Stock code: 8077

洛碁實業股份有限公司
GREEN WORLD HOTELS CO., LTD.

2019

Annual Report

Date of publication: April 30, 2020
The annual report of the current year can be seen at http://mops.twse.com.tw
Corporate website: http://www.greenworldhotels.com

I. Spokesperson: Li Yueh-Mei Position: Corporate Governance Manager

Tel: (02) 2562-0018

Email: yamaylee@gwh.global

Acting spokesperson: Peng, Fei-Hsiu Position: Accounting Manager

Tel: (02) 2562-0018

Email: vicikipeng@gwh.global

II. Head Office: 3F., No. 69, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)

Tel: (02) 2563-3200

Branch Office	Address	Telephone
Green World Jianpei Branch Office	No.140, Sec. 1, Jianguo N. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	02-25095151
Green World Songjiang Branch Office	No.485, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	02-25098222
New World Hotel Branch Office	9F., No.141, Kunming St., Wanhua Dist., Taipei City 108, Taiwan (R.O.C.)	02-23118863
Green World Station Branch Office	1F., No.21, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	02-23819199
Green-World-Qingtian Branch Office	7-9F.,No.181, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	02-25971281
Green-World-Xiemei Branch Office	10-12F., No.181, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	02-25971281
Green-World-Sansui Branch Office	1-5F., No.181, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	02-25971281
Green World Grand Nanjing Branch Office	12F, No.8, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	02-25098882
Green World Mai – Nanjing Branch Office	No.163, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	02-25035511
Green-World-Linsen Branch Office	No.617, Linsen N. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	02-25955225
Green World Songshan Branch Office	1F., No.149, Yucheng St., Nangang Dist., Taipei City 115, Taiwan (R.O.C.)	02-27837088
Green World Zhongxiao Branch Office	1F., No.180, Sec. 4, Zhongxiao E. Rd., Daan Dist., Taipei City 106, Taiwan (R.O.C.)	02-27116869
Green World Flora Annex Branch Office	No. 36, Section 1, Hankou Street, Zhongzheng District, Taipei City, Taiwan (R.O.C.)	02-23123811

Green World NanGang Branch Office	8F., No.528, Sec. 7, Zhongxiao E. Rd., Nangang Dist., Taipei City 115, Taiwan (R.O.C.)	02-27893009
Green World Flora Main Branch Office	No.30 and 32, Huaining St., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	02-23123801
Green World Mai – ZhongShan Branch Office	No.15, Ln. 105, Sec. 1, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	02-25429511
Green World Triplebeds Branch Office	No.16, Sec. 4, Bade Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	02-27630555
Zhonghua Branch Office	2F., No. 41, Section 1, Zhonghua Road, Zhongzheng District, Taipei City	02-23705158
Flora Hotel Main Station	2F, No.1, Huaining St., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	02-23615255

Factory: None.

Entrusted stock affairs and transfer service institution:

Name: Stock affairs service department of Mega Securities Co., Ltd.

Address: 1F., No. 95, Section 2, Zhongxiao East Rd., Zhongzheng District, Taipei City

Website: http://www.emega.com.tw

Tel: (02) 3393-0898

III.The certified public accountant for the most recent annual financial report:

Certified public accountant: Accountants CHANG,SHU-YING and CHIH,SHIH-CHIN

Accounting firm: KPMG Taiwan

Address: 68F., No. 7, Section 5, Xinyi Rd., Taipei City

Website: www.kpmg.com.tw

Tel: (02) 8101-6666

IV.The name of the overseas trading venue for the listed marketable securities and the information inquiry

for overseas securities: None.

Corporate website: http://www.greenworldhotels.com

Table of Contents for the Annual Report

Appendix:

One. Letter to Shareholders

Since we entered the hotel business in 2015, we owned 17 hotels (including Sky 8 and Shye Mei) by the end of 2018. Alongside with the Green World Zhonghua acquired through a simple merger at the end of 2019 and the new Flora Hotel Main Station, the total number of hotels reached 19, making Green World the leader of hotel chains in Taipei City. Although the tourism industry was not popular in the market, after the H.I.S. group of Japan joined us and with the concerted efforts of all employees, revenue and net income after tax in 2019 increased by 4.91% to 1,218,871 thousand NTD and by 219.43% to 59,983 thousand NTD, respectively compared to 2018 years.

The 2019 the annual business report of the Company is as follows:

I. The 2019 annual consolidated financial report: (in thousand NTD)

(I) The 2019 business implementation results

Item / Year	2018	2019
Operating revenue	1,161,786	1,218,871
Operating costs	873,933	890,473
Operating gross profit	287,853	328,398
Operating gain or loss	108,181	135,258
Non-operating gain or loss	(94,038)	(76,332)
Net profit before tax	14,143	58,926
Net profit (loss) of the current period	18,778	59,983

(II) The status of budget execution in 2019: the Company did not make any financial forecasts and thus this does not apply to the Company.

(III) The 2019 financial analysis

Item	Year	2018	2019
Financial structure	Ratio of debts to assets	72.75%	70.65%
	Percentage of long-term funds to real property, plant and equipment	410.13%	419.33%
Solvency	Current ratio	63.72%	78.79%
	Quick ratio	61.16%	76.73%
Management capacity	Receivables turnover (number of times)	13.35	14.34
	Average number of cash received days	27.34	25.45
Profitability	Return on assets	1.51%	2.19%
	Return on equity	1.14%	3.57%
	Ratio of net profit before tax to paid-up capital	1.29%	5.37%
	Profit margin	1.62%	4.92%
	Earnings per share (dollars)	0.17	0.55

(IV) Status of research and development

The company's main business operations are tourism hotels and related businesses, hence it is not applicable.

II. It is affected by the external competitive environment, regulatory environment and the overall environment of business operations:

Although the number of tourists visiting reached a new high again to 11,864,105 person-times in 2019, the growth was only 7.21_% of that of 2018. According to the statistics of the Tourism Bureau, the highest growth in person-time and ratio is found in tourists from South Korea and then in tourists from Japan and Southeast Asia, while the growth in tourists from mainland China was little, which is the main reason for the limited tourist growth in Taiwan in

2019.

Region	Number of tourists visiting Taiwan in 2018	Number of tourists visiting Taiwan in 2019	Increase or decrease %	Increase or decrease number
Southeast Asia	2,430,119	2,593,392	6.72%	163,273
South Korea	1,019,441	1,242,598	21.89%	223,157
Hong Kong and Macau	1,653,654	1,758,006	6.31%	104,352
Japan	1,969,151	2,167,952	10.10%	198,801
Mainland China	2,695,615	2,714,065	0.68%	18,450

In terms of guestroom supply in Taipei City and New Taipei City in 2019, there were 12 new legal general hotels offering 1,249 guestrooms, while two tourism hotels with 348 guestrooms were closed. As a result, the total number of guestrooms increased by 901. Looking out to 2019, as tourist growth was limited and due to the competition with illegal hotels and the continuous decline in tourist arrival from mainland China, the hotel business will be extremely challenging.

III. Summary of the 2020 business plan and future development strategy of the Company:

The Company’s 2020 business plan and future development strategies are as follows:

1. Strategy for profit expansion of existing hotels:

In 2019, we thoroughly executed the “investment strategy,” “sales strategy” and “cost cut strategy” proposed in 2018 to increase revenue and profit.

In 2020, apart from achieving the unachieved 2019 targets, we have added a number of challenges to the 2020 business plan, aiming to further increase the profit of existing hotels.

Specifically speaking, interdepartmental projects will be planned to implement the 10 strategies below:

1. Strategy for increasing revenue

(1) Optimization of stock management

・Increase high-season (long holidays, Fridays and Saturdays) ADR

・Increase low-season OCC

The stock optimization and revitalization system with significant effectiveness in 2019 will be enhanced in 2020 to achieve the above two targets.

Therefore, it is necessary to develop power for the flexible use of data and strategy development.

Through enhancing strategic functions, we can achieve the goal to maximize RevPAR by increasing high-season ADR and low-season OCC.

(2) Improvement of corporate website

Compared to that of 2018, the online booking rate over the corporate website increased over two folds in 2019. The following approaches will be adopted to increase the online booking rate.

- Implementation of the membership system.
- Improvement of SEO solutions.
- Continuous improvement of the corporate website based on data.
- Thoroughly turning room guests into members.

(3) Strengthening cooperation with H.I.S.

It has been two and a half years since H.I.S. invested in Green World. During this period, we have maintained close communication with H.I.S. and developed new products.

In the case of Japan, changes have emerged in customer demands as a result of the deteriorating Japanese-Korean relations. Therefore, we will maintain frequent intelligence exchange and provide high value-added products based on the customer demand.

2. Cost-cut strategy

   By 2019, cost cutting of the chain was generally completed through centralized procurement.

   In 2020, we will cut the cost of the following three key items:

   (1) Cutting personnel cost

   So far, efficiency has been enhanced through system implementation. In 2020, we will implement business process re-engineering (BPR) to enhance efficiency. The BPR will be focus on enhancing the efficiency of night shifts, accounting and sales.

   (2) Cutting commission expense

   Commission expense increases annually as the proportion of OTA increases. Therefore, the following two approaches will be implemented to reduce commission increase.

   - Enhance online booking over the corporate website.
   - Design benefits for independent tourists to cultivate domestic independent tourists.

   (3) Cutting electricity bill

   Electricity bill accounts for about 16% of the variable costs, bringing a considerably heavy burden. Therefore, we will replace lighting with LED with the subsidy to reduce expense on the electricity bill.

3. Brand improvement strategy

   To realize continuous growth in the long run, we will invest in the brand improvement of Green World.

   (1) Enhancing capacity for customer service

   Further enhance the capacity to provide customers with services “beyond expectations” as in 2019.

   Specific approaches are as follows.

   - Set customer service standards
   - Enhance talent education
   - Minimize differences in customer services among hotels in the chain through organizational re-engineering.
   - Improve breakfast

     Menus that can become signature cuisine will be developed to raise the breakfast ratings. In addition, to maintain consistent quality of breakfasts of all hotels in the chain, a breakfast coordinator will be appointed.

   (2) Amenity investment

   Starting from ageing hotels in the chain, amenities will be replaced or repaired to enhance customer satisfaction.

2. Strategy for expansion of hotel business

Increase guestrooms by opening new hotels or spatial expansion of existing hotels.

With the Business Development Department established in 2019 as the center, new projects and investments will be implemented constantly based on the following three approaches:

① Cooperation with existing hotels

Cooperation with qualified 3-star hotels near public transport stations with about 100 guestrooms through GWHs.

Increasing guestrooms through spatial expansion like that of the Green World Station and Green World Zhonghua in 2019.

② Development of Micro Hotels

It is increasingly impossible to build hotels with over 100 guestrooms at geographically ideal locations in the urban area. Therefore, we will challenge the micro hotel, a new-style hotel with minimum required space and amenities, on a single floor or buildings near public transport stations. With reference to the increasing examples of Micro Hotels in major cities in the world, such as New York, we will create Taiwan-unique micro hotels.

③ Acquisition of big hotels

Hotel operating efficiency enhances as the number of guestrooms increases. To maximize operating efficiency and profitability, we will acquire hotels with over 200 guestrooms that GHWs never operates.

To achieve this, we will target 3-star hotels to apply the operating knowhow that has developed so far.

3. Strategy for the development of new-typed business

This strategy aims to develop the following types of hotel-related business into GHWs' secondary business.

HR recruitment business

Many GWHs employees speak Japanese and would like to work in Japan in the future. In addition, as hotels increase rapidly in Japan, many hotels have problems in staff recruitment.

Therefore, we have started a new type of business which recommends Taiwanese talents speaking Japanese to hotels in Japan.

In 2019, we acquired the permit for HR recruitment and recommended about 10 Taiwanese talents to work in Japan. In 2020, we will develop HR recruitment as our secondary business and place necessary investments in this field in order to gain profit from it.

Chairman: HSIEH,HSIEN-CHIH

General Manager: YOHEI FUKAI

Two. Brief Introduction of the Company

I. Date of establishment: July 22, 1994

II. History of the Company

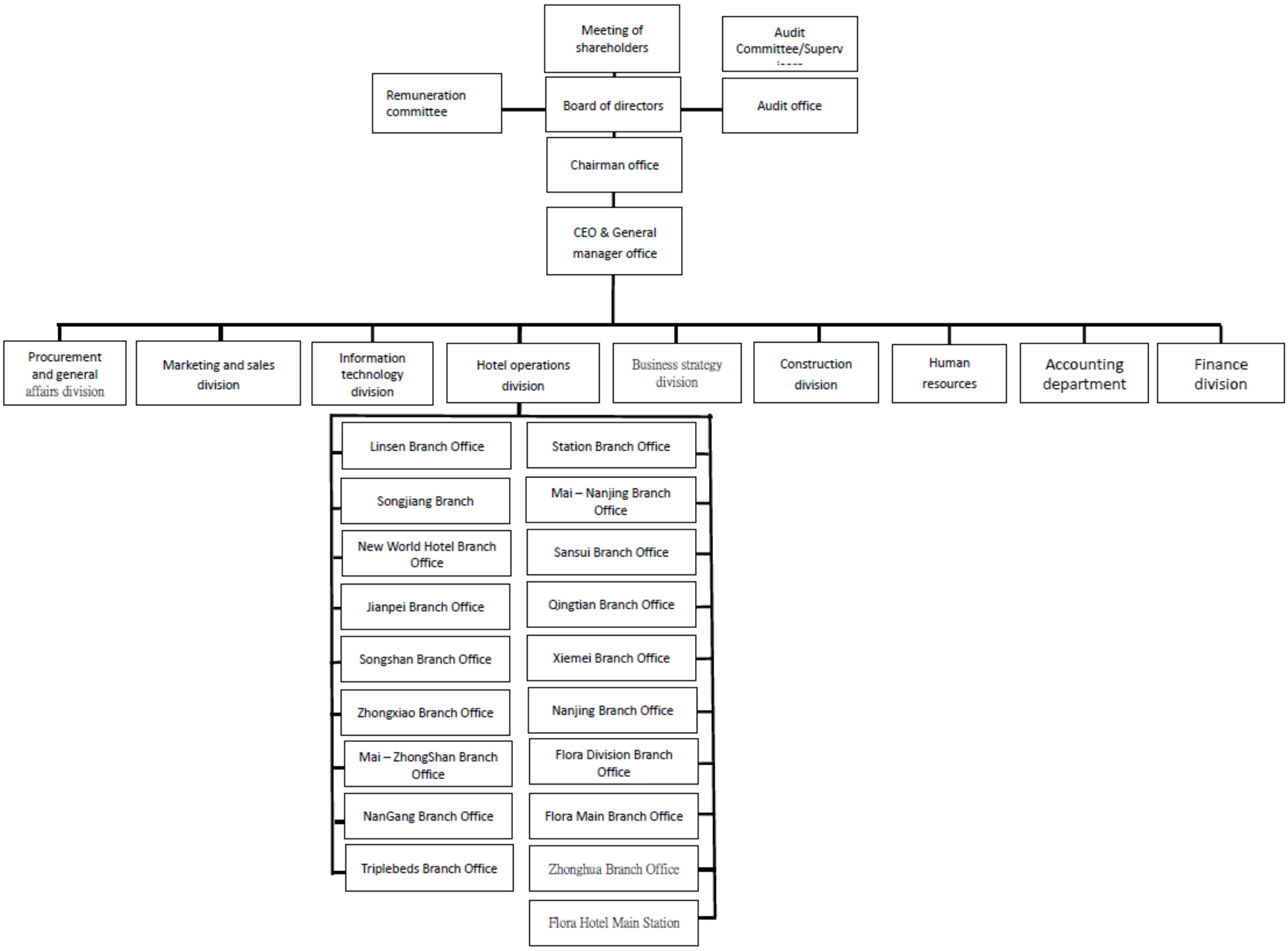
July 1994	"宇晨科技有限公司" was officially founded with a registered capital of NT$ 5,000,000 and paid-up capital of NT$ 5,000,000. It was dedicated to the design and development of continuous vacuum sputtering coating equipment.
May 1997	The company officially changed its name to "冠華科技股份有限公司."
February 2003	The stock was officially listed on the emerging stock market.
December 2004	With the approval of the Securities and Futures Bureau, the company was officially listed on the OTC market and increased its paid-in capital to 1,332,500,000 NTD.
June 2013	In accordance with the resolution of the board of directors, the company requested reorganization with Taoyuan District Court of Taiwan and then declared an emergency disposition to Taoyuan District Court of Taiwan. The company’s stock stopped trading on the OTC market.
November 2013	In accordance with the resolution of the board of directors, the company requested to withdraw from reorganization and emergency disposition with Taoyuan District Court of Taiwan, and the company’s stock continued trading on the OTC market.
December 2013	The provisional meeting of shareholders had re-elected seven directors, which had changed more than one-third of the directors.
December 2013	The provisional meeting of shareholders had resolved to dispose most of the real property, factories, and equipment in order to reduce the manufacturing business department and improve the financial structure of the company.
April 2014	Mr. HSIEH,HSIEN-CHIH served as the chairman and general manager of the company.
June 2014	Signed a management consultancy contract with Green World Hotels Co., Ltd., and the company was transformed from the technology industry to the hotel industry.
August 2014	Signed a business consulting contract with Green World Hotels Co., Ltd.
August 2014	To improve the financial structure, the company reduced 74.5% of the capital to make up for the accumulated losses. The paid-in capital was 302,948,880 dollars after the capital reduction.
September 2014	The first private fundraising was conducted in 2014. The paid-up capital was 402,948,880 dollars after the capital increase.
October 2014	The stock resumed trading on the OTC market. The second private fundraising was conducted in 2014. The paid-up capital was 502,948,880 dollars after the capital increase.
December 2014	The private preferred shares were fully converted into private common shares.
May 2015	Ms. HSIEH,HSIU-MEI served as the general manager of the company.
June 2015	The meeting of shareholders resolved the purchase case of the "Lochi Hotel".
July 2015	The stock resumed trading as ordinary settlement. The company changed its name to "Green World Hotels Co., Ltd."
August 2015	Purchased 100% equity of “Green World Hotels Co., Ltd.” and transformed to the hotel industry.

September 2015	Starting 2015/09/21, the name of the trading stock was changed to "Green World" and its stock code is 8077.
October 2015	The merged subsidiary: Green World Hotels Co., Ltd. The company after acquisition: Green World Hotels Co., Ltd. It has 13 branches and 1 subsidiary: Green World Hotel ZhongHua Co., Ltd.
January 2016	Green World Grand Nanjing is officially in business.
June 2016	The 11th term of directors and supervisors were fully re-elected, and the board of directors elected and appointed Ms. Chiang Mei-Ling to be the chairman.
July 2016	The category of the company in the OTC market was changed from the "photovoltaic industry" to the "tourism business".
July 2016	Green World Songshan is officially in business.
August 2016	Green World Zhongxiao is officially in business.
September 2016	The first private fundraising was conducted In 2016, and its paid-in capital was 537,668,880 dollars after the capital increase.
October 2016	Green World Flora Division is officially in business.
December 2016	The provisional shareholders meeting resolved the case of second private common stock in 2016.
January 2017	Green World Flora Main and Green World Mai – ZhongShan are officially in business.
January 2017	The private fundraising in January 2017. H.I.S. Hotel Holdings Co., Ltd., participated in private fundraising and acquired 33.32% of the shares. The paid-in capital was increased to 806,338,880 dollars after the capital increase.
May 2017	Green World NanGang is officially in business.
June 2017	The private fundraising in May 2017. H.I.S. Hotel Holdings Co., Ltd., participated in private fundraising and acquired 51% of the shares. The paid-in capital was increased to 1,097,283,430 dollars after the capital increase.
April 2018	The first smart hotel - Green World Triplebeds - is officially in business.
November 2018	The privately offered common stock in 2012 and the 20,000,000 shares of privately offered common stock in 2014 were available for trading on the OTC market on November 19, 2018, with total shares of 25,026,754.
January 2019	The privately offered common stock in 2012, the private preferred stock in 2006 and 2007, and the private common stock in 2010, with a total of 25,268,134 shares, were available for trading on the OTC market on January 29, 2019, and the total of the company’s shares was 50,294,999.
June 2019	Establishment of Green World Solutions CO., LTD
October 2019	Short-form merger of the subsidiary Green World Hotel ZhongHua Co., Ltd. and establishment of the ZhongHua Branch Office.
December 2019	Establishment of Flora Hotel Main Station Branch Office

Three. Report on Corporate Governance

I. The organization system

(I) Organization chart



(II) Business scope of main departments

Department	Duties and responsibilities
The CEO and general manager 's Office	1. Business Planning and Management . 2. The med-term and long-term management policy and strategic planning . 3. Promotion and management of annual policy and goals. 4. Management of daily operating performance . 5. Creation and implementation of the company's corporate image. 6. Organization and planning of internal and external company documents, and control of the documents.
Hotel operations division	1. Management of hotel affairs. 2. Business expansion, enhance room price, and occupancy rate. 3. Provide accommodation-related services for customers.
Finance division	Responsible for fund adjustment, cashier operations
Accounting Department	Various accounting, tax processing, preparation and analysis of financial statements, implementation of budget preparation, analysis of differences, stock affairs and corporate governance.
Information technology division	Network system management and maintenance, maintenance and management of the information system, and software and hardware equipment, design, modification and testing of software, and data management and security maintenance of computers.
Human resources division	Planning and implementation of human resources and educational training.
Procurement and general affairs division	Various procurement, general affairs, project price negotiation, contracting and implementation
Construction division	Construction project implementation and regular maintenance of all branches
Marketing and sales division	1. Maintain good relationships with customers to increase business orders. 2. Collect market information for business reference. 3. Manage the information of accounts receivable and control the customer's credit limit. 4. Development of new markets and new customers.
Business strategy division	Responsible for analyzing the company's internal data and the dynamics of the domestic and overseas hotel industry and tourism market. Provide consolidated reports and improvement proposals.

Department	Duties and responsibilities
Audit office	1. Create and manage the internal audit system of the company. 2. Correction of internal control shortcomings and abnormal conditions. 3. Ensure the effective implementation of the company's internal control system and management provisions.

II. Information on the directors, supervisors, general manager, deputy general managers, associate managers, and supervisors of all departments and branch offices

(I) Information of directors and supervisors

April 30, 2020

Position title (Note 1)	Nationality or registration place	Name	Gender	Election (appointment) Date	Term of office	Initial election date (Note 2)	Holding shares at the time of election		Current number of shareholding		Spouse, underage children Holding shares as of now		Under the name of others Holding shares		Main experience (education) background	Current positions served in the company and other companies	Other mangers, directors, or supervisors who are a spouse or have a familial relationship within the second degree of kinship.			Remarks
							Number of shares	Holding shares Ratio	Number of shares	Holding shares Ratio	Number of shares	Holding shares Ratio	Number of shares	Holding shares Ratio			Position title	Name	Relation ship	
Chairman	Republic of China	Shenyan Investment Co., Ltd. Legal representative: HSIEH,HSIEN-CHIH	Male	2017.06.22	3	2016.06.13	7,930,502	9.84%	7,930,502	7.23%	None	None	None	None	Master's, Graduate Institute of China Studies, Tamkang University Bachelor's of Political Science, National Chengchi University Chairman of Green World Hotels Co., Ltd. Chairman of Sanpu Travel Group Chairman of Green World Hotel ZhongHua Co., Ltd. Chairman of Green World Co., Ltd.	Chairman of Green World Co., Ltd. Chairman of Green World Hotel ZhongHua Co., Ltd. Chairman of Sanpu Travel Group Chairman of H.I.S. Taiwan Co., Ltd. Chairman of Sinri Travel Co., Ltd. Chairman of Sindong Travel Co., Ltd. Chairman of Singuang Travel Co., Ltd. Chairman of Sakura Travel Co., Ltd. Chairman of Mingyang Frozen Food Co., Ltd. Director of Honyi Transportation Co., Ltd. Director of CIRCLE ISLAND TOURS CO., LTD.	None	None	None	None
Director	Republic of China	Shenyan Investment Co., Ltd. Legal representative: CHANG, SHIH-FENG (Note 1)	Male	2017.06.22	3	2019.7.22	7,930,502	9.84%	7,930,502	7.23%	None	None	None	None	Department of Foreign Languages and Literature, National Sun Yat-Sen University Director, Green World Hotels Co., Ltd. Chairman of Guojing Frozen Food Co., Ltd. Chairman of Xiufeng Industry Co., Ltd. Chairman of Xinyao Media Co., Ltd.	Director of Green World Co., Ltd. Director, Green World Hotels Co., Ltd. Chairman of Guojing Frozen Food Co., Ltd. Chairman of Xiufeng Industry Co., Ltd. Chairman of Xinyao Media Co., Ltd.	None	None	None	None

Director	Japan	H.I.S. Hotel Holdings Co., Ltd. Legal representative: Kodaka Kouji	Male	2017.06.22	3	2017.06.22	26,867,000	33.32%	55,961,455	51%	None	None	None	None	Graduated from the Travel Professional School Director, Green World Hotels Co., Ltd. Director of H.I.S. Web Business Group Head of Central Business Group, H.I.S. H.I.S. Managing Director, Hotel Development Department, Hotel Holdings H.I.S. Director, Overseas Business Department, Hotel Holdings	Director, Green World Hotels Co., Ltd. Director of H.I.S. Web Business Group Head of Central Business Group, H.I.S. H.I.S. Managing Director, Hotel Development Department, Hotel Holdings H.I.S. Director, Overseas Business Department, Hotel Holdings	None	None	None	None
Director	-	H.I.S. Hotel Holdings Co., Ltd. Legal person representative (Note 1)	-	2017.06.22	3	2017.06.22	26,867,000	33.32%	55,961,455	51%	None	None	None	None	None	None	None	None	None	None
Director	Japan	Yiyaun Investment Co., Ltd. Legal representative: Hirabayashi Akira (Note 2)	Male	2017.06.22	3	2013.12.30	1,811,798	2.25%	1,811,798	1.65%	None	None	None	None	Former chairman and general manager of H.I.S. Former chairman and general manager of Accordia Golf Co., Ltd. Independent director of the GreenTree Hospitality Group which has more than 3,000 hotels in China. Chairman and general manager of JHAT Hotel chain group Co., Ltd., in Japan CEO of the smart phone rental service Handy Travel	Director of Green World Co., Ltd. Chairman of JHAT CO., LTD. Director of GreenTree Hospitality Group Ltd.	None	None	None	None
Independent director	Republic of China	LIU,SHUI-SHENG	Male	2017.06.22	3	2017.06.22	None	None	None	None	150,000	0.14%	None	None	PhD in Economics, the International University of Kagoshima, Japan Independent Director of Green World Hotels Co., Ltd. Chairperson of GIWADO Enterprise Co., Ltd. Member of the Zhongshan District Mediation Committee, Taipei City Municipal Advisor of Taipei City Government Lecturer, faculty of economics, Kagoshima Kokusai University, Japan	Independent Director of Green World Hotels Co., Ltd. Chairperson of GIWADO Enterprise Co., Ltd. Member of the Zhongshan District Mediation Committee, Taipei City	None	None	None	None
Independent director	Republic of China	WU,YI-TSAI	Male	2017.06.22	3	2017.06.22	None	None	None	None	None	None	None	None	Graduated from the Department of Law, National Taiwan University Independent Director of Green World Hotels Co., Ltd.	Independent Director of Green World Hotels Co., Ltd. Director and legal executive Lawyer of YUN DAH International Law Office	None	None	None	None

															Director and legal executive Lawyer of YUN DAH International Law Office Attorney-in-Charge, Chu-Ting-Bo-Da Law Firm Attorney-at-Law, Chen Shih Yung Law Firm Attorney-at-Law, Tung-Li Attorneys-at-Law Attorney-at-Law, Wen-Wen Law Firm					
Supervisor	Republic of China	LIU,TANG-KUN	Male	2017.06.22	3	2014.06.25	None	None	None	None	None	None	None	None	Graduated from the Department of Political Science, Chinese Culture University Supervisor of Green World Hotels Co., Ltd. Supervisor of She Kai Precision Co., Ltd. Responsible Person of Xinge Biotechnology Co., Ltd. Municipal Advisor of Taichung City Government (2020)	Supervisor of Green World Hotels Co., Ltd. Supervisor of She Kai Precision Co., Ltd. Responsible Person of Xinge Biotechnology Co., Ltd. Municipal Advisor of Taichung City Government (2020)	None	None	None	None
Supervisor	Republic of China	LIU,CHIA-MING	Male	2017.06.22	3	2013.12.30	2,855,667	3.54%	3,967,591	3.62%	None	None	None	None	Director of Taipei University of Marine Technology Lecturer, Department of Finance, National Huwei University of Science and Technology	Supervisor of Green World Hotel ZhongHua Co., Ltd.	None	None	None	None
Supervisor	Japan	KAO,YI-HSING	Female	2017.06.22	3	2017.06.22	None	None	None	None	None	None	None	None	SAKI CORPORATION CO., LTD. Finance&Accounting Department / Oversea Supervisor	SAKI CORPORATION CO., LTD. Finance&Accounting Department / Oversea Supervisor	None	None	None	None
Assistant manager	ROC	Hsu Shuo-Heng (Note 3)	Male	2018.11.14			None	None	None	None	None	None	None	None	EMBA at the National Taiwan University Manager of the Gloria Maris FullWealth Seafood Restaurant in Philippines Chairman’s secretary at Artes Myer Imported Bathroom Facility Company in Philippines Deputy director of operating management at the Tango Hotels Group		None	None	None	None

Note 1: The corporate director Shenyan Investment Co., Ltd. reassigned Zhang Shi-Feng as its representative on July 22, 2019.
Note 2: H.I.S. Hotel Holdings Co., Ltd. has two directors and one of them has not yet been appointed.
Note 3: Supervisor Liu Chia-Ming resigned on 2019.12.26

Table 1: Major shareholders of corporate shareholders

March 31, 2020

Name of corporate shareholders	Major shareholders of corporate shareholders
H.I.S. Hotel Holdings Co., Ltd.	H.I.S. Co., Ltd.
Yiyaun Investment Co., Ltd.	LI,CHIH-CHUNG
Shenyan Investment Co., Ltd.	HSIEH, CHANG-CHENG

Table 2: Major shareholders of corporate shareholders in Table 1

March 31, 2020

Name of legal person	Major shareholder of legal persons	Shareholding ratio
H.I.S. Co., Ltd.	Hideo Sawada	33.24%
	日本トラスティ・サービス信託銀行株式会社	12.07%
	有限会社秀インター	6.00%
	日本マスタートラスト信託銀行株式会社	3.18%
	ザ　バンク　オブ　ニューヨーク	2.97%
	ステート　ストリート　バンク　アンド トラスト　カンパニー	2.21%
	全国共済農業協同組合連合会	1.87%
	ジェーピー　モルガン　チェース　バンク	1.84%
	Namekata Kazumasa	1.82%
	Sawada Mayumi	1.78%

(II) Information of directors and supervisors

April 30, 2020

Criteria / Name	Have more than five years of work experience and the following professional qualifications			Independence condition (Note 2)										Concurrently serving as an independent director of other public listed companies
	A professor or higher position, of the relevant departments in the public or private colleges or universities, required for the field of business, legal, finance, accounting or sales department of the company	Judge, prosecutor, lawyer, accountant or other specialist required by the company, who passes the national examinations and acquires certificates.	Work experience required in the field of business, legal, finance, accounting or sales of the company	1	2	3	4	5	6	7	8	9	10	
HSIEH,HSIEN-CHIH			✓					✓		✓		✓		0
Hirabayashi Akira			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Kodaka Kouji			✓		✓	✓	✓		✓	✓	✓	✓		0
HSIEH,HSIU-MEI			✓	✓		✓		✓		✓		✓		0
LIU,SHUI-SHENG	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
WU,YI-TSAI		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
LIU,TANG-KUN			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
LIU,CHIA-MING	✓		✓	✓				✓	✓	✓	✓	✓	✓	0
KAO,YI-HSING			✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	0

(III) Information on the general manager, deputy general manager, associate manager, and supervisors from all departments and branches

April 30, 2020

Position	Nationality	Name	Gender	Election (appointment) Date	Holding shares		Spouse and minor children's holding shares		Shares held under the name of others		Main experience (education) background	Positions concurrently served at other companies	Have a manager who is a spouse or has a familial relationship within the second degree of kinship			Remarks
					Number of shares	Holding shares Ratio	Number of shares	Holding shares Ratio	Number of shares	Holding shares Ratio			Position	Name	Relationship	
Chief Executive Officer and General Manager	Japan	Fukai Yohei (Note 2)	Male	2017.08.10	39,000	0.02%	None	None	None	None	Graduated from the University of Tokyo. Started a business in the field of media but sold it afterwards. Worked at the advertising agency Dentsu. Responsible for creating marketing strategies. Awards: Encouragement Award of Japan Marketing Award/ Excellence Award of Japan PR Award He was responsible for creating business strategies for the following four years. He is mainly dedicated to the regenerative strategies of corporations. Worked at H.I.S. in 2016. He worked in the Business Strategy Office and also served as the specialized staff for the director. He joined the GWHs in April 2017.	None	None	None	None	無
Manager	Republic of China	WU,PANG-MING	Male	2015.03.17	None	None	None	None	None	None	Master's of Management Accounting, University of San Diego, California, USA Finance Manager at ProMOS Technologies Co., Ltd. CFO at ITEQ CORPORATION CFO at Mobile Action Technology Inc.	None	None	None	None	無
Manager	Republic of China	WU,YU-CHI	Male	2015.08.12	None	None	None	None	None	None	Law Department, Fu Jen Catholic University Songjiang Trademark and Patent Law Office Legal and special assistant of the director Beautiful Hotel Hotel manager at Green World Mai	None	None	None	None	無
Manager	Republic of China	CHIEN,SHUN-KUEI	Male	2015.08.12	None	None	None	None	None	None	Tamsui high school Shunyi Enterprise Group Haopong Travel Agency Yamaha Motor Taiwan Co., Ltd. Mai Co., Ltd.	None	None	None	None	無
Manager	Republic of China	LIN,HSIU-JUNG	Female	2015.08.12	None	None	None	None	None	None	Shih Chien University Hotel Fortuna Hotel Lai Lai Howard Hotel	None	None	None	None	無
Manager	Republic of China	TSUI,CHIEH-MIN	Male	2015.08.12	None	None	None	None	None	None	Long Island University, USA Sports Association, ROC Hoxin Recreation Co., Ltd. Jin Byili Biotechnology Yi Shuo Digital Co., Ltd.	None	None	None	None	無
Manager	Republic of China	YANG,KUN-HUI	Female	2015.08.12	None	None	None	None	None	None	Songshan High School of Commerce Chinchen chain restaurant ONETEL S-aura Hotel	None	None	None	None	無

