors | 2021.03.24 | <ol style="list-style-type: none"> 1. Approved the Company's fiscal year 109 employee compensation and the distribution of directors' and supervisors' compensation. 2. To approve the financial statements of the Company for 2009. 3. Approved the appropriation of the Company's profit and loss for 2009. 4. Approved the Statement of Internal Control for 2010. 5. Approved the amendment to the "Procedures for Election of Directors" of the Company. 6. Approved the amendment of the Company's "Regulations Governing Board Meetings". 7. Approved to revise the "Performance Evaluation of Directors and Managers" of the |

| | | |
|--------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | <p>Company.</p> <p>8. Approved the amendment to the "Rules Governing the Responsibilities of Independent Directors" of the Company.</p> <p>9. Approved the amendment to the "Rules Governing the Conduct of Shareholders' Meetings" of the Company.</p> <p>10. Approved to amend the "Organizational Rules of the Audit Committee" of the Company.</p> <p>11. Approved the amendment to the "Regulations Governing the Organization of the Compensation Committee" of the Company.</p> <p>12. Approved the addition of the Company's Code of Ethical Conduct.</p> <p>13. Approved the replacement of the certified public accountant.</p> <p>14. Approved the appointment of a certified public accountant.</p> <p>15. Approved the proposal to accept proposals from shareholders holding 1% or more of the shares. Approved the proposal to accept proposals from shareholders holding more than 1% of the shares.</p> <p>16. Approved the convening of the 110th Annual General Meeting of Shareholders.</p> |
| Board of Directors | 2021.05.05 | <p>1. Adopted 2021 First Quarterly Consolidated Financial Report.</p> <p>2. Revised the procedures for lending funds to others.</p> <p>3. Lending of funds to U.S. subsidiaries.</p> <p>4. To approve the disposal of real estate in in the back section of Qianjin District, Kaohsiung City.</p> |
| Board of Directors | 2021.06.07 | <p>1. Approved the amendment of the Company's "Procedures for Lending Funds to Others".</p> <p>2. Approved the renewal of contracts with financial institutions.</p> |
| Board of Directors | 2021.07.15 | <p>1. Acquisition and disposal of immovable property through subsidiaries.</p> <p>2. Cash capital increase by subsidiaries.</p> |
| Board of Directors | 2021.08.09 | <p>1. Adopted 2021 Second Quarterly Consolidated Financial Report</p> <p>2. Approved the amendment of the Company's "Code of Corporate Governance Practices".</p> |
| Board of Directors | 2021.09.13 | <p>1. Approved the relocation of the Company</p> <p>2. To approve the change of the Company's business</p> <p>3. Approved the amendment of the Company's Articles of Incorporation</p> <p>4. Approved the change of name of the Company's tourist hotel business license</p> <p>5. Approved the entrustment of the management of the Company's Hwa Yuan Hotel</p> <p>6. Approved the transfer of the Company's tourist hotel business license</p> <p>7. To call the first shareholders' meeting for 2021</p> |
| Board of Directors | 2021.10.13 | <p>1. Approved the proposal of establishing new branch offices of the Company.</p> <p>2. To approve the renewal of directors' and supervisors' liability insurance for all directors and managers.</p> |
| Board of Directors | 2021.11.08 | <p>1. Approved the cash capital increase of U.S. subsidiary.</p> <p>2. Adopted 2021 Third Quarterly Consolidated Financial Report.</p> |
| Board of Directors | 2021.11.19 | <p>1. Investment in a company through a U.S. subsidiary.</p> <p>2. Lending of funds through a U.S. subsidiary.</p> |
| Board of Directors | 2021.12.28 | <p>1. Approved the Company's directors' and independent directors' carriage fees and managers' salaries for the year 2022.</p> <p>2. Approved the year-end bonus for managers for fiscal year 2021.</p> <p>3. Approved the establishment of the Company's audit plan for fiscal year</p> |

| | | |
|--|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | 2022. 4. Approved the repatriation of earnings of U.S. subsidiaries. 5. Approved the new financial institution financing contracts. 6. Approved the Company's 2022 annual operating plan. 7. Approved the independent evaluation of the certified public accountants. |
|--|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

(12) Implementation of the Resolutions of the Shareholders' Meeting In 2021.

1. Recognized the 2021 annual statement of accounts: approved as proposed.
2. Recognition of the fiscal year 2021 profit and loss appropriation: approved as proposed

(13) In the most recent year and up to the date of publication of the annual report, the directors or supervisors have different opinions on the important resolutions adopted by the board of directors and have recorded or written statements: no such situation.

(14) In the most recent year and up to the date of the publication of the annual report, the summary of the resignation and dismissal of the Chairman of the Board, general manager, accounting supervisor, finance supervisor, internal audit supervisor and R&D supervisor of the company: no such situation.

(15) Further Education of Directors

December 31, 2021

| Title | Name | Appointed Date | Further Education Date | | Organizer | Course Name | Study Hours |
|--------------------------------------------|-------------|----------------|------------------------|-------------|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| | | | 起 | 迄 | | | |
| Representative of Judicial Person Director | Hai-Ni Chen | Jun 20 2016 | Oct 22 2021 | Oct 22 2021 | Securities and Futures Institute | 2021 Legal Compliance Briefing for Insider Stock Transactions | 3.0 |
| | | | Mar 19 2021 | Mar 19 2021 | Taiwan Association of Listed Companies | Disputes over the management rights of the company and practical Director Liability Case Studies on Directors' Responsibilities and Practices. | 3.0 |
| | | | Jan 11 2021 | Jan 11 2021 | Taiwan Institute of Directors | In the Age of Communal Governance, How Chinese Family How to cross the century of ethnic enterprises | 2.0 |
| | | | Sep 03 2020 | Sep 03 2020 | Securities and Futures Commission, Ministry of Finance | 2020 Insider Trading Prevention and Insider Stock Trading Promotion Seminar | 3.0 |
| | | | Nov 01 2019 | Nov 01 2019 | Taiwan Stock Exchange Corporation | Publicity meeting for effective use of directors' functions | 3.0 |

| | | | | | | | |
|---------------------------------------------------------|-----------------|-------------|----------------|----------------|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| | | | Apr 24 2017 | Apr 24 2017 | Taiwan Academy of Banking and Finance | Corporate Governance - Family Business Inheritance | 3.0 |
| | | | Mar 17 2016 | Mar 17 2016 | Taiwan Academy of Banking and Finance | Corporate Governance - How to Respond to Tax Reform | 3.0 |
| Represent ative of Judicial Person Director | Shu-Hui Lin | Jun 19 2019 | Oct 22 2021 | Oct 22 2021 | Securities and Futures Institute | 2021 Legal Compliance Briefing for Insider Stock Transactions | 3.0 |
| | | | Sep 03 2020 | Sep 03 2020 | Securities and Futures Commission, Ministry of Finance | 2020 Insider Trading Prevention and Insider Stock Trading Promotion Seminar | 3.0 |
| | | | Nov 01 2019 | Nov 01 2019 | Taiwan Stock Exchange Corporation | Publicity meeting for effective use of directors' functions | 3.0 |
| | | | Jul 26 2019 | Jul 26 2019 | Securities and Futures Institute | Briefing session on the legal compliance announcement of insider equity transactions of listed and unlisted cabinet companies in 2019 | 3.0 |
| Director | Pao-Shang Li | Jun 20 2016 | Sep 01 2021 | Sep 01 2021 | Financial Supervisory Commission Committee | The 13th Taipei Corporate Governance Forum Management Forum | 3.0 |
| | | | Sep 03 2020 | Sep 03 2020 | Securities and Futures Commission, Ministry of Finance | 2020 Insider Trading Prevention and Insider Stock Trading Promotion Seminar | 3.0 |
| | | | Nov 01 2019 | Nov 01 2019 | Taiwan Stock Exchange Corporation | Publicity meeting for effective use of directors' functions | 3.0 |
| | | | Aug 03 2018 | Aug 03 2018 | Securities and Futures Institute | The Insider Equity Trading Legal Advocacy Meeting of the TWSE Listed and Non-TWSE & TPEX Listed Publicly Owned Corporations | 3.0 |
| | | | May 05 2017 | May 05 2017 | Securities and Futures Institute | 2017 Seminar on Insider Trading and Corporate Social Responsibility | 3.0 |
| | | | Apr 24 2017 | Apr 24 2017 | Taiwan Academy of Banking and Finance | Corporate Governance - Family Business Inheritance | 3.0 |
| Independe nt Director | Te-Chu Li | Jun 20 2016 | Sep 01 2021 | Sep 01 2021 | Financial Supervisory Commission Committee | The 13th Taipei Corporate Governance Forum Management Forum | 3.0 |
| | | | Dec 04 2020 | Dec 04 2020 | AIA Taiwan Study Provider | The latest tax law and practical analysis in the second half of 2020. | 7.0 |
| | | | Mar 30 2020 | Mar 30 2020 | AIA Taiwan Study Provider | Analysis of the key points and doubts of business tax returns. | 3.0 |
| | | | Mar 24 2020 | Mar 24 2020 | AIA Taiwan Study Provider | Application of Internal Control System for Prevention of Money Laundering and Combating Financial Terrorism in Accounting Firms | 3.0 |
| | | | Nov 26 2019 | Nov 26 2019 | National Federation of R.O.C CPA Association | Analysis of relevant regulations and financial accounting practices of social groups | 3.0 |
| | | | Nov 01 2019 | Nov 01 2019 | Taiwan Stock Exchange Corporation | Publicity meeting for effective use of directors' functions | 3.0 |

| | | | | | | | |
|-------------------------|-----------------|-------------|----------------|----------------|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| | | | Aug 03 2018 | Aug 03 2018 | Securities and Futures Institute | The Insider Equity Trading Legal Advocacy Meeting of the TWSE Listed and Non-TWSE & TPEX Listed Publicly Owned Corporations | 3.0 |
| | | | Mar 22 2018 | Mar 22 2018 | National Federation of R.O.C CPA Association | Compliance with the Amended Money Laundering Prevention Law and Practice | 3.0 |
| | | | Jan 18 2018 | Jan 18 2018 | National Federation of R.O.C CPA Association | Risk Assessment of Accountants Responding to Money Laundering Prevention | 3.0 |
| | | | Mar 28 2017 | Mar 28 2017 | National Federation of R.O.C CPA Association | 2016 Analysis of Key Points of Business Income Tax Declaration | 7.0 |
| Independent Director | Kuo-Ying Lu | Jun 19 2019 | Sep 01 2021 | Sep 01 2021 | Financial Supervisory Commission Committee | The 13th Taipei Corporate Governance Forum Management Forum | 3.0 |
| | | | Sep 03 2020 | Sep 03 2020 | Securities and Futures Commission, Ministry of Finance | 2020 Insider Trading Prevention and Insider Stock Trading Promotion Seminar | 3.0 |
| | | | Nov 01 2019 | Nov 01 2019 | Taiwan Stock Exchange Corporation | Publicity meeting for effective use of directors' functions | 3.0 |
| | | | Jul 26 2019 | Jul 26 2019 | Securities and Futures Institute | Briefing session on the legal compliance announcement of insider equity transactions of listed and unlisted cabinet companies in 2019 | 3.0 |
| Independent Director | Ching-Lin Li | Jun 19 2019 | Sep 01 2021 | Sep 01 2021 | Financial Supervisory Commission Committee | The 13th Taipei Corporate Governance Forum Management Forum | 3.0 |
| | | | Dec 04 2020 | Dec 04 2020 | AIA Taiwan Study Provider | The latest tax law and practical analysis in the second half of 2020. | 7.0 |
| | | | Nov 18 2020 | Nov 18 2020 | AIA Taiwan Study Provider | Updates to the Income Tax Law for For-Profit Enterprises and Notes on Filing Inspections | 3.0 |
| | | | Nov 13 2020 | Nov 13 2020 | Taiwan Stock Exchange | 2020 Corporate Governance and Corporate Integrity Directors and Supervisors Seminar | 3.0 |
| | | | Oct 12 2020 | Oct 12 2020 | AIA Taiwan Study Provider | Trends and prospects in the post-APG era (money laundering) | 3.0 |
| | | | Aug 31 2020 | Aug 31 2020 | AIA Taiwan Study Provider | The latest SFC & Practice Analysis | 3.0 |
| | | | Nov 27 2019 | Nov 27 2019 | National Federation of R.O.C CPA Association | Research and Analysis of the Consortium Corporation-Also on the Changzhao Corporation Corporation and the Medical Corporation | 3.0 |
| | | | Nov 26 2019 | Nov 26 2019 | National Federation of R.O.C CPA Association | Analysis of relevant regulations and financial accounting practices of social groups | 3.0 |
| | | | Nov 01 2019 | Nov 01 2019 | Taiwan Stock Exchange Corporation | Publicity meeting for effective use of directors' functions | 3.0 |
| | | | Oct 24 2019 | Oct 24 2019 | National Federation of R.O.C CPA Association | Application of internal control system for accounting firms to prevent money laundering and | 3.0 |

| | | | | | | | |
|--|--|--|----------------|----------------|----------------------------------------------------|---------------------------------------------------------|-----|
| | | | | | | combat capital terror | |
| | | | Aug 14 2019 | Aug 14 2019 | National Federation of R.O.C CPA Association | Analysis of issues related to wealth inheritance tax | 3.0 |

IV、CPA Fee Information：

(1) Table of Information on CPA Fee Ranges

| Name of CPA Firm | Name of CPA | | Audit Period | Note |
|------------------|-----------------|------------------|---------------------------|------|
| PwC Taiwan | Kuo-Hua Wang | Yung-Chih Lin | Jan 1 2021 to Dec 31 2021 | |

Monetary Unit: NT\$ 1,000

| Category of Fees Interval of the Amount | | Audit Fees | Non-Audit Fees | Total |
|--------------------------------------------|-----------------------------------------------|------------|-------------------|-------|
| | | | | |
| 1 | Less than NT\$ 2,000,000 | | | |
| 2 | NT\$ 2,000,000 (inclusive) to NT\$ 4,000,000 | ✓ | | ✓ |
| 3 | NT\$ 4,000,000 (inclusive) to NT\$ 6,000,000 | | | |
| 4 | NT\$ 6,000,000 (inclusive) to NT\$ 8,000,000 | | | |
| 5 | NT\$ 8,000,000 (inclusive) to NT\$ 10,000,000 | | | |
| 6 | More than NT\$ 10,000,000 (inclusive) | | | |

- (2) In case the ratio of non-audit fee to audit fee for CPAs, CPA firms affiliated to CPAs and their affiliated enterprises exceeds 1/4, the contents of non-audit fee and non-audit service should be disclosed: N/A.
- (3) The amount, ratio and reason of the reduction in the audit fee for the replacement of CPA firm should be disclosed if the replacement fee is less than that of the preceding year: N/A.
- (4) The amount, ratio and reason of the reduction in the audit fee should be disclosed for the case that the audit fee is over 10% reduction than that of the preceding year: N/A.

V. Information on replacement of CPAs: The original CPAs are Chien-Chih Wu and Kuo-Hua Wang. Due to the transfer of responsibilities within the firm, the CPAs for 2020 are Kuo-Hua Wang and Yung-Chih. Lin.

VI. The Company's Chairman of the Board, general manager, manager in charge of financial or accounting affairs, who has worked in the CPA firm or its affiliated enterprises in the recent one year: None.

VII. Changes in the equity of directors, supervisors, managers and major shareholders:

(1) Changes in the Equity of Directors, Supervisors, Managers and Major Shareholders

The stock transfer closure date of this shareholders' meeting is April 18st.

| Job Title | Name | 2021 | | As of April 22 | |
|---------------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------|-------------------------------------------------|---------------------------------------|-------------------------------------------------|
| | | Shares Held Increase (Decrease) | Pledge Shares Held Increase (Decrease) | Shares Held Increase (Decrease) | Pledge Shares Held Increase (Decrease) |
| Chairman of the Board and Director | Ying Chuan International Enterprise CO LTD | 0 | 0 | 0 | 0 |
| Director | Company Legal Person Representative of Ying Chuan International Enterprise CO LTD: Shu-Hui Lin | 0 | 0 | 0 | 0 |
| Director | Company Legal Person Representative of Ying Chuan International Enterprise CO LTD: Shih-Yi Chen | 0 | 0 | 0 | 0 |
| Director | Pao-Shang Li | 0 | 0 | 0 | 0 |
| Independent Director | Te-Chu Li | 0 | 0 | 0 | 0 |
| Independent Director | Ching-Lin Li | 0 | 0 | 0 | 0 |
| Independent Director | Kuo-Ying Lu | 0 | 0 | 0 | 0 |
| Chairman of the Board/General Manager | Hai-Ni Chen | 0 | 0 | 0 | 0 |
| Deputy General Manager | Shu-Hui Lin | 0 | 0 | 0 | 0 |

(2) Information of equity transfer to affiliate: None.

(3) Information of equity pledge to affiliate: None.

VIII. Information of the top ten shareholders who are affiliates to each other:

April 18, 2022

| Name | Own Shares Held | | Shares Held by Spouses and Minor Children | | Total Shares Held in the Name of Other Persons | | The titles or names and relationships of the top ten shareholders who are affiliates in Financial Accounting Standards Bulletin No. 6 or are related to their spouses or relatives within the second degree of kinship. | | Note |
|----------------------------------------------------------------------------------------------------|-----------------|-----------------------|-------------------------------------------|-----------------------|------------------------------------------------|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------|
| | Shares | Share holding Ratio % | Shares | Share holding Ratio % | Shares | Share holding Ratio % | Name | Relationship | |
| Ying Chuan International Enterprise CO LTD | 21,427,377 | 19.39 | — | — | — | — | Hai-Ni Chen | Chairman of the Board of the Company | Representative: Hai-Ni Chen |
| Legal Person Representative: Hai-Ni Chen | 3,151,505 | 2.85 | 568,064 | 0.51 | — | — | — | — | — |
| Cathay United Bank is entrusted to keep the investment account of Zhi Bai CO LTD. | 10,908,482 | 9.87 | — | — | — | — | — | — | — |
| Cathay United Bank is entrusted to keep the investment account of Aisi Dixi CO LTD. | 10,485,338 | 9.49 | — | — | — | — | — | — | — |
| Cathay United Bank is entrusted to keep the investment account of GLU INTERNATIONAL GROUP LIMITED. | 10,361,288 | 9.38 | — | — | — | — | — | — | — |
| Cathay United Bank is entrusted to keep the investment account of East and West Holdings Limited. | 8,748,960 | 7.92 | — | — | — | — | — | — | — |
| Lanxin Investment Co. | 4,397,000 | 3.98 | — | — | — | — | — | — | — |
| Tseng-Tung Chen | 4,339,677 | 3.93 | — | — | — | — | Hai-Ni Chen Wei-Yu Chen | Father/Son Brother/Sister | — |
| Hai-Ni Chen | 3,151,505 | 2.85 | — | — | — | — | Tseng-Tung Chen Wei-Yu Chen | Father/Son Father/Daughter | — |
| Wei-Yu Chen | 1,734,106 | 1.57 | — | — | — | — | Hai-Ni Chen Tseng-Tung Chen | Father/Daughter Brother/Sister | — |
| Zhen-Hua Yu | 1,332,221 | 1.21 | - | - | - | - | - | - | - |

IX. The shares held by the company, its directors, supervisors, managers and enterprises directly or indirectly controlled in the same reinvested enterprise, and the comprehensive shareholding ratio shall be calculated on a consolidated basis.

