

【股票代碼：2702】



Holiday Garden Hotel Co., Ltd

2022 Annual Report

Published: May 8, 2023

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

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

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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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Chapter 1. Report to Shareholders

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 2023 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.

Although our hotels in the U.S. have experienced significant challenges due to the impact of the epidemic, as vaccination rates improve and travel demand picks up, the company's senior management and I will continue to take responsive measures to ensure the sustainability and stability of our operations and lead all of our employees to continue to work hard to achieve steady growth and continue to generate greater profits for the company to benefit our shareholders.

I. Operating Results

A. Business Plan Implementation Results

The Group's consolidated revenue for 2022 totaled NT\$ 1,364,208 thousand, an increase of 66% from the consolidated revenue of NT\$ 821,146 thousand for 2021.

II. Consolidated Financial Report

A. Analysis of Financial revenue and profitability:

Unit: NT thousand dollars ; %

year		The	2022	2021	
Items analyzed					
Financial Revenue and expense	Net operating revenue		1,364,208	854,158	
	Gross profit		1,098,665	711,183	
	Net profit		402,002	1,826,282	
Profitability	Return of assets(%)		6.54	24.51	
	Return of equity (%)		13.52	98.18	
	Operating Income to Capital Stock to pre-tax income to capital(%)	Operating profit		3.44	(9.53)
		Income before tax		48.73	162.26
	Net profit margin(%)		29.47	213.81	
	Earnings per share (dollar)		2.70	16.53	

B. The net asset liabilities:

As of December 31, 2022, the total assets of the Group were NT\$8,648,934 thousand dollars, out of which the total liabilities is NT\$5,458,519 thousand dollars, which accounted for 63% of the total assets, the total net worth is NT\$3,190,415 thousand dollars, which accounted for 37% of the total assets.

C. Profits and losses:

The Group's gross profit for fiscal 2022 was NT\$1,098,665 thousand and

net profit after tax was NT\$402,002 thousand, representing a net profit margin of 29.47%.

III. Budget and execution

The annual operating income in 2022 was NT\$1,364,208 thousand dollars, and the budget being NT\$1,036,472 thousand dollars, the net loss before tax is NT\$726,843 thousand dollars, budget net profit before tax being NT\$236,850 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 recent years, the tourism industry has been deeply affected by the epidemic, and travel was restricted during the epidemic. With the gradual stabilization of the epidemic, domestic tourism is gradually picking up, coupled with the government's promotion of travel subsidies and other. With the stabilization of the epidemic, domestic tourism is gradually rebounding. The Company continues to actively expand its business territory to increase its market share.

In terms of overseas operations, the US hotel industry is under control due to the high rate of vaccine outbreaks, the rebound in travel and business demand, and the gradual recovery of the economy, which will contribute to the Company's revenue performance, driven by steady growth in operations. Facing the uncertain global development trend in the future, the company

still upholds a rigorous attitude to seek development in stability, and actively develops in the hotel and catering business, and constantly adjusts and revises to grasp the future business attitude, sales diversification, and show more diversified and richer catering and accommodation experience.

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 2022 annual financial statement and report, please kindly verify.

Note: the 2022 financial statement of the Company is reviewed and concluded by the Audit Committee, and the audit report is issued. Please refer to Page 89 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.
- DD. In October 2022, Sale of TownePlace Suites Newark Silicon Valley Hotel.

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\$ 2,500,000,000.

The paid-in capital is NT\$ 1,491,554,760.

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.

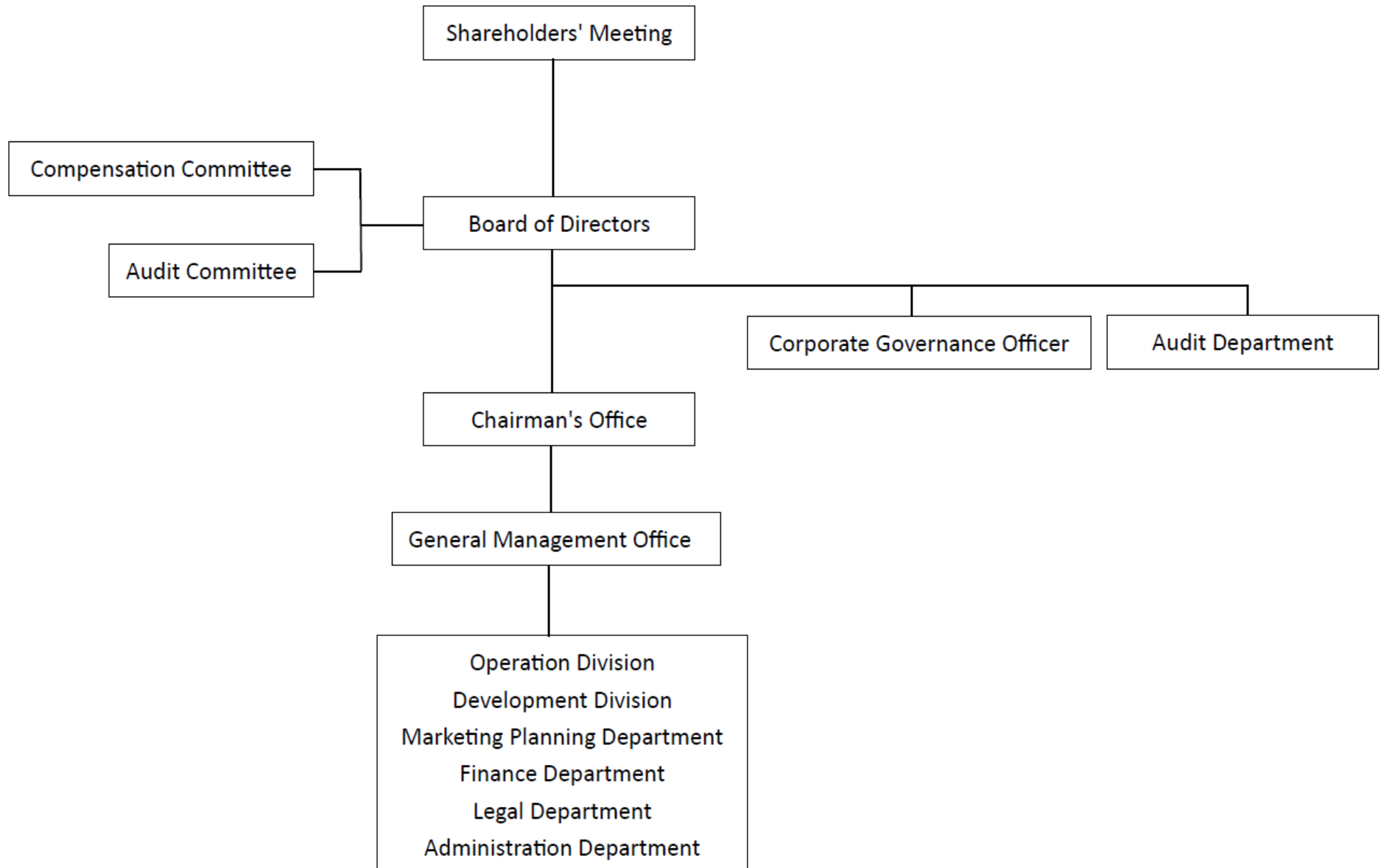
V. The most recent year and up to the date of the publication of the annual report, substantial transfer or replacement of the shares of directors, supervisors or major shareholders holding more than 10% of the shares: None.

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.
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
Legal Department	- Provide consultation or representation with legal related documents
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.

II. Information of Director and Manager

A. Information of Directors

December 31, 2022

Job Title	Nationality or Domicile	Name	Age	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			2022.06.15	3 Years	1965	21,427,377	19.39%	28,926,958	19.39%	-	-	0	0	-	-	-	-	-	-
Legal (Judicial) Person Representative	Republic of China	Hai-Ni Chen	71-80	Male	2022.06.15	3 Years	1965	3,151,505	2.85%	4,254,531	2.85%	766,886	0.51%	0	0	Tamkang University	Chairman of the Board of the Company	Director	Su-Hui Lin Shih-Yi Chen	Spouse Father/Daughter	Note
Director	Republic of China	Ying Chuan International Enterprise CO LTD			2022.06.15	3 Years	1965	21,427,377	19.39%	28,926,958	19.39%	-	-	0	0	-	-	-	-	-	-
Legal (Judicial) Person Representative	Republic of China	Su-Hui Lin	71-80	Female	2022.06.15	3 Years	1965	568,064	0.51%	766,886	0.51%	4,254,531	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			2022.06.15	3 Years	1965	21,427,377	19.39%	28,926,958	19.39%	-	-	0	0	-	-	-	-	-	-
Legal (Judicial) Person Representative	Republic of China	Tseng-Tung Chen	41-50	Male	2022.06.15	3 Years	1965	4,339,677	3.93%	5,858,563	3.93%	-	-	0	0	University of Southern California	HOLIDAY GARDEN U.S. VP	Chairman of the Board Director	Hai-Ni Chen Su-Hui Lin	Father/Son Mother/Son	Note 1
Legal (Judicial) Person Representative	Republic of China	Shih-Yi Chen	31-40	Female	2019.06.19	3 Years	1965	226,163	0.22%	502,256	0.45%	-	-	0	0	Carnegie Mellon University	Vice President of The	Chairman of the Board Director	Hai-Ni Chen Su-Hui Lin	Father/Daughter Mother	Note 2

Job Title	Nationality or Domicile	Name	Age	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	
ive																	Goldman Sachs Group, Inc. Tokyo/Japan			r/Daughter	
Director	Republic of China	Pao-Shang Li	71-80	Male	2022.06.15	3 Years	2017	67,970	0.06%	91,759	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	51-60	Female	2022.06.15	3 Years	2017	0	0%	0	0%	-	-	0	0	Providenc e University Accounting Department Bachelor	Person in charge of Liang-Te Accountancy firms	None	None	None	None
Independent Director	Republic of China	Ching-Lin Li	51-60	Male	2022.06.15	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	61-70	Male	2022.06.15	3 Years	2019	15,946	0.01%	21,527	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.

Note 1: Appointed at the Ordinary General Meeting on 2022.06.15

Note 2: Resigned at the Ordinary General Meeting on 2022.06.15

B. Substantial Shareholders of Judicial Shareholders

December 31, 2022

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, 2022

Name	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, lawyer accountants or other professionals and technicians who have passed the 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
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
Director Representative of Ying Chuan International Enterprise CO LTD: Tseng-Tung Chen	✓				✓		✓			✓	✓		✓		✓	✓	0
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, 2022**

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	4,254,531	2.85%	766,886	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	766,886	0.51%	4,254,531	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, 2022 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)	Note
		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	Stock Bonus Amount							The Company	Stock Bonus Amount				
Director	Hai-Ni Chen	0	0	0	0	0	0	120	120	0.03	0.03	1,350	1,350	0	0	0	0	0	0	0.37	0.37	None	
Director	Su-Hui Lin	0	0	0	0	0	0	120	120	0.03	0.03	810	810	0	0	0	0	0	0	0.23	0.23	None	
Director	Tseng-Tung Chen	0	0	0	0	0	0	65	65	0.02	0.02	1,440	1,440	0	0	0	0	0	0	0.37	0.37	None	Note 1
Director	Shih-Yi Chen	0	0	0	0	0	0	55	55	0.01	0.01	0	0	0	0	0	0	0	0	0.01	0.01	None	Note 2
Director	Pao-Shang	0	0	0	0	0	0	120	120	0.03	0.03	0	0	0	0	0	0	0	0	0.03	0.03	None	
Independent	Te-Chu Li	0	0	0	0	0	0	120	120	0.03	0.03	0	0	0	0	0	0	0	0	0.03	0.03	None	
Independent Director:	Ching-Lin Li	0	0	0	0	0	0	120	120	0.03	0.03	0	0	0	0	0	0	0	0	0.03	0.03	None	
Independent Director:	Kuo-Ying Lu	0	0	0	0	0	0	120	120	0.03	0.03	0	0	0	0	0	0	0	0	0.03	0.03	None	

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)	Note
		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)		
<p>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.</p> <p>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</p>																			

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.

Note 1: Appointed at the Ordinary General Meeting on 2022.06.15

Note 2: Resigned at the Ordinary General Meeting on 2022.06.15

(2) Remuneration of General Manager and Deputy General Manager

December 31, 2022 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 Company Other than the Company's Subsidiary (Note 8)
		The Compan y	Companie s in the Consolida ted Financial Statement s (Note 6)	The Compan y	Companie s in the Consolida ted Financial Statement s (Note 6)	The Compan y	Companie s in the Consolida ted Financial Statement s (Note 6)	The Company		Companies in the Consolidated Financial Statements (Note 5)		The Company	Companie s in the Consolida ted Financial Statement s (Note 6)	
								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	150	150	0	0	0	0	0.34	0.34	None
Deputy General Manager	Shu-Hui Lin	720	720	0	0	90	90	0	0	0	0	0.20	0.20	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, 2022 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 Company Other than the Company's Subsidiary (Note 8)
		The Company	Companies in the Consolidate d Financial Statements (Note 6)	The Company	Companies in the Consolidate d Financial Statements (Note 6)	The Company	Companies in the Consolidate d Financial Statements (Note 6)	The Company		Companies in the Consolidated Financial Statements (Note 5)		The Company	Companies in the Consolidated Financial Statements (Note 6)	
								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	150	150	0	0	0	0		0.34	None
Deputy General Manager	Shu-Hui Lin	720	720	0	0	90	90	0	0	0	0		0.20	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-subsiary 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	2022	2021
	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	0.21%	0.056%
Supervisor	-	-
General Manager and Deputy General Manager	0.54%	0.125%

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

For the most recent year (2022), the Board of Directors met 8 times (A) and the attendance of directors was 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	8	0	100	On June 15, 2022, Re-elected after the shareholders' Meeting
Director	Director Representative of Ying Chuan International : Shu-Hui Lin	6	2	75	On June 15, 2022, Re-elected after the shareholders' Meeting
Director	Director Representative of Ying Chuan International : Tseng-Tung Chen	5	0	100	On June 15, 2022, Appointed after the shareholders' Meeting
Director	Director Representative of Ying Chuan International : Shih-Yi Chen	0	3	0	On June 15, 2022, Resigned after the shareholders' Meeting
Director	Pao-Shang Li	8	0	100	On June 15, 2022, Re-elected after the shareholders' Meeting
Independent Director	Te-Chu Li	8	0	100	On June 15, 2022, Re-elected after the shareholders' Meeting
Independent Director	Ching-Lin Li	8	0	100	On June 15, 2022, Re-elected after the shareholders' Meeting
Independent Director	Kuo-Ying Lu	8	0	100	On June 15, 2022, Re-elected after the shareholders' Meeting

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
2022.03.24 The 23rd Meeting of the 19th Board of Directors	1.To acknowledge 2021 Business Report and Financial Statements. 2.To approve the Proposal for Distribution of 2021 Profits. 3.2021 Statement of Internal Control System 4.Appointment of Certified Public Accountant 5.Election of Directors 6.To revise the Company's "Guidelines Governing the Acquisition and Disposal of Assets". 7.Revision of the Company's "Guidelines Governing Internal Control Systems	After the chairman consulted the opinions of all the directors present, the proposal was passed without objection	No objections or reservations	Not applicable
2022.05.05 The 25th Meeting of the 19th Board of Directors	Consolidated Financial Statements for the First Quarter of 2022	After the chairman consulted the opinions of all the directors present, the proposal was passed without objection	No objections or reservations	Not applicable
2022.08.04 The 3rd Meeting of the 20th Board of Directors	Consolidated Financial Statements for the Second Quarter of 2022	After the chairman consulted the opinions of all the directors present, the proposal was passed without objection	No objections or reservations	Not applicable
2022.11.08 The 4th Meeting of the 20th Board of Directors	Consolidated Financial Statements for the Third Quarter of 2022	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. Assessment of the implementation of the Board of Directors:

Assessment Circle	Assessment Period	Assessment Scope	Assessment Measure	Assessment Content
Performed regularly once a year	2022.01.01 ~ 2022.12.31	Performance evaluation of the overall board of directors, individual director members and	Internal selfevaluation of the board of directors, selfevaluation of board members and self-evaluation of functional committees.	The measurement items for the performance evaluation of the board of directors include the following five aspects: 1. Participation in the operation of the Company 2. Improve the quality of board decisions

		functional committees		<p>3. Board composition and structure 4. Director selection and continuing education 5. Internal Control</p> <p>The measurement items for the performance evaluation of directors include the following six aspects:</p> <ol style="list-style-type: none"> 1. Mastery of Company goals and tasks 2. Awareness of Directors' Responsibilities 3. Participation in the Company's operations 4. Internal relationship management and communication 5. Professional and continuing education of directors 6. Internal Control <p>The measurement items of functional committee performance evaluation include the following five aspects:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the Company 2. Committee's responsibilities 3. Improve the quality of committee decisions 4. Committee composition and member selection 5. Internal Control
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4. 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. The Company established an Audit Committee to replace the Supervisors' duties and responsibilities to strengthen the functions of the Board of Directors following the general re-election of Directors at the Ordinary General Meeting of Shareholders on June 19, 2019.
- 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.

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

i. Operation of the Audit Committee :

The Audit Committee met six times (A) in the most recent year (2022) and the Audit Committee members attended as follows:

Job Title	Name	Number of Actual Attendance (B)	Number of Proxy Attendance	Rate of Actual Attendance (%) (B/A)	Note
Independent Director	Te-Chu Li	6	0	100	On June 15, 2022, Re-elected after the shareholders'
Independent Director	Ching-Lin Li	6	0	100	

Independent Director	Kuo-Ying Lu	6	0	100	Meeting
<p>Other items that shall be recorded:</p> <p>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.</p> <p>(1) Items listed in Article 14-5 of the Securities and Exchange Act:</p>					
Date/ Period	Motion content	Resolution result	Audit Committee's opinion	The company's handling of independent directors' opinions	
2022.03.24 The 22nd Meeting of the 1st Audit Committee	1.To acknowledge 2021 Business Report and Financial Statements. 2.2021 Statement of Internal Control System 3.Appointment of Certified Public Accountant 4.To revise the Company's "Guidelines Governing the Acquisition and Disposal of Assets". 5.Revision of the Company's "Guidelines Governing Internal Control Systems	After the Chairman consulted all audit members, the proposal was passed without objection	No objections or reservations	Not applicable	
2022.05.05 The 23rd Meeting of the 1st Audit Committee	Consolidated Financial Statements for the First Quarter of 2022	After the Chairman consulted all audit members, the proposal was passed without objection	No objections or reservations	Not applicable	
2022.08.04 The 2nd Meeting of the 2nd Audit Committee	Consolidated Financial Statements for the Second Quarter of 2022	After the Chairman consulted all audit members, the proposal was passed without objection	No objections or reservations	Not applicable	
2022.11.08 The 3rd Meeting of the 2nd Audit Committee	Consolidated Financial Statements for the Third Quarter of 2022	After the Chairman consulted all audit members, the proposal was passed without objection	No objections or reservations	Not applicable	
2022.12.23 The 4th Meeting of the 2nd Audit Committee	Establish the audit plan for 2023	After the Chairman consulted all audit members, the proposal was passed without objection	No objections or reservations	Not applicable	
<p>(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: No such situation.</p> <p>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: No such situation.</p> <p>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</p>					

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	
1. 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	V		(III) The financial and accounting operations of the affiliated enterprises are operated independently and are under the control and	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>affiliated enterprises?</p> <p>(IV) Does the company have internal rules that prohibit insiders from trading marketable securities using market information that is not publicly available?</p>	V		<p>audit of the parent company.</p> <p>(IV) The Company has formulated “Guidelines Governing Internal Major Information” that prohibit insiders from trading marketable securities using market information that is not publicly available.</p>	No difference.
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(I) Whether the Board of Directors has formulated a diversity policy, specific management objectives and implemented them?</p> <p>(II) Besides the salary and remuneration committee and audit committee, does the company voluntarily set up other functional committees?</p> <p>(III) Does the company formulated the board's performance appraisal methods and methods, and regularly conduct annual performance</p>	V	V	<p>(I) The Company has adopted a board diversity policy in the “Corporate Governance Best Practice Principles”(Note1) .</p> <p>(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.</p> <p>(III) The Company will conduct regular performance evaluation for the attendance rate of directors every year, and the Board of</p>	<p>No difference.</p> <p>The Company will proceed according to the plan.</p> <p>No difference.</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>appraisals, and report the results of the performance assessment to the board of directors, and apply them to individual directors' salary and nomination renewal?</p> <p>(IV) Does the company regularly assess the independence of CPAs?</p>	V		<p>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.</p> <p>(IV) The CPA of the Company is PwC Taiwan On December 23, 2022, the board meeting of the accounts, Kuo-Hua Wang and Yung-Chih Lin, approved the independent evaluation of the 2022 CPA (Note2) and obtained the statement issued by the CPA.</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	
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.
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.

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	
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 company	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.
(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	V		1. Employee Equity The Company actively cultivates tourism	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	
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.)?			<p>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 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</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>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 58-59 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, such as public accident liability insurance, fire insurance...etc.</p> <p>8. Implementation of Consumer and Customer Protection Policies</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	
			The amount received by the Company from the sale of the gift certificate has been fully guaranteed by Cathay United Bank.	
<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> <p>1. The Company intends to disclose the directors' remuneration report in the board of directors' handbook and reveal the remuneration of individual directors and independent directors.</p> <p>2. The Company will strengthen the number of hours of continuing education for directors, enhance the provision of information on continuing education and promote continuing education for directors.</p>				

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
Tseng-Tung Chen (Note)		Male	V	V	V	V	V	V	V	V
Shih-Yi Chen (Note)		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

Note: Director Chen Zengdong took office at the shareholders' meeting on June 15, 2022; Director Chen Shiyi resigned at the shareholders' meeting on June 15, 2022.

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	N	Y
3. Whether the accountants have a close business relationship with the Company and potential	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	N	Y
6. Whether the accountants have an intermediary for shares or other securities issued by the	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. Operation of the Compensation Committee :

1. Information on the Members of the Remuneration Committee:

Identity (Note 1)	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 or other professionals 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.

2. Operation of the Compensation Committee:

- (1) There are three members of the Compensation Committee of the Company.
- (2) The term of office of the members of the Compensation Committee is from July 20, 2022 to June 14, 2025.
- (3) In the most recent year (2022), the Compensation Committee met 3 times (A) and the attendance of the Compensation Committee members is 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%	July 20, 2022 Board of Directors' Subsequent Appointments
Independent Director	Ching-Lin Li	3	-	100%	
Others	Chi-Chun Chiu	2	1	67%	

Other Notes:

1. If the Board of Directors does not adopt, or amend, the Remuneration Committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and the Company's handling of the Remuneration Committee's opinions (If the remuneration ratified by the Board of Directors is superior to that suggested by the Remuneration Committee, please specify the deviation and reasons thereof): No such situation.

2. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the Company's handling of the said opinions: No such situation.

(4) The most recent annual (2022) review and evaluation information is as follows

Date/Period	Motion content	Resolution result	Compensation Committee's opinion	The company's handling of Compensation Committee' opinions
2022.03.24 The 7th Meeting of the 4th Compensation Committee	1.The Company's 2021 Employee Compensation and Director Compensation Allocation Proposal 2.Amendment to the Company's "Board of Directors' Performance Evaluation Method	After the Chairman consulted all compensation members, the proposal was passed without objection	No objections or reservations	Not applicable
2022.08.04 The 1st Meeting of the 5th Compensation Committee	1.Election of the Convenor of the Compensation Committee 2.The Company's Audit Committee members' travel expenses 3.The Company's directors' and independent directors' travel expenses	After the Chairman consulted all compensation members, the proposal was passed without objection	No objections or reservations	Not applicable
2022.12.23 The 3rd Meeting of the 5th Compensation Committee	1.The Company's directors', independent directors' and managers' salaries for 2023 2.The managers' year-end bonuses for 2022	After the Chairman consulted all compensation members, the proposal was passed without objection	No objections or reservations	Not applicable

E. 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 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 °
2. Dose the Company conducts risk assessments related to its operations in accordance with the materiality principle The Company conducts risk assessment of environmental, social and corporate governance issues and establishes What are the relevant risk management policies or strategies?		V	The Company has not yet established a policy on the management of relevant risk assessment.	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	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	
(2) Does the company organize social responsibility training regularly ?	V		domestic environmental safety regulations. (2) The Company is committed to improving the efficiency of the use of resources, such as: (1) Implement air conditioning temperature control, change lighting equipment to LED lamps, effectively save energy. (2) The Public Works Department maintains the	No difference.
(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?	V		equipment regularly to improve the utilization efficiency of water, electricity, gas and other resources. (3) Purchase energy saving equipment.	No difference.
(4) Does the company compiled statistics on		V	(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. (4) The Company has not established policies for	The Company will proceed according to the plan.

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	
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 waste management?			energy conservation, carbon reduction, greenhouse gas reduction, water reduction or other 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	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	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	
compensation?			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 working environment for employees, and regularly implement safety and health education for employees?	V		(3)The Company provides labor insurance and health 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	No difference.
(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	V		(5) The Company's marketing and labeling of products and services are in accordance with relevant regulations and international	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>and complaint procedures to protect consumer rights?</p> <p>(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 the workplace, and how is it implemented?</p>	V		<p>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.</p> <p>(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 environmental and social impact before making any transaction.</p>	No difference.
<p>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?</p>		V	The Company does not currently prepare a CSR report.	The Company will proceed according to the plan.

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>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 established a "Code of Practice for Sustainable Development" to promote the implementation of social responsibility. There is no significant difference in the actual operation.</p>				
<p>7.Other important information to help understand corporate social responsibility operations:</p> <p>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.</p> <p>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</p>				

F. 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</p>	V	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>Board of Directors on a regular basis (at least once a year) on its honest business policies and programs to prevent 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> <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</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> <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</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	
<p>conduct, in order to verify compliance with the plan for prevention of dishonest conduct, or has it engaged an accountant to perform the audit?</p> <p>(5) Does the company regularly conduct internal and external education and training on ethical corporate management?</p>	V		<p>the audit plan every month and make records. The audit report shall be submitted to the Chairman of the Board 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. °</p> <p>(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.</p>	No difference
<p>3.Implementation of the Company's Whistleblowing System</p> <p>(1) Does the company have a specific whistleblowing and reward system, a convenient whistleblowing channel, and appropriate personnel assigned to handle the whistleblowing?</p>	V		<p>(1) The Company has an employee complaint system, and employee rewards and punishments as punishment for violating the provisions of ethical corporate management.</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	
<p>(2) Does the company have standard operating procedures and relevant confidentiality mechanisms for the investigation of whistleblowing matters?</p> <p>(3) Does the company take measures to protect the whistleblower against inappropriate disciplinary actions?</p>		<p>V</p> <p>V</p>	<p>(2) The Company has an employee complaint system, but no standard operating procedure and relevant confidentiality mechanism have been established for the investigation of the matters reported.</p> <p>(3) The Company has not formulated relevant measures.</p>	<p>The Company will proceed according to the plan.</p> <p>The Company will proceed according to the plan.</p>
<p>4.Strengthening Information Disclosure</p> <p>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?</p>	V		<p>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).</p>	<p>No difference</p>
<p>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:</p> <p>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".</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>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.)</p> <p>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.</p>				

G. 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/>).

H. 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 14, 2023

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 2022, 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 14, 2023, 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 2022):

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

The Meeting Name	The Meeting Date	Important Resolutions	Execution Situation
Shareholders' Meeting	2022.06.15	1. To acknowledge 2021 Business Report and Financial Statements	This case has been considered and approved. Implemented in accordance with the resolution..
		2. To approve the Proposal for Distribution of 2021 Profits	
		3. Proposal for a new share issue through capitalization of earnings	
		4. Amendment to the Articles of Incorporation	
		5. Amendment to the Operational Procedures for Acquisition or Disposal of Assets	
		6. Approved the amendment of the "Rules of Procedure of the Shareholders' Meeting"	
		7. To elect directors being the next term of directors	The list of directors elected has been announced according to the election results.