Position	Nationality	Name	Gender	Election (appointment) Date	Holding shares: Number of shares	Holding shares: Holding shares Ratio	Spouse and minor children's holding shares: Number of shares	Spouse and minor children's holding shares: Holding shares Ratio	Shares held under the name of others: Number of shares	Shares held under the name of others: Holding shares Ratio	Main experience (education) background	Positions concurrently served at other companies	Have a manager who is a spouse or has a familial relationship within the second degree of kinship: Position	Name	Relationship	Remarks
Manager	Republic of China	CHEN,HUI-CHING	Female	2015.08.12	None	None	None	None	None	None	Tourism Department, Taipei University of Marine Technology Shilin district court High court Secretary of the Board of Directors of Taipei University of Marine Technology	None	Manager	CHANG,YU-SHAN	Spouse	None
Manager	Republic of China	CHANG,YU-SHAN	Male	2015.08.12	None	None	None	None	None	None	Law Department, National Taiwan University Daxin Securities Chunbao company Zisheng Securities Protection association for criminal victims	None	Manager	CHEN, HUI-CHING	Spouse	None
Head of corporate governance	R.O.C.	Li Yueh-Mei	Female	2019.8.8	None	None	None	None	None	None	Graduated from the Department of Finance, Ming Chuan University IT staff, Securities and Futures Bureau, Financial Supervisory Commission Deputy manager, Stock Agency Department, Jinghua Securities Co., Ltd. Stock affairs manager and special assistant of chairman of HUGA OPTOTECH Inc. Head of Management Department, Zhenfa Co., Ltd. Manager of the Stock Affairs Department, CrownBio Co., Ltd.	None	None	None	None	None
Financial supervisor	R.O.C.	Lin Meng-Yue	Female	2020.3.2	None	None	None	None	None	None	Graduated from the Accounting Department, National Open University Financial manager, Wenhuayuan postnatal care services Special assistant of general manager, industry management, human resource of Hanyu Jaymon Co., Ltd. Deputy General Manager of Financial Management Department, Jaymon International Co., Ltd.	None	None	None	None	None
Accounting supervisor	R.O.C.	Peng Fei-Hsiu	Female	2020.3.2	None	None	None	None	None	None	Graduated from the Finance Department, Shih Chien University Head of Finance Division, Huako Caiyi Co., Ltd.	None	None	None	None	None

Note 1: 2020.02.29 The Chief Financial Officer Wu Bang-Ming resigned due to his personal career plans
Note 2: 2020.03.24 The Chief Operating Officer Shenjing Yangping was appointed by the board of directors as the CEO and general manager of the Company
Note 3: 2020.08.08 The board of directors approved the head of stock affairs Li Yueh-Mei as the head of stock affairs and corporate governance supervisor of the Company
Note 4: 2020.03.24 The board of directors approved the financial manager Lin Meng-Yue as the company's financial supervisor
Note 5: 2020.03.24 The board of directors approved the accounting assistant manager Peng Fei-Hsiu as the accounting director of the Company

III. Remuneration for directors, supervisors, general manager, and deputy general managers in the most recent year

(I) Remuneration of (including independent directors) General directors (disclosure of individual names and remuneration)

Unit: NT$1,000, shares

Position	Name	Director's remuneration								The ratio of the sum of A, B, C and D to the net profit after tax		Related remuneration paid to the part-time employees								The ratio of the sum of A, B, C, D, E, F and G to the net profit after tax		Receive remuneration from a reinvested business other than the subsidiaries or the parent company
		Remuneration (A)		Retirement pension (B)		Director's remuneration (C)		Business implementation cost (D)				Salary, bonuses, and special expenses (E)		Retirement pension (F)		Employees' compensation (G)						
																The Company		All companies in the financial report				
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	Cash amount	Stock	Cash amount	Stock	The Company	All companies in the financial report	
Chairman	Shenyan Investment Co., Ltd. Representative: HSIEH,HSIEN-CHIH	None	None	None	None	None	None	None	None	0.08%	0.08%	2,250	2,250	None	None	None	None	None	None	3.83%	3.83%	None
Director	Shenyan Investment Co., Ltd. Representative: Chang Shih-Feng (Note 1)	None	None	None	None	None	None	None	None	0.03%	0.03%	None	None	None	None	None	None	None	None	0.03%	0.03%	None
Director	Shenyan Investment Co., Ltd. Representative: HSIEH, HSIU-MEI (Note 1)	None	None	None	None	None	None	None	None	0.05%	0.05%	None	None	None	None	None	None	None	None	0.05%	0.05%	None
Director	Yiyaun Investment Co., Ltd. Representative: Hirabayashi Akira (Note 1)	None	None	None	None	None	None	None	None	None	None	None	None	None	None	None	50	50	None	None	None	None
Director	H.I.S. Hotel Holdings Co., Ltd. Representative : Kodaka Kouji	None	None	None	None	None	None	None	None	None	None	None	None	None	None	None	20	20	None	None	None	None
	H.I.S. Hotel Holdings Co., Ltd. Representative: Not yet appointed (Note 2)	None	None	None	None	None	None	None	None	None	None	None	None	None	None	None	30	30	None	None	None	None
Independent Director	WU,YI-TSAI	240	240	None	None	None	None	None	None	0.4%	0.4%	None	None	None	None	None	None	None	None	0.4%	0.4%	None
Independent Director	LIU,SHUI-SHENG	240	240	None	None	None	None	None	None	0.4%	0.4%	None	None	None	None	None	None	None	None	0.4%	0.4%	None

1. Please state the payment policy, system, standards and structure for the remuneration of independent directors and the relevance between the paid amount of remuneration and their responsibilities, risks, dedicated time, etc.
The Company considers that the recommendation of monthly remuneration payment, through the Remuneration Committee by independent directors for resolution of the Board of Directors; and it will be submitted to the Remuneration Committee for assessment and recommendation from time to time.
2. In addition to the above disclosure, the remuneration paid to the directors of the company for providing services (such as a consultant for non-employees) to any of the company in the financial report in the most recent year:

Note 1: The corporate director Shenyan Investment Co., Ltd. reassigned Chang Shih-Feng to replace Hsieh Hsiu-Mei as the representative on July 22, 2019.
Note 2: H.I.S. Hotel Holdings Co., Ltd., has not yet appointed a representative.

The range of remuneration paid to the directors of the company	Total remuneration of first four items (A+B+C+D)		Total remuneration of first seven items (A+B+C+D+E+F+G)	
	The Company	All companies in the financial report	The Company	All companies in the financial report
Less than 1,000,000 dollars	HSIEH,HSIEN-CHIH, HSIEH,HSIU-MEI, Hirabayashi Akira, Kodaka Kouji, WU,YI-TSAI and LIU,SHUI-SHENG CHANG, SHIH-FENG		HSIEH,HSIEN-CHIH, HSIEH,HSIU-MEI, Hirabayashi Akira, Kodaka Kouji, WU,YI-TSAI and LIU,SHUI-SHENG CHANG,SHIH-FENG	
1,000,000 dollars (included) ~ 2,000,000 dollars (excluded)	None	None	None	None
2,000,000 dollars (included) ~ 3,500,000 dollars (excluded)	None	None	None	None
3,500,000 dollars (included) ~ 5,000,000 dollars (excluded)	None	None	None	None
5,000,000 dollars (included) ~ 10,000,000 dollars (excluded)	None	None	None	None
10,000,000 dollars (included) ~ 15,000,000 dollars (excluded)	None	None	None	None
15,000,000 dollars (included) ~ 30,000,000 dollars (excluded)	None	None	None	None
30,000,000 dollars (included) ~ 50,000,000 dollars (excluded)	None	None	None	None
50,000,000 dollars (included) ~ 100,000,000 dollars (excluded)	None	None	None	None
More than 100,000,000 dollars	None	None	None	None
Total	A total of 7 people		A total of 7 people	

(II) The remuneration of the supervisors (disclosure of individual names and remuneration)

Unit: NT$1,000

Position	Name	Supervisor's remuneration						The ratio of sum of A, B, and C to the net profit after tax		Receive remuneration from a reinvested business other than the subsidiaries or the parent company
		Remuneration (A)		Remuneration (B)		Business implementation cost (C)				
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	
Supervisor	LIU,TANG-KUN	None	None	None	None	10	10	0.02%	0.02%	None
Supervisor	LIU,CHIA-MING (Note)	None	None	None	None	40	40	0.07%	0.07%	None
Supervisor	KAO,YI-HSING	None	None	None	None	None	None	None	None	None

Supervisor's remuneration range

The range of remuneration paid to the supervisors of the company	Name of supervisor	
	Total remuneration of first three items (A+B+C)	
	The Company	All companies in the financial report
Less than 1,000,000 dollars	LIU,TANG-KUN, LIU,CHIA-MING and KAO,YI-HSING	LIU,TANG-KUN, LIU,CHIA-MING and KAO,YI-HSING
1,000,000 dollars (included) ~ 2,000,000 dollars (excluded)	None	None
2,000,000 dollars (included) ~ 3,500,000 dollars (excluded)	None	None
3,500,000 dollars (included) ~ 5,000,000 dollars (excluded)	None	None
5,000,000 dollars (included) ~ 10,000,000 dollars (excluded)	None	None
10,000,000 dollars (included) ~ 15,000,000 dollars (excluded)	None	None
15,000,000 dollars (included) ~ 30,000,000 dollars (excluded)	None	None
30,000,000 dollars (included) ~ 50,000,000 dollars (excluded)	None	None
50,000,000 dollars (included) ~ 100,000,000 dollars (excluded)	None	None
More than 100,000,000 dollars	None	None
Total	A total of 3 people	A total of 3 people

Note: Supervisor Liu Chia-Ming resigned on 2019.12.26

(III) Remuneration of the general manager and deputy general manager (summary of range disclosure with names)

Unit: NT$1,000

Position	Name	Salary (A)		Retirement pension (B)		Bonus and special expense, etc. (C)		Employee's compensation (D)				The ratio of the sum of A, B, C, and D to the net profit after tax (%)		Receive remuneration from a reinvested business other than the subsidiaries or the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies included in the finance report		The Company	All companies in the financial report	
								Cash amount	Stock Amount	Cash Amount	Stock Amount			
General manager	HSIEH,HSIEN-CHIH (Note 1)	4,476	4,476	None	None	2,555	2,555	None	None	None	None	11.72%	11.72%	None
CEO and general manager	FUKAI YOHEI (Note 1)													
Chief financial officer	WU,PANG-MING													

Note 1: 2020.03.24 The Chief Operating Officer Shenjing Yangping was appointed by the board of directors as the CEO and general manager of the Company
Note 2: 2020.02.29 The Chief Financial Officer Wu Bang-Ming resigned due to his personal career plans

Pay for the general manager and deputy general manager of the company	Name of the general manager and deputy general manager	
	The Company	All companies included in the financial report E
Less than 1,000,000 dollars	None	None
1,000,000 dollars (included) ~ 2,000,000 dollars (excluded)	WU,PANG-MING	WU,PANG-MING
2,000,000 dollars (included) ~ 3,500,000 dollars (excluded)	HSIEH,HSIEN-CHIH	HSIEH,HSIEN-CHIH
3,500,000 dollars (included) ~ 5,000,000 dollars (excluded)	FUKAI YOHEI	FUKAI YOHEI
5,000,000 dollars (included) ~ 10,000,000 dollars (excluded)	None	None
10,000,000 dollars (included) ~ 15,000,000 dollars (excluded)	None	None
15,000,000 dollars (included) ~ 30,000,000 dollars (excluded)	None	None
30,000,000 dollars (included) ~ 50,000,000 dollars (excluded)	None	None
50,000,000 dollars (included) ~ 100,000,000 dollars (excluded)	None	None
More than 100,000,000 dollars	None	None
Total	A total of 3 people	A total of 3 people

(IV) Names of the managers who distribute employee compensation and the distribution status: None.

(V) The analysis of the ratio of the total remuneration amount paid to all of the directors, supervisors, general managers, and deputy general managers of the Company and all companies in the consolidated statement in the most recent two years, to the net profit after tax of the consolidated or individual financial reports.

Item / Position title	Ratio of total remuneration amount to the net profit after tax			
	Year 2018		Year 2019	
	The Company	The Company	The Company	Financial report All companies
Director	1.47%	1.47%	0.97%	0.97%
Supervisor	0.27%	0.27%	0.08%	0.08%
General manager and deputy general manager	19.72%	19.72%	11.72%	11.72%

(VI) The correlation between the remuneration policy, standard and combination, procedures for stipulating the remuneration, and the business operation performance and future risks.

1. Directors and supervisors

On the basis of the regulations of the company, the transportation allowances and remuneration paid to the directors and supervisors shall be resolved according to the index of risk and responsibility and decided by the Remuneration Committee and submitted to the board of directors for discussion and approval.

2. General Manager and Deputy General Manager

The remuneration of the general manager and the deputy general manager includes salary, bonuses, and employee bonuses shall be based on the position, responsibility, and contribution to the company, and it shall also refer to the peer companies in the industry. It shall be assessed by the Remuneration Committee and reported to the board of directors for discussion and approval.

3. The reward for business operation performance shall be conducted in accordance with the surplus distribution regulations of the Articles of Incorporation of the Company. The Board of Directors had resolved that there will be no distribution to the directors and supervisors in 2019.

IV.The operational status of corporate governance

(I) The operation of the Board of Directors:

The board of directors had 5 meetings (A) in the most recent year, and the attendance records for the supervisors of the board of directors are listed as follows:

Position title	Name (Note 1)	Number of attendance in person	Number of entrusted attendance	Percentage of attendance in person (%)	Remarks
Chairman	Shenyan Investment Co., Ltd. Representative: HSIEH,HSIEN-CHIH	5	0	100%	
Director	Yiyaun Investment Co., Ltd. Representative: Hirabayashi Akira	0	4	0%	
Director	Representative of H.I.S Hotel Holdings Co., Ltd: Kodaka Kouji	5	0	100%	
Director	Shenyan Investment Co., Ltd. Representative: HSIEH,HSIU-MEI	2	0	100%	Chang Shih-Feng was assigned to replace Hsieh Hsiu-Mei as the representative on July 22, 2019.
	Shenyan Investment Co., Ltd. Representative: CHANG, SHIH-FENG	3	0	100%	
Independent director	LIU,SHUI-SHENG	5	0	100%	
Independent director	WU,YI-TSAI	3	2	60%	

Other items that shall be recorded:

I. For any of the following circumstances, the board of directors meeting's date, period, content of the proposal, the comments of all independent directors and the company's approaches on the comments of independent directors shall be shall be described:

(I) The matters listed in Article 14-3 of the Securities and Exchange Act: This condition does not apply.

(II) Except for the preceding matters, the other resolutions by the directors that have been opposed or remarked with comments by independent directors that retained a record or had a written statement: not available.

II. The directors shall avoid the process of resolution that involves related interested parties, and the name of the directors, the content of the resolution, the reasons for the avoidance of conflict of interests and the participation status in the voting process shall be stated: not available.

Board of Directors	Content of proposal	Director's name and reasons for the avoidance of conflict of interest	The status of voting
2019.8.8	1. Passed the case for short-form merger of the subsidiary Green World Hotel ZhongHua Co., Ltd. 2. Passed the case for establishment of ZhongHua Branch Office.	As the case involved personal interests of Chairman Hsieh Hsien-Chih, so he was not involved and did not participate in the discussion and voting	In this case, the chairman and his proxy did not participate in the discussion and voting in accordance with the laws and regulations; the case was passed without any objections after the chairperson consulted the four directors present.
2019.11.7	1. Renew the lease contact of Qingtian and Xiemei Branch Office with the related parties through the Company	As the case involved personal interests of Chairman Hsieh Hsien-Chih, so he was not involved and did not participate in the discussion and voting	In this case, the chairman and his proxy did not participation in the discussion and voting in accordance with the laws and regulations; the independent director Liu Shui-Sheng was nominated by director Kodaka Kouji to negotiate the lease and sign the contract on behalf of the company and the case was passed without any objections.

III. The listed and OTC companies should reveal information such as the assessment period and duration, scope of assessment, assessment methods and assessment contents of the board of directors' self (or peer) assessment.
The implementation status for the assessment of board of directors:

Assessment period	Assessment duration	Assessment scope	Assessment methods	Assessment contents
From January 1, 2019 to December 31, 2019.	At the end of each year.	1. The entire board of directors. 2. Individual directors.	Within the board of directors Self-assessment, director Self-assessment.	Items of assessment for the board of directors: 1. Level of participation in operations of the Company 2.Improve the quality of strategic decision for the board of directors 3. The composition and structure of the board of directors 4.Appointment of directors and continuous learning 5. Internal control Items of assessment for the members of board of directors: 1. Understand the objectives and tasks of the Company 2. Understand directors' responsibilities 3. Level of participation in operations of the Company 4. Internal relationship management and communication 5.Professionalism of directors and continuous learning 6. Internal control

IV. The objectives of enhancing the functionalities of the Board of Directors for the current period and the most recent year (such as founding an Audit Committee and improving information transparency, etc.) and the assessment of implementation.

1. The governance supervisors of the Company are in accordance with the amendment to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" released by the competent authority on December 12, 2018 and the “Corporate Governance Best-Practice Principles” of the Company.
2. The Company has stipulated and approved the Company's “Corporate Governance Best-Practice Principles” at the 15th board of directors meeting of the 12th term on November 7, 2019.
3. The Company has purchased liability insurance for all directors and declared in accordance with regulations.
4. Deliver relevant information regarding refresher courses to the board members and assist in the arrangement of refresher courses to enhance their knowledge as well as maintain professionalism.

(II) The operation status of audit committee or the participation status of supervisors in the operations of the board of directors: The Company does not have an audit committee. \

(III)The status of the supervisor's participation in the operation of the board of directors:

The board of directors had 5 meetings (A) in the most recent year, and the attendance records are listed as follows:

Position	Name	Number of attendance (B)	Percentage of attendance (%)(B/A)	Remarks
Supervisor	LIU,TANG-KUN	1	20	
Supervisor	LIU,CHIA-MING	4	80	
Supervisor	KAO,YI-HSING	5	100	

Other items that shall be recorded:

I. Founding of supervisors and their responsibilities:

(I) Communication between the supervisors and the employees and shareholders of the company:

If necessary, the human resources department shall report the structure of employees and the labor status to the supervisors during the meeting of board of directors.

The supervisors shall report the auditing status to the shareholders during the shareholders meeting and allow the shareholders to ask questions.

(II) Communication between the supervisors, and the internal audit supervisor and accountant:

In addition to submit the monthly audit report and tracking report for improvement to the independent directors and supervisors, the internal audit supervisor of the Company shall report the audit operations, results and tracking status to the independent directors and supervisors during the board of directors meeting conducted on a quarterly basis.

The certified accountants of the Company communicate with the corporate governance unit at the end of the year. The attendees include all the directors (including independent directors), supervisors, accountants and audit supervisors.

The communication between the audit supervisors and accountants as well as the independent directors and supervisors are directly conducted with each other depending on the needs without any interference.

II. Supervisor attending a meeting of the board of directors to state opinion: None.

(I) The governance circumstances for TWSE/TPEx listed companies, and the differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons or causes

Evaluation items	Implementation status (Note)			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons or causes
	Yes	No	Summary of the description	
I. Does the company stipulates and release its Corporate Governance Best-Practice Principles according to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Company has stipulated the “Corporate Governance Best-Practice Principles” on 2019.11.7 .	No difference
II. The company’s equity structure and shareholders’ rights and interests				
(I) Does the company stipulate internal operating procedures to conduct matters in regard to the shareholders’ recommendations, doubts, disputes and litigation, and implement it based on these procedures?	✓		The “stock affairs operating procedures” has been stipulated for regular and non- regular operations, and an investor relationship contact is available for answering shareholders’ questions in a timely manner according to the content of the procedures and the laws and regulations.	No difference
(II) Has the company a list of major shareholders who actually control the company and a list of shareholders who control these major shareholders?	✓		The registration list of shareholders has the information of the actual shareholders and it can be used to communicate with the major shareholders in a timely manner.	No difference
(III) Does the company create, implement, and manage the risk and its firewall mechanism between the related companies?	✓		The company has established the "Regulations on Business and Financial Transactions with Subsidiaries of Certain Company Groups", "Management Measures for Subsidiaries" and related matters between related companies.	The company currently has only one subsidiary, but there is no related company. No difference.

(IV) Has company stipulated internal regulations that prohibit insiders from buying and selling securities with the unpublished information in the market?	✓		The Company has established "Management Procedures for the Prevention of Insider Trading" and "Procedures for Processing Important Internal Information".	No difference
III. Founding and duties of the board of directors				
(I) Does the board of directors stipulate and implement a diverse policy regarding the founding of the board members?	✓		The founding of the board members of the company takes consideration of their diverse background, professional competence and experience, as well as their individual ethics and leadership: Hsieh Hsien-Chih, Independent directors Chang Shih-Feng, Hirabayashi Akira, Kodaka Kouji, Liu Shui-Sheng. Directors who have legal expertise: independent director WU,YI-TSAI. Directors who have accounting and financial analysis capability: Kodaka Kouji, Hirabayashi Akira, independent director LIU,SHUI-SHENG	No difference
(II) In addition to founding the Remuneration Committee and Audit Committee according to the laws and regulations, does the company voluntarily create other committees with similar functions?		✓	The Company currently plans to establish an audit committee after the re-election in the 2020 regular shareholders meeting.	In addition to founding the Remuneration Committee according to the laws and regulations, the Company has also been planning other functional committees.
(III) Does the Company stipulate performance assessment regulations and assessment methods for the board of directors and conduct the performance assessment on a yearly basis , and does the results of performance assessment report to the board of directors for the	✓		The company has stipulated the “Performance Evaluation Methods for Directors and Managers” and conducts the performance evaluation according to the two major perspectives: financial and non-financial indicators. The financial indicator includes: revenue, net profit after tax, and shareholder’s return on equity. The non-financial indicator includes: director’s independent status, professionalism in various fields, meeting participation, participation in educational training	No difference

reference of individual directors' salary and nomination of reappointment?			and participation in the internal control of the company. The recent evaluation was completed on 2018/03/27 and the results were as follows: 1. Other than the attendance at the shareholders' meeting can be improved, the performance evaluation result of the board of directors is good after the comprehensive evaluation. 2. The evaluation scores of directors and supervisors have an average of over 80 points. The Company has reported the results of 2019 performance assessment for the board of directors on March 24, 2020, and it will be used as a reference for the director nomination of reappointment in 2020.	
(IV) Does the company regularly assess the independent status of the certified public accountant?	✓		The assessment of the independent status and competency for the certified public accountant will be conducted annually. The board of directors recently assessed the competency, independent status and the entrusted remuneration for accountant CHANG,SHU-YING and CHIH,SHIH-CHIN on 2019/11/7. The assessment content is evaluated based on the account's independent status, ethics, and auditing professionalism.	No difference
IV. Do the TWSE/TPEx listed companies have a corporate governance unit (or part-time) or personnel responsible for the matters in regard to the corporate governance (including but not limited to providing the required information to the directors and supervisors for business usage, the matters related to conduct the meetings of the board of directors	✓		The Company has created a role of director for corporate governance on August 8, 2019 in order to reinforce the corporate governance and improve the performance of the board of directors, and a qualified corporate governance personnel has been assigned. The main jobs of the role include coordinating relevant departments to provide information to the directors for business implementation in a timely manner, assisting directors to be in compliance with laws and regulations, conducting matters related to board of directors meeting and shareholders meetings and implementing the corporate governance affairs, such as	No difference

and shareholders meeting according to the laws, conducting the registration and change of registration for the company, and making meeting minutes for the meeting of the board of directors and shareholders meeting, etc.)			stipulation of promotion objectives relating corporate governance and regular tracking, arrangement of related corporate governance training courses for directors and senior executives. The business implementation status of the governance unit is also disclosed on the Company's website. The implementation status regarding corporate governance in 2019 is as follows: 1. Assisting independent and general directors to carry out their duties, providing the required information, and arranging training and courses for directors: (1) Regularly inform the board members of the company on the amendment of the latest laws and regulations regarding the company’s business operations and corporate governance. (2) Inspect the confidentiality level of the relevant information and provide directors with the required company information, to maintain good communication between the directors and supervisors of all business units. (3) According to the Corporate Governance Best-Practice Principles, it is necessary to assist the independent directors to arrange relevant meetings to meet with the internal audit supervisor or the certified public accountant to understand the needs of the company’s financial condition. (4) Assisting independent and general directors to make the plans for annual refresher courses and arranging courses based on the industrial characteristics of the company and the director’s academic background and experience. 2. Assist the procedures for the meeting of the board of directors and shareholders, and the resolutions to be followed:	

			(1) Report the corporate governance and operations of the company to the board of directors, independent directors and supervisors, and confirm whether the shareholders meeting and meeting of the board of directors of the company comply with the relevant laws and corporate governance regulations. (2) Assist and remind the directors of the regulations that need to be followed during the business implementation process or make a regulation reference for the resolution of the board of directors, as well as provide suggestions if the board of directors may be involved with an illegal resolution. (3) Responsible for announcing important information of resolutions after the meeting of the board of directors and ensuring the legality and correctness of the content of the important announcements, so as to protect the investor's rights of information equivalence. 3. Maintain good investor relations: Arrange meetings for the directors to communicate with major shareholders, corporate investors, or general shareholders depending on the needs, so that investors can obtain sufficient information for the evaluation of capital market value for the company and to protect the shareholders' rights and interests. 4. The scheduled meeting agenda of the board of directors shall be notified to the directors 7 days in advance, and a meeting shall be convened to provide the meeting materials. If the issues for resolution need to be avoided by a director, a notice shall be given in advance, and the meeting minutes of the board of directors shall be completed within 20 days after the meeting. 5. Conduct the registration of the date prior to the shareholders meeting according to the regulations, make a meeting notice, meeting handbook, and meeting records	

			within the statutory time, and apply for change of registration for the re-election of directors.	
V. Does the company have a communication channel with interested parties (including but not limited to shareholders, employees, customers, and supply vendors) and create a stakeholder area on the company's website, and appropriately react and respond to important corporate social responsibility issues to stakeholders?	✓		The company has a dedicated Email for correspondence with interested parties, and the contact information can be found on the stakeholder area on the website of the Market Observation Post System and the company's website, so that interested parties can contact the company if needed and the company can properly respond to the stakeholders' issues.	No difference
VI. Does the company entrust a professional stock agency to conduct the affairs in regard to the shareholders meeting?	✓		The Company has entrusted the Mega Securities Co., Ltd., as the agent to assist the Company in conducting the stock affairs.	No difference
VII. Information disclosure				
(I)Has the company created a website to disclose the information of financial business and corporate governance?	✓		The company has created a website (the company's website address is http://www.greenworldhotels.com/), and investors can also find the company's financial, business, and corporate governance information on the website of the Market Observation Post System.	No difference
(II)Does the company use other approaches for information disclosure (such as creating an English website, designating a person to be responsible for collecting and disclosing the company's information, implementing the spokesperson system, and uploading videos of the investor conferences on the	✓		The company has a spokesperson and acting spokesperson, and also has an investor relation contact window for investors.	The English webpages of the investor area have not been created.

company's website)?				
(III)Does the Company announce and declare the annual financial report within two months after the end of the fiscal year, and announce in advance and declare the first, second and third quarter financial reports as well as the monthly operating report before the deadline?		✓	The announcement and declaration of annual business report have been reported to the competent authority in accordance with Article 36 of the Securities Exchange Act as follows: 1. Announce and declare the annual financial report that has been approved and audited by the accountant, approved by the board of directors and approved ratified by supervisors within three months after the end of each fiscal year. 2. Announce and declare the financial report that has been reviewed and audited by the accountant and submitted to the board of directors within 45 days after the end of the first quarter, second quarter, and third quarter of each fiscal year. 3. Announce and declare the operation status of the previous month before the tenth of each month.	Due to the decreased number of working days during the lunar year, it is not able to announce and declare the annual financial report within two months after the end of the fiscal year.
VIII. Does the company have other important information that can help investors to understand the operation of corporate governance (including but not limited to employees rights, employees care, investor relations, relationships with suppliers, stakeholders rights, training for directors and supervisors, the implementation status of risk management policy and risk measurement standard, the implementation of customer policy, the liability insurance purchased by the company for the directors and supervisors, etc.)	✓		1. Employees' rights and interests: All are conducted according to the relevant regulations of the Labor Standards Act, and an employee complaint channel is available for protecting the legitimate rights and interests of the employees. 2. Employees care: An employee welfare committee is created and various welfare measures are stipulated. 3. Investor relations: The Company regularly releases its financial reports and important business announcements on the website of the Market Observation Post System and on the company's official websites according to the regulations, so that investors are fully informed about the company's business development and current status, in order to maximize the interests of shareholders. 4. Relationship with the suppliers: The company conducts the relevant supplier management according to the stipulated internal control operating system for	No difference

			procurement and payment, and meets the related rights and obligations based on the contract or purchase order. 5. Stakeholders rights: The Company conducts transaction or communication with relevant stakeholders based on the various internal control operating measures, and founded a responsible unit to properly handle the opinions of all related parties to fulfill the corporate social responsibility. 6. The Company has arranged refresher courses for directors in 2019. The relevant training status of directors is as follows. 7. The implementation status of risk management policies and risk measurement standards: the Company's major operation policies, investment proposals, endorsement guarantees, fund loans and bank financing have been evaluated and analyzed by suitable authorities and implemented in accordance with the resolutions by the board of directors. The audit office also stipulates and implements its annual audit plan based on the results of risk assessment, to practically implement the supervision mechanism and control of various risk management. 8. The Company purchases liability insurance for directors and managerial officers of the Company every year and the important content such as insured amount, scope of the insurance, and insurance premium rate of their liability insurance will be reported to the board of directors meeting.	

IX. Please state the improvement of the company's corporate governance and propose the priority matters and measures for reinforcement from among those which have not been improved, according to the evaluation results of the current year issued by the Corporate Governance Center of the Taiwan Stock Exchange Corporation:

1. It plans to establish an audit committee in 2020.
2. The English version of the website is in the process of planning.

Note: Regardless of checking "Yes" or "No" on the check box, it is required to state a description in the summary field.

Attachment: The training courses for the directors and independent directors of the Company in 2019 are as follows:

Position	Name	On board date	Date of the first appointment	Date of training Start	Date of training End	Organizer	Course name	Hours of training	Total hours of training in the year
Representative of corporate directors	Hirabayashi Akira	2017/06/22	2017/06/22	2019/10/29	2019/10/29	Taiwan Investor Relations Institute	Explanation of supervisors and directors' responsibilities and cases under the corporate governance	6.0	6.0
Representative of corporate directors	Kodaka Kouji	2017/06/22	2017/06/22	2019/10/29	2019/10/29	Taiwan Investor Relations Institute	Explanation of supervisors and directors' responsibilities and cases under the corporate governance	6.0	6.0
Supervisor	KAO, YI-HSING	2017/06/22	2017/06/22	2019/10/29	2019/10/29	Taiwan Investor Relations Institute	Explanation of supervisors and directors' responsibilities and cases under the corporate governance	6.0	6.0
Independent director	WU, YI-TSAI	2017/06/22	2017/06/22	2019/10/29	2019/10/29	Taiwan Investor Relations Institute	Explanation of supervisors and directors' responsibilities and cases under the corporate governance	6.0	6.0
Representative of corporate directors	HSIEH, HSIEN-CHIH	2017/06/22	2013/12/30	2019/10/29	2019/10/29	Taiwan Investor Relations Institute	Explanation of supervisors and directors' responsibilities and cases under the corporate governance	6.0	6.0
Representative of corporate directors	CHANG,SHIH-FENG	2019/07/22	2019/07/22	2019/10/29	2019/10/29	Taiwan Investor Relations Institute	Explanation of supervisors and directors' responsibilities and cases under the corporate governance	6.0	9.0
				2019/09/24	2019/09/24	Taiwan Corporate Governance Association	The legal matters that the board of directors should supervise the Company: be careful of the concerted action	3.0	

Supervisor		2017/06/22	102/12/30	2019/10/29	2019/10/29	Taiwan Investor Relations Institute	Explanation of supervisors and directors' responsibilities and cases under the corporate governance	6.0	30.0
				2019/08/26	2019/08/26	Taiwan Academy of Banking and Finance	Workshop of Fintech seed trainers	24.0	
Independent director		2017/06/22	2017/06/22	2019/10/29	2019/10/29	Taiwan Investor Relations Institute	Explanation of supervisors and directors' responsibilities and cases under the corporate governance	6.0	12.0
				2019/06/03	2019/06/03	Taiwan Insurance Institute	Information security insurance and corporate governance - Discussion based on the perspective of information security	3.0	
				2019/05/09	2019/05/09	Taiwan Insurance Institute	From the perspective of corporate governance to review the pros and cons for the implementation of internal information security system of the Company	3.0	
Supervisor		2017/06/22	1998/05/12	2019/10/29	2019/10/29	Taiwan Investor Relations Institute	Explanation of supervisors and directors' responsibilities and cases under the corporate governance	6.0	6.0

(IV) The founding, duties, and operations of the Remuneration Committee:

1. The Company conducted the full re-election of directors and supervisors in the regular shareholders meeting on 2017/06/22. The board of directors appointed members of the fifth Remuneration Committee of the Company on 2017/08/10, including the two independent directors (Liu Shui-Sheng and Wu Yi-Cai) and director Chang Shih-Feng for the term of 2017/08/10 ~ 2020/06/21.

The responsibilities of the Remuneration Committee include stipulating and regularly reviewing the policies, systems, standards and structure of performance assessment and remuneration for directors and managerial officers, as well as regularly evaluate and determine the remuneration for directors and managerial officers. The Company has convened three Remuneration Committee meetings in 2019 and the relevant resolutions have been reported to the board of directors.

2. The members of the Remuneration Committee are listed as follows:

Identity (Note 1)	Criteria / Name	Have more than five years of work experience and the following professional qualifications			The independent status										Also serving on the Remuneration Committee of other public offering companies	Remarks
		A professor or higher position, of the relevant departments in the public or private colleges or universities, required for the field of business, legal, finance, accounting or sales department of the company	Judge, prosecutor, lawyer, accountant or other specialist required by the company, who passes the national examinations and acquires certificates.	Work experience required in the field of business, legal, finance, accounting or sales of the company	1	2	3	4	5	6	7	8	9	10		
Independent director	WU,YI-TSAI		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent director	LIU,SHUI-SHENG	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Director	CHANG, SHIH-FENG			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

3. The operation status of the Remuneration Committee is as follows:

(1) The company's Remuneration Committee has three members.