Consolidated Shareholding Ratio

Unit: Shares; %

| Reinvestment in Other Companies | Investment in the Company | | Investments of Directors, Supervisors, Managers and Businesses Directly or Indirectly Controlled | | Consolidated Investments | |
|---------------------------------------------|---------------------------|--------------------|--------------------------------------------------------------------------------------------------|--------------------|--------------------------|--------------------|
| | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio |
| HOLIDAY GARDEN INTERNATIONAL LTD. (Note) | 12,000 | 100.00 | — | — | 12,000 | 100.00 |

Note: long-term investment of the company.

Chapter 4. Funding Status

I. Share Capital and Shares

(1) Source of Share Capital

Source of Share Capital

December 31, 2021

| Year / Month | Issuance Price | Authorized Capital | | Paid-In Capital | | Note | | |
|--------------|----------------|--------------------|---------------|-----------------|---------------|--------------------------------------------------------------|------------------------------------|---------------------------------------------|
| | | Shares | Amount | Shares | Amount | Source of Share Capital | Equity-Settled Share-Based Payment | Others |
| 103.09 | NT\$ 10 | 93,787,066 | 937,870,660 | 90,079,444 | 900,794,440 | Surplus transferred to capital increase: 2,623,674 shares | None | Sep 18 2014 Commerce Letter No. 10301193390 |
| 104.10 | NT\$ 10 | 150,000,000 | 1,500,000,000 | 94,583,417 | 945,834,170 | Surplus transferred to capital increase: 4,503,973 shares | None | Sep 01 2015 Commerce Letter No. 10401183470 |
| 105.10 | NT\$ 10 | 150,000,000 | 1,500,000,000 | 98,366,754 | 983,667,540 | Surplus transferred to capital increase: 3,783,337 shares | None | Sep 08 2016 Commerce Letter No. 10501221110 |
| 106.09 | NT\$ 10 | 150,000,000 | 1,500,000,000 | 102,301,424 | 1,023,014,240 | Surplus transferred to capital increase: 3,934,670 shares | None | Sep 15 2017 Commerce Letter No. 10601131090 |
| 107.09 | NT\$ 10 | 150,000,000 | 1,500,000,000 | 110,485,538 | 1,104,855,380 | Surplus transferred to capital increase: 8,184,114 shares | None | Sep 16 2020 Commerce Letter No. 10801125480 |

December 31, 2021

| Shares Category | Authorized Capital | | | Note |
|-----------------|----------------------------------|-------------------|--------------------|------|
| | Outstanding Shares | Unissued Shares | Total | |
| Ordinary Share | (TWSE Listed) 110,485,538 Shares | 39,514,462 Shares | 150,000,000 Shares | |

(II) General information to be disclosed in the issuance of marketable securities under the declaration system: no such situation.

(III) Shareholder Structure

Shareholder Structure

April 18, 2022

| Shareholder Structure Number | Government Agencies | Financial Institutions | Other Legal Persons | Personal | Foreign Institutions and Foreigners | Total |
|---------------------------------|---------------------|------------------------|---------------------|------------|-------------------------------------|-------------|
| Number of Persons | 0 | 1 | 16 | 8577 | 31 | 8,625 |
| Shares Held | 0 | 1,564 | 26,016,009 | 42,844,116 | 41,623,849 | 110,485,538 |
| Shareholding Ratio | 0.00% | 0.00% | 23.55% | 38.78% | 37.67% | 100% |

(IV) Shareholding Distribution Status

1. Ordinary Share

Shareholding Distribution Status

April 18, 2022

| Shareholding Class | Number of Shareholders | Shares Held | Shareholding Ratio |
|----------------------|------------------------|-------------|--------------------|
| 1 to 999 | 4,308 | 883,932 | 0.80% |
| 1,000 to 5,000 | 3,249 | 6,656,767 | 6.01% |
| 5,001 to 10,000 | 541 | 4,149,567 | 3.76% |
| 10,001 to 15,000 | 172 | 2,145,686 | 1.95% |
| 15,001 to 20,000 | 117 | 2,113,649 | 1.91% |
| 20,001 to 30,000 | 71 | 1,802,929 | 1.63% |
| 30,001 to 40,000 | 50 | 1,802,719 | 1.63% |
| 40,001 to 50,000 | 24 | 1,102,328 | 1.00% |
| 50,001 to 100,000 | 48 | 3,464,878 | 3.14% |
| 100,001 to 200,000 | 18 | 2,626,599 | 2.38% |
| 200,001 to 400,000 | 7 | 2,086,140 | 1.89% |
| 400,001 to 600,000 | 5 | 2,563,604 | 2.32% |
| 600,001 to 800,000 | 2 | 1,280,305 | 1.16% |
| 800,001 to 1,000,000 | 1 | 913,470 | 0.83% |
| 1,000,001 or More | 10 | 76,885,954 | 69.59% |
| Total | 8,030 | 110,485,538 | 100.00% |

2. Preferred stock: N/A

(V) List of Substantial Shareholders

List of Substantial Shareholders

December 31, 2021

| Substantial Shareholder Name | Shares Held | Shareholding Ratio |
|--------------------------------------------|-------------|--------------------|
| Ying Chuan International Enterprise CO LTD | 21,427,377 | 19.39% |

(VI) Market Price Per Share, Net Value, Surplus, Dividends and Related Information for the Latest Two Years

Information on Market Price, Net Value, Surplus and Dividends Per Share

| Item | Year | | 2020 | 2021 | Current Year Up To March 31, 2022(Note 8) |
|----------------------------------|-----------------------------------------------|------------------------------|-------------|-----------------------------------------|-------------------------------------------|
| | Market Price Per Share (Note 1) | Highest | | 26.20 | 18.95 |
| | Lowest | | 9.41 | 14.80 | 24.05 |
| | Average | | 17.805 | 16.88 | 25.26 |
| Net Worth Per Share (Note 2) | Before Distribution | | 8.71 | 24.96 | — |
| | After Distribution | | 8.71 | Shareholders' Meeting Not Yet Been Held | — |
| Earnings Per Share | Weighted Average Shares | | 110,485,538 | 110,485,538 | 110,485,538 |
| | Earnings Per Share (Note 3) Before Adjustment | | (2.45) | 16.53 | — |
| | Earnings Per Share (Note 3) After Adjustment | | (2.45) | Shareholders' Meeting Not Yet Been Held | — |
| Dividend Per Share | Cash Dividend | | 0 | 1 | — |
| | Unrequited Stock Dividends | Surplus Stock Dividends | 0 | 3.5 | — |
| | | Capital Surplus Distribution | 0 | 0 | — |
| | Accumulated Unpaid Dividend (Note 4) | | 0 | 0 | — |
| Analysis of Return on Investment | Price-to-Earnings Ratio (Note 5) | | (7.27) | 1.02 | — |
| | Price-to-Dividend Ratio (Note 6) | | 0 | Shareholders' Meeting Not Yet Been Held | — |
| | Cash Dividend Yield Ratio (Note 7) | | 0 | Shareholders' Meeting Not Yet Been Held | — |

Note 1: List the highest and lowest market prices of ordinary shares for each year, and calculate the average market price for each year based on the transaction value and volume of the year.

Note 2: Fill the shares based on the shares that have been issued by the end of the year and the distribution from the resolution of shareholders' meeting in the following year.

Note 3: If there is any retrospective adjustment required due to unrequited stock dividends, the earnings per share before and after adjustment should be listed.

Note 4: If there is any requirement for issuing equity securities that require undistributed dividends for the current year to be accumulated to the annual distribution of the retained earnings, it shall separately disclose the accumulated undistributed dividends as of that year.

Note 5: P/E Ratio = Average closing price per share for the current fiscal year/earnings per share.

Note 6: $P/D = \text{Average closing price for each share for the current fiscal year} / \text{cash dividend per share}$.

Note 7: $\text{Cash dividend yield ratio} = \text{Cash dividend per share} / \text{average closing price per share for the current year}$.

Note 8: Net worth per share and earnings per share shall be filled with the data of the most recent quarter that has been verified (examined) by CPAs up to the date of printing of this annual report: The rest of the columns should be filled.

(VI) Dividend Policy and Implementation

1. The Company is in the changing industrial environment, and the enterprise life cycle is in a stable growth stage. The Board of Directors shall consider the company's future capital expenditure budget and capital demand, and shall measure the necessity of surplus fund demand, so as to determine the amount of surplus retention or distribution and the amount of dividend or bonus distributed to shareholders in cash.

If the Company has any surplus in the annual accounts, it shall first set aside the business income tax in accordance with the law and make up for the losses in the past years. If there is any balance, it shall itemize 10% of the statutory surplus reserve in accordance with the law, except when the statutory surplus reserve has reached the total capital of the company. In addition, after the special surplus reserve is itemized or turned over according to law, and the undistributed surplus at the beginning of the same period accumulates the distributable surplus for shareholders, the Board of Directors shall draw up a proposal for surplus allocation and submit it to the Board of Shareholders for allocation.

As for the preceding item, more than 10% of the distributable surplus shall be allocated for the distribution of dividends and shareholders' dividends, and the cash dividend shall not be less than 10% of the total dividends and shareholders' dividends.

The Company shall distribute remuneration to employees at the rate of 0.1% to 1% and remuneration to directors and supervisors at the rate of 1% or less for the current year's profit. However, if the company has accumulated losses, it shall make up for them.

Employee compensation may be in the form of stock or cash, and may be paid in the form of stock or cash to employees of a subsidiary company who meet certain conditions.

The said "profit situation of the current year" as mentioned in the first paragraph shall mean the profit before the deduction of the pretax profit of the current year from the bonus to the employees and the bonus to the directors and supervisors.

The bonus for employees and the bonus for directors and supervisors shall be allocated by the Board of Directors upon the attendance of

more than two-thirds of the directors and the consent of more than half of the directors present, and shall be reported to the shareholders' meeting.

2. Circumstances of the proposed dividend distribution at the shareholders' meeting.

The Board of Directors resolved on March 24, 2022 to approve the 2021:

(1) The Company intends to distribute a dividend of NT\$386,699,383 from the distributable earnings of fiscal 2021 to shareholders by issuing 38,669,938 new shares with a par value of NT\$10 per share, and allotting 350 shares for every 1,000 shares held in the register of shareholders on the basis of the allotment. If the allotment is still less than one share or if the allotment is overdue, the Company shall pay cash at the face value of the shares, calculated up to NT\$, and round up to NT\$, and authorize the Board of Directors to negotiate with specific persons to subscribe for the shares at face value.

(2) The Company paid cash dividends of NT\$110,485,538. As approved by the Board of Directors on March 24, 2022, the Board of Directors is authorized to set another ex-dividend date, payment date, and other related matters after this Annual General Meeting.

(3) Description of expected significant change in dividend policy: There is no significant change in dividend policy.

3. The impact of the stock dividends on the company's operating performance, earnings per share and return on investment of shareholders: N/A.

4. Remuneration of employees and remuneration of directors and supervisors:

1. Information about employee remuneration and remuneration of the Board of Directors contained in the Articles of Association, as shown in page 59 (VI) Company Dividend Policy.

2. Employee bonus plan and remuneration of directors and supervisors in this year:

(1) Distributed employee compensation of NT\$ 1,670,678.

(2) Distributed director compensation of NT\$0.

(3) The difference between the proposed employee compensation of NT\$1,670,678 and the estimated amount of NT\$0 for fiscal 2021 is NT\$1,670,678, which is a difference in estimate and is recorded as profit or loss in the following year in

accordance with the change in accounting estimate. The directors' remuneration is not distributed and there is no difference from the estimated amount in fiscal 2021.

3. Information on the distribution of employee dividends approved by the Board of Directors: no distribution of employee bonus plans this year.

4. Employee bonus plan and remuneration of directors and managers in last year: None.

(IX) The company buys back the shares of the Company: None.

II. Issuance of corporate bonds: None.

III. Issuance of preferred stocks: None.

IV. Issuance of overseas depository receipts: None.

V. Handling of employee stock options: None.

VI. Handling of restricted employee shares: None.

VII. Handling of merger & acquisition: None.

VIII. Plan of application of funds: None

Chapter 5. Operation Overview

I. Operation of the Company

(I) Business Contents

1. General hotel, restaurant, grocery and beverage retail businesses.
2. Except for permitted business, the company may engage in business not prohibited or restricted by law.
3. The above listed businesses account for 97% of the revenue from guest rooms, 3% from Food & Beverage.
4. The Company's current product items and planned development of new products: hotel rental and catering services.

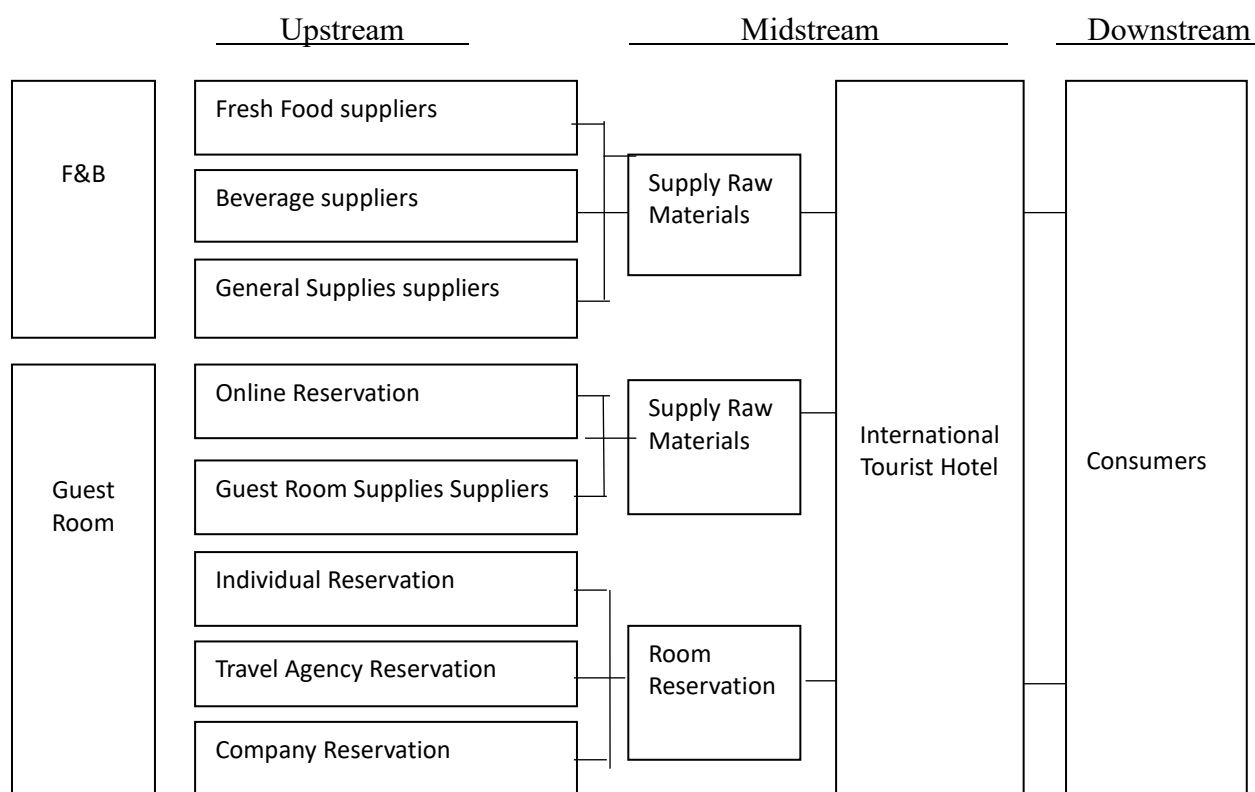
(II) Sector Overview

(1) Current Status and Development of the Sector:

The tourism industry has been deeply affected by the epidemic, and there will still be a serious epidemic in the country in 2021, and the international community has tended to co-exist with the virus, and the country is gradually following up at this stage.

In conjunction with the government's tourism policies and subsidies, the post-epidemic period will see a significant increase in domestic and international travel and business trips, boosting hotel and restaurant consumption.

(2) Correlation between upper, middle and lower downstream sectors:



(3) Product development trend and competition status:

At present, the number of people using the Internet is increasing rapidly, and there is also an amazing global growth. E-commerce has become the

largest market, and consumers are becoming more and more accustomed to comparing prices on the Internet. The competition in the domestic tourism sector is increasingly intense and various hotels have launched the hotel brand layout to achieve different positions and to appeal to the demassified market. Apart from the traditional international sightseeing hotels, the hotel with design, cultural and creative style is to realize the increasingly bitter sector competition. The hotel will develop products with multiple market attributes to capture the market as a strategy to consolidate existing customers and actively develop new customers. We will continue to strengthen and upgrade the hotel's software and hardware services, improve the efficiency of e-commerce sales and Internet development applications, and increase the overall revenue.

(III) Technology and R&D Overview: N/A.

(IV) Long-Term and Short-Term Business Development Plans:

1. Continually plan and renovate the facilities and business premises to provide customers with more comfortable accommodation and catering.
2. Expanding the level of engagement with consumers through alliances and partnerships with other credit card companies, TV shows and attracting customers with special offers.
3. Cater to customers' preferences through cross-industry alliances with Internet vendors and the development of quality advertising.
4. Participate in domestic and overseas travel exhibition and business development activities planned by Tourism Bureau, Ministry of Transportation and Communications and Taiwan Visitors Association, and other institutes.

II. Market and Production & Marketing Overview:

1. Market Analysis

Tourism is a multi-objective comprehensive enterprise, providing guests with accommodation, catering, social, meeting places, health and entertainment, shopping and other functions. The Company has a long history of operating hotels and restaurants, with an outstanding reputation. In order to meet the needs of the evolution of the times and the market, the Company constantly expand and update equipment to enhance the quality of service. The domestic and foreign markets are analyzed as follows:

Domestic: At present, Taiwanese people's quality of life is improving day by

day, and they pay more and more attention to leisure tourism. In addition, the Kaohsiung municipal government actively promotes tourism, improves the quality of tourism services and facilities, so that domestic tourists have a tendency to go to Kaohsiung City for sightseeing. The Company is located in the center of Kaohsiung City with convenient transportation, so that more visitors are attracted to visit here and spend.

Foreign: The company continues to focus on the expansion of land tours, Japanese tours and overseas Chinese tours. Although there is no source of tourists for the time being due to the general environment and the epidemic, the company will make adjustments at any time according to the future trend.

American Company: In recent years, the development of the American market has been accelerated, the political and economic situation has been stable, and the return on investment of local hotels is high. In the future, we will not rule out expansion, and it will not be limited to California. If there is a target that meets the set rate of return, we may also focus on it.

2. Important Uses and Production Process:

The Company's main products are operating in the form of rooms for rent, as well as catering and meeting places and other related facilities, satisfying customers is our ultimate goal.

3. Supply Status of Primary Raw Materials:

The Company is mainly engaged in room rental and catering services, its main raw materials are customer supplies and raw food materials, etc., its supply situation is stable.

4. Name of customers accounted for more than 10% of the total purchase and sale volume in the last two years:

(1) Main Purchase Customers: The Company has no customers accounted for 10% of purchase volume, so it is not applicable.

(2) Main Sale Customers: The Company has no customers accounted for 10% of sale volume, so it is not applicable.