2. Important Resolutions of the Board of Directors

The Meeting Name	The Meeting Date	Important Resolutions	Matters Specified in Article 14-5 of the Securities Exchange Act	Resolutions not approved by the Audit Committee and approved by more than 2/3 of all directors
The 23rd Meeting of the 19th Board of Directors	2022.03.24	1. Distribution of Employees' Compensation and Directors' Compensation for 2021		No such situation
		2. 2021 Business Report and Financial Statements	V	
		3. Proposal for Distribution of 2021 Profits		

The Meeting Name	The Meeting Date	Important Resolutions	Matters Specified in Article 14-5 of the Securities Exchange Act	Resolutions not approved by the Audit Committee and approved by more than 2/3 of all directors		
		4.Proposal for a new share issue through capitalization of earnings				
		5.2021 Statement of Internal Control System	V			
		6.Approved the convening of the 2022 Annual General Meeting of Shareholders				
		7.Appointment of Certified Public Accountant	V			
		8 Election of Directors				
		9.Set up a proposal for the right to receive proposals from shareholders holding 1% or more of the shares				
		10.To set up the operation for accepting the nomination right of directors(including independent directors) of shareholders holding 1% or more of the shares				
		11.New Financial Institution Financing Contracts				
		12.Amendment to the Company's Articles of Incorporation				
		13.To revise the Company's "Guidelines Governing the Acquisition and Disposal of Assets"	V			
		14.Revision of the Company's Code of Corporate Governance Practices				
		15.Amendment to the Company's Rules of Procedure for Shareholder Meetings				
		16.Revision of the Company's Code of Corporate Social Responsibility Practice				
		17.Revision of the Company's Board of Directors' performance evaluation method				
		18.Revision of the Company's "Guidelines Governing Internal Control Systems	V			
		Results of Audit Committee Resolutions (2022.03.24) : All members present agreed to approve				
		The Company's handling of the Audit Committee's opinion : None				
		Resolution of the Board of Directors : All the directors present agreed to approve the proposal and acted accordingly.				
The 24rd Meeting of the 19th Board of	2022.04.28	1.Amendment to the Company's Articles of Incorporation		No such situation		
		2.Nomination of director(including independent				

The Meeting Name	The Meeting Date	Important Resolutions	Matters Specified in Article 14-5 of the Securities Exchange Act	Resolutions not approved by the Audit Committee and approved by more than 2/3 of all directors
Directors		directors) candidates		
		3.Company Organizational Adjustment		
		4.Amendment to the meeting time of the 2022 Annual General Meeting of Shareholders		
		Results of Audit Committee Resolutions (2022.04.28): All members present agreed to approve		
		The Company's handling of the Audit Committee's opinion : None		
		Resolution of the Board of Directors : All the directors present agreed to approve the proposal and acted accordingly.		
The 25rd Meeting of the 19th Board of Directors	2022.05.05	1.Consolidated Financial Statements for the First Quarter of 2022	V	No such situation
		Results of Audit Committee Resolutions (2022.05.05): All members present agreed to approve		
		The Company's handling of the Audit Committee's opinion : None		
		Resolution of the Board of Directors : All the directors present agreed to approve the proposal and acted accordingly.		
The 1st Meeting of the 20th Board of Directors	2022.06.15	1. Election of Chairman of the Board		V
		Resolution of the Board of Directors : Elected Chen Hai Ni as Chairman of the Board		
The 2nd Meeting of the 20th Board of Directors	2022.07.20	1.Appointment of the 5th Salary and Compensation Committee		V
		Resolution of the Board of Directors : Appointed Li Te-Chu, Li Ching-Lin and Chiu Chi-Chun as Salary and Compensation Committee		
The 3rd Meeting of the 20th Board of Directors	2022.08.04	1.Consolidated Financial Statements for the Second Quarter of 2022	V	No such situation
		2.Fixing the Base Date for the Company's 2021 Cash Dividend Distribution and Share Placement and Issue of New Shares		
		3.Renewal of Financial Institution Financing Contracts		
		4.To fix the remuneration of directors and independent directors of the Company for 2022		
		5.To fix the remuneration of audit committee of the Company for 2022		
		Results of Audit Committee Resolutions (2022.08.04): All members present agreed to		

The Meeting Name	The Meeting Date	Important Resolutions	Matters Specified in Article 14-5 of the Securities Exchange Act	Resolutions not approved by the Audit Committee and approved by more than 2/3 of all directors
		approve		
		The Company's handling of the Audit Committee's opinion : None		
		Resolution of the Board of Directors : All the directors present agreed to approve the proposal and acted accordingly.		
The 4th Meeting of the 20th Board of Directors	2022.11.08	1.Consolidated Financial Statements for the Third Quarter of 2022	V	No such situation
		2.Renewal of Directors' and Managers' Liability Insurance		
		Results of Audit Committee Resolutions (2022.11.08) : All members present agreed to approve		
		The Company's handling of the Audit Committee's opinion : None		
		Resolution of the Board of Directors : All the directors present agreed to approve the proposal and acted accordingly.		
The 5th Meeting of the 20th Board of Directors	2022.12.23	1.To fix the travel expenses of directors, independent directors and managers of the Company for 2022		No such situation
		2. Approved the year-end bonus for managers for year 2022		
		3.To establish the Company's audit plan for 2023	V	
		4.Approved the Company's 2023 annual operating plan.		
		5.Approved the independent evaluation of the certified public accountants		
		Results of Audit Committee Resolutions (2022.12.23) : All members present agreed to approve		
		The Company's handling of the Audit Committee's opinion : None		
		Resolution of the Board of Directors : All the directors present agreed to approve the proposal and acted accordingly.		

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

(13) 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.

(14) Further Education of Directors

December 31, 2022

Title	Name	Appointed Date	Further Education Date		Organizer	Course Name	Study Hours
			起	迄			
Representative of Judicial Person Director	Hai-Ni Chen	Jun 15 2022	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
			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
			Oct 22 2021	Oct 22 2021	Securities and Futures Institute	2021 Legal Compliance Briefing for Insider Stock Transactions	3.0
			Oct 26 2022	Oct 26 2022	Securities and Futures Institute	2022 Legal Compliance Briefing for Insider Stock Transactions	3.0
			Nov 14 2022	Nov 14 2022	Taiwan Stock Exchange Corporation	2022 Cathay United Bank Summit on Sustainable Finance and Climate Change	3.0
Representative of Judicial Person Director	Shu-Hui Lin	Jun 15 2022	Oct 22 2021	Oct 22 2021	Securities and Futures Institute	2021 Legal Compliance Briefing for Insider Stock Transactions	3.0
			Oct 26 2022	Oct 26 2022	Securities and Futures Institute	2022 Legal Compliance Briefing for Insider Stock Transactions	3.0
Representative of Judicial Person Director	Tseng-Tung Chen	Jun 15 2022	Oct 26 2022	Oct 26 2022	Securities and Futures Institute	2022 Legal Compliance Briefing for Insider Stock Transactions	3.0
			Oct 28 2022	Oct 28 2022	Securities and Futures Institute	2022 Insider Trading Prevention Seminar	3.0
			Nov 14 2022	Nov 14 2022	Taiwan Stock Exchange Corporation	2022 Cathay United Bank Summit on Sustainable Finance and Climate Change	6.0
Director	Pao-Shang Li	Jun 15 2022	Sep 01 2021	Sep 01 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum Management Forum	3.0

					Committee		
			Nov 13 2022	Nov 14 2022	Taiwan Stock Exchange Corporation	2022 Cathay United Bank Summit on Sustainable Finance and Climate Change	9.0
Independent Director	Te-Chu Li	Jun 15 2022	Sep 01 2021	Sep 01 2021	Financial Supervisory Commission Committee	The 13th Taipei Corporate Governance Forum Management Forum	6.0
			Oct 07 2022	Oct 07 2022	Taiwan Stock Exchange Corporation	Release of Reference Guidelines on the Exercise of Powers and Functions by Independent Directors and the Audit Committee and Director and Supervisor Briefing	3.0
			Nov 14 2022	Nov 14 2022	Taiwan Stock Exchange Corporation	2022 Cathay United Bank Summit on Sustainable Finance and Climate Change	6.0
			Sep 01 2021	Sep 01 2021	Financial Supervisory Commission Committee	The 13th Taipei Corporate Governance Forum Management Forum	3.0
Independent Director	Ching-Lin Li	Jun 15 2022	Oct 07 2022	Oct 07 2022	Taiwan Stock Exchange Corporation	Release of Reference Guidelines on the Exercise of Powers and Functions by Independent Directors and the Audit Committee and Director and Supervisor Briefing	3.0
			Sep 01 2021	Sep 01 2021	Financial Supervisory Commission Committee	The 13th Taipei Corporate Governance Forum Management Forum	3.0
Independent Director	Kuo-Ying Lu	Jun 15 2022	Oct 07 2022	Oct 07 2022	Taiwan Stock Exchange Corporation	Release of Reference Guidelines on the Exercise of Powers and Functions by Independent Directors and the Audit Committee and Director and Supervisor Briefing	3.0
			Sep 01 2021	Sep 01 2021	Financial Supervisory Commission Committee	The 13th Taipei Corporate Governance Forum Management Forum	3.0

IV、CPA Fee Information：

(1) Table of Information on CPA Fee

Monetary Unit: NT\$ 1,000

Name of CPA Firm	Name of CPA	Audit Period	Audit Fee	Non-audit fee	Total	Note
PwC Taiwan	Kuo-Hua Wang	Jan 1 2022 To Dec 31 2022	3,080	1,093	4,173	Non-audit fees are mainly CFC consulting fees
	Yung-Chih Lin					

(2) 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.

(3) 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: No such situation.

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: No such situation.

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 March 31, 2023.

Job Title	Name	2022		As of March 31	
		Shares Held Increase (Decrease)	Pledge Shares Held Increase (Decrease)	Shares Held Increase (Decrease)	Pledge Shares Held Increase (Decrease)
Chairman of the Board and Director	Company Legal Person Representative of Ying Chuan International Enterprise CO LTD: Hai-Ni Chen	7,499,581	0	0	0

Director	Company Legal Person Representative of Ying Chuan International Enterprise CO LTD: Shu-Hui Lin	7,499,581	0	0	0
Director	Company Legal Person Representative of Ying Chuan International Enterprise CO LTD: Tseng-Tung Chen(Note1)	7,499,581			
Director	Company Legal Person Representative of Ying Chuan International Enterprise CO LTD: Shih-Yi Chen(Note2)	7,499,581	0	0	0
Director	Pao-Shang Li	23,780	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	5,581	0	0	0
Chairman of the Board/General Manager	Hai-Ni Chen	1,103,026	0	0	0
Deputy General Manager	Shu-Hui Lin	198,822	0	0	0

Note 1: Appointed at the Ordinary General Meeting on 2022.06.15

Note 2: Resigned at the Ordinary General Meeting on 2022.06.15

(2) Information of equity transfer to affiliate: No such situation.

(3) Information of equity pledge to affiliate: No such situation.

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

March 31, 2023

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	28,926,958	19.39	—	—	—	—	Hai-Ni Chen	Chairman of the Board of the Company	Representative: Hai-Ni Chen
Legal Person Representative: Hai-Ni Chen	4,254,531	2.85	766,886	0.51	—	—	—	—	—
HSBC (Taiwan) Commercial Bank is entrusted to hold the investment account of Z.P. INVESTMENT CORPORATION	14,726,450	9.87	—	—	—	—	—	—	—
HSBC (Taiwan) Commercial Bank is entrusted to hold the investment account of S & D.C. CO., LTD.	14,155,206	9.49	—	—	—	—	—	—	—
HSBC (Taiwan) Commercial Bank is entrusted to hold the investment account of ZOTO HOLDINGS LIMITED	13,987,738	9.37	—	—	—	—	—	—	—
HSBC (Taiwan) Commercial Bank is entrusted to hold the investment account of TOZAI HOLDINGS LIMITED	11,811,096	7.91	—	—	—	—	—	—	—
Lanxin Investment Co.	5,935,950	3.98	—	—	—	—	—	—	—
Tseng-Tung Chen	5,858,563	3.93	—	—	—	—	Hai-Ni Chen Wei-Yu Chen	Father/Son Brother/Sister	-

Hai-Ni Chen	4,254,531	2.85	—	—	—	—	Tseng-Tung Chen Wei-Yu Chen	Father/Son Father/Daughter	—
Wei-Yu Chen	2,341,043	1.57	—	—	—	—	Hai-Ni Chen Tseng-Tung Chen	Father/Daughter Brother/Sister	—
Zhen-Hua Yu	1,798,498	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

December 31, 2022

Year / Month	Issuance Price	Authorized Capital		Paid-In Capital		Note		
		Shares	Amount	Shares	Amount	Source of Share Capital	Equity-Settled Share-Based Payment	Others
2014.09	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
2015.10	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
2016.10	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
2017.09	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
2019.09	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 2019 Commerce Letter No. 10801125480
2022.09	NT\$ 10	250,000,000	2,500,000,000	149,155,476	1,491,554,760	Surplus transferred to capital increase: 38,669,938 shares	None	Sep 21 2022 Commerce Letter No. 11101178370

December 31, 2022

Shares Category	Authorized Capital			Note
	Outstanding Shares(TWSE Listed)	Unissued Shares	Total	
Ordinary Share	149,155,476 Shares	100,844,524 Shares	250,000,000 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

March 31, 2023

Shareholder Structure	Government Agencies	Financial Institutions	Other Legal Persons	Personal	Foreign Institutions and Foreigners	Total
Number of Persons	0	1	15	10,577	31	10,626
Shares Held	0	2,111	34,921,909	58,301,444	55,930,012	149,155,476
Shareholding Ratio	0.00%	0.00%	23.41%	39.09%	37.50%	100%

(IV) Shareholding Distribution Status

1. Ordinary Share

March 31, 2023

Shareholding Class	Number of Shareholders	Shares Held	Shareholding Ratio
1 to 999	4,780	1,051,752	0.71%
1,000 to 5,000	4,373	9,245,645	6.19%
5,001 to 10,000	702	5,324,717	3.57%
10,001 to 15,000	261	3,330,032	2.23%
15,001 to 20,000	159	2,838,610	1.90%
20,001 to 30,000	135	3,310,727	2.22%
30,001 to 40,000	54	1,908,183	1.28
40,001 to 50,000	43	1,925,200	1.29
50,001 to 100,000	64	4,453,198	2.99
100,001 to 200,000	30	4,125,527	2.77
200,001 to 400,000	9	2,739,504	1.84
400,001 to 600,000	1	440,000	0.29
600,001 to 800,000	4	2,878,214	1.93
800,001 to 1,000,000	0	0	0.00%
1,000,001 or More	11	105,584,167	70.79%
Total	10,626	149,155,476	100.00%

2. Preferred stock: N/A

(V) List of Substantial Shareholders

December 31, 2022

Shares Substantial Shareholder Name	Shares Held	Shareholding Ratio
Ying Chuan International Enterprise CO LTD	28,926,958	19.39%
HSBC (Taiwan) Commercial Bank is entrusted to hold the investment account of Z.P. INVESTMENT CORPORATION	14,726,450	9.87%
HSBC (Taiwan) Commercial Bank is entrusted to hold the investment account of S & D.C. CO., LTD.	14,155,206	9.49%
HSBC (Taiwan) Commercial Bank is entrusted to hold the investment account of ZOTO HOLDINGS LIMITED	13,987,738	9.37%
HSBC (Taiwan) Commercial Bank is entrusted to hold the investment account of TOZAI HOLDINGS LIMITED	11,811,096	7.91%
Lanxin Investment Co.	5,935,950	3.98%
Tseng-Tung Chen	5,858,563	3.93%
Hai-Ni Chen	4,254,531	2.85%
Wei-Yu Chen	2,341,043	1.57%
Zhen-Hua Yu	1,798,498	1.21%

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

Item		Year		Current Year Up To March 31, 2023(Note 8)	
		2022	2021		
Market Price Per Share (Note 1)	Highest	33.50	31.65	28.10	
	Lowest	18.45	14.80	22.85	
	Average	25.34	21.95	25.59	
Net Worth Per Share (Note 2)	Before Distribution	21.39	24.96	—	
	After Distribution	Shareholders' Meeting Not Yet Been Held	18.49	—	
Earnings Per Share	Weighted Average Shares	149,155,476	110,485,538	149,155,476	
	Earnings Per Share (Note 3) Before Adjustment	2.70	16.53	—	
	Earnings Per Share (Note 3) After Adjustment	Shareholders' Meeting Not Yet Been Held	12.24	—	
Dividend Per Share	Cash Dividend	0.2	1.0	—	
	Unrequited Stock Dividends	Surplus Stock Dividends	0.5	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)	9.39	1.33	—	
	Price-to-Dividend Ratio (Note 6)	12.67	21.95	—	
	Cash Dividend Yield Ratio (Note 7)	0.01	0.05	—	

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 = Average closing price for each share for the current fiscal year/cash dividend per share.

Note 7: Cash dividend yield ratio = Cash dividend per share/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 14, 2023 to approve the 2022:

(1) The Company intends to distribute a dividend of NT\$74,577,730 from the distributable earnings of fiscal 2022 to shareholders by issuing 7,457,773 new shares with a par value of NT\$10 per share, and allotting 50 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\$29,831,095 As approved by the Board of Directors on March 14, 2023, 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.

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

(VIII) 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 68-69 (VI) Company Dividend Policy.

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

(1) Distributed employee compensation of NT\$ 572,972.

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

(3) The difference between the proposed employee compensation of NT\$572,972 and the estimated amount of NT\$0 for fiscal 2022 is NT\$572,972, 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 2022.

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 Scope

(1) The main contents of the Company's business

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.

(2) Operating ratio

Items	Percentage of operating revenue in 2022
Room Revenue	97.79%%
Dining Revenue	2.02%%
Other Revenue	0.19%
Total	100%

- (3). The Company's current product items and planned development of new products: hotel rental and catering services.

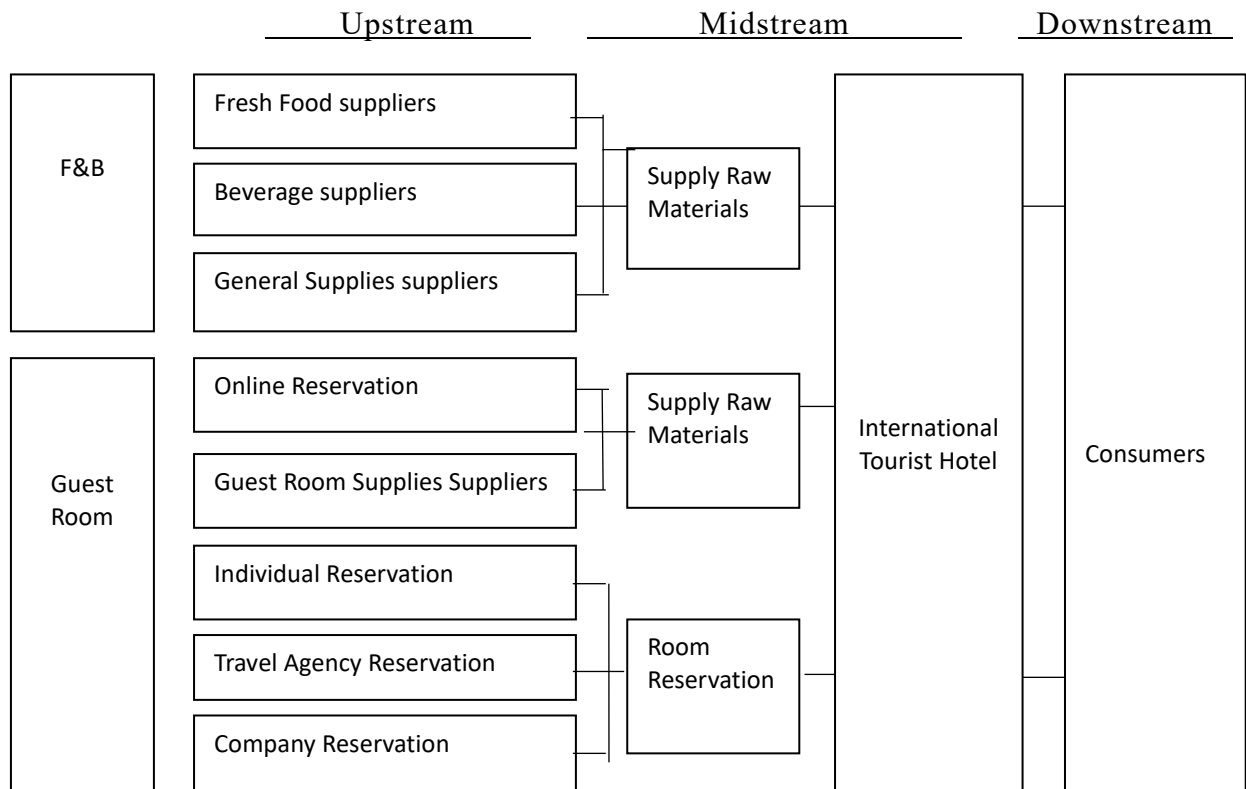
(II) Sector Overview

(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 2022, 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. 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	2022		2021	
	Production Value	Percentage %	Production Value	Percentage %
Guest Room Costs	248,969	93.76%	183,608	86.2%
Catering Costs	16,574	6.24%	29,384	13.8%
Total	265,543	100%	212,992	100%

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

Unit: NT\$ 1,000

Year Product	2021		2021	
	Amount	Percentage %	Amount	Percentage %
Guest Room Income	1,334,087	97.80%	825,098	96.60%
Catering Income	27,520	2.02%	24,158	2.83%
Other Income	2,601	0.19%	4,902	0.57%
Total	1,364,208	100%	854,158	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		2022	2021	Current Year Up To March 31, 2022
Number of Employees	Direct Labor	34	60	25
	Indirect Labor	26	33	24
	Total	60	93	49
Average Age		41	40	42
Average Years of Service		5	6	4.5
Ratio on Distribution of Academic Qualification	Doctor	0	0	0
	Master	3	2	3
	Bachelor	37	60	32
	Senior High School	14	19	11
	Under Senior High School	6	19	3

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. Customer Communication Complaint Handling
2. Charming service and customer management
3. Time Management and Productivity Improvement
4. The SOP creation techniques
5. Dining and Travel Procurement Practices
6. Digital Network Marketing
7. Corporate Succession Practices
8. Job analysis and preparation of job descriptions
9. Leadership Executive Excellence Program
10. Food safety and hygiene of food and beverage

Planned Projects (expected to be implemented in 2023):

1. International Etiquette
2. High Performance Supervisor Practice Management

3. Food and beverage process planning and SOP development
 4. Questionnaire Design and Analysis Practices
 5. The Goal Management Leadership
 6. Strengthen internal communication skills in the workplace
 7. Service Marketing
 8. Digital Marketing
 9. Network Brand Community Copywriting Practice
 10. Functional recruitment interviewing skills
- (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) Concise Condensed 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, 2023 Financial Information (Note 2)
		2022	2021	2020	2019	2018	
Current Assets		3,735,216	3,197,765	1,968,214	2,213,406	2,540,108	3,655,429
Real Estate, Plant and Equipment		3,806,038	4,001,582	3,947,433	4,279,580	2,929,346	3,712,430
Intangible Assets		737,051	791,315	664,991	750,664	403,004	718,651
Other Assets		370,629	616,772	452,122	402,775	127,575	376,350
Total Assets		8,648,934	8,607,434	7,032,760	7,646,425	6,000,033	8,462,860
Current Liability	Before Distribution	1,511,968	1,864,630	2,568,912	2,956,059	1,645,475	880,615
	After Distribution	Note 3	1,864,630	2,568,912	2,956,059	1,645,475	Note 3
Non-Current Liability		3,946,551	3,984,606	3,501,897	3,401,101	3,005,490	4,474,333
Total Liabilities	Before Distribution	5,458,519	5,849,236	6,070,809	6,357,160	4,650,965	5,354,948
	After Distribution	Note 3	5,849,236	6,070,809	6,357,160	4,671,425	Note 3
Equity Attributable to Owners of Parent Company		3,190,415	2,758,198	961,951	1,289,265	1,349,068	3,107,912
Share Capital		1,491,555	1,104,856	1,104,856	1,104,856	1,023,015	1,491,555
Capital Surplus		2,169	2,169	2,169	2,169	2,169	2,169
Retained Earnings	Before Distribution	1,702,021	1,797,204	(29,078)	241,231	348,224	1,633,663
	After Distribution	Note 3	1,797,204	(29,078)	241,231	224,657	Note 3
Other Equities		(5,330)	(146,031)	(115,996)	(58,991)	(24,340)	(19,475)
Treasury Stock		-	-	-	-	-	-
Non-Controlling		-	-	-	-	-	-

Interest							
Equities Total Amount	Before Distribution	3,190,415	2,758,198	961,951	1,289,265	1,349,068	3,107,912
	After Distribution	Note 3	2,758,198	961,951	1,289,265	1,328,008	Note 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 2023 has been reviewed by the accountant.

Note 3: As of March 31, 2023, the regular meeting of shareholders of the Company has not been held.