(2) The current term of office: From August 10, 2017 to June 21, 2020, the Remuneration Committee has one meeting during the recent year (A). The qualification and attendance of the members are as follows:

Position	Name	Actual number of attendance (B)	Number of entrusted attendance	Attendance rate (%) (B/A)	Remarks
Independent director (convener)	LIU,SHUI-SHENG	3	0	100	
Independent director	WU,YI-TSAI	3	0	100	
Member	CHANG,SHIH-FENG	3	0	100	

Other items that shall be recorded:

I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it shall state the date and time of the board of directors, the content of the proposal, the results of the resolutions of the board of directors, and the company's handling of the opinions of the Remuneration Committee (e.g., the compensation received by the board of directors is superior to the recommendations of the Remuneration Committee and explain the difference and its causes): No such situation.

II. If members have objections or reserved opinions and have retained a record or written statement for the Remuneration Committee's resolutions, the meeting date of Remuneration Committee, term of office, content of the proposal, the opinions of all members and the handling of the members' opinions: not available.

(V) Implementation status of social responsibility and Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and reasons or causes

Assessment items	Operational status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and reasons or causes
	Yes	No	Summary of the description	
Does the Company, based on the materiality principle, assess the risk of the environmental, social, and governance issues relating to business operations and establish relevant risk management policies or strategies?	✓		The Company has stipulated the "Corporate Social Responsibility Best Practice Principles" to practically implement the corporate governance, facilitate the development of sustainable environment, and maintain the social welfare. The "Management Procedures for the Prevention of Insider Trading," "Guidelines for integrity management operation procedures and behaviors," and "Self-assessment procedures for internal control systems" of the Company are stipulated for the implementation of risk management policies and the contents are based on relevant laws and regulations of the government.	No difference
II. Does the Company have a special unit (or part-time) for promoting the corporate social responsibility, which is authorized by the board of directors to the high management and the		✓	It is not established. A dedicated (concurrently serving) unit that promotes corporate social responsibilities will be established when necessary.	No difference

Assessment items	Operational status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and reasons or causes
	Yes	No	Summary of the description	
implementation status is reported to the board of directors?				
Environmental issues Does the Company create a suitable environmental management system according to its characteristics in the industry? Is the Company committed to enhancing the efficiency of using various resources and using recyclable materials that have a low impact on the environment?	✓ ✓		The waste recycling, treatment or usage of the Company is conducted in accordance with the environmental management system and environmental protection laws and regulations, and the implementation effectiveness will be reviewed from time to time for continuous improvement. The Company is continuously dedicated to improving the efficiency usage of various resources: such as employees are encouraged to bring their own cups, lunch boxes and environmentally friendly chopsticks to reduce the use of paper lunch boxes; envelopes and kraft paper bags are reused and they are used as delivery bags for internal documents. To avoid environmental pollution and waste of resources caused by discarding ink	No difference No difference

Assessment items	Operational status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and reasons or causes
	Yes	No	Summary of the description	
			cartridges, the used ink cartridges of photocopiers or printers will be returned to the original manufacturers for disposal and treatment; the environmentally friendly ink cartridges are used.	
Does the Company assess the potential risks and opportunities at present and in the future of climate change and take climate-related countermeasures?	✓		The objective of the establishment of the Company is to facilitate the development of the circular economy and hence we pay attention to issues related to climate change. The Company encourages reuse of resources in the office environment: such as the use of electronic invoices and the introduction of exchange mechanism for governmental electronic documents, so to make the receiving and submitting documents more convenient and save the time for official document delivery, paperwork and save the postage costs. We try to use both sides of the papers as much as possible and place a resource recycling rack next to the photocopier for paper recycling and reuse, to greatly reduce the	No difference

Assessment items	Operational status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and reasons or causes
	Yes	No	Summary of the description	
			paper consumption. In addition, the office promotes to set the air-conditioning temperature to 26 degrees in the summer, use the energy-saving LED T5 lamps, and lights off during lunch break and after work hours, to reduce power consumption and slow down the effect of global warming.	
Does the Company measure the amount of greenhouse gas emissions, water consumption, and total weight of waste for the past two years, and stipulate policies for energy conservation and carbon reduction, greenhouse gas reduction, reduction of water consumption, or waste treatment?	✓		The Company has saving measures for the resource usage of water and electricity in response to climate change, and the Company regularly evaluates its implementation status to reduce the impact on the environment.	No difference
4. Social issues (I) Does the Company stipulate relevant management policies and procedures according to the relevant regulations and conventions of international human rights?	✓		(1) On the basis of the Labor Standards Act and other relevant labor laws and regulations, the Company has stipulated the human resource management rules and employees’ work rules. The employees' labor insurance, national health insurance and retirement pension are conducted in	No difference

Assessment items	Operational status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and reasons or causes
	Yes	No	Summary of the description	
			accordance with relevant laws and regulations. In addition, on the basis of the “Sexual Harassment Prevention Act” and the “Act of Gender Equality in Employment,” the Company has stipulated the "Sexual Harassment Prevention Measures and Regulations for Complaint and Punishment" to provide employees with a work and service environment that is free of sexual harassment.	
(2)Does the Company stipulate and implement reasonable welfare regulations for employees (including remuneration, holidays and other benefits), and appropriately distribute the revenue of operating performance or results to employees’ remuneration?	✓		(2) The employees’ salary and compensation policy are determined according to individual's ability, contribution to the Company, performance, competitiveness, and operational risks of the Company in the future. With respect to Article 22 of the Articles of Incorporation, if the Company has profit in the current year, it shall reserve 0.7% to 10% for the employee's remuneration and the directors and	No difference

Assessment items	Operational status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and reasons or causes
	Yes	No	Summary of the description	
			supervisors' remuneration shall not be more than 1%. However, if the Company still has accumulated losses, the amount shall be reserved in advance. The Company has stipulated the "Employees' Work Rules," "Regulations for Employees' Assessment Management," and "Regulations for Labor-Management Meeting and Organization." In addition to promoting relevant corporate ethics, employees' performance and rewards, and disciplinary system, the Company also includes talents and systems, and prospective arrangement as the assessment indicator, as well as emphasizes the importance of corporate social responsibilities and human-oriented sustainable corporate development, to enhance the international competitiveness of the Company in the future.	No difference

Assessment items	Operational status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and reasons or causes
	Yes	No	Summary of the description	
(3)Does the Company provide a safe and healthy working environment for employees and regularly conduct safety and health educational training for employees?	✓		(3) With respect to relevant occupational safety and health laws and regulations, the Company conducts safety and health education, training of disaster prevention and health management measures that are necessary for the operations of employees. Emergency escape routes and exits are available in the workplace and maintenance of elevator equipment is conducted on a regular basis. The fire-fighting facilities are available, and the fire drills are conducted on a regular basis; the work environment is disinfected and cleaned, and the water quality is tested on a regular basis; the access control is also implemented. Other protective measures regarding personal safety of employees shall be conducted in accordance with relevant labor regulations and the Company's internal welfare measures. The Company regularly offers health	No difference

Assessment items	Operational status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and reasons or causes
	Yes	No	Summary of the description	
			examination and cares to employees to practically take care of the employees' health issues.	
(4)Does the Company propose an effective career development training plan for employees?	✓		(4) All departments of the Company have participated in external training based on their work content, to enhance their professionalism. We also provide comprehensive and diverse resources to help our employees to continuously improve their knowledge. The Company is continuously dedicated to constructing a comprehensive and diverse career development path.	No difference
(5)Does the Company follow relevant laws, regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, as well as stipulate relevant policies for the protection of consumer's rights and appeal procedures?	✓		(5) The Company follows the regulations of the "Auditing and Certification Manual for Recycling, Disposal and Treatment of Recyclable Waste" announced by the Environmental Protection Administration of the Executive Yuan. The "integrity management operation procedures and operational guidelines" of the Company clearly stipulated that the	No difference

Assessment items	Operational status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and reasons or causes
	Yes	No	Summary of the description	
			Company and its directors, supervisors, managers, employees, appointers and substantial controllers should follow the relevant laws and regulations on intellectual property to ensure information transparency and safety of products and services. The Company has stipulated and disclosed its protection polices for consumers' and other stakeholders' rights, and they are implemented in operating activities to prevent the products or services from directly or indirectly violating the rights, health and safety of consumers or other stakeholders.	
(6) Does the Company stipulate supplier management policies that request suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor rights, and what is the implementation status?			(6) The Company is in the hotel industry and its hotel waste is entrusted to waste disposal business vendors. At present, the Company has implemented the concepts and management indicators of sustainable development management, social responsibilities, environmental responsibilities and occupational health	No difference

Assessment items	Operational status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and reasons or causes
	Yes	No	Summary of the description	
			and safety requirements into the cooperative model with the Company's suppliers, to establish a high-quality management system of supply chain.	
5. Does the Company refer to the international report to prepare standards or guidelines such as corporate social responsibility reports that disclose the non-financial related information of the Company? Does the preceding report obtain assurance or opinion from a third-party authentication unit?		✓	The Company has not prepared standards or guidelines. It will consider the international trends and market variation to prepare standards or guidelines in the future.	No difference
VI. Other important information that can help others to understand the operations of the corporate social responsibility: Please refer to the company's official website.				
VII. Please describe if the corporate social responsibility report of the company has passed the verification of a relevant verification agency: None.				

(VI) Implementation of ethical corporate management and differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons or causes

1. The Company has requested that all directors, supervisors, managers or employees of the Company shall not directly or indirectly accept any inappropriate benefit or make improper promises during the business process. Furthermore, the promotion of the importance of ethical corporate management is thoroughly carried out during the training of new employees.
2. The company has created an effective accounting system and internal control system during the stage of designing the company's system, in order to prevent any possible corruptive practice during business activities.
3. As for avoidance of conflict of interest, the director, supervisor, or manager shall not participate in the decision-making or voting if the person is related to any conflict of interest during the decision-making or trading process.
4. The company has implemented the ethical corporate management as follows:

Evaluation items	Operational status (Note 1)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons or causes
	Yes	No	Summary of the description	
I. Stipulate the ethical corporate management policy and plan				
(I) Does the Company stipulate the integrity management policy approved by the board of directors and clearly express its commitment to the ethical corporate management policy and practices in its regulations and external documents, and reinforce the commitment to the board of directors and high management for the implementation of the business policies?	✓		The Company has stipulated and implemented the "Ethical Corporate Management Best Practice Principles", "Codes of Ethical Conduct" and "Codes of Ethical Conduct for Employees".	No difference
(2) Does the Company establish an assessment mechanism for the risk of dishonest behaviors to regularly analyze and assess the business activities with high risks of dishonest behaviors defined in the business scope and stipulate a program to prevent dishonest behaviors, including each of the preventive measures in the second paragraph of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM	✓		The company has stipulated and implemented the "Ethical Corporate Management Best Practice Principles", "Codes of Ethical Conduct" and "Codes of Ethical Conduct for Employees" and "Methods for Reporting Cases of Illegal and Immoral or Unethical Conduct".	No difference

Evaluation items	Operational status (Note 1)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons or causes
	Yes	No	Summary of the description	
Listed Companies"?				
(III) Has the company adopted preventive measures for business activities with a higher risk of unethical conduct according to Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		The company has an internal control system and an audit department for the prevention of unethical conduct, and it also has a dedicated Email for reporting illegal and immoral or unethical conduct.	No difference
II. The implementation of ethical corporate management				
(I) Has the company evaluated the ethical record of the transaction counterpart and clearly specified the terms of ethical conduct in the contract with the transaction counterpart?		✓	The company has a credit check mechanism, but does not specify the terms of ethical conduct in the contract.	In the evaluation process
(II) Does the Company create a dedicated unit under the board of directors to promote the corporate integrity management and regularly (at least once a year) report the integrity management policies and plans, prevention program of dishonest behaviors and the implementation and supervision status to the board of directors?		✓	The company does not have a special unit (or part-time unit) under the board of directors for the promotion of ethical corporate management.	In the evaluation process
(III) Does the company stipulate a policy to prevent conflicts of interest, provide a proper channel for communication, and practically implement the policy?	✓		In the case of conflict of interest, the company will request all of the relevant personnel to properly state the situation and have them avoid the resolution process.	No difference

Evaluation items	Operational status (Note 1)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons or causes
	Yes	No	Summary of the description	
(4) Does the Company establish an effective accounting system and internal control system to implement the integrity management and stipulate relevant auditing plan based on the assessment results of risk for dishonest behaviors conducted by the internal audit unit for verifying the compliance status of prevention for dishonest behaviors, or entrust an accountant to conduct auditing?	✓		The company has stipulated and practically implemented the "Ethical Corporate Management Best Practice Principles", "Codes of Ethical Conduct", "Codes of Ethical Conduct for Employees", and "Methods for Reporting Cases of Illegal and Immoral or Unethical Conduct". The internal audit unit will carry out the audit and the accountant will audit the accounting system.	No difference
(V) Does the company regularly conduct internal and external educational training regarding ethical corporate management?	✓		The company promotes ethical corporate management during the internal convocation.	No difference
III. The implementation of the company’s whistleblowing system				
(I) Does the company have a specific whistleblowing and reward system, a convenient whistleblowing channel, and appropriate and dedicated personnel to deal with the respondent?	✓		The company has stipulated the “Methods for Reporting Cases of Illegal and Immoral or Unethical Conduct”, and it also has a dedicated Email for reporting illegal and immoral or unethical conduct.	No difference
(II) Does the company stipulate the standard operating procedures of investigation and relevant confidentiality mechanism for conducting the reported matters?	✓		The company has stipulated the “Methods for Reporting Cases of Illegal and Immoral or Unethical Conduct”, and it also has a dedicated Email for reporting illegal and immoral or unethical conduct.	No difference
(III) Does the company take preventive measures to protect the whistleblower from improper treatment due to the report?	✓		The company has stipulated the “Methods for Reporting Cases of Illegal and Immoral or Unethical Conduct”, and it also has a dedicated Email for reporting illegal and immoral or unethical conduct.	No difference

<table>
<tr><th rowspan="2">Evaluation items</th><th colspan="3">Operational status (Note 1)</th><th rowspan="2">Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons or causes</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary of the description</th></tr>
<tr><td>IV. Reinforcement of information disclosure</td><td></td><td></td><td></td><td></td></tr>
<tr><td>(I) Does the company reveal the content of Ethical Corporate Management Best Practice Principles and the effectiveness of implementation on its website and on the website of the Market Observation Post System?</td><td>V✓</td><td></td><td>The company has revealed the relevant Ethical Corporate Management Best Practice Principles information in the annual report of the company and also posted it on the company’s website and on the website of the Market Observation Post System for the reference of the relevant personnel.</td><td>No difference</td></tr>
<tr><td colspan="5">V. If the company has stipulated its Ethical Corporate Management Best Practice Principles according to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, please describe the difference between the principles and implementation operations:
The company has stipulated the "Ethical Corporate Management Best Practice Principles", and no significant abnormality has occurred as of now.</td></tr>
<tr><td colspan="5">VI. Other important information that can help others to understand the company’s operations of ethical corporate management: None.</td></tr>
</table>

(VII) Search for the corporate governance regulations and other relevant regulations: Annual report, the website of the Market Observation Post System and the company’s website.

(VIII) Other important information that can help others to understand the operations of corporate governance of the company:

1. Codes of Ethical Conduct

Green World Hotels Co., Ltd.
Codes of Ethical Conduct

Passed by the board of directors on March 25, 2015

I. Purpose and foundation

In recognition of the necessity to assist the company in the establishment of codes of ethical conduct, these Codes are adopted for the purpose of guiding the directors, supervisors, and managerial officers of the company (including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of the company) to act in line with the ethical standards, and to help interested parties better understand the ethical standards of the company.

II. Content of the code

The company shall adopt a code of ethical conduct that addresses at least the following eight matters:

(I) Prevention of conflicts of interest:

The conflicts of interest may occur when personal interest intervenes or is likely to intervene in the overall interest of the company, such as when a director, supervisor, or managerial officer of the company is unable to perform their duties in an objective and efficient manner, or when a person takes advantage of their position in the company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship. The company shall pay extra attention to the loans of funds, guarantees, and major asset transactions or the purchase (or sale) of products involving the preceding personnel of the affiliated enterprise. The company shall stipulate a policy for preventing conflicts of interest, and shall offer an appropriate channel for directors, supervisors, and managerial officers to proactively explain whether there is any potential conflict between them and the company.

(II) Prevention of incentives to pursue personal interest:

The company shall prevent the directors, supervisors, or managerial officers from engaging in any of the following: (1) Seeking an opportunity to pursue personal interest by using company property or information or taking advantage of their positions. (2) Obtaining personal interest by using company property or information or taking advantage of their positions. (3) Competing with the company. When the company has an opportunity for profit, it is the responsibility of the directors, supervisors, and managerial officers to acquire the reasonable and proper benefits that can be obtained by the company.

(III) Confidentiality:

The directors, supervisors, and managerial officers of the company shall be obligated to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, other than when authorized or required to disclose such information by laws and regulations. The confidential information includes any undisclosed information that could result in damage to the company or customers, if it is exploited by a competitor or disclosed to a competitor.

(IV) Fair trading:

Directors, supervisors, and managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and they may not obtain improper interests through manipulation, nondisclosure, or misuse of the information through their positions, misrepresentation of important matters, or other unfair trading practices.

(V) Protect and properly use the company's assets:

All directors, supervisors, and managerial officers have the responsibility to protect the company's assets and to ensure that they can be effectively and legally used for official business purposes. Any theft, negligence, or waste of the assets will directly impact the company's profitability.

(VI) Compliance of laws and regulations:

The company shall reinforce its compliance with the Securities and Exchange Act and other applicable laws and regulations.

(VII) Encouraging reporting on illegal actions or violations to the Codes of Ethical Conduct:

The company shall reinforce the awareness of ethics internally and encourage employees to report to a company supervisor, managerial officer, chief internal auditor, or other appropriate personnel upon suspicion or discovery of any activity in violation of the laws or regulations or the Codes of Ethical Conduct. To encourage employees to report illegal matters, the company shall create a specific whistleblowing system and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.

(VIII) Punishment measures:

When a director, supervisor, or managerial officer violates the Codes of Ethical Conduct, the company shall conduct the matter according to the punishment measures stipulated in the Codes of Ethical Conduct, and shall reveal it on the website of the Market Observation Post System without delay, including the date of the violation by the violator, reasons for the violation, the violated provisions of the Codes of Ethical Conduct, and the actions taken. The company shall create a relevant complaint system to provide the person who violates the Codes of Ethical Conduct with remedies.

III. Procedures for exemption

The Codes of Ethical Conduct stipulated by the company must request that any exemption for directors, supervisors, or managerial officers from compliance with the Codes of Ethical Conduct be adopted by a resolution of the board of directors, and that information on the date on which the board of directors adopted the resolution for exemption, objections or reserved comments of independent directors, and the period of exemption, reasons for exemption, and principles behind the application of the exemption be disclosed without delay on the website of the Market Observation Post System, so that the shareholders can evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to protect the interests of the company by ensuring appropriate mechanisms for controlling any circumstance during the occurrence of an exemption.

IV. Method of disclosure

The company shall disclose its Codes of Ethical Conduct, and any amendments to it, on its company website, in its annual reports and prospectuses and on the website of the Market Observation Post System.

V. Enforcement

The company’s Codes of Ethical Conduct, and any amendments to it, shall be implemented after it has been adopted by the board of directors, and submitted to supervisors and a shareholders meeting.

2. Codes of Ethical Conduct for Employees

Green World Hotels Co., Ltd.
Codes of Ethical Conduct for Employees

Passed by the board of directors on March 25, 2015

Article 1. Purpose

The Codes of Ethical Conduct for Employees are stipulated for the employees of the company to follow, and allow the stakeholders of the company to understand the ethical standards and codes of conduct that should be followed by the employees during the process of business operations.

Article 2. Application scope

The Codes of Ethical Conduct for Employees are applicable to all employees of the company. It is the responsibility of all employees of the company to read, understand and comply with the Codes of Ethical Conduct for Employees.

Article 3. Principle of integrity

When performing their duties, the employees of the company should focus on a teamwork spirit and abandon self-centered principles, and should follow the principle of integrity with a proactive and responsible attitude.

Article 4. The principle of fairness

Employees of the company are prohibited to discriminate against each other in any form based on factors such as gender, race, religion, political party, sexual orientation, job position, nationality and age.

Article 5. Working environment

It is the responsibility of all employees of the company to maintain a healthy and safe working environment, and matters in regard to sexual harassment, violence, threats or intimidation are prohibited.

Article 6. Prevention of conflicts of interest, and incentives to pursue personal gain:

The employees of the company are responsible for maintaining and enhancing the appropriate and legitimate benefits of the company and should avoid the following:

1. Seeking an opportunity to pursue personal interest by using company property or information or taking advantage of their positions.
2. Competing with the company.

Article 7. Confidentiality

The employees of the Company shall carefully manage matters or confidential information regarding their job duties. They shall not disclose the information to others or use it for matters not related to work, including the information of the company's personnel and customers, inventions, etc., business confidentiality, technical information, unless they are disclosed by the Company or necessary for the implementation of their job duties. The same is true after they leave their job position. The abovementioned 2 confidential information, including the product design, professional manufacturing knowledge, financial and accounting information and intellectual property rights, and any undisclosed information that could result in damage to the company or customers, if it is exploited by a competitor or disclosed to a competitor.

Article 8. Fair trading

1. The employees of the company shall treat the business counterparts fairly. When dealing with related

parties, there shall be no special favorable treatment or matters.

2. When conducting job duties, the employees of the Company shall not request, contract, deliver, or accept any form of gift, special treatment, commission, bribery or any other matters involving improper interests. However, this is not applicable to gifts or special treatment that is acceptable by social custom or the company regulations.

Article 9. Protection and proper use of company assets

1. The usage of the company name is limited to only the business operation of the company;

2. When conducting job duties, the employees of the company should avoid the data, information system and network equipment being involved to matters in regard to theft, interference, destruction or intrusion, to protect the confidentiality, integrity and availability of the company's various assets;

Article 10. Compliance of laws and regulations

1. The employees of the company shall follow the relevant laws, rules, and orders that are applicable to the company, including the laws regarding insider trading and the protection of intellectual property;

2. The employees of the company shall follow the rules and regulations stipulated by the company, and pay attention to the various announcements on the company's internal website and bulletin board;

Article 11. Proper documentation and reporting

The employees of the company shall ensure the documents handled in various forms are correct and complete, and the documents shall be properly retained.

Article 12. Encourage the reporting of any illegal matters or violations of these Codes

When employees of the company discover any violations of laws, regulations, or the Codes of Ethical Conduct for Employees, they can report to the supervisor with their names. The company will do its utmost to keep confidential and protect the identity of the presenter from threats. The company will use its best efforts to ensure the safety of informers and protect them from reprisals.

Article 13. Punishment measures

If the employees of the company violate the Codes of Ethical Conduct for Employees and the instance is verified by the company, a warning letter will be issued, or depending on the circumstances of the case, the following punishment may be applied.

1. Withholding the performance bonus and year-end bonus;
2. Position demotion and job demotion;
3. Dismissal;
4. Take legal action.

Article 14. Procedures for exemption

The Procedures for exemption are not applicable to the employees of the Company for the provisions of these codes.

Article 15. Implementation and disclosure methods

1. The company's Codes of Ethical Conduct for Employees, and any amendments to it, shall be implemented after it has been adopted by the board of directors, and submitted to the shareholders meeting.

2. The company shall disclose the Codes of Ethical Conduct for Employees, and any amendments to it, in its annual reports and prospectuses and on the website of the Market Observation Post System.

(IX) Implementation status of internal control system:

1. Internal control declaration

Green World Hotels Co., Ltd.
Internal control system declaration

Date: March 24, 2020

On the basis of the results of self-assessment, the declaration of the company's internal control system in 2019 is as follows:

I. The Company understands that the creation, implementation, and maintenance of the internal control system is the responsibility of the board of directors and managerial officers of the Company. The Company has already created the system. The purpose is to provide reasonable assurance for achieving the operational effectiveness and efficiency (including profitability, business performance and protection of assets, etc.), reliability of financial reports, and compliance with the relevant laws and regulations.

II. The internal control system has its limitations, regardless of how the structure is designed, an effective internal control system can only provide reasonable assurance for achieving the abovementioned three objectives, and the effectiveness of the internal control system may also vary due to changes in the environment and circumstances. However, the company's internal control system has a self-monitoring mechanism. Once the shortcoming is identified, the company will take corrective measures right away.

III. The Company determines the items for the effectiveness of the internal control system according to the "Regulations for the Establishment of Internal Control Systems for Listed Companies" (hereinafter referred to as the "Regulations"), to determine whether the design and implementation of the internal control system is effective. The judgment items of the internal control system used in the "Regulations" are based on the five components of the internal control system in the process of management control: 1. Control environment 2. Risk assessment 3. Control operations 4. Information and communication 5. Supervision. Each component includes several sub-items. Please refer to the "Regulations" for the preceding item.

IV. The Company has already adopted the abovementioned judgment items of the internal control system to determine and evaluate the effectiveness of the design and implementation of the internal control system.

V. On the basis of the results of the abovementioned assessment, it believes that the internal control system of the Company on December 31, 2019 (including the supervision and management of subsidiaries), including the level of achieving the operational effectiveness and objective of efficiency, the reliability of financial reports, and the design and implementation of the relevant internal control system regarding relevant compliance with the laws and regulations which are valid and can be reasonably ensured the achievement of the abovementioned objectives.

VI. This declaration will be included in the main content of the company's annual report and will be announced to the public. If the abovementioned content is false or not disclosed, it will be involved with legal liabilities such as Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

VII. This declaration was approved by the board of directors of the company on March 24, 2020. Among the 6 attending directors, there were 0 objections, and the rest of the attending directors agreed to the content of this declaration.

Green World Hotels Co., Ltd.

Chairman: HSIEH,HSIEN-CHIH Signature

General Manager: FUKAI YOHEI Signature

3. It is requested to entrust a certified public accountant to review the internal control system by the Securities and Futures Institute, and the accountant’s review report should be disclosed: None

(X) In the most recent year and as of the published date of the annual report, the company and its internal personnel were punished according to law, and the company’s penalties for violation of the internal control system by its internal personnel were mainly missing and improved: none.

(XI) Important resolutions of the meeting of shareholders and the board of directors in the most recent year and as of the published date of the annual report:

1.Important resolutions of the board of directors

Meeting date	Meeting type	Content of meeting
2019.03.19	Board of Directors	Passed the case of the assessment of the effectiveness of the internal control system and the issuance of the "Internal control system declaration" Passed the case of recommendations from the Remuneration Committee Passed the case of the 2018 annual accounts Passed the case of amendment to the "procedures for acquisition or disposition of assets" Passed the case of amendment to the “Articles of Incorporation" Passed the case of "Green World Mai – ZhongShan" rental contract renewal Passed the case of the resolutions and related matters of the 2019 shareholders meeting Passed the case of establishing subsidiary by investing NT$5 million Passed the case of "standard operating procedures for conducting directors’ requirements"
2019.5.10	Board of Directors	Passed the distribution of the 2018 annual earnings Approved the case of remuneration for employees, directors and supervisors in 2018 Approved the amendments to the "Operation Procedures for Fund Lending to Others" and "Implementation Regulations for Endorsement Guarantee" Passed the case of modifying the Company's organization chart Passed the case of waiving the prohibition on the Company directors' non-competition restriction Passed the case of amend the shareholders meeting in 2019 Passed the case for renewing the lease contact for the Xiemei Branch Office Approved two renewal leases of the New World Hotel Branch Office Approved the resignation of the audit supervisor of the Company
2019.8.8	Board of Directors	Approved the case of creating a role of corporate governance supervisor Approved the ratification case by the audit supervisor of the Company Approved to authorize the chairman to sign the lease contract of YuXi Building Approved to authorize the chairman to handle new construction case of the hotel after signing the lease contract of YuXi Building. Approved to authorize the chairman to sign a lease contract of WanChi Building in Taipei City Passed the case for short-form merger of the subsidiary Green World Hotel ZhongHua Co., Ltd. Passed the case for establishment of ZhongHua Branch Office.

Meeting date	Meeting type	Content of meeting
2019.10.2	Temporary board of directors	Approved the short-term lease of a building located near the Taipei Station as the hotel business base of the Company Approved the establishment of a branch office
2019.11.7	Board of Directors	Passed the case of the Company's 2020 budget and operating plan Passed the case of the Company's 2020 annual audit plan Passed the case of assessment of competency and independent status for the certified public accountants, and the remuneration for entrustment. Approved the case of the Company's "Corporate Governance Best-Practice Principles" Approved the Company's performance assessment for directors, supervisors and managers as well as the compensation policies, systems, standards, and structure. Approved the Company's year-end bonus amount for managers in 2019 Approved the Company's salary remuneration for managers in 2020 Approved the cancelation of signing the lease contract of YuXi Building Approved to sign a letter of intent for hotel rental Passed the case for renewing the lease contact of Sansui and Qingtian Branch Office Passed the case for renewing the lease contact of Qingtian and Xiemei Branch Office with the related parties through the Company
2020.1.13	Board of Directors	Approved the contract signing authorization case for cooperation with the related parties of the Company Approved the rent adjustment of three branch office: Nanjing, Linsen and New World Hotel Branch Office
2020.1.13	Temporary board of directors	Approved the rent adjustment of three branch offices: Nanjing, Linsen, and New World Hotel Branch Office at the 16th board of directors meeting of the12th term
2020.3.24	Board of Directors	Approved the appointment of CEO and general manager of the Company Approved the ratification case of new financial director, accounting director and spokesperson Approved the case of Company's organization adjustment Passed the case of the 2019 annual accounts Passed the distribution of the 2019 annual earnings Passed the case of 2019 compensation for employees, supervisors and directors Passed the case of 2019 Internal control system declaration Approved the case of "Organizational Rules of Audit Committee" of the Company Approved the amendments to the Company's "Rules of Procedure for Meeting of Shareholders" Approved the amendment to the "Corporate Social Responsibility Best Practice Principles" and "Corporate Governance Best-Practice Principles" of the Company Approved the 13th director re-election and nomination of candidates of the Company Approved the case of waiving the prohibition on new directors' non-competition restriction of the Company by submitting to the shareholders' general meeting. Approved the related affairs regarding regular shareholders meeting in 2020

Meeting date	Meeting type	Content of meeting
		Approved to conduct the emergency financing loan in tourism industry Approved the change of lease contract of Flora Hotel Main Station without rent adjustment Approved to reduce the rent of related parties during the coronavirus epidemic period in response to the impact of the coronavirus pandemic
2020.4.28	Board of Directors	Approved the candidate nomination of directors for board of directors (including independent directors) Approved to apply to the bank for an emergency coronavirus financing loan within NT$ 200 million Approved to apply to the Sumitomo Mitsui Banking Corporation for credit financing of NT$ 150 million

2. Important resolutions of the shareholders meeting

Meeting date	Meeting type	Important resolutions	Implementation status
2019.06.28	2019 shareholders meeting	1. Ratified the 2018 Annual Statement 2. Ratified the distribution of the 2018 annual earnings 3. Passed the case of amendment to the “Articles of Incorporation" 4. Passed the case of amendment to the "procedures for acquisition or disposition of assets" 5. Approved the amendments to the "Operation Procedures for Fund Lending to Others" and "Implementation Regulations for Endorsement Guarantee" 6. Passed the case of waiving the prohibition on directors' non-competition restriction	Implementation finished

(XII) In the most recent year and as of the published date of the annual report, the directors or supervisors have different opinions on the important resolutions passed by the board of directors and have retained a record or written statement. The main content is: None.

(XIII) Summary of the resignation of the company’s chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor and R&D supervisor In the most recent year and as of the published date of the annual report:

April 30, 2020

Position	Name	On board date	Date of dismissal	Reason for resignation or dismissal
Internal audit supervisor	Tsao Yun-Lan	2019.04.18	2019.05.10	Personal career planning
Chief financial officer	WU, PANG-MING	2015.03.17	2020.02.29	Personal career planning

V. Information of the certified public accountant's professional fees

The company's use of the range of fees to reveal the accountant's professional fees information:

a.Accountant information

Name of the accounting firm	Name of the accountant		Auditing period	Remarks
KPMG Taiwan	CHANG,SHU-YING	CHIH,SHIH-CHIN	Year 2019	-

b.Accountant's professional fees range

	Amount range \ Professional fees item	Audit professional fees	Non-audit professional fees	Total
1	Less than 2,000,000 NTD		✓	
2	2,000,000 NTD (included) ~ 4,000,000 NTD	✓		✓
3	4,000,000 NTD (included) ~ 6,000,000 NTD			
4	6,000,000 NTD (included) ~ 8,000,000 NTD			
5	8,000,000 NTD (included) ~ 10,000,000 NTD			
6	10,000,000 NTD or more			

Amount unit: NT$1,000

Name of accounting firm	Name of accountant	Audit professional fees	Non-audit professional fees					Accountant Auditing period	Remarks
			System design	Business registration	Human resources	Others	Subtotal		
KPMG Taiwan	CHANG,SHU-YING CHIH,SHIH-CHIN	2,990	0	0	0	355	355	Year 2019	Transfer Pricing report

(I) If the ratio of non-audit professional fees, paid to the certified public accountant and the certified public accountant's affiliated office, accounts for more than one quarter of the audit professional fees, the non-audit professional fees, the audit professional fees and the content of the non-audit service it shall be disclosed: none.

(II) When changing the accounting firm and the accounting professional fees paid are less than the previous year, the reduced amount of the accounting professional fees, proportion, and reason for reduction shall be disclosed: None.

(III) If the audit professional fees are reduced by 15% or more compared to the previous year, the reduced amount of the accounting professional fees, proportion, and reason for reduction shall be disclosed: None.

VI. Information regarding changing the accountant: None.

VII. Information on the compane's chairman, general manager and the managerial officer responsible for financial or accounting affairs, who has worked in the office of the certified public accountant or the affiliated enterprise in the most recent year, his or her name, position title and employment period in the office of the certified public accountant or the affiliated enterprise shall be disclosed: None.