5. Table of production volume and value of the latest two years:

Unit: NT\$ 1,000

| Year Product | 2021 | | 2020 | |
|------------------|------------------|--------------|------------------|--------------|
| | Production Value | Percentage % | Production Value | Percentage % |
| Guest Room Costs | 183,608 | 86.2% | 202,897 | 88.98% |

| | | | | |
|----------------|---------|-------|---------|--------|
| Catering Costs | 29,384 | 13.8% | 25,121 | 11.02% |
| Total | 212,992 | 100% | 228,018 | 100% |

6. Table of sale volume and value of the latest two years:

Unit: NT\$ 1,000

| Year Product | 2021 | | 2020 | |
|-------------------|---------|--------------|---------|--------------|
| | Amount | Percentage % | Amount | Percentage % |
| Guest Room Income | 825,098 | 96.6% | 695,128 | 93.72% |
| Catering Income | 24,158 | 2.83% | 39,253 | 5.29% |
| Other Income | 4,902 | 0.57% | 7,322 | 0.99% |
| Total | 854,158 | 100% | 741,703 | 100% |

III. Number of Employees in the Past Two Years

Employee Information for the Past Two Years Up to the Publication Date of This Annual Report

| Year | | 2020 | 2021 | Current Year Up To March 31, 2022 |
|----------------------------------------------------------|--------------------------|------|------|--------------------------------------|
| Number of Employees | Direct Labor | 73 | 60 | 29 |
| | Indirect Labor | 42 | 33 | 19 |
| | Total | 115 | 93 | 48 |
| Average Age | | 39 | 40 | 44 |
| Average Years of Service | | 4.8 | 6 | 6 |
| Ratio on Distribution of Academic Qualification | Doctor | 0 | 0 | 0 |
| | Master | 1 | 2 | 4 |
| | Bachelor | 52 | 60 | 62 |
| | Senior High School | 30 | 19 | 19 |
| | Under Senior High School | 17 | 19 | 15 |

IV. Information on Environmental Protection Expenditure

1. The most recent year and up to the date of the publication of the annual report, total amount of losses and penalties due to environmental pollution: None.
2. Future countermeasures and possible expenditure: None.

V. Labor-Management Relations:

1. Current major labor-management agreements and their implementation:

- (1) Employee Welfare Measures: The "Welfare Committee" is composed of representatives from various departments of the Company. A certain amount of money will be deducted from the employee's salary every month as the fund for various welfare activities organized by the committee. The company's current welfare system is as follows:
- The employee joins the labor insurance as soon as he/she enters the company.
 - Domestic tourism is held every year.
 - Gifts or coupons for Dragon Boat Festival, Moon Festival and Chinese New Year.
 - Cash gift or gifts for employee birthdays, weddings, funerals, births, etc.
 - Year-end dinner party with a big lottery prizes held.
 - The year-end bonus shall be paid according to the performance of the labors in the current year.
2. For the most recent year and up to the date of publication of the annual report, the company has suffered losses due to labor disputes, the estimated amount of current and future losses and the corresponding measures: since the company's management system and welfare system are in good condition, and there is a communication channel of the welfare association, which can coordinate and solve the problems immediately, thus there should be no dispute, and there was no labor dispute in the recent two years.
3. Employee further education, training, retirement system and its implementation:
- (1) To maintain the safety of the hotel and improve the service quality of the staff, the following projects will be carried out this year:
- Implemented Projects:
1. Basic Japanese Class
 2. Basic Korean Class
 3. Advanced Japanese Class
 4. Advanced Korean Class
 5. Professional Skills of Mobile Photography (People/Food)
 6. How to Improve Self-Competitiveness and Application Methods
 7. Up Selling Skills
 8. The Use of AI in Hotels
 9. Service Quality, Coping Skills and Service Mentality in the Workplace
 10. Improve Communication Efficiency and Create a High-Quality Team
 11. My Plate - Eat Smart and Welcome Health
 12. Problem Solving and Analytical Skills
 13. Licensed Chef Hygiene Lecture

14. The HACCP Lecture

Planned Projects (expected to be implemented in 2022):

1. Touching Service
2. Crisis Management
3. Butler Service
4. Improve presentation skills
5. Personal Data Protection
6. Customer Satisfaction Analysis
7. Education and training for new recruits
8. Creating a comprehensive service
9. Innovative and creative catering aesthetics
10. International Hospitality Etiquette Training
11. Analysis and handling of customer complaints
12. New Generation Employee Management Skills
13. Analysis of unit financial statements
14. CPR and AED Training in the workplace
15. Leadership and Ministry Formation Guidance
16. Innovative leadership team goal setting for performance
17. New Wisdom for Old Brands - Creative Marketing Practices and Channel Layout Strategies
18. Licensed Chef Hygiene Lecture
19. The HACCP Lecture

(2) Since July 1, 2005, the Company has established certain retirement provisions in accordance with the "Labor Pension Statutes", which are applicable to employees of the same nationality. For employees who choose to apply the labor pension system prescribed in the "Labor Pension Statutes", the Company shall contribute the labor pension at a rate of not less than 6% of their monthly salary to the personal account of employees of the Bureau of Labor Insurance. The payment of the employee's pension shall be made in monthly pension or lump sum pension according to the employee's individual pension account and the amount of accumulated benefits.

VI. Important Contracts: None.

Chapter 6. Financial Overview

I. Condensed Balance Sheet and Composite Income Statement for the Last Five Years, and Indicate the Name of the Accountant and His/Her Opinion on Audit

(I) Condensed Balance Sheet and Composite Income Statement - International Accounting Standards

Concise Balance Sheet

(1) Consolidated Financial Report

Unit: NT\$ 1,000

| Item | Annual | Financial Information for the Most Recent 5 Years (Note 1) | | | | | Current Year Up To March 31, 2022 Financial Information (Note 2) |
|-------------------------------------------------|---------------------|------------------------------------------------------------|-----------|-----------|-----------|-----------|---------------------------------------------------------------------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 | |
| Current Assets | | 1,831,837 | 2,540,108 | 2,213,406 | 1,968,214 | 3,197,765 | 2,816,882 |
| Real Estate, Plant and Equipment | | 2,900,500 | 2,929,346 | 4,279,580 | 3,947,433 | 4,001,582 | 4,078,797 |
| Intangible Assets | | 423,033 | 403,004 | 750,664 | 664,991 | 791,315 | 803,070 |
| Other Assets | | 150,937 | 127,575 | 402,775 | 452,122 | 616,772 | 651,992 |
| Total Assets | | 5,306,307 | 6,000,033 | 7,646,425 | 7,032,760 | 8,607,434 | 8,350,741 |
| Current Liability | Before Distribution | 1,844,362 | 1,645,475 | 2,956,059 | 2,568,912 | 1,864,630 | 1,578,330 |
| | After Distribution | 1,844,362 | 1,645,475 | 2,956,059 | 2,568,912 | 註 3 | - |
| Non-Current Liability | | 2,374,010 | 3,005,490 | 3,401,101 | 3,501,897 | 3,984,606 | 4,079,974 |
| Total Liabilities | Before Distribution | 4,218,372 | 4,650,965 | 6,357,160 | 6,070,809 | 5,849,236 | 5,658,304 |
| | After Distribution | 4,218,372 | 4,671,425 | 6,357,160 | 6,070,809 | 註 3 | - |
| Equity Attributable to Owners of Parent Company | | 1,087,935 | 1,349,068 | 1,289,265 | 961,951 | 2,758,198 | 2,692,437 |
| Share Capital | | 1,023,015 | 1,023,015 | 1,104,856 | 1,104,856 | 1,104,856 | 1,104,856 |
| Capital Surplus | | 2,169 | 2,169 | 2,169 | 2,169 | 2,169 | 2,169 |
| Retained Earnings | Before Distribution | 133,262 | 348,224 | 241,231 | (29,078) | 1,797,204 | 1,691,110 |
| | After Distribution | 133,262 | 224,657 | 241,231 | (29,078) | 註 3 | - |
| Other Equities | | (70,511) | (24,340) | (58,991) | (115,996) | (146,031) | (105,698) |
| Treasury Stock | | - | - | - | - | - | - |
| Non-Controlling Interest | | - | - | - | - | - | - |
| Equities Total Amount | Before Distribution | 1,087,935 | 1,349,068 | 1,289,265 | 961,951 | 2,758,198 | 2,692,437 |
| | After Distribution | 1,087,935 | 1,328,608 | 1,289,265 | 961,951 | 註 3 | -- |

Note 1: Financial information for each year has been audited by CPAs

Note 2: The Company's consolidated financial report for the first quarter of 2022 has been reviewed by the accountant.

Note 3: As of March 31, 2022, the regular meeting of shareholders of the Company has not been held.

Concise Balance Sheet

(2) Individual Financial Report

Unit: NT\$ 1,000

| Annual Item | | Financial Information for the Most Recent 5 Years (Note 1) | | | | |
|-------------------------------------------------|---------------------|------------------------------------------------------------|-----------|-----------|-----------|-----------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 |
| Current Asset | | 477,439 | 633,371 | 1,104,734 | 1,042,292 | 2,239,984 |
| Real Estate, Plant and Equipment | | 732,376 | 712,968 | 686,263 | 662,177 | 9,440 |
| Permanent Investment | | 1,575,089 | 1,868,627 | 1,654,003 | 1,332,315 | 1,529,304 |
| Other Assets | | 41,219 | 44,832 | 59,256 | 94,824 | 67,520 |
| Total Assets | | 2,826,123 | 3,259,798 | 3,504,256 | 3,131,608 | 3,846,248 |
| Current Liability | Before Distribution | 1,276,340 | 1,411,909 | 1,743,381 | 1,789,045 | 955,237 |
| | After Distribution | 1,276,340 | 1,411,909 | 1,743,381 | 1,789,045 | 註 2 |
| Non-Current Liability | | 461,848 | 498,821 | 471,610 | 380,612 | 132,813 |
| Total Liabilities | Before Distribution | 1,738,188 | 1,910,730 | 2,214,991 | 2,169,657 | 1,088,050 |
| | After Distribution | 1,738,188 | 1,931,190 | 2,214,991 | 2,169,657 | 註 2 |
| Equity Attributable to Owners of Parent Company | | 1,087,935 | 1,349,068 | 1,289,265 | 961,951 | 2,758,198 |
| Share Capital | | 1,023,015 | 1,023,015 | 1,104,856 | 1,104,856 | 1,104,856 |
| Capital Surplus | | 2,169 | 2,169 | 2,169 | 2,169 | 2,169 |
| Retained Earnings | Before Distribution | 133,262 | 348,224 | 241,231 | (29,078) | 1,797,204 |
| | After Distribution | 133,262 | 224,657 | 241,231 | (29,078) | 註 2 |
| Other Equities | | (70,511) | (24,340) | (58,991) | (115,996) | (146,031) |
| Treasury Stock | | - | - | - | - | - |
| Non-Controlling Interest | | - | - | - | - | - |
| Equities Total Amount | Before Distribution | 1,087,935 | 1,349,068 | 1,289,265 | 961,951 | 2,758,198 |
| | After Distribution | 1,087,935 | 1,328,608 | 1,289,265 | 961,951 | 註 2 |

Note 1: Individual financial report certified by an accountant.

Note 2: As of March 31, 2022, the regular meeting of shareholders of the Company has not been held.

Concise Composite Income Statement
(1) Consolidated Financial Report

Unit: NT\$ 1,000

| Year Items | Financial Information for the Most Recent 5 Years (Note 1) | | | | | Current Year Up To March 31, 2022 Financial Information(Note 2) |
|---------------------------------------------------------------------------------------------|------------------------------------------------------------|-----------|-----------|-----------|-----------|--------------------------------------------------------------------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | |
| Operating Income | 1,365,015 | 1,169,715 | 1,520,242 | 741,703 | 821,146 | 237,678 |
| Operating Margin | 1,035,348 | 941,812 | 1,287,691 | 513,685 | 627,732 | 174,290 |
| Operating Profit and Loss | 137,476 | 82,040 | 219,650 | (199,426) | (105,332) | (34,159) |
| Non-Operating Income and Expenditure | (97,674) | 316,443 | (191,358) | (294,434) | (138,784) | 22,263 |
| Net Profit Before Tax | 39,802 | 398,483 | 28,292 | (493,860) | (244,116) | (11,896) |
| Continuing Operation Unit Current Net Profit | (2,308) | 212,662 | (4,692) | (270,309) | (153,931) | 4,392 |
| Loss from Discontinued Operations | - | - | - | - | 1,980,213 | - |
| Current Net Profit (Loss) | (2,308) | 212,662 | (4,692) | (270,309) | 1,826,282 | 4,392 |
| Current Other Comprehensive Profit and Loss (Net Amount After Tax) | (126,838) | 48,471 | (34,651) | (57,005) | (30,035) | 40,333 |
| Current Total Comprehensive Profit and Loss | (129,146) | 261,133 | (39,343) | (327,314) | 1,796,247 | 44,725 |
| Net Profit Attributable to Owners of the Parent Company | (2,308) | 212,662 | (4,692) | (270,309) | 1,826,282 | 4,392 |
| Net Profit Attributable to Non-Controlling Interests | - | - | - | - | - | - |
| Total Comprehensive Profit and Loss Attributable to Owners of Parent Company | (129,146) | 261,133 | (39,343) | (327,314) | 1,796,247 | 44,725 |

| | | | | | | |
|----------------------------------------------------------------------|--------|------|--------|--------|-------|------|
| Total Comprehensive Income Attributable to Non-Controlling Interests | - | - | - | - | - | - |
| Earnings Per Share | (0.02) | 1.92 | (0.04) | (2.45) | 16.53 | 0.04 |

Note 1: Financial information for each year has been audited by accountants.

Note 2: The Company's consolidated financial report for the first quarter of 2022 has been reviewed by the accountant.

Note 3: As of March 31, 2021, the regular meeting of shareholders of the Company has not been held.

Note 4: The Company's financial information for fiscal 2021 is based on the discontinued operations department and the continuing operations department.

Concise Composite Income Statement (2) Individual Financial Report

Unit: NT\$ 1,000

| Year Items | Financial Information for the Most Recent 5 Years (Note 1) | | | | |
|--------------------------------------------------------------------|------------------------------------------------------------|----------|----------|-----------|-----------|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Operating Income | 121,206 | 102,640 | 153,657 | 95,867 | 10,653 |
| Operating Margin | 66,352 | 49,074 | 101,895 | 54,246 | 7,154 |
| Operating Profit and Loss | (32,874) | (44,061) | (4,877) | (40,779) | (36,378) |
| Non-Operating Income and Expenditure | 30,503 | 330,849 | 5,790 | (299,460) | (146,986) |
| Net Profit Before Tax | (2,371) | 286,788 | 913 | (340,239) | (183,364) |
| Continuing Operation Unit Current Net Profit | (2,308) | 212,662 | (4,692) | (270,309) | (153,931) |
| Loss from Discontinued Operations | - | - | - | - | 1,980,213 |
| Current Net Profit (Loss) | (2,308) | 212,662 | (4,692) | (270,309) | 1,826,282 |
| Current Other Comprehensive Profit and Loss (Net Amount After Tax) | (126,838) | 48,471 | (34,651) | (57,005) | (30,035) |
| Current Total Comprehensive Profit and Loss | (129,146) | 261,133 | (39,343) | (327,314) | 1,796,247 |
| Net Profit Attributable to Owners of the Parent Company | (2,308) | 212,662 | (4,692) | (270,309) | 1,826,282 |

| | | | | | |
|------------------------------------------------------------------------------|-----------|---------|----------|-----------|-----------|
| Net Profit Attributable to Non-Controlling Interests | - | - | - | - | - |
| Total Comprehensive Profit and Loss Attributable to Owners of Parent Company | (129,146) | 261,133 | (39,343) | (327,314) | 1,796,247 |
| Total Comprehensive Income Attributable to Non-Controlling Interests | - | - | - | - | - |
| Earnings Per Share | (0.02) | 1.92 | (0.04) | (2.45) | 16.53 |

Note 1: Individual financial report certified by an accountant.

Note 2: As of March 31, 2022, the regular meeting of shareholders of the Company has not been held.

Note 3: The Company's financial information for fiscal 2021 is based on the discontinued operations department and the continuing operations department.

(II) Name and Opinion of the Accountant

| Year | CPA Firm | Name of CPA | Auditor's Opinion |
|------|------------|--------------------------------|---------------------|
| 2015 | PwC Taiwan | Yi-Chang Lin, Chien-Chih Wu | Unqualified Opinion |
| 2016 | PwC Taiwan | Chien-Chih Wu, A-Shen Liao | Unqualified Opinion |
| 2017 | PwC Taiwan | Chien-Chih Wu, A-Shen Liao | Unqualified Opinion |
| 2018 | PwC Taiwan | Chien-Chih Wu, A-Shen Liao | Unqualified Opinion |
| 2019 | PwC Taiwan | A-Shen Liao, Chien-Chih Wu | Unqualified Opinion |
| 2020 | PwC Taiwan | Chien-Chih Wu Kuo-Hua Wang | Unqualified Opinion |
| 2021 | PwC Taiwan | Kuo-Hua Wang Yung-Chih Lin | Unqualified Opinion |

II. Financial Analysis for the Most Recent 5 Years

(I) Financial Analysis - International Accounting Standards

(1) Consolidated Financial Report

| Analysis Items (Note 3) | | Financial Analysis for the Most Recent 5 Years | | | | | Current Year Up To March 31, 2022 (Note 2) | |
|--------------------------|----------------------------------------------------------------|------------------------------------------------|--------|--------|----------|---------|--------------------------------------------------|--------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 | | |
| Financial Structure (%) | Ratio of Liabilities to Assets | 79.49 | 77.52 | 83.14 | 86.32 | 67.96 | 67.76 | |
| | Ratio of Long-Term Capital to Real Estate Plant, and Equipment | 119.35 | 148.65 | 109.60 | 113.08 | 168.50 | 166.04 | |
| Debt-Paying Capacity (%) | Current Ratio | 99.32 | 154.37 | 74.88 | 76.62 | 171.50 | 178.47 | |
| | Quick Ratio | 98.80 | 153.86 | 74.54 | 76.15 | 170.92 | 176.67 | |
| | Interest Coverage Ratio | 140.38 | 385.37 | 114.12 | (252.22) | 1331.20 | (134.88) | |
| Operating Capacity | Receivables Turnover Rate (Times) | 35.72 | 34.25 | 43.31 | 24.49 | 29.84 | 28.87 | |
| | Average Collection Days | 10.22 | 10.65 | 8.43 | 14.90 | 12.23 | 12.64 | |
| | Inventory Turnover Rate (Times) | 36.94 | 53.12 | 44.47 | 23.36 | 23.35 | 6.06 | |
| | Payables Turnover Rate (Times) | 35.79 | 25.74 | 43.44 | 64.65 | 77.09 | 30.11 | |
| | Average Days for Sale | 9.88 | 6.87 | 8.21 | 15.63 | 15.63 | 14.85 | |
| | Real Estate Plant, and Equipment Turnover Rate (Times) | 0.43 | 0.40 | 0.36 | 0.18 | 0.21 | 0.24 | |
| | Total Asset Turnover Rate (Times) | 0.26 | 0.21 | 0.22 | 0.10 | 0.11 | 0.11 | |
| Profitability Capacity | Rate of Return on Assets (%) | 1.52 | 5.74 | 2.28 | (5.21) | 24.64 | 0.37 | |
| | Rate of Return on Equity (%) | (0.19) | 17.45 | (0.36) | (24.01) | 98.18 | 0.16 | |
| | Paid-In Capital Ratio (%) | Operating Profit | 13.43 | 8.02 | 19.88 | (18.05) | (12.94) | (3.09) |
| | | Net Profit Before Tax | 3.89 | 38.95 | 2.56 | (44.70) | 162.26 | (1.08) |
| | Profit Margin (%) | (0.16) | 18.18 | (0.31) | (36.44) | 213.81 | 1.85 | |
| | Earnings Per Share (NT\$) | (0.02) | 1.92 | (0.04) | (2.45) | 16.53 | 0.04 | |
| Cash Flow | Cash Flow Ratio (%) | 16.63 | 3.23 | 9.52 | (5.10) | (4.40) | 3.94 | |
| | Cash Flow Adequacy Ratio (%) | 283.92 | 280.48 | 320.50 | 264.30 | 89.56 | 55.02 | |
| | Cash Flow Reinvestment Ratio (%) | 5.94 | 0.88 | 3.99 | (1.86) | (0.98) | 0.73 | |
| Degree of Leverage | Degree of Operating Leverage | 3.22 | 3.48 | 6.77 | (0.69) | (0.72) | (1.22) | |
| | Degree of Financial Leverage | 3.53 | (1.42) | 11.40 | 0.59 | 0.53 | 0.50 | |

Reasons for changes in various financial ratios in the last two years (increased or decreased changes of more than 20%):

1. The ratio of long-term capital to property, plant and equipment is due to the increase in unappropriated earnings from the disposal of cases.
2. Current ratio and quick ratio are due to the increase in cash and cash equivalents and decrease in current liabilities.
3. The interest coverage, return on assets, return on equity, net income ratio and earnings per share are due to the increase in net income before income tax as a result of the disposal case.
4. The cash flow equivalency ratio is due to the average decrease in cash flow from operating activities in the past five years.