(2) Individual Financial Report

Unit: NT\$ 1,000

Item		Annual	Financial Information for the Most Recent 5 Years (Note 1)				
			2022	2021	2020	2019	2018
Current Asset			1,844,160	2,239,984	1,042,292	1,104,734	633,371
Real Estate, Plant and Equipment			8,234	9,440	662,177	686,263	712,968
Permanent Investment			2,108,096	1,529,304	1,332,315	1,654,003	1,868,627
Other Assets			8,938	67,520	59,256	59,256	44,832
Total Assets			3,969,428	3,846,248	3,131,608	3,504,256	3,259,798
Current Liability	Before Distribution		549,495	955,237	1,789,045	1,743,381	1,411,909
	After Distribution		Note 2	955,237	1,789,045	1,743,381	1,411,909
Non-Current Liability			229,518	132,813	380,612	471,610	498,821
Total Liabilities	Before Distribution		779,013	1,088,050	2,169,657	2,214,991	1,910,730
	After Distribution		Note 2	1,088,050	2,169,657	2,214,991	1,910,730
Equity Attributable to Owners of Parent Company			3,190,415	2,758,198	961,951	1,289,265	1,349,068
Share Capital			1,491,555	1,104,856	1,104,856	1,104,856	1,023,015
Capital Surplus			2,169	2,169	2,169	2,169	2,169
Retained Earnings	Before Distribution		1,702,021	1,797,204	(29,078)	241,231	348,224
	After Distribution		Note 2	1,797,204	(29,078)	241,231	224,657

Other Equities	(5,330)	(146,031)	(115,996)	(58,991)	(24,340)	
Treasury Stock	-	-	-	-	-	
Non-Controlling Interest	-	-	-	-	-	
Equities Total Amount	Before Distribution	3,190,415	2,758,198	961,951	1,289,265	1,349,068
	After Distribution	Note 2	2,758,198	961,951	1,289,265	1,349,068

Note 1: Individual financial report certified by an accountant.

Note 2: As of March 31, 2023, the regular meeting of shareholders of the Company has not been held.

(II) 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, 2023 Financial Information (Note 3)
	2022	2021 (Note 2)	2020	2019	2018	
Operating Income	1,364,208	821,146	741,703	1,520,242	1,169,715	324,548
Operating Margin	1,098,665	627,732	513,685	1,287,691	941,812	256,613
Operating Profit and Loss	51,243	(105,332)	(199,426)	219,650	82,040	(4,710)
Non-Operating Income and Expenditure	675,600	(138,784)	(294,434)	(191,358)	316,443	(65,548)
Net Profit Before Tax	726,843	(244,116)	(493,860)	28,292	398,483	(70,258)
Continuing Operation Unit Current Net Profit	402,002	(153,931)	(270,309)	(4,692)	212,662	(38,527)
Loss from Discontinued Operations	-	1,980,213	-	-	-	-
Current Net Profit (Loss)	402,002	1,826,282	(270,309)	(4,692)	212,662	(38,527)
Current Other Comprehensive Profit and Loss (Net Amount After Tax)	140,701	(30,035)	(57,005)	(34,651)	48,471	(14,145)
Current Total Comprehensive Profit and Loss	542,703	1,796,247	(327,314)	(39,343)	261,133	(52,672)

Net Profit Attributable to Owners of the Parent Company	402,002	1,826,282	(270,309)	(4,692)	212,662	(38,527)
Net Profit Attributable to Non-Controlling Interests	-	-	-	-	-	-
Total Comprehensive Profit and Loss Attributable to Owners of Parent Company	542,703	1,796,247	(327,314)	(39,343)	261,133	(52,672)
Total Comprehensive Income Attributable to Non-Controlling Interests	-	-	-	-	-	-
Earnings Per Share	2.70	16.53	(2.45)	(0.04)	1.92	(0.26)

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

Note 2: The Company's financial information for fiscal 2021 is based on the discontinued operations department and the continuing operations department.

Note 3: The Company's consolidated financial report for the first quarter of 2023 has been reviewed by the accountant.

(2) Individual Financial Report

Unit: NT\$ 1,000

Year Items	Financial Information for the Most Recent 5 Years (Note 1)				
	2022	2021 (Note 2)	2020	2019	2018
Operating Income	21,990	821,146	741,703	1,520,242	1,169,715
Operating Margin	7,686	627,732	513,685	1,287,691	941,812
Operating Profit and Loss	(46,197)	(105,332)	(199,426)	219,650	82,040
Non-Operating Income and Expenditure	611,483	(138,784)	(294,434)	(191,358)	316,443
Net Profit Before Tax	572,972	(244,116)	(493,860)	28,292	398,483
Continuing Operation Unit Current Net Profit	402,002	(153,931)	(270,309)	(4,692)	212,662
Loss from Discontinued Operations	-	1,980,213	-	-	-

Current Net Profit (Loss)	402,002	1,826,282	(270,309)	(4,692)	212,662
Current Other Comprehensive Profit and Loss (Net Amount After Tax)	140,701	(30,035)	(57,005)	(34,651)	48,471
Current Total Comprehensive Profit and Loss	542,703	1,796,247	(327,314)	(39,343)	261,133
Net Profit Attributable to Owners of the Parent Company	402,002	1,826,282	(270,309)	(4,692)	212,662
Net Profit Attributable to Non-Controlling Interests	-	-	-	-	-
Total Comprehensive Profit and Loss Attributable to Owners of Parent Company	542,703	1,796,247	(327,314)	(39,343)	261,133
Total Comprehensive Income Attributable to Non-Controlling Interests	-	-	-	-	-
Earnings Per Share	2.70	16.53	(2.45)	(0.04)	1.92

Note 1: Individual financial report certified by an accountant.

Note 2: 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
2022	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 4)		Financial Analysis for the Most Recent 5 Years					Current Year Up To March 31, 2023 (Note 2)	
		2018	2019	2020	2021	2022		
Financial Structure (%)	Ratio of Liabilities to Assets	77.52	83.14	86.32	67.96	63.11	63.28	
	Ratio of Long-Term Capital to Real Estate Plant, and Equipment	148.65	109.60	113.08	168.50	187.52	204.24	
Debt-Paying Capacity (%)	Current Ratio	154.37	74.88	76.62	171.50	247.04	415.10	
	Quick Ratio	153.86	74.54	76.15	170.92	245.90	412.29	
	Interest Coverage Ratio	385.37	114.12	(252.22)	1331.20	458.56	8.13	
Operating Capacity	Receivables Turnover Rate (Times)	34.25	43.31	24.49	29.84	44.77	12.00	
	Average Collection Days	10.65	8.43	14.90	12.23	8.15	30.41	
	Inventory Turnover Rate (Times)	53.12	44.47	23.36	23.35	24.61	6.18	
	Payables Turnover Rate (Times)	25.74	43.44	64.65	77.09	117.39	25.25	
	Average Days for Sale	6.87	8.21	15.62	15.63	14.83	59.02	
	Real Estate Plant, and Equipment Turnover Rate (Times)	0.40	0.36	0.18	0.21	0.35	0.09	
	Total Asset Turnover Rate (Times)	0.21	0.22	0.10	0.11	0.16	0.04	
Profitability Capacity	Rate of Return on Assets (%)	5.74	2.28	(5.21)	0.11	6.54	0.26	
	Rate of Return on Equity (%)	17.45	(0.36)	(24.01)	24.64	13.52	(1.22)	
	Paid-Interest Capital Ratio (%)	Operating Profit	8.02	19.88	(18.05)	(12.94)	3.44	(0.32)
		Net Profit Before Tax	38.95	2.56	(44.7)	162.26	48.73	(4.71)
	Profit Margin (%)	18.18	(0.31)	(36.44)	213.81	29.47	(11.87)	
	Earnings Per Share (NT\$)	1.92	(0.04)	(2.45)	16.53	2.70	(0.26)	
Cash Flow	Cash Flow Ratio (%)	3.23	9.52	(5.10)	(4.40)	29.70	(6.29)	
	Cash Flow Adequacy Ratio (%)	280.48	320.50	264.30	89.56	121.30	14.07	
	Cash Flow Reinvestment Ratio (%)	0.88	3.99	(1.86)	(0.98)	3.75	(1.74)	
Degree of Leverage	Degree of Operating Leverage	3.48	6.77	(0.69)	(0.72)	7.17	(15.43)	
	Degree of Financial Leverage	(1.42)	11.40	0.59	0.53	(0.34)	0.06	

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

1) Analysis Items (Note 3)		Year (Note Financial Analysis for the Most Recent 5 Years				
		2017	2018	2019	2020	2021
Financial Structure (%)	Ratio of Liabilities to Assets	58.61	63.21	69.28	28.29	19.63
	Ratio of Long-Term Capital to Real Estate Plant, and Equipment	259.18	256.59	202.75	30,625.12	41534.28
Debt-Paying Capacity (%)	Current Ratio	44.86	63.37	58.26	234.5	335.61
	Quick Ratio	44.68	63.18	58.06	234.32	335.42
	Interest Coverage Ratio	1769.70	104.27	-1458.4	8,066.47	9003.00
Operating Capacity	Receivables Turnover Rate (Times)	17.93	22.73	16.72	13.65	14.88
	Average Collection Days	20.36	16.06	21.83	26.75	24.53
	Inventory Turnover Rate (Times)	91.45	44.90	23.24	25.21	31.03
	Payables Turnover Rate (Times)	7.65	10.73	13.92	11.30	9.96
	Average Days for Sale	3.99	8.13	15.71	14.48	11.76
	Real Estate Plant, and Equipment Turnover Rate (Times)	0.14	0.22	0.14	0.13	2.49
	Total Asset Turnover Rate (Times)	0.05	0.03	0.03	0.01	0.01
Profitability Capacity	Rate of Return on Assets (%)	0.37	(7.62)	(7.62)	52.88	10.42
	Rate of Return on Equity (%)	(0.36)	(24.01)	(24.01)	98.18	13.52
	Paid-In Capital Ratio (%)	(4.31)	(0.44)	(3.69)	(6.7)	(2.58)
	Operating Profit Before Tax	28.03	0.08	(30.79)	167.76	38.41
	Profit Margin (%)	207.19	(3.05)	(281.96)	4,182.48	1828.11
	Earnings Per Share (NT\$)	1.92	(0.04)	(2.45)	16.53	2.70

Cash Flow	Cash Flow Ratio (%)	(0.91)	(0.45)	(3.24)	(19.70)	23.18
	Cash Flow Adequacy Ratio (%)	25.44	(26.75)	(164.65)	67.36	133.33
	Cash Flow Reinvestment Ratio (%)	(0.55)	(0.98)	(4.56)	(6.52)	3.73
Degree of Leverage	Degree of Operating Leverage	0.33	(25.35)	0.36	0.87	0.86
	Degree of Financial Leverage	0.72	0.19	0.65	0.76	0.86

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 2022 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 2023 Annual Meeting of Shareholders of Hotel Holiday Garden

Auditing Committee

GUO-YIN LU, Convener

March 14, 2023

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.

Independent Accountant's Report

(2023) Tsai Shen Pao Tzu No.22004060

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, 2022 and 2021, the parent company only statements of comprehensive income of January 1 to December 31 of 2022 and 2021, 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, 2022 and 2021 and its financial performance and cash flows for the period from January 1 to December 31 of 2022 and 2021 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 2022 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 2022 of the Holiday Garden International Ltd.:

Evaluation of investment impairment accounted for using the equity method :

Assessment of investment impairment using the equity method

Description

For the accounting policy of the investment using the equity method, please refer to Note 4 (13) of the individual financial statements; for the uncertainty of accounting estimates and assumptions for the assessment of investment impairment using the equity method, please refer to Note 5 (2) of the individual financial statements; Please refer to Note 6 (5) of the individual financial statements for the description of the accounting items of the investment under the merger metho

As of December 31, 2022, the property, plant and equipment and intangible assets of the U.S. subsidiary Holiday Garden Hotel Co., Ltd. totaled NT\$4,501,674,000, accounting for 52% of the total consolidated assets. Due to the proliferation of various types of hotels in recent years, the intense competition in the hotel industry and the impact of the novel coronavirus pneumonia epidemic, management has identified signs of impairment of property, plant and equipment and intangible assets of some subsidiaries, so each subsidiary uses estimated future cash flows discounted at an appropriate discount rate to measure the recoverable amount of these assets as a basis for assessing whether to depreciate them. Because the above estimates of future cash flows involve many assumptions that could have a significant impact on the measurement of recoverable amounts, the accountants have included the assessment of impairment of investments using the equity method (impairment assessment of property, plant and equipment and intangible assets of U.S. subsidiaries)) as a significant item in the current year's review.

Corresponding audit program

1. Understand and evaluate management's process for estimating future cash flows of subsidiaries, including reviewing operating plans for the coming year consistent with the Board's approval
2. Evaluate the reasonableness of key assumptions used by management to estimate future cash flows
3. Evaluate the reasonableness of the parameters and discount rates used to calculate the recoverable amount

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

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

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

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

The objectives of accounts for auditing parent company only financial statements are to obtain reasonable assurance about whether the parent company only financial statements as a

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

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

1. We identified and assessed the risks of material misstatement of the parent company only financial statements, whether due to fraud or errors, designed and performed audit procedures according to those risks, and obtained audit evidence that can sufficiently and appropriately form the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for the one resulting from error because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. We obtained an understanding of internal control relevant to the audit in order to design audit procedures suitable for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Holiday Garden International Ltd.'s internal control.
3. We evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and related disclosures made by management.
4. We concluded on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on Holiday Garden International Ltd.'s ability to continue as a going concern based on the audit evidence we have obtained. If we conclude that a material uncertainty exists, we will need to draw attention in our accountant's report to the related disclosures in the parent company only financial statements or to modify our opinion if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of this accountant's report. However, future events or conditions may cause Holiday Garden International Ltd. to cease to continue as a going concern.

5. We evaluated the overall presentation, structure and contents of the parent company only financial statements, including the attached notes, and whether the parent company on financial statements represent the underlying transactions and events in a fair manner.
6. We obtained sufficient and appropriate audit evidence regarding the financial information of entities within Holiday Garden International Ltd. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit of the parent company and are responsible for our audit opinion.

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

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

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

PwC Taiwan

Independent accountants

Wang Guo Hua

Lin Yong Zhi

Former Ministry of Finance Securities and Futures
Commission

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

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

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

March 14 2023

Assets		Notes	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 823,291	21	\$ 1,267,37	33
1110	Financial assets at fair value through profit or loss - current	6(2)	31,140	1	-	-
1136	Financial assets at amortized cost - current	6(1)&8	976,967	24	966,700	25
1150	Net notes receivable	6(3)	-	-	323	-
1170	Net accounts receivable	6(3)	1,257	-	1,376	-
1200	Other accounts receivable		7,957	-	92	-
1220	Current income tax assets		2,132	-	1,708	-
130X	Inventories	6(4)	487	-	435	-
1410	Advance payments		584	-	1,211	-
1479	Other current assets - others		345	-	402	-
11XX	Total current assets		<u>1,844,160</u>	<u>46</u>	<u>2,239,984</u>	<u>58</u>
Non-current assets						
1550	Investments accounted for using the equity method	6(5)	2,108,096	53	1,529,304	40
1600	Property, plants, and equipment	6(6)(8)	8,234	1	9,440	-
1755	Right-of-use asset	6(7)	7,538	-	10,602	-
1840	Deferred tax assets	6(24)	159	-	55,765	2
1920	Guarantee deposits paid		1,241	-	1,156	-
15XX	Total non-current assets		<u>2,125,268</u>	<u>54</u>	<u>1,606,264</u>	<u>42</u>
1XXX	Total Assets		<u>\$ 3,969,428</u>	<u>100</u>	<u>\$ 3,846,248</u>	<u>100</u>

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Liabilities and equity		Notes	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(10)&(8)	\$ 484,000	12	\$ 884,000	23
2110	Short-term notes and bills payable	6(11)	-	-	30,000	1
2130	Contractual liabilities - current	6(17)	654	-	682	-
2170	Accounts payable		1,926	-	946	-
2200	Other accounts payable		9,104	-	22,544	1
2230	Income tax liabilities		50,641	2	-	-
2280	Lease Liabilities - Current		2,875	-	2,984	-
2320	Long-term liabilities due within one year or one operating cycle	6(12)	-	-	13,948	-
2399	Other current liabilities - others		295	-	133	-
21XX	Total current liabilities		<u>549,495</u>	<u>14</u>	<u>955,237</u>	<u>25</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(24)	224,735	6	124,991	3
2580	Lease obligation -non current		4,766	-	7,641	-
2645	Guarantee deposits received		17	-	181	-
25XX	Total non-current liabilities		<u>229,518</u>	<u>6</u>	<u>132,813</u>	<u>3</u>
2XXX	Total liabilities		<u>799,013</u>	<u>20</u>	<u>1,088,050</u>	<u>28</u>
Rights and interests						
Capital stock						
3110	Common share capital	6(14)(16)	1,491,555	37	1,104,856	29
Capital surplus						
3200	Capital surplus	6(15)	2,169	-	2,169	-
Retained earnings						
3310	Statutory surplus public debt	6(16)	254,025	6	82,561	2
3320	Special Defined Surplus Bonds		30,035	1	-	-
3350	Undistributed surplus (loss to be covered)		1,417,961	36	1,714,643	45
Other equity						
3400	Other equity		(5,3330)	(-)	(146,031)	(4)
3XXX	Total equity		<u>3,190,415</u>	<u>80</u>	<u>2,758,198</u>	<u>72</u>
3X2X	Total liabilities and equity		<u>\$ 3,969,428</u>	<u>100</u>	<u>\$ 3,846,248</u>	<u>100</u>

Item	Notes	2022		2021		
		Amount	%	Amount	%	
4000	Operating revenue	6(17)	\$ 21,990	100	\$ 10,653	100
5000	Operating cost	6(4)(22)(23)	(14,304)	(65)	(3,499)	(33)
5900	Operating gross profit		7,686	35	7,154	67
	Operating expenses	6(22)(23)				
6200	Management expense		(46,214)	(210)	(43,532)	(408)
6450	Expected credit impairment		17	-	-	-
6000	Total operating expenses		(46,197)	(210)	(43,532)	(408)
6900	Operating loss		(38,511)	(175)	(36,378)	(341)
	Nonoperating income and					
7100	Interest income	6(18)	28,279	129	2,279	21
7010	Other income	6(19)&7	15,128	69	2,831	27
7020	Other gains and losses	6(2)(20)	171,596	780	(40,766)	(383)
7050	Financial cost	6(21)	(6,436)	(29)	(11,190)	(105)
7070	Share of profit or loss of	6(5)	402,916)	1832	(100,137)	(940)
7000	Total non-operating income		611,483	2781	(146,986)	(1380)
7900	Net profit (loss) before tax		<u>572,972</u>	<u>2606</u>	(<u>183,364</u>)	(<u>1721</u>)
7950	Income tax (expense) benefit	6(24)	(<u>170,970</u>)	(<u>778</u>)	<u>29,433</u>	<u>276</u>
8000	Net loss of continuing business					
	units for the current period		<u>402,002</u>	<u>1828</u>	(<u>153,931</u>)	(<u>1445</u>)
8100	Profits (losses) of closed units	6(9)&12(2)	-	-	1,980,213	18588
8200	Net profit (loss)		<u>\$ 402,002</u>)	<u>1828</u>	<u>\$ 1,826,282</u>	<u>17143</u>
	Other comprehensive					
	Items may be					
8361	Exchange differences on	6(5)	\$ 175,876	800	(\$ 37,544)	(352)
8399	Income tax of items that may	6(24)	(35,175)	(160)	7,509	70
8300	Other comprehensive		<u>\$ 140,701</u>	<u>640</u>	(<u>\$ 30,035</u>)	(<u>282</u>)
8500	Total consolidated profit or loss for the period		<u>\$ 542,703</u>	<u>2468</u>	<u>\$ 1,796,247</u>	<u>16861</u>

Earnings (loss) per share 6(25)

9710	Net loss from continuing business	\$	2.70	(\$	<u>1.03</u>)
9720	Net profit (net loss) of discontinued		-		<u>13.27</u>
9750	Basic earnings (loss) per share		<u>\$2.70</u>	\$	<u>12.24</u>
9810	Net loss from continuing business		\$2.69	(\$	1.03
9820	Net profit (net loss) of discontinued		-	\$	<u>13.27</u>
9850	Diluted earnings (loss) per share	\$	<u>2.69</u>	\$	<u>12.24</u>

2021

Balance on January 1, 2021	\$ 1,104,856	\$ 2,169	\$ 82,561	\$ 71,161	(\$ 182,800)	(\$ 115,996)	\$ 961,951
Current net profit	-	-	-	-	1,826,282	-	1,826,282
Other comprehensive income for the period	-	-	-	-	-	(30,035)	(30,035)
Total consolidated profit or loss for the period	-	-	-	-	1,826,282	(30,035)	1,796,247
Reversal of special reserve	-	-	-	(71,161)	71,161	-	-
Balance, December 31, 2021	\$ 1,104,856	\$ 2,169	\$ 82,561	\$ -	\$1,714,643	(\$ 146,031)	\$ 2,758,198

2022

Balance on January 1, 2021	\$ 1,104,856	\$ 2,169	\$ 82,561	\$ -	\$ 1,714,643	(\$ 146,031)	\$ 2,758,198
Current net profit	-	-	-	-	402,002	-	402,002
Other comprehensive income for the period	-	-	-	-	-	140,701	140,701
Total consolidated profit or loss for the period	-	-	-	-	402,002	140,701	542,703

2021 surplus refers to allocation and distribution

Statutory Surplus Fund	<u>-</u>	<u>-</u>	<u>171,464</u>	<u>-</u>	<u>(171,46-</u>	<u>-)</u>	<u>-</u>
Special reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$30,305</u>	<u>(\$30,305)</u>	<u>-)</u>	<u>-</u>
Stock dividends 6(16)	<u>386,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(386,699)</u>	<u>-)</u>	<u>-</u>
Cash dividends 6(16)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(110,486)</u>	<u>-)</u>	<u>(\$110,486)</u>
Balance on December 31, 2022	<u>\$1,491,555</u>	<u>\$2,169</u>	<u>\$254,025</u>	<u>\$30,035</u>	<u>\$1,417,961</u>	<u>(\$5,330)</u>	<u>\$ 3,190,415</u>

	Note	2022	2021
<u>Cash flows from operating activities</u>			
Net loss before tax of continuing business unit		\$ 572,972	(\$ 183,364)
)Pre-tax net profit (net loss) of closed units	6(9)	<u>-</u>	<u>2,036,842</u>
Net profit before tax		572,972	1,853,478
Adjustments:			
Revenue/expenses			
Benefits from financial assets measured at fair value through profit or loss	6(2)(20)	(1,871)	-
Expected Credit See Impairment Benefit	12(2)	(17)	(542)
Depreciation expense	6(6)(7)(22)	5,388	10,448
Lease modification benefits	6(7)(20)	-	(14)
Interest expense	6(21)	6,436	23,266
Interest income	6(18)	(28,279)	(2,276)
Share of profit of subsidiaries, associates, joint ventures accounted for using equity method	6(4)	-	-
Disposal of interests in property, plant, equipment	6(5)	(402,916)	100,137
Disposal of property, plant and equipment interests	6(20)	-	(2,052,593)
Impairment loss on non-financial assets	6(20)	-	2,083
Changes in assets and liabilities related to operating activities			
Net changes in assets related to operating activities			
Financial assets at fair value through profit or loss - current		(29,269)	-
Notes Receivable		323	(323)
Accounts receivable		136	3,265
Other receivables		(533)	-
Inventory		(52)	490
Prepayments		627	1,375
Other Mobile Assets - Other		57	(240)
Net change in liabilities related to operating activities			
Contractual Liabilities - Current accounts payable		(28)	(7,824)
		980	(2,194)
Other accounts payable		(10,642)	5,410
Other current liabilities		<u>(162)</u>	<u>(2,534)</u>
Cash inflows (outflows) from operations		113,474	(68,588)
Interest Received		(20,947)	2,325
Interest paid		(6,465)	(24,174)
Income tax paid		<u>(581)</u>	<u>(97,749)</u>
Net cash inflow (outflow) from operating activities		<u>127,375</u>	<u>(188,186)</u>
Cash flows from investing activities			
(Increase) decrease in financial assets measured at amortized cost - current		(10,267)	6,805
Investments accounted for using the equity method	6(5)	-	(334,670)
Use of real estate plant and equipment	6(26)	(3,887)	(130,962)
Disposal of property, plant and equipment		-	2,700,376
Increase in deposit guarantee		<u>(85)</u>	<u>(423)</u>
Net cash (outflow) inflow from investing activities		<u>14,239</u>	2,241,126
Cash flows from financing activities			
Increase in short-term borrowings	6(27)	384,000	2,274,401

Decrease in short-term borrowings	6(27)	(784,000)	(3,000,000)
Decrease in short-term notes payable	6(27)	(30,000)	(100,000)
Lease principal repayment	6(27)	(2,984)	(1,307)
Repayment of long-term loans	6(27)	(13,948)	(18,597)
Decrease in deposit margin		(164)	(574)
Payment of cash dividends	6(16)	(110,486)	-
Net cash outflow from financing activities		(557,582)	(846,077)
(Decrease) increase in cash and cash equivalents for the period	6(1)	(444,446)	1,206,863
Cash and cash equivalents at beginning of period		1,267,737	60,874
Cash and cash equivalents at end of period		<u>\$823,291</u>	<u>\$1,267,737</u>

Holiday Garden International Ltd.
Notes for Parent Company Only Financial Statements
2022 and 2021

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 14, 2023 ◦

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 2022 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 3, "Indexing the Conceptual Framework	January 1, 2022
Amendments to IAS 16 "Property, Plant and Equipment: Value before reaching	
Amendments to IAS 16, "Property, Plant and Equipment: Value Before Intended Use".	January 1, 2022
Amendments to IAS 37, "Loss-making Contracts - Costs of Fulfillment of Contracts	April 1, 2022
Annual Improvements for the 2018-2020 Cycle	

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 presents the newly issued, amended and revised IFRSs and interpretations of IFRSs approved by the FSC for 2023:

issuance by International

Newly issued/revised/amended standards and interpretations Standards Board

- Amendments to IAS 1, "Disclosure of Accounting Policies" January 1, 2023
- Amendments to IAS 8 "Definition of Accounting Estimates" January 1, 2023
- The amendments to IAS 12, "Deferred Income Taxes Related 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.

(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:

Effective date of issuance by International

Accounting

Newly issued/revised/amended standards and interpretations Standards Board

Amendments to IFRS 10 and IAS 28, "Disposal or Contribution of Assets between an Investor and its Affiliate or Joint Venture"..... To be decided by the IASB

* Sale or Contribution of Assets between an Investor and its Affiliates or Joint Ventures.....

*Amendments to IFRS 16, "Lease Liabilities in Sale and Leasebacks..2024.1.1

IFRS 17, Insurance Contracts.....2023.1.1

*Amendments to IFRS 17, Insurance Contracts.....2023.1.1

*Amendments to IFRS 17, "Initial application of IFRS 17 and IFRS 17

Amendments to IFRS 17 "First-time application of IFRS 17 and IFRS 9 - Comparative

information".....2023.1.1

Amendments to IAS 1, "Current or non-current classification of liabilities"..2024.1.1

Amendments to IAS 1, 'Non-current liabilities with contractual provisions'...2024.1.1

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 fair value through profit or loss

(1)1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income or loss.

(1)2. The Company uses trade date accounting for financial assets at fair value through profit or loss that qualify as customary transactions.