VIII. The number of shares on the same reinvested business, held by the company, the company's directors, supervisors, managers and the businesses directly or indirectly controlled by the company, and the comprehensive shareholding ratio:

(I) Changes of shareholding status for the directors, supervisors, managerial officers and major shareholders

Unit: stock share

Position	Name	Year 2018		as of April 30, 2019	
		Number of shareholding Increase (decrease) number	Pledged number of shares Increase (decrease) number	Number of shareholding Increase (decrease) number	Pledged number of shares Increase (decrease) number
Chairman	Shenyan Investment Co., Ltd.	7,930,502 0	0 0	7,930,502 0	0 0
Chairman	Shenyan Investment Co., Ltd. Representative: HSIEH,HSIEN-CHIH	5,183,852 1,200,000	0 0	5,183,852 0	0 0
Director (Note 1)	Shenyan Investment Co., Ltd. Representative: HSIEH,HSIU-MEI	13,000 0	0 0	13,000 0	0 0
Director (Note 1)	Shenyan Investment Co., Ltd. Representative: CHANG, SHIH-FENG	555,000	0 0	555,000 0	0 0
Director	H.I.S Hotel Holdings Co., Ltd.	55,961,455 0	0 0	55,961,455 0	0 0
Director	H.I.S Hotel Holdings Co., Ltd. Representative: Kodaka Kouji	0 0	0 0	0 0	0 0
Director	Yiyaun Investment Co., Ltd.	1,811,798 0	0 0	1,811,798 0	0 0
Director	Yiyaun Investment Co., Ltd. Representative: Hirabayashi Akira	0 0	0 0	0 0	0 0
Independent director	LIU,SHUI-SHENG	0 0	0 0	0 0	0 0
Independent director	WU,YI-TSAI	0 0	0 0	0 0	0 0
Supervisor	LIU,TANG-KUN	0 0	0 0	0 0	0 0
Supervisor	LIU,CHIA-MING	2,855,667 0	0 0	250,000 -2,605,67	0 0
Supervisor	KAO,YI-HSING	0	0	0	0

Position	Name	Year 2018		as of April 30, 2019	
		Number of shareholding Increase (decrease) number	Pledged number of shares Increase (decrease) number	Number of shareholding Increase (decrease) number	Pledged number of shares Increase (decrease) number
		0	0	0	0
General manager (Note 2)	HSIEH,CHANG-CHENG	5,183,852 1,200,000	0 0	5,183,852 0	0 0
Manager	WU,YU-CHI	0 0	0 0	0 0	0 0
Manager	CHIEN,SHUN-KUEI	0 0	0 0	0 0	0 0
Manager	LIN,HSIU-JUNG	0 0	0 0	0 0	0 0
Manager	TSUI,CHIEH-MIN	0 0	0 0	0 0	0 0
Manager	YANG,KUN-HUI	0 0	0 0	0 0	0 0
Manager	CHEN,HUI-CHING	0 0	0 0	0 0	0 0
Manager	CHANG,YU-SHAN	0 0	0 0	0 0	0 0
Chief operating officer (Note 2)	Fukai Yohei	27,000 12,000	0 0	39,000 0	0 0
Chief financial officer	WU,PANG-MING	0 0	0 0	0 0	0 0
Head of corporate governance (Note 4)	Li Yue-Mei	0 0	0 0	0 0	0 0
Financial supervisor (Note 5)	Lin Meng-Yue	0 0	0 0	0 0	0 0
Accounting supervisor (Note 6)	Peng Fei-Hsiu	0 0	0 0	0 0	0 0
Major shareholder	Shenyan Investment Co., Ltd.	7,930,502 0	0 0	0 0	0 0
Major shareholder	H.I.S. Hotel Holdings Co., Ltd.	55,961,455 0	0 0	55,961,455 0	0 0

Note 1: The corporate director Shenyan Investment Co., Ltd. reassigned Zhang Shi-Feng as its representative on July 22, 2019.

Note 2: The Chief Operating Officer Shenjing Yangping was appointed by the board of directors as the CEO and general manager of the Company on March 24, 2020.

Note 3: Resigned on February 29, 2020.

Note 4: 2020.08.08 The board of directors approved that the head of stock affairs Li Yue-Mei as the head of stock affairs and corporate governance supervisor of the Company

Note 5: 2020.03.24 The board of directors approved that the financial manager Lin Meng-Yue as the company's financial supervisor

Note 6: 2020.03.24 The board of directors approved that the accounting assistant manager Peng Fei-Hsiu as the accounting director of the Company

(II) Information of directors, supervisors, managers and major shareholders' equity transferring to their related parties: None.

(III)Information of directors, supervisors, managers and major shareholders' equity pledge to their related parties: None.

IX. Information on the relationships between the top ten Shareholders of the company.

April 30, 2019

Name	Personal Holding shares		Spouse, underage children Holding shares		Under the name of others Holding shares in total		The name and relationship of the top ten shareholders who are a spouse or a relative within the second degree of kinship to another top ten shareholder.		Remarks
	Number of shares	Holding shares Ratio	Number of shares	Holding shares Ratio	Number of shares	Holding shares Ratio	Name (or full name)	Relationship	
H.I.S. Hotel Holdings Co., Ltd.	55,961,455	51%	0	0%	0	0%	None	None	None
Shenyan Investment Co., Ltd.	7,930,502	7.23%	0	0%	0	0%	None	None	None
HSIEH,HSIEN-CHIH	5,183,852	4.72%	0	0%	1,520,547	1.39%	None	None	None
WU ZIYANG	3,967,591	3.62%	0	0%	0	0%	None	None	None
Yu Shan-Ni	3,205,667	2.92%	0	0%	0	0%	None	None	None
CHENG, YA-YING	2,773,616	2.53%	0	0%	0	0%	None	None	None
BAO MA ASSET DEVELOPMENT & MANAGEMENT CO., LTD	2,830,000	2.58%	0	0%	0	0%	None	None	None
Yiyaun Investment Co., Ltd.	1,811,798	1.65%	0	0%	0	0%	None	None	None
LAI,CHING-KUNG	1,800,000	1.64%	0	0%	0	0%	None	None	None
AnnJi Pharmaceutical Co., Ltd.	1,600,000	1.46%	0	0%	0	0%	None	None	None

X. The number of shares on the same reinvested business, held by the company, the company's directors, supervisors, managers and the business directly or indirectly controlled by the company, and the calculation is based on the sum of the comprehensive shareholding ratio: None.

Four. Fundraising status

I. Capital and stock shares:

(I) Source of stock shares

Unit: NT$1,000, 1,000 shares/as of April 30, 2020

Year Month	Price of issuance (Dollars)	Authorized capital		Paid-up capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of capital stock	Amount of stock shares is pledged by the property other than cash	Others
1998.09	15	47,000	470,000	32,000	320,000	Cash increase of 50,000,000 NTD	-	None
1999.05	10	47,000	470,000	16,000	160,000	Capital reduction of 160,000,000 NTD (Note 1)	-	None
1999.07	10	47,000	470,000	32,000	320,000	Cash increase of 160,000,000 NTD	-	None
2000.09	10	47,000	470,000	47,000	470,000	Cash increase of 150,000,000 NTD (Note 2)	-	None
2001.03	20	99,000	990,000	60,000	600,000	Cash increase of 130,000,000 NTD (Note 3)	-	None
2002.01	12	99,000	990,000	70,000	700,000	Cash increase of 100,000,000 NTD (Note 4)	-	None
2002.07	15	99,000	990,000	90,000	900,000	Cash increase of 200,000,000 NTD (Note 5)	-	None
2003.09	10	99,000	990,000	99,000	990,000	Cash increase of 90,000,000 NTD (Note 6)	-	None
2004.02	12	130,000	1,300,000	119,000	1,190,000	Cash increase of 240,000,000 NTD (Note 7)	-	None
2004.08	11	150,000	1,500,000	133,250	1,332,500	Cash increase of 142,500,000 NTD (Note 8)	-	None
2005.12	7.83	200,000	2,000,000	134,757	1,347,570	The convertible corporate bonds transferred to common shares (Note 9)	-	None
2006.03	6.26	200,000	2,000,000	141,786	1,417,860	The convertible corporate bonds transferred to common shares	-	None
2006.08	10	200,000	2,000,000	51,386	513,860	Capital reduction of 904,000,000 NTD (Note 10)	-	None
2006.09	3.5	200,000	2,000,000	111,386	1,113,860	Private cash fundraising increase of type A preferred shares of 600,000,000 NTD (Note 11)	-	None
2006.12	3.5	250,000	2,500,000	178,758	1,787,583	The first issuance of private cash fundraising increase of type B preferred shares of 673,723,000 NTD (Note 12)	-	None
2007.01	3.5	250,000	2,500,000	211,386	2,113,860	The second issuance of private cash fundraising increase of type B preferred shares of 326,277,000 NTD (Note 13)	-	None
2007.10	10	250,000	2,500,000	212,101	2,121,010	The convertible corporate bonds transferred to common shares (Note 14)	-	None
2007.12	10	250,000	2,500,000	213,284	2,132,836	The convertible corporate bonds transferred to common shares (Note 15)	-	None
2008.01	10	250,000	2,500,000	75,711	757,108	Capital reduction of 1,375,728,000 NTD (Note 16)	-	None
2008.01	12.14	250,000	2,500,000	89,125	891,252	The first issuance of private cash fundraising increase of type C preferred shares of 134,144,000 NTD (Note 16)	-	None
2008.03	10	250,000	2,500,000	89,136	891,361	The convertible corporate bonds transferred to common shares (Note 17)	-	None
2009.10	16.4	250,000	2,500,000	89,219	892,190	The first employee stock option subscription conducted in 2006 was 828,000 NTD (Note 18)	-	None
2010.04	-	250,000	2,500,000	89,923	899,235	The first employee stock option subscription conducted in 2006 was 2,196,000 NTD (Note 19) The second employee stock option subscription conducted in 2006 was 654,000 NTD (Note 19) The first employee stock option subscription conducted in 2007 was 4,195,000 NTD (Note 19)	-	None
2010.07	7.63	250,000	2,500,000	109,603	1,096,035	Private cash fundraising increase of common stock of 196,800,000 NTD (Note 20)	-	None
2013.03	5	250,000	2,500,000	118,803	1,188,035	Private cash fundraising increase of common stock of 46,000,000 NTD (Note 21)	-	None
2014.08	-	250,000	2,500,000	30,295	302,949	Capital reduction for covering the losses of 885,085,940 dollars (Note 22)	-	None
2014.09	19.02	250,000	2,500,000	40,295	402,949	Private cash fundraising increase of common stock of 100,000,000 NTD (Note 23)	-	None
2014.11	35	250,000	2,500,000	50,295	502,949	Private cash fundraising increase of common stock of 100,000,000 NTD (Note 24)	-	None
2016.08	36	250,000	2,500,000	53,767	537,669	Private cash fundraising increase of common stock of 34,720,000 NTD (Note 25)	-	None
2017.02	20.06	250,000	2,500,000	80,634	806,339	Private cash fundraising increase of common stock of 268,670,000 NTD (Note 26)	-	None
2017.06	20.04	250,000	2,500,000	109,728	1,097,283	Private cash fundraising increase of common stock of 290,944,000 NTD (Note 27)	-	None

Note 1:Approved by the Science and Industrial Park Administration on June 9, 1999, with No. 12455.
Note 2:Approved by the Securities and Futures Commission of the Ministry of Finance on July 5, 2000, with (89) Tai-Cai-Zheng-(I) No. 57780.
Note 3:Approved by the Securities and Futures Commission of the Ministry of Finance on January 5, 2001, with (90) Tai-Cai-Zheng-(I) No. 104483.
Note 4:Approved by the Securities and Futures Commission of the Ministry of Finance on November 14, 2001, with (90) Tai-Cai-Zheng-(I) No. 169191.
Note 5:Approved by the Securities and Futures Commission of the Ministry of Finance on May 31, 2002, with (91) Tai-Cai-Zheng-(I) No. 129614.
Note 6:Approved by the Securities and Futures Commission of the Ministry of Finance on July 11, 2003, with Tai-Cai-Zheng-(1) No. 0920131173.
Note 7:Approved by the Securities and Futures Commission of the Ministry of Finance on November 18, 2003, with Tai-Cai-Zheng-(1) No. 0920154648.
Note 8:Approved by the Securities and Futures Commission of the Ministry of Finance on August 18, 2004, with Jin-Guan-Zheng-Yi-Zi No. 0930136859, and the amendment was approved by the Securities and Futures Commission of the Ministry of Finance on October 26, 2004, with Jin-Guan-Zheng-Yi-Zi No. 0930147512 .
Note 9:Approved by the Securities and Futures Commission of the Ministry of Finance on July 27, 2005, with Jin-Guan-Zheng-Yi-Zi No. 0940125495.
Note 10:Approved by the Financial Supervisory Commission of the Executive Yuan on August 14, 2006, with Jin-Guan-Zheng-Yi-Zi No. 9550129898.
Note 11:Approved by the Science and Industrial Park Administration on November 1, 2006, with Yuan-Tou-Zi No. 0950029233.
Note 12:Approved by the Science and Industrial Park Administration on February 6, 2007, with Yuan-Tou-Zi No. 0960003829
Note 13:Approved by the Science and Industrial Park Administration on April 9, 2007, with Yuan-Tou-Zi No. 0960008954.
Note 14:Approved by the Science and Industrial Park Administration on October 4, 2007, with Yuan-Tou-Zi No. 0960027010.
Note 15:Approved by the Science and Industrial Park Administration on December 19, 2007, with Yuan-Tou-Zi No. 0960034680.
Note 16:Approved by the Science and Industrial Park Administration on January 29, 2008, with Yuan-Tou-Zi No. 0970002590.
Note 17:Approved by the Science and Industrial Park Administration on April 25, 2008, with Yuan-Tou-Zi No. 9770011434.
Note 18:Approved by the Ministry of Economic Affairs on October 20, 2009, with the letter of Shou-Shang-Zi No. 09801241400.
Note 19:The first employee stock option subscription conducted in 2006 was 2,196,000 NTD. The second employee stock option subscription conducted in 2006 was 654,000 NTD. The first employee stock option subscription conducted in 2007 was 4,195,000 NTD. It was approved by the Ministry of Economic Affairs on May 6, 2010, with the letter of Shou-Shang-Zi No. 09901089310.
Note 20:Approved by the Ministry of Economic Affairs on September 28, 2010, with the letter of Shou-Shang-Zi No. 09901218600.
Note 21:Approved by the Ministry of Economic Affairs on May 7, 2013, with the letter of Shou-Shang-Zi No. 10201083890.
Note 22:It was approved by the Financial Supervisory Commission on August 12, 2014, with Jin-Guan-Zheng-Fa-Zi No. 1030029549.
Note 23:Approved by the Ministry of Economic Affairs on September 23, 2014, with Shou-Zhong-Zi No. 10333705610.
Note 24:Approved by the Ministry of Economic Affairs on November 26, 2014, with Shou-Zhong-Zi No. 10301244780.
Note 25:Approved by the Ministry of Economic Affairs on September 8, 2016, with the letter of Shou-Shang-Zi No. 10501221690.
Note 26:Approved by the Ministry of Economic Affairs on February 14, 2017, with the letter of Shou-Shang-Zi No. 10601015920.
Note 27:Approved by the Ministry of Economic Affairs on June 07, 2017, with the letter of Shou-Shang-Zi No. 10601071030.

Type of stock shares	Approved stock capital			Remarks
	Outstanding shares	Unissued shares	Total	
Named common shares	109,728,343	140,271,657	250,000,000	50,294,888 shares of OTC company The private common stock of 104,701,589 shares (including listed private common stock of 45,268,134 shares and unlisted private common stock of 59,433,455 shares)

Related information on the general declaration system: Not applicable.

(II) Structure of shareholders **(to be updated after the transaction is stopped)**

April 17, 2020；

Unit: stock share

Structure of shareholders / Amount	Government agency	Financial institution	Other corporate persons	Individual	Foreign institutions and foreigners	Total
Number of people	-	-	-	22	1,300	11
Number of shareholding	-	-	-	19,529,662	34,054,094	56,144,587
Shareholding ratio	-	-	-	17.8%	31.03%	51.17%

(III) Dispersion of equity

April 17, 2020

Range of shareholding	Number of shareholders	Number of shareholding	Shareholding ratio
1 to 999	920	208,880	0.19%
1,000 - 5,000	236	492,697	0.45%
5,001 - 10,000	45	337,400	0.31%
10,001 - 15,000	20	239,983	0.22%
15,001 - 20,000	11	201,650	0.18%
20,001 - 30,000	14	350,128	0.32%
30,001 - 50,000	14	591,595	0.53%
50,001 - 100,000	20	1,479,784	1.35%
100,001 - 200,000	14	2,209,813	2.01%
200,001 - 400,000	14	4,236,579	3.86%
400,001 - 600,000	7	3,222,623	2.94%
600,001 - 800,000	1	696,000	0.63%
800,001 - 1,000,000	2	1,821,361	1.66%
1,000,001 - 9,999,999,999	15	93,639,850	85.35%
Total	1,333	109,728,343	100%

(IV) List of major shareholders

April 17, 2020

Shares / Name of major shareholders	Number of shareholding	Shareholding ratio
H.I.S. Hotel Holdings Co., Ltd.	55,961,455	51.00%
Shenyan Investment Co., Ltd.	7,930,502	7.23%
HSIEH,HSIEN-CHIH	5,183,852	4.72%
WU ZIYANG	3,967,591	3.62%
Yu Shan-Ni	3,205,667	2.92%
CHENG,YA-YING	2,773,616	2.53%
BAO MA ASSET DEVELOPMENT & MANAGEMENT CO., LTD	2,650,000	2.42%
Yiyaun Investment Co., Ltd.	1,811,798	1.65%
LAI,CHING-KUNG	1,800,000	1.64%
AnnJi Pharmaceutical Co., Ltd.	1,600,000	1.46%

(V) Information on stock price per share, net value, surplus, and dividends in the most recent two years

Unit: NT$/1000 shares

<table>
<tr><th colspan="3">Year / Items</th><th>2018
(Note 3)</th><th>2019</th><th>As of
March 31, 2020</th></tr>
<tr><td rowspan="3">per share market price</td><td colspan="2">Highest</td><td>23.8</td><td>20.40</td><td>14.95</td></tr>
<tr><td colspan="2">Lowest</td><td>17</td><td>13.45</td><td>12.8</td></tr>
<tr><td colspan="2">Average</td><td>20.71</td><td>15.87</td><td>13.56</td></tr>
<tr><td rowspan="2">Net value per share</td><td colspan="2">Before distribution</td><td>15.04</td><td>15.59</td><td>Note 2</td></tr>
<tr><td colspan="2">After distribution</td><td>15.04</td><td>15.59</td><td>Note 2</td></tr>
<tr><td rowspan="2">Earnings per share</td><td colspan="2">Weighted average shares</td><td>109,728,343</td><td>109,728,343</td><td>109,728,343</td></tr>
<tr><td colspan="2">Earnings per share</td><td>0.17</td><td>055</td><td>Note 2</td></tr>
<tr><td rowspan="4">per share Dividends</td><td colspan="2">Cash dividends</td><td>-</td><td>Note 1</td><td>Note 2</td></tr>
<tr><td rowspan="2">Non-compensated distribution</td><td>Earnings distribution</td><td>-</td><td>Note 1</td><td>Note 2</td></tr>
<tr><td>Capital surplus distribution</td><td>-</td><td>Note 1</td><td>Note 2</td></tr>
<tr><td colspan="2">Accumulated unpaid dividends</td><td>-</td><td>Note 1</td><td>Note 2</td></tr>
<tr><td rowspan="3">Analysis of return on investment</td><td colspan="2">Price-earnings ratio</td><td>121.82</td><td>28.85</td><td>Note 2</td></tr>
<tr><td colspan="2">Price-dividend ratio</td><td>-</td><td>Note 1</td><td>Note 2</td></tr>
<tr><td colspan="2">Cash dividend yield</td><td>-</td><td>Note 1</td><td>Note 2</td></tr>
</table>

Note 1: The surplus distribution will be resolved and determined in the shareholders meeting of the current year (2020).

Note 2: The financial statement of the first quarter of 2020 has not been audited by the account or obtained as of the published date of the annual report.

Note 3: The Company adopted the IFRS16 since 2019 and hence retroactively adjusts the affected subject matter in 2018.

(VI) The dividend policy and implementation status:

1. The dividend policy stipulated in the Company's articles of incorporation.

If the company's annual final accounts have a surplus, it should first be reserved to pay taxes and cover the losses in the past, and then 10% should be reserved for the statutory surplus reserve. However, it is not limited to the statutory surplus reserve that has reached the company's paid-in capital. Moreover, it depends on the operational needs and statutory requirements whether to reserve or reverse the special surplus reserves. The remaining surplus and the undistributed surplus at the beginning of the period will be distributed upon the resolution of the shareholders meeting proposed by the board of directors.

Article 23 of the Articles of Incorporation of the Company:

When distributing dividends, the cash dividends will be given priority as the Company considers the future operation and the cash flow demands of the company, and the ratio of surplus distribution in cash shall not be less than 20% of the shareholders' dividends in the current year.

2. The distribution of dividends for the current year: The board of directors of the Company proposed not to distribute the 2019 dividends to shareholders on March 24, 2020, and it was approved and resolved during the 2020 regular shareholders meeting.

(VII) The impact of the proposed non-compensated shares distribution on the company's business performance, earnings per share and return on shareholders' investment: Not applicable.

(VIII) Remuneration for employees, directors and supervisors :

1. The percentage and scope of remuneration for employees, directors, and supervisors stipulated in the company's articles of incorporation:

Article 22 of the Articles of Incorporation:

If the company has profit in the current year, it shall reserve 0.7% to 10% for the employee's remuneration and the directors and supervisors' remuneration shall not be more than 1%. However, if the company still has accumulated losses, the amount shall be reserved in advance.

The employees compensated with stock or cash in the preceding paragraph, including the employees from the subsidiary companies that meet certain criteria.

Article 22-1 of the Articles of Incorporation:

If the company's annual final accounts have a surplus, it should first be reserved to pay taxes and cover the losses in the past, and then 10% should be reserved for the statutory surplus reserve. However, it is not limited to the statutory surplus reserve that has reached the company's paid-in capital. Moreover, it depends on the operational needs and statutory requirements whether to reserve or reverse the special surplus reserves. The remaining surplus and the undistributed surplus at the beginning of the period will be distributed upon the resolution of the shareholders meeting proposed by the board of directors.

2. In the current period, if there is a difference between the estimated number of shares and the estimated amount of the remuneration for the employees, directors, and supervisors, the calculated cash amount based on the number of shares and the actual distribution amount, the handling of accounting is: Not applicable.

3. The distribution of compensation approved by the board of directors:

(1) Amount of remuneration for employees, directors and supervisors paid in cash or stock option. If there is a difference in the annual estimated amount of recognized expenses, the amount difference, reason and the handling status should be disclosed:

The Board of Directors of the Company approved the 2019 remuneration for employees, directors, and supervisors on March 24, 2020 are as follows:

Unit: NTD

Items	The board had resolved to distribute	The annual estimated amount of recognized expenses	Amount of difference
Employee remuneration	415,391	415,391	-
Remuneration of directors and supervisors	0	0	-

4. The actual remuneration distribution status of the employees, directors and supervisors in the previous year (2018) (including the distributed number of shares, amount and share price and stock price). And if there is a difference between the recognized remuneration of employees,

directors, and supervisors, the amount of the difference, reason, and handling status shall be stated:

Unit: NTD

Items	Recognized expense amount	Actual distributed amount	Amount of difference
Employee remuneration	261,159	261,159	-
Remuneration of directors and supervisors	0	0	-

(IX) The company bought back the company's shares: None.

II. The status of corporate bonds: None.

III. The status of preferred shares: None.

IV. The status of overseas depositary receipt: None.

V. The status of employee stock option subscription and restriction on employee’s entitlement to new shares: None.

VI. The status of acquiring or transferring new shares of other company: not available.

VII. The Implementation status of the fund utilization plan: None.

Five. Overview of Business Operation

I. Business content

(I) Business scope

1. The company's resisted businesses are as follows:

(1) F401010 International trade industry.
(2) JE01010 Rental industry.
(3) F601010 Intellectual property rights industry.
(4) I199990 Other consultancy services industry.
(5) I301010 IT software services industry.
(6) IZ99990 Other commercial services industry.
(7) J202010 Industrial cultivation industry.
(8) J901020 General hotel industry .
(9) J701020 Amusement park industry .
(10) J701040 Recreational activity industry .
(11) JA03010 Laundry industry .
(12) I103060 Management consultancy industry .
(13) JZ99080 Beauty salon services industry .
(14) F102050 Tea wholesales industry .
(15) F102170 Food and wholesale industry .
(16) F201010 Agricultural product retail industry .
(17) F203010 Food and beverage retail industry .
(18) F206020 Daily commodities retail business industry.
(19) F501030 Beverage shop industry .
(20) F501060 Restaurant industry.
(21) G202010 Parking lot management industry .
(22) H703090 Real estate business .
(23) H703100 Real estate leasing industry .
(24) F203020 Tobacco and liquor retail industry .
(25) F399040 No storefront retail industry.
(26) J901011 Tourism hotel industry
(27) ZZ99999 In addition to the licensed business, it can operate businesses that are not prohibited or restricted by the laws.

2. Operating percentage

Unit: NT$1,000; %

Items \ Year	Year 2019	
	Amount	Percentage of revenue (%)
Hotel room revenue	1,086,646	89.15
Hotel catering services revenue	110,316	9.05
Hotel management consultant revenue	1,800	0.15
Lease revenue	20,058	1.65
Retail product service	51	0.00
Total	1,218,871	100.00

3. Current products (services)

In 2019, the operating revenue was mainly from the revenue of providing hotel rooms in the hotels. The company currently has the following hotels:

District in Taipei City	Hotel name	Related information
Ximending Shopping District Wanhua Shopping District	New World Hotel	Address: No.141, Kunming St., Wanhua Dist., Taipei City 108, Taiwan (R.O.C.) Tel: 02-23118863
Ximending Shopping District Taipei Main Station Shopping District	Green World Station	Address: No. 21, Section 1, Chongqing South Road, Zhongzheng District, Taipei City Tel: 02-23819199
Ximending Shopping District Taipei Main Station Shopping District	Green World Hotel ZhongHua	Address: 13F., No. 41, Section 1, Zhonghua Road, Zhongzheng District, Taipei City Tel: 02-23705158
Ximending Shopping District Taipei Main Station Shopping District	Green World Flora Main Green World Flora Anne Flora Hotel Main Station	Address: No.30, Huaining St., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.) Address: No. 36, Section 1, Hankou Street, Zhongzheng District, Taipei City, Taiwan (R.O.C.) Address: No. 1, Huaining St., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.) Tel: 02-23123811
Nangang Financial Area Shopping District	Green World Grand Nanjing	Address: No.8, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.) Tel: 02-25098882

Nangang Financial Area Shopping District	Green World Jianpei	Address: No.140, Sec. 1, Jianguo N. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.) Tel: 02-25095151
Nangang Financial Area Shopping District	Green World Mai – Nanjing	Address: No. 163, Section 2, Nanjing East Rd., Zhongshan District, Taipei City Tel: 02-25035511
Linsen North Road Shopping District Xingtian Temple	Green World Songjiang	Address: No.485, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.) Tel: 02-25098222
Linsen North Road Shopping District	Green-World-Linsen Branch Office	Address: No.617, Linsen N. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.) Tel: 02-25955225
Zhongshan N. Rd Shopping District Linsen North Road Shopping District	Green World Sansui Green World Qingtian Green World Xiemei	Address: No.181, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.) Tel: 02-25971281
Linsen North Road Shopping District	Green World Hotel Green World Mai – ZhongShan	Address: No.15, Ln. 105, Sec. 1, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.) Phone: 02-25429511
Eastern District of Taipei	Green World Zhongxiao	Address: 1F., No.180, Sec. 4, Zhongxiao E. Rd., Daan Dist., Taipei City 106, Taiwan (R.O.C.) Tel: 02-27116869
Raohe Street Shopping District	Green World Songshan Branch Office	Address: 1F., No.149, Yucheng St., Nangang Dist., Taipei City 115, Taiwan (R.O.C.) Tel: 02-27837088
Nankang Railway Station Nankang Economic and Trade Park	Green World NanGang	Address: 8F., No.528, Sec. 7, Zhongxiao E. Rd., Nangang Dist., Taipei City 115, Taiwan (R.O.C.) Tel: 02-27893009
Taipei Arena Songshan Cultural and Creative Park	Green World Triplebeds Branch Office	Address : No.16, Sec. 4, Bade Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.) Tel: 02-27630555

4. New products (services) planned to be developed

The Green World Triplebeds of the Company is the first hotel that combines with robots for luggage carrying, instant translating, sensory alarm clocks, automatic payment machine and Taipei VR tourism, and the Company plans to open more intelligent hotels that combine with cutting-edge technologies, depending on the market acceptance in the future.

.

(II) Overview of the industry

1. The current situation and development of the industry

Taiwan is a typical island country that is surrounded by the sea and it has great potential for developing tourism industry with its unique tourism resources as well as the warm and friendly people on the island. The government has been actively promoting the tourism industry and the 2019 Travel and Tourism Competitiveness Report published by the World Economic Forum (WEF) indicated that Taiwan is ranked 37th and the top 10 countries on the list are mainly the European and American countries. Spain once again is the champion, followed by France and Germany. Japan is ranked 4th and is the best amongst Asian countries. Taiwan dropped 7 spots compared with its rank two years ago due to the restriction of Taiwan's foreign visa policy and insufficient effort for the protection of natural resources.

This report of WEF is published every two years. The tourism industry in Taiwan is lacking compared to other countries when it comes to cultural resources and the natural environment. However, this report indicated that Taiwan's significant drop in ranking this year is due to the restriction of Taiwan's foreign visa policy and insufficient effort for the protection of natural resources.

The "visa policy" refers to the proportion of the total number of the population in a country that are granted for visa free, landing visa, or electronic visa to the total number of the population worldwide. Taiwan has gradually relaxed the visa handing process for Southeast Asian countries in the past two years; however, it is still not enough compared to other countries, which affects the score in the category of "level of international openness" and thus the rank dropped from 23 to 60.

The sub-item "nature conservation area" in the natural environment is defined as the proportion of nature conservation area on the land with more than 1,000 hectares and marine conservation area to the total land area of the country. Due to the recalculation of indicators, Taiwan 's ranking in the category of nature conservation area significantly dropped from 20 to 118.

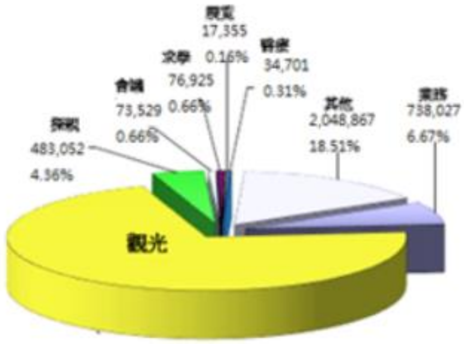
Although the number of mainland Chinese tourists visiting Taiwan has significantly decreased in the past few years due to the changes in mainland China's tourism policy, the mainland Chinese tourists visiting Taiwan had a slight increase last year compared with the previous year, from 2.70 million to 2.71 million, even with the restricted policy of travelling to Taiwan since mid of 2019. The number of tourists other than the mainland Chinese tourists is nearly 9.14 million with an increase of 9% from 8.37 million in the previous year. The number of Japanese tourists surpassed 2 million for the first time on December 9, 2019. Both Japanese and Korean tourists hit the record high, with the growth rate of about 10% to 20%. The growth rate of the 18 Southeast Asian countries is about 6.8%. The government has been actively promoting the "New Southbound Policy," the total number of tourists from the 18 Southeast Asian countries was 2,772,159 last year, with an increase of 6.8% and accounts for 23% of the total number of tourists visiting Taiwan. The total number of Taiwanese tourists visiting the Southeast Asian countries was 3,213,462, with an increase of

15.1% and accounts for 18.8% of the total number of Taiwanese tourists. In 2019, the Global Muslim Travel Index (GMTI) announced by MasterCard International indicated that Taiwan was ranked the third place for the first time, as the best tourist destination for the non-Islamic cooperative organizations. In addition, the number of Taiwanese tourists travelling abroad in 2019 was increased by 456,651 compared with the number in 2018, with an increase of 2.74%. The ratio of tourists travelling to Taiwan to the Taiwanese tourists travelling abroad is 1: 1.44, which indicates that the growing rate of Taiwanese tourists travelling abroad and it is also one of the indirect factors that affect the tourists travelling to Taiwan.

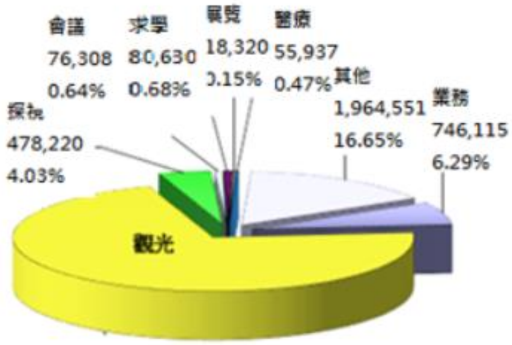
The total counts of tourists traveling to Taiwan was 11.86 million in 2019, which is a record high, and the number of tourists increased by 800,000 (7.21%) compared with the number of tourists traveling to Taiwan (11.06 million) in 2018. The number of tourists traveling to Taiwan (11.06 million) was slightly higher than the number in 2017, with an increase of 3.05％, and 68.62% of the tourists traveling to Taiwan for tourism purposes. The structure of tourists shows that 2.71 million tourists from mainland China (22.88%), 2.17 million tourists from Japan (18.27%), 1.76 million tourists from Hong Kong and Macao (14.82%), 1.24 million tourists from South Korea (10.47%), 1.15 million tourists from Europe and America (9.72%), and 3.21 million tourists from 18 Southeast Asian countries (18.8%). This also indicates that the tourists from various counties are evenly distributed. Generally speaking, except for the negative growth (-7.93%) of the mainland Chinese market due to the policy of restricting tourists traveling to Taiwan, all other major markets have positive growth, especially the significant growth in the South Korea (+21.98%), Japan (10.1%) and Southeast Asian countries (+6.8%). Among the Southeast Asian countries, the growth of Thailand and Philippines is more significant.