(2) Individual Financial Report

| Analysis Items (Note 3) | | Financial Analysis for the Most Recent 5 Years | | | | |
|--------------------------|----------------------------------------------------------------|------------------------------------------------|---------|---------|-----------|----------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 |
| Financial Structure (%) | Ratio of Liabilities to Assets | 61.50 | 58.61 | 63.21 | 69.28 | 28.29 |
| | Ratio of Long-Term Capital to Real Estate Plant, and Equipment | 211.61 | 259.18 | 256.59 | 202.75 | 30625.12 |
| Debt-Paying Capacity (%) | Current Ratio | 37.41 | 44.86 | 63.37 | 58.26 | 234.50 |
| | Quick Ratio | 37.13 | 44.68 | 63.18 | 58.06 | 234.32 |
| | Interest Coverage Ratio | 86.63 | 1769.70 | 104.27 | (1458.44) | 8066.47 |
| Operating Capacity | Receivables Turnover Rate (Times) | 23.11 | 17.93 | 22.73 | 16.72 | 13.65 |
| | Average Collection Days | 15.79 | 20.36 | 16.06 | 21.83 | 26.75 |
| | Inventory Turnover Rate (Times) | 36.94 | 91.45 | 44.90 | 23.24 | 25.21 |
| | Payables Turnover Rate (Times) | 7.18 | 7.65 | 10.73 | 13.92 | 11.30 |
| | Average Days for Sale | 9.88 | 3.99 | 8.13 | 15.71 | 14.48 |
| | Real Estate Plant, and Equipment Turnover Rate (Times) | 0.16 | 0.14 | 0.22 | 0.14 | 0.13 |
| | Total Asset Turnover Rate (Times) | 0.04 | 0.03 | 0.05 | 0.03 | 0.01 |
| Profitability Capacity | Rate of Return on Assets (%) | 0.43 | 7.46 | 0.37 | (7.62) | 52.88 |
| | Rate of Return on Equity (%) | (0.20) | 17.45 | (0.36) | (24.01) | 98.18 |
| | Paid-In Capital Operating Profit Ratio (%) | (3.21) | (4.31) | (0.44) | (3.69) | (6.70) |
| | Net Profit Before Tax | (0.23) | 28.03 | 0.08 | (30.79) | 167.76 |
| | Profit Margin (%) | (1.90) | 207.19 | (3.05) | (281.96) | 4182.48 |
| | Earnings Per Share (NT\$) | (0.02) | 1.92 | (0.04) | (2.45) | 16.53 |
| Cash Flow | Cash Flow Ratio (%) | 1.38 | (0.91) | (0.45) | (3.24) | (19.70) |
| | Cash Flow Adequacy Ratio (%) | 24.68 | 25.44 | (26.75) | (164.65) | 67.36 |
| | Cash Flow Reinvestment Ratio (%) | (1.63) | (0.55) | (0.98) | (4.56) | (6.52) |
| Degree of Leverage | Degree of Operating Leverage | 0.07 | 0.33 | (25.35) | 0.36 | 0.87 |
| | Degree of Financial Leverage | 0.65 | 0.72 | 0.19 | 0.65 | 0.76 |

Reasons for changes in various financial ratios in the last two years (increased or decreased changes of more than 20%):

1. The ratio of long-term capital to property, plant and equipment is due to the increase in unappropriated earnings from the disposal of cases.
2. Current ratio and quick ratio are due to the increase in cash and cash equivalents and decrease in current liabilities.
3. The interest coverage, return on assets, return on equity, net income ratio and earnings per share are due to the increase in net income before income tax as a result of the disposal case.
4. The cash flow equivalency ratio is due to the average decrease in cash flow from operating activities in the past five years.

Note 1: The year in which has not been certified by an accountant shall be indicated.

Note 2: TWSE listed companies or whose shares have been purchased or sold at the business premises of a securities firm shall incorporate into their analysis the financial information of the year ended in the quarter prior to the publication date of the annual report.

Note 3: At the end of this table of the annual report, the following calculation formula should be listed:

1. Financial Structure

(1) Liabilities to Assets Ratio = Total Liabilities / Total Assets.

(2) Long-Term Capital to Property, Plant, And Equipment Ratio = (Total Equity + Non-Circulating Liability) / Net Amount of Property, Plant and Equipment.

2. Solvency

(1) Current Ratio = Circulating Asset / Circulating Liability.

(2) Quick Ratio = (Circulating Asset – Inventory – Prepaid Expense) / Circulating Asset.

(3) Interest Coverage Ratio = Net Profit Before Income Tax and Interest Expense / Current Interest Expenditure

3. Operating Performance

(1) Accounts Receivable (including receivable and bills receivable arising from business operations) Turnover Rate = Net Sales / Balance of Average Receivable in Various Periods (including accounts receivable and bills receivable arising from business operations).

(2) Average Collection Days = 365 / Receivables Turnover Rate.

(3) Inventory Turnover Rate = Cost of Sales / Average Inventory Value.

(4) Accounts Payable (including payable and bills payable arising from business operations) Turnover Rate = Cost of Sales / Balance of Average Payable in Various Periods (including accounts payable and bills payable arising from business operations).

(5) Average Days of Sales = 365 / Inventory Turnover Rate.

(6) Property, Plant and Equipment Turnover Rate = Net Sales / Average Net Amount of Property, Plant and Equipment.

(7) Total Asset Turnover Rate = Net Sales / Average Total Assets.

4. Profitability Capacity

(1) Return on Asset = [Post-Tax Profit or Loss + Interest Expense (1–Tax Rate)] / Average Total Assets.

(2) Return on Equity = Post-Tax Profit or Loss / Average Total Equity.

(3) Profit Margin = Post-Tax Profit or Loss / Net Sales.

(4) Earnings Per Share = (Gain or Loss Attributable to Owners of the Parent Company – Preference Dividend) / Weighted Average Number of Issued Shares. (Note 4)

5. Cash Flow

(1) Cash Flow Ratio = Net Cash Flow from Operating Activities / Circulating Liability.

(2) Net Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities for the Past 5 Years / (Capital Expenditure + Inventory Increase + Cash Dividends) for the Past 5 Years.

(3) Cash Flow Reinvestment Ratio = (Net Cash Flow from Operating Activities – Cash Dividend) / (Gross Property, Plant and Equipment + Permanent Investment + Other Non-Current Assets + Operating Capital). (Note 5)

6. Degree of Leverage

(1) Degree of Operating Leverage = (Net Operating Income - Variable Operating Costs and Expenses) / Operating Profit

(2) Degree of Financial Leverage = Operating Profit / (Operating Profit - Interest Expense).

Note 4: The above formula for earnings per share shall be calculated with special attention to the following matters:

1. The weighted average is based on the number of ordinary shares, not the number of issued shares at the end of the year.
2. Traders with cash additions or treasury stocks shall calculate the weighted average shares, taking into account their period of circulation.
3. Where there is surplus to capital increase or capital reserve to capital increase, when calculating the earnings per share of previous years and half years, it shall be retroactively adjusted according to the proportion of capital increase, and it is not necessary to consider the issuance period of such capital increase.
4. If the preferred stocks are non-convertible accumulated special stocks, the current year dividend (whether or not issued) shall be deducted from the net after-tax profit or increased net after-tax loss. If the preferred stocks are non-cumulative in nature, the dividend of the preferred stocks shall be deducted from the net after-tax profit if there is net after-tax profit; If it is a loss, it needs not be adjusted.

Note 5: The cash flow analysis shall be calculated with special attention to the following matters:

1. Net cash flow of operating activities refers to the net cash inflow of operating activities in the cash flow table.
2. Capital expenditure refers to the annual cash outflow from capital investment.
3. The goods on hand increase is only recorded when the ending balance is greater than the opening balance. If the inventory decreases at the end of the year, it will be counted as zero.
4. Cash dividends include cash dividends for ordinary shares and preferred stocks.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before the deduction of accumulated depreciation.

Note 6: The issuer shall classify the various operating costs and operating expenses into fixed and variable

according to their nature, and shall pay attention to the reasonableness and maintain the consistency if it involves estimation or subjective judgment.

Note 7: The ratio of paid-in capital of a foreign company shall be calculated on the basis of the ratio of net value.

Note 8: The Company's financial information for fiscal 2021 is based on the discontinued operations department and the continuing operations department.

(III) Other important information that can enhance the understanding of the financial position, operating results and cash flow or its trend:
None.

3. Audit Committee's audit report of the most recent annual financial report

Hotel Holiday Garden
Audit Report from the Auditing Committee

The Board is expected to send the 2021 company's annual business report including the individual financial report, the consolidated financial report, and the proposal of surplus distribution. Upon the inspection of the Audit Committee, and no discrepancy found, and the report is prepared according to Article 14-4 of the Securities & Exchange Act and Article 219 of the Company Act, the aforementioned financial statements and documents are fairly presented as stated.

Regards

The 2022 Annual Meeting of Shareholders of Hotel Holiday Garden

Auditing Committee
GUO-YIN LU, Convener
March 24, 2022

4. The most recent annual financial statements including the audited statements of the accountant, the Balance Sheet, the Income Sheet, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows, and the notes or tables, with two years comparison.

attachment1
Independent Accountant's Report

(2022.) Tsai Shen Pao Tzu No.21004726

Holiday Garden International Ltd :

Opinion

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

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

Basis for opinion

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

Key audit matters

Key audit matters refer to the most significant matters, according to our professional judgment, in the 2021 parent company only financial statements of Holiday Garden International Ltd. These matters were addressed during the audit of the overall parent company only financial statements and in the formation of our opinion. We do not express our opinion on these matters separately.

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

Evaluation of investment impairment accounted for using the equity method :

Investment which adopting to Equity method — Business Mergers and Acquisitions

Description

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

Corresponding audit program

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

Adopting to Equity method “Impairment evaluation of investment”

Description

For accounting policies on investments accounted for using the equity method, please refer to Note 4(12) of the parent company only financial statements. For accounting estimation and assumption uncertainty of evaluation of investment impairment accounted for using the equity method, please refer to Note 5(2) of the parent company only financial statements. For investment using the equity method, please refer to Note 6(4) of the parent company only financial statements.

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

Corresponding audit program

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

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

calculating the recoverable amount.

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

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

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

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

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

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

1. We identified and assessed the risks of material misstatement of the parent company only financial statements, whether due to fraud or errors, designed and performed audit procedures according to those risks, and obtained audit evidence that can sufficiently and appropriately form the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for the one resulting from error because fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control.

2. We obtained an understanding of internal control relevant to the audit in order to design audit procedures suitable for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Holiday Garden International Ltd.'s internal control.
3. We evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and related disclosures made by management.
4. We concluded on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on Holiday Garden International Ltd.'s ability to continue as a going concern based on the audit evidence we have obtained. If we conclude that a material uncertainty exists, we will need to draw attention in our accountant's report to the related disclosures in the parent company only financial statements or to modify our opinion if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of this accountant's report. However, future events or conditions may cause Holiday Garden International Ltd. to cease to continue as a going concern.
5. We evaluated the overall presentation, structure and contents of the parent company only financial statements, including the attached notes, and whether the parent company on financial statements represent the underlying transactions and events in a fair manner.
6. We obtained sufficient and appropriate audit evidence regarding the financial information of entities within Holiday Garden International Ltd. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit of the parent company and are responsible for our audit opinion.

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

We have also provided those charged with governance the statement that the personnel of our accounting firm subject to the requirements of independence have complied with the requirements of independence of the code of professional ethics of certified public

accountants of the Republic of China and communicate with those charged with governance relationships and other matters that may influence our independence (including related preventive measures).

We determined the key audit matters of the parent company only financial statements of 2021 of Holiday Garden International Ltd. according to matters communicated with those charged with governance. We described these matters in the accountant's report, unless the laws and regulations prohibit such disclosure or under rare condition that we decide not to communicate a given matter because the negative impact from such communication may override its public benefits under reasonable assumption.

PwC Taiwan

Independent accountants

Wang Guo Hua

Lin Yong Zhi

Former Ministry of Finance Securities and Futures
Commission

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

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

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

March 19, 2022

| Assets | Notes | December 31, 2021 | % | December 31, 2020 | % | |
|---------------------------|---------------------------------------------------|-------------------|--------------|-------------------|--------------|-----|
| | | Amount | % | Amount | % | |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 1,267,737 | 33 | \$ 60,874 | 2 |
| 1136 | Financial assets at amortized cost - current | 6(1)&8 | 966,700 | 25 | 973,505 | 31 |
| 1150 | Net notes receivable | 6(2) | 323 | - | - | - |
| 1170 | Net accounts receivable | 6(2) | 1,376 | - | 4,099 | - |
| 1200 | Other accounts receivable | | 92 | - | 141 | - |
| 1220 | Current income tax assets | | 1,708 | - | - | - |
| 130X | Inventories | 6(3) | 435 | - | 925 | - |
| 1410 | Advance payments | | 1,211 | - | 2,586 | - |
| 1479 | Other current assets - others | | 402 | - | 162 | - |
| 11XX | Total current assets | | 2,239,984 | 58 | 1,042,292 | 33 |
| Non-current assets | | | | | | |
| 1550 | Investments accounted for using the equity method | 6(4) | 1,529,304 | 40 | 1,332,315 | 43 |
| 1600 | Property, plants, and equipment | 6(5)(7) and 8 | 9,440 | - | 662,177 | 21 |
| 1755 | Right-of-use asset | 6(6) | 10,602 | - | 3,396 | - |
| 1840 | Deferred tax assets | 6(23) | 55,762 | 2 | 90,695 | 3 |
| 1920 | Guarantee deposits paid | | 1,156 | - | 733 | - |
| 15XX | Total non-current assets | | 1,606,264 | 42 | 2,089,316 | 67 |
| 1XXX | Total Assets | | \$ 3,846,248 | 100 | \$ 3,131,608 | 100 |

(Next page)

| Liabilities and equity | | Notes | December 31, 2021 | December 31, 2020 |
|--------------------------------|------------------------------------------------------------------|------------|---------------------|-------------------------|
| | | | Amount | Amount |
| | | | % | % |
| Current liabilities | | | | |
| 2100 | Short-term borrowings | 6(9) and 8 | \$ 884,000 | 23 \$ 1,609,599 |
| 2110 | Short-term notes and bills payable | 6(10) | 30,000 | 1 130,000 |
| 2130 | Contractual liabilities - current | 6(16) | 682 | - 8,506 |
| 2170 | Accounts payable | | 946 | - 3,140 |
| 2200 | Other accounts payable | | 22,544 | 1 15,183 |
| 2230 | Income tax liabilities | | - | - 66 |
| 2280 | Lease Liabilities - Current | | 2,984 | - 1,287 |
| 2320 | Long-term liabilities due within one year or one operating cycle | 6(11) | 52,196 | - 18,597 |
| 2399 | Other current liabilities - others | | 133 | - 2,667 |
| 21XX | Total current liabilities | | <u>955,237</u> | <u>25 1,789,045</u> |
| Non-current liabilities | | | | |
| 2540 | Long-term borrowings | 6(11) | - | - 13,948 |
| 2570 | Deferred income tax liabilities | 6(23) | 124,991 | 3 236,212 |
| 2580 | Lease obligation -non current | | 7,641 | - 2,120 |
| 2610 | Long-term notes and accounts payable | 6(5) | - | - 127,577 |
| 2645 | Guarantee deposits received | | 181 | - 755 |
| 25XX | Total non-current liabilities | | <u>132,813</u> | <u>3 380,612</u> |
| 2XXX | Total liabilities | | <u>1,088,050</u> | <u>28 2,169,657</u> |
| Rights and interests | | | | |
| Capital stock | | | | |
| 3110 | Common share capital | 6(13) | 1,104,856 | 29 1,104,856 |
| Capital surplus | | | | |
| 3200 | Capital surplus | 6(14) | 2,169 | - 2,169 |
| Retained earnings | | | | |
| 3310 | Statutory surplus public debt | 6(15) | 82,561 | 2 82,561 |
| 3320 | Special Defined Surplus Bonds | | - | - 71,161 |
| 3350 | Undistributed surplus (loss to be covered) | | 1,714,643 | 45 (182,800) (6) |
| Other equity | | | | |
| 3400 | Other equity | 6(14) | (146,031) | (4) (115,996) (3) |
| 3XXX | Total equity | | <u>2,758,198</u> | <u>72 961,951</u> |
| 3X2X | Total liabilities and equity | | <u>\$ 3,846,248</u> | <u>100 \$ 3,131,608</u> |

| Item | Notes | 2020 | | 2019 | | |
|------|---------------------------------------------|--------------|---------------------|---------------|---------------------|----------------|
| | | Amount | % | Amount | % | |
| 4000 | Operating revenue | 6(16) | \$ 10,653 | 36 | \$ 13,018 | 23 |
| 5000 | Operating cost | 6(3)(21)(22) | (3,499) | (12) | (3,254) | (6) |
| 5900 | Operating gross profit | | 7,154 | 66 | 9,764 | 17 |
| | Operating expenses | 6(21)(22) | | | | |
| 6200 | Management expense | | (43,532) | (145) | (28,107) | (49) |
| 6900 | Operating loss | | (36,378) | (121) | (18,343) | (32) |
| | Nonoperating income and | | | | | |
| 7100 | Interest income | 6(17) | 2,276 | 8 | 12,381 | 22 |
| 7010 | Other income | 6(18)&7 | 2,831 | 9 | 4,449 | 8 |
| 7020 | Other gains and losses | 6(19) | (40,766) | (136) | (52,477) | (92) |
| 7050 | Financial cost | 6(20) | (11,190) | (37) | (11,857) | (21) |
| 7070 | Share of profit or loss of | 6(4) | (100,137) | (333) | (250,432) | (440) |
| 7000 | Total non-operating income | | (146,986) | (489) | (297,936) | (523) |
| 7900 | Net profit (loss) before tax | | (183,364) | (610) | (316,279) | (555) |
| 7950 | Income tax (expense) benefits | 6(23) | 29,433 | 98 | 64,898 | 114 |
| 8000 | Net loss of continuing business | | | | | |
| | units for the current period | | (153,931) | (512) | (251,381) | (441) |
| 8100 | Profits (losses) of closed units | 6(8)&12(2) | 1,980,213 | 6593 | (18,928) | (33) |
| 8200 | Net profit (loss) | | <u>\$ 1,826,282</u> | <u>6081</u> | <u>(\$ 270,309)</u> | <u>(474)</u> |
| | Other comprehensive income | | | | | |
| | Items may be subsequently | | | | | |
| 8361 | Exchange differences on | 6(4) | (\$ 37,544) | (125) | (\$ 71,256) | (125) |
| 8399 | Income tax of items that may | 6(21) | 7,509 | 25 | (14,251) | (25) |
| 8300 | Other comprehensive income | | <u>(\$ 30,035)</u> | <u>(100)</u> | <u>(\$ 57,005)</u> | <u>(100)</u> |
| 8500 | Total comprehensive income | | <u>\$ 1,796,247</u> | <u>5981</u> | <u>(\$ 327,314)</u> | <u>(574)</u> |
| | Earnings (loss) per share | 6(24) | | | | |
| 9710 | Net loss from continuing business units | | (\$ 1.39) | | (\$ 2.28) | |
| 9720 | Net profit (net loss) of discontinued units | | (\$ 17.92) | | (\$ 0.17) | |