3. The Company recognizes financial assets at fair value on initial recognition, with the related transaction costs recognized in profit or loss, and subsequently at fair value, with the benefit or loss recognized in profit or loss.

(7) Financial assets measured at amortized cost

(1)1. A financial asset is one that also meets the following criteria:

(1) The financial asset is held under an operating model whose objective is to collect the contractual cash flows.

(2) The contractual terms of the financial asset generate cash flows at a specific date, solely for the purpose of paying interest on the principal and outstanding principal amount.

2 The Company uses trade date accounting for financial assets carried at amortized cost that qualify for trading practice.

3. The Company measures financial assets at fair value plus transaction costs on initial recognition, and subsequently recognizes interest income and impairment losses over the liquidity period using the effective interest method under the amortization procedure, and recognizes the gains or losses in profit or loss when they are derecognized.

4) Time deposits held by the Company that do not qualify as cash equivalents are measured at the amount invested because the effect of discounting is not significant due to the short holding period.

(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 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.

(10) 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.

(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 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.

(13) 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.

(14) 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

(15) 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.

(16) 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.

(17) 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.

(18) 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.

(19) Delisting of financial liabilities.

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

(20) 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.

(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. 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 ◦

(22) 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.

(23) 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 ◦

(24) 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 ◦

(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 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	\$ 448	\$ 420
Checking deposits and demand deposits	114,545	1,267,317
	114,993	1,267,737
Cash equivalents:	677,588	-
Time deposits:	30,710	-
	<u>\$ 823,291</u>	<u>\$ 1,267,737</u>

1. The Company places its cash and deposits with various reputable banks and financial institutions to diversify its credit risk; therefore, the probability of default is very low.

2. The Company's cash and cash equivalents held at December 31, 2022 and 2021, which are restricted by the provision of pledges and are not highly liquid, are classified as financial assets measured at amortized cost of \$976,967 and \$966,700, respectively, and are classified as liquid.

(2) Financial assets at fair value through profit or loss

<u>Item</u>	<u>2022.12.31</u>
Current items:	
Mandatory financial assets at fair value through profit or loss	
Beneficiary Certificates.....	\$29,269
Rating Adjustment	<u>\$1,871</u>
	\$31,140

The Company recognized a net gain of \$1,871 in 2022 from financial assets at fair value through profit or loss. there was no such gain in 2021.

(3) Net amount of accounts and notes receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ -	\$ 323
Less: Allowance for doubtful accounts	-	-
	<u>\$</u>	<u>\$ 323</u>
Notes receivable	\$ 1,259	\$ 1,460
Less: Allowance for doubtful accounts	<u>(2)</u>	<u>(30)</u>
	<u>\$ 1,257</u>	<u>\$ 1,376</u>

1. Aging analysis of accounts and notes receivable :

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not past due and past due for 1 to 30 days	\$ 1,221	\$ 1,299
Past due for 31 to 90 days	38	401
Past due for more than 94 days	-	29
	<u>\$ 1,259</u>	<u>\$ 1,729</u>

The above is an aging analysis based on the account establishment date.

(2)As of December 31, 2022, December 31, 2021 and January 1, 2021, the Company had \$1,259, \$1,729 and \$4,671, respectively, of accounts receivable (including notes receivable) from customers.

(3). The Company does not hold any collaterals.

(4). Without considering the collaterals or other credit enhancements held, the maximum exposure to credit risk of the Company's notes receivable as of December 31, 2022 and 2021 are \$0 and \$323, respectively; the maximum exposure to credit risk of the Company's accounts receivable as of December 31, 2022 and 2021 are \$1,257 and \$1. 376, respectively. The most significant exposure to credit risk at December 31, 2022 and 2021 is \$1,257 and \$1,376, respectively.

5. Please refer to Note 12(2) for information on the credit risk of notes and accounts receivable.

(4)Inventories

	<u>Cost</u>	<u>December 31, 2022</u> <u>Allowance for price</u> <u>decline in inventories</u>	<u>Carrying amount</u>
Foods and non-alcoholic and alcoholic beverages	<u>\$ 487</u>	<u>\$ -</u>	<u>\$ 487</u>
		<u>December 31, 2021</u> <u>Allowance for price</u> <u>decline in inventories</u>	<u>Carrying amount</u>
Foods and non-alcoholic and alcoholic beverages	<u>\$ 435</u>	<u>\$ -</u>	<u>\$ 435</u>

The inventory cost that the Company recognized as expenses for 2022 and 2021 was \$7,099 and \$6,423 respectively.

(4) Investments accounted for using the equity method

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

	<u>2022</u>	<u>2021</u>
January 1	\$ 1,529,304	\$ 1,332,315
Increase investments accounted for using the equity method	-	334,670
Share of investment income accounted for using the equity method	402,916	(100,137)
Other changes in equity	175,876	(37,544)
December 31	<u>(\$ 2,108,096)</u>	<u>(\$ 1,529,304)</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Holiday Garden International Ltd.	\$ 2,076,863	\$ 1,492,819
Holiday Garden Development Co., Ltd.	<u>31,233</u>	<u>36,485</u>
	<u>\$ 2,108,096</u>	<u>\$ 1,529,304</u>

2. Information of the Company's subsidiaries are presented in Note 4(3) of the Company's 2022 consolidated financial statements. ◦

(5)Property, plants, and equipment

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Business Equipment	\$ 5,020	\$ 5,809
<u>Other Equipment</u>	<u>\$ 3,214</u>	<u>\$ 3,631</u>
	\$ 8,234	\$ 9,440

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

<u>Cost</u>	<u>2022</u>			
	<u>Opening balance</u>	<u>Addition</u>	<u>Reduction</u>	<u>Closing balance</u>
Business Equipment	\$ 9,680	\$ 700	\$ -	\$ 10,380
<u>Other Equipment</u>	3,662	418	-	4,080
	<u>\$ 13,342</u>	<u>\$ 1,118</u>	<u>\$ -</u>	<u>\$ 14,460</u>

使用滑鼠雙擊這裡以編輯新增的表格段。

<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)	618,478
Plumbing and electrical equipment	32,454	-	(32,454)	-
Business Equipment	42,836	1,567	(34,723)	9,680
Other facilities	<u>4,304</u>	<u>4,677</u>	<u>(5,319)</u>	<u>3,662</u>
	<u>\$ 1,179,565</u>	<u>\$ 6,244</u>	<u>(\$ 1,172,467)</u>	<u>\$ 13,342</u>

<u>Accumulated depreciation and impairment</u>	<u>2022</u>			
	<u>Opening balance</u>	<u>Addition</u>	<u>Reduction</u>	<u>Closing balance</u>
Buildings and structures	\$ 3,871	\$ 1,489	(\$)	\$ 5,360-
Utility equipment	31	835	()	866
	<u>\$ 3,902</u>	<u>\$ 2,324</u>	<u>(\$)</u>	<u>\$ 6,226</u>

<u>Accumulated depreciation and impairment</u>	<u>2021</u>			
	<u>Opening balance</u>	<u>Addition</u>	<u>Reduction</u>	<u>Closing balance</u>
Buildings and structures	\$ 457,290	\$ 5,788	(\$ 463,07)	\$ -
Plumbing and electrical equipment	26,670	722	(27,392)	-
Business 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>

- 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").
- There was no borrowing cost capitalization of the Company's property, plants, and equipment in 2021 and 2020.
- 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(8).
7. The Company has no guarantees for property, plant and equipment for the years 2022 and 2021.

(7) Lease transaction – Lessee

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 2022 and 2021 are as follows:

	<u>2022</u>			Total
	<u>Houses</u>	<u>Transportation Equipment</u>	<u>Money Making Tools</u>	
Jan. 01	\$ 8,942	\$ 534	\$ 1,126	\$10,602
Depreciation expense	(2,359)	338	(367)	(3,064)
Dec. 31	<u>\$ 6,583</u>	<u>\$ 196</u>	<u>\$ 759</u>	<u>\$ 7,538</u>

	<u>2021</u>			Total
	<u>Houses</u>	<u>Transportation Equipment</u>	<u>Money Making Tools</u>	
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>

4. The increase in the Company's right-of-use assets in 2022 and 2021 is \$10,515

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

	<u>2022</u>	<u>2021</u>
<u>Affected project of current loss and gain</u>		
Lease obligation interest	\$ 126	\$ 54
Expense of short-term lease	664	413
Expense of leases of low-value assets	6	70
Variable lease payments:	998	140
Lease Modification Benefi	-	(14)

6. The Company's total lease cash outflows in 2022 and 2021 are \$4,778 and \$1,984, 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.

(8) 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>2022</u>	<u>2021</u>
Impairment loss - business equipment	\$ -	\$ 2,083

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	\$ -	\$ 2,083	(\$ 2,083)	\$ -

(9) 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	
Cash flow from operating activities	(\$ 13,555)	\$
Cash flow from investing activities	2,700,376	
Cash flow from financing activities	-	-
Total cash flow	<u>\$ 2,686,821</u>	<u>\$</u>

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

	2021	
Operating income	\$	33,012
Operating cost	(	19,577)
Operating expenses	(	51,620)
Expected credit impairment gain (loss)		542
Total non-operating income and expenses		<u>14,755</u>
Pre-tax net profit (loss) of discontinued units	(	22,888)
Income Tax (Expense) Benefit		4,577
After-tax net profit (loss) of discontinued units	(\$	<u><u>18,311</u></u>)

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

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

(10) Short-term loans

The nature of the loan	<u>December 31, 2022</u>	<u>December 31, 2021</u>
The short-term bank loan		
Secured loan	<u>\$ 484,000</u>	<u>\$ 884,000</u>
Interest rate range	<u>1.45%~1.85%</u>	<u>0.94%~0.99%</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 (21).

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

(11) Sort-term notes payable

	Dec.31, 2022	Dec. 31, 2021
Commercial paper payable	\$ <u> -</u>	\$ <u> 30,000</u>
Interest rate range	<u> -</u>	<u> 0.56%</u>

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

(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	<u> 5,000</u> 13,948
Less:	Long-term borrowings due within One year			<u>(13,948)</u> \$ <u> -</u>

(13) 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\$1,168 and NT\$2.020 in 2022 and 2021 respectively.

(14) Share Capital

1. As of December 31, 2022, the authorized capital of the Company was \$2,500,000 and the paid-in capital was \$1,491,555, divided into 149,156,000 shares with a par value of \$10 per share. The issued shares of the Company have been fully paid up.

A reconciliation of the Company's issued common shares at the beginning and end of the reporting period is as follows

	<u>2022</u>	<u>2021</u>
January 1	<u>110,486</u>	<u>110,486</u>
Transfer of surplus to capital	38,670	-
Dec. 31	<u>149,156</u>	<u>10,486</u>

2. On June 15, 2022, the Company resolved at the shareholders' meeting to issue 38,670 thousand shares by transferring \$386,699 of earnings to new shares, which was approved by the Financial Supervisory Commission on August 2, 2022, and the registration of the change was completed.

(15) Capital Fund

In accordance with the Company Law, capital surplus from the issuance of shares in excess of par value and capital surplus from gifts may be used to offset losses, and new shares or cash may be issued in proportion to the shareholders' original shares when the Company has no accumulated losses. In addition, in accordance with the Securities and Exchange Act, the above capital surplus may be capitalized up to 10% of the paid-in capital each year. The Company may not use capital surplus to replenish capital unless there is a shortfall in capital surplus to cover capital deficit.

(16) 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. On March 24, 2022, the Board of Directors resolved to distribute cash dividends of \$110,486 (NT\$1 per share) from the 2021 earnings and on June 15, 2022, the shareholders' meeting resolved to distribute stock dividends of \$386,699 (NT\$3.5 per share) from the 2021 earnings. Please refer to the "Market Observation Post System" of the Taiwan Stock Exchange for information on the distribution of earnings approved at the shareholders' meeting.

5. On March 14, 2023, the Board of Directors resolved to distribute cash dividends of \$29,830 (NT\$0.2 per share) from earnings and proposed to distribute stock dividends of \$74,578 (NT\$0.5 per share) from earnings.

(17) Operating income

	2022	2021
Revenue from customer contracts	\$ 21,990	\$ 43,665
Less: Operating income of discontinued units	-	(33,012)
	<u>\$ 21,990</u>	<u>\$ 10,653</u>

1. Revenue from customer contracts

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

2022	Room Revenue	Food & Beverage Income	Other Income	Total
Revenue from external client contracts	\$ -	\$ 21,268	\$ 722	\$ 21,990
Revenue Recognition Timing Revenue is recognized at a certain point in time	-	\$ 21,268	\$ 722	\$ 21,990
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2021	Room Revenue	Food & Beverage Income	Other Income	Total
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>\$ 10,635</u>
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>

In fiscal 2021, the Company's operations were affected by the novel coronavirus pneumonia epidemic, resulting in a decrease in the Company's operating income. In fiscal 2022, the Company's operations improved due to the mitigation of the novel coronavirus pneumonia epidemic.

2. Contract liabilities

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

	Dec. 31, 2022	Dec. 31, 2021	Jan. 01, 2021
Contract liabilities:			
Contract liabilities--Room Service contract	\$ -	\$ -	\$ 3,084
Contract liabilities--Food Service contract	654	682	5,422
	<u>\$ 682</u>	<u>\$ 682</u>	<u>\$ 8,506</u>

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

	2022	2021
The opening balance of contract liabilities is recognized as revenue in the current period		
Room service contract	\$ -	\$ 3,084
Food service contract	682	5,422
	<u>\$ 682</u>	<u>\$ 8,506</u>

(17) Interest income

	<u>2022</u>	<u>2021</u>
Bank deposit interest	\$ 734	\$ 420
Interest income from financial assets measured at amortised cost	27,539	1,853
Other interest income	<u>6</u>	<u>3</u>
	<u>\$28,279</u>	<u>\$2,276</u>

(19)Other income

	<u>2022</u>	<u>2021</u>
Rental income	\$ -	\$ 5,935
Government grants	14	15,882
Other income -other	<u>15,114</u>	<u>7,845</u>
	15,128	29,662
Less: Operating income of discontinued units	-	<u>(26,831)</u>
	<u>\$ 15,128</u>	<u>\$ 2,831</u>

Due to the application of the Group's "Measures for the Revitalization of Industries and Enterprises with Operating Difficulties Affected by Severe Atopic Pneumonia" and application to the Kaohsiung City Government Tourism Bureau for the use of epidemic-proof accommodations, the continued operating units were recognized in 2022 and 2021, respectively, after examination and compliance with the regulations. The government subsidy income is \$14 and \$2,831. The discontinued unit will recognize government subsidy income of \$12,707 in 2021, with no outstanding conditions and other contingencies.

(20) Other interests and losses

	<u>2022</u>	<u>2021</u>
Financial assets at fair value through profit or loss		
Net gain on financial assets	<u>\$ 1,871</u>	\$ -
Disposal of interests in property, plant and equipment	\$ -	\$ 2,052,593
Foreign currency exchange loss	169,725	(30,649)
Lease modification benefits	-	14
Impairment losses on non-financial assets	-	(2,083)
<u>Other losses</u>	-	<u>(911)</u>
	171,596	2,018,964
Less: Other benefits and losses of closed units		<u>(2,059,730)</u>
	<u>\$ 171,596</u>	<u>(\$ 40,766)</u>

(21) Financial cost

	<u>2022</u>	<u>2021</u>
Interest expense		
Borrowings from banks	\$ 6,310	\$ 23,212
Interest on lease liability	<u>126</u>	<u>54</u>
	\$ 6,436	\$ 23,266
Less: Finance costs of closed units	-	(<u>12,076</u>)
	<u>\$ 6,436</u>	<u>\$ 11,190</u>

(22) Addition information on expenses

	<u>2022</u>	<u>2021</u>
Employee benefits expenses	\$ 32,593	\$ 50,006
Property, plants, and equipment Depreciation	2,324	9,115
Right-of-use asset Depreciation	<u>3,064</u>	<u>1,333</u>
	37,981	60,454
Less: Operating costs and operating expenses of closed units	-	(<u>19,322</u>)
	<u>\$ 37,981</u>	<u>\$ 41,132</u>

(23) Employee benefit expense

	<u>2022</u>	<u>2021</u>
Salary and Fees	\$ 28,092	\$ 43,058
Labor and Health Insurance Costs	2,535	4,207
Pension Costs	1,168	2,020
Other employee benefit expense	<u>798</u>	<u>721</u>
	32,593	50,006
Less: Employee welfare expenses for closed units	<u>-</u>	(<u>12,786</u>)
	<u>\$ 32,593</u>	<u>\$ 37,220</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 estimated compensation to employees and directors for the years ended December 31, 2022 and 2021 was \$0.

The estimated amount for 2022 is based on the profitability of the year and is based on the percentage of the articles of incorporation. The Board of Directors resolved to distribute \$573 and \$0, respectively, of which employees' remuneration will be paid in cash. The difference between the amount of employees' remuneration and directors' remuneration is \$573 and \$0, respectively, which is mainly due to the change of estimate and will be adjusted in the income statement of 2023.

The difference between employee compensation and director compensation for fiscal 2021 and employee compensation of \$0 and director compensation of \$0 recognized in the financial statements for fiscal 2021, as resolved by the board of directors, was \$1,671 and \$0. The difference was mainly due to the change in estimates and was adjusted to the income statement for fiscal 2022. The difference was mainly due to the change in estimate.

Information on the remuneration of employees and directors approved by the board of directors can be found on the Market Observation Post System.

(24 Income tax)

1. Income tax expense (benefit)

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

	<u>2022</u>	<u>2021</u>
<i>Current income tax:</i>		
Income tax generated from current income:	\$ -	\$ -
Unallocated surplus plus levy	50,798	-
Land appreciation tax	<u>-</u>	<u>95,975</u>
Total current tax	<u>50,798</u>	<u>95,975</u>
<i>Deferred income tax:</i>		
Origination and reversal of temporary differences	(<u>120,172</u>)	(<u>68,779</u>)
	170,970	27,196
Less: Income tax (benefits) expenses of units that are closed	<u>-</u>	<u>(56,629)</u>
Income tax expense (benefits)	<u>\$ 170,970</u>	<u>(\$ 29,433)</u>

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

	<u>2022</u>	<u>2021</u>
Foreign operating agency conversion difference	<u>(\$ 35,175)</u>	<u>(\$ 7,509)</u>

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

	<u>2022</u>	<u>2021</u>
before tax based on statutory tax rate(Note)	\$ 114,594	\$ 370,696
Income tax effects of adjustments based on income tax laws and regulations	10,886	1,846
Income exempt from tax under the Tax Act		
Tax on undistributed earnings	(3)	(347,854)
Unallocated surplus plus levy	50,798	-
Assessment of the realizability of deferred income tax assets		
Change	(5,305)	-
Land Value Added Tax	-	95,975
Unrealized land value increment tax provision recognized in prior years	-	(93,467)
	<u>170,970</u>	<u>(27,196)</u>
Less: Income tax expense attributable to discontinued operations	-	<u>56,629</u>
Income tax expenses (Benefits)	<u>\$ 170,970</u>	<u>\$ 29,433</u>

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

3. The amount of each deferred income tax asset or liability arising from temporary differences and tax losses is as follows

	<u>January 1</u>	<u>Gain or loss</u>	<u>Recognized in Others Consolidated Profit and Loss</u>	<u>December 31</u>
Deferred tax assets:				
Temporary differences:				
Exchange differences of foreign operating institutions	\$ 29,896	\$ -	(\$ 29,896)	\$ -
Unrealized exchange loss	20,441	(20,441)	-	-
Bonus for not taking leave	120	39	-	159
Tax losses	<u>5,305</u>	<u>(5,305)</u>	<u>-</u>	<u>-</u>
	<u>55,762</u>	<u>(25,707)</u>	<u>(29,896)</u>	<u>159</u>
Deferred income tax liabilities:				

Temporary differences:				
Unrealized gain on financial assets	-	374	-	(374)
Overseas equity method recognition of investment income	(124,991)	(81,633)	-	(206,624)
Exchange differences of foreign operating institutions	-	-	(5,279)	(5,279)
Unrealized conversion benefits	<u>-</u>	<u>(12,458)</u>	<u>-</u>	<u>(12,458)</u>
	<u>(124,991)</u>	<u>(94,465)</u>	<u>(5,279)</u>	<u>(224,735)</u>
	<u>(\$ 69,229)</u>	<u>(\$ 120,172)</u>	<u>(\$ 35,175)</u>	<u>(\$ 224,576)</u>

	2021	Recognized in	Recognized in others	
	<u>January 1</u>	<u>Gain or loss</u>	<u>Comprehensive Income</u>	<u>December 31</u>
Deferred income tax assets:				
Temporary differences:				
Exchange differences of foreign operating institutions	\$ 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:				
Overseas equity method recognition of investment income	(142,745)	17,754	\$ -	(124,991)
Provision for unrealized land appreciation 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>

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, 2022						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</u>	<u>Year for last</u>	
2020	Approved amount	\$ 47,245	\$ 22,163	\$ 22,163	2030	
2021	Number of declarations	107,265	107,265	107,265	2031	
		\$154,510	\$129,428	\$129,428		

December 31, 2021						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>	
2020	Number of declarations	\$47,692	\$26,523		2030	

5. The company's profit-seeking business income tax has been approved by the tax collection authority until 2020.

(25) Earnings (loss) per share

	<u>2022</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	\$ 402,002	149,156	\$ 2.70
<u>Diluted earnings per share</u>			
Attributable to ordinary shareholders of the Company			
Net income for the period	<u>\$ 402,002</u>	149,156	
Potential common stock with dilutive effect			
Effect of dilutive potential common stock			
Employee compensation	-	14	
Attributable to the Company's common shareholders			
Net income for the period plus potential			
Effect of common stock	<u>\$402,002</u>	<u>149,170</u>	<u>\$2.69</u>

2021

0

	<u>Amount after</u> <u>tax</u>	<u>Weighted average of</u> <u>Outstanding shares</u> <u>(1,000 shares)</u>	<u>Earnings per share</u> <u>(NT\$)</u>
<u>Basic loss per share</u>			
Continuing to be attributable to the Company's common shareholders			
Net loss for the period from operating units	(\$ 153,931)	149,156	(\$ 1.03)
Discontinued operations attributable to common shareholders of the Company			
Net income per unit for the period	1,980,213	149,156	13,27
Attributable to ordinary shareholders of the Company			
Net income for the period	<u>\$ 1,826,282</u>	149,156	<u>\$ 12.24</u>

2. The above weighted average number of shares outstanding has been retroactively adjusted in accordance with the ratio of capitalization of earnings in fiscal 2021.

(26) Supplementary information on cash flow

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

	<u>2022</u>	<u>2021</u>
Purchase of real estate, plant and equipment	\$ 1,118	\$ 6,244
Add: Other payables at the beginning of the period - change in payment for land use		
Equipment payable at beginning of period listed as "Other payables" in the table	2,859	127,577
Less: Amount due for equipment at the end of the period (listed as "Other payables" in the table)	(90)	(2,859)
Cash payment in the current period	\$ 3,887	\$ 130,962

Fundraising activities that do not affect cash flows:

	2022	2021
Long-term borrowings are transferred to the portion due within one year	\$ -	\$ 13,948

(27) Change of liabilities from financing activities

	2022				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	\$ 884,000	\$ 30,000	\$ 10,625	\$ 13,948	\$ 938,573
Change of cash flows from Financing activities	(400,000)	(30,000)	(2,984)	(13,948)	(446,932)
December 31	<u>\$ 484,000</u>	<u>\$ -</u>	<u>\$ 7,641</u>	<u>\$ -</u>	<u>\$ 491,641</u>
	2021				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	\$1,609,599	\$ 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)
Changes in other non-cash (Note)	-	-	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>

Note: Non-cash changes resulting from additions, disposals and lease modifications 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.	Subsidiaries directly held by U.S.

("WC CORP.)

Holiday Garden EV CORP.

Subsidiaries directly held by U.S.

("EV CORP.)

Holiday Garden FM CORP.

Subsidiaries directly held by U.S.

("FM CORP.)

(3) Material Transactions with related parties

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

	<u>2022</u>	<u>2021</u>
Holiday Garden Development Co., Ltd.	\$ <u>3,000</u>	\$ <u>1,200</u>

2. Primary management remuneration and compensation information

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ <u>3,810</u>	\$ <u>3,850</u>

8. Collateralized assets

The Company's collateralized assets are listed below:

<u>Assets</u>	<u>Book value</u>		<u>For guarantee purposes</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Time deposits (Tabulated as "Financial assets measured at amortized cost - current")	\$ 968,456	\$ 957,921	Short-term loan And payable and shirt term notes payable
Demand deposits (Tabulated as "Financial assets carried at amortized cost - current")	-		
Demand deposits	69	368	Gift Certificate Performance Guarantee
	<u>\$ 968,525</u>	<u>\$ 958,289</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, 2022</u>	<u>December 31, 2021</u>
Total liabilities	\$ 799,013	\$ 1,088,050
Total assets	\$ 3,969,428	\$ 3,131,608
Debt to assets ratio	20	28

(2) Financial instruments

1. Types of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Mandatory financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss	\$ 31,140	\$ -
Financial assets measured at amortised cost		
Cash and cash equivalents	823,291	1,267,737
Financial assets measured at amortised cost	976,967	966,700
Notes Receivable	-	323
Accounts receivable	1,257	1,376
<u>Other accounts receivable</u>	7,957	92
<u>Deposit Guarantee</u>	1,241	1,156
	<u>\$ 1,841,853</u>	<u>\$ 2,237,384</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost		
Short-term borrowings	\$ 484,000	\$ 884,000
Short-term notes payable	-	30,000
Accounts payable	1,926	946
Other accounts payable	9,104	22,544
Long-term borrowings (including the current portion of long-term debt		
available)	-	13,948
Deposited Margin	17	181
	<u>\$ 495,047</u>	<u>\$ 951,619</u>
Leasing Liabilities	<u>\$ 7,641</u>	<u>\$ 10,625</u>

2 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.

3 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, 2022</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 loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Currency item</u>						
US\$: NT\$	\$ 54,757	30.71	\$ 1,681,602	1%	\$ 166,816	\$ -
<u>Long-term investments accounted for using the equity method</u>						
US\$: NT\$	67,628	30.71	2,076,863	1%	20,769	-

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<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 loss</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	\$ 1,538,898	1%	\$ 15,839	\$ -
<u>Long-term investments accounted</u>						
	53,931	27.68	1,492,819	1%	-	14,928

D. The aggregate amount of all exchange gains (losses) (both realized and unrealized) on the Company's monetary items that were materially affected by exchange rate fluctuations was \$169,725 and (\$30,649) in fiscal 2022 and 2021, respectively.

Price risk

The Company invests in open-end funds and the prices of these equity instruments are affected by the uncertainty of the future value of the underlying investments. If the price of these equity instruments had increased or decreased by 1%, with all other factors held constant, net income before income taxes for 2022 would have increased or decreased by \$311 due to the gain or loss on equity instruments measured at fair value through profit or loss.