As for the increased number of hotels in 2019, the total decreased number of general and legal hotels in Taipei City and New Taipei City is 1, with the total decreased rooms of 60. The number of tourism hotels decreased by one, with the total decreased rooms of 288. The total decreased number of rooms in general hotels and tourism hotels is 348. In summary, looking forward to 2020, the hotel industry is still expecting challenges to some extent, due to these factors: the number of tourists visiting Taiwan is not expected to have significant growth, the growth number of illegal accommodation business operators, and the falling number of tourists from mainland China continues.

The total tourist number of 11.86 million in 2019 was slightly higher from the number of 11.06 million in 2018. In terms of the purpose of traveling to Taiwan, the number of visitors traveling for tourism purposes declined slightly, and the number of visitors slightly increased.



107 年觀光人數 7,648,509 人次，占來臺人數比率 71.22%

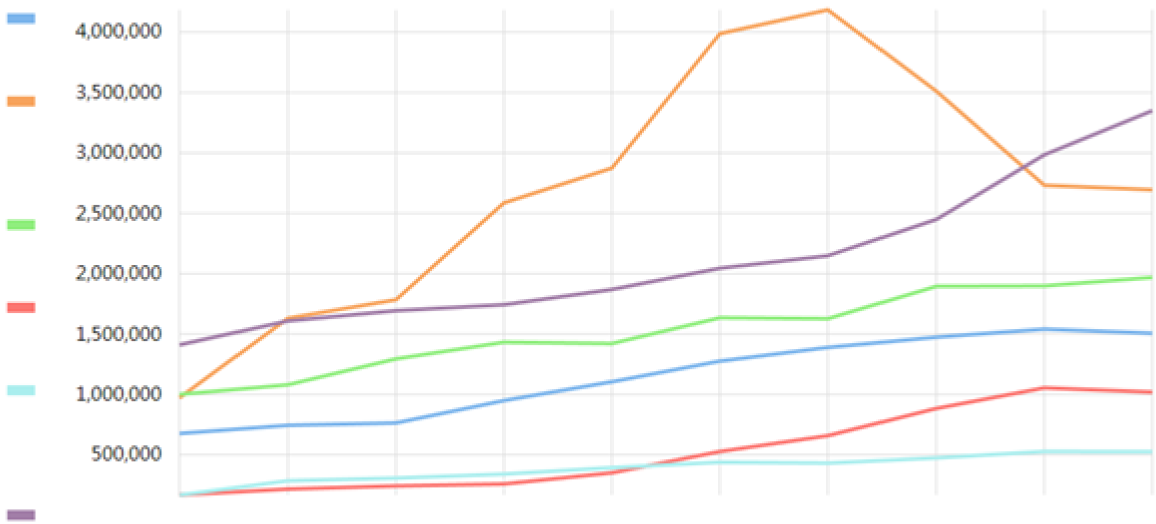


108 年觀光人數 8,444,024 人次，占來臺總人數比率 71.17%

The number of tourists was 7,648,509 in 2018, which accounts for 71.22% of the total number of tourists visiting Taiwan.

The number of tourists was 8,444,024 in 2019, which accounts for 71.17% of the total number of tourists visiting Taiwan.

Data source: Tourism Bureau



Data source: Tourism Bureau

In addition, the total number of tourists traveling to Taiwan in 2017, other than the reducing number of Chinese tourists, the tourists from all other regions has increased. In 2019, the number of tourists fromKorea has the highest growth rate at (21.89%), followed by the tourists from Japan with (9.97%), and the growth rate for the tourists from the Middle East, India, and Southeast Asian countries are 8.39%, 7.36%, and 6.6% respectively.

2. The current growth status of room supply in the metropolitan Taipei City

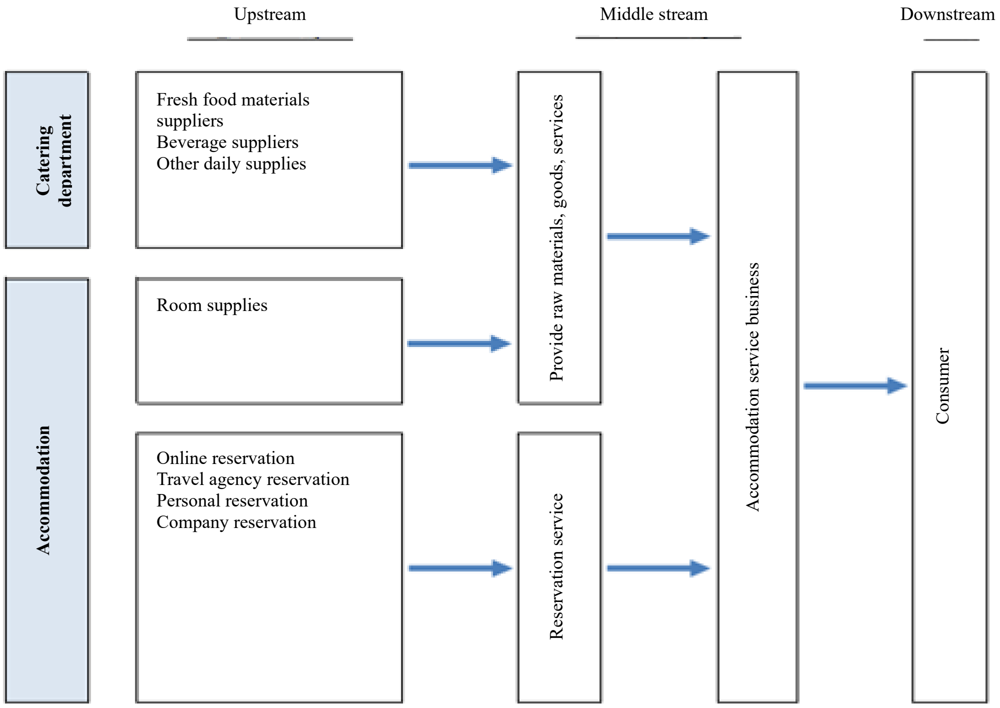
On the basis of the statistics of the Tourism Bureau, the number of hotels and the number of rooms in tourism hotels and general hotels in Taipei City and New Taipei City had decreased by 2 hotels and 296 rooms in 2019, compared with the number in 2018.

Region/ Number Of Hotel Rooms	Tourism hotels and general hotels of 2019 statistics					Tourism hotels and general hotels of 2018 statistics				
	Numbers	Single	Double	Suits	Subtotal	Numbers	Single	Double	Suits	Subtotal
New Taipei City	8	295	736	110	1,141	8	295	736	110	1,141
Taipei City	46	3,825	6,410	1,331	11,566	45	3,666	6,432	1,318	11,416
Total	54	4,120	7,146	1,441	12,707	53	3,961	7,168	1,428	12,557

Data source: Tourism Bureau

3. Relevance of industry, middle and lower reaches

The hotel industry aims to provide safe and comfortable accommodations and catering services for travelers, and the following are related to the industry.



4. Different trends of development and the competition situation of the products provided

(1) Room reservation on the internet and intelligent reservation

With the popularity of smart phones nowadays, daily human activities rely on the Internet more and more. With the rapid development of AI, the traditional sales and reservation of hotel rooms has gradually been replaced by the virtual internet. Moreover, customers can easily find hotel accommodation information and compare hotel room prices on the internet, thus the online reservation business operators have already become close partners of the hotels. Therefore, obtaining a good online rating over other competitive companies in the hotel industry has become one of the key factors to succeed in the industry.

(2) Competition in the industry is getting more intense

The number of hotel rooms in Taipei City and New Taipei City decreased by 296 in 2019. As the number of tourists from mainland China rapidly declined, this made the competition of the industry in 2019 even more intensive than in 2018. In addition, it is expected that the competition in the industry in 2020 will be as intensive as in 2019, with the severe impact of coronavirus in 2020 and the growth of tourists in Taiwan has already slowed down.

(3) In the face of competitive market conditions, but also full of opportunities, the company will strive to enhance brand awareness, strengthen the Group's marketing capabilities, reduce operating costs and make full use of the Group's resources to create higher returns.

(III) Overview of technology and R&D:

In the most recent year and as of the published date of the annual report, no investment in the research and development, technology and products.

(IV) Long-term and short-term business development plan

1. Short-term business development plan:

(1) Integrated marketing strategy

A. Marketing for corporate persons:
Utilization of H.I.S. Group resources and integration of its hotel products for the overall marketing.

B. Marketing of the Online Travel Agency:
From the aspect of the group, the company will create more favorable conditions and relations with OTA.

C. Marketing of travel agencies:
The company aims for the growing market in the Southeast Asian countries, and we already have dedicated personnel working on the overseas market.

D. Official website:
Utilization of the membership system: the implementation of the CRM system has thoroughly carried out the relevant membership operations.

E. Original development:
Implementation of the cross-industry cooperation, diverse utilization of H.I.S. customers, and continual promotion of exclusive accommodation programs with cooperative business operators.

(2) Cost control strategy

Utilization of technology to improve automation, enhance efficiency, and establish energy-saving hotels. Large quantity procurement is adopted for reducing the overall operational costs.

2. Long-term business development plan:

(1) Investment strategy.

A. Investment in increasing the value of the existing hotels.

B. Investment in the expansion of the new hotels.

(2) Brand image strategy.

Improve the quality of service, explore and meet the needs of customers, make the company's hotel brand deeply rooted in the hearts of customers, and become the first hotel with customer satisfaction.

II. Market and sales overview

(I) Market analysis

1. Target countries of sales

Unit:%

Year / Target	Year 2018	Year 2019
Japan	46.93	36.81
Taiwan	12.24	16.60
China	13.90	10.76
Hong Kong	8.06	6.22
Korea	2.90	4.33
Others	15.97	25.28
Total	100.00	100.00

The company is in the hotel industry in Taipei City. The company currently does not have any overseas business location, hence the service areas are only limited to the domestic market.

2. Market share:

On the basis of the statistics of the Tourism Bureau, the number of hotel rooms in the Group accounts for 13.49% of the total number of hotel rooms in Taipei. And it accounts for 12.3% if the total number of hotel rooms in New Taipei City is included.

3. The supply and demand condition, and growth of the future market

The current condition of hotels under construction in Taipei City

Hotel name	Estimated number of rooms	Expected date of completion
Caesar Park Hotel - Nangang	661	2020/12/31
Taipei Chingcheng Howard Hotel	199	2022/12/31
The Grand Hi Lai Hotel	420	2022/12/31
Nangang Tai-Zhuang Hotel	242	2022/12/31

The analysis of tourists traveling to Taiwan

Region	Number of tourists visiting Taiwan in 2018	Number of tourists visiting Taiwan in 2019	Increase or decrease %	Increase or decrease number
Southeast Asia	2,430,119	2,593,392	6.72%	163,273
Japan	1,969,151	2,167,952	10.10%	198,801
Hong Kong and Macau	1,653,654	1,758,006	6.31%	104.352
Mainland China	2,695,615	2,714,065	0.68%	18,450
Korea	1,019,441	1,242,598	21.89%	223,157

From the abovementioned data and the current market conditions, we can see the trend of significant growth from Korea and Japan. However, we also pay attention to the growth in China travelers as it has already slowed down. .

Market growth in the future

With the continuous decreasing number of mainland Chinese tourists and the continuous increasing number of hotels, despite the fact that the government has been actively promoting Taiwanese tourism in Southeast Asian countries, domestic tourism and cruise ship tourism, the market supply and demand is getting unbalanced according to the growth number of tourists traveling to Taiwan in 2019, hence the competition in the hotel industry will be even more intensive in 2020.

4. The advantages, disadvantages, and countermeasures of competitiveness and development prospects

(1) Competitiveness

Since 2017, the Japanese H.I.S. Group had joined the business operations and the operating performance and financial structure have been significantly improved. With the utilization of H.I.S. Group resources and integration of its hotel products, it is expected to have a more competitive edge in the market.

(2) Favorable factors in the development prospect

The company provides quality hotel rooms with affordable prices, increases investment in enhancing the value of existing hotels, adopts good marketing strategies, cultivates outstanding talents, and integrates pricing strategies. In addition, the company's hotels are located in Taipei City, which is the top location of tourists traveling to Taiwan, hence the impact on the company of the decreasing number in tourists traveling to Taiwan is relatively lower.

(3) Unfavorable factors in the development prospect

The main unfavorable factors are the severe impact of coronavirus in 2020 and uneven supply and demand in the market, as well as the confusion of market price caused by illegal hotels and daily rental suites business operators. In addition, the declining birthrate is also an issue that will affect the supply of talents in the hotel industry in the future.

(4) Countermeasures

As for the sales aspect, in addition to increasing the investment in enhancing the value of the existing hotels, the utilization of H.I.S. Group resources and integration of its hotel products, implementation of the overall marketing strategy, diverse utilization of H.I.S. customers, and continual promotion of exclusive accommodation programs with cooperative business operators, and the implementation of the membership system to carry out the relevant membership operations.

As for the hotel talents, in addition to the continual cooperative training and training channels, the company also uses outsourcing manpower. In addition, after the first smart hotel - Green World Triplebeds - started its business operations, the hotel has effectively reduced the manpower demand of the hotel.

In terms of the cost control, the company utilizes technology to enhance the automation operations, increase efficiency and establish energy-saving hotels, and large quantity procurement is adopted for reducing the overall operational costs.

(II) Important use of main products and the production process

1. Important use of main products

The main products of the company are hotels and hotel services. Please refer to the following for details: The business scope - current products (services).

2. Production process

Provide accommodations and catering services to generate revenue.

(III) The supply status of main supply materials

The company is in the hotel industry, and the main supply materials are hotel room products, fresh food materials, etc., and the company has a good relationship with suppliers, thus supply status is very stable.

(IV) List of the main invoicing customers in the most recent two years

1. The vendor that accounts for more than 10% of the total purchase amount in the most recent two years: 無。.

2. The customer that accounts for more than 10% of the total sales amount in the most recent two years: None.

Unit: NT$1,000

Items	Year 2018				Year 2019			
	Name	Amount	Ratio of net annual sales amount [%]	Relationship with the issuer	Name	Amount	Ratio of net annual sales amount [%]	Relationship with the issuer
1	Traveler B customer	298,889	25.73	The chairman is the same person	Travelers B customer	307,815	25.25	The chairman is the same person
2	Others	862,897	74.27		Others	911,056	74.75	
	Net sales amount	1,161,786	100		Net sales amount	1,218,871	100	

(V) The production quantity and sales quantity in the previous two years

1. Production quantity in the previous two years:

The Company is engaged in the business of hotel room rental and catering services. As it is not in a general manufacturing industry, thus there is no production and sales quantity.

2. Sales quantity in the previous two years:

Unit: NT$1,000

Year / Sales quality / Main items (or department)	Year 2018		Year 2019	
	Amount	Value	Amount	Value
Hotel rooms and catering services	Not applicable	1,027,763	Not applicable	1,086,646
Hotel catering services	Not applicable	105,928	Not applicable	110,316
Hotel advisory services	Not applicable	1,930	Not applicable	1,800
Rental services	Not applicable	25,721	Not applicable	20,058
Sales revenue	Not applicable	444	Not applicable	51
Total	Not applicable	1,161,786	Not applicable	1,218,871

III. Information on the employees

Year		Year 2018	Year 2019	As of March 31, 2020
Number of employees	Direct employees	310	451	436
	Indirect employees	83	35	18
	Total	393	486	454
Average age		39	39	41
Average Service year		2.05years	2.05years	3years
Distribution ratio of education background	PhD	0%	0	0%
	Master's degree	0.51%	1.03%	0.66%
	University and college	52.42%	49.18%	49.34%
	Senior high school	30.28%	26.95%	27.09%
	Below senior high school	17.05%	22.84%	22.91%

IV. Information on environmental protection expenditures

(I) Total losses and disposition amount due to environmental pollution in the most recent year: None.

(II) The countermeasures and possible expenses in the future: The sewage produced by the customers of the Company during the accommodation period is handled in accordance with the regulations. Currently, there is no pollution in violation of the regulations, thus major capital expenditures for environmental protection are not required.

V. Labor-management relations

(I) Important labor-management agreement and implementation status

1. Employee welfare

The Company's welfare for employees includes the welfare provided by the company and the welfare provided by the Employee Welfare Committee:

(1) Welfare provided by the company: In addition to the labor insurance and national health insurance for employees according to the laws, the company also provides a year-end bonus, one free accommodation for employees every year and 10 discount employee accommodations, coupon for employee discount accommodation in the hotels of the parent Japanese company, regular health checkups for current employees, and special checkup items for particular employees to their benefits.

(2) Welfare provided by the Employee Welfare Committee: In addition to the basic care for laborers according to the laws, the company has established the Employee Welfare Committee to take care of the employees and provide them with welfare benefits. The committee will coordinate the development of various employee welfare plans and is responsible for the planning and implementation of various employee welfare plans. The welfare offered includes festival and event subsidies, birthday gifts, wedding and funeral subsidies, educational subsidies, maternity subsidies, and hospitalization subsidies.

(3) Conduct annual employee meetings to promote the corporate philosophy, motivate employees, and reward outstanding employees.

(4) Other descriptions: All are conducted in compliance with the relevant provisions of the

Labor Standards Act, and the employee complaint channel is created to protect the legitimate rights of the employees. Automated External Defibrillators (AED) are also available and employees are instructed of their usage. The fire-fighting set is available at each hotel and regular drills are conducted to prevent any accident due to incidents.

2. Additional studies, trainings, and the implementation status:
   In addition to the required education and training for the job position, the appropriate education, training, technology, and experience for our employees at all levels will be provided to cultivate the company's employees and meet the needs of the company's development, so that the employee development plan will be able to progress with the company's growth. Therefore, it will not only enhance the competitiveness of the company but also motivate the employees' self-development.
3. Retirement system and implementation status:
   The company's pension system is conducted according to the Labor Pension Act. Every month, 6% of the employee's salary will be deposited into their personal account at the Labor Insurance Bureau. At present, all employees adopt the new retirement pension system. There was no employee who retired in 2019.
4. The status of the labor-management agreement:
   The company adopts an open and two-way communication on policy promotion and employee opinions. Each hotel will conduct a monthly meeting to maintain a good relationship between employers and employees, and a labor-management meeting will be convened every three months for two-way communication.

(II) Losses due to labor disputes in the previous three years, and reveal the estimated amount for now and the future, and the measures in response:

1. The company's labor-management relations are harmonious and there is no loss due to labor disputes. The possibility of losses due to labor disputes in the future is extremely low.
2. Measures in response: Not applicable.

VI. Important contracts

Nature of contract	The party	Start date of the contract	Main content	Restriction
Lease contract	(Green-World- Sansui) Lee O O et al.	2020/01/01~~2030/12/31	Lease for hotel and hotel operations	None
Lease contract	(Green World Songjiang) Youyu Development Co., Ltd., etc.	2012/03/10~~2027/03/09	Lease for hotel and hotel operations	None
Lease contract	(Green World Station) Baisi Asset Management Co., Ltd.	2013/06/15~~2028/06/14	Lease for hotel and hotel operations	None
Lease contract	(Hotel ZhongHua) Wanhua Enterprise Co., Ltd.	2013/07/20~~2027/07/19	Lease for hotel and hotel operations	None
Lease contract	(Hotel Jianpei) Tokyo Marine Insurance Co., Ltd.	2013/10/16~~2028/10/15	Lease for hotel and hotel operations	None
Lease contract	(Hotel Linsen) Green World Co., Ltd.	2014/01/01~~2023/12/31	Lease for hotel and hotel operations	None
Lease contract	(Hotel Nanjing) Taiwan Sugar Association and Green World Co., Ltd.	2014/03/01~~2034/02/28	Lease for hotel and hotel operations	None
Lease contract	(New World Hotel) Chen O O et al.	2014/07/01~~2027/12/31	Lease for hotel and hotel operations	None
Lease contract	(Green World Songshan) Fentai Investment Co., Ltd., Liu OO et al	2014/08/01~~2034/07/31	Lease for hotel and hotel operations	None
Lease contract	(Green World Zhongxiao) Jifu ZhongHua Investment Co., Ltd.	2014/11/15~~2029/11/14	Lease for hotel and hotel operations	None

Nature of contract	The party	Start date of the contract	Main content	Restriction
Lease contract	(Green World Mai – Nanjing Branch Office) Guangxing Asset Management Co., Ltd.	2015/01/01~~2023/07/31	Lease for hotel and hotel operations	None
Lease contract	(Green World Flora Division) Green World Co., Ltd.	2016/10/01~~2026/12/31	Lease for hotel and hotel operations	None
Lease contract	(Green World Mai – ZhongShan) Longmei Industrial Co., Ltd.	2019/09/01~~2021/08/31	Lease for hotel and hotel operations	None
Lease contract	(Green World Flora Main) Green World Co., Ltd.	2017/01/01~~2026/12/31	Lease for hotel and hotel operations	None
Lease contract	(Green World NanGang) Minkai Construction Co., Ltd. and Quanguo gas station Co., Ltd.	2017/03/01~~2031/05/31	Lease for hotel and hotel operations	None
Lease contract	(Head Office) Green World Co., Ltd.	2017/11/01~~2023/12/31	Lease for hotel and hotel operations	None
Lease contract	(Green World Triplebeds) Green World Co., Ltd.	2018/03/01~~2038/12/31	Lease for hotel and hotel operations	None
Loan contract	Sumitomo Mitsui Banking Corporation	2019/06/01~~2020/05/31	The short-term loan contract of one year	None

Six. Overview of Financial Status

I. The condensed balance sheet and comprehensive income statement in the most recent five years

(I) Condensed balance sheet - International Financial Reporting Standards - Consolidated financial statement

Unit: NT$1,000

Items \ Year		Financial information in the most recent five years				
		2015	2016	2017	2018	2019 年
Current assets		118,901	185,841	514,486	577,900	687,785
Real property, factories, and equipment		1,037,269	1,124,440	1,290,266	1,256,031	1,181,816
Intangible assets		539,419	470,266	451,671	426,903	414,287
Other assets		205,709	205,504	213,202	3,797,476	3,544,826
Total assets		1,901,298	1,986,051	2,469,625	6,058,310	5,828,714
Current liabilities	Before distribution	824,288	915,679	584,608	906,996	872,979
	After distribution	824,288	915,679	584,608	906,996	Note 3
Non-current liabilities		515,825	490,701	134,900	3,500,501	3,244,939
Total liabilities	Before distribution	1,340,113	1,406,380	719,508	4,407,497	4,117,918
	After distribution	1,340,113	1,406,380	719,508	4,407,497	Note 3
Rights and interests to the owners of the parent company		561,185	579,671	1,750,117	1,650,813	1,710,796
Share capital		502,949	537,669	1,097,283	1,097,283	1,097,283
Capital reserves		69,871	148,508	604,393	604,393	604,393
Retained earnings	Before distribution	(11,635)	(106,506)	48,441	(50,863)	9,120
	After distribution	(11,635)	(106,506)	48,441	(50,863)	Note 3
Other rights		-	-	-	-	-
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Rights and interests Total amount	Before distribution	561,185	579,671	1,750,117	1,650,813	1,710,796
	After distribution	561,185	579,671	1,750,117	1,650,813	Note 3

Note 1: As of the published date, the 2019 annual earrings distribution has not been approved by the shareholders meeting.
Note 2: The Company adopted the IFRS16 since 2019 and hence retroactively adjusts the affected subject matter in 2018.
Note 3: Pending shareholder’s approval.

(II) Condensed balance sheet - International Financial Reporting Standards - Individual financial statement

Unit: NT$1,000

Items \ Year		Financial information in the most recent five years				
		2015	2016	2017	2018	2019
Current assets		107,414	163,352	478,443	577,900	685,956
Real property, factories, and equipment		919,113	972,754	1,147,058	1,256,031	1,181,816
Intangible assets		532,248	463,045	444,470	426,903	414,287
Other assets		236,447	231,128	363,411	3,797,476	3,546,615
Total assets		1,795,222	1,830,279	2,433,382	6,058,310	5,828,674
Current liabilities	Before distribution	769,038	794,036	574,394	906,996	872,939
	After distribution	769,038	794,036	574,394	906,996	Note 3
Non-current liabilities		464,999	456,572	108,871	3,500,501	3,244,939
Total liabilities	Before distribution	1,234,037	1,250,608	683,265	4,407,497	4,117,878
	After distribution	1,234,037	1,250,608	683,265	4,407,497	Note 3
Rights and interests to the owners of the parent company		561,185	579,671	1,750,117	1,650,813	1,710,796
Share capital		502,949	537,669	1,097,283	1,097,283	1,097,283
Capital reserves		69,871	148,508	604,393	604,393	604,393
Retained earnings	Before distribution	(11,635)	(106,506)	48,441	(50,863)	9,120
	After distribution	(11,635)	(106,506)	48,441	(50,863)	Note 3
Other rights		-	-	-	-	-
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Rights and interests Total amount	Before distribution	561,185	579,671	1,750,117	1,650,813	1,710,796
	After distribution	561,185	579,671	1,750,117	1,650,813	Note 3

Note 1: The Company adopted the IFRS16 since 2019 and hence retroactively adjusts the affected subject matter in 2018.

Note 2: On August 8, 2019, the board of directors of the Company approved the short-form merger with the subsidiary Green World Hotel ZhongHua Co., Ltd. and hence the 2018 annual individual financial report was revised.

Mote 3: Pending shareholder’s approval.

(III) Condensed comprehensive income statement - International Financial Reporting Standards - Consolidated financial statement

Unit: NT$1,000

Year / Items	Financial information in the most recent five years				
	2015	2016	2017	2018	2019
Operating revenue	320,063	763,708	1,095,731	1,161,786	1,218,871
Operating gross profit	84,837	114,841	204,959	287,853	328,398
Operating gain or loss	(6,927)	(22,663)	61,320	108,181	135,258
Non-operating gains and expenses	(4,530)	(80,959)	(10,739)	(94,038)	(76,332)
Net profit before tax	(11,457)	(103,622)	50,581	14,143	58,926
Net profit of the continual business unit in the current period	(11,635)	(106,506)	48,441	18,778	59,983
Loss of not in-business unit	-	-	-	-	-
Net profit (loss) of the current period	(11,635)	(106,506)	48,441	18,778	59,983
Other comprehensive profit and loss in the period (net value after tax)	-	-	-	-	-
Total comprehensive income in the current period	(11,635)	(106,506)	48,441	18,778	59,983
Net profit belonging to the business owner of the parent company	(11,635)	(106,506)	48,441	18,778	59,983
Net profit belonging to non-controlling interest	-	-	-	-	-
Total comprehensive income belonging to the business owner of the parent company	(11,635)	(106,506)	48,441	18,778	59,983
Total comprehensive income belonging to the non-controlling interest	-	-	-	-	-
Earnings per share	(0.23)	(2.07)	0.51	0.17	0.55

Note : The Company adopted the IFRS16 since 2019 and hence retroactively adjusts the affected subject matter in 2018.

(IV) Condensed comprehensive income statement - International Financial Reporting Standards - Individual financial statement

Unit: NT$1,000

Items \ Year	Financial information in the most recent five years				
	2015	2016	2017	2018	2019
Operating revenue	183,143	648,681	973,770	1,161,786	1,218,896
Operating gross profit	59,385	91,439	181,840	287,853	328,423
Operating gain or loss	(17,935)	(41,777)	48,128	108,181	135,520
Non-operating gains and expenses	4,438	(64,729)	313	(94,038)	(76,594)
Net profit before tax	(13,497)	(106,506)	48,441	14,143	58,926
Net profit of the continual business unit in the current period	(13,497)	(106,506)	48,441	18,778	59,983
Loss of not in-business unit	-	-	-	-	-
Net profit (loss) of the current period	(11,635)	(106,506)	48,441	18,778	59,983
Other comprehensive profit and loss in the period (net value after tax)	-	-	-	-	-
Total comprehensive income in the current period	(11,635)	(106,506)	48,441	18,778	59,983
Net profit belonging to the business owner of the parent company	(11,635)	(106,506)	48,441	18,778	59,983
Net profit belonging to non-controlling interest	-	-	-	-	-
Total comprehensive income belonging to the business owner of the parent company	(11,635)	(106,506)	48,441	18,778	59,983
Total comprehensive income belonging to the non-controlling interest	-	-	-	-	-
Earnings per share	(0.23)	(2.07)	0.51	0.17	0.55

Note 1: The Company adopted the IFRS16 since 2019 and hence retroactively adjusts the affected subject matter in 2018.
Note 2: On August 8, 2019, the board of directors of the Company approved the short-form merger with the subsidiary Green World Hotel ZhongHua Co., Ltd. and hence the 2018 annual individual financial report was revised.

(III) Names and comments of the certified public accountant from the most recent five years

Year	Name of the accounting firm	Name of certified public accountant	Comment
2014	KPMG Taiwan	CHANG,SHU-YING and CHIH,SHIH-CHIN	No reserved comment
2015	KPMG Taiwan	CHANG,SHU-YING and CHIH,SHIH-CHIN	No reserved comment
2016	KPMG Taiwan	CHANG,SHU-YING and CHIH,SHIH-CHIN	No reserved comment
Year 2017	KPMG Taiwan	CHANG,SHU-YING and CHIH,SHIH-CHIN	No reserved comment
Year 2018	KPMG Taiwan	CHANG,SHU-YING and CHIH,SHIH-CHIN	No reserved comment
Year 2019	KPMG Taiwan	CHANG, SHU-YING and CHIH, SHIH-CHIN	The audit report with no reserved comment and paragraphs of the emphasized matters

II. Financial analysis of the most recent five years

(I) Financial analysis of the most recent five years - International Financial Reporting Standards - Consolidated financial statement

Analysis item \ Year		Financial analysis of the most recent five years				
		2015	2016	2017	2018	2019
Financial structure	Ratio of debts to assets(%)	70.48	70.81	29.13	72.75	70.65
	Percentage of long-term funds to real property, factories and equipment(%)	103.83	95.19	146.10	410.13	419.33
Solvency	Current ratio(Note 1)(%)	14.42	20.30	88.01	63.72	78.79
	Quick ratio(Note 1)(%)	10.71	17.38	84.91	61.16	76.73
	Times interest earned ratio(times)(Note 2)	(1.80)	(273.70)	543.54	115.02	167.03
Management capacity	Receivables turnover (times)	10.60	12.61	13.82	13.35	14.34
	Average number of cash received days	34.43	28.94	26.41	27.34	25.45
	Inventory turnover (times)	NA	NA	NA	NA	NA
	Payable turnover (times)	32.61	29.59	21.34	16.54	17.42
	Average sales days	NA	NA	NA	NA	NA
	Real property, factories, and equipment turnover (times)	0.61	0.70	0.90	0.91	0.99
	Total asset turnover (times)	0.26	0.39	0.49	0.19	0.21
Profitability	Return on assets (%)(Note 3)	(0.18)	(4.30)	2.60	1.51	2.19
	Return on equity (%)(Note 3)	(2.05)	(18.67)	4.16	1.14	3.57
	Ratio of net profit before tax to the paid-in capital (%) (Note 4)	(2.28)	(19.27)	4.61	1.29	5.37
	Net profit rate (%)(Note 3)	(3.64)	(13.95)	4.42	1.62	4.92
	Earnings per share (NT$) (Note 3)	(0.23)	(2.07)	0.51	0.17	0.55
Cash flow	Ratio of cash flow (%)	0.22	4.41	34.90	61.61	68.14
	Cash Flow Adequacy Ratio (%)(Note 5)	(8.20)	(5.40)	11.89	57.95	98.36
	Cash reinvestment ratio (%)	0.15	3.23	9.35	10.85	11.66
Leverage	Operating leverage(%)	(67.28)	(40.66)	21.94	12.68	11.04
	Financial leverage(%)(Note 6)	0.38	0.45	1.23	7.72	2.86

Please state the reason for the change in the financial percentage in the most recent two years. (If the rate of increased or decreased change is less than 20%, it can be exempted from analysis)

1. Liquidity ratio and quick ratio: this is mainly due to the increase in cash and decrease in loans in 2019.
2. Interest protection multiple: this is mainly due to the increase in net profit before tax in 2019,
3. Asset return rate, return on equity, net profit ratio and earnings per share: the main cause is the increase in net profit after tax in 2019.
4. Ratio of net profit before tax to the paid-in capital: the main cause is the increase in net profit before tax in 2019.
5. Cash flow adequacy ratio: it is mainly due to the addition of new hotels in 2018 and the hotel business is gradually getting better in 2019.
6. Financial leverage: it is mainly due to the addition of new hotels in 2018 and the hotel business is gradually getting better in 2019.

(II) Financial analysis of the most recent five years - International Financial Reporting Standards - Individual financial statement

Analysis item		Financial analysis of the most recent five years (Year 2015)	2016	2017	2018	2019
Financial structure	Ratio of debts to assets(%)	68.74	68.33	28.08	72.75	70.65
	Percentage of long-term funds to real property, factories and equipment(%)	111.65	106.53	162.07	410.13	419.33
Solvency	Current ratio(%)(Note 1)	13.97	20.57	83.30	63.72	78.58
	Quick ratio(%)(Note 1)	10.08	17.44	80.40	61.16	76.53
	Times interest earned ratio(times)(Note 2)	(143.72)	(327.68)	599.44	115.02	167.03
Management capacity	Receivables turnover (times)	6.45	11.56	13.21	13.81	14.34
	Average number of cash received days	56.58	31.57	27.63	26.43	25.45
	Inventory turnover (times)	NA		NA	NA	NA
	Payable turnover (times)	20.65	30.46	21.78	17.52	17.42
	Average sales days	NA	NA	NA	NA	NA
	Real property, factories, and equipment turnover (times)	0.39	0.68	0.91	0.91	0.99
	Total asset turnover (times)	0.15	0.36	0.46	0.19	0.21
Profitability	Return on assets (%)(Note 3)	(0.59)	(4.74)	2.65	1.51	2.24
	Return on equity (%)(Note 3)	(2.05)	(18.67)	4.16	1.14	3.57
	Ratio of net profit before tax to the paid-in capital (%) (Note 4)	(2.68)	(19.81)	4.41	1.29	5.37
	Net profit rate (%)(Note 3)	(6.35)	(16.42)	4.97	1.62	4.92
	Earnings per share (NT$) (Note 3)	(0.23)	(2.07)	0.51	0.17	0.55
Cash flow	Ratio of cash flow (%)	1.20	3.17	32.85	61.61	68.17
	Cash Flow Adequacy Ratio (%)(Note 5)	(7.33)	(6.56)	10.51	58.58	100.59
	Cash reinvestment ratio (%)	0.84	2.12	8.94	10.85	11.67
Leverage	Operating leverage(%)	(15.44)	(18.73)	24.8	12.68	11.02
	Financial leverage(%)(Note 6)	0.76	0.63	1.25	7.72	2.85

Please state the reason for the change in the financial percentage in the most recent two years. (If the rate of increased or decreased change is less than 20%, it can be exempted from analysis)

1. Liquidity ratio and quick ratio: this is mainly due to the increase in cash and decrease in loans in 2019.
2. Interest protection multiple: this is mainly due to the increase in net profit before tax in 2019,
3. Asset return rate, return on equity, net profit ratio and earnings per share: the main cause is the increase in net profit after tax in 2019.
4. Ratio of net profit before tax to the paid-in capital: the main cause is the increase in net profit before tax in 2019.
5. Cash flow adequacy ratio: it is mainly due to the addition of new hotels in 2018 and the hotel business is gradually getting better in 2019.
6. Financial leverage: it is mainly due to the addition of new hotels in 2018 and the hotel business is gradually getting better in 2019.