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

2020

| | | | | | | | |
|------------------------------------------|---------------------|-----------------|------------------|------------------|------------------|------------------|---------------------|
| Balance on January 1, 2020 | \$ <u>1,104,856</u> | \$ <u>2,169</u> | \$ <u>82,561</u> | \$ <u>71,161</u> | \$ <u>87,509</u> | \$ <u>58,991</u> | \$ <u>1,289,265</u> |
| Current net profit | - | - | - | - | (270,309) | - | (270,309) |
| Other comprehensive income for this year | - | - | - | - | - | (57,005) | (57,005) |
| Total current comprehensive income | - | - | - | - | (270,309) | (57,005) | (327,314) |
| Balance, December 31, 2020 | \$ <u>1,104,856</u> | \$ <u>2,169</u> | \$ <u>82,561</u> | \$ <u>71,161</u> | (\$ 182,800) | (\$ 115,996) | \$ <u>961,951</u> |

2021

| | | | | | | | |
|------------------------------------------------------------|---------------------|-----------------|------------------|------------------|---------------------|-----------------------|---------------------|
| Balance on January 1, 2021 | \$ <u>1,104,856</u> | \$ <u>2,169</u> | \$ <u>82,561</u> | \$ <u>71,161</u> | (\$ 182,800) | (\$ 115,996) | \$ <u>961,951</u> |
| Net profit for the current period | - | - | - | - | 1,826,282 | - | 1,826,282 |
| Other comprehensive income for this year | - | - | - | - | - | (30,035) | (30,035) |
| Total comprehensive profit and loss for the current period | - | - | - | - | 1,826,282 | (30,035) | (1,796,247) |
| Special surplus reserve reversal | - | - | - | (71,161) | 71,161 | - | - |
| Balance on December 31, 2021 | \$ <u>1,104,856</u> | \$ <u>2,169</u> | \$ <u>82,561</u> | \$ <u>--</u> | \$ <u>1,714,643</u> | (\$ <u>146,031</u>) | \$ <u>2,758,198</u> |

6(16)

Cash flows from operating activities

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

financing activities

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

Holiday Garden International Ltd.
Notes for Parent Company Only Financial Statements
2021 and 2020

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

1. Company milestones

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

2. Date and procedure of approval of the financial report

This parent company only financial report has been approved and issued by the Board of Directors on March 24, 2022 ◦

3. Applicability of newly issued and revised standards and interpretations

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

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

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

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

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

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

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

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

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

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

of liabilities」

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

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

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

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

4.Summary of significant accounting policies

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

(1)Statement of compliance

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

(2) Basis of preparation

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

(3)Foreign currency conversion

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

1. Foreign currency transactions and balances

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

current profits and losses.

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

2. Conversion of foreign operating agencies

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

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

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

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

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

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

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

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

(5) Cash equivalents

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

(6) Financial assets at amortized cost

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

- (1) The business model of the company which owns such financial assets is to

collect the contractual cash flows as purpose.

- (2)The contractual cash flows of specific financial asset under consideration are on account of repayment of principal and interest and they occur on specified dates.
2. The Group uses trade day accounting for financial assets measured at amortized cost through profit or loss and satisfying the accounting practice.
 3. The Group measured transaction cost of initial recognition which reported at fair value .Using the effective interest method and is recognized in profit and loss which are recognized in profit and loss when the asset is derecognized.
 4. The company holds time deposits that do not meet the cash equivalent. Due to the short holding period, the impact of discounting is not significant and is measured by the investment amount.

(7)Accounts and notes receivable

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

(8) Impairment loss on financial assets

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

(9)Derecognition of financial assets

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

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

(10) Operating lease (lessor)

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

(11) Inventories

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

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

1. Subsidiaries refer to entities controlled by the Company (including structure entities). When the Company is exposed to variable rewards from participating in that entity or entitled to rights to said variable rewards and the Company has the power and ability to affect said rewards of that entity, the Company controls said entity.
2. The unrealized profit or loss generated from transactions between the Company and the subsidiary has been eliminated. Necessary adjustment of accounting policies of the subsidiary has been made so it is consistent with policies of the Company.
3. The Company recognizes the share of profit or loss after acquiring the subsidiary in profit or loss, and as for the share of other comprehensive income after the acquisition, it is recognized in other comprehensive income. If the Company's recognized share of impairments of a subsidiary is equal to or more than its equity of the subsidiary, the Company shall continue to recognize the

loss in proportion to the Company's percentage of ownership in the subsidiary.

4. In accordance with the Regulations Governing Preparation of Financial Reports by Securities Issuers, the profit or loss and other comprehensive income of the parent company only financial report should be the same as the share of the profit or loss and other comprehensive income belonging to the owner of the parent company in the consolidated financial report. The owner's equity in the parent company only financial report, should be the same as the equity belonging to the owner of the parent company in the consolidated financial report.

(13) Property, plants, and equipment

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

| | |
|-------------------------------|---------------|
| Buildings and structures | 2 to 55 years |
| Utility equipment | 3 to 20 years |
| Business facilities/equipment | 1 to 25 years |
| Other facilities | 3to 8 years |

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

2019 applicable

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

(15) Impairment of non-financial assets

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

(16) Loans

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

(17) Accounts and notes payable

1. Accounts and notes payable are liabilities for purchases of raw materials, goods or services resulting from operating and non-operating activities.

2. Short-term notes and accounts payable without bearing interest are measured at initial invoice amount because of an insignificant effect of discounting.

(18) Delisting of financial liabilities.

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

(19) Offset of financial assets and liabilities

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

(20) Employee benefits

1. Short-term employee benefits

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

2. Pensions

Defined contribution plans (DCP)

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

3. Employee compensation and director and supervisor remuneration

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

(21) Income tax

1. Income tax expense Income tax is recognized either in the income statement or in equity if it relates to items that are recognized in other comprehensive income or directly in equity.

2. The Company calculates the current income tax using tax rates enacted or

substantively enacted by the balance sheet date of the country generating the taxable income from operations. Management periodically evaluates the condition of income tax filing in accordance with appropriate income tax related laws and regulations and if applicable shall estimate income tax liabilities based on the expected tax payments to the tax authorities. There is an additional tax of unappropriated earnings according to the Income Tax Act, and after the earning distribution is approved at the shareholders' meeting held in the year following the year the earnings are generated, the tax expense of undistributed earnings shall be recognized based on the actual condition of earning distribution. °

3. For deferred tax, the balance sheet liability method is adopted, and it is recognized using the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax is not recognized if it is originated from the initial recognition of assets or liabilities in transactions (business merger excluded) and neither accounting profits nor taxable income (or tax losses) was affected at the time of the transaction. Deferred tax is determined using tax rates (and tax laws) enacted or substantively enacted by the balance sheet date, and the tax rates (and tax laws) used are the ones expected to be applicable when realizing related deferred tax assets or repaying related deferred tax liabilities.
4. Deferred tax assets are recognized to the extent when they are highly likely to be used to offset future taxable income, and unrecognized and already recognized deferred income tax assets should be re-evaluated on each balance sheet date.
5. Recognized income tax assets and liabilities of the reporting period are offset only if there is the legally enforceable right to do so and the intent is to settle on a net basis or to realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset only if there is the legally enforceable right to do so and the deferred income tax assets and liabilities related to income taxes are levied by the same taxation authority on either the same taxable entity or different taxable entities, but each entity intends to either settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(22) Dividend distribution

Dividends distribution among the Company's shareholders are recognized in the financial report when the Company's shareholders' meeting resolved that dividends are to be paid; cash dividend distribution is recognized as liabilities, while share dividend distribution is recognized as stock dividend to be distributed and be

converted to common stock on the base day of issuance of new stock °

(23) Revenue recognition

1. The Company provides accommodations and foodservice related products, and the sales revenue is recognized at the time services are rendered or products are delivered to customers.

2 Sales revenue is recognized as the contractual price net of the estimated price.

3. Accounts receivable are recognized at the time services are rendered or products are delivered to customers. Because at that time point the Company has the unconditional right to the contractual price, the consideration can be collected from customers after the time point °

(24) Government subsidies

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

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

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

(1) Critical judgments adopted by accounting policies

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

(2) Critical accounting estimates and assumptions

Evaluation of investment impairment accounted for using the equity method

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

6. Details of significant accounts

(1) Cash and cash equivalents

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|---------------------------------------|--------------------------|--------------------------|
| Cash: | | |
| Cash in treasury and working funds | \$ 420 | \$ 1,088 |
| Checking deposits and demand deposits | <u>1,267,317</u> | <u>36,204</u> |
| | 1,267,737 | 37,292 |
| Cash equivalents: | | |
| Time deposits: | <u>-</u> | <u>23,582</u> |
| | <u>\$ 1,267,737</u> | <u>\$ 60,874</u> |

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

(2) Net amount of accounts and notes receivable

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

1. Aging analysis of accounts and notes receivable :

December 31, 2021 December 31, 2020

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

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

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

(3) Inventories

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

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

(4) Investments accounted for using the equity method

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

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

for using the equity method

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

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

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

(5)Property, plants, and equipment

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

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

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

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

使用滑鼠雙擊這裡以編輯新增的表格段。

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

| | <u>2021 1</u> | | | |
|------------------------------------------------|------------------------|------------------|---------------------|------------------------|
| <u>Accumulated depreciation and impairment</u> | <u>Opening balance</u> | <u>Addition</u> | <u>Reduction</u> | <u>Closing balance</u> |
| Buildings and structures | \$ 457,290 | \$ 5,788 | (\$ 463,078) | \$ - |
| Utility equipment | 26,670 | 722 | (27,392) | - |
| Business facilities/equipment | 29,989 | 4,398 | (30,516) | 3,871 |
| Other facilities | 3,439 | 290 | (3,698) | 31 |
| | <u>\$ 517,388</u> | <u>\$ 11,198</u> | <u>(\$ 524,684)</u> | <u>\$ 3,902</u> |
| | <u>2020</u> | | | |
| <u>Accumulated depreciation and impairment</u> | <u>Opening balance</u> | <u>Addition</u> | <u>Reduction</u> | <u>Closing balance</u> |
| Buildings and structures | \$ 436,879 | \$ 20,411 | \$ - | \$ 457,290 |
| Utility equipment | 24,438 | 2,232 | - | 26,670 |
| Business facilities/equipment | 27,262 | 2,727 | - | 29,989 |
| Other facilities | 3,124 | 315 | - | 3,439 |
| | <u>\$ 491,703</u> | <u>\$ 25,685</u> | <u>\$ -</u> | <u>\$ 517,388</u> |

3. In accordance with Kaohsiung Urban Development Kuei Tzu No. 10234984600 correspondence on October 28, 2013, the Company applied for making payment by installments for converting governmental land to commercial land in the land conversion urban plan, and the total amount to be paid is NT\$212,628. The Company made the first installment payment of NT\$85,051, and the remaining amount was paid by the second and third installment payments of \$63,788 and \$63,789 respectively. It should be paid in full before applying for a license for building a license or changing a license for use at the latest. All of them have been estimated and included in the accounts in 2013. The land has been signed and sold on July 7, 2021, and the payment has been paid in 2021. Pay in full in September (the balance table of the Republic of China on December 31, 2020 lists "long-term bills payable and payments \$127,577").

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

(6) Lease transaction – Lessee

Applicable in 2019

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

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

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

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

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

Lease Modification Benefi (14) (16)

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

7. Effect of variable lease payments on lease liability

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

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

(7) Impairment of non-financial assets

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

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

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

The cumulative impairment changes are as follows:

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

(8) Suspension of business units

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

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

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

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

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

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

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

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

(9) Short-term loans

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

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

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

(10) Sort-term notes payable

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

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

(11) Long-term borrowings

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

| <u>Types of borrowings</u> | <u>Period of borrowing and repayment method</u> | <u>Range of interest rates</u> | <u>Collaterals</u> | <u>December 31, 2020</u> |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------|-----------------------------------|
| Long-term borrowings from banks | | | | |
| Credit loan | From Sept. 18,2012 to Sept. 18,2022 interest will be paid monthly, and from Dec. 18,2015 it will be amortized quarterly and repaid in 28installments. Sign the loan repayment deferred contract in June 2020, and only need to pay interest until March 2021, and the principal will be amortized on a quarterly basis according to the fixed amount. | 1.60% | None | \$ 20,878 |
| Credit loan | From Sept. 20, 2019 to Sept. 20, 2022, the principal and interest will be repaid monthly. | 1.10% | None | <u>11,667</u> 32,545 |
| Less: | Long-term borrowings due within one year | | | <u>(18,597)</u> <u>13,948</u> |

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

(12) Pensions

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

(13) Capital stock

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

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

| | 2021 | 2020 |
|---------------------|---------|---------|
| January 1(=Dec. 31) | 110,486 | 110,486 |

Unit: 1,000 shares

(14) Capital surplus

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

(15) Retained earnings

1. In accordance with the Company's Articles of Incorporation, if there are earnings upon the Company's final account at the end of the year, the Company shall first pay profit-seeking enterprise income tax, make up the deficits for the preceding years and then set aside a legal reserve of 10% of the remainder (not applicable if the legal reserve has reached the total capital amount of the Company). After appropriating or reversing a special reserve in accordance with laws, the balance and the unallocated accumulated earnings from the previous years are the accumulated, distributable earnings for shareholders, for which the Board of Directors shall propose an earning distribution plan to be resolved at the shareholders’ meeting. More than 10% of the aforementioned allocable earnings are provided for dividends and shareholders’ bonuses, and the cash dividends should be no less than 10% of the total amount of shareholders’ dividends and bonuses
2. The legal reserve cannot be used for purposes other than offsetting the company’s deficits or providing new stock or cash to shareholders in proportion to their original shareholding. If the reserve is used for distributing new stock or cash, it has to be more than 25% of the Company’s paid-in capital.
3. (1) The Company shall first set aside a special reserve from the debit balance on the “other equity” item at the balance sheet date before distributing earnings, and later when this debit balance on the “other equity” item is

reversed, the reversed amount can be included in distributable earnings.

(2) In accordance with Order 1010012865 issued by the Financial Supervisory Commission on April 6, 2012, for an entity adopting IFRSs the first time should set aside a special reserve. Later on, when the Company uses, disposes, or reclassifies related assets, the special reserve can be used for reversal by the proportion of the special reserve that has been set aside. If the aforementioned asset is investment property, the land part shall be reversed when it is disposed or reclassified, and for the non-land part, it shall be reversed progressively throughout the term of use.

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

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

(16) Operating income

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

1. Revenue from customer contracts

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

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

| | | | | |
|----------------------------------------------|-------------|-----------------|---------------|------------------|
| Less: Operating income of discontinued units | (21,472) | (9,398) | (2,142) | (33,012) |
| | <u>\$ —</u> | <u>\$ 9,806</u> | <u>\$ 847</u> | <u>\$ 10,653</u> |

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

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

2. Contract liabilities

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

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

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

| | 2021 | 2020 | |
|--------------------------------------------------------------------------------------------|-----------------|-----------------|---------------|
| The opening balance of contract liabilities is recognized as revenue in the current period | | | |
| Room service contract | \$ 3,084 | \$ 3,161 | |
| Food service contract | <u>5,422</u> | <u>5,035</u> | |
| | <u>\$ 8,506</u> | <u>\$ 8,196</u> | <u>income</u> |

(17) Interest

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

(18) Other income

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

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

(19) Other benefits and losses

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

(20) Financial cost

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

(21) Addition information on expenses

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

(22) Employee benefit expense

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

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

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

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

Information on employee compensation and directors and supervisors

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

(23) Income tax

1. Income tax expense (benefit)

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

| | <u>2021</u> | <u>2020</u> |
|---------------------------------------------------------------|------------------|--------------------|
| <i>Current income tax:</i> | | |
| Income tax generated from current income: | \$ - | \$ - |
| Tax on unappropriated earnings | 95,975 | - |
| Overestimation of prior year income tax | <u>-</u> | <u>(855)</u> |
| Total current tax | <u>95,975</u> | <u>(855)</u> |
| <i>Deferred income tax:</i> | | |
| Origination and reversal of temporary differences | <u>(68,779)</u> | <u>(69,075)</u> |
| | 27,196 | 69,930 |
| Less: Income tax (benefits) expenses of units that are closed | <u>(56,629)</u> | <u>5,032</u> |
| Income tax expense (benefits) | <u>\$ 29,433</u> | <u>(\$ 64,898)</u> |

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

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

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

| | <u>2021</u> | <u>2020</u> |
|--------------------------------------------------------------------------------------------|-------------|--------------|
| Income tax calculated using net profit (loss) before tax based on statutory tax rate(Note) | \$ 370,696 | (\$ 68,048) |
| Income tax effects of adjustments based on income tax laws and regulations | 1,846 | 661 |
| Changes in the realizability assessment of | | |
| Income exempt from tax under the tax law | (347,854) | (1,688) |
| Land value added tax | 95,975 | - |

| | | | |
|----------------------------------------------------------------------|-------------------------------------------------------|------------------|------------------|
| Unrealized land value added tax recognized in previous years | Amount of effect of provision for deferred income tax | (93,467) | - |
| Previous income tax overestimation | | <u>-</u> | <u>(885)</u> |
| | | 27,196 | (69,930) |
| Less: Income tax (benefits) expenses for units that are discontinued | | <u>(56,629)</u> | <u>5,032</u> |
| Income tax expenses | | <u>\$ 29,433</u> | <u>\$ 64,898</u> |

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

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

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

| | 2020 | | | 0 |
|---------------------------------------------------------------------|---------------------|---------------------------------------|----------------------------------------------------------|---------------------|
| | <u>January 1</u> | <u>Recognized in Gain or loss</u> | <u>Recognized in others Comprehensive Income</u> | <u>December 31</u> |
| Deferred income tax assets: | | | | |
| Temporary differences: | | | | |
| Exchange differences on translation of foreign financial statements | \$ 8,136 | \$ - | \$ 14,251 | \$ 22,387 |
| Unrealized exchange loss | 3,809 | 10,502 | - | 14,311 |
| Bonus for not taking leave | 258 | (19) | - | 239 |
| Tax losses | <u>44,718</u> | <u>9,040</u> | <u>-</u> | <u>58,758</u> |
| | <u>\$56,921</u> | <u>\$ 19,523</u> | <u>\$ 14,251</u> | <u>\$ 90,695</u> |
| Deferred income tax liabilities: | | | | |
| Temporary differences: | | | | |
| Exchange differences on translation of foreign financial statements | (\$ 192,297) | \$ 49,552 | \$ - | (\$ 142,745) |
| Unrealized reserve for land revaluation increment tax | (93,467) | - | - | (93,467) |
| | <u>(\$ 285,467)</u> | <u>(\$ 49,552)</u> | <u>\$ -</u> | <u>(\$ 236,212)</u> |
| | <u>(\$ 228,843)</u> | <u>\$ 69,075</u> | <u>\$ 14,251</u> | <u>(\$ 145,517)</u> |