- 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. If borrowing rates had increased or decreased by 1%, with all other factors held constant, pre-tax income would have decreased or increased by \$4,840 and \$8,979 in fiscal 2022 and 2021, respectively, primarily due to changes in interest expense as a result of variable-rate borrowings.

(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 allowance for losses on notes and accounts receivable as of December 31, 2022 and 2021, after adjusting the loss rate established based on historical and current information for a specific period for future-looking considerations, 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, 2022</u>				
Expected loss rate	0.97%	1.44 %	100.00%	
Total book value	\$ 1,221	\$ 38	\$ -	\$ 1,259
Loss allowance	1	1		2

	<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, 2021</u>				
Expected loss rate	0.34%	0.81%	100%	
Total book value	\$ 1,299	\$ 401	\$ 29	\$ 1,729
Loss allowance		1	29	30

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

	<u>2022</u>	<u>2020</u>
January 1	\$ 30	\$ 572
Impairment loss provision	(17)	-
Impairment loss reversal of discontinued units	(11)	(542)
December 31	<u>\$ 2</u>	<u>\$ 30</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. Surplus cash held by each operating entity that exceeds the time required to manage working capital is transferred back to the Company's treasury department. The Company's treasury department invests the remaining funds in interest-bearing demand deposits, checking deposits, time deposits and marketable securities in instruments selected to have appropriate maturities or sufficient liquidity to meet the above projections and to provide adequate deployment levels. At December 31, 2022 and 21, the Company held money market positions of \$853,983 and \$1,267,317, respectively, to generate immediate cash flows to manage liquidity risk.
- 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, 2022

<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	\$ 486,387	\$ -	\$ -
Accounts payable	1,926	-	-
Other accounts payable	9,104	-	-
Lease liabilities	2,960	2,364	2,483
Guarantee deposits received		-	17

Derivative financial liabilities: None

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	946	-	-
Other accounts payable	22,544	-	-
Lease liabilities	3,110	3,985	3,823

Long-term loans (including due within one year)	14,055	-	-
Guarantee deposits received	144	-	37
<u>Derivative financial liabilities: None</u>			

3. Value Informationary

1. The levels of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that are available to the enterprise at the measurement date. An active market is one in which a sufficient frequency and number of asset or liability transactions occur to provide pricing information on an ongoing basis. The fair value of the Company's investments in beneficiary certificates are included in this category.

Level 2: Observable input values of assets or liabilities, directly or indirectly, except for those included in quoted prices in Level 1.

Level 3: Unobservable input value of assets or liabilities.

2. Financial instruments that are not measured at fair value:

The carrying amounts of financial instruments not carried at fair value, including cash and cash equivalents, financial assets carried at amortized cost, notes receivable, accounts receivable, other receivables, refundable deposits, short-term loans, short-term notes payable, accounts payable, other payables, lease liabilities, long-term loans (including long-term loans due within one year) and deposits as collateral, are a reasonable approximation of fair value.

Financial and non-financial instruments carried at fair value are classified by the Company based on the nature, characteristics and risks of the assets and liabilities and the basis of the fair value hierarchy, and the related information is as follows

(a) The Company classifies its assets and liabilities by nature and the related information is as follows:

2022.12.31	Level 1	Level 2	Level 3	Total
Assets				
Repeated fair values				
Beneficiary certificates of				
financial assets at fair value				
through profit or loss	<u>\$31,140</u>	\$ -	\$ -	<u>\$31,140</u>
Liabilities:None				

December 31, 2021: No such event

(2) The methods and assumptions used by the Company to measure fair value are described below:

The Company uses quoted market prices for fair value inputs (i.e., Level 1), which are broken down by the characteristics of the instruments as follows:

Open-Ended Funds

Market Quote	Net value
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13. Note Disclosure

(1). Information on significant transactions

1. Loan of funds to others: Please refer to Table 1.
2. Endorsement and guarantee for others: No such thing.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures): Please refer to Table 2.
4. Accumulated purchase or sale of the same marketable securities amounting to at least NT\$300 million or 20% of the paid-in capital: None.
- 5 Acquisition of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: Please refer to Table 3.
- 7 Purchase from or sale to related parties amounting to at least \$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Please refer to Table 4 (attached).
9. Derivative transactions: None.
- 10 Business relationships and significant transactions between the parent company and its

subsidiaries: Please refer to Table 5 (attached).

(2) Information about the investment business

Name of investee company, location and other related information (excluding Mainland China investee company): Please refer to Table 6.

(3)

1. Basic information: None.

2. Significant transactions directly or indirectly between the third-party business and the investee company in Mainland China: None.

(4) Major Shareholders' Information

Information on major shareholders: Please refer to Table 7 (attached).

14. Department Information

Not applicable

Holiday Garden International Ltd. and subsidiaries

Loan funds

2022

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 \$ -	\$ 103,843,150	\$ 207,686,300	Note 9
2	Holiday Garden U.S.	Holiday Garden NW CORP.	Receivable from related companies	yes	240,870	240,870	-	Annual interest 3.0%	Short-term financing funds	-	Hotel acquisition	-	None -	28,096,850	56,193,700	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 -	28,096,850	56,193,700	Note 9
2	Holiday Garden U.S.	Holiday Garden WC CORP.	Receivable from related companies	yes	584,820	584,820	494,350	Annual interest 6.5%	Short-term financing funds	-	Hotel acquisition	-	None -	28,096,850	56,193,700	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 -	28,096,850	56,193,700	Note 9
2	Holiday Garden U.S.	Holiday Garden EV CORP.	Receivable from related companies	yes	559,362	559,362	559,362	Annual interest 6.5%	Short-term financing funds	-	Operational needs	-	None -	28,096,850	56,193,700	Note 9
2	Holiday Garden U.S.	Holiday Garden EV CORP.	Receivable from related companies	yes	94,950	94,950	94,950	Annual interest 6.5%	Short-term financing funds	-	Hotel acquisition	-	None -	28,096,850	56,193,700	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 -	28,096,850	56,193,700	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 -	28,096,850	56,193,700	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 -	10,701,300	20,142,600	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 -	10,071,300	20,142,600	Note 9

Note 1: See the footnotes below

(1) 0 for the Company

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

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

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

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

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

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

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

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

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

Holiday Garden Hotel Co., Ltd.
 Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliated enterprises and joint venture control)
 December 31, 2022

Table 2

Unit: NT\$1,000

(Unless
otherwise
noted)

Held by Company	Marketable Securities and Name of marketable securities	Relationship with the issuer of marketable securities	Billing Subjects	End of term		Fair Value	REMARK (NOTE4)	
				Number of shares	Carrying amount			
Holiday Garden HOTEL CO.,LTD	GDDAAU - Global Dividend Ac	(NOTE 2) NONE	Financial assets at fair value through profit or loss - current		\$7,206 .	\$7,206	NOTE5	-
Holiday Garden HOTEL CO.,LTD	Fund: GLAAAU-Multiple Income US Accumulation cumulation	NONE	Financial assets at fair value through profit or loss - current		\$7,159	\$7,159	NOTE5	-
Holiday Garden HOTEL CO.,LTD	Fund: MegaFon Singapore Real Estate Accrued A US	NONE	Financial assets at fair value through profit or loss - current		\$1,543	\$1,543	NOTE5	
Holiday Garden HOTEL CO.,LTD	Fund: Legg Mason Western Asset Global Blue Chip Bond Fund Class A Equity USD Acc	NONE	Financial assets at fair value through profit or loss - current		\$15,232	\$15,232	NOTE5	

Note 1: Marketable securities referred to in this table are stocks, bonds, beneficiary certificates and marketable securities derived from the above items that fall within the scope of IFRS 9, "Financial Instruments".

Note 2: If the issuer of marketable securities is not a related party, the column is not filled in.

Note 3: For those securities measured at fair value, please enter the carrying amount after adjustment for fair value and net of accumulated impairment; for those securities not measured at fair value, please enter the carrying amount at original acquisition cost or amortized cost less accumulated impairment.

Holiday Garden International Co.
 Properties acquired at a cost or price of at least NT\$300 million or 20% of paid-in capital
 2022

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 <u>Nw corp</u>	ownePlace Suite Newark Silicon Valley HOTEL	Jul 05, 2021	SEP. 9, 2015	\$482, 450	\$1, 151, 625	The price is charged according to the conditions agreed in the sales and purchase agreement of both parties	\$604, 291	ALLied housing, INC	None	Enriching long-term working capital	Two real estate appraisal reports were obtained with reference to market conditions and the appraisals were approximately \$819, 957 and \$776, 963 respectively.	None

Note 1: The actual date of issuance is the date of resolution of the board of directors.

Note 2: The gain or loss on disposal is calculated based on the selling price less the carrying value of real estate and related business taxes and transaction costs.

Holiday Garden International Ltd.
Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital
December 31, 2022

Table 4

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

<u>Companies of account</u> <u>receivable</u>	<u>Transaction object name</u>	<u>Relationship</u>	Balance of Receivable from related <u>companies (Note 1)</u>	<u>Turnover rate</u>	<u>Past due accounts</u> receivable from related		Accounts receivable recovered from related companies after <u>the reporting period</u>	Amount of loss allowance <u>recognized</u>
					<u>Amount</u>	<u>Treatment</u>		
Holiday Garden International Ltd.	Holiday Garden U.S.	Note 3	Account receivable : 1,247,748	Note 4	\$ -	-	\$ -	\$ -
Holiday Garden U.S.	Holiday Garden WC CORP.	Note 3	Account receivable : 605,448	Note 4	-	-	-	-
Holiday Garden SF CORP.	Holiday Garden U.S.	Note 3	Account receivable : 475,206	Note 4	-	-	-	-
Holiday Garden U.S.	Holiday Garden EV CORP.	Note 3	Account receivable : 860,303	Note 4	-	-	-	-
Holiday Garden WC CORP.	Holiday Garden SF CORP.	Note 3	Account receivable : 170,244	Note 4	-	-	-	-
Holiday Garden EV CORP.	Holiday Garden SF CORP.	Note 3	Account receivable : 164,371	Note 4	-	-	-	-
Holiday Garden U.S.	Holiday Garden FM CORP.	Note 3	Account receivable : 491,475	Note 4	-	-	-	-
Holiday Garden SF CORP.	Holiday Garden-NW CORP	Note 3	Account receivable : 164,174	Note 4				

Note 1: Please enter the accounts receivable from related parties, notes and bills, other receivables, etc. separately.

Note 2: The amount of paid-in capital refers to the parent company's paid-in capital. If the issuer's stock has no par value or the par value per share is not NT\$10, the transaction amount of 20% of the paid-in capital is calculated based on 10% of the equity attributable to the owners of the parent company in the balance sheet.

Note 3: The investee and the counter-party are both subsidiaries of the Company.

Note 4: The calculation of turnover days is not applicable to other receivables.

Holiday Garden International Ltd. and subsidiaries

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

2022

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	\$1,247,748	Processed according to the agreement between the two parties 14.43%
1	Holiday Garden International Ltd.	Holiday Garden U. S.	(3)	Interest income	65,858	Processed according to the agreement between the two parties 4.83%
1	Holiday Garden International Ltd.	Holiday Garden SF CORP.	(3)	Other income	13,410	Processed according to the agreement between the two parties 0.98%
1	Holiday Garden International Ltd.	Holiday Garden NW CORP.	(3)	Other income	11,175	Processed according to the agreement between the two parties 0.82%
1	Holiday Garden International Ltd.	Holiday Garden VC CORP.	(3)	Other income	13,410	Processed according to the agreement between the two parties 0.98%
1	Holiday Garden International Ltd.	Holiday Garden WC CORP.	(3)	Other income	13,410	Processed according to the agreement between the two parties 0.98%
1	Holiday Garden International Ltd.	Holiday Garden EV CORP.	(3)	Other income	13,410	Processed according to the agreement between the two parties 0.98%
1	Holiday Garden International Ltd.	Holiday Garden FM CORP.	(3)	Other income	8,940	Processed according to the agreement between the two parties 0.66%
2	Holiday Garden U. S.	Holiday Garden WC CORP.	(3)	Other receivables	605,448	Processed according to the agreement between the two parties 7%
2	Holiday Garden U. S.	Holiday Garden WC CORP.	(3)	Interest income	26,969	Processed according to the agreement between the two parties 1.98%
2	Holiday Garden U. S.	Holiday Garden VC CORP.	(3)	Other receivables	46,065	Processed according to the agreement between the two parties 0.53%
2	Holiday Garden U. S.	Holiday Garden EV CORP.	(3)	Other receivables	860,303	Processed according to the agreement between the two parties 9.95%
2	Holiday Garden U. S.	Holiday Garden EV CORP.	(3)	Interest income	42,614	Processed according to the agreement between the two parties 3.12%
2	Holiday Garden U. S.	Holiday Garden FM CORP.	(3)	Other receivables	491,475	Processed according to the agreement between the two parties 5.68%
2	Holiday Garden U. S.	Holiday Garden FM CORP.	(3)	Interest income	13,857	Processed according to the agreement between the two parties 1.02%
3	Holiday Garden SF CORP.	Holiday Garden U. S.	(3)	Other receivables	475,206	Processed according to the agreement between the two parties 5.49%
3	Holiday Garden SF CORP.	Holiday Garden U. S.	(3)	Interest income	11,533	Processed according to the agreement between the two parties 0.85%
4	Holiday Garden SF CORP.	Holiday Garden NW CORP.	(3)	Other receivables	164,174	Processed according to the agreement between the two parties 1.90%
4	Holiday Garden VC CORP.	Holiday Garden SF CORP.	(3)	Other receivables	61,863	Processed according to the agreement between the two parties 0.72%
5	Holiday Garden WC CORP.	Holiday Garden SF CORP.	(3)	Other receivables	170,244	Processed according to the agreement between the two parties 1.97%
6	Holiday Garden EV CORP.	Holiday Garden SF CORP.	(3)	Other receivables	164,371	Processed according to the agreement between the two parties 1.90%
7	Holiday Garden FM CORP.	Holiday Garden SF CORP.	(3)	Other receivables	82,923	Processed according to the agreement between the two parties 0.96%

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

(1) 0 for the parent company.

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

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

(1) The parent company to a subsidiary

(2) A subsidiary to the parent company

(3) A subsidiary to another subsidiary

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

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

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

Holiday Garden International Ltd. and subsidiaries
The investee's name, location, and other related information (excluding investees in mainland China)
2022

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 International Ltd.	Holiday Garden	Taiwan	Tourism hotels	\$ 65,000	\$ 65,000	6,500,000	100	\$ 31,233	(\$ 5,252)	(\$ 5,252)	The Company's subsidiary
Holiday Garden International Ltd.	International Holiday Garden	Bermuda	Investment business	977,650	977,650	12,000	100	2,076,863	408,168	408,168	The Company's subsidiary
Holiday Garden International Ltd.	International Holiday Garden U.S.	USA	Investment business	585,961	585,961	18,000	100	561,937	288,527	288,527	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden SF CORP.	USA	Tourism hotels	84,662	84,662	170,000	100	201,426	48,107	48,107	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden NW CORP.	USA	Tourism hotels	81,250	81,250	150,000	100	(109,067)	(130,576)	(130,576)	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden VC CORP.	USA	Tourism hotels	81,250	81,250	150,000	100	(17,051)	8,954	8,954	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden WC CORP.	USA	Tourism hotels	80,700	80,700	150,000	100	(277,832)	(46,274)	(46,274)	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden EV CORP.	USA	Tourism hotels	77,188	77,188	150,000	100	(328,677)	(59,808)	(59,808)	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden FM CORP.	USA	Tourism hotels	69,263	69,263	- 150,000	100	(4,433)	(67,207)	(67,207)	The Company's subsidiary

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

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

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

Holiday Garden International Ltd. and subsidiaries

Table 7

Major Shareholder Information
December 31, 2022

Main shareholder name	Shares	
	Shares held	Shareholding ratio
YENJUAN INTERNATIONAL CO., LTD.	28,926,958	19.39%
HSBC Bank (Taiwan) Limited is entrusted with custody of Z.P. INVESTMENT CORPORATION investment account	14,726,450	9.87%
HSBC Bank (Taiwan) Limited is entrusted with custody of S & D.C. CO., LTD. investment account	14,155,206	9.49%
HSBC Bank (Taiwan) Limited is entrusted with custody of ZOTO HOLDINGS LIMITED investment account	13,987,738	9.37%
HSBC Bank (Taiwan) Limited is entrusted with custody of TOZAI HOLDINGS LIMITED investment account	11,811,096	7.91%

Holiday Garden International Ltd
Statement of Cash and Cash Equivalents
December 31, 2022

Table 1.

Item	Abstract	Amount
Cash in hand and working capital		\$ 448
Cheque Deposit		1,527
Demand Deposit - New Taiwan Dollar Deposit		108,170
Demand Deposits-US Dollar Deposits	USD158,000, exchange rate 30.7	4,848
Time Deposit - USD Deposit	USD22,064,000, exchange rate 30.71, interest rate range: 4.10%-4.83% Maturity period: January 7, 2023 to March 22, 2023	677,588
U.S. Dollar Bonds with Buyback	USD1,000, exchange rate 30.71, interest rate:4.35% Expiration date:February 20, 2023	<u>30,710</u>
		<u>\$823,291</u>

Holiday Garden Co.
Financial assets measured at amortized cost - current schedule
December 31, 2022

Unit: NT\$1,000

Name	Summary	Contract Period	Amount	Interest Rate	Remark
Cathay United Bank	NTD survive	—	\$ 69	—	
O-Bank	NTD Time Deposit	2022.09.11~2023.03.11	5,055	0.25%	
O-Bank	NTD Time Deposit	2022.09.12~2023.03.12	410	1.16%	
List 2 O-Bank	NTD Time Deposit	2022.10.28~2023.04.28	2,977	1.03%	
O-Bank	USD Time Deposit	2022.12.01~2023.03.01	248,767	5.15%	Note
CTBC BANK Co., Ltd	USD Time Deposit	2022.11.08~2023.01.08	463,459	4.20%	Note
CTBC BANK Co., Ltd	USD Time Deposit	2022.12.28~2023.03.28	1,560	4.70%	Note
CTBC BANK Co., Ltd	USD Time Deposit	2021.10.28~2022.04.28	130,255	0.20%	Note
First Commercial Bank	USD Time Deposit	2022.12.22-2023.01.22	124,415	4.20%	
			<u>\$ 976,967</u>		

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

Holiday Gardens International Ltd.
Statement of changes in investments using the equity method
2022

List 3

Name	<u>Opening Balance</u>		<u>Increase in this period (Note 1)</u>		<u>Decrease in the current period (Note 2)</u>		<u>Ending balance</u>			<u>Market price or net value</u>		<u>Evaluation basis</u>	<u>Guarantee or Pledge</u>	<u>Remark</u>
	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Shareholding ratio</u>	<u>Amount</u>	<u>Unit price</u>	<u>Total price</u>			
Holiday Garden International Ltd.,	12,000	\$1,492,819	-	\$584,044	-	\$-	-	12,000	100%	\$2,076,863	\$173,072	\$2,076,863	Equity method	None
Holiday Garden Development International Ltd.,	6,500,000	36,485	-	-	-	(5,252)	-	6,500,000	100%	31,233	4.81	31,233	Equity method	None
		<u>\$1,529,304</u>		<u>\$584,044</u>		<u>(5,252)</u>				<u>\$2,108,096</u>		<u>\$2,108,096</u>		

Unit: NT\$1,000

Note 1: The increase in the current period is due to the exchange differences arising from the translation of the financial statements of foreign operating institutions and the share of profit or loss of subsidiaries, affiliates and joint ventures recognized under the equity method in the current period

Note 2: The decrease in the current period represents the shares of subsidiaries, affiliates and joint ventures recognized under the equity method.

Holiday Garden International Ltd. and subsidiaries
Short-term loan schedule
December 31,2022

List 4

Unit: NT\$1,000

<u>Type of loan</u>	<u>Summary</u>	<u>Ending balance</u>	<u>Contract Period</u>	<u>Interest Rate</u>	<u>Financing Amount</u>	<u>Mortgage or Guarantee</u>
Guaranteed bank loan	CTBC BANK Co., Ltd	\$ 284,000	2022.10.28~2023.04.28	1.45%	\$ 500,000	Time Deposit
Guaranteed bank loan	O-Bank	200,000	2022.12.28~2023.01.28	1.85%	200,000	Time Deposit
		<u>\$ 484,000</u>				

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Holiday Gardens International Ltd.
Schedule of Cost of Operations
2022

Unit: NT\$1,000

	Project	Amount	Remark
List 7	Beginning Catering Inventory	\$ 435	
	Feed in this period	7,452	
	Transfer operating expenses	(301)	
	Ending Catering Inventory	(487)	
	Consumables for this issue	7,099	
	Food and room costs	7,205	
		\$ 14,304	

Holiday Gardens International Limited and Subsidiaries
Statement of Operating Expenses
2022

Unit: NT\$1,000

	Project	Summary	Amount	Remark
List 8	Salary Expenses		\$ 23,841	
	Labor Fee		4,045	
	Other Fee		18,311	The balance does not exceed 5% of the amount of the subject
			46,197	

Holiday Gardens International, Inc.
Summary of employee benefits, depreciation and amortization expense incurred during the period by function
2022 and 2021

List 9

Unit: NT\$1,000

<i>Function</i>	2022			2021		
	Operating Cost	Operating Expenses	Total	Operating Cost	Operating Expenses	Operating Expense
<i>Properties</i>						
Employee Benefit Expenses	\$ 6,040	\$ 26,553	\$ 32,593	\$ 9,426	\$ 40,580	\$50,006
Salary Cost	5,172	19,110	24,282	8,020	31,188	39,208
Labor and health insurance costs	447	2,088	2,535	880	3,327	4,207
Superannuation Expenses	247	921	1,168	388	1,632	2,020
Director's Remuneration	—	3,810	3,810	—	3,850	3,850
Other Employee Benefit Expenses	174	624	798	138	583	721
Depreciation Expense	253	5,135	5,388	6,027	4,421	10,448

Notes:

1. The number of employees for the current year and the previous year was 52 and 93, respectively, of which the number of directors who were not also employees was 3, respectively.
2. For companies whose shares are listed on a stock exchange or traded on an OTC stock exchange, the following information should be disclosed:
 - (1) The average employee benefit cost for the current year was \$587; the employee benefit cost for the previous year was \$513.
 - (2) The average employee salary cost for the current year is \$496; the employee salary cost for the previous year is \$436.
 - (3) The adjustment and change in average employee salary cost was 13.76%.
 - (4) The Company has established an audit committee to replace the supervisor as required, so no supervisor's remuneration was recognized

1. Policies, criteria and mix of remuneration:

(1). The remuneration of the Company's directors and independent directors includes travel expenses and distributed remuneration in accordance with the Company's Articles of Association not exceeding 1% of the current year's profit, which shall be paid in accordance with Article 31 of the Company's Articles of Incorporation.

(2). The remuneration and salary of the Company's executives will be paid in accordance with the individual's professional experience and the usual standards of the industry, and bonuses will be paid according to the individual's performance, in accordance with his or her rate of achievement, growth rate, risk and performance.

(3). The salaries of the company's employees are determined based on the results of interviews and evaluations at each stage; the salaries of personnel are approved by grade approved by grade. In addition, bonuses are granted according to the performance of individuals based on their achievement rate, growth rate, and job performance.

2. Procedures for setting salaries

(1). The Company's Board of Directors adopted the Organization Regulations of the Compensation Committee in December 2011 and established the Compensation Committee in accordance with the Organization Regulations.

The remuneration of directors and independent director-level executives is prepared.

(2). The Company's Remuneration Committee determines and periodically evaluates the remuneration of directors, independent directors and managers. The Company's Directors', independent directors' and managers' remuneration must be approved by the Board of Directors.

Independent Accountants' Report

(2023) Tsai Shen Pao Tzu No. 22004746

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, 2021 and 2022, the consolidated statements of comprehensive income of January 1 to December 31 of 2021 and 2022, the consolidated statements of changes in equity, the consolidated statements of cash flows, and the notes to consolidated financial statements, including a summary of significant accounting policies.

In the opinion of the accountants, in all material respects, the consolidated financial statements have been prepared in accordance with the Financial Reporting Standards for Securities Issuers and International Financial Reporting Standards as approved by the Financial Supervisory Commission, International Accounting Standards, Interpretations and Interpretative Bulletins and are sufficient to present fairly the consolidated financial position of Holiday Gardens Group as at December 31, 2022 and 2021. the consolidated financial results and consolidated cash flows for the periods January 1 to December 2022 and 2021 The consolidated financial results and consolidated cash flows for January 1 to December 31, 2022 and 2021.

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 2022 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 2022 of the Group:

Property, plant and equipment and intangible asset impairment assessment

Description

For the accounting policy for impairment of intangible assets, please refer to Note 4(17) to the consolidated financial statements. For the accounting estimates and assumptions regarding the uncertainty of impairment assessment of intangible investments, please refer to Note 5(2) to the consolidated financial statements. For intangible assets, please refer to Note 6(8) to the consolidated financial statements.

As of December 31, 2022, the carrying value of the Group's intangible assets amounted to NT\$4,501,674,000, representing 52% of the total consolidated assets. Due to the proliferation of various types of accommodation hotels in recent years, the intense competition in the hospitality industry and the impact of the novel coronavirus pneumonia outbreak, management has identified signs of possible impairment of property, plant and equipment and intangible assets of some subsidiaries. The Company uses estimated future cash flows and the use of an appropriate discount rate to measure the recoverable amount of these assets as a basis for assessing whether impairment exists. Because the above estimates of future cash flows involve many assumptions that could have a significant impact on the measurement of recoverable amounts, the accountants included the assessment of impairment of property, plant and

equipment and intangible assets as one of the key 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 2022 and 2021 parent company only financial statements, and we have issued an audit report with unmodified opinion. That report is available for reference.

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

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

Management when preparing consolidated financial statements is also responsible for evaluating the Group's ability to continue as a going concern, disclosing relevant matters, and

using the going concern basis of accounting unless management intends to liquidate the Group, to cease the operations, or to liquidate or to have no feasible alternatives but to do so.