(III) Financial analysis of the most recent five years - ROC Financial Reporting Standards - Individual financial statement

Unit: NT$1,000

Analysis item \ Year			Financial analysis of the most recent five years				
			2015	2016	2017	2018	2019
Financial structure (%)	Ratio of debts to assets						
	Ratio of long-term capital to fixed assets						
Solvency (%)	Current ratio						
	Quick ratio						
	Times interest earned ratio						
Management capacity	Receivable turnover rate (times)						
	Average number of cash received days						
	Inventory turnover rate (times)						
	Payable turnover rate (times)						
	Average sales days						
	Fixed asset turnover rate (times)						
	Total asset turnover rate (times)						
Profitability	Return on assets (%)						
	Return on shareholders' equity (%)						
	Ratio of occupied paid-in capital (%)	Operating revenue					
		Net benefit before tax					
	Net profit rate (%)						
	Earnings per share (dollars)						
Cash flow	Cash flow ratio (%)						
	Cash Flow Adequacy Ratio (%)						
	Cash reinvestment ratio (%)						
Leverage	Operating leverage						
	Financial leverage						

III. The supervisor’s auditing report of the annual financial report in the most recent year

Green World Hotels Co., Ltd.

The supervisor’s auditing report

The company’s board of directors has prepared and submitted the 2019 annual report, the disposition of net earnings, and the individual financial statements and consolidated financial statement audited by accountant CHANG,SHU-YING and CHIH,SHIH-CHIN of the KPMG Taiwan. I, as a supervisor of the company, hereby declare that I have reviewed and verified the abovementioned documents and that they are in compliance with the provisions of Article 219 of the Company Act and relevant laws and regulations. For your honor’s verification.

Sincerely yours,

Green World Hotels Co., Ltd.; The 2020 general meeting of shareholders

Supervisor: LIU,TANG-KUN

Supervisor: KAO,YI-HSING

March 24, 2020

IV. The consolidated annual financial report in the most recent year: It includes the auditor’s auditing report, comparison balance sheet of two years, comprehensive income statement, statement of changes in equity, statement of cash flows and the notes or annexes: please refer to Appendix 1 for details.

V. The individual financial report in the most recent year that is audited by the accountant: please refer to Appendix 2 for details.

VI. If the company and its affiliated companies have encountered financial turnover difficulty in the most recent year and as of the published date of the annual report, the impact on the financial status of the company should be stated: Not available.

Seven. Financial status and financial performance

I. Financial status

Unit: NT$1,000

Item \ Year	Year 2018(Note)	Year 2019	Increase (or decrease) amount	Change ratio
Total assets P.	6,058,310	5,828,714	(229,596)	(3.79%)
Total liabilities	4,407,497	4,117,918	(289,579)	(6.57%)
Total shareholders' equity	1,650,813	1,710,796	59,983	3.63%

Note : The Company adopted the IFRS16 since 2019 and hence retroactively adjusts the affected subject matter in 2018.

In the previous and late period, the change was more than 20%, and the change amount was more than 10,000 dollars. The main reason is: No

II. Financial performance

Unit: NT$1,000

Item \ Year	Year 2018 (Note)	Year 2019	Increase (or decrease) amount	Change ratio
Net operating revenue	1,161,786	1,218,871	57,085	4.91%
Operating profit (loss)	108,181	135,258	27,077	25.03%
Net profit (loss) before tax	14,143	58,926	44,783	316.64%

Note : The Company adopted the IFRS16 since 2019 and hence retroactively adjusts the affected subject matter in 2018.

(I) Analysis and description of the rate of increased or decreased change: (the rate of increased or decreased change is 20% or more, or the amount of change reaches 10 million dollars)

1. Operating profit (loss): the main reason is the enhancement of operating profit generated by the new business operation.
2. Net profit (loss) before tax: the main reason is due to the increasing business profit and the decreasing financial cost and other profit increases.

(II) The expected sales quantity and its reference, and the possible impact on the company's future financial operations and its plan in response

The number of hotels owned by the company has reached to a certain scale. Depending on the operational circumstances and the condition of market supply and demand, the company will determine whether to expand to the areas outside of Taipei or Taiwan. The company will continue to enhance the sales and marketing on the official website, increase the added value of the hotels, increase the overall operating revenue.

III. Cash flow

(I) Analysis of change in cash flows in the current year

Unit: NT$1,000

Cash balance at the initial stage	Net cash flow of business operations throughout the year	Annual total of cash inflow (outflow)	Remaining (insufficient) amount of cash	Remedial measures for insufficient cash
306,790	594,826	27,846	334,636	無

The net cash inflows of the Company's business operations in 2019 was 594,826 NTD, which was mainly from the increasing number of operating revenue and occupancy rate of hotel rooms, thus the company does not have a shortage of funding.

(II) Current analysis and improvement plan for insufficient current: The improvement plan for cash shortage is not applicable.

(III) Analysis of cash flow for the coming year

As of the first quarter of 2019, the Company's cash equivalents were approximately510,234 NTD which is expected to be used for the daily operational costs. There is no major equipment investment or business expansion planned for the coming year. On the basis of current operating conditions, insufficientcash flow is not applicable to the company.

IV. The impact of major capital expenditures on financial operations in the most recent year:

There were no major capital expenditures in the most recent year.

V. The policy for the reinvested business in the most recent year, and the main reason for the profits or losses of the reinvestment, its improvement plan, and the investment plan for the coming year:

There is no reinvestment plan in the most recent year.

VI. Risk assessment

(I) The impact of interest rate, exchange rate, and inflation on the company's profit and loss and the adopted response measures in the future

1. The impact of changes in interest rate on the company's profit and loss and the adopted response measures in the future

(1) The impact of changes in interest rate on the company's profit and loss

At present, the bank interest rate for loans is low and the domestic interest rate is stable. In addition, the debt ratio of the company has decreased from 75% in 2018 to 71% in the current year, thus the interest rate has a relatively low impact on the current profit and loss of the company.

(2) The response measures for changes of interest rate in the future:

Careful assessment of investment strategies and enhancement of operating efficiency to prevent investment with excessive debt and effective reduction of debt.

2. The impact of exchange rate changes on the company's operations and revenue, and the response measures in the future

(1) The impact of exchange rate changes on the company's operations and revenue

The company offers foreign currency exchange service to hotel guests according to the exchange rate provided by the Bank of Taiwan. However, the exchange amount is not large, hence it does not have a significant impact on the company's operations and revenue.

(2) The specific measures adopted by the company to respond to the changes in exchange rate:

The foreign currency purchased by the company will be exchanged to Taiwanese currency in a short period of time. Therefore, the amount of foreign currency remaining on the account is not very high and the changes in exchange rate do not have a significant impact on the company.

3. The impact of inflation on the company's profit and loss and future response measures

   The government in Taiwan has a good control over the inflation condition, thus there is no inflation-related issue at present. If inflation occurs, the company will stipulate response measures depending on the circumstances in the future.

(II) The main reasons and future response measures for engaging the high-risk investment, high-leverage investment, loans to others, endorsement guarantees, and trading of derivative commodities.

The Company does not engage in any high-risk investments, high-leverage investments, loans to others, endorsement guarantees, and trading of derivative commodities.

(III) The future R&D plan and the estimated expenditures for R&D

The company has transformed to the hotel industry. In addition to investing in intelligent hotels, the company currently does not have any plan for research and development.

(IV) The impact of domestic or international amendment of the important policies and laws, on the company's financial operations and its measures in response

The company always pays close attention to the domestic and international amendment of important policies and laws that may affect the company's operations, and the company will consult relevant legal experts in necessary. As of the published date of the annual report, the changes in the relevant laws and regulations have no significant impact on the Company.

(V) The impact of changes in the technology and industry on the company's financial operations and the measures in response

1. The impact of changes in the technology and industry on the company's financial operations

   The cross-strait relations will affect the number of Chinese tourists traveling to Taiwan. Although the company has adopted a diverse business strategy for the sources of hotel guests, the impact is still inevitable.

2. The measures in response to the changes in the technology and industry

   In addition to actively developing the Southeast Asia market and the Muslim market to increase revenue for shareholders, we also invest in intelligent hotels to reduce the manpower costs and actively enhance the operational efficiency of the official website.

(VI) The impact of corporate image changes on the corporate crisis management and the measures in response

The corporate image shall be ethical and illegal interests shall be avoided. The culture of the company has always been focusing on this principle. Therefore, the integrity of corporate governance has become the essence of the company.

(VII) The expected benefit and possible risk of mergers or acquisitions, and the measures in response

1. The expected benefits and possible risks of mergers or acquisitions

   The company had merged the Green World Flora Main/Division, Green World Mai – ZhongShan, Green World Triplebeds and Zhonghua Bran from 2016 to the first quarter of 2019. On the basis of the result of business operations in 2018 and the first quarter of 2019, it had generated benefits for the company. However, the possible risk is that the business operations of the newly incorporated hotels are not as expected.

2. The expected benefit and possible risk of mergers or acquisitions, and the measures in response

   Carry out careful assessment of the target acquisition, determine whether it meets the requirements of the market, and then conduct the investment and acquisition according to the financial/business operations indicators such as the financial structure, operating forecast, and cash flows.

(VIII) The expected benefits and possible risk of the expansion of the factory and the measures in response

The Company currently does not have a plan for factory expansion, thus it is not applicable.

(IX) The risk encountered for the high quantity of incoming or outgoing products, and the measures in response

1. The risk encountered for the high quantity of incoming or outgoing products

The main revenue source of the company is from the sales of hotel rooms. The sales channels include the travel agency, OTA channel, and the official website. However, the only risk of sales is that the majority of the company’s customers come from Japan.

The company’s main purchased products include the hotel room supplies and fresh foods. The supply status is very stable and there are many hotel room supply vendors, thus there is no risk for the purchase of hotel room supplies.

2. The risk encountered for the high quantity of outgoing products and the countermeasures

Develop customer groups other than in the Japanese market and use various sales channels to reduce the risk of customers coming from the same region.

(X) The impact of a large transfer or replaced amount of shares on the company, by the directors, supervisors, or major shareholders holding more than 10% of the total issued shares of the company, and the risk and countermeasures:This condition does not apply.

(XI) The impact of changes in management on the company, and risk and measures in response

This condition does not apply.

(XII) Litigation or non-litigation incident

1. The company’s major litigation, non-litigation, or administrative disputes in the process: None.

2. The major litigation, non-litigation, or administrative disputes with determined judgment for the directors, supervisors, general manager of the Company, or major shareholders holding more than 10% of the total issued shares of the company in the current year: None.

(XIII) Other important risks and countermeasures: None.

VII. Other important matters: None.

Eight. Special notes or remarks

I. Related information of the affiliated companies:

1. Organization status of the affiliated companies:

(1) Organization chart of the affiliated companies:

Green World Hotels Co., Ltd.

Green World Solutions CO., LTD

(2) Basic information of all affiliated companies:

Date of the information: April 30, 2019

<table>
<tr><th colspan="2">Company Name</th><th>Date of establishment</th><th>Address</th></tr>
<tr><td colspan="2">Green World Solutions CO., LTD</td><td>2019.6.20</td><td>3F, No. 69, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)</td></tr>
<tr><th colspan="3">Paid-up capital</th><th>Main business operations or production items</th></tr>
<tr><td>NTD</td><td colspan="2">5,000,000</td><td>Manpower dispatch and management consultation industry</td></tr>
</table>

(3) The shareholders who are assumed to have the controlling and affiliation relations: not available.

(4) The overall business operated by the affiliated companies: the business operations operated by the company and the company's affiliated companies include: the hotel industry.

(5) Information of directors, supervisors, and general manager of all affiliated companies:

April 30, 2020 Unit: shares /%

<table>
<tr><th rowspan="2">Company Name</th><th rowspan="2">Position</th><th rowspan="2">Name or representative</th><th colspan="2">Holding shares</th></tr>
<tr><th>Number of shares (Note 1)</th><th>Number of shares (Note 1)</th></tr>
<tr><td>Green World Solutions CO., LTD</td><td>Chairman</td><td>Green World Hotels Co., Ltd.
Representative: HSIEH,HSIEN-CHIH</td><td>500,000</td><td>100%</td></tr>
</table>

Note 1: If the invested company is a limited company, the shareholding information refers to the number of shares and the shareholding ratio. For all the others, the information refers to the capital contribution and the capital contribution ratio.

2. Business operations overview of the affiliated companies

(1) The financial status and operating results of all affiliated companies:

December 31, 2019 Unit: NT (dollars)

Company Name	Capital amount	Total assets	Total liabilities	Net value
Green World Solutions CO., LTD	5,000,000	4,829,416	40,035	4,789,381

Operating revenue	Operating revenue	After tax in the current period (loss) profit	per share after tax (loss) profit (dollars)
0	(262,655)	(210,619)	(0.4)

(2) The consolidated financial statements, relationship report of the affiliated companies: Please refer to Appendix 1 for details.

II. The status of the privately placed securities in the most recent year and as of the published date of the annual report: None

III. The status of the company holding or disposing of the company's shares in the most recent year and as of the published date of the annual report: None

IV. Other matters and supplementary explanations: None

Nine. The occurrence of matters that have a significant impact on shareholders' rights and interests or the price of securities, as stipulated in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act.

Appendix

The 2019 Consolidated Financial Report

The 2019 Annual Individual Financial Report

Stock Code:8077

GREEN WORLD HOTELS CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2019 and 2018

Address: 3F., No. 69, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)
Telephone: (02)2562-0018

Representation Letter

The entities that are required to be included in the combined financial statements of Green World Hotels Co., Ltd. as of and for the year ended December 31, 2019 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Green World Hotels Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Green World Hotels Co., Ltd.
Chairman: Hsien-Chih Hsieh
Date: March 24, 2020

Independent Auditors' Report

To the Board of Directors of Green World Hotels Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Green World Hotels Co., Ltd.("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018 (restated), the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018 (restated), and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2019 and 2018 (restated) in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Impairment of right-of-use assets, intangible assets , property, plant and equipment:

   Refer to Notes 4(i) "Leases" , 4(h), "Property, plant and equipment" , 4(j) "Intangible assets" , 6(d) "Right-of-use assets" , 6(c) "Property, plant and equipment" and 6(e) "Intangible assets" to the consolidated financial statements for the accounting policy and the details of the information.

Description of key audit matter

As of December 31.2019, the carrying amount of right-of-use assets, intangible assets, property, plant and equipment constitute 83% of the total assets of the Group. The major parts are the intangible assets originated from the acquisition of Green World Hotel Co., Ltd. in 2015 and the right-of-use assets from the recognition of leases applying IFRS 16 "Leases". Since the aforementioned assets are affected by industry competition, government policy, and economic environment, the estimated recoverable amount of future discounted cash flows is highly uncertain; hence, there is a risk of overestimating the carrying amount of right-of-use assets, intangible assets, property, plant and equipment. We pay more attention to the appropriateness of the assumptions, estimates and judgments of the future discounted cash flows during the audit process.

How the matter was addressed in our audit

We cast professional skepticism on management's impairment assessing model. The work includes evaluating whether management has identified all cash-generating units which might have impairments and considering whether all the assets which need to be tested have been included in the impairment assessment.

We also review the main parameters used by management to estimate future cash flow (e.g. expected growth rate, discount rate, profit margin, cash-based revenue, and cost increase rate). We verify the reasonableness of the assumptions and the accuracy of management's calculation based on available data.

Emphasis of Matter

As stated in Note 3(a) to the consolidated financial statements, the Group has initially adopted the IFRS 16 "Leases" from January 1, 2019, and applied the full retrospective approach, with restatement of comparative period amounts. Our opinion is not modified in respect of this matter.

Other Matter

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2019 and 2018 (restated), on which we have issued an unqualified opinion with emphasis of matter paragraph.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the supervisors) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a 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. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, 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. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shu-Ying Chang and Shih-Chin Chih.

KPMG

Taipei, Taiwan (Republic of China)
March 24, 2020

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GREEN WORLD HOTELS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollar)

		December 31, 2019		(Restated) December 31, 2018		(Restated) January 1, 2018	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 334,636	6	306,790	5	399,588	6
1150	Notes receivable, net (note 6(b), (n) and 7)	29,277	1	27,940	-	34,669	1
1170	Accounts receivable, net (note 6(b), (n) and 7)	54,521	1	58,174	1	53,246	1
1220	Current tax assets	234	-	193	-	-	-
1476	Other current financial assets (note 6(a) and (f))	251,191	4	161,658	3	8,914	-
1479	Other current assets	17,926	-	23,145	-	18,069	-
		687,785	12	577,900	9	514,486	8
	Non-current assets:						
1600	Property, plant and equipment (note 6(c))	1,181,816	20	1,256,031	21	1,290,266	20
1755	Right-of-use assets (note 3(a) and 6(d))	3,278,251	56	3,543,525	58	3,915,561	61
1780	Intangible assets (note 6(e))	414,287	7	426,903	7	451,671	7
1840	Deferred tax assets (note 3(a) and 6(k))	100,000	2	96,390	2	86,471	1
1980	Other non-current financial assets(note 6(f), 7 and 8)	166,504	3	156,763	3	156,035	3
1990	Other non-current assets	71	-	798	-	6,828	-
		5,140,929	88	5,480,410	91	5,906,832	92
	Total assets	**$ 5,828,714**	**100**	**6,058,310**	**100**	**6,421,318**	**100**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GREEN WORLD HOTELS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets (CONT' D)

December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollar)

					(Restated)		(Restated)	
			December 31, 2019		December 31, 2018		January 1, 2018	
	Liabilities and Equity		Amount	%	Amount	%	Amount	%
	Current liabilities:							
2100	Short-term borrowings (note 6(g))	$	390,000	7	430,000	7	470,000	7
2130	Current contract liabilities (note 6(n))		10,587	-	8,972	-	-	-
2150	Notes payable		1,242	-	4,150	-	11,995	-
2170	Accounts payable (note 7)		49,212	1	47,597	1	41,906	1
2200	Other payable (note 6(c), (o) and 7)		55,473	1	53,836	1	53,165	1
2230	Current tax liabilities		-	-	4,360	-	426	-
2280	Current lease liabilities (note 3(a), 6(h) and 7)		365,054	6	356,314	6	347,859	6
2399	Other current liabilities (note 6(n))		1,411	-	1,767	-	7,116	-
			872,979	15	906,996	15	932,467	15
	Non-Current liabilities:							
2580	Non-current lease liabilities (note 3(a), 6(h) and 7)		3,243,711	56	3,499,673	58	3,855,988	60
2645	Guarantee deposits		1,228	-	828	-	828	-
			3,244,939	56	3,500,501	58	3,856,816	60
	Total liabilities		4,117,918	71	4,407,497	73	4,789,283	75
	Equity attributable to owners of parent(notes 3(a) and 6(l)):							
3100	Capital stock		1,097,283	19	1,097,283	18	1,097,283	17
3200	Capital surplus		604,393	10	604,393	10	604,393	9
3310	Legal reserve		8,923	-	4,844	-	-	-
3350	Unappropriated retained earnings (accumulated deficit)		197	-	(55,707)	(1)	(69,641)	(1)
	Total equity		1,710,796	29	1,650,813	27	1,632,035	25
	Total liabilities and equity	$	5,828,714	100	6,058,310	100	6,421,318	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GREEN WORLD HOTELS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollar , except earnings per share)

		2019		(Restated) 2018	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenues (note 6(n) and 7)**	$ 1,218,871	100	1,161,786	100
5000	**Operating costs (note 6(c), (d), (e), (j) and 7)**	890,473	73	873,933	75
	Gross profit from operations	328,398	27	287,853	25
	Operating expenses (note 6(c), (d), (e), (h), (j) and 7):				
6100	Selling expenses	122,616	10	112,016	10
6200	Administrative expenses	70,524	6	67,656	6
6300	**Operating expenses**	193,140	16	179,672	16
	Operating income	135,258	11	108,181	9
	Non-operating income and expenses (note 6(c), (e), (p) and 7):				
7010	Other income	3,329	-	1,661	-
7020	Other gains and losses, net	8,245	1	(1,540)	-
7050	Finance costs	(87,906)	(7)	(94,159)	(8)
		(76,332)	(6)	(94,038)	(8)
7900	**Profit before income tax**	58,926	5	14,143	1
7950	Less: Income tax gains (note 6(k))	(1,057)	-	(4,635)	-
	Profit	59,983	5	18,778	1
8300	**Other comprehensive income, net**	-	-	-	-
8500	**Comprehensive income**	$ 59,983	5	18,778	1
	Profit attributable to:				
8610	Owners of parent	$ 59,983	5	18,778	1
	Comprehensive income attributable to:				
8710	Owners of parent	$ 59,983	5	18,778	1
	Basic earnings per share (note 6(m))				
9710	Basic earnings per share (NT dollars)	$	0.55		0.17
9810	Diluted earnings per share (NT dollars)	$	0.55		0.17

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GREEN WORLD HOTELS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollar)

	Equity attributable to owners of parent					
			Retained earnings			
	Capital stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Total equity attributable to owners of parent	Total equity
Balance on January 1, 2018	$ 1,097,283	604,393	-	48,441	1,750,117	1,750,117
Effects of retrospective application	-	-	-	(118,082)	(118,082)	(118,082)
Balance on January 1, 2018 (restated)	1,097,283	604,393	-	(69,641)	1,632,035	1,632,035
Profit for the year ended December 31, 2018 (restated)	-	-	-	18,778	18,778	18,778
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	-	-
Comprehensive income for the year ended December 31, 2018 (restated)	-	-	-	18,778	18,778	18,778
Appropriation and distribution of retained earnings:						
Legal reserve appropriated	-	-	4,844	(4,844)	-	-
Balance on December 31, 2018 (restated)	1,097,283	604,393	4,844	(55,707)	1,650,813	1,650,813
Profit for the year ended December 31, 2019	-	-	-	59,983	59,983	59,983
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	-	-
Comprehensive income for the year ended December 31, 2019	-	-	-	59,983	59,983	59,983
Appropriation and distribution of retained earnings:						
Legal reserve appropriated	-	-	4,079	(4,079)	-	-
Balance on December 31, 2019	**$ 1,097,283**	**604,393**	**8,923**	**197**	**1,710,796**	**1,710,796**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GREEN WORLD HOTELS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollar)

		2019	(Restated) 2018
Cash flows from (used in) operating activities:			
Profit before tax	$	58,926	14,143
Adjustments:			
Adjustments to reconcile profit:			
Depreciation expense		512,439	501,065
Amortization expense		22,029	27,508
Interest expense		87,906	94,159
Interest income		(3,329)	(1,661)
Impairment loss on non-financial assets		150	4,382
Total adjustments to reconcile profit		619,195	625,453
Changes in operating assets and liabilities:			
Notes receivable		(1,337)	6,729
Accounts receivable		3,653	(4,928)
Other current assets		5,219	(5,033)
Other financial assets		467	(244)
Contract liabilities		1,615	2,984
Notes payable		(2,908)	(7,845)
Accounts payable		1,615	5,691
Other payable		633	15,335
Other current liabilities		(356)	639
Total changes in operating assets and liabilities		8,601	13,328
Total adjustments		627,796	638,781
Cash inflow generated from operations		686,722	652,924
Interest received		3,329	1,661
Interest paid		(88,271)	(94,164)
Income taxes paid		(6,954)	(1,586)
Net cash flows from operating activities		594,826	558,835

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GREEN WORLD HOTELS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (CONT'D)

For the years ended December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollar)

	2019	(Restated) 2018
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(56,307)	(110,445)
Acquisition of intangible assets	(8,686)	(100)
Increase other financial assets	(99,741)	(153,228)
Net cash flows used in investing activities	(164,734)	(263,773)
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(40,000)	(40,000)
Increase in guarantee deposits	400	-
Payment of lease liabilities	(362,646)	(347,860)
Net cash flows from (used in) financing activities	(402,246)	(387,860)
Net increase (decrease) in cash and cash equivalents	27,846	(92,798)
Cash and cash equivalents at beginning of period	306,790	399,588
Cash and cash equivalents at end of period	$ 334,636	306,790

See accompanying notes to consolidated financial statements.

(expressed in thousands of New Taiwan Dollar unless otherwise specified)

(1) Company history

GREEN WORLD HOTELS CO., LTD. (the "Company"), which was original named U Chain Technology Co., Ltd. The Company was established in accordance with the Company Act of the Republic of China, and began running business on July 22, 1994. The Company changed its organization type to a company limited by shares in January 1996, and changed its name to "Applied Vacuum Coating Technologies Co., Ltd." in May 1997. The Company's common shares were listed on the Taipei Exchange(TPEx) on December 6, 2004.

A resolution was passed during the general shareholders' meeting held on June 26, 2015, for changing its name to "Green World Hotel Co., Ltd.", and a resolution of short form merger with the subsidiary Green World Hotel Co., Ltd. was passed during the meeting of Board of Directors held on August 11, 2015. The two parties merged in accordance with the Business Mergers and Acquisitions Act, the date of merger was set on October 1, 2015. After the merger, the Company is the survival one, and the subsidiary is eliminated.

The short-form merger was completed and approved in accordance with Ruling No.10401220100 issued by the Ministry of Economy on December 7, 2015.

A resolution of short-form merger with subsidiary, Green World Hotel ZhongHua Co., Ltd., was passed during the meeting of Board of Directors held on August 8, 2019, with the Company being the sole surviving entity. The date of merger was set on October 1, 2019, and the related registration procedure was completed and approved in accordance with Ruling No. 10801146200 issued by the Ministry of Economy on November 18, 2019.

The major business activities of the Group is Hotels and Restaurants Operation.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on March 24, 2020.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16 "Leases"

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group applied IFRS 16 using the full retrospective approach, under which the cumulative effect of initial application is recast for comparative period in the consolidated financial statements. The details of the changes in accounting policies are disclosed below:

1) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(i).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group decided to apply the recognition exemptions to short-term leases of machinery, where the right-of-use assets and lease liabilities for short-term leases of its machinery are not recognized. The Group recognizes the lease payments associated with these leases as expenses on a straight-line basis over the lease term. As for other leases of assets previously classified as operating leases under IAS17, the Group recognizes the right-of-use assets and lease liabilities.

3) As a lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Group accounted for its leases in accordance with IFRS 16 from the date of initial application.

Under IFRS 16, the Group is required to assess the classification of a sub-lease by reference to the right-of-use asset, not the underlying asset.

4) Impacts on financial statements

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 2.25%. The explanation of impact on consolidated financial statements disclosed as follows:

	December 31, 2018		
Impacted line items on the consolidated balance sheet	**Balance before restatement**	**Impact of changes in accounting policies**	**Balance after restatement**
Right-of-use assets	$ -	3,543,525	3,543,525
Deferred income tax assets	59,378	37,012	96,390
Impact on assets		**3,580,537**	
Current lease liabilities	-	356,314	356,314
Non-current lease liabilities	-	3,499,673	3,499,673
Long-term accounts payable	135,356	(135,356)	-
Impact on liabilities		**3,720,631**	
Reatined earnings	84,387	(140,094)	(55,707)
Impact on equity		**(140,094)**	

	January 1, 2018		
Impacted line items on the consolidated balance sheet	**Balance before restatement**	**Impact of changes in accounting policies**	**Balance after restatement**
Right-of-use assets	$ -	3,915,561	3,915,561
Deferred income tax assets	50,339	36,132	86,471
Impact on assets		**3,951,693**	
Current lease liabilities	-	347,859	347,859
Non-current lease liabilities	-	3,855,988	3,855,988
Long-term accounts payable	134,072	(134,072)	-
Impact on liabilities		**4,069,775**	
Reatined earnings	48,441	(118,082)	(69,641)
Impact on equity		**(118,082)**	

Impacted line items on the consolidated stataements of comprehensive income		2018 Balance before restatement	2018 Impact of changes in accounting policies	2018 Balance after restatement
Cost of sales	$	(940,536)	66,603	(873,933)
Administrative expenses		(67,826)	170	(67,656)
Finance costs		(4,494)	(89,665)	(94,159)
Impact on profit before income tax		37,035	(22,892)	14,143
Income tax expense		3,755	880	4,635
Impact on profit	**$**	**40,790**	**(22,012)**	**18,778**
Basic earnings per share (NT dollars)	**$**	**0.37**	**(0.20)**	**0.17**
Diluted earnings per share (NT dollars)	**$**	**0.37**	**(0.20)**	**0.17**

Impacted line items on the consolidated stataements of cash flows		2018 Balance before restatement	2018 Impact of changes in accounting policies	2018 Balance after restatement
Cash flows from operating activities:				
Profit before income tax	$	37,035	(22,892)	14,143
Adjustments:				
Deprectation expense		129,029	372,036	501,065
Interest expense		4,494	89,665	94,159
Lease expense		1,284	(1,284)	-
Interest paid		(4,499)	(89,665)	(94,164)
Impact on net cash flows from operating activities			**347,860**	
Cash flows from financing activities:				
Payment of principal of lease liabilities		-	(347,860)	(347,860)
Impact on net cash flows from financing activities			**(347,860)**	

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020 in accordance with Ruling No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	**Effective date per IASB**
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

(4) Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries included in the consolidated financial statement:

			Shareholding ratio		
Investor	**Subsidiary**	**Nature of business**	**December 31, 2019**	**December 31, 2018**	**Notes**
The company	Green World Hotel ZhongHua Co., Ltd.	Hotels	- % (Note)	100%	The Company holds more than 50% of the investee’s shares.
The company	Green World Solutions Co., Ltd.	Human Resources	100%	- %	The Company holds more than 50% of the investee’s shares.

Note : A resolution of short-form merger with subsidiary, Green World Hotel ZhongHua Co., Ltd., was passed during the meeting of Board of Directors held on August 8, 2019, with the Company being the sole surviving entity. The date of merger was set on October 1, 2019, and the related registration procedure was completed and approved in accordance with Ruling No. 10801146200 issued by the Ministry of Economy on November 18, 2019.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

(i) an investment in equity securities designated as at fair value through other comprehensive income;

(ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(iii) qualifying cash flow hedges to the extent that the hedges are effective.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non current.

An entity shall classify an assets as current when:

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL.

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due**.**

The Group considers time deposits to have low credit risk, since the counterparties are financial institutions with good rating.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 90 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

3) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- Buildings 21 years
- Transportation equipment 8 years
- Leasehold improvements 2~19 years
- Other equipment 3~12 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

   - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or

   - the relevant decisions about how and for what purpose the asset is used are predetermined and:

- the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
- the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

When assessing at inception of a contract or reassessing whether a contract contains a lease, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings, the Group has elected not to separate non-lease components and to account for the lease and non-lease components as a single lease component, instead.

(ii) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee; or

- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

- there is a change of its assessment on whether it will exercise a extension or termination option; or

- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income’.

(j) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets, including customer relationships and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- Trademark 10 years
- Customer relationships 10 years
- Computer software 1~5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(l) Recognition of revenue

(i) Revenue from contracts with customers

The Group provides catering, room accommodation, leasing and business management services to customers. Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a service to a customer. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

(m) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(n) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities ; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(o) Earnings per share

The Group discloses the Company’ s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(p) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Impairment of right-of-use assets, property, plant and equipment, and intangible assets

In the process of evaluating the potential impairment of right-of-use assets, property, plant, and equipment, and intangible assets, the main parameters used by management to estimate future cash flow (e.g. expected growth rate, discount rate, profit margin, cash based revenue, and cost increase rate) are affected by uncertainties of industry competition, government policy, and economic environment, and the estimated recoverable amount of future discounted cash flows is highly uncertain; hence, there is a risk of overestimating the carrying amount of right-of-use assets, intangible assets, property, plant, and equipment. Please refer to note 6(c), (d), and (e) for further description of recoverable amount and impairment assessment.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2019	**December 31, 2018**
Cash and petty cash	$	3,196	3,304
Demand deposits		330,950	302,484
Check deposit		490	1,002
Cash and cash equivalents in the consolidated statement of cash flows	**$**	**334,636**	**306,790**

Please refer to note 6(q) for the interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Company.

As of December 31, 2019 and 2018, the bank time deposits with original maturities of more than three months are $250,000 thousand and $160,000 thousand, respectively, and presented as other current financial assets.

(b) Notes and trade receivables

		December 31, 2019	December 31, 2018
Notes receivables (including related party)	$	29,277	27,940
Trade receivables (including related party)-measured at amortized cost		54,531	58,184
Less: Loss allowance		(10)	(10)
	$	83,798	86,114

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

	December 31, 2019			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	83,788	0%	-
1 to 60 days past due		10	0%	-
More than 181 days past due		10	100%	10
	$	83,808		10

	December 31, 2018			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	86,070	0%	-
1 to 60 days past due		44	0%	-
More than 181 days past due		10	100%	10
	$	86,124		10

The movement in the allowance for notes and trade receivables were as follows:

	For the years ended December 31		
		2019	2018
Balance on December 31, 2019 and 2018 (i.e. Balance on January 1, 2019 and 2018)	$	10	10

As of December 31, 2019 and 2018, the Group didn't provide any receivables as collateral for its borrowings.