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

| December 31, 2021 | | | | | | 1 |
|---------------------------|------------------------------------------|--------------------------|--------------------------|--------------------------------------------------------|--------------------------------|---|
| <u>Year of occurrence</u> | <u>Amount filed/ amount approved</u> | <u>Deductible amount</u> | <u>Undeducted amount</u> | <u>Unrecognized deferred income tax assets portion</u> | <u>Year for last deduction</u> | |
| 2020 | Approved amount | \$ 47,692 | \$ 26,523 | \$ - | 2020 | |

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

| | <u>2021</u> | <u>2020</u> | |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------|----------------------------------------------------|
| Purchase of real estate, plant and equipment | \$ 6,244 | \$ 1,599 | |
| 2. 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 | Financing activities that do not affect cash flow: |
| Minus: other accounts payable at the end of the period - cash for change of destination (listed in "long-term bills and payments") | - | (127,577) | |
| Equipment payable at the end of the period ("Other payables" in the table) | (2,859) | - | |
| Cash payment in the current period | <u>\$ 130,962</u> | <u>\$ 1,599</u> | |
| | <u>2021</u> | <u>2020</u> | |
| Long-term borrowings are transferred to the portion due within one year | <u>\$ 13,948</u> | <u>\$ 18,597</u> | |

(26) Change of liabilities from financing activities

| | <u>2021</u> | | | | 1 |
|------------------------------------------------|------------------------------|---------------------------------|--------------------------|------------------------------|----------------------------------------------------|
| | <u>Short-term borrowings</u> | <u>Short-term notes payable</u> | <u>Lease Liabilities</u> | <u>Long-term liabilities</u> | <u>Total liabilities from financing activities</u> |
| January 1 | \$1,609,599 | \$ 130,000 | \$ 3,407 | \$ 32,545 | \$ 1,775,551 |
| Change of cash flows from Financing activities | (725,599) | (100,000) | (1,307) | (18,597) | (845,503) |
| Other change of non cash | - | - | 8,525 | - | 8,525 |
| December 31 | <u>\$ 884,000</u> | <u>\$ 30,000</u> | <u>\$ 10,625</u> | <u>\$ 13,948</u> | <u>\$ 938,573</u> |
| | <u>2020</u> | | | | 0 |
| | <u>Short-term borrowings</u> | <u>Short-term notes payable</u> | <u>Lease Liabilities</u> | <u>Long-term liabilities</u> | <u>Total liabilities from financing activities</u> |
| January 1 | \$1,530,000 | \$ 130,000 | \$ 1,975 | \$108,206 | \$ 1,770,181 |
| Change of cash flows from Financing activities | 79,599 | - | (516) | (75,661) | 3,422 |
| | - | - | 1,948 | - | 1,948 |
| December 31 | <u>\$1,204,500</u> | <u>\$ 130,000</u> | <u>\$ 3,407</u> | <u>\$ 32,545</u> | <u>\$ 1,775,551</u> |

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

7. Transactions with related parties

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

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

(2) Material Transactions with related parties

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

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

2. Primary management remuneration and compensation information

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

8. Collateralized assets

The Company's collateralized assets are listed below:

| <u>Assets</u> | <u>Book value</u> | | <u>For guarantee purposes</u> Short-term and long-term borrowings |
|---------------|--------------------------|--------------------------|-------------------------------------------------------------------------|
| | <u>December 31, 2021</u> | <u>December 31, 2020</u> | |
| Land | \$ - | \$ 481,493 | |

| | | | |
|-----------------------------------------------------------------|-------------------|---------------------|-------------------------------------|
| Buildings and structures | - | 161,188 | Short-term and long-term borrowings |
| Time deposits: (Stated in "Other financial asset - current") | 957,921 | 971,578 | Short-term borrowings |
| Time deposits: (Stated in "Other financial asset - current") | 368 | 1,927 | Voucher performance guarantee |
| | <u>\$ 958,289</u> | <u>\$ 1,616,186</u> | |

9. Significant contingent liabilities and unrecognized contractual commitments

(1) Contingency

None

(2) Undertakings

No undertakings

10. Significant casualty losses

None

11. Major events after the reporting period

None

12. Others

(1) Capital management

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

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

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|----------------------|--------------------------|--------------------------|
| Total liabilities | <u>\$ 1,088,050</u> | <u>\$ 2,169,657</u> |
| Total assets | <u>\$ 3,846,248</u> | <u>\$ 3,131,608</u> |
| Debt to assets ratio | <u>28</u> | <u>69</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 | \$ 1,267,737 | \$ 60,874 |
| Financial assets measured at amortized | 966,700 | 973,505 |
| Notes receivable | 323 | - |
| Accounts receivable | 1,376 | 4,099 |
| Other accounts receivable | 92 | 141 |
| Guarantee deposits paid | 1,156 | 733 |
| | <u>\$ 2,237,384</u> | <u>\$ 1,039,352</u> |

2. Financial instruments not measured at fair value

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

3. Risk management policies

(1) The Company's regular operations are affected by multiple financial risks, including market risk (including the foreign exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk.

(2) Risk management work is implemented by the Company's finance department in accordance with the approved policies. The Company's finance department closely collaborates with all operating departments for identifying, evaluating, and avoiding financial risk.

4. Nature and level of significant financial risk

(1) Market risk

Foreign exchange rate risk

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

B. The Company's management has set policies requiring the Company to

manage the foreign exchange rate risk related to its functional currency. The Company should manage the risk according to the overall foreign exchange rate risk through the finance department.

- C. The Company's businesses involve several non-functional currencies (The Company's functional currency is New Taiwanese Dollars), and they are affected by exchange rate fluctuation. Information of foreign currency assets and liabilities subject to material effect of exchange rate fluctuation is presented below:

| <u>December 31, 2021</u> | | | | | | |
|--------------------------------------------------------------------|-----------------------------------------------|--------------------------|-----------------------------------|--------------------------------|---------------------------------------------------|-------------------------------------------------|
| | <u>Foreign currencies (NT\$1,000)</u> | <u>Exchange rate</u> | <u>Carrying amount (NT\$)</u> | <u>Sensitivity analysis</u> | | |
| | | | | <u>Degree of variation</u> | <u>Effect on <u>profit</u> or <u>loss</u></u> | <u>Effect on other comprehensive income</u> |
| (Foreign currency: functional currency) | | | | | | |
| <u>Financial assets</u> | | | | | | |
| <u>Currency item</u> | | | | | | |
| US\$: NT\$ | \$ 57,222 | 27.68 | \$ 1,583,898 | 1% | \$ 15,839 | \$ - |
| <u>Long-term investments accounted for using the equity method</u> | | | | | | |
| US\$: NT\$ | 53,931 | 29.98 | 1,492,819 | 1% | - | 14,928 |
| <u>December 31, 2020</u> | | | | | | |
| | <u>Foreign currencies (NT\$1,000)</u> | <u>Exchange rate</u> | <u>Carrying amount (NT\$)</u> | <u>Sensitivity analysis</u> | | |
| | | | | <u>Degree of variation</u> | <u>Effect on <u>profit</u> or <u>loss</u></u> | <u>Effect on other comprehensive income</u> |
| (Foreign currency: functional currency) | | | | | | |
| <u>Financial assets</u> | | | | | | |
| <u>Currency item</u> | | | | | | |
| US\$: NT\$ | \$ 35,157 | 28.48 | \$ 1,001,271 | 1% | \$ 10,013 | \$ - |
| <u>Long-term investments accounted</u> | | | | | | |
| | 45,101 | 28.48 | 1,284,466 | 1% | - | 12,845 |

D. In 2021 and 2020, the aggregate amounts of all exchange losses (including realized and unrealized) of the Company's monetary items due to exchange rate fluctuations that have a significant impact are \$30,649 and \$52,470, respectively.

Price risk

The Company is not exposed to significant commodity price risk.

Cash flows and fair value interest rate risk

- A. The Company's interest rate risk arises from short-term and long-term borrowings at floating rates, exposing the Company to cash flow interest rate risk. As of December 31, 2021 and 2020, the Company's borrowings with floating interest rates are in New Taiwan Dollars.
- B. The Company's loans are measured at amortized cost and the interest rates are re-set each year according to the contract. Therefore, the Company is exposed to the risk of future market interest rate changes.
- C. When the borrowing rate increases or decreases by 1%, and all other factors remain unchanged, the net profit before tax in 2021 and 2020 will decrease or increase by \$8,979 and \$16,421 respectively, mainly due to the change in interest expense due to floating rate borrowings caused.

(2) Credit risk

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

- E. The Company classifies customers' notes and accounts receivable according to credit conditions and adopts a simplified method that uses the loss rate as the basis for estimating the expected credit loss.
- F. The company's forward-looking consideration of the future adjusts the loss rate established by historical and current information for a specific period to estimate the provision loss for bills receivable and accounts receivable. The provision matrix for 2021 and December 31, 2020 is as follows

| | <u>Not past due and past due for 1 to 30days</u> | <u>Past due for 31 to 90 days</u> | <u>Past due for more than 91 days</u> | <u>Total</u> |
|--------------------------|--------------------------------------------------------------|---------------------------------------|-----------------------------------------------|--------------|
| <u>December 31, 2021</u> | | | | |
| Expected loss rate | 0.34% | 0.81% | 100.00% | |
| Total book value | \$ 1,299 | \$ 401 | \$ 29 | \$ 1,729 |
| Loss allowance | - | 1 | 29 | 30 |

| | <u>Not past due and past due for 1 to 30 days</u> | <u>Past due for 31 to 90 days</u> | <u>Past due for more than 91 days</u> | <u>Total</u> |
|--------------------------|---------------------------------------------------------------|---------------------------------------|-----------------------------------------------|--------------|
| <u>December 31, 2020</u> | | | | |
| Expected loss rate | 0.34% | 0.81% | 100% | |
| Total book value | \$ 2,244 | \$ 1,859 | \$ 568 | \$ 4,671 |
| Loss allowance | 1 | 3 | 568 | 572 |

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

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

(3) Liquidity risk

- A. A. Cash flows forecasts are performed by each operating entity of the Company and summarized by the finance department of the Company. The Company's finance department monitors the Company's circulating capital

requirements to ensure that the Company has sufficient capital for its operating needs, and a sufficient unspent loan commitment is maintained at all times.

- B. When the residual cash held by each operating entity exceeds the amount of operating capital required for management, it shall be transferred back to the finance department of the Company. The Company's finance department will invest the residual funds in demand deposits, checking deposits, and time deposits, and the selected instruments have a proper due date or an adequate liquidity in order to meet the above-mentioned forecasts and ensure that the Company has sufficient liquidity to fund the requirements. At December 31, 2021 and 2020, the Company's money market position was NT\$1,267,317 and NT\$59,786 respectively, and they can generate immediate cash flows for liquidity risk management.
- C. The following table shows the Company's non-derivative financial liabilities, which are classified by the maturity date. Non-derivative financial liabilities are analyzed based on the time remains from the balance date to the contractual maturity date. The following table discloses the amount of contractual cash flows that is non-discounting.

December 31, 2021

| <u>Non-derivative financial liabilities:</u> | <u>In 1 year</u> | <u>1 to 2 years</u> | <u>More than 2</u> <u>years</u> |
|--------------------------------------------------------------------------------|------------------|---------------------|------------------------------------|
| Short-term borrowings | \$ 885,289 | \$ - | \$ - |
| Short-term notes and bills payable | | | |
| Notes payable | 30,000 | - | - |
| Accounts payable | 946 | - | - |
| Other accounts payable | 22,544 | - | - |
| Lease obligation | 3,110 | 3,985 | 3,823 |
| Long-term borrowings (including the current portion of long-term debt payable) | 14,055 | - | - |
| Long-term notes and accounts payable | | | |
| Guarantee deposits received | 144 | - | 37 |

Derivative financial liabilities: None

December 31, 2020

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

| | | | |
|--------------------------------------------------------------------------------|--------|--------|---------|
| Accounts payable | 3,140 | - | - |
| Other accounts payable | 15,183 | - | - |
| Lease obligation | 1,331 | 1,306 | 842 |
| Long-term borrowings (including the current portion of long-term debt payable) | 18,978 | 14,048 | - |
| Long-term notes and accounts payable | - | - | 127,577 |
| Guarantee deposits received | 393 | - | 362 |
| <u>Derivative financial liabilities: None</u> | | | |

13. Supplementary disclosure

(1) Information related to material transactions

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

(2) Re-investment related information

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

(3) Investment in mainland China

1. Basic information: None
2. Significant direct or indirect transactions with the investee in mainland China

through an enterprise at a third place: None

(4) Information of major shareholders

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

14. Segment information

Not applicable

Holiday Garden International Ltd. and subsidiaries

Loan funds

January 1, 2021 to December 31, 2021

Table 1

Unit: NT\$1,000

(Unless otherwise noted)

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

Note 1: See the footnotes below

(1) 0 for the Company

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

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

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

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

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

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

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

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

Note 9: In accordance with the Company's Operating procedure of management of loans to others, the amount of loans to foreign subsidiaries, in which the Company holds directly or indirectly, 100% of the voting shares or to individual borrowers should not exceed 50 times of the Company's net value, and the total amount of loans should not exceed 100 times of the net value of the company, and the duration of loans should be no more than 15 years.

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

Table 2

Unit: NT\$1,000

| Company which acquired properties | property name | Occuring Date | Transaction amount | Payment of price | Transaction object | Relationship | Holder | Relationship with issuer | Transfer date | Amount | (Unless otherwise noted) | | |
|-----------------------------------------|---------------------------------------------------------|---------------|--------------------|---------------------|--------------------------|-------------------------|--------|-----------------------------|------------------|--------|---------------------------------|--------------------------------------------------------------|----------------------------|
| | | | | | | | | | | | The former tranfer object is | information of transaction related party | reference of priceBasis |
| Holiday Garden EV CORP. | SpringHill Suites by Marriott San Jose Fremont 旅館 | 2021/12/09 | \$ 964,411 | \$ 964,411 | MILLENNIUM HOTEL INC. | None-related parties | - | - | - | \$ - | Valuation report | Operating the food and hotel business in U. S. A | None |

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

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

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

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

Table 3

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

Note 1: The date of issuance is the date of board resolution

Note 2: The gain or loss on disposal was calculated based on the selling price less the carrying value of real estate and related business tax, transaction costs and land appreciation 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> <u>receivable from related</u> | | Accounts receivable recovered <u>from related companies after</u> <u>the reporting period</u> | Amount of loss <u>allowance recognized</u> |
|--------------------------------------------------|--------------------------------|---------------------|-----------------------------------------------------------------|----------------------|------------------------------------------------------------|------------------|-----------------------------------------------------------------------------------------------------|-----------------------------------------------|
| | | | | | <u>Amount</u> | <u>Treatment</u> | | |
| Holiday Garden International Ltd. | Holiday Garden U.S. | Note 3 | Account receivable: 1,063,466 | Note 4 | \$ - | - | \$ - | \$ - |
| Holiday Garden U.S. | Holiday Garden WC CORP. | Note 3 | Account receivable: 465,301 | Note 4 | - | - | - | - |
| Holiday Garden SF CORP. | Holiday Garden U.S. | Note 3 | Account receivable: 367,784 | Note 4 | - | - | - | - |
| Holiday Garden U.S. | Holiday Garden EV CORP. | Note 3 | Account receivable: 680,478 | Note 4 | - | - | - | - |
| Holiday Garden WC CORP. | Holiday Garden SF CORP. | Note 3 | Account receivable: 141,205 | Note 4 | - | - | - | - |
| Holiday Garden EV CORP. | Holiday Garden SF CORP. | Note 3 | Account receivable: 125,684 | Note 4 | - | - | - | - |
| Holiday Garden U.S. | Holiday Garden FM CORP. | Note 3 | Account receivable: 487,608 | Note 4 | - | - | - | - |

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

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

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

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

Holiday Garden International Ltd. and subsidiaries

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

January 1, 2021 to December 31, 2021

Table 5

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

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

| | | | | | | | |
|---|-------------------------|-------------------------|-----|-----------------|---------|--------------------------------------------------------------|-------|
| 2 | Holiday Garden U.S. | Holiday Garden EV CORP. | (3) | Other income | 680,478 | Processed according to the agreement between the two parties | 7.91% |
| 2 | Holiday Garden U.S. | Holiday Garden EV CORP. | (3) | Interest income | 37,779 | Processed according to the agreement between the two parties | 4.42% |
| 2 | Holiday Garden U.S. | Holiday Garden FM CORP. | (3) | Other income | 487,608 | Processed according to the agreement between the two parties | 5.66% |
| 3 | Holiday Garden SF CORP. | Holiday Garden U.S. | (3) | Other income | 367,784 | Processed according to the agreement between the two parties | 4.27% |
| 3 | Holiday Garden SF CORP. | Holiday Garden U.S. | (3) | Interest income | 10,840 | Processed according to the agreement between the two parties | 1.27% |
| 4 | Holiday Garden VC CORP. | Holiday Garden SF CORP. | (3) | Other income | 54,225 | Processed according to the agreement between the two parties | 0.63% |
| 5 | Holiday Garden NW CORP. | Holiday Garden SF CORP. | (3) | Other income | 25,565 | Processed according to the agreement between the two parties | 0.30% |
| 6 | Holiday Garden WC CORP. | Holiday Garden SF CORP. | (3) | Other income | 141,205 | Processed according to the agreement between the two parties | 1.65% |
| 7 | Holiday Garden EV CORP. | Holiday Garden SF CORP. | (3) | Other income | 125,684 | Processed according to the agreement between the two parties | 1.46% |
| 8 | Holiday Garden FM CORP. | Holiday Garden SF CORP. | (3) | Other income | 57,281 | Processed according to the agreement between the two parties | 0.67% |

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

(1) 0 for the parent company.

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

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

(1) The parent company to a subsidiary

(2) A subsidiary to the parent company

(3) A subsidiary to another subsidiary

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

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

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

Holiday Garden Hotel Co., Ltd.
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 International 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-subsubsidiary of the parent company) between each investee and the Company (a publicly listed company) should be entered.

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

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

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% |

Holiday Garden Hotel Co., Ltd.
Statement of Cash and Cash Equivalents
January 1, 2021 to December 31, 2021

Unit: NT\$1,000

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

Holiday Garden Hotel Co., Ltd.
 Financial Assets at Amortised Cost - Current Statement
 January 1,2021 to December 31,2021

Unit: NT\$1,000

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

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

Holiday Garden Hotel Co., Ltd.
Statement of Changes in Investments Using the Equity Method
2021

List 3

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

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

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

Holiday Garden Hotel Co., Ltd.
Short-term loan schedule
December 31,2021

List 4

Unit: NT\$1,000

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

Blank Below

Holiday Garden Hotel Co., Ltd.
Schedule of Short Term Notes Payable
December 31,2021

List 5

Unit: NT\$1,000

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

Holiday Garden Hotel Co., Ltd.