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

Account's responsibilities for the audit of consolidated financial statements

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

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

1. We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or errors, designed and performed audit procedures according to those risks, and obtained audit evidence that can sufficiently and appropriately form the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. We obtained an understanding of internal control relevant to the audit in order to design

audit procedures suitable for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

We 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 14, 2023

Assets	Notes	December 31 2022		December 31 2021		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,668,664	31	\$ 2,145,257,	25
1110	Financial assets at fair value through profit or loss – current	6(2)	31,140	1	-	-
1136	Financial assets available-for-sale - current	6(1)&8	976,967	11	966,700	11
1150	Net notes receivable	6(3)	-	-	323	-
1170	Net accounts receivable	6(3)	29,637	-	30,980	-
1200	Other accounts receivable		8,989	-	567	-
1220	Tax assets		2,145	-	42,817	1
130X	Inventories	6(4)	709	-	638	-
1410	Advance payments		16,608	-	10,053	-
1479	Other current assets - others		357	-	430	-
11XX	Total current assets		<u>3,735,216</u>	<u>43</u>	<u>3,197,765</u>	<u>37</u>
Non-current assets						
1535	Financial assets at amortized cost - non-current	6(1) 8&9	49,169	1	85,295	1
1600	Property, plants, and equipment	6(5)(8(9)&8	3,806,038	44	4,001,582	47
1755	Right if use asset	6(6)	103,530	1	113,107	1
1780	Intangible assets	6(7)	737,051	9	791,315	9
1840	Deferred tax assets	6(25)	203,582	2	395,715	5
1915	Prepayments for equipment		-	-	12,160	-
1920	Guarantee deposits paid		14,141	-	10,266	-
1990	Other non-current assets - others		207	-	229	-
15XX	Total non-current assets		<u>4,913,718</u>	<u>57</u>	<u>5,409,669</u>	<u>63</u>
1XXX	Total assets		<u>\$ 8,648,934</u>	<u>100</u>	<u>\$ 8,607,434</u>	<u>100</u>

(Next page)

Liabilities and equity		Notes	December 31 2022		December 31 2021	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(10)&8	\$ 484,000	6	\$ 884,000	10
2110	Short-term notes and bills payable	6(11)&8	-	-	30,000	-
2130	Contractual liabilities - current	6(18)	5,866	-	3,719	-
2170	Accounts payable		2,709	-	1,814	-
2200	Other accounts payable	6(12)	132,680	1	91,647	1
2230	Current income tax liabilities		135,001	1	36,704	1
2280	Current lease liabilities		8,578	-	8,236	-
2320	Long-term liabilities - current portion	6(13)&8	742,587	9	807,943	10
2399	Other current liabilities: others		547	-	567	-
21XX	Total current liabilities		<u>1,511,968</u>	<u>17</u>	<u>1,864,630</u>	<u>22</u>
Non-current liabilities						
2540	Long-term borrowings	6(13)&8	3,579,764	42	3,683,724	43
2570	Deferred income tax liabilities	6(25)	261,796	3	187,149	2
2580	Lease obligations-non-current		104,974	1	113,552	1
2645	Deposits received		17	-	181	-
25XX	Total non-current liabilities		<u>3,946,551</u>	<u>46</u>	<u>3,984,606</u>	<u>46</u>
2XXX	Total liabilities		<u>5,458,519</u>	<u>63</u>	<u>5,849,236</u>	<u>68</u>
Equity						
Consolidated net income attributable to owners of the parent company						
Capital stock						
		6(15)(17)				
3110	Common share capital		1,491,555	17	1,104,856	13
	Capital surplus	6(16)				
3200	Capital surplus		2,169	-	2,169	-
	Retained surplus	6(17)				
3310	Legal reserve		254,025	3	82,561	1
3320	Special reserve		30,035	-	-	-
3350	Retained earnings		1,417,961	17	1,714,643	20
Other equity						
3400	Other equity		(5,330)	-	(146,031)	(2)
31XX	Total income attributable to the owners of the parent company		<u>3,190,415</u>	<u>37</u>	<u>2,758,198</u>	<u>32</u>
3XXX	Total equity		<u>3,190,415</u>	<u>37</u>	<u>2,758,198</u>	<u>32</u>
	Significant contingent liabilities and unrecognized contractual commitments	9				
3X2X	Major events after the reporting period		<u>\$ 8,648,934</u>	<u>100</u>	<u>\$ 8,607,434</u>	<u>100</u>

Item	Notes	2022		2021		
		Amount	%	Amount	%	
4000	Operating revenue	6(18)	\$ 1,364,208	100	\$ 821,146	100
5000	Operating cost	6(4)(23)(24)	(265,543)	(19)	(193,414)	(23)
5900	Operating gross profit		<u>1,098,665</u>	<u>81</u>	<u>627,732</u>	<u>77</u>
	Operating expenses	6(7)(23)(24)				
6200	Management expense		(1,046,363)	(77)	(733,330)	(89)
6450	Expected impairment loss	12(2)	(1,059)	-	266	-
6000	Total operating expenses		<u>(1,047,422)</u>	<u>(77)</u>	<u>(733,064)</u>	<u>(89)</u>
6900	Operating profit		<u>51,243</u>	<u>4</u>	<u>105,332</u>	<u>(12)</u>
	Non-operating income and expenses					
7100	Interest Income	6(19)	31,868	3	3,397	-
7010	Other income	6(20)	70,556	5	11,769	2
7020	Other gains and losses	6(2)(20)	775,887	57	(40,766)	(5)
7050	Financial cost	6(22)	(202,711)	(15)	(113,184)	(14)
7000	Total non-operating income and expenses		<u>675,600</u>	<u>50</u>	<u>(138,784)</u>	<u>(17)</u>
7900	Net profit before tax		<u>726,843</u>	<u>54</u>	<u>(244,116)</u>	<u>(29)</u>
7950	Income tax expense	6(25)	(324,841)	(24)	(90,185)	11
8000	Net loss of continuing business units for the current period		<u>402,002</u>	<u>30</u>	<u>(153,931)</u>	<u>(18)</u>
8100	Profits (losses) of closed units	6(9)&12(2)			<u>1,980,213</u>	<u>241</u>
8200	Net profit (losses) for this year		<u>\$ 402,002</u>	<u>30</u>	<u>\$ 1,826,282</u>	<u>223</u>
	Other comprehensive income					
	Components may be subsequently reclassified to profit/loss					
8361	Exchange differences on translation of foreign financial statements		\$ 175,876	13	(\$ 37,544)	(5)
8399	Income tax of components that may be reclassified	6(25)	(35,175)	(3)	7,509	1
8300	Net amount other comprehensive income (loss) after tax		<u>\$ 140,701</u>	<u>10</u>	<u>(\$ 30,035)</u>	<u>(4)</u>
8500	Total comprehensive income (loss)		<u>\$ 542,703</u>	<u>40</u>	<u>\$ 1,796,247</u>	<u>219</u>
	Net income attributable to					
8610	Owners of the parent company		<u>\$ 402,002</u>	<u>30</u>	<u>\$ 1,826,282</u>	<u>223</u>
	Total comprehensive income (loss) attributable to:					
8710	Owners of the parent company		<u>\$ 542,703</u>	<u>40</u>	<u>\$ 1,796,247</u>	<u>219</u>
	Earnings (loss) per share	6(26)				
9710	Net loss from continuing business units		\$	2.70	(\$	1.03)

9720	Net profit (net loss) of discontinued units	-	13.27
9750	Basic earnings per share (loss)	<u>\$ 2.70</u>	<u>\$ 12.24</u>
9810	Net loss from continuing business units	\$ 2.69	(\$ 1.03)
9820	Net profit (net loss) of discontinued units	-	13.27
9850	Diluted earnings (loss) per share	<u>\$ 2.69</u>	<u>\$ 12.24</u>

2021

Balance on January 1, 2021	\$ 1,104,856	\$ 2,169	\$ 82,561	\$ 71,161	(\$ 182,800)	(\$ 115,996)	\$ 961,951
Current net profit	-	-	-	-	1,826,282	-	1,826,282
Other comprehensive income or loss for the period	-	-	-	-	-	(30,035)	(30,035)
Total consolidated profit or loss for the period					1,826,282	(30,035)	1,796,247
Special surplus reserve reversal	-	-	-	(71,161)	71,161	-	-
Balance, December 31, 2021	\$ 1,104,856	\$ 2,169	\$ 82,561	\$ -	\$ 1,714,643	(\$ 146,031)	\$ 2,758,198

2022

Balance on January 1, 2022	\$ 1,104,856	\$ 2,169	\$ 82,561	\$ -	\$ 1,714,643	(\$ 146,031)	\$ 2,758,198
Current net profit	-	-	-	-	402,002	-	402,002
Other comprehensive income or loss for the period	-	-	-	-	-	140,701	140,701
Total consolidated profit or loss for the period	-	-	-	-	402,002	140,701	542,703
2021 surplus refers to allocation and distribution							
Legal reserve	-	-	171,464	-	(171,464)	-	-
Special reserve	-	-	-	30,035	(30,035)	-	-

Stock dividends	6(17)	386,699	-	-	-	(386,699)	-	-
Cash dividends	6(17)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(110,486)</u>	<u>-</u>	<u>(110,486)</u>
Balance on December 31, 2022		<u>\$ 1,491,555</u>	<u>\$ 2,169</u>	<u>\$ 254,025</u>	<u>\$ 30,035</u>	<u>\$ 1,417,961</u>	<u>(\$ 5,330)</u>	<u>(\$ 3,190,415)</u>

	NOTE	2022	2021
<u>Cash flows from operating activities</u>			
Net loss before tax of continuing business units		\$ 726,843	(\$ 244,116)
Net profit before tax (net loss) of discontinued units	6(9)	<u>-</u>	<u>2,036,842</u>
Net profit before tax for the current period		726,843	1,792,726
Adjust item			
Profit and loss items			
Net gain on financial assets at fair value through profit or loss	6(2)(21)	(1,871)	-
Expected credit impairment loss (benefit)	12(2)	1,059	(808)
Depreciation expense	6(5)(6)(23)	254,359	198,045
Amortized expense	6(7)(23)	60,981	48,365
Lease modification benefits	6(6)(21)	-	(14)
Interest expenses	6(22)	202,711	125,260
Interest income	6(19)	(31,868)	(3,397)
Government Subsidy Revenue	6(13)(20)	(56,233)	-
Disposal of property, plant and equipment interests	6(21)	(604,291)	(2,052,593)
Property, plant and equipment transferred to expense		48	-
Impairment losses on non-financial assets	6(8)(21)	-	2,083
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Financial assets at fair value through profit or loss - current		(29,269)	-
Notes Receivable		323	(323)
Accounts Receivable		3,236	(6,090)
Other receivables		(1,279)	190
Inventory		(71)	391
Prepayments		(5,506)	717
Other Mobile Assets - Other		73	(236)
Net change in liabilities related to operating activities			
Contract liabilities - current		1,977	(7,351)
Accounts Payable		895	(1,898)
Other payables		23,600	21,295
Other mobile liabilities - Other		(20)	(2,431)
Cash inflows (outflows) from operations		<u>545,697</u>	<u>113,931</u>
Interest Received		24,536	3,445
Interest paid		(190,979)	(124,392)
Refund of income tax		70,627	22,777
Income tax paid		(847)	(97,749)
Net cash inflow (outflow) from operating activities		<u>449,034</u>	<u>(81,988)</u>

	NOTE	2022	2021
<u>Cash flows from investing activities</u>			
(Increase) decrease in financial assets measured at amortized cost			
- current		(\$ 10,267)	\$ 5,789
Decrease (increase) in financial assets measured at amortized cost			
- non-current		44,115	(85,295)
For business acquisitions	(6(27)	-	(1,156,684)
Acquisition of property, plant and equipment	6(28)	(30,521)	(132,454)
Disposal of property, plant and equipment		1,011,011	2,700,376
Acquisition of intangible assets	6(7)	-	(708)
Disposal of intangible assets	6(7)	75,730	-
Increase in prepayments for equipment		-	(12,305)
(Increase) decrease in refundable deposits		(3,038)	(423)
Other non-current assets - other decrease (increase)		46	(43)
Net cash inflows from investing activities		<u>1,087,076</u>	<u>1,318,253</u>
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings	6(29)	384,000	2,274,401
Decrease in short-term borrowings	6(29)	(784,000)	(3,000,000)
Decrease in short-term notes payable	6(29)	(30,000)	(100,000)
Lease principal repayment	6(29)	(8,236)	(6,470)
Decrease in deposit margin		(164)	(574)
Long-term loans	6(29)	-	1,589,281
Repayment of long-term loans	6(29)	(584,110)	(699,777)
Payment of cash dividends	6(17)	(110,486)	-
Net cash (outflow) inflow from financing activities	)	( <u>1,132,996</u>)	<u>56,861</u>
Effect of exchange rate changes		120,293	(34,880)
Increase in cash and cash equivalents for the period	)	523,407	1,258,246
Cash and cash equivalents at beginning of period	6(1)	2,145,257	887,011
Cash and cash equivalents at end of period	6(1)	<u>\$ 2,668,664</u>	<u>\$ 2,145,257</u>

Holiday Garden International Ltd. and subsidiaries
Notes for Consolidated Financial Statements
2022 and 2021

(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 14, 2023

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, 2022
Stage 2 Amendments to IFRS 9, IFRS 39, IFRS 7, IFRS 4 and IFRS 16 「Interest Rate Indicator Changes」	January 1, 2022
Amendments to IFRS 16 「COVID-19 related rent concessions after 30 June 2021」	April 1, 2022

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 INTERNATIONAL LTD	Hotel operations	100	100	
HOLIDAY GARDEN INTERNATIONAL LTD.	HOLIDAY GARDEN U.S.	Investment business	100	100	
HOLIDAY GARDEN U.S.	HOLIDAY GARDEN SF CORP.	Hotel operations	100	100	
	HOLIDAY GARDEN SN CORP.	Hotel operations	100	100	
	HOLIDAY GARDEN NW CORP.	Hotel operations	100	100	
	HOLIDAY GARDEN VC CORP.	Hotel operations	100	100	
	HOLIDAY GARDEN WC CORP.	Hotel operations	100	100	
	HOLIDAY GARDEN EV CORP.	Hotel operations	100	-	Note

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

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

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

(4) Foreign currency translation

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

1. Foreign currency transaction and balance

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

2. Translation of foreign financial statements

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

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

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

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

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

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

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

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

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

(6) Cash equivalents

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

(7) Financial assets at amortized cost

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income or loss.
2. The Group uses trade date accounting for financial assets at fair value through profit or loss that qualify as customary transactions.
3. The Group recognizes financial assets at fair value on initial recognition, with the related transaction costs recognized in profit or loss, and subsequently at fair value, with the benefit or loss recognized in profit or loss.

(8) Financial assets measured at amortised cost

1. A financial asset is one that meets the following criteria at the same time:

(1) The financial asset is held under an operating model whose objective is to collect the contractual cash flows.

(2) The contractual terms of the financial asset generate cash flows at a specific date that are solely for the purpose of paying interest on the principal and outstanding principal amount.

(2) The Group uses trade date accounting for financial assets measured at amortized cost in accordance with trading practice.

3. The Group measures financial assets at fair value plus transaction costs on initial recognition, and subsequently recognizes interest income and impairment losses over the liquidity period using the effective interest method under the amortization procedure, and recognizes the gains or losses in profit or loss when they are derecognized.

4) Time deposits held by the Group that do not meet the cash equivalents are measured at the investment amount because of the short holding period and the effect of discounting is not significant.

(9) 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.

(10) 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

(11) Exclusion of financial assets

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.

(12) 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.

(13) 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.

(14) 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 be 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

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

(16) 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.

(17) 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.

(18) 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.

(19) 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.

(20) Derecognition of financial liabilities

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

(21) 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.

(22) 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.

(23) 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.

(24) 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.

(25) 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.

(26) 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.

(27) 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.

(28) 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, 2022</u>	<u>December 31, 2021</u>
Cash:		
Cash in treasury and working funds	\$ 1,427	\$ 1,098
Checking deposits and demand deposits	<u>1,813,982</u>	<u>2,083,245</u>
	1,815,409	2,084,343
Cash equivalents:		
Time deposits	822,545	60,914
Bonds with repurchase	<u>30,710</u>	<u>-</u>
	<u>\$ 2,688,668</u>	<u>\$ 2,145,257</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 Group's cash and cash equivalents held at December 31, 2021 and 2022 are restricted to provide pledges and are not highly liquid and are classified as financial assets measured at amortized cost of \$1,026,136 and \$1,051,995, respectively, classified as liquid.
3. The period for the above-mentioned time deposits and bonds with repurchase agreements is within three months and is classified as cash equivalents by nature.

(2) Financial assets at fair value through profit or loss

<u>Item</u>	<u>December 31, 2022</u>
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Mobile Items:

Mandatory financial assets at fair value through profit or loss

Beneficiary certificates	\$29,269
Valuation adjustments	<u>\$1,871</u>
	<u>\$31,140</u>

The Group recognized a net gain of \$1,871 in 2022 from financial assets at fair value through profit or loss. there was no such event in 2021.

(2) Net amounts of accounts and notes receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$	\$ 323
Less: Allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$</u>	<u>\$ 323</u>
Accounts receivable	\$ 30,936	\$ 31,179
Less: Allowance for doubtful accounts	<u>(1,299)</u>	<u>(199)</u>
	<u>\$ 29,637</u>	<u>\$ 30,980</u>

1. Aging analysis of accounts and notes receivable :

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not past due and past due for 1 to 30 days	\$ 28,001	\$ 28,214
Past due for 31 to 90 days	1,665	3,102
Past due for more than 91 days	<u>1,270</u>	<u>186</u>
	<u>\$ 30,936</u>	<u>\$ 31,502</u>

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

2. As of December 31, 2022, December 31, 2021 and January 1, 2021, the balances of receivables (including notes receivable) under the Group's contracts with customers were \$30,936, \$31,502 and \$25,738, respectively.

3. The Group did not hold any collaterals.

4. Without considering the collaterals held or other credit enhancements, the most significant exposure to credit risk of the Group's notes receivable as of December 31, 2022 and 2021 are \$0 and \$323, respectively; the most significant exposure to credit risk of the Group's accounts receivable as of December 31, 2022 and 2021 are \$29,637 and \$30,980, respectively. The most significant exposure to credit risk is \$29,637 and \$30,980 as of December 31, 2022 and 2021, respectively.

5. Please refer to Note 12(2) for information on the credit risk of notes and accounts receivable.

(4) Inventories

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for price decline in inventories</u>	<u>Carrying amount</u>
Foods and non-alcoholic and alcoholic beverages	<u>\$ 709</u>	<u>\$ -</u>	<u>\$ 709</u>

	<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>

The inventory cost that the Group recognized as expenses for 2022 and 2021 was \$9,245 and \$7,919 respectively.

(5) Property, plants, and equipment

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land	\$ 865,197	\$ 893,818
Land improvements	100,972	109,230
Buildings and structures	2,465,944	2,547,750
Utility equipment	4,494	5,350
Business facilities/equipment	357,601	425,253
Other facilities	11,830	8,798
Unfinished construction and to be inspected equipment	<u> </u>	<u>11,383</u>
	<u>\$ 3,806,038</u>	<u>\$ 4,001,582</u>

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

<u>Cost</u>	2022						
	<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	\$ 893,818	\$ -	\$ -	(\$ 122,716)	\$ -	(\$ 94,095)	\$ 865,197
Land improvements	148,779	-	-	(19,822)	-	15,681	144,638
Buildings and structures	3,411,837	-	-	(333,735)	-	361,042	3,439,144
Hydropower Equipment	7,701	-	-	-	-	-	7,701
Business facilities/equipment	1,247,551	23,674	-	(106,376)	25,295	133,006	1,323,150
Other facilities	9,789	4,429	-	-	-	-	14,218
Unfinished construction and to be inspected equipment	11,383	-	-	-	(12,252)	869	-
	<u>\$ 5,730,858</u>	<u>\$ 28,103</u>	<u>\$ -</u>	<u>(\$ 582,649)</u>	<u>\$ 13,043</u>	<u>\$ 604,693</u>	<u>\$ 5,794,048</u>
<u>Cost</u>	2021						
	<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	\$ 1,313,710	\$ -	\$ 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
Hydropower 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>Accumulated depreciation and impairment</u>	2022				
	<u>Opening balance</u>	<u>Current addition</u>	<u>Current reduction</u>	<u>Exchange rate affected Amount</u>	<u>Closing balance</u>
Land improvements	\$ 39,549	\$ 9,446	(\$ 9,652)	(\$ 4,323)	\$ 43,666
Buildings and structures	864,087	74,368	(59,901)	94,646	973,200
Hydropower Equipment	2,351	856			3,207
Business facilities/equipment	822,298	158,715	(106,376)	90,912	965,549
Other facilities	991	1,397			2,388
	<u>\$ 1,729,276</u>	<u>\$ 244,782</u>	<u>(\$ 175,929)</u>	<u>(\$ 189,881)</u>	<u>\$ 1,988,010</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
Hydropower Equipment	28,165	1,578	(27,392)	-	2,351
Business facilities/equipment	753,157	121,305	(30,156)	(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>

3. The Group applied for the change of land use from institutional land use to commercial land use in accordance with the letter No. 10234984600 dated October 28, 2013, and the total amount of the payment due was \$212,628. The remaining second and third installments amounting to \$63,788 and \$63,789, respectively, which should be settled before the application for the issuance of the building license or change of use license, have been recorded in the accounts in 2013.
4. The Group did not capitalize any borrowing costs for property, plant and equipment in FY2022 and FY2021.

The significant components of the Group's building and construction, including construction and renovation, are depreciated over 39 to 55 years and 15 to 25 years, respectively.

6. For the impairment of property, plant and equipment, please refer to Note 6(8).
7. Please refer to Note 8 for information on guarantees provided by property, plant and equipment.

(6) 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 2022nd 2021re as follows:

2 0 2 2					
		Transportation	wealth-producing		
		Equipment	equipment		Total
		Buildings	Equipment		Total
Jan. 01		\$111,447	\$ 534	\$ 1,126	\$ 113,107
depreciation	(8,872)	(338)	(367)	(9,577)	
Dec. 31		102,575	\$ 196	\$ 759	\$ 103,530

2 0 2 0					
		Transportation	wealth-producing		
		Equipment	equipment		Total
		Buildings	Equipment		Total
Jan. 01		111,516	\$ 872	\$ 24	\$ 112,412
increase		9,251	-	1,264	10,515

depreciation (	7,638)	(	388)	(	138)	(	7,844)
Disposition (	1,952)		-	(	24)	(	1,976)
Dec. 31	\$ 111,447	\$	534	\$	1,126	\$	113,107

4. The increase of the Group's right-of-use assets in 2022 and 2021 is \$0 and \$10,515, respectively.
5. Information of loss and gains related to lease transaction as follows:

	<u>2022</u>	<u>2021</u>
<u>Affected project of current loss and gain</u>		
Lease obligation interest	\$ 1,954	\$ 1,971
Expense of short-term lease	664	413
Expense of leases of low-value assets	27	85
Variable lease payments:	998	140
Lease Modification Benefit	-	(14)

6. The Group's total lease cash outflows in 2022 and 2021 are \$11,879 and \$9,079, 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.

(7) Intangible assets

	<u>2022</u>		
	<u>Trademark & franchising</u>	<u>Other intangible assets</u>	<u>Total</u>
Jan. 01			
Cost	\$ 1,076,377	\$ 8,041	\$ 1,084,418
Accumulated amortisation and impairment	(290,081)	(3,022)	(293,103)

	\$	<u>786,296</u>	\$	<u>5,019</u>	\$	<u>791,315</u>
Jan. 01	\$	786,296	\$	5,019,	\$	791,315
Amortization for the current period	(	60,490)	(	491)	(	60,981)
Penalties for the period	(	71,852)	(	3,878)	(	75,730)
Exchange rate impact		<u>82,031</u>		<u>416</u>		<u>82,447</u>
Dec. 31	\$	<u>735,985</u>	\$	<u>1,066</u>	\$	<u>737,051</u>
Dec. 31						
Cost	\$	976,940	\$	3,714	\$	980,654
Accumulated amortisation	(	<u>240,955</u>)	(	<u>2,648</u>)	(	<u>243,603</u>)
	\$	<u>735,985</u>	\$	<u>1,066</u>	\$	<u>737,051</u>

2021

	<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
This issue adds - from alone		-		708		708
This issue adds - from the merger		192,273		-		192,273
Amortization for the current period	(	47,921)	(	444)	(	48,365)
Exchange rate impact	(	<u>18,152</u>)	(	<u>140</u>)	(	<u>18,292</u>)
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	(	<u>290,081</u>)	(	<u>3,022</u>)	(	<u>293,103</u>)
		<u>\$786,286</u>		<u>\$5,019</u>		<u>\$791,315</u>

Detailed list of intangible asset amortization :

	<u>2022</u>	<u>2021</u>
Operating expenses	\$ <u>60,981</u>	\$ <u>48,365</u>

(8) 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>2022</u>	<u>2021</u>
Impairment loss - business equipment	\$ -	\$ 2,083

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

	Recognized in current profit and loss	
	<u>2022</u>	<u>2021</u>
Taiwan Division_Our company	\$	\$ 2,083

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 \$138,195 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 . 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	2022	Increase in this period	Decrease in this period	Exchange rate impact	Dec.31 2022
Housing and Construction	\$ <u>124,560</u>	\$ _		\$ _	\$ <u>13,635</u>	\$ <u>138,195</u>
	<u>Jan.01.2021</u>					<u>Dec.31.2021</u>
Housing and Construction	\$ <u>128,160</u>		-	-	(\$ 3,600)	<u>124,560</u>
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>	

(9) Suspension of business units

1. On May 5, 2021, the Company's board of directors approved and on July 6, 2021, the shareholders' meeting resolved to dispose of the real estate located at the current site of the Company's registered and Luk Ho Kwan operations, which meets the definition of a defunct unit and is expressed as a defunct unit. The transaction was signed on July 7, 2021 and the settlement was completed on November 26, 2021.

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

	2021	
Cash flow from operating activities	(\$ 13,555)	\$
Cash flow from investing activities	2,700,376	()
Cash flow from financing activities	-	-
Total cash flow	\$ <u>2,686,821</u>	\$ <u>-</u>

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

	2021	
Operating income	\$ 33,012	\$
Operating cost	(19,577)	()
Operating expenses	(51,620)	()
Expected credit impairment gain (loss)	542	()
Total non-operating income and expenses	14,755	()
Pre-tax net profit (loss) of discontinued units	(22,888)	()
Income Tax (Expense) Benefit	4,577	
After-tax net profit (loss) of discontinued units	(\$ 18,311)	(\$)

	2021	
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(20) for the government subsidy income recognized by discontinued units.

(10) Short term loans

The nature of the loan	<u>December 31, 2022</u>	<u>December 31, 2021</u>
The short-term bank loan		
Secured loan	\$ 484,000	\$ 884,000
Interest rate range	<u>1.45~1.85%</u>	<u>0.94%~0.99%</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 (22).