(c) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2019 and 2018, were as follows:

	Land	Buildings and construction	Leasehold improvement and other facilities	Construction in progress	Total
Cost or deemed cost:					
Balance on January 1, 2019	$ 105,621	12,223	1,565,431	342	1,683,617
Additions	-	-	6,576	51,100	57,676
Reclassifications	-	-	3,776	(3,776)	-
Balance on December 31, 2019	$ 105,621	12,223	1,575,783	47,666	1,741,293
Balance on January 1, 2018	$ 105,621	12,223	1,456,775	13,212	1,587,831
Additions	-	-	18,873	76,913	95,786
Reclassifications	-	-	89,783	(89,783)	-
Balance on December 31, 2018	$ 105,621	12,223	1,565,431	342	1,683,617
Depreciation and impairments loss:					
Balance on January 1, 2019	$ -	2,379	425,207	-	427,586
Depreciation	-	559	131,182	-	131,741
Impairment loss	-	-	150	-	150
Balance on December 31, 2019	$ -	2,938	556,539	-	559,477
Balance on January 1, 2018	$ -	1,820	295,745	-	297,565
Depreciation	-	559	128,470	-	129,029
Impairment loss	-	-	992	-	992
Balance on December 31, 2018	$ -	2,379	425,207	-	427,586
Carrying amounts:					
Balance on December 31, 2019	$ 105,621	9,285	1,019,244	47,666	1,181,816
Balance on January 1, 2018	$ 105,621	10,403	1,161,030	13,212	1,290,266
Balance on December 31, 2018	$ 105,621	9,844	1,140,224	342	1,256,031

(i) As of December 31, 2019 and 2018, due to payments to hotels maintenance of lease buildings, the Group recognized other payables amounting to $4,455 thousand and $3,086 thousand, respectively.

(ii) During the year 2019 and 2018, since the carrying amount of certain hotels was determined to be higher than its recoverable amount, impairment losses of leasehold improvement and other facilities of $150 thousand and $992 thousand, respectively, were recognized as other gains and losses in the consolidated statement of comprehensive income. Please refer to note 6(e) for the key assumptions used in the estimation of value in use.

(iii) As of December 31, 2019 and 2018, the property, plant and equipment of the Group had not been pledged as collateral for borrowings.

(d) Right-of-use assets

The cost and depreciation of the leased buildings were as follows:

		Buildings
Cost:		
Balance on January 1, 2019 (restated)	$	5,222,440
Additions		115,424
Balance on December 31, 2019	**$**	**5,337,864**
Balance on January 1, 2018 (restated)	$	5,222,440
Balance on December 31, 2018 (restated)	**$**	**5,222,440**
Accumulated depreciation:		
Balance on January 1, 2019 (restated)	$	1,678,915
Depreciation		380,698
Balance on December 31, 2019	**$**	**2,059,613**
Balance on January 1, 2018 (restated)	$	1,306,879
Depreciation (restated)		372,036
Balance on December 31, 2018 (restated)	**$**	**1,678,915**
Carrying amounts:		
Balance on December 31, 2019	**$**	**3,278,251**
Balance on January 1, 2018 (restated)	**$**	**3,915,561**
Balance on December 31, 2018 (restated)	**$**	**3,543,525**

(e) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2019 and 2018, were as follows:

		Goodwill	Trademark	Customer relationships	Computer software	Total
Costs:						
Balance on January 1, 2019	$	346,883	53,000	143,000	9,351	552,234
Additions		-	-	-	8,686	8,686
Balance on December 31, 2019	**$**	**346,883**	**53,000**	**143,000**	**18,037**	**560,920**
Balance on January 1, 2018	$	346,883	53,000	143,000	9,251	552,134
Additions		-	-	-	100	100
Balance on December 31, 2018	**$**	**346,883**	**53,000**	**143,000**	**9,351**	**552,234**

	Goodwill	Trademark	Customer relationships	Computer software	Total
Accumulated amortization and impairment losses					
Balance on January 1, 2019	$ 48,875	18,954	51,142	6,360	125,331
Amortization for the year	-	5,172	13,953	2,177	21,302
Balance on December 31, 2019	$ 48,875	24,126	65,095	8,537	146,633
Balance on January 1, 2018	$ 45,485	13,783	37,189	4,006	100,463
Amortization for the year	-	5,171	13,953	2,354	21,478
Impairment loss	3,390	-	-	-	3,390
Balance on December 31, 2018	$ 48,875	18,954	51,142	6,360	125,331
Carrying value:					
Balance on December 31, 2019	$ 298,008	28,874	77,905	9,500	414,287
Balance on January 1, 2019	$ 301,398	39,217	105,811	5,245	451,671
Balance on December 31, 2018	$ 298,008	34,046	91,858	2,991	426,903

(i) The amortization of intangible assets are included in the statement of comprehensive income:

	For the years ended December 31	
	2019	2018
Cost of sales	$ 151	222
Operating expenses	21,151	21,256
Total	$ 21,302	21,478

(ii) The recoverable amount of the cash-generating units (CGUs) of hotel business was based on its value in use. During the year 2018, the carrying amount of the CGUs was determined to be higher than its recoverable amount, an impairment loss of goodwill of $3,390 thousand was recognized as other gains and losses in the consolidated statement of comprehensive income.

(iii) For impairment testing purposes, goodwill had been allocated to individual cash-generating units as follows:

	Carrying amount	Amount after deducting impairment losses December 31, 2019	Amount after deducting impairment losses December 31, 2018
A	$ 52,018	52,018	52,018
B	24,598	24,598	24,598
C	63,280	55,360	55,360
D	28,695	28,695	28,695
E	56,478	56,478	56,478
F	8,416	-	-
G	64,255	34,883	34,883
H	13,210	10,043	10,043
I	15,854	15,854	15,854
J	20,079	20,079	20,079
	$ 346,883	298,008	298,008

As of December 31, 2019 and 2018, the recoverable amount of the CGUs were based on its value in use. The carrying amount of the CGU C was determined to be higher than its recoverable amount and an impairment loss of $3,390 thousand in 2018 was recognized. The impairment loss was fully allocated to goodwill and reported in 'other gains and losses in the consolidated statement of comprehensive income.

The key assumptions used in the estimation of value in use were as follows.

	December 31, 2019	**(Restated) December 31, 2018**
Discount rate	2.81%	3.57%
Terminal value growth rate	1%～10%	1%～10%

As of December 31, 2019 and 2018, the discount rates were determined based on weighted average cost of capital of industry. The cash flow projections are based on five-year period financial budgets approved by management. A long-term growth rate in perpetuity for cash flows in subsequent periods had been determined as constant.

The value in use of the CGUs had been determined by discounting the future cash flows that are generated from the continuing use of the CGUs. Unless otherwise stated, the value in use of CGUs and key assumptions used had been applied consistently with those described in the financial statements for the year ended December 31, 2018.

1) The estimate of cash flow is based on past experience, actual operating results, and lease expiration date. Due to the long-term operating cycle of hotel business, the management believes that the above forecast period is reasonable.

2) Estimated revenues in financial budgets are based on past experience and development of actual operating results.

3) Estimating operating costs and expenses in financial budgets are based on past experience and various factors of operating costs and expenses.

4) The recoverable amount of the CGU was determined by a pre-tax discount rate.

The value of this key assumptions represents the management’ s assessment to the trends of hotel business with consideration of both external and internal (historical) information.

(f) Other financial assets

The other financial assets were summarized as follows:

		December 31, 2019	**December 31, 2018**
Current			
Other receivables	$	1,191	1,658
Time deposits		250,000	160,000
Subtotal		251,191	161,658

		December 31, 2019	December 31, 2018
Non-current			
Lease deposits	$	161,074	154,706
Other deposits		5,430	2,057
Subtotal		166,504	156,763
	$	417,695	318,421

(g) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2019	December 31, 2018
Unsecured bank loans	$ 390,000	430,000
Range of interest rates	1%	1%

For the guarantee and endorsement from the ultimate parent company, please refer to note 7.

(h) Lease liabilities

The Group’s lease liabilities were as follows:

		December 31, 2019	(Restated) December 31, 2018
Current	$	365,054	356,314
Non-current		3,243,711	3,499,673
	$	3,608,765	3,855,987

For the maturity analysis, please refer to note 6(q).

The amount recognized in profit or loss was as follows:

Interest on lease liabilities, please refer to note 6(p)(iii).

	For the years ended December 31	
	2019	(Restated) 2018
Income from sub-leasing right-of-use assets	$ 19,848	25,721
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 3,398	3,239

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the years ended December 31	
	2019	(Restated) 2018
Total cash outflow for leases	$ 449,913	440,764

Real estate leases

As of December 31,2019, the Group leases buildings for its hotel business. The leases typically run for a period of 3 to 20 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases contain extension options exercisable by the Group. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which leasee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(i) Operating lease

Non-cancellable operating lease rentals payable was as follows:

Leases as lessor

	December 31, 2019	(Restated) December 31, 2018
Less than one year	$ 15,732	18,709
One to two years	7,639	7,909
Two to three years	3,780	7,639
Three to four years	-	5,780
Four to five years	-	3,429
More than five years	-	17,142
Total undiscounted lease payments	$ 27,151	60,608

(j) Employee benefits

Defined contribution plans

The Company allocates 6% of each employee’s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $11,619 and $10,570 for the years ended December 31, 2019 and 2018, respectively.

(k) Income Tax

(i) Income tax

The components of income tax in the years 2019 and 2018 were as follows:

	For the years ended December 31	
	2019	**(Restated) 2018**
Current tax expense		
Current period	$ 2,552	924
Adjustment for prior periods	1	-
Undistributed earnings additional tax	-	4,360
	2,553	5,284
Deferred tax revenue		
Origination and reversal of temporary differences	(3,610)	(156)
Adjustment in tax rate	-	(9,763)
	(3,610)	(9,919)
Income tax gains	**$ (1,057)**	**(4,635)**

Reconciliation of income tax and profit before tax for 2019 and 2018 is as follows:

	For the years ended December 31	
	2019	**(Restated) 2018**
Profit excluding income tax	$ 58,926	14,143
Income tax using the Company’s domestic tax rate	11,785	2,829
Non-deductible expenses	2,771	2,769
Impairment losses	30	876
Recognition of previously unrecognized tax losses	(12,743)	(2,859)
Current-year losses for which no deferred tax asset was recognized	42	-
Adjustment in tax rate	-	(9,763)
Change in provision in prior periods	1	-
Undistributed earnings addtional tax	-	4,360
Others	(2,943)	(2,847)
	$ (1,057)	**(4,635)**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2019	(Restated) December 31, 2018
The carry forward of unused tax losses	$ 148,731	189,958

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2019 and 2018 were as follows:

Deferred tax assets

	Used tax loss	Rental expenses	Total
Balance on January 1, 2019	$ 33,898	62,492	96,390
Recognized in profit or loss	-	3,610	3,610
Balance on December 31, 2019	$ 33,898	66,102	100,000
Balance on January 1, 2018 (Restated)	$ 28,813	57,658	86,471
Recognized in profit or loss	5,085	4,834	9,919
Balance on December 31, 2018 (Restated)	$ 33,898	62,492	96,390

3) As of December 31, 2019, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax loss	Expiry date
2009	$ 193,111	2019
2010	218,791	2020
2011	170,994	2021
2012	174,604	2022
2013	69,060	2023
2014	19,290	2024
2015	14,786	2025
2016	52,299	2026
2019	211	2029
	$ 913,146	

(iii) Business income tax administrative remedies

The Corporation's income tax return for the year 2017 had been examined by the tax authorities.

(l) Capital and other equity

As of December 31, 2019 and 2018, the total value of authorized ordinary shares were both amounted to $2,500,000 thousand, with par value of $10 per share. As of that date, ordinary shares amounted $1,097,283 thousand (including private placement $594,334 thousand) were issued. All issued shares were paid up upon issuance.

(i) Ordinary and preferred shares

In accordance with the rules of Article 42 of the Securities and Exchange Act and Article 68 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the Company filed to the Financial Supervisory Commission to complete supplemental procedures for public issuance of 20,000 thousand ordinary shares under private placement in 2014, 2,346 thousand ordinary shares under private placement in 2012, and 22,922 thousand preferred shares under private placement in 2006 - 2010 (all preferred shares have been converted to ordinary shares). The relevant statutory registration procedures had been completed on October 31, 2018, December 27, 2018, and January 10, 2019, respectively.

As of December 31, 2019 and 2018, there were both 59,433 thousand ordinary shares under private placement. The aforementioned private placement of ordinary shares and the transfer of any subsequently obtained bonus shares would be subject to section 43(8) requirements under the Securities and Exchange Act. The Company can only apply for these shares to be traded on the Taiwan Stock Exchange after a three-year period has elapsed from the delivery date of the private placement securities, and after applying for a public offering with the Financial Supervisory Commission.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2019 and 2018, were as follows:

	December 31, 2019	December 31, 2018
Share capital	$ 604,393	604,393

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's Articles of Incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

The meeting of shareholders held on June 28, 2019 and June 26, 2018 passed a resolution that earnings of 2018 and 2017 would not be distributed except for retaining $4,079 thousand and $4,844 thousand as legal reserve, respectively.

(m) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the years ended December 31, 2019 and 2018 are as follows:

	For the years ended December 31	
	2019	(Restated) 2018
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	$ 59,983	18,778
Weighted average number of ordinary shares on December 31	109,728	109,728
Earnings per share (dollars)	$ 0.55	0.17
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company (diluted)	$ 59,983	18,778
Weighted average number of ordinary shares on December 31	109,728	109,728
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	31	19
Weighted average number of ordinary shares (diluted) on December 31	$ 109,759	109,747
	$ 0.55	0.17

(n) Revenue from contracts with customers

(i) Disaggregation of revenue

		For the years ended December 31	
		2019	2018
Primary geographical markets:			
Taiwan	$	1,218,871	1,161,786
Major products/ services lines:			
Hotel room service	$	1,086,646	1,027,763
Hotel catering service		110,316	105,928
Management consultancy services		1,800	1,930
Leasing services		20,058	25,721
Sale of products service		51	444
	$	1,218,871	1,161,786

(ii) Contract balances

		December 31, 2019	December 31, 2018	January 1, 2018
Notes and accounts receivable (including related parties)	$	83,808	86,124	87,925
Less: allowance for impairment		(10)	(10)	(10)
Total	$	83,798	86,114	87,915
Contract liabilities-hotel room service/ unearned revenue	$	10,587	8,972	5,988

For details on accounts receivable and allowance for impairment, please refer to note 6(b).

The amount of revenue recognized for the years ended December 31, 2019 and 2018 that was included in the contract liability balance at the beginning of the period were $8,867 thousand and $5,988 thousand, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There was no other significant changes during 2019 and 2018.

(o) Employee compensation and directors’ and supervisors’ remuneration

In accordance with the Articles of Incorporation the Group should contribute no less than 0.7% ~10% of the profit as employee compensation and less than 1% as directors’ and supervisors’ remuneration when there is profit for the year. However, if the Group has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Group’s affiliated companies who meet certain conditions.

For the years ended December 31, 2019 and 2018, the Company estimated its employee remuneration amounting to $415 thousand and $261 thousand, and directors' and supervisors' remuneration were both zero. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Articles of Incorporation. These remunerations were expensed under operating costs or operating expenses during 2019 and 2018. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated entity financial statements, are identical to those of the actual distributions for 2019 and 2018.

(p) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	For the years ended December 31	
	2019	**2018**
Interest income	$ 3,329	1,661

(ii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2019	**2018**
Foreign exchange gains	$ 1,501	1,680
Impairment loss on property, plant and equipment	(150)	(992)
Impairment loss on intangible assets	-	(3,390)
Others	6,894	1,162
	$ 8,245	(1,540)

(iii) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2019	**(Restated) 2018**
Interest expense of bank loans	$ 4,037	4,494
Interest expense of lease liabilities	83,869	89,665
	$ 87,906	94,159

(q) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The cash and deposits are deposited in different financial institutions. The Group manages the credit risk exposure with each of these financial institutions, and believes that cash and deposits do not have significant credit risk concentration.

The major business activities of the Group are management consultancy services and hotel business services. The major customers of the Group are centralized in the general customers and travel agencies. Since some of travel agencies are related parties, the Group believes that there is credit risk concentration. However, the Group periodically evaluates the possibility of collecting accounts receivable, and it doesn’t expect to have significant loss in the future.

3) Receivables

For credit risk exposure of notes and trade receivables, please refer to note 6(b). Other financial assets at amortized cost include other receivables, time deposits and lease deposits.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g).

There was no increase in loss allowance provision during 2019 and 2018.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
December 31, 2019					
Non-derivative financial liabilities					
Non-interest-bearing liabilities	$ 105,927	105,927	105,927	-	-
Lease liabilities	3,608,765	4,052,577	442,506	1,721,965	1,888,106
Fixed rate instruments	390,000	391,815	391,815	-	-
	$ 4,104,692	**4,550,319**	**940,248**	**1,721,965**	**1,888,106**

	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
December 31, 2018 (Restated)					
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 105,583	105,583	105,583	-	-
Lease liabilities	3,855,987	4,375,000	439,391	1,680,979	2,254,630
Fixed rate instruments	430,000	432,560	432,560	-	-
	$ 4,391,570	4,913,143	977,534	1,680,979	2,254,630

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group’s financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management’s assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1% basis points, the Group’s net income would have increased / decreased by $2,648 thousand and $2,420 thousand for the years ended December 31, 2019 and 2018 with all other variable factors remaining constant, respectively. This is mainly due to the changes in the Group’s variable-interest-rate-deposits.

(iv) Fair value of financial instruments

1) Fair value hierarchy

For financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required.

2) Valuation techniques for financial instruments not measured at fair value

The Group’s valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets and financial liabilities measured at amortized cost.

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(r) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Group’s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The management of the Company reports regularly to the Board of Directors on its activities.

The Group’s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group’s supervisors oversee how management monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group’s supervisor are assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the supervisors and the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers.

1) Trade and other receivable

The Group’s major business is hotel business service. The major customers are travel agencies. The management periodically evaluates the collections of account receivables from travel agencies, and expects there would be no significant credit risk. The Group does not require any collaterals of account receivables and other receivables.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations, hence, there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2019, no other guarantees were outstanding (2018: none).

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. As of December 31, 2019 and 2018, the Group's unused credit line were both amounted to zero.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(s) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of December 31, 2019, the Group's capital management strategy is consistent with the prior year as of December 31, 2018, and the gearing ratio is maintained stable so as to ensure financing at reasonable cost. The Group's debt-to-equity ratio at the end of the reporting period as of December 31, 2019 and December 31, 2018, is as follows:

	December 31, 2019	(Restated) December 31, 2018
Total liabilities	$ 4,117,918	4,407,497
Less: cash and cash equivalents	(334,636)	(306,790)
Net debt	$ 3,783,282	4,100,707
Total equity	$ 1,710,796	1,650,813
Adjusted equity	$ 5,494,078	5,751,520
Debt-to-equity ratio on December 31	68.86%	71.30%

(t) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2019 and 2018 were as follows:

(i) For right-of-use assets by leasing, please refer to note6(d).

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

H.I.S. Hotel Holdings Co., Ltd. is the parent company of the Company, holding 51% of all outstanding shares of the company. The ultimate controlling party of the Group is H.I.S. Co., Ltd..

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Sanpu Travel Service Co., Ltd. (Sanpu Travel)	Same chairman with the Company
Tour Royale Service Co., Ltd.	Same chairman with the Company
Star Light Co., Ltd.	Same chairman with the Company
Cherry Tourist Co., Ltd.	Same chairman with the Company
H.I.S. Sanken Travel Co., Ltd.	Same chairman with the Company
Green World Co., Ltd.	Same chairman with the Company
Nien Fu Investment Co.	Same chairman with the Company
Hung-Yi Tour Bus Co., Ltd.	The entity's director is the chairman of the Company
Hsien-Chih Hsieh	The Company's chairman
Hsiu-Mei Hsieh	Related party in substance
H.I.S Hotel Holdings Co., Ltd.	The Company's parent company
H.I.S. Co., Ltd.	The Company's ultimate parent ompany

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Group to related parties were as follows:

	For the years ended December 31	
	2019	**2018**
Hotel room and catering service revenue		
Other related parties－Sanpu Travel	$ 300,015	291,089
Other related parties	10,508	14,027
Lease Income		
Other related parties－Sanpu Travel	7,800	7,800
Other related parties	2,000	3,000
	$ 320,323	315,916

The credit term for hotel room service and catering service is 45 days for related parties and 30 to 60 days for non-related parties. The Group negotiates with each travel agencies according to the current market prices, and offers discount to those lease a constant level of accommodation. The terms of transaction with related parties are the same as those mentioned above, which are not significantly different with those offered to non-related parties.

(ii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2019	December 31, 2018
Notes receivable	Other related parties－Sampu Travel	$ 27,496	26,310
Notes receivable	Other related parties	564	1,476
Accounts receivable	Other related parties－Sampu Travel	30,667	26,661
Accounts receivable	Other related parties	1,265	1,659
		$ 59,992	56,106

(iii) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2019	December 31, 2018
Accounts payable	The Group's main management	$ -	13
Accounts payable	Other related parties	9	-
Other payables	Other related parties	32	244
Other payables	Parent company	870	254
Other payables	The Group's main management	94	-
		$ 1,005	511

(iv) The Group rented office buildings and hotels from other related parties, and the rental expenses were determined based on nearby office rental rates. The Group adopted IFRS 16 and recognized its right-of-use assets and lease liabilities. For the years ended December 31, 2019 and 2018, the interest expenses amounted to $16,682 thousand and $17,142 thousand; and the lease liabilities amounted to $701,000 thousand and $775,289 thousand, respectively; and also, the rental deposits, which were recognized as other financial asset-non-current, each amounted to $280 thousand for both years.

(v) Guarantee

As of December 31, 2019 and 2018, the ultimate parent company had provided for loans taken out by the Group. The credit limits of the guarantee were as follows:

	December 31, 2019	December 31, 2018
H.I.S. Co., Ltd.	$ 390,000	430,000

(vi) Management fee

The details of the payments made by the Group to the management consultant services are as follows:

	For the years ended December 31	
	2019	2018
H.I.S. Hotel Holdings Co., Ltd.	$ 3,009	254

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2019	2018
Short-term employee benefits	$ 7,566	6,828
Post-employment benefits	55	116
	$ 7,621	6,944

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object		December 31, 2019	December 31, 2018
Other financial asset-non-current	Guarantee for rental payment	$	35,500	35,500

(9) Commitments and contingencies:

(a) The Group’s hotel renovation project and purchase computer software significant commitments were as follows:

		December 31, 2019	December 31, 2018
The price signed (tax included)	$	65,571	16,246
The price paid (tax included)		56,546	11,711

(b) Please refer to note 6(h) for the leasing contracts of the Group as of December 31, 2019 and 2018. Besides, the notes payable due to leasing payments were $703,427 thousand and $608,185 thousand, respectively.

(c) As of December 31, 2019 and 2018, the bank issued the guarantees of $3,000 thousand and $0 thousand, respectively, for the Group’s human resources management.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:

The COVID-19 pandemic outbreak in the early 2020 have impacted the domestic and worldwide tourism, resulting in the decrease in room occupancy rate and on the operation of the Group, as well. The Group will continue to monitor the development of the event and keep its contingency measure and adjustments as needed.

(12) Other:

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	For the years ended December 31					
	2019			2018 (Restated)		
By funtion / By item	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	159,503	59,595	219,098	150,841	45,155	195,996
Labor and health insurance	17,350	5,334	22,684	15,584	4,478	20,062
Pension	9,064	2,555	11,619	8,285	2,285	10,570
Remuneration of directors	-	550	550	-	600	600
Others	10,560	3,498	14,058	9,990	3,095	13,085
Depreciation	507,392	5,047	512,439	497,300	3,765	501,065
Amortization	947	21,082	22,029	4,677	22,831	27,508

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2019 (excluding investment in subsidiaries, associates and joint ventures): None

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(in thousands of New Taiwan Dollars)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The company	Sanpu Travel Service Co., Ltd.	other related party	sale	307,815	25%	O/A 45 days	-		58,163	69%	

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions: None

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2019 (excluding information on investees in Mainland China):

(in thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2019			Highest Percentage of wnership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2019	December 31, 2018	Shares (thousands)	Percentage of wnership	Carrying value				
The company	Green World Solutions Co., Ltd.	Taiwan	Human resource	5,000	-	500,000	100.00%	4,789	100.00%	(211)	(211)	Subsidiary

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information: None

(ii) Limitation on investment in Mainland China: None

(iii) Significant transactions: None

(14) Segment information:

(a) General Information

The Group’s hotel business is considered as operating segment, whose segment profit or loss, assets, and liabilities are similar to the consolidated report. Please refer to the consolidated balance sheets and the consolidated statements of comprehensive income.

(b) Major

Please refer to note 7 for the details of the operating revenue from single customer, which is more than 10% of total revenue of the Group.

Stock Code:8077

GREEN WORLD HOTEL CO., LTD.

Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2019 and 2018

Address: 3F., No. 69, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)
Telephone: (02)2562-0018

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

Independent Auditors' Report

To the Board of Directors of Green World Hotel Co., Ltd.:

Opinion

We have audited the financial statements of Green World Hotel Co., Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2019 and 2018 (restated), and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018 (restated), and its financial performance and its cash flows for the years ended December 31, 2019 and 2018 (restated) in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Impairment of right-of-use assets, intangible assets, property, plant and equipment:

   Refer to Notes 4(j) "Leases", 4(i) "Property, plant and equipment", 4(k) "Intangible assets", 6(e) "Right-of-use assets", 6(d) "Property, plant and equipment" and 6(f) "Intangible assets" to the financial statements for the accounting policies and the details of the information.

   <u>Description of key audit matters:</u>

   As of December 31, 2019, the carrying amount of right-of-use assets, intangible assets, property, plant and equipment constitute 83% of the total assets of the Company. The major parts are the intangible assets originated from the acquisition of Green World Hotel Co., Ltd. in 2015 and the right-of-use assets from the recognition of leases applying IFRS 16 "Leases". Since the aforementioned assets are affected by industry competition, government policy, and economic environment, the estimated recoverable amount of future discounted cash flows is highly uncertain; hence, there is a risk of overestimating the carrying amount of right-of-use assets, intangible assets, property, plant and equipment. We pay more attention to the appropriateness of the assumptions, estimates and judgments of the future discounted cash flows during the audit process.

How the matter was addressed in our audit:

We cast professional skepticism on management' s impairment assessment model. The work includes evaluating whether management has identified all cash generating units which might have impairments and considering whether all the assets which need to be tested have been included in the impairment assessment.

We also review the main parameters used by management to estimate future cash flow (e.g. expected growth rate, discount rate, profit margin, cash-basis revenue, and cost increase rate). We verify the reasonableness of the assumptions and accuracy of management' s calculation based on available data.

Emphasis of Matter

As stated in Note 3(a) to the financial statement, the Company has initially adopted the IFRS 16 "Leases" from January 1, 2019, and applied the full retrospective approach, with restatement of comparative period amounts. Our opinion is not modified in respect of this matter.

As stated in Note 4(c), a resolution of the merger with subsidiary, Green World Hotel ZhongHua Co., Ltd., was passed during the meeting of Board of Directors held on August 8 2019, with the Company being the sole surviving entity. The date of merger was set on October 1, 2019. Due to the abovementioned merger, the Company restated its comparative financial statements as if the merger had occurred before the start of the earliest period presented in accordance with the accounting on business combination involving entities or businesses under common control. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company' s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the supervisors) are responsible for overseeing the Company' s financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a 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. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors’ report are Shu-Ying Chang and Shih-Chin Chih.

KPMG

Taipei, Taiwan (Republic of China)
March 24, 2020

Notes to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Financial Statements Originally Issued in Chinese)

GREEN WORLD HOTEL CO., LTD.

Balance Sheets

December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollar)

		December 31, 2019			(Restated) December 31, 2018		(Restated) January 1, 2018	
	Assets		**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:							
1100	Cash and cash equivalents (note 6(a))	$	332,879	6	306,790	5	399,588	6
1150	Notes receivable, net (notes 6(b), (o) and 7)		29,277	1	27,940	-	34,669	1
1170	Accounts receivable, net (notes 6(b), (o) and 7)		54,521	1	58,174	1	53,246	1
1220	Current tax assets		234	-	193	-	-	-
1476	Other current financial assets (notes 6(a) and (g))		251,181	4	161,658	3	8,914	-
1479	Other current assets		17,864	-	23,145	-	18,069	-
			685,956	12	577,900	9	514,486	8
	Non-current assets:							
1550	Investments accounted for using equity method, net (note 6(c))		4,789	-	-	-	-	-
1600	Property, plant and equipment (note 6(d))		1,181,816	20	1,256,031	21	1,290,266	20
1755	Right-of-use assets (notes 3(a) and 6(e))		3,278,251	56	3,543,525	58	3,915,561	61
1780	Intangible assets (note 6(f))		414,287	7	426,903	7	451,671	7
1840	Deferred tax assets (notes 3(a) and 6(l))		100,000	2	96,390	2	86,471	1
1980	Other non-current financial assets (notes 6(g), 7 and 8)		163,504	3	156,763	3	156,035	3
1990	Other non-current assets		71	-	798	-	6,828	-
			5,142,718	88	5,480,410	91	5,906,832	92
	Total assets	**$**	**5,828,674**	**100**	**6,058,310**	**100**	**6,421,318**	**100**

(English Translation of Financial Statements Originally Issued in Chinese)

GREEN WORLD HOTEL CO., LTD.

Balance Sheets (CONT' D)

December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollar)

		December 31, 2019		(Restated) December 31, 2018		(Restated) January 1, 2018	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (note 6(h))	$ 390,000	7	430,000	7	470,000	7
2130	Current contract liabilities (note 6(o))	10,587	-	8,972	-	-	-
2150	Notes payable	1,242	-	4,150	-	11,995	-
2170	Accounts payable(note 7)	49,212	1	47,597	1	41,906	1
2200	Other payable (notes 6(d), (p) and 7)	55,433	1	53,836	1	53,165	1
2230	Current tax liabilities	-	-	4,360	-	426	-
2280	Current lease liabilities (notes 3(a), 6(i) and 7)	365,054	6	356,314	6	347,859	6
2399	Other current liabilities (note 6(o))	1,411	-	1,767	-	7,116	-
		872,939	15	906,996	15	932,467	15
	Non-current liabilities:						
2580	Non-current lease liabilities (notes 3(a), 6(i) and 7)	3,243,711	56	3,499,673	58	3,855,988	60
2645	Guarantee deposits	1,228	-	828	-	828	-
		3,244,939	56	3,500,501	58	3,856,816	60
	Total liabilities	4,117,878	71	4,407,497	73	4,789,283	75
	Equity attributable to owners of parent (notes 3(a) and 6(m)):						
3100	Capital stock	1,097,283	19	1,097,283	18	1,097,283	17
3200	Capital surplus	604,393	10	604,393	10	604,393	9
3310	Legal reserve	8,923	-	4,844	-	-	-
3350	Unappropriated retained earnings (accumulated deficit)	197	-	(55,707)	(1)	(69,641)	(1)
	Total equity	1,710,796	29	1,650,813	27	1,632,035	25
	Total liabilities and equity	$ 5,828,674	100	6,058,310	100	6,421,318	100

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

GREEN WORLD HOTEL CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollar , except earnings per share)

		2019		(Restated) 2018	
		Amount	%	Amount	%
4000	**Operating revenuess (notes 6(o) and 7)**	$ 1,218,896	100	1,161,786	100
5000	**Operating costs (notes 6(d), (e), (f), (k) and 7)**	890,473	73	873,933	75
	Gross profit from operations	328,423	27	287,853	25
	Operating expenses (notes 6(d), (e), (f), (i), (k) and 7):				
6100	Selling expenses	122,436	10	112,016	10
6200	Administrative expenses	70,467	6	67,656	6
	Operating expenses	192,903	16	179,672	16
	Operating income	135,520	11	108,181	9
	Non-operating income and expenses (notes 6(d), (f), (q) and 7):				
7010	Other income	3,314	-	1,661	-
7020	Other gains and losses, net	8,209	1	(1,540)	-
7050	Finance costs	(87,906)	(7)	(94,159)	(8)
7070	Share of loss of subsidiaries accounted for using equity method, net	(211)	-	-	-
		(76,594)	(6)	(94,038)	(8)
	Profit before income tax	58,926	5	14,143	1
7950	Less: Income tax gains (note 6(l))	(1,057)	-	(4,635)	-
	Profit	59,983	5	18,778	1
8300	**Other comprehensive income, net**	-	-	-	-
	Comprehensive income	**$ 59,983**	**5**	**18,778**	**1**
	Earnings per share (note 6(n))				
9750	**Basic earnings per share (NT dollars)**	**$ 0.55**		**0.17**	
9850	**Diluted earnings per share (NT dollars)**	**$ 0.55**		**0.17**	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

GREEN WORLD HOTEL CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollar)

	Capital stock	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Unappropriated retained earnings	Retained earnings: Total retained earnings	Total equity
Balance on January 1, 2018	$ 1,097,283	604,393	-	48,441	48,441	1,750,117
Effects of retrospective application	-	-	-	(118,082)	(118,082)	(118,082)
Balance on January 1, 2018 (restated)	1,097,283	604,393	-	(69,641)	(69,641)	1,632,035
Profit for the year ended December 31, 2018 (restated)	-	-	-	18,778	18,778	18,778
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	-	-
Comprehensive income for the year ended December 31, 2018(restated)	-	-	-	18,778	18,778	18,778
Appropriation and distribution of retained earnings:						
Legal reserve appropriated	-	-	4,844	(4,844)	-	-
Balance on December 31, 2018 (restated)	1,097,283	604,393	4,844	(55,707)	(50,863)	1,650,813
Profit for the year ended December 31, 2019	-	-	-	59,983	59,983	59,983
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	-	-
Comprehensive income for the year ended December 31, 2019	-	-	-	59,983	59,983	59,983
Appropriation and distribution of retained earnings:						
Legal reserve appropriated	-	-	4,079	(4,079)	-	-
Balance on December 31, 2019	**$ 1,097,283**	**604,393**	**8,923**	**197**	**9,120**	**1,710,796**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

GREEN WORLD HOTEL CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollar)

		2019	(Restated) 2018
Cash flows from (used in) operating activities:			
Profit before tax	$	58,926	14,143
Adjustments:			
Adjustments to reconcile profit:			
Depreciation expense		512,439	501,065
Amortization expense		22,029	27,508
Interest expense		87,906	94,159
Interest income		(3,314)	(1,661)
Share of loss of subsidiaries accounted for using equity method		211	-
Impairment loss on non-financial assets		150	4,382
Total adjustments to reconcile profit		619,421	625,453
Changes in operating assets and liabilities:			
Notes receivable		(1,337)	6,729
Accounts receivable		3,653	(4,928)
Other current assets		5,281	(5,033)
Other financial assets		477	(244)
Contract liabilities		1,615	2,984
Notes payable		(2,908)	(7,845)
Accounts payable		1,615	5,691
Other payable		593	15,335
Other current liabilities		(356)	639
Total changes in operating assets and liabilities		8,633	13,328
Cash inflow generated from operations		686,980	652,924
Interest received		3,314	1,661
Interest paid		(88,271)	(94,164)
Income taxes paid		(6,954)	(1,586)
Net cash flows from operating activities		595,069	558,835

(English Translation of Financial Statements Originally Issued in Chinese)

GREEN WORLD HOTEL CO., LTD.