Long-term loan details

December 31,2021

Unit: NT\$1,000

| | <u>Creditor</u> | <u>Summary</u> | <u>Loan Amount</u> | <u>Contract Period</u> | <u>Interest Rate</u> | <u>Financing Amount</u> | <u>Mortgage or Guarantee</u> | <u>Remark</u> |
|--------|-----------------------------------------------------|----------------------|--------------------|------------------------|----------------------|-------------------------|------------------------------|---------------|
| List 6 | First Commercial Bank, Sanmin ranch | 10 years credit loan | \$ 8,948 | 2012.09.18~2022.09.18 | 1.60% | 58,678 | None | |
| | | | | | | \$ | | |
| | Hua Nan Commercial Bank, Ltd. Tung-Kaohsiung Branch | 3 years credit loan | 5,000 | 2019.09.20~2022.09.20 | 1.10% | 20,000 | None | |
| | | | <u>13,948</u> | | | | | |
| | Minus: portion due within one year | (| <u>13,948</u>) | | | | | |
| | | \$ | <u><u>—</u></u> | | | | | |

Holiday Garden Hotel Co., Ltd.
 Operating Cost Schedule
 January 1,2021 to December 31,2021

Unit: NT\$1,000

| | Project | Amount | Remark |
|--------|---------------------------------------|------------|--------|
| | Beginning Catering Inventory | \$ 925 | |
| | Feed in this period | 6,871 | |
| | Transfer operating expenses | (938) | |
| List 7 | Ending Catering Inventory | (435) | |
| | Consumables for this issue | 6,423 | |
| | Food and room costs | 16,653 | |
| | | 23,076 | |
| | Less: Operating costs of closed units | (19,577) | |
| | | \$ 3,499 | |

Holiday Garden Hotel Co., Ltd.
 Operating Expenses Schedule
 January 1,2021 to December 31,2021

Unit: NT\$1,000

| Project | Summary | Amount | Remark |
|---------|------------------------------------------|-------------------|-------------------------------------------------------------|
| | Salary Expenses | \$ 36,670 | |
| | Labor Fee | 12,372 | |
| | Tax | 4,795 | |
| List 8 | Other Fee | 41,315 | The balance does not exceed 5% of the amount of the subject |
| | | <u>95,152</u> | |
| | Less: Operating expenses of closed units | (<u>51,620</u>) | |
| | | <u>\$ 43,532</u> | |

Holiday Garden Hotel Co., Ltd.

Summary of employee benefits, depreciation, and amortization expenses incurred in the current period by function

January 1, 2020 to December 31, 2021

List 9

Unit: NT\$1,000

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

Notes:

- The number of employees in the current year and the previous year was 93 and 115 respectively, of which the number of directors who were concurrently employees was 3 and 3 respectively
- For companies whose stocks have been listed on the stock exchange or traded on the OTC securities exchange center, the following information should be disclosed:
 - The average employee benefit cost for the current year is \$513; the employee benefit cost for the previous year is \$468.
 - The average employee salary cost in the current year is \$436; the employee salary cost in the previous year is \$396.
 - 10.10% of the adjustment and change of the average employee salary cost.
 - The company has set up an audit committee to replace the supervisor in accordance with the regulations, so the remuneration of the supervisor is not recognized.

Holiday Garden Hotel Co., Ltd.

Summary of employee benefits, depreciation, and amortization expenses incurred in the current period by function
January 1, 2020 to December 31, 2021

List 9

Unit: NT\$1,000

(5) Salary and remuneration policy

1. Policies, standards and combinations of remuneration:

- (1). The remuneration of the company's directors and independent directors includes the travel expenses and the distribution remuneration according to the company's articles of association of not more than 1% of the profit for the year, which shall be paid according to Article 31 of the company's articles of association.
- (2). The remuneration and salary of the managers of the company will be paid according to the personal professional experience and the usual standards of the industry, and the bonus will be issued according to the individual's performance according to its achievement rate, growth rate, risk and performance.
- (3). The salary of the company's employees is determined according to the results of the interview and evaluation at each stage; the salary of the personnel is approved according to the grade level. In addition, bonuses are issued according to the individual's performance according to their achievement rate, growth rate, and job performance.

2. Procedure for setting remuneration

- (1). The board of directors of the company passed the "Organization Regulations of the Remuneration Committee" in December 2011, and established a Remuneration Committee in accordance with the organizational regulations to formulate director and independent director-level managers' remuneration.
- (2). The Compensation and Remuneration Committee of the Company determines and regularly evaluates the remuneration of directors, independent directors and managers. The remuneration of directors, independent directors and managers must be approved by the board of directors.

Attachment2

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

| Assets | Notes | December 31 2021 | | December 31 2020 | | |
|---------------------------|-----------------------------------------------------|------------------|---------------------|------------------|---------------------|------------|
| | | Amount | % | Amount | % | |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 2,145,257 | 25 | \$ 887,011 | 13 |
| 1136 | Financial assets available-for-sale - current | 6(1)&8 | 966,700 | 11 | 973,505 | 14 |
| 1150 | Net notes receivable | 6(2) | 323 | - | - | - |
| 1170 | Net accounts receivable | 6(2) | 30,980 | - | 24,727 | - |
| 1200 | Other accounts receivable | | 567 | - | 823 | - |
| 1220 | Tax assets | | 42,817 | - | 69,938 | 1 |
| 130X | Inventories | 6(3) | 638 | - | 1,029 | - |
| 1410 | Advance payments | | 10,053 | - | 10,987 | - |
| 1479 | Other current assets - others | | 430 | - | 194 | - |
| 11XX | Total current assets | | <u>3,197,765</u> | <u>37</u> | <u>1,968,214</u> | <u>28</u> |
| Non-current assets | | | | | | |
| 1535 | Financial assets at amortized cost - non-current | 6(1) 8&9 | 85,295 | 1 | - | - |
| 1600 | Property, plants, and equipment | 6(4)(7)及(8) | 4,001,582 | 47 | 3,947,433 | 56 |
| 1755 | Right if use asset | 6(5) | 113,107 | 1 | 112,412 | 2 |
| 1780 | Intangible assets | 6(6) | 791,315 | 9 | 664,991 | 9 |
| 1840 | Deferred tax assets | 6(24) | 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 | Total non-current assets | | <u>5,409,669</u> | <u>63</u> | <u>5,064,546</u> | <u>72</u> |
| 1XXX | Total assets | | <u>\$ 8,607,434</u> | <u>100</u> | <u>\$ 7,032,760</u> | <u>100</u> |

(Next page)

| Liabilities and equity | | Notes | December 31 2021 | | December 31 2020 | |
|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------|---------|---------------------|------------|---------------------|------------|
| | | | Amount | % | Amount | % |
| Current liabilities | | | | | | |
| 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 | Total current liabilities | | <u>1,864,630</u> | <u>22</u> | <u>2,568,912</u> | <u>36</u> |
| Non-current liabilities | | | | | | |
| 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 | Total non-current liabilities | | <u>3,984,606</u> | <u>46</u> | <u>3,501,897</u> | <u>50</u> |
| 2XXX | Total liabilities | | <u>5,849,236</u> | <u>68</u> | <u>6,070,809</u> | <u>86</u> |
| Equity | | | | | | |
| Consolidated net income attributable to owners of the parent company | | | | | | |
| Capital stock | | | | | | |
| 3110 | Common share capital | 6(14) | 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 |
| Other equity | | | | | | |
| 3400 | Other equity | | (146,031) | (2) | (115,996) | (2) |
| 31XX | Total income attributable to the owners of the parent company | | <u>2,758,198</u> | <u>32</u> | <u>961,951</u> | <u>14</u> |
| 3XXX | Total equity | | <u>2,758,198</u> | <u>32</u> | <u>961,951</u> | <u>14</u> |
| | Significant contingent liabilities and unrecognized contractual commitments | 9 | | | | |
| 3X2X | Major events after the reporting period | | <u>\$ 8,607,434</u> | <u>100</u> | <u>\$ 7,032,760</u> | <u>100</u> |

| 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) |

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

2020

| | | | | | | | |
|------------------------------------------|---------------------|-----------------|------------------|------------------|-----------------------|-----------------------|-------------------|
| 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> |

2021

| | | | | | | | |
|------------------------------------------------------------|---------------------|-----------------|------------------|--------------|---------------------|-----------------------|---------------------|
| 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> |

6(16)

Cash flows from operating activities

| | | | |
|---------------------------------------------------------------|-------------|------------------|-------------------|
| Net loss before tax of continuing business units | | (\$ 244,116) | (\$ 469,900) |
| Net profit before tax (net loss) of discontinued units | 6(8) | <u>2,036,842</u> | (<u>23,960</u>) |
| 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 | 6(20) | | |
| interests | | (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) |
| Cash flow from investing activities | | | |
| 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 | | <u>1,318,253</u> | (<u>85,310</u>) |
| Cash flow from financing activities | | | |
| 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 |

| | | | |
|---------------------------------------------------------------------------|------|---------------------|---------------------|
| 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) | <u>887,011</u> | <u>\$ 1,139,837</u> |
| Closing balance of cash and cash equivalents | 6(1) | <u>\$ 2,145,257</u> | <u>\$ 887,011</u> |

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:

| <u>Newly issued/revised/amended standards and interpretations</u> | <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:

| <u>Newly issued/revised/amended standards and interpretations</u> | <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 DEVELOPMENT Co. 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:

| 2021 | | | | | |
|----------------|----------------|-----------------------------|-----------------------------------|-----------|----------------|
| | 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>\$</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

| 2 0 2 1 | | | |
|-----------------------------------------|----------------------------------------|----------------------------------------|-------------------|
| | <u>Trademark & 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> |

| 2 0 2 0 | | | |
|-----------------------------------------|----------------------------------------|----------------------------------------|-------------------|
| | <u>Trademark & 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

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

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

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

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

| | | |
|---------------------------------------------------|---------------|---------------|
| After-tax net profit (loss) of discontinued units | (\$ 18,311) | (\$ 18,928) |
|---------------------------------------------------|---------------|---------------|

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

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

(9) Short-term loans

| The nature of the loan | <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

| | Dec.31, 2021 | Dec. 31, 2020 |
|--------------------------|---------------------|----------------------|
| 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

| | 2021 | 2020 |
|----------------------------------------|-------------------|-------------------|
| 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:

| | Taiwan | | | U.S.A | |
|----------------------------------------------|---------------------|-----------------------------------|---------------------|---------------------|-------------------|
| | <u>Room Revenue</u> | <u>Food & Beverage Income</u> | <u>Other Income</u> | <u>Room Revenue</u> | Total |
| 2021 | | | | | |
| 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> |

| | Taiwan | | | U.S.A | |
|----------------------------------------------|-----------------|------------------------------|-----------------|-----------------|--------------|
| | Room Revenue | Food & Beverage Income | Other Income | Room Revenue | Total |
| 2020 | | | | | |
| 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) |
| | \$ 24,613 | \$ 17,767 | \$ 3,609 | \$ 612,865 | \$ 658,854 |
| 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 |
| | 82,263 | 39,253 | 7,322 | 612,865 | 741,703 |
| 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 | <u>15,903</u> | <u>4,335</u> |
| | 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 | (<u>148,237</u>) | (<u>242,476</u>) |
| | (33,556) | (223,551) |
| Less: Income tax(benefits) expenses for units that are discontinued | (<u>56,629</u>) | <u>5,032</u> |
| 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 | (\$ <u>7,509</u>) | \$ <u>14,251</u> |

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 | <u>-</u> | (<u>885</u>) |
| | (33,556) | (223,551) |
| Less: Income tax (benefits) expenses for units that are discontinued | (<u>56,629</u>) | <u>5,032</u> |
| 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> | | | | | |
| | <u>January 1</u> | Recognized in <u>Gain or loss</u> | Recognized in others <u>Comprehensive income</u> | Exchange <u>Rate impact</u> | Other (Note) | <u>December 31</u> |
| 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 | \$ - | 2030 |

| 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, 2020 | | | | | |
|---------------------------|-------------------------------------|------------------------------|------------------------------|------------------------------|------------------------|
| <u>Year of occurrence</u> | <u>Amount filed/amount approved</u> | <u>Deductible tax amount</u> | <u>Undeducted tax amount</u> | <u>Unrecognized deferred</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

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

| | <u>2020</u> | | |
|-------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------------------------------------------------------|--------------------------------------|
| | <u>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 | | | | | | |
|----------------------------------------------------|------------------------------------------|----------------------|---------------------------|--------------------------------|--------------------------------------|-------------------------------------------------|
| (Foreign currency: functional currency) | <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> |
| <u>Financial assets</u> | | | | | | |
| <u>Currency item</u> | | | | | | |
| US\$: NT\$ | \$ 57,222 | 27.68 | \$ 1,583,905 | 1% | \$ 15,839 | \$ - |

| December 31, 2020 | | | | | | |
|----------------------------------------------------|------------------------------------------|----------------------|---------------------------|--------------------------------|--------------------------------------|-------------------------------------------------|
| (Foreign currency: functional currency) | <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> |
| <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 | <u>\$ 199</u> | <u>\$ 1,011</u> |

(3) Liquidity risk

- A. Cash flows forecasts are performed by each operating entity of the Company and summarized by the finance department of the Group. The Group's finance department monitors the Group's circulating capital requirements to ensure that the Company has sufficient capital for its operating needs and to maintain a sufficient unspent loan commitment at all times.
- B. 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 | | | | Continuing business unit |
|-----------------------------------------------|--------------------|--------------|--------------|--------------|--------------------------------|
| | Taiwan business | USA business | Total | Closed 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: :

| | 2019 | | 2018 | |
|--------------------|-------------------|---------------------------|-------------------|---------------------------|
| | <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 an publicly listed company deciding to resolve each fund to be loaned to other at the Board of Directors according to Article 14.1 of the Procedure of Management of Loans to Others, then even if the fund has not yet been appropriated, the amount of loans resolved at the Board of Directors should be stated in the announced balance to disclose the exposed risk. If said funds are repaid later, the balance after the repayment should be disclosed to reflect the adjusted risk. If, in accordance with Article 14.2 of Regulations Governing the Administration of Shareholder Services of Public Companies, a publicly listed company decides to authorize the chairperson of the board, resolved at the board of directors, to have the funds for lending that are within the specific amount authorized in installment or revolver within one year, it is the balance of the amount of loans to others approved at the Board of Directors that should be announced and filed. Said loans to others may be repaid later, but because lending may be authorized again, use the amount of loans to others approved by the Board of Directors as the balance announced and reported.

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

Holiday Garden Hotel Co., Ltd.

Properties 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> | Payment of <u>price</u> | <u>Transaction object</u> | <u>Relationship</u> | <u>The former tranfer information of transaction object is related party</u> | | | reference of <u>priceBasis</u> | purpose of acquirsion 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

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

Note 1. 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> receivable | Transaction object name | Relationship | Balance of Receivable from related companies (Note 1) | Turnover rate | <u>Past due accounts</u> receivable from related | | Accounts receivable recovered from related companies after_ the reporting period | Amount of loss allowance recognized |
|-------------------------------------------|-------------------------|--------------|----------------------------------------------------------|---------------|-----------------------------------------------------|-----------|----------------------------------------------------------------------------------------|----------------------------------------|
| | | | | | Amount | Treatment | | |
| 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 Hotel Co., Ltd.
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\$1,000
(Unless otherwise noted)

| Investor | Investee (Notes 1 and 2) | Location | Primary business items | Initial investment amount | | End of the reporting period | | | Investee's current profit and loss (Notes 2(2)) | Recognized current investment gain or loss (Note 2(3)) | Note |
|-----------------------------------|-------------------------------------|----------|---------------------------|-------------------------------|-------------------|-----------------------------|-------|-----------------|-------------------------------------------------------|--------------------------------------------------------------|--------------------------|
| | | | | Ending of reporting period | Previous year end | Number of shares | Ratio | Carrying amount | | | |
| Holiday Garden Hotel Co., Ltd. | Holiday Garden Development Co. 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-subsubsidiary of the parent company) between each investee and the Company (a publicly listed company) should be entered.

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

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

Table 7

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

| Main shareholder name | 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% |

Chapter 7. Review Analysis and Risk Assessment of Financial Position and Operating Results

I. Financial Position - Consolidated

(I) Review and Analysis of Financial Position

(the increase or decrease amount is more than NT\$ 10 million and the change proportion is more than 20%)

Unit: NT\$ 1,000

| Items \ Year | 2021 | 2020 | Difference | |
|--------------------------------------------------------------------------------------------------------|-----------|-------------|------------|---------|
| | | | Amount | % |
| Current Asset | 3,197,765 | 1,968,214 | 1,229,551 | 62.47 |
| Real Estate, Plant and Equipment | 4,001,582 | 4,279,580 | (277,998) | (6.50) |
| Intangible Assets | 791,315 | 664,991 | 126,324 | 19.00 |
| Other Assets | 616,772 | 452,122 | 164,650 | 36.42 |
| Total Assets | 8,607,434 | 7,364,907 | 1,242,527 | 16.87 |
| Current Liability | 2,568,912 | 2,956,059 | (387,147) | (13.10) |
| Non-Current Liability | 3,984,606 | 3,501,897 | 482,709 | 13.78 |
| Total Liabilities | 5,849,236 | 6,070,809 | (221,573) | (3.65) |
| Equity Attributable to Owners of Parent Company | 2,758,198 | 961,951 | 1,796,247 | 186.73 |
| Share Capital | 1,104,856 | 1,104,856 | 0 | 0.00 |
| Capital Surplus | 2,169 | 2,169 | 0 | 0.00 |
| Retained Earnings | 1,797,204 | (1,674,278) | 3,471,482 | 207.34 |
| Other Equities | (146,031) | (115,996) | (30,035) | (25.89) |
| Treasury Stock | - | - | - | - |
| Non-Controlling Interest | - | - | - | - |
| Total Equity | 2,758,198 | 961,951 | 1,796,247 | 186.73 |
| Reasons for the difference: | | | | |
| 1. Current assets, other assets, owners' equity and retained earnings were mainly due to the disposal. | | | | |
| 2. The decrease in other equity was due to the cumulative translation adjustment. | | | | |

II. Review and Analysis of Business Operating Results – Consolidated

(I) Comparative analysis of business operating results:

(the increase or decrease amount is more than NT\$ 10 million and the change proportion is more than 20%)

Unit: NT\$ 1,000

| Items | 2021 | 2020 | Increase (Decrease) Amount | Variable Proportion % |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|----------------------------|-----------------------|
| Operating Income | 821,146 | 658,854 | 162,292 | 24.63 |
| Operating Margin | 627,732 | 469,203 | 158,529 | 33.79 |
| Operating Profit and Loss | (105,332) | (176,990) | (71,658) | 40.48 |
| Non-Operating Income and Expenditure | (138,784) | (292,910) | (154,126) | 52.62 |
| Net Profit Before Tax | (493,860) | (469,900) | (225,784) | 48.05 |
| Continuing Operations Net Income | (153,931) | (251,381) | (97,450) | 38.76 |
| Loss from Discontinued Operations | 1,980,213 | (18,928) | 1,999,141 | 10,561.81 |
| Current Net Profit (Loss) | 1,826,282 | (270,309) | 2,096,591 | 775.63 |
| Current Other Comprehensive Profit and Loss (Net Amount After Tax) | (30,035) | (57,005) | (26,970) | 47.31 |
| Current Total Comprehensive Profit and Loss | 1,796,247 | (327,314) | 2,123,561 | 648.78 |
| Net Income Attributable to Owners of Parent Company | 1,826,282 | (270,309) | 2,096,591 | 775.63 |
| Net Profit Attributable to Non-Controlling Interests | - | — | - | - |
| Total Comprehensive Profit and Loss Attributable to Owners of the Parent Company | 1,796,247 | (327,314) | 2,096,591 | 648.78 |
| Total Comprehensive Profit and Loss Attributable to Non-Controlling Interest | - | — | - | - |
| Earnings Per Share | 16.53 | (2.45) | 18.98 | 44.47 |
| Explanation analysis: | | | | |
| 1. The increase in operating income, gross profit, and operating profit or loss was due to the slowdown of the epidemic compared to the previous year. | | | | |
| 2. The increase in non-operating income and expenses and the net profit for the period were mainly due to the disposal of the case. | | | | |

(II) Analysis of operating margin changes: None

III. Review and Analysis of Cash Flow - Consolidated

(I) Cash Flow Analysis

2021

Unit: NT\$ 1,000

| Beginning Cash Balance | Net Cash Flow from Operating Activities Throughout the Year | Cash Outflows (Inflows) from Investment and Financing Activities Throughout the Year | Cash Balance Amount | Remedial Measures for Cash Inadequacy | |
|------------------------|-------------------------------------------------------------|--------------------------------------------------------------------------------------|---------------------|---------------------------------------|----------------|
| | | | | Investment Plan | Financial Plan |
| \$887,011 | (\$81,988) | (\$ 1,375,144) | \$2,145,257 | — | — |

(II) The net cash flow of each item changes by 50% at present and later stage, and the change in the amount is more than 5% of the paid-in capital.