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

(11) Sort-term notes payable

	Dec.31, 2022	Dec. 31, 2021
Commercial paper payable	\$ _____	\$ 30,000
Interest rate range	_____	0.56%

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

(12)other payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Salaries payable	\$ 26,224	\$ 24,403
Tax payable	22,635	15,413
Interest payable	18,993	6,229
Royalties payable	8,908	3,709
Management fee payable	3,430	2,130
Equipment payables	1,291	3,709

Other	51,199	37,102
	<u>\$ 132,680</u>	<u>\$ 91,647</u>

(13) 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, 2022</u>
Long-term borrowings from banks				
Secured loans	Notes 2 and 3	5.95%	Note 1	736,503
Secured loans	Notes 2 and 4	6.75%	Note 1	729,276
Secured loans	Notes 2 and 5	-	Note 1	-
Secured loans	Notes 2 and 8	6.25%	Note 1	1,350,695
Secured loans	Notes 9	-	Note 1	-
Secured loans	Notes 2 and 10	7.03%	Note 1	639,296
Secured loans	Notes 2 and 11	7.50%	Note 1	805,161
Credit loan	Note 12	1.00%	None	61,420
				<u>4,322,351</u>
Less: Long-term loans due within one year				<u>(742,587)</u>
				<u>\$ 3,579,764</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, 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 28 installments. 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	-		-
Secured loans	Notes 2 and 8	2.50%	Note 1	1,248,947
Secured loans	Notes 9	2.75%	Note 1	412,018
Secured loans	Notes 2 and 10	3.05%	Note1	593,470
Secured loans	Note2and11	3.25%	Note1	747,360
Secured loans	Note12	1.00%	None	107,592
				4,491,667
Less: Long-term loans due within one year				(807,943)
				\$ 3,683,724

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.

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. The subsidiary was liquidated early in October 2022

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) Under the current U.S. Wage Protection Loan Program, companies may use the 24-week forgiveness coverage period to pay operating expenses and may apply to the SBA for loan forgiveness within 10 months of the end of the forgiveness coverage period. Those who qualify will receive full or partial loan forgiveness.

As of December 31, 2021, a loan forgiveness of \$119,370 requested under the U.S. Wage Protection Loan Program was partially approved in April 2022 and recognized as government subsidy income of \$56,233.

The Group's bank loans are recognized in the interest expense of income. Please see Note 6(22)

(14) Pension

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) Under the above pension plan, the Group and domestic subsidiaries recognized

pension costs of \$1,703 and \$2,467 in 2022 and 2021, respectively.

2. The subsidiary uses a defined contribution plan, which means that monthly pension contributions are made in accordance with local government regulations and the contributions are recognized as expenses. Under the related pension plan, the subsidiary recognized pension costs of \$1,320 and \$980 in 2022 and 2021, respectively.

(15) Shares

1. As of December 31, 2022, the authorized capital of the Company was \$2,500,000 and the paid-in capital was \$1,491,555, divided into 149,156,000 shares with a par value of \$10 per share. The issued shares of the Company have been fully paid up.

A reconciliation of the number of outstanding shares of the Company's common stock at the beginning and end of the period is as follows.

	<u>2022</u>	<u>2021</u>
Jan. 1	110,486	110,486
Transfer of surplus to capital	<u>38,670</u>	-
December 31	<u><u>149,156</u></u>	<u><u>110,486</u></u>

2. On June 15, 2022, the Company resolved at the shareholders' meeting to issue 38,670 thousand shares by transferring \$386,699 of earnings to new shares, which was approved by the Financial Supervisory Commission on August 2, 2022, and the registration of the change was completed.

(16) Capital Provident Fund

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.

(17) 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.

On March 24, 2022, the Board of Directors resolved to distribute cash dividends of \$110,486 (NT\$1 per share) from the 2021 earnings and on June 15, 2022, the shareholders' meeting resolved to distribute stock dividends of \$386,699 (NT\$3.50 per share) from the 2021 earnings. Please refer to the "Market Observation Post System" of the Taiwan Stock Exchange for information on the above-mentioned shareholders' meeting resolutions.

On March 14, 2023, the Board of Directors resolved to distribute cash dividends of \$29,830 (NT\$0.2 per share) from earnings and proposed to distribute stock dividends of \$74,578 (NT\$0.5 per share) from earnings.

(18) Operating income

	2022	2021
Revenue from customer contracts	\$ 1,364,208	\$ 854,158
Operating income of discontinued units		(33,012)
	<u>\$ 1,364,208</u>	<u>\$ 821,146</u>

1. Breakdown of customer contract revenue

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

	<u>Taiwan</u>			<u>U.S.A</u>	Total
	<u>Room Revenue</u>	<u>Food & Beverage Income</u>	<u>Other Income</u>	<u>Room Revenue</u>	
2022					
Revenue from external client contracts	\$ 30,605	\$ 27,520	\$ 2,601	\$ 1,303,482	\$ 1,364,208
When recognizing revenue Point					
Revenue recognized at a certain point in time	-	27,520	2,601	-	30,121
Revenue recognized over time	30,605	-	-	1,303,482	1,334,087
	\$ 30,605	\$ 27,520	\$ 2,601	\$ 1,303,482	\$ 1,364,208

	Taiwan			U.S.A	
	Room Revenue	Food & Beverage Income	Other Income	Room Revenue	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)
	\$ 22,351	\$ 14,760	\$ 2,760	\$ 781,275	\$ 821,146
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
	43,823	24,158	4,902	781,275	854,158
Less: Operating income of discontinued	(21,472)	(9,398)	(2,142)	—	(33,012)
	\$22,351	\$ 14,760	\$ 2,760	\$ 781,275	\$ 821,146

In fiscal 2021, the Group's operations were affected by the novel coronavirus pneumonia epidemic, resulting in a decrease in the Group's operating revenue, and in fiscal 2022, the Group's operations improved as the novel coronavirus pneumonia epidemic slowed down.

2. Contract liabilities

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

	Dec. 31, 2022	Dec. 31, 2021	Jan. 01, 2021
Contract liabilities:			
Contract liabilities-- Room	\$ 5,212	\$ 3,012	\$ 5,668
Service contract Contract liabilities-- Food			
Service contract	654	707	5,422
	<u>\$ 5,866</u>	<u>\$ 3,719</u>	<u>\$ 11,090</u>

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

	2022	2021
The opening balance of contract liabilities is recognized as revenue in the current period		
Room service contract	\$ 3,012	\$ 5,668
Food service contract	707	5,422
	<u>\$ 3,719</u>	<u>\$ 11,090</u>

(19) Interest income

	2022	2021
Bank deposit interest	\$ 1,927	\$ 869
Interest income on financial assets measured at amortized presentation cost	29,935	\$ 1,853
Other interest income	\$ 6	\$ 675
	<u>\$ 31,868</u>	<u>\$ 3,397</u>

(20) Other income

	2022	2021
Rental income	\$ -	\$ 5,935
Government grants	56,250	16,762

Other income -other	<u>14,306</u>	<u>15,903</u>
	70,556	38,600
Less: Operating income of discontinued units	-	(26,831)
	\$ 70,556	\$ 11,769

Due to the application of the Group's "Measures for the Revitalization of Industries and Enterprises with Operating Difficulties Affected by Severe Atopic Pneumonia" and application to the Kaohsiung City Government Tourism Bureau for the use of epidemic-proof accommodations, the continued operating units were recognized in 2022 and 2021, respectively, after examination and compliance with the regulations. The government subsidy income is \$17 and \$3,711, and there are no outstanding conditions and other contingencies.

(21) Other benefits and losses

	<u>2022</u>	<u>2021</u>
Financial assets at fair value through profit or loss	\$ 1,871	\$ -
Net gain on financial assets		
Disposal of interests in property, plant and equipment	604,291	2,052,593
Foreign exchange gain (loss)	169,725	(30,649)
Lease modification benefits	-	14
Impairment losses on non-financial assets	-	(2,083)
Other losses	-	(911)
	\$ 775,887	2,018,964
Less: Other benefits and losses of closed units		(2,059,730)
	<u>(\$ 775,887)</u>	<u>(\$ 40,766)</u>

(22) Finance costs

	<u>2022</u>	<u>2021</u>
Interest expense		
Borrowings from banks	\$ 200,757	\$ 123,289
Interest on lease liability	<u>1,954</u>	<u>1,917</u>
	\$ 202,711	\$ 125,260
Less: Finance costs of closed units	-	(12,076)
	<u>\$ 202,711</u>	\$ 113,184

(23) Additional information on the nature of fees

<u>2022</u>	<u>2021</u>
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Employee benefits expenses	\$	380,264	\$	302,475
Property, plants, and equipment Depreciation		244,782		190,201
Right-of-use asset Depreciation		9,577		7,844
Intangible asset amortization cost		<u>60,981</u>		<u>48,365</u>
		695,604		548,885
Less: Operating costs and operating expenses of closed units		-	(	<u>19,322</u>)
	\$	<u>695,604</u>	\$	<u>529,563</u>

(24) Employee benefit expenses

		<u>2022</u>		<u>2021</u>
Wages and salaries	\$	325,768	\$	253,666
Health and labor insurance		50,207		44,356
Pension expense		3,023		3,447
Other employee benefit expense		1,266		1,006
		380,264		302,475
Less: Employee welfare expenses for closed units		-	(	<u>12,786</u>)
	\$	<u>380,264</u>	\$	<u>289,689</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 estimated amount of the company's 2022 and 2021 employee remuneration and director's remuneration is \$0.

The 2022 year is based on the profit status of the year, and the percentage stipulated in the articles of association is used as the basis for estimation. The board of directors resolved that the actual distribution amounts are \$573 and \$0 respectively, of which employee remuneration will be paid in cash. The differences in staff remuneration and directors' remuneration are \$573 and \$0 respectively, mainly due to estimated changes, which will be adjusted in the profit and loss for 2023.

The difference between the employee remuneration and director's remuneration for 2021 as resolved by the board of directors and the \$0 employee remuneration and \$0 director's remuneration recognized in the 2021 annual financial report are \$1,671 and \$0. Mainly due to estimated changes, the profit and loss in 2022 has been adjusted. Employee remuneration is paid in cash.

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.

(25) Income tax

1. Income tax expense (benefit)

(1)Composition of income tax:

	<u>2022</u>	<u>2021</u>
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Current income tax: :			
Income tax generated from current	\$	42,588	\$ 18,706
Unallocated surplus plus levy		50,798	-
Land value added tax		-	95,975
Underestimation (overestimation)	(	<u>2,902</u>)	-
Total current tax		<u>90,484</u>	<u>114,681</u>
Deferred income tax: :			
Origination and reversal of temporary differences		<u>234,357</u>	(<u>148,237</u>)
	(	324,841	(33,556)
Less: Income tax(benefits) for units that are discontinued		-	(<u>56,629</u>)
Income Tax Benefit	\$	<u>324,841</u>	(<u>\$ 90,185</u>)

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

		<u>2022</u>	<u>2021</u>
Translation differences of foreign operating institutions	\$	<u>35,175</u>	(<u>\$ 7,509</u>)

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

		<u>2022</u>	<u>2021</u>
Income tax calculated using net profit (loss) before tax based on statutory tax rate(Note)	\$	406,850	(\$ 285,997)
Income tax effects of adjustments based on income tax laws and regulations		68,522	(23,875)
Income exempt from tax under the tax law	(	3)	(348,030)
Income tax effect of tax losses	(	193,119)	45,468
Unallocated surplus plus levy		50,798	-
Changes in the realizability assessment of deferred tax assets	(	5,305)	4,376
Land value added tax		-	95,975
Unrealized land value added tax recognized in previous years Amount of effect of provision for deferred income tax		-	-
Previous income tax overestimation		<u>2,902</u>	-
		324,841	(33,556)
Less: Income tax (benefits) expenses for units that are discontinued		-	(56,629)

Income tax expense (benefit) \$ 324,841 \$ 90,185

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

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

	2022					December 31
	January 1	Recognized in Gain or loss	Recognized in others Comprehensive income	Exchange Rate impact	Other (Note)	
Deferred income tax assets:						
Temporary differences :						
Exchange differences on translation of foreign financial statements	\$ 29,896	\$ -	(\$ 29,896)	\$ -	\$ -	-
Unrealized exchange loss	20,441	(20,441)	-	-	-	-
Bonus for not taking leave	120	(39)	-	-	-	159
US state tax effects	6,403	(1,599)	-	652)	-	5,456
Unrealized interest payable	36,508	19,652	-	4,597	-	60,757
Unrealized expenses payable	1,792	6,471	-	393	-	8,656
Tax losses	<u>300,555</u>	<u>(174,970)</u>	<u>-</u>	<u>26,423</u>	<u>(23,454)</u>	<u>128,554</u>
	<u>395,715</u>	<u>(170,848)</u>	<u>29,896)</u>	<u>32,065</u>	<u>(23,454)</u>	<u>203,582</u>
Deferred income tax liabilities:						
Temporary differences :						
Unrealized gain on financial assets	-	(374)				(374)
Overseas equity method recognition of investment income	(124,991)	(81,633)				(206,624)
Exchange differences on translation of foreign financial statements	-	-	(5,279)			(5,279)
Depreciation expense provided for tax differences	(54,228)	33,599	-	(4,910)	-	(25,539)
Amortization of tax differences on intangible assets	(7,930)	(2,643)	-	(949)	-	(11,522)
Unrealized conversion benefits	-	(12,458)	-	-	-	(12,458)
	<u>(187,149)</u>	<u>(63,509)</u>	<u>(5,279)</u>	<u>(5,859)</u>	<u>-</u>	<u>(261,796)</u>
	<u>\$ 208,566</u>	<u>(\$ 239,357)</u>	<u>(\$ 35,175)</u>	<u>(\$ 26,206)</u>	<u>(\$ 23,454)</u>	<u>(\$ 58,214)</u>

	2021					December 31
	January 1	Recognized in Gain or loss	Recognized in others Comprehensive income	Exchange rate Effects	Other (Note)	
Deferred income tax assets:						
Temporary differences :						
Investment income recognized under the equity method overseas	\$ 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	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>
	317,815	73,846	7,509	(7,728)	4,273	395,715
Deferred income tax liabilities:						
Temporary differences:						
Overseas equity method recognition of investment income	(\$ 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>

Note 1: The tax loss for the year 2019 was claimed as a refund of taxable income for the year 2016.

Note 2: In fiscal 2020, the subsidiary applied for a refund of the taxable income of the two years before the taxable income for fiscal 2017, and the remaining taxable income was deferred because the refund ceiling had been reached.

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, 2022					
<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</u>
2020	Approved amount	<u>\$ 47,245</u>	<u>\$ 22,163</u>	<u>\$ 22,163</u>	- 2030
2021	Number of declarations	<u>107,265</u>	107,265	107,265	2031
		<u>\$154,510</u>	<u>\$129,428</u>	<u>\$129,428</u>	

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 deduction</u>
2013	Number of declarations	\$ 47,692	\$ 26,523	\$ -	2030

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, 2022					
<u>Year of occurrence</u>	<u>Amount filed/ amount</u>	<u>Deductible amount</u>	<u>Undeducted tax amount</u>	<u>Unrecognized deferred income tax assets amount</u>	<u>Deductible year</u>
2020-Federal tax	Number of declarations	\$14,081	\$14,081	-	Note
2020-State tax	Number of declarations	14,280	14,280	-	2021~2040 No deduction period
2021-Federal tax	Number of declarations	81,398	81,398		

2021-State tax	Number of declarations	<u>18,795</u>	<u>18,795</u>	<u>-</u>	2022~2041
		<u>\$128,554</u>	<u>\$128,554</u>	<u>\$ -</u>	

December 31,2021

<u>Year of occurrence</u>	<u>Amount filed/amount approved</u>	<u>Deductible tax amount</u>	<u>Undeducted tax amount</u>	<u>Unrecognized deferred income tax assets amount</u>	<u>Deductible year</u>
2017- State tax	Number of declarations	4,428	4,428	\$ -	2015-2037
2019- Federal tax	Number of declarations	70,518	70,518	-	Note
2019- State tax	Number of declarations	13,312	13,312		2020-2039
2020-Federal tax	Number of declarations	76,792	76,792		Note
2020-State tax	Number of declarations	37,610	37,610	<u>-</u>	2021~2040
2021- Federal tax	Estimated Number of Filings	74,938	74,938		No credit period
2021-State tax	Estimated Number of Filings	17,652	17,652		
		<u>\$295,250</u>	<u>\$295,250</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: :

December 31,2022

<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	Number of declarations	8,147	8,147	8,147	2031
2021	Estimated Number of Filings	<u>5,255</u>	<u>5,255</u>	<u>5,255</u>	2032
		<u>\$ 36,952</u>	<u>\$ 36,952</u>	<u>\$ 36,952</u>	

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 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	4,413	4,413	4,413	-	2029
2020	Number of declarations	5,858	5,858	5,858	-	2030
2021	Estimated number of declarations	<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>		

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 2020.

(26) Earnings per share

1. Surplus per ordinary share

	<u>2022</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>			
Attributable to ordinary shareholders of the parent	\$ 402,002	149,156	\$ 2.70
<u>Diluted earnings per share</u>			
Attributable to ordinary shareholders of the parent	402,002	149,156	
Net profit for the period	<u>402,002</u>	149,156	
Potential ordinary shares with diluting effect			
Effect of dilutive potential ordinary shares			
Employee remuneration	<u>-</u>	14	
Attributable to ordinary shareholders of the parent			
Net profit for the period plus potential Effect of ordinary shares	<u>\$ 402,002</u>	<u>\$149,170</u>	<u>\$2.69</u>

	<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 and diluted earnings per share</u>			
Attributable to ordinary shareholders of the parent	(\$ 153,931)	149,156	(\$ 1.03)
Attributable to ordinary shareholders of the parent			
Net profit for the period from discontinued operations	1,980,213	149,156	13.27
Attributable to ordinary shareholders of the parent			
Net profit for the period	<u>\$ 1,826,282</u>	149,156	<u>\$ 12.24</u>

The above weighted average number of shares outstanding has been retroactively adjusted in proportion to the capitalization of the Company's earnings in 2021.

(27) Business combinations

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.

(28) Supplementary information on cash flow

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

	<u>2022</u>	<u>2021</u>
Purchase of real estate, plant and equipment	\$ 28,103	\$ 8,586
Add: Other payables at beginning of period - Change of title Payment in lieu	-	127,577
Equipment payable at the beginning of the period (listed as "other payables")	3,709	-
Minus: other accounts payable at the end of the period - cash for change of destination (listed in "long-term bills and payments")	(1,291)	(3,709)
Cash payment in the current period	<u>\$ 30,521</u>	<u>\$ 132,454</u>

2. Financing activities that do not affect cash flow:

	2022	2021
Prepayments for equipment transferred to property, plant and equipment and equipment	\$ 13,091	\$ 11,471
Long-term loans transferred to the portion due within one year	<u>\$ 742,587</u>	<u>\$ 807,943</u>
Portion of long-term loans transferred to government grant income	\$ 56,233	-

(29) Changes in liabilities from financing activities

	2022				
	Short-term Loan	Short-term notes payable	Lease Liability	Long term Loan	Total liabilities from financing activities
Jan. 01	\$ 884,000	\$ 30,000	\$ 121,788	\$ 4,491,667	\$ 5,527,455
Changes in financing cash flow	(400,000)	(30,000)	(8,236)	(584,110)	(1,022,346)
Other non-cash changes(Note1)	-	-		(56,233)	(56,233)
Effects of Exchange Rate Changes	-	-	-	471,027	471,027
Dec. 31	<u>\$ 484,000</u>	<u>\$ -</u>	<u>\$ 113,552</u>	<u>\$ 4,322,351</u>	<u>\$ 4,919,903</u>

	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(Note2)	-	-	8,525	-	8,525
Effects of Exchange Rate Changes	-	-	-	(114,176)	(114,176)
Dec. 31	<u>\$ 884,000</u>	<u>\$ 30,000</u>	<u>\$ 121,788</u>	<u>\$ 4,491,667</u>	<u>\$ 5,527,455</u>

Note 1: Represents long-term loans transferred to government subsidy income.

Note 2: Represents non-cash changes resulting from additions, disposals and lease modifications of right-of-use assets.

7. Transactions with related parties

Primary management remuneration and compensation information

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	<u>\$ 3,810</u>	<u>\$ 3,850</u>

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

<u>Assets</u>	<u>Book value</u>		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>For guarantee</u>
Land and land improvements	\$ 966,169	\$ 1,003,048	Long -term
Buildings and structures	2,449,867	2,530,361	Long-term
Business facilities/equipment	348,588	414,767	Long-term
Time deposits (Stated as “Amortizes cost Financial assets–current”)	968,456	957,921	Short-term borrowings and payable Short-term note
Time deposits (Stated as “Amortizes cost Financial assets–illiquid t”)	49,169	85,295	Long-term
Demand deposit (Stated as “Amortizes cost Financial assets-current”)	69	368	Gift Voucher Performance Guarantee
	<u>\$ 4,782,318</u>	<u>\$ 4,991,760</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. HOLIDAY GARDEN VC CORP. and Hilton Corporation entered into a royalty agreement under which Embassy Suites Valencia is required to pay Hilton Corporation a percentage of total room revenue for the use of Hilton Corporation's management and maintenance system through September 10, 2030. The contract provides for the payment of royalties to Hilton for the use of Hilton's management and maintenance system up to 10 September 2030.
4. Under the terms of the royalty agreement, Holiday Inn Express Walnut Creek is required to pay IHG a percentage of total room revenue for the use of IHG's management and maintenance system through July 11, 2031.
5. a subsidiary of HOLIDAY GARDEN EV CORP., entered into a royalty agreement with Hyatt Corporation under which Hyatt Place Emeryville is required to pay Hyatt a percentage of total room revenue for the use of Hyatt's management and maintenance system for the period ending November 21, 2041.
6. HOLIDAY GARDEN FM CORP. entered into a royalty agreement with Marriott under which SpringHill Suites by Marriott San Jose Fremont is required to pay Marriott a percentage of total room revenue for the use of Marriott's management and maintenance system for the period ending August 26, 2041. A royalty payment of a percentage of the total room revenue is payable to Marriott for the use of the management and maintenance system.

7. On February 11, 2016, HOLIDAY GARDEN SF CORP. entered into a long-term loan agreement with CTBC BANK CO., LTD. with a total credit line of USD 31,000 thousand and the subsidiary - HOLIDAY GARDEN SF CORP. undertook during the credit period to maintain a financial structure with an interest coverage multiple of not less than 1.3 times. The financial structure shall be maintained with an interest cover multiple of not less than 1.3 times during the credit period. On November 4, 2021, HOLIDAY GARDEN SF CORP. agreed with CTBC BANK CO., LTD. to waive the requirement to maintain an interest coverage multiple of not less than 1.3 times in 2021 by pledging a time deposit of \$47,567 thousand.
8. On March 6, 2020, HOLIDAY GARDEN VC CORP. entered into a long-term loan agreement with FIRST COMMERCIAL BANK, LTD. with a total credit line of USD 24,850 thousand and HOLIDAY GARDEN VC CORP. undertook to maintain a financial structure with an interest coverage multiple of The financial structure should maintain an interest coverage multiple of not less than 1.15 times. On February 17, 2021, HOLIDAY GARDEN VC CORP. negotiated with FIRST COMMERCIAL BANK, LTD. to waive the requirement to maintain an interest coverage multiple of not less than 1.15 times for the year 2021.
9. On 29 August 2016, HOLIDAY GARDEN WC CORP. entered into a long-term loan agreement with FIRST COMMERCIAL BANK, LTD. with a total credit line of USD 23,300 thousand and HOLIDAY GARDEN WC CORP. undertook during the credit period to The financial structure should maintain an interest coverage multiple of not less than 1.15 times. On February 17, 2021, HOLIDAY GARDEN WC CORP. negotiated with FIRST COMMERCIAL BANK, LTD. to waive the requirement to maintain an interest coverage multiple of not less than 1.15 times for the year 2021. The subsidiary, HOLIDAY GARDEN WC CORP., has breached the requirement to maintain an interest coverage multiple of not less than 1.15 times for the year 2022, which entitles FIRST COMMERCIAL BANK LTD. to demand repayment of the loan at any time. The remaining long-term loans are classified as long-term loans due within one year.
10. On April 12, 2019, HOLIDAY GARDEN EV CORP. signed a long-term loan agreement with CTBC BANK CO., LTD. with a total credit line of USD 46,000 thousand. The financial structure shall be maintained with an interest cover multiple of not less than 1.2 times. On November 4, 2021, HOLIDAY GARDEN EV CORP. negotiated with CTBC BANK CO., LTD. to waive the requirement to maintain an interest coverage multiple of not less than 1.2 times in 2022 and 2021 by pledging time deposits of \$49,169 and \$43,956 thousand, respectively.
11. On December 6, 2021, HOLIDAY GARDEN FM CORP. entered into a long-term loan agreement with FIRST COMMERCIAL BANK, LTD. with a total credit line of US\$27,000 thousand and HOLIDAY GARDEN FM CORP. undertook during the credit

period to maintain a financial structure with an interest coverage multiple of not less than 1.15 times from FY2022. During the term of the credit facility, the subsidiary, HOLIDAY GARDEN FM CORP., committed to maintain an interest coverage multiple of not less than 1.15 times from FY2022.

12. As of December 31, 2022 and 2021, the total purchase price of the Group's contracted outstanding work and prepaid equipment amounted to \$0 and \$189,648, respectively, with unrecognized amounts of \$0 and \$28,041, 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, 2022</u>	<u>December 31, 2021</u>
Total liabilities	\$ 5,458,519	\$ 5,849,236
Total assets	<u>\$ 8,648,934</u>	<u>\$ 8,607,434</u>
Debt to assets ratio	<u>63</u>	<u>68</u>

(2) Financial instruments

1. Types of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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Financial assets

Financial assets at fair value through profit or loss		
Mandatory measurement of financial assets at fair value through profit or loss	\$ 31,140	-
Financial assets measured at amortized cost		
Cash and cash equivalents	2,668,664	2,145,257
Financial assets measured at amortized cost	1,026,136	1,051,995
Notes payable	-	323
Accounts payable	29,637	30,980
Other accounts payable	8,989	567
Guarantee deposits received	14,141	10,266
	<u>\$ 3,778,707</u>	<u>\$ 3,239,388</u>

Financial liabilities

Financial liabilities measured at amortized cost		
Short-term borrowings	\$ 484,000	\$ 884,000
Short-term notes and bills payable	-	30,000
Accounts payable	2,709	1,814
Other payables	132,680	91,647
Long-term loans (including those due within one year)	4,322,351	4,491,667
Guarantee deposits received	17	181
	<u>\$ 4,941,757</u>	<u>\$ 5,499,309</u>
Lease liabilities	<u>\$ 113,552</u>	<u>\$ 121,788</u>

2. 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.

3. 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, 2022						
<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>	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Currency item</u>						
US\$: NT\$	\$ 54,757	30.71	\$ 1,681,602	1%	\$ 16,816	\$ -

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

- D. The aggregate amount of all exchange gains (losses) (both realised and unrealised) on the Group's monetary items that were materially affected by exchange rate fluctuations was \$169,725 and (\$30,649) for FY2022 and FY2021, respectively.

Price risk

The Group invests in open-end funds where the price of these equity instruments is affected by the uncertainty of the future value of the underlying investment. If the price of these equity instruments had increased or decreased by 1%, with all other factors held constant, net profit before tax for 2022 would increase or decrease by \$311 due to gains or losses on equity instruments measured at fair value through profit or loss.