Unit: NT\$ 1,000

| <u>Items</u> | <u>2021</u> | <u>2020</u> | <u>Changes in the Amount</u> | <u>Rate of Change %</u> |
|-----------------------|-------------|-------------|------------------------------|-------------------------|
| Operating Activities | (81,988) | (131,009) | (412,387) | (146.55) |
| Investment Activities | 1,318,253 | (85,310) | 2,415,267 | (96.59) |
| Financing Activities | 56,861 | 8,947 | (1,579,971) | (99.44) |

Net cash flow from financing activities: due to the purchase of a new hotel in the United States. °

(III) Remedial measures for insufficient cash and liquidity analysis: N/A

(IV) Analysis of cash liquidity in the next year:

Unit: NT\$ 1,000

| Beginning Cash Balance (1) | Expected Full-Year Net Cash Flow from Operating Activities (2) | Expected Full-Year Net Cash Flow Amount (3) | Cash Balance (Insufficient) Amount (1)+(2)-(3) | Remedial Measures for Cash Inadequacy | |
|----------------------------|----------------------------------------------------------------|---------------------------------------------|------------------------------------------------|---------------------------------------|----------------|
| | | | | Investment Plan | Financial Plan |
| \$ 2,145,257 | \$ 0 | \$ 278,946 | \$ 2,424,203 | — | — |

IV. The Impact of Recent Material Capital Expenditures on Financial Operations: None

IIV. Recent Annual Reinvestment Policy, Main Reason for Income or Loss, Its Improvement Plan and Investment Plan for the Next Year

Unit: NT\$ 1,000

| Explanations Items | Amount | Policies | Main Cause of Profit or Loss | Improvement Plan | Other Future Investment Plans |
|-----------------------------------|--------------------|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-------------------------------|
| Holiday Garden International Ltd. | (88,773) (2021) | Offshore Holding Company | Operating loss through American sub-subsidiary Holiday Garden International's investments in hotels such as Clementine Hotel & Suites Anaheim in California | The Company is still strengthening various controls to achieve greater profits. | None |

VI. Risk Items and Assessment

- (1) Impacts on interest rate, fluctuation in exchange and inflation on corporate gains and losses and future countermeasures:
 1. The Company is engaged in short-term and long-term loans, which is a kind of debt with floating interest rate. Therefore, the change of market interest rate will cause the effective interest rate of short-term and long-term loans to change accordingly. The Company will continue to maintain a good interactive relationship with its banks, obtain preferential loan terms, and minimize the risk of interest rate fluctuations affecting interest expenses.
 2. Recently, the exchange rate of USD and JPY fluctuates a lot, but most of our tourists are from mainland China, so the influence on our Company is limited.
 3. Under the pressure of rising prices, the Company will purchase in bulk to reduce the cost of goods in response to inflation.
- (2) Policies on high-risk, highly leveraged investments, capital loans for others, endorsements, and derivative transactions, major causes of profits or losses and future countermeasures: The Company forbids high-risk and highly leveraged investments. For the capital loan to other people and endorsement of the object of guarantee, they are limited to affiliated enterprises with 50% reinvestment. Up to the date of publication, no funds have been loaned. The Company has so far prohibited trading in derivative products.
- (3) Future R&D plan and expected invested R&D cost: The Company is in the service sector, and we have no such plan at present.
- (4) The impact of important domestic and foreign policies and laws on the company's financial business and countermeasures: The Financial Supervisory Commission of the Executive Yuan issued on May 14, 2009 that TWSE & TPEX listed companies

shall prepare financial reports in accordance with IFRS (main framework of International Accounting Standards and important accounting standards of International Financial Reporting Standards) from 2013; the Company has adopted IFRS to prepare financial reports.

- (5) Impact of technological and industrial changes on the company's financial business and countermeasures:
Over the years, the Internet booking has become a new trend, in addition to the layout of a number of Internet booking companies, to strengthen the expansion of the business, training related business personnel, for the company's largest volume of business.
- (6) Impact of corporate image change on corporate crisis management and countermeasures:
The Company has always upheld the supremacy of guests, service first for the most priority, so that guests feel at home. In case of any customer complaint, it is necessary to make timely correction and improvement, maintain the corporate image of law-abiding and trustworthy, and cultivate the business philosophy of environmental responsibility in silence.
- (7) Anticipated benefit, possible risks and countermeasures of the merger and acquisition:
The merger and acquisition policy of the Company has always been conservative, and we will only do so when we can do our best and do not take additional debt, when the expected benefits are expected, and when the risks are the lowest.
- (8) Anticipated efficiency, possible risks and countermeasures of the expanded plants:
The Company's land use rate is full, there is no plan to expand the hotel.
- (9) Risks and countermeasures encountered in the purchase or turnover concentration:
The Company is in service sector, the object of purchase and sales are very scattered and the source channels are diverse, sales has always taken business personnel and the cooperation with travel agencies, so the Company's purchase and sales concentrated risk is minimal.

- (10) Directors, supervisors, or major shareholders holding more than 10% of the company's shares, in terms of the impact and risks of the transfer or change of ownership on the company:
The directors of the company are all appointed by Yingchuan International Enterprise Co., Ltd., and the majority shareholder holding more than 10% shares is only the legal person shareholder, so there is little risk of substantial transfer of shares.
- (11) Impact of the change of management right on the company, risks and countermeasures:
So far, there has been no change in the management of the Company.
- (12) The company and its directors, supervisors, general managers, substantial heads, major shareholders holding more than 10% of the shares of the company and its subsidiaries shall be listed in the litigation or non-litigation or administrative disputes in which the company has determined or is still in possession. Where the outcome may have a material impact on shareholders' equity or securities prices, it shall disclose the facts of the dispute, the target amount, the commencement date of the lawsuit, the major litigants involved and the disposition as of the date of publication of the annual report:
No such thing happened in the Company.
- (13) Other important risks and countermeasures:
Description of the information security risk assessment analysis:
With the advancement of technology, the Internet is becoming more and more prevalent, and the relative risk is information security. Under this risk, the company's current approach to staff is to set up training courses on the Personal Data Protection Act to strengthen staff's control over the company's information security and personal data; and to set up an Active Directory server on the system to distinguish clearly and in detail between departments and staff to ensure the protection of the authority of each department.
Under the AD domain, employees have their own accounts and must update their passwords regularly to protect the security

of their personal account information, which can increase the efficiency of company control and information security, and the use of group principle management can effectively limit the user to download and install software, greatly reducing the risk of poisoning. The company's File Server is also AD-controlled, so all departments and employees can have detailed read and write restrictions to protect their data from infringement.

In the hardware, the company has also installed a physical firewall - Forti Gate 100D, which can externally block malicious attacks and block viruses; internally, it can effectively control the traffic, filter web pages and applications to reduce the chances of users being infected with Trojans, worms or viruses, and the dashboard can monitor the network status and incoming and outgoing IPs; personal computers are also installed with anti-virus software such as Windows Defender, Avast and ESET, and computer monitoring and regular anti-virus schedules are enabled to prevent viruses at any time.

(14) Other important items: None.

Chapter 8. Special Noted Items

1. Related Information on Affiliated Enterprises

(I) Consolidated Business Report of Affiliated Enterprises:
Please refer to pages 239~243.

(II) Consolidated Financial Statement of Affiliated
Enterprises: Please refer to pages 154~230.

(III) Relationship report: None.

2. For the most recent year and up to the date of publication of the annual report, the status of private offering of marketable securities: None.

3. For the most recent year and up to the date of publication of the annual report, the status of holding or disposing of the Company's shares by a subsidiary: None.

4. Other necessary supplementary notes: None.

Chapter 9. For the Most Recent Year and up to the Date of Publication of the Annual Report, There are Matters that Have a Material Impact on The Shareholders' Equity or the Securities Price as Provided for in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act:

None

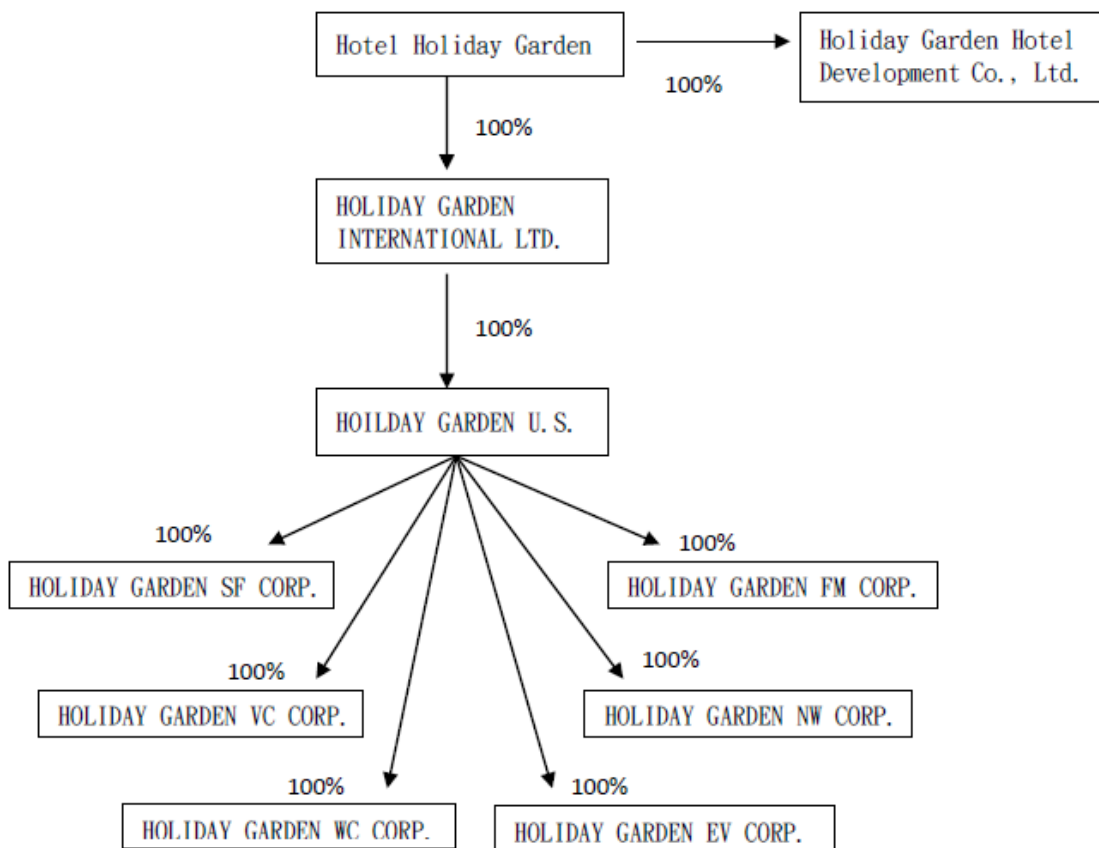
Holiday Garden Hotel Co., Ltd.

Consolidated Business Report of Affiliated Enterprises

I. Affiliated Enterprise Profile

I. Organizational Profile of the Affiliated Enterprises

(I) Organization Chart of the Affiliated Enterprises



(II) A company presumed to have a controlling and subordinate relationship under Article 369-3 of the Company Act: No such situation.

(III) A company which has a controlling and subordinate relationship as provided for in Article 6 of the preparation guidelines for the Consolidated Business Report of Affiliated Enterprises, Consolidated Financial Statement of Affiliated Enterprises, and Relationship Report: No such situation.

II. Basic Information on Affiliated Enterprises

Unit: NT\$ 1,000

| Enterprise Name | Date of Incorporation | Address | Paid-In Capital (Note) | Major Business or Production Items |
|--------------------------------------------|-----------------------|------------------------------------------------------------------------|------------------------|------------------------------------|
| HOLIDAY GARDEN INTERNATIONAL LTD. | March 14, 1997 | Canon's Court, 22 Victoria Street, PO Box 1624,Hamilton HM EX ,Bermuda | USD 12 | Investment Business |
| HOILDAY GARDEN U.S. | January 22, 1997 | 202 S. Minnesota Street, Carson City, NV 89703, U.S.A. | USD 180 | Investment Business |
| HOLIDAY GARDEN SF CORP. | January 21, 1997 | 1540 W. Artesia Sq., Unit D Gardena, CA, U.S.A. 90248 | USD 170 | Operating Tourist Hotel Business |
| HOLIDAY GARDEN VC CORP. | July 8, 2015 | 1540 W. Artesia Sq., Unit D Gardena, CA, U.S.A. 90248 | USD 150 | Operating Tourist Hotel Business |
| HOLIDAY GARDEN NW CORP. | July 20, 2015 | 1540 W. Artesia Sq., Unit D Gardena, CA, U.S.A. 90248 | USD 150 | Operating Tourist Hotel Business |
| HOLIDAY GARDEN WC CORP. | May 18, 2016 | 1540 W. Artesia Sq., Unit D Gardena, CA, U.S.A. 90248 | USD 150 | Operating Tourist Hotel Business |
| Holiday Garden Hotel Development Co., Ltd. | September 28, 2017 | No. 1, Zhong'an Rd., Qianzhen Dist., Kaohsiung City | NT 65,000 | Operating Tourist Hotel Business |
| HOLIDAY GARDEN EV CORP. | April 12, 2019 | 1540 W. Artesia Sq., Unit D Gardena, CA, U.S.A. 90248 | USD 150 | Operating Tourist Hotel Business |
| HOLIDAY GARDEN FM CORP. | December 8, 2021 | 1540 W. Artesia Sq., Unit D Gardena, CA, U.S.A. 90248 | USD 150 | Operating Tourist Hotel Business |

III. The same shareholder information is presumed to be controlled and affiliated: None.

IV. Sectors covered by the overall business operation of the affiliated enterprise: The business of the company and its affiliated enterprises mainly involves the investment and operation of tourist hotels and restaurants.

V. Information on Directors and General Manager of Affiliated Enterprises:

Unit: Shares; %

| Enterprise Name | Title | Name or Representative | Shares Held | |
|--------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------|---------------------------|-----------------------------|
| | | | Number of Shares (shares) | Shareholding Percentage (%) |
| Holiday Garden Hotel Development Co., Ltd. | Director Chairman of the Board (Representative of Hotel Holiday Garden) | Holiday Garden Hotel Co., Ltd. Hai-Ni Chen | 6,500,000 - | 100 - |
| HOLIDAY GARDEN INTERNATIONAL LTD. | Director Chairman of the Board (Representative of Hotel Holiday Garden) | Holiday Garden Hotel Co., Ltd. Hai-Ni Chen | 12,000 - | 100 - |
| HOLIDAY GARDEN U.S. | Director Chairman of the Board (Representative of Hotel Holiday Garden) | HOLIDAY GARDEN INTERNATIONAL LTD. Hai-Ni Chen | 18,000 - | 100 - |
| HOLIDAY GARDEN SF CORP. | Director Chairman of the Board (Representative of Hotel Holiday Garden) | HOLIDAY GARDEN U.S. Hai-Ni Chen | 170,000 - | 100 - |
| HOLIDAY GARDEN VC CORP. | Director Chairman of the Board (Representative of Hotel Holiday Garden) | HOLIDAY GARDEN U.S. Hai-Ni Chen | 150,000 - | 100 - |
| HOLIDAY GARDEN NW CORP. | Director Chairman of the Board (Representative of Hotel Holiday Garden) | HOLIDAY GARDEN U.S. Hai-Ni Chen | 150,000 - | 100 - |
| HOLIDAY GARDEN WC CORP. | Director Chairman of the Board (Representative of Hotel Holiday Garden) | HOLIDAY GARDEN U.S. Hai-Ni Chen | 150,000 - | 100 - |
| HOLIDAY GARDEN EV CORP. | Director Chairman of the Board (Representative of Hotel Holiday Garden) | HOLIDAY GARDEN U.S. Hai-Ni Chen | 150,000 - | 100 - |
| HOLIDAY GARDEN FM CORP. | Director Chairman of the Board (Representative of Hotel Holiday Garden) | HOLIDAY GARDEN U.S. Hai-Ni Chen | 150,000 | 100 |

Note 1: If the affiliated enterprise is a foreign company, its equivalent position shall be listed.

Note 2: If the investee company is a company limited by share, the number of shares and shareholding ratio shall be filled in.

II. Operating Profile of Affiliated Enterprises

The Financial Position and Operating Results of the Relevant Enterprises (Note)

Unit: NT\$ 1,000

| Enterprise Name | Capital | Total Value of Assets | Total Liabilities | Net Value | Operating Income | Operating (Loss) Profit | Current (Loss) Profit (After Tax) | Earnings Per Share(NT\$) (After Tax) (Note) |
|--------------------------------------------|---------|-----------------------|-------------------|-----------|------------------|-------------------------|-----------------------------------|----------------------------------------------|
| Holiday Garden Hotel Development Co., Ltd. | 65,000 | 156,005 | 119,521 | 36,485 | 29,218 | (6,308) | (11,364) | (1.75) |
| HOLIDAY GARDEN INTERNATIONAL LTD. | 332 | 1,529,522 | 36,704 | 1,429,818 | - | (367) | (88,773) | (7,397.74) |
| HOLIDAY GARDEN U.S. | 4,982 | 1,732,424 | 1,493,931 | 238,493 | - | (38,712) | (125,434) | (6,968.55) |
| HOLIDAY GARDEN SF CORP.CORP. | 4,706 | 1,252,583 | 1,115,716 | 136,867 | 190,482 | 35,581 | 8,852 | 52.07 |
| HOLIDAY GARDEN VC CORP.CORP. | 4,152 | 760,075 | 783,761 | (23,686) | 179,915 | 5,263 | (15,573) | (103.82) |
| HOLIDAY GARDEN NW CORP.CORP. | 4,152 | 574,480 | 551,499 | 22,981 | 89,106 | (8,399) | (10,690) | (71.26) |
| HOLIDAY GARDEN WC CORP.CORP. | 4,152 | 877,924 | 1,085,361 | (207,437) | 131,307 | (38,327) | (55,661) | (371.07) |
| HOLIDAY GARDEN EV CORP.CORP. | 4,152 | 1,767,184 | 2,007,879 | (240,695) | 186,366 | (52,222) | (83,189) | (554.59) |
| HOLIDAY GARDEN FM CORP.CORP. | 4,152 | 1,326,418 | 1,267,988 | 58,430 | 4,099 | (12,858) | 59,127 | 394.18 |

Note: Average buy/sell rate of reporting date on December 31, 2021 was USD1 = NTD27.68. Average exchange rate from January 1 to December 31, 2021 was USD1 = NTD28.01.

Holiday Garden Hotel

Signature and seal of the person in charge:

Hai-Ni Chen