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, 2022 and 2021, 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 2022 and 2021 will decrease or increase by \$48,064 and \$53,757, 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, 2022 and 2021 is as follow: :

	Not past due			
	<u>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, 2022</u>				
Expected loss rate	0.97%	1.44%	100.00%	
Total book value	\$ 28,001	\$ 1,665	\$ 1,270	\$ 30,936
Allowance for loss	23	6	1,270	1,299
	Not past due			
	<u>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, 2021</u>				
Expected loss rate	0.34%	0.81%	100%	
Total book value	\$ 28,214	\$ 3,102	\$ 186	\$ 31,502
Allowance for loss	8	5	186	199

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

	2022	2021
	<u>Accounts Receivable</u>	<u>Accounts Receivable</u>
January 1	\$ 199	\$ 1,100
Impairment losses for continuing operating units	1,059	-
Provision for impairment loss of	-	(266)

units that are discontinued				
Reversal of provision for impairment losses that are continuing operating units	(	11)	-
Reversal of provision for impairment losses that are discontinuing units	-	(	542)
Exchange rate impact		52	(4)
December 31	\$	<u>1,299</u>	\$	<u>199</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 2022 and 2021, 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, 2022

<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	\$ 486,387	\$ -	\$ -
Accounts payable	2,709	-	-
Other accounts payable	132,680	-	-
Lease liability.	10,400	9,804	107,783
Long-term borrowings (Expires within one year)	1,139,232	331,209	3,802,513
Guarantee deposits received	-	-	17

Derivative financial liabilities: none

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	914,390	255,321	3,783,224
(Expires within one year)			
Guarantee deposits received	144	-	37

(3) Fair value information

1. 1. The levels of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that are available to the enterprise at the measurement date. An active market is one in which transactions in assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis. This is the case for the fair value of the Group's investments in beneficial certificates.

Level 2: The observable input value of an asset or liability, directly or indirectly, other than those included in quoted prices in Level 1.

Level 3: Unobservable input value of the asset or liability.

2. Financial instruments not carried at fair value:

2. The carrying amounts of the Group's financial instruments that are not measured at fair value, including cash and cash equivalents, financial assets carried at amortized cost, notes receivable, accounts receivable, other receivables, refundable deposits, short-term borrowings, short-term notes payable, accounts payable, other payables, lease liabilities, long-term borrowings (including long-term borrowings due within one year) and deposits as collateral, are a reasonable approximation of fair value.

3. The Group classifies financial and non-financial instruments at fair value based on the nature, characteristics and risks of the assets and liabilities and on the basis of the fair value hierarchy, and the related information is as follows: Financial instruments that are not measured at fair value:

- (1) The Group classifies its assets and liabilities by nature and the related information is as follows:

Dec. 31. 2022	Grade 1	Grade2	Grade 3	total
Assets				
Repetitive fair value				
Financial assets at fair value				
through profit or loss Financial				
assets measured				
at fair value Beneficiary				
certificates				
	\$ <u>31,140</u>	-	-	<u>\$31,140</u>

Liabilities:None

Dec.31.2021 : None

(2) The methods and assumptions used by the Group to measure fair value are described below:

Where the Group uses quoted market prices as fair value inputs (i.e. Level 1), the breakdown by the characteristics of the instrument is as follows:

Market Quotes	<u>Open-ended Funds</u>
	Net Asset Value

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): Annex 2
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: None
6. Properties disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Annex 3
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 :

	2022				
	Taiwan business	USA business	Total	Closed unit	Continuing business unit
Revenue					
External Client Revenue	\$ 60,726	\$ 1,303,482	\$ 1,364,208	\$ -	\$ 1,364,208
Divisional profit & loss	(\$ 39,001)	\$ 90,244	\$ 51,243	\$ -	\$ 51,243
Interest income			31,868	-	31,868
Company general revenue			70,556	-	70,556
Other company profits & losses			775,887	-	775,887
Interest expense			(202,711)	-	(202,711)
Net (loss) profit before tax			<u>\$ 726,843</u>	<u>\$ -</u>	<u>(\$ 726,843)</u>
Departmental Assets	<u>\$ 41,415</u>	<u>\$ 3,764,623</u>	<u>\$ 3,806,038</u>		<u>\$ 3,806,038</u>
Company general assets					<u>4,842,896</u>
Total assets					<u>\$ 8,648,934</u>
Depreciation & Amortization Expenses	<u>\$ 15,315</u>	<u>\$ 300,025</u>	<u>\$ 315,340</u>	<u>\$ -</u>	<u>\$ 315,340</u>
Amount of capital expenditure	<u>\$ 5,130</u>	<u>\$ 22,973</u>	<u>\$ 28,103</u>		<u>\$ 28,103</u>
Departmental Liabilities	<u>\$ 894,344</u>	<u>\$ 4,564,175</u>	<u>\$ 5,458,519</u>		<u>\$ 5,458,519</u>

	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

(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(18) .

(6) Regional information

The Group's regional information for 2022 and 2021 is as follows: :

	<u>2022</u>		<u>2021</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
USA	\$ 1,303,482	\$ 4,501,881	\$ 781,275	\$ 4,763,215
Taiwan	<u>60,726</u>	<u>144,945</u>	<u>72,883</u>	<u>155,178</u>
	1,364,208	\$ 4,646,826	\$ 854,158	\$ 4,918,393
minus: Closed unit	-	-	(33,012)	-
	<u>\$ 1,364,208</u>	<u>\$ 4,646,826</u>	<u>\$ 821,146</u>	<u>\$ 4,918,393</u>

(7) Important customer information

It is not applicable because none of the revenue from each customer of the Group in 2022 and 2021 reached 10% of the amount of the comprehensive income statement.

Holiday Garden International Ltd. and subsidiaries
Loan funds
January 1, 2022 to December 31, 2022

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	\$ -	\$ 103,843,150	\$ 207,686,300	Note 9
2	Holiday Garden U.S.	Holiday Garden NW CORP.	Receivable from related companies	yes	240,870	240,870	-	Annual interest 3.0%	Short-term financing funds	-	Hotel acquisition	-	None	-	28,096,850	56,193,700	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	-	28,096,850	56,193,700	Note 9
2	Holiday Garden U.S.	Holiday Garden WC CORP.	Receivable from related companies	yes	584,820	584,820	494,350	Annual interest 6.5%	Short-term financing funds	-	Hotel acquisition	-	None	-	28,096,850	56,193,700	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	-	28,096,850	56,193,700	Note 9
2	Holiday Garden U.S.	Holiday Garden EV CORP.	Receivable from related companies	yes	559,362	559,362	559,362	Annual interest 6.5%	Short-term financing funds	-	Hotel acquisition	-	None	-	28,096,850	56,193,700	Note 9
2	Holiday Garden U.S.	Holiday Garden EV CORP.	Receivable from related companies	yes	94,950	94,950	94,950	Annual interest 6.5%	Short-term financing funds	-	Operational needs	-	None	-	28,096,850	56,193,700	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	-	28,096,850	56,193,700	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	-	28,096,850	56,193,700	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	-	10,071,300	20,142,600	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	-	10,071,300	20,142,600	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 15 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 International Ltd. and subsidiaries

Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliated enterprises and jointly controlled entities)

31 December 2022

Annex 2

Unit: NT\$1,000,000

(Unless otherwise specified)

End of term

Companies held	Types and names of marketable securities	Relationship with issuers of marketable securities	Billed subjects	Number of shares	Carrying amount	Shareholding ratio	Fair value	Note
	(Note 1)	(Note 2)						(Note4)
Holiday Garden International Ltd.	Fund: GDDAAU Universal Dividend Accumulation	NONE	Financial or loss - assets at fair value through profit		\$7,206		\$7,206	NOTE5
Holiday Garden International Ltd.	Fund: GLAAAU Multi-Income Beauty Accumulation	NONE	- current Financial or loss assets at fair value through profit- current		\$7,159		\$7,159	NOTE5

Holiday Garden	Fund:	NONE	Financial or loss			
International Ltd.	Mega Singapore		assets at fair			
	Realty Accrued A US		value through profit- current	\$1,543	\$1,543	NOTE5
Holiday Garden	Fund:					
International Ltd	Legg Mason Western Asset	NONE	Financial or loss	\$15,232	\$15,232	NOTE5
	Global Blue Chip Bond		assets at fair			
	Fund Class A Equity USD Acc		value through profit- current			

Note 1: Marketable securities referred to in this table are stocks, bonds, beneficiary certificates and marketable securities derived from the above within the scope of IFRS 9 "Financial Instruments".

Note 2: If the issuer of the marketable securities is not a related party, the column is not filled in.

Note 3: If the securities are measured at fair value, please enter the carrying amount after adjustment for fair value and net of accumulated impairment; if the securities are not measured at fair value, please enter the carrying amount at original acquisition cost or amortized cost less accumulated impairment.

Note 4: If the listed securities are subject to restrictions due to guarantees, pledged loans or other contractual restrictions, the number of shares guaranteed or pledged, the amount guaranteed or pledged and the restrictions on use should be indicated in the Remarks column.

Note 5: For open-ended funds, the market value is the net asset value of the fund as at the balance sheet date.

Holiday Garden International Ltd. and subsidiaries

Disposal of immovable property amounting to at least NT\$300 million or 20% of the paid-in capital

2022

Table 3

Unit: NT\$1,000

(Unless otherwise noted)

<u>Company which acquired properties</u>	<u>property name</u>	<u>Occuring Date</u>	<u>Original acquisition date</u>	<u>Carrying amount</u>	<u>Transaction Amount</u>	<u>Price Collection Scenarios</u>	<u>Profit or loss on disposal (Note 2)</u>	<u>Trading Objects</u>	<u>Relationship with issuer</u>	<u>Purpose of Disposal</u>	<u>Price reference Valuation report</u>	<u>Other contractual matters</u>
Holiday Garden NW CORP.	TownePlace Suite Newark Silicon Valley hotel	2021. 7. 5	2015. 9. 9	\$ 482,450	\$ 1,151,625	Receive the price in accordance with the terms of the agreement for sale and purchase between the parties	\$604,291	Allied Housing, INC -	NONE -	Enriching long-term working capital -	Reference to the market and two real estate valuation reports with appraisal results of \$819,957 and \$776,963 respectively	NONE

Note 1: The actual date of issue is the date of the board of directors' resolution.

Note 2: The gain or loss on disposal is calculated on the basis of the selling price less the carrying value of the real estate and related business tax and transaction costs.

Holiday Garden International Ltd. and subsidiaries
 Receivable from related parties amounts to at least NT\$100 million or 20% of the paid-in capital.
 2022

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>		<u>Accounts receivable recovered</u> <u>from related companies after</u> <u>the reporting period</u>	<u>Amount of loss</u> <u>allowance recognized</u>
					<u>Amount</u>	<u>Treatment</u>		
Holiday Garden International Ltd.	Holiday Garden U.S.	Note 3	Account receivable : 1,247,748	Note 4	\$ -	-	\$ -	\$ -
Holiday Garden U.S.	Holiday Garden WC CORP.	Note 3	Account receivable : 605,448	Note 4	-	-	-	-
Holiday Garden SF CORP.	Holiday Garden U.S.	Note 3	Account receivable : 475,206	Note 4	-	-	-	-
Holiday Garden U.S.	Holiday Garden EV CORP.	Note 3	Account receivable : 860,303	Note 4	-	-	-	-
Holiday Garden WC CORP.	Holiday Garden SF CORP.	Note 3	Account receivable : 170,244	Note 4	-	-	-	-
Holiday Garden EV CORP.	Holiday Garden SF CORP.	Note 3	Account receivable : 164,371	Note 4	-	-	-	-
Holiday Garden U.S.	Holiday Garden FM CORP.	Note 3	Account receivable : 491,475	Note 4	-	-	-	-
Holiday Garden SF CORP.	Holiday Garden NW CORP	Note 3	Account receivable : 164,174	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

2022

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	\$1,247,748	Processed according to the agreement between the two parties 14.43%
1	Holiday Garden International Ltd.	Holiday Garden U.S.	(3)	Interest income	65,858	Processed according to the agreement between the two parties 4.83%
1	Holiday Garden International Ltd.	Holiday Garden SF CORP.	(3)	Other income	13,410	Processed according to the agreement between the two parties 0.98%
1	Holiday Garden International Ltd.	Holiday Garden NW CORP.	(3)	Other income	11,175	Processed according to the agreement between the two parties 0.82%
1	Holiday Garden International Ltd.	Holiday Garden VC CORP.	(3)	Other income	13,410	Processed according to the agreement between the two parties 0.98%
1	Holiday Garden International Ltd.	Holiday Garden WC CORP.	(3)	Other income	13,410	Processed according to the agreement between the two parties 0.98%
1	Holiday Garden International Ltd.	Holiday Garden EV CORP.	(3)	Other income	13,410	Processed according to the agreement between the two parties 0.98%
1	Holiday Garden International Ltd.	Holiday Garden FM CORP.	(3)	Other income	8,940	Processed according to the agreement between the two parties 0.66%
2	Holiday Garden U.S.	Holiday Garden WC CORP.	(3)	Other accounts receivable	605,448	Processed according to the agreement between the two parties 7.00%
2	Holiday Garden U.S.	Holiday Garden WC CORP.	(3)	Interest income	26,969	Processed according to the agreement between the two parties 1.98%
2	Holiday Garden U.S.	Holiday Garden VC CORP.	(3)	Other accounts receivable	46,065	Processed according to the agreement between the two parties 0.53%
2	Holiday Garden U.S.	Holiday Garden EV CORP.	(3)	Other accounts receivable	860,303	Processed according to the agreement between the two parties 9.95%
2	Holiday Garden U.S.	Holiday Garden EV CORP.	(3)	Interest income	42,614	Processed according to the agreement between the two parties 3.12%
2	Holiday Garden U.S.	Holiday Garden FM CORP.	(3)	Other accounts receivable	491,475	Processed according to the agreement between the two parties 5.68%
2.	Holiday Garden U.S.	Holiday Garden FM CORP.	(3)	Interest income	13,857	Processed according to the agreement between the two parties 1.02%
3	Holiday Garden SF CORP.	Holiday Garden U.S.	(3)	Other accounts receivable	475,206	Processed according to the agreement between the two parties 5.49%
3	Holiday Garden SF CORP.	Holiday Garden U.S.	(3)	Interest income	11,533	Processed according to the agreement between the two parties 0.85%
4	Holiday Garden SF CORP.	Holiday Garden NW CORP.	(3)	Other accounts receivable	164,174	Processed according to the agreement between the two parties 1.90%
5	Holiday Garden VC CORP.	Holiday Garden SF CORP.	(3)	Other accounts receivable	61,863	Processed according to the agreement between the two parties 0.72%

6	Holiday Garden WC CORP.	Holiday Garden SF CORP.	(3)	Other accounts receivable	170,244	Processed according to the agreement between the two parties	1.97%
7	Holiday Garden EV CORP.	Holiday Garden SF CORP.	(3)	Other accounts receivable	164,371	Processed according to the agreement between the two parties	1.90%
8	Holiday Garden FM CORP.	Holiday Garden SF CORP.	(3)	Other accounts receivable	82,923	Processed according to the agreement between the two parties	0.96%

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.

The investee's name, location, and other related information (excluding investees in mainland China)
2022

Table 6

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

Investor	Investee (Notes 1 and 2)	Location	Primary business items	Initial investment amount		End of the reporting period			Investee's current profit and loss (Notes 2(2))	Recognized current investment gain or loss (Note 2(3))	Note
				Ending of reporting period	Previous year end	Number of shares	Ratio	Carrying amount			
Holiday Garden Hotel Co., Ltd	Holiday Garden Development Ltd.	Taiwan	Tourism hotels	\$ 65,000	\$ 65,000	6,500,000	100	\$ 31,233	(\$ 5,252)	(\$ 5,252)	The Company's subsidiary
Holiday Garden Hotel Co., Ltd	Holiday Garden International Ltd.	Bermuda	Investment business	977,650	977,650	12,000	100	2,076,863	408,168	408,168	The Company's subsidiary
Holiday Garden International Ltd.	Holiday Garden U.S.	USA	Investment business	585,961	585,961	18,000	100	561,937	288,527	288,527	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden SF CORP.	USA	Tourism hotels	84,662	84,662	170,000	100	201,426	48,107	48,107	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden NW CORP.	USA	Tourism hotels	81,250	81,250	150,000	100	(109,067)	(130,576)	(130,576)	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden VC CORP.	USA	Tourism hotels	81,250	81,250	150,000	100	(17,051)	8,954	8,954	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden WC CORP.	USA	Tourism hotels	80,700	80,700	150,000	100	(277,832)	(46,274)	(46,274)	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden EV CORP.	USA	Tourism hotels	77,188	77,188	150,000	100	(328,677)	(59,808)	(59,808)	The Company's subsidiary
Holiday Garden U.S.	Holiday Garden FM CORP.	USA	Tourism hotels	69,263	69,263	150,000	100	(4,433)	(67,207)	(67,207)	The Company's subsidiary

Note 1: Where a listed company has a foreign holding company and local laws and regulations require consolidated financial statements as the primary financial report, disclosure of information about the foreign investee company may be limited to information relating to the holding company.

Note 2: For cases other than Note 1, the following provisions apply:

(1) The columns "Name of investee company", "Location", "Main business items", "Original investment amount" and "Percentage of shareholding at the end of the period" should be completed based on the transfer of investments by the Company and the reinvestment of each directly or indirectly controlled investee company. The columns "Amount of original investment" and "Percentage of shareholding at the end of the period" should be completed on the basis of the transfer of investments by the Company and the reinvestment in each directly or indirectly controlled investee company.

(2) The column "Profit or loss for the period of the investee" should be filled in with the amount of profit or loss for the period of each investee.

(3) The column headed "Gains or losses recognized during the period" should be filled in only for each of the subsidiaries and equity-method investees of the Company. The remainder of the column should be left blank.

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.	28,926,958	19.39%
HSBC Bank (Taiwan) Limited is entrusted with custody of Z.P. INVESTMENT CORPORATION investment account	14,726,450	9.87%
HSBC Bank (Taiwan) Limited is entrusted with custody of S & D.C. CO., LTD. investment account	14,155,206	9.49%
HSBC Bank (Taiwan) Limited is entrusted with custody of ZOTO HOLDINGS LIMITED investment account	13,987,738	9.37%
HSBC Bank (Taiwan) Limited is entrusted with custody of TOZAI HOLDINGS LIMITED investment account	11,811,096	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

Year Items	2022	2021	Difference	
			Amount	%
Current Asset	3,735,216	3,197,765	537,451	16.81
Real Estate, Plant and Equipment	3,806,038	4,001,582	(195,544)	(4.89)
Intangible Assets	737,051	791,315	(54,264)	(6.86)
Other Assets	370,629	616,772	(246,143)	(39.91)
Total Assets	8,648,934	8,607,434	41,500	0.48
Current Liability	1,511,968	2,568,912	(352,662)	(18.91)
Non-Current Liability	3,946,551	3,984,606	(38,055)	(0.96)
Total Liabilities	5,458,519	5,849,236	(390,717)	(6.68)
Equity Attributable to Owners of Parent Company	3,190,415	2,758,198	432,217	15.67
Share Capital	1,491,555	1,104,856	386,699	35.00
Capital Surplus	2,169	2,169	0	0.00
Retained Earnings	1,702,021	1,797,204	(95,183)	(5.30)
Other Equities	(5,330)	(146,031)	140,701	(96.35)
Treasury Stock	-	-	-	-
Non-Controlling Interest	-	-	-	-
Total Equity	3,190,415	2,758,198	432,217	15.67
Reasons for the difference:				
1. The increase in share capital was mainly due to the transfer of earnings in 2021.				
2. The increase in other equity was due to cumulative translation adjustments.				

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	2022	2021	Increase (Decrease) Amount	Variable Proportion %
Operating Income	1,364,208	821,146	543,062	66.13
Operating Margin	265,543	627,732	(362,189)	(57.70)
Operating Profit and Loss	51,243	(105,332)	156,575	(148.65)
Non-Operating Income and Expenditure	675,600	(138,784)	814,384	(586.80)
Net Profit Before Tax	726,843	(493,860)	970,959	(397.74)
Continuing Operations Net Income	402,002	(153,931)	555,933	(361.16)
Loss from Discontinued Operations	0	1,980,213	(1,980,213)	(100.00)
Current Net Profit (Loss)	402,002	1,826,282	(1,424,280)	(77.99)
Current Other Comprehensive Profit and Loss (Net Amount After Tax)	140,701	(30,035)	170,736	(568.46)
Current Total Comprehensive Profit and Loss	542,703	1,796,247	(1,253,544)	(69.79)
Net Income Attributable to Owners of Parent Company	402,002	1,826,282	(1,424,280)	(77.99)
Net Profit Attributable to Non-Controlling Interests	-	-	-	-
Total Comprehensive Profit and Loss Attributable to Owners of the Parent Company	542,703	1,796,247	(1,253,544)	(69.79)
Total Comprehensive Profit and Loss Attributable to Non-Controlling Interest	-	-	-	-
Earnings Per Share	2.70	16.53	(13.83)	(83.67)
Explanation analysis:				
1. The increase in operating revenue, gross profit and operating income over the previous year was due to the slowdown of the epidemic from 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 U.S. hotels.				

(II) Analysis of operating margin changes: None

III. Review and Analysis of Cash Flow - Consolidated

(I) Cash Flow Analysis

2022

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
\$2,145,257	\$449,034	(\$45,920)	\$2,668,664	—	—

(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>2022</u>	<u>2021</u>	<u>Changes in the Amount</u>	<u>Rate of Change %</u>
Operating Activities	449,034	(81,988)	531,022	647.67
Investment Activities	1,087,076	1,318,253	(231,177)	(17.53)
Financing Activities	(1,132,996)	56,861	(1,189,857)	(2092.57)

The difference between the changes in investing activities and financing activities for the two periods was due to the sale of Kaohsiung buildings and the repayment of short-term loans in 2021.

(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
\$2,668,664	\$ 473,418	\$350,000	\$ 2,792,082	—	—

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.	408,168 (2022)	Offshore Holding Company	Operating profit of Clementine Hotel & Suites Anaheim, California, a hotel invested through Holiday Garden International's subsidiary in the United States	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 256~259.

(II) Consolidated Financial Statement of Affiliated Enterprises: Please refer to pages 166~248.

(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

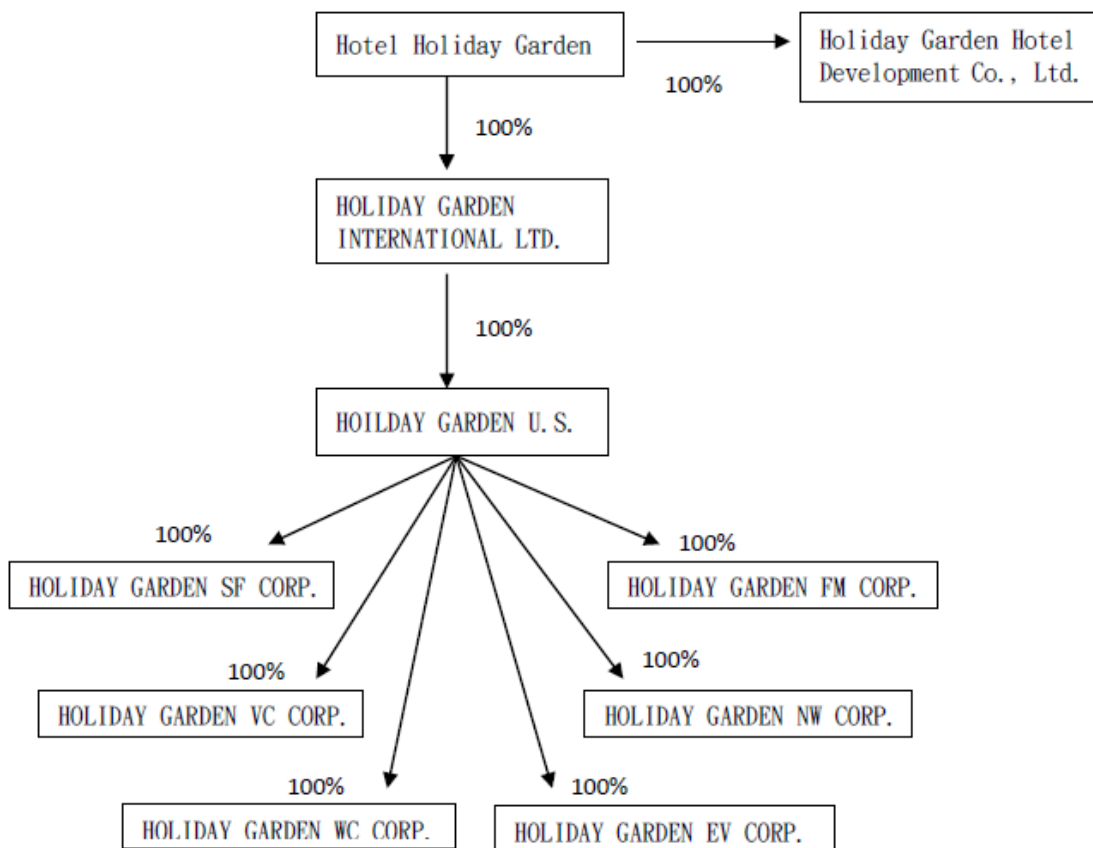
Holiday Garden Hotel Co., Ltd.

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	146,827	115,594	31,233	38,735	(3,443)	(5,252)	(0.81)
HOLIDAY GARDEN INTERNATIONAL LTD.	332	2,172,396	61,082	2,076,863	-	(390)	408,168	34,014.00
HOLIDAY GARDEN U.S.	4,982	3,346,385	1,788,162	561,937	-	515,727	288,527	16,029.25
HOLIDAY GARDEN SF CORP.CORP.	4,706	1,406,043	1,210,520	201,426	11,743,002	107,349	48,107	282.99
HOLIDAY GARDEN VC CORP.CORP.	4,152	789,139	822,392	(17,051)	8,435,473	24,984	8,954	59.69
HOLIDAY GARDEN NW CORP.CORP.	4,152	82,542	206,179	(109,067)	3,451,473	615,169	426,861	2,845.74
HOLIDAY GARDEN WC CORP.CORP.	4,152	989,830	1,230,989	(277,832)	5,790,208	(12,193)	(46,274)	(308.50)
HOLIDAY GARDEN EV CORP.CORP.	4,152	1,930,951	2,259,628	(328,677)	9,381,769	(11,613)	(59,808)	(398.72)
HOLIDAY GARDEN FM CORP.CORP.	4,152	1,354,754	1,359,187	(4,433)	4,939,159	(43,167)	(67,207)	(448.05)

Note: Average buy/sell rate of reporting date on December 31, 2022 was USD1 = NTD30.71. Average exchange rate from January 1 to December 31, 2022 was USD1 = NTD29.8.

Holiday Garden Hotel

Signature and seal of the person in charge:

Hai-Ni Chen