Statements of Cash Flows (CONT'D)

For the years ended December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollar)

	2019	(Restated) 2018
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(5,000)	-
Acquisition of property, plant and equipment	(56,307)	(110,445)
Acquisition of intangible assets	(8,686)	(100)
Increase in other financial assets	(96,741)	(153,228)
Net cash flows used in investing activities	(166,734)	(263,773)
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(40,000)	(40,000)
Increase in guarantee deposits	400	-
Payment of lease liabilities	(362,646)	(347,860)
Net cash flows from (used in) financing activities	(402,246)	(387,860)
Net increase (decrease) in cash and cash equivalents	26,089	(92,798)
Cash and cash equivalents at beginning of period	306,790	399,588
Cash and cash equivalents at end of period	$ 332,879	306,790

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

GREEN WORLD HOTEL CO., LTD.

Notes to Financial Statements

For the years ended December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollar, unless otherwise specified)

(1) Company history

GREEN WORLD HOTEL CO., LTD.(the “Company”), which was original named U Chain Technology Co., Ltd.. The Company was established in accordance with the Company Act of the Republic of China, and began running business on July 22, 1994. The Company changed its organization type to a company limited by shares in January 1996, and changed its name to “Applied Vacuum Coating Technologies Co., Ltd.” in May 1997. The Company’s common shares were listed on the Taipei Exchange(TPEx) on December 6, 2004.

A resolution was passed during the general shareholders’ meeting held on June 26, 2015, for changing its name to “Green World Hotel Co., Ltd.”, and a resolution of short form merger with the subsidiary Green World Hotel Co., Ltd. was passed during the meeting of Board of Directors held on August 11, 2015. The two parties merged in accordance with the Business Mergers and Acquisitions Act, the date of merger was set on October 1, 2015. After the merger, the Company is the survival one, and the subsidiary is eliminated.

The short-form merger was completed and approved in accordance with Ruling No.10401220100 issued by the Ministry of Economy on December 7, 2015.

A resolution of short-form merger with subsidiary, Green World Hotel ZhongHua Co., Ltd., was passed during the meeting of Board of Directors held on August 8 2019, with the Company being the sole surviving entity. The date of merger was set on October 1, 2019, and the related registration procedure was completed and approved in accordance with Ruling No. 10801146200 issued by the Ministry of Economy on November 18, 2019. Due to the abovementioned merger, the Company restated its financial statements as if the merger had occurred before the start of the earliest period presented in accordance with the accounting on business combination involving entities or businesses under common control.

The major business activities of the Company is Hotels and Restaurants Operation.

(2) Approval date and procedures of the financial statements:

The financial statements were authorized for issuance by the Board of Directors on March 24, 2020.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 “Leases”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019
Amendments to IFRS 9 “Prepayment features with negative compensation”	January 1, 2019

New, Revised or Amended Standards and Interpretations		Effective date per IASB
Amendments to IAS 19	"Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28	"Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle		January 1, 2019

Except for the following items, the Company believes that the adoption of the above IFRSs would not have any material impact on its financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16 "Leases"

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Company applied IFRS 16 using the full retrospective approach, under which the cumulative effect of initial application is recast for comparative period in the financial statements. The details of the changes in accounting policies are disclosed below:

1) Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(j).

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Company decided to apply the recognition exemptions to short-term leases of machinery, where the right-of-use assets and lease liabilities for short-term leases of its machinery are not recognized. The Company recognizes the lease payments associated with these leases as expenses on a straight-line basis over the lease term. As for other leases of assets previously classified as operating leases under IAS17, the Company recognizes the right-of-use assets and lease liabilities.

3) As a lessor

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Company accounted for its leases in accordance with IFRS 16 from the date of initial application.

Under IFRS 16, the Company is required to assess the classification of a sub-lease by reference to the right-of-use asset, not the underlying asset.

4) Impacts on financial statements

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 2.25%. The explanation of impact on financial statements disclosed as follows:

	December 31, 2018		
Impacted line items on the balance sheet	**Balance before restatement**	**Impact of changes in accounting policies**	**Balance after restatement**
Right-of-use assets	$ -	3,543,525	3,543,525
Deferred income tax assets	59,378	37,012	96,390
Impact on assets		**3,580,537**	
Current lease liabilities	-	356,314	356,314
Non-current lease liabilities	-	3,499,673	3,499,673
Long-term accounts payable	135,356	(135,356)	-
Impact on liabilities		**3,720,631**	
Reatined earnings	84,387	(140,094)	(55,707)
Impact on equity		**(140,094)**	

	January 1, 2018		
Impacted line items on the balance sheet	**Balance before restatement**	**Impact of changes in accounting policies**	**Balance after restatement**
Right-of-use assets	$ -	3,915,561	3,915,561
Deferred income tax assets	50,339	36,132	86,471
Impact on assets		**3,951,693**	
Current lease liabilities	-	347,859	347,859
Non-current lease liabilities	-	3,855,988	3,855,988
Long-term accounts payable	134,072	(134,072)	-
Impact on liabilities		**4,069,775**	
Reatined earnings	48,441	(118,082)	(69,641)
Impact on equity		**(118,082)**	

Impacted line items on the stataements of comprehensive income		2018 Balance before restatement	2018 Impact of changes in accounting policies	2018 Balance after restatement
Cost of sales	$	(940,536)	66,603	(873,933)
Administrative expenses		(67,826)	170	(67,656)
Finance costs		(4,494)	(89,665)	(94,159)
Impact on profit before income tax		37,035	(22,892)	14,143
Income tax expense		3,755	880	4,635
Impact on profit	**$**	**40,790**	**(22,012)**	**18,778**
Basic earnings per share (NT dollars)	**$**	**0.37**	**(0.20)**	**0.17**
Diluted earnings per share (NT dollars)	**$**	**0.37**	**(0.20)**	**0.17**

Impacted line items on the stataements of cash flows		2018 Balance before restatement	2018 Impact of changes in accounting policies	2018 Balance after restatement
Cash flows from operating activities:				
Profit before income tax	$	37,035	(22,892)	14,143
Adjustments:				
Deprectation expense		129,029	372,036	501,065
Interest expense		4,494	89,665	94,159
Lease expense		1,284	(1,284)	-
Interest paid		(4,499)	(89,665)	(94,164)
Impact on net cash flows from operating activities			**347,860**	
Cash flows from financing activities:				
Payment of principal of lease liabilities		-	(347,860)	(347,860)
Impact on net cash flows from financing activities			**(347,860)**	

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020 in accordance with Ruling No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Company assesses that the adoption of the abovementioned standards would not have any material impact on its financial statements.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

(4) Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

The financial statements have been prepared on a historical cost basis.

(ii) Functional and presentation currency

The functional currency of each Company entity is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Business combination involving entities or businesses under common control

The Company conducted a merger with subsidiary, Green World Hotel ZhongHua Co., Ltd. The date of merger was set on October 1, 2019. The Company adopted the book value approach in accordance with the “Explanation of Accounting on Business Combination Involving Entities or Businesses under Common Control” issued by the Accounting Research and Development Foundation and restated its financial statements as if the merger had occurred before the start of the earliest period presented.

(d) Foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

(i) an investment in equity securities designated as at fair value through other comprehensive income;

(ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(iii) qualifying cash flow hedges to the extent that the hedges are effective.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non current.

An entity shall classify an assets as current when:

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL.

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due.

The Company considers time deposits to have low credit risk, since the counterparties are financial institutions with good rating.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 90 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

3) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Investment in subsidiary

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the financial statements. Under equity method, the net income, other comprehensive income and equity in the financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries are recognized as equity transaction.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- Buildings 21 years
- Transportation equipment 8 years
- Leasehold improvements 2~19 years
- Other equipment 3~12 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
- the relevant decisions about how and for what purpose the asset is used are predetermined and:
  - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
  - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

When assessing at inception of a contract or reassessing whether a contract contains a lease, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings, the Company has elected not to separate non-lease components and to account for the lease and non-lease components as a single lease component, instead.

(ii) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

(iii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income’.

(k) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets, including customer relationships and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- Trademark 10 years
- Customer relationships 10 years
- Computer software 1~5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Recognition of revenue

(i) Revenue from contracts with customers

The Company provides catering, room accommodation, leasing and business management services to customers. Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a service to a customer. If the services rendered by the Company exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities ; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(p) Earnings per share

The Company discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(q) Operating segments

The Company has disclosed operating segments in the consolidated financial statements. Please refer to the consolidated financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Impairment of right-of-use assets, property, plant and equipment, and intangible assets

In the process of evaluating the potential impairment of right-of-use assets, property, plant and equipment, and intangible assets, the main parameters used by management to estimate future cash flow (e.g. expected growth rate, discount rate, profit margin, cash based revenue, and cost increase rate) are affected by uncertainties of industry competition, government policy, and economic environment, and the estimated recoverable amount of future discounted cash flows is highly uncertain; hence, there is a risk of overestimating the carrying amount of right-of-use assets, intangible assets, property, plant and equipment. Please refer to note 6(d), (e), and (f) for further description of recoverable amount and impairment assessment.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2019	(Restated) December 31, 2018
Cash and petty cash	$	3,176	3,304
Demand deposits		329,213	302,484
Check deposit		490	1,002
Cash and cash equivalents in the statement of cash flows	$	332,879	306,790

Please refer to note 6(r) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

As of December 31, 2019 and 2018, the bank time deposits with original maturities of more than three months are $250,000 thousand and $160,000 thousand, respectively, and presented as other current financial assets.

(b) Note and trade receivables

		December 31, 2019	(Restated) December 31, 2018
Note receivables (including related parties)	$	29,277	27,940
Trade receivables (including related parties)-measured at amortized cost		54,531	58,184
Less: Loss allowance		(10)	(10)
	$	83,798	86,114

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

	December 31, 2019		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 83,788	0%	-
1 to 60 days past due	10	0%	-
More than 181 days past due	10	100%	10
	$ 83,808		10

	December 31, 2018 (Restated)		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 86,070	0%	-
1 to 60 days past due	44	0%	-
More than 181 days past due	10	100%	10
	$ 86,124		10

The movement in the allowance for notes and trade receivables were as follows:

	For the years ended December 31	
	2019	**2018**
Balance on December 31, 2019 and 2018 (i.e. Balance on January 1, 2019 and 2018)	$ 10	10

As of December 31, 2019 and 2018, the Company did not provide any receivables as collateral for its borrowings.

(c) Investments accounted for using equity method

	December 31, 2019	**(Restated) December 31, 2018**
Subsidiary	$ 4,789	-

(i) Subsidiary

Please refer to the consolidated financial statements for the years ended December 31, 2019.

(ii) Guarantee

As of December 31, 2019 and 2018, the Company did not provide any investments accounted for using the equity method as collateral for its loans.

(d) Property, plan and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2019 and 2018, were as follows:

		Land	Buildings and construction	Leasehold improvement and other facilities	Construction in progress	Total
Cost or deemed cost:						
Balance on January 1, 2019	$	105,621	12,223	1,565,431	342	1,683,617
Additions		-	-	6,576	51,100	57,676
Reclassifications		-	-	3,776	(3,776)	-
Balance on December 31, 2019	$	105,621	12,223	1,575,783	47,666	1,741,293
Balance on January 1, 2018 (restated)	$	105,621	12,223	1,456,775	13,212	1,587,831
Additions		-	-	18,873	76,913	95,786
Reclassifications		-	-	89,783	(89,783)	-
Balance on December 31, 2018 (restated)	$	105,621	12,223	1,565,431	342	1,683,617
Depreciation and impairments loss:						
Balance on January 1, 2019	$	-	2,379	425,207	-	427,586
Depreciation		-	559	131,182	-	131,741
Impairment loss		-	-	150	-	150
Balance on December 31, 2019	$	-	2,938	556,539	-	559,477
Balance on January 1, 2018 (restated)	$	-	1,820	295,745	-	297,565
Depreciation		-	559	128,470	-	129,029
Impairment loss		-	-	992	-	992
Balance on December 31, 2018 (restated)	$	-	2,379	425,207	-	427,586
Carrying amounts:						
Balance on December 31, 2019	$	105,621	9,285	1,019,244	47,666	1,181,816
Balance on January 1, 2018 (restated)	$	105,621	10,403	1,161,030	13,212	1,290,266
Balance on December 31, 2018 (restated)	$	105,621	9,844	1,140,224	342	1,256,031

(i) As of December 31, 2019 and 2018, due to payments to hotels maintenance of lease building, the Company recognized other payables amounting to $4,455 thousand and $3,086 thousand, respectively.

(ii) During the year 2019 and 2018, since the carrying amount of the certain hotels was determined to be higher than its recoverable amount, impairment losses of leasehold improvement and other facilities of $150 thousand and $992 thousand, respectively, were recognized as other gains and losses in the statements of comprehensive income. Please refer to note(f) for the key assumptions used in the estimation of value in use.

(iii) As of December 31, 2019 and 2018, the property, plant and equipment of the Company had not pledged as collateral for borrowings.

(e) Right-of-use assets

The cost and depreciation of the leased buildings were as follows:

		Buildings
Cost:		
Balance on January 1, 2019 (restated)	$	5,222,440
Additions		115,424
Balance on December 31, 2019	$	5,337,864
Balance on January 1, 2018 (restated)	$	5,222,440
Balance on December 31, 2018 (restated)	$	5,222,440
Accumulated depreciation:		
Balance on January 1, 2019 (restated)	$	1,678,915
Depreciation		380,698
Balance on December 31, 2019	$	2,059,613
Balance on January 1, 2018 (restated)	$	1,306,879
Depreciation (restated)		372,036
Balance on December 31, 2018 (restated)	$	1,678,915
Carrying amounts:		
Balance on December 31, 2019	$	3,278,251
Balance on January 1, 2018 (restated)	$	3,915,561
Balance on December 31, 2018 (restated)	$	3,543,525

(f) Intangible assets

The cost, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2019 and 2018, were as follows:

		Goodwill	Trademark	Customer relationships	Computer software	Total
Costs:						
Balance on January 1, 2019	$	346,883	53,000	143,000	9,351	552,234
Additions		-	-	-	8,686	8,686
Balance on December 31, 2019	$	346,883	53,000	143,000	18,037	560,920
Balance on January 1, 2018 (restated)	$	346,883	53,000	143,000	9,251	552,134
Additions		-	-	-	100	100
Balance on December 31, 2018 (restated)	$	346,883	53,000	143,000	9,351	552,234
Accumulated amortization and impairment losses						
Balance on January 1, 2019	$	48,875	18,954	51,142	6,360	125,331
Amortization for the year		-	5,172	13,953	2,177	21,302
Balance on December 31, 2019	$	48,875	24,126	65,095	8,537	146,633

	Goodwill	Trademark	Customer relationships	Computer software	Total
Balance on January 1, 2018 (restated)	$ 45,485	13,783	37,189	4,006	100,463
Amortization for the year	-	5,171	13,953	2,354	21,478
Impairment loss	3,390	-	-	-	3,390
Balance on December 31, 2018 (restated)	$ 48,875	18,954	51,142	6,360	125,331
Carrying value:					
Balance on December 31, 2019	$ 298,008	28,874	77,905	9,500	414,287
Balance on January 1, 2018 (restated)	$ 301,398	39,217	105,811	5,245	451,671
Balance on December 31, 2018 (restated)	$ 298,008	34,046	91,858	2,991	426,903

(i) The amortization of intangible assets are included in the statements of comprehensive income:

	For the years ended December 31	
	2019	(Restated) 2018
Cost of sales	$ 151	222
Operating expenses	21,151	21,256
Total	$ 21,302	21,478

(ii) The recoverable amount of the cash-generating units (CGUs) of hotel business was based on its value in use. During the year 2018, the carrying amount of the CGUs was determined to be higher than its recoverable amount, an impairment loss of goodwill of $3,390 thousand was recognized as other gains and losses in the statement of comprehensive income.

(iii) For impairment testing purposes, goodwill had been allocated to individual CGUs as follows:

	Carrying amount	Amount after deducting impairment losses	
		December 31, 2019	(Restated) December 31, 2018
A	$ 52,018	52,018	52,018
B	24,598	24,598	24,598
C	63,280	55,360	55,360
D	28,695	28,695	28,695
E	56,478	56,478	56,478
F	8,416	-	-
G	64,255	34,883	34,883
H	13,210	10,043	10,043
I	15,854	15,854	15,854
J	20,079	20,079	20,079
	$ 346,883	298,008	298,008

As of December 31, 2019 and 2018, the recoverable amount of the CGUs were based on its value in use. The carrying amount of the CGU C was determined to be higher than its recoverable amount and an impairment loss of $3,390 thousand in 2018 was recognized. The impairment loss was fully allocated to goodwill and reported in other gains and losses in the statement of comprehensive income.

The key assumptions used in the estimation of value in use were as follows.

	December 31, 2019	(Restated) December 31, 2018
Discount rate	2.81%	3.57%
Terminal value growth rate	1%～10%	1%～10%

As of December 31, 2019 and 2018, the discount rates were determined based on weighted average cost of capital of industry. The cash flow projections are based on five-year period financial budgets approved by the management. A long-term growth rate in perpetuity for cash flows in subsequent periods had been determined as constant.

The value in use of the CGUs had been determined by discounting the future cash flows that are generated from continuing use of the CGUs. Unless otherwise stated, the value in use of the CGUs and the key assumptions used had been applied consistently with those described in the financial statements for the year ended December 31, 2018.

1) The estimate of cash flow is based on past experience, actual operating results, and lease expiration date. Due to the long-term operating cycle of hotel business, the management believes that the above forecast period is reasonable.

2) Estimated revenues in financial budgets are based on past experience and development of actual operating results.

3) Estimated operating costs and expenses in financial budgets are based on past experience and various factors of operating costs and expenses.

4) The recoverable amount of the CGU was determined by a pre-tax discount rate.

The value of these key assumptions represents the management’s assessment to the trends of hotel business with consideration of both external and internal (historical) information.

(g) Other financial assets

The other financial assets were as follows:

	December 31, 2019	(Restated) December 31, 2018
Current		
Other receivables	$ 1,181	1,658
Time deposits	250,000	160,000
Subtotal	251,181	161,658
Non-current		
Lease deposits	161,074	154,706
Other deposits	2,430	2,057
Subtotal	163,504	156,763
	$ 414,685	318,421

(h) Short-term borrowings

The short term borrowings were summarized as follows:

	December 31, 2019	(Restated) December 31, 2018
Unsecured bank loans	$ 390,000	430,000
Range of interest rates	1%	1%

For the guarantee and endorsement from the ultimate parent company, please refer to note 7.

(i) Lease liabilities

The Company’s lease liabilities were as follows:

	December 31, 2019	(Restated) December 31, 2018
Current	$ 365,054	356,314
Non-current	3,243,711	3,499,673
	$ 3,608,765	3,855,987

For the maturity analysis, please refer to note 6(r).

The amount recognized in profit or loss was as follows:

Interest on lease liabilities, please refer to note 6(q)(iii).

	For the years ended December 31	
	2019	(Restated) 2018
Income from sub-leasing right-of-use assets	$ 19,873	25,721
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 3,398	3,239

The amounts recognized in the statement of cash flows for the Company were as follows:

	For the years ended December 31	
	2019	(Restated) 2018
Total cash outflow for leases	$ 449,913	440,764

Real estate leases

As of December 31,2019, the Company leases buildings for its hotel business. The leases typically run for a period of 3 to 20 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases contain extension options exercisable by the Company. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Company and not by the lessors. In which leasee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(j) Operating lease

Non-cancellable operating lease rentals payable were as follows:

Leases as lessor

	December 31, 2019	(Restated) December 31, 2018
Less than one year	$ 15,732	18,709
One to two years	7,639	7,909
Two to three years	3,780	7,639
Three to four years	-	5,780
Four to five years	-	3,429
More than five years	-	17,142
Total undiscounted lease payments	$ 27,151	60,608

(k) Employee benefits

(i) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contribution to the Bureau of Labor Insurance amounted to \$11,619 thousand and \$10,570 thousand for the years ended December 31, 2019 and 2018, respectively.

(l) Income Tax

(i) Income tax

The components of income tax in the years 2019 and 2018 were as follows:

	For the years ended December 31	
	2019	(Restated) 2018
Current tax expense		
Current period	$ 2,552	924
Adjustment for prior periods	1	-
Undistributed earnings additional tax	-	4,360
	2,553	5,284
Deferred tax revenue		
Origination and reversal of temporary difference	(3,610)	(156)
Adjustment in tax rate	-	(9,763)
	(3,610)	(9,919)
Income tax gains	**$ (1,057)**	**(4,635)**

Reconciliation of income tax and profit before tax for 2019 and 2018 is as follows:

	For the years ended December 31	
	2019	**(Restated) 2018**
Profit excluding income tax	$ 58,926	14,143
Income tax using the Company's domestic tax rate	11,785	2,829
Non-deductible expenses	2,771	2,769
Impairment losses	30	876
Recognition of previously unrecognized tax losses	(12,743)	(2,859)
Current-year losses for which no deferred tax asset was recognized	42	-
Adjustment in tax rate	-	(9,763)
Change in provision in prior periods	1	-
Undistributed earnings additional tax	-	4,360
Others	(2,943)	(2,847)
	$ (1,057)	**(4,635)**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2019	**(Restated) December 31, 2018**
The carry forward of unused tax losses	**$ 148,689**	**189,958**

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2019 and 2018 were as follows:

Deferred tax assets

		Unused tax losses	Rental expenses	Total
Balance on January 1, 2019	$	33,898	62,492	96,390
Recognized in profit or loss		-	3,610	3,610
Balance on December 31, 2019	**$**	**33,898**	**66,102**	**100,000**
Balance on January 1, 2018 (Restated)	$	28,813	57,658	86,471
Recognized in profit or loss		5,085	4,834	9,919
Balance on December 31, 2018 (Restated)	**$**	**33,898**	**62,492**	**96,390**

3) As of December 31, 2019, the information of the Company's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss		Unused tax loss	Expiry date
2009	$	193,111	2019
2010		218,791	2020
2011		170,994	2021
2012		174,604	2022
2013		69,060	2023
2014		19,290	2024
2015		14,786	2025
2016		52,299	2026
	$	**912,935**	

(iii) Business income tax administrative remedies

The Company's income tax return for the year 2017 had been examined by the tax authorities.

(m) Capital and other equity

As of December 31, 2019 and 2018, the total value of authorized ordinary shares were both amounted to $2,500,000 thousand, with par value of $10 per share. As of that date, ordinary shares amounted $1,097,283 thousand (including private placement $594,334 thousand) were issued. All issued shares were paid up upon issuance.

(i) Ordinary and preferred shares

In accordance with the rules of Article 42 of the Securities and Exchange Act and Article 68 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the Company filed to the Financial Supervisory Commission to complete supplemental procedures for public issuance of 20,000 thousand ordinary shares under private placement in 2014, 2,346 thousand ordinary shares under private placement in 2012, and 22,922 thousand preferred shares under private placement in 2006 – 2010 (all preferred shares have been converted to ordinary shares). The relevant statutory registration procedures had been completed on October 31, 2018, December 27, 2018 and January 10, 2019, respectively.

As of December 31, 2019 and 2018, there were both 59,433 thousand ordinary shares under private placement. The aforementioned private placement of ordinary shares and the transfer of any subsequently obtained bonus shares should be subject to section 43(8) requirements under the Securities and Exchange Act. The Company can only apply for these shares to be traded on the Taiwan Stock Exchange after a three-year period has elapsed from the delivery date of the private placement securities, and after applying for a public offering with the Financial Supervisory Commission.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2019 and 2018, were as follows:

	December 31, 2019	December 31, 2018
Share capital	$ 604,393	604,393

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's Articles of Incorporation stipulate that Company’s net earnings should first be used to offset the prior years’ deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders’ meeting for approval.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

The meeting of shareholders held on June 28, 2019 and June 26, 2018 passed a resolution that earnings of 2018 and 2017 will not be distributed except for retaining $4,079 thousand and $4,844 thousand as legal reserve, respectively.

(n) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the years ended December 31, 2019 and 2018 are as follows:

	For the years ended December 31	
	2019	**(Restated) 2018**
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	$ 59,983	18,778
Weighted average number of ordinary shares on December 31	109,728	109,728
Earnings per share (dollars)	$ 0.55	0.17
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company (diluted)	$ 59,983	18,778
Weighted average number of ordinary shares on December 31	109,728	109,728
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	31	19
Weighted average number of ordinary shares (diluted) on December 31	109,759	109,747
	$ 0.55	0.17

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the years ended December 31	
	2019	**(Restated) 2018**
Primary geographical markets:		
Taiwan	$ 1,218,896	1,161,786

	For the years ended December 31	
	2019	**(Restated) 2018**
Major products/ services lines:		
Hotel room service	$ 1,086,646	1,027,763
Hotel catering service	110,316	105,928
Management consultancy services	1,800	1,930
Leasing services	20,083	25,721
Sale of products service	51	444
	$ 1,218,896	1,161,786

(ii) Contract balances

	December 31, 2019	**(Restated) December 31, 2018**	**(Restated) January 1, 2018**
Notes and accounts receivable (including related parties)	$ 83,808	86,124	87,925
Less: allowance for impairment	(10)	(10)	(10)
Total	$ 83,798	86,114	87,915
Contract liabilities-hotel room service/ unearned revenue	$ 10,587	8,972	5,988

For details on accounts receivable and allowance for impairment, please refer to note 6(b).

The amount of revenue recognized for the year ended December 31, 2019 and 2018 that was included in the contract liability balance at the beginning of the period was $8,867 thousand and $5,988 thousand, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There was no other significant changes during 2019 and 2018.

(p) Employee compensation and directors’ and supervisors’ remuneration

In accordance with the Articles of Incorporation, the Company should contribute no less than 0.7% ~10% of the profit as employee compensation and less than 1% as directors’ and supervisors’ remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company’s affiliated companies who meet certain conditions.

For the years ended December 31, 2019 and 2018, the Company estimated its employee remuneration amounting to $415 thousand and $261 thousand, and directors' and supervisors' remuneration were both zero. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Articles of Incorporation. These remunerations were expensed under operating costs or operating expenses during 2019 and 2018. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2019 and 2018.

(q) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	For the years ended December 31	
	2019	**(Restated) 2018**
Interest income	$ **3,314**	**1,661**

(ii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2019	**(Restated) 2018**
Foreign exchange gains	$ 1,501	1,680
Impairment loss on property, plant and equipment	(150)	(992)
Impairment loss on intangible assets	-	(3,390)
Others	6,858	1,162
	$ **8,209**	**(1,540)**

(iii) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2019	**(Restated) 2018**
Interest expense of bank loans	$ 4,037	4,494
Interest expense of lease liabilities	83,869	89,665
	$ **87,906**	**94,159**

(r) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The cash and deposits are deposited in different financial institutions. The Company manages the credit risk exposure with each of these financial institutions, and believes that cash and deposits do not have significant credit risk concentration.

The major business activities of the Company are management consultancy services and hotel business services. The major customers of the Company are centralized in the general customers and travel agencies. Since some of travel agencies are related parties, the Company believes that there is credit risk concentration. However, the Company periodically evaluates the possibility of collecting account receivables, and it doesn't expect to have significant loss in the future.

3) Receivables

For credit risk exposure of note and trade receivables, please refer to note 6(b). Other financial assets at amortized cost include other receivables, time deposits and lease deposits.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g). There was no increase in loss allowance provision during 2019 and 2018.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
December 31, 2019					
Non-derivative financial liabilities					
Non-interest-bearing liabilities	$ 105,887	105,887	105,887	-	-
Lease liabilities	3,608,765	4,052,577	442,506	1,721,965	1,888,106
Fixed rate instruments	390,000	391,815	391,815	-	-
	$ 4,104,652	4,550,279	940,208	1,721,965	1,888,106

		Carrying amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
December 31, 2018 (Restated)						
Non-derivative financial liabilities						
Non-interest-bearing liabilities	$	105,583	105,583	105,583	-	-
Lease liabilities		3,855,987	4,375,000	439,391	1,680,979	2,254,630
Fixed rate instruments		430,000	432,560	432,560	-	-
	$	4,391,570	4,913,143	977,534	1,680,979	2,254,630

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Entity management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1% basis points, the Entity's net income would have increased / decreased by $2,634 thousand and $2,420 thousand for the years ended December 31, 2019 and 2018 with all other variable factors remaining constant, respectively. This is mainly due to the changes in the Company's variable-interest-rate deposits.

(iv) Fair value of financial instruments

1) Fair value hierarchy

For financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

2) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets and financial liabilities measured at amortized cost.

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(s) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Company’s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The management of the Company reports regularly to the Board of Directors on its activities.

The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company’s supervisors oversee how management monitors compliance with the Company’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company’s supervisors are assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the supervisors and the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from customers.

1) Trade and other receivable

The Company’s major business is hotel business service. The major customers are travel agencies. The management periodically evaluates the collections of account receivables from travel agencies, and expects there would be no significant credit risk. The Company does not require any collaterals of account receivables and other receivables.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations, hence, there is no significant credit risk arising from these counterparties.

3) Guarantees

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2019, no other guarantees were outstanding (2018: none).

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. As of December 31, 2019 and 2018, the Company's unused credit line were both amounted to zero.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(t) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of December 31, 2019, the Company’s capital management strategy is consistent with the prior year as of December 31, 2018, and the gearing ratio is maintained stable so as to ensure financing at reasonable cost. The Company’s debt-to-equity ratio at the end of the reporting period as of December 31, 2019 and 2018, is as follows:

	December 31, 2019	(Restated) December 31, 2018
Total liabilities	$ 4,117,878	4,407,497
Less: cash and cash equivalents	(332,879)	(306,790)
Net debt	3,784,999	4,100,707
Total equity	1,710,796	1,650,813
Adjusted equity	**$ 5,495,795**	**5,751,520**
Debt-to-equity ratio at December 31	**68.87%**	**71.30%**

(u) Investing and financing activities not affecting current cash flow

The Company’s investing and financing activities which did not affect the current cash flow for the years ended December 31, 2019 and 2018 were as follows:

(i) For right-of-use assets by leasing, please refer to note 6(e).

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

H.I.S Hotel Holdings Co., Ltd. is the parent company of the Company, holding 51% of all outstanding ordinary shares of the Company. The ultimate controlling party of the Company is H.I.S. Co., Ltd..

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the financial statements.

Name of related party	Relationship with the Company
Sanpu Travel Service Co., Ltd. (Sanpu Travel)	Same chairman with the Company
Tour Royale Service Co., Ltd.	Same chairman with the Company
Star Light Co., Ltd.	Same chairman with the Company
Cherry Tourist Co., Ltd.	Same chairman with the Company
H.I.S. Sanken Travel Co., Ltd.	Same chairman with the Company
Green World Co., Ltd.	Same chairman with the Company
Nien Fu Investment Co.	Same chairman with the Company
Hung-Yi Tour Bus Co., Ltd.	The entity’s director is the chairman of the Company

Name of related party	Relationship with the Company
Hsien-Chih Hsieh	The Company's chairman
Hsiu-Mei Hsieh	Related party in substance
H.I.S Hotel Holdings Co., Ltd.	The Company's parent company
H.I.S Co., Ltd.	The Company's ultimate parent company
Green World Solutions Co., Ltd.	Subsidiary

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Company to related parties were as follows:

	For the years ended December 31	
	2019	(Restated) 2018
Hotel rooms and catering service revenue		
Other related parties－Sanpu Travel	$ 300,015	291,089
Other related parties	10,508	14,027
Lease revenue		
Other related parties－Sanpu Travel	7,800	7,800
Other related parties	2,000	3,000
Subsidiaries	25	-
	$ 320,348	315,916

The credit term for hotel room service and catering service is 45 days for related parties and 30 to 60 days for non-related parties. The Company negotiates with each travel agencies according to the current market prices, and offers discount to those lease a constant level of accommodation. The terms of transaction with related parties are the same as those mentioned above, which are not significantly different with those offered to non-related parties.

(ii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2019	(Restated) December 31, 2018
Notes receivable	Other related parties－Sanpu Travel	$ 27,496	26,310
Notes receivable	Other related parties	564	1,476
Accounts receivable	Other related parties－Sanpu Travel	30,667	26,661
Accounts receivable	Other related parties	1,265	1,659
		$ 59,992	56,106

(iii) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2019	December 31, 2018
Accounts payable	The Company's main management	$ -	13
Accounts payable	Other related parties	9	-
Other payables	Other related parties	32	244
Other payables	Parent company	870	254
Other payables	The Company's main management	94	-
		$ 1,005	511

(iv) The Company rented office buildings and hotels from other related parties, and the rental expenses were determined based on nearby office rental rates. The Company adopted IFRS 16 and recognized its right-of-use assets and lease liabilities. For the years ended December 31, 2019 and 2018, the interest expenses amounted to $16,682 thousand and $17,142 thousand; and the lease liabilities amounted to $701,000 thousand and $775,289 thousand, respectively; and also, the rental deposits, which were recognized as other financial asset-non-current, each amounted to $280 thousand for both years.

(v) Guarantee

As of December 31, 2019 and 2018, the ultimate parent company had provided for loans taken out by the Company. The credit limits of the guarantee were as follows:

	December 31, 2019	December 31, 2018
H.I.S. Co., Ltd.	$ 390,000	430,000

(vi) Management consultant fee

The details of the payments made by the Company to the management consultant services are as follows:

	For the years ended December 31	
	2018	2018
H.I.S Hotel Holdings Co., Ltd.	$ 3,009	254

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2019	2018
Short-term employee benefits	$ 7,566	6,828
Post-employment benefits	55	116
	$ 7,621	6,944

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2019	December 31, 2018
Other financial asset-non-current	Guarantee for rental payment	$ 35,500	35,500

(9) Commitments and contingencies:

(a) The Company's hotel renovation project and purchase computer software significant commitments were as follows:

	December 31, 2019	December 31, 2018
The price signed (tax included)	$ 65,571	16,246
The price paid (tax included)	$ 56,546	11,711

(b) Please refer to note 6(i) for the leasing contracts of the Company as of December 31, 2019 and 2018. Besides, the notes payable due to leasing payments were $703,427 thousand and $608,185 thousand, respectively.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:

The COVID-19 pandemic outbreak in the early 2020 has impacted the domestic and worldwide tourism, resulting in the decrease in room occupancy rate and on the operation of the Company, as well. The Company will continue to monitor the development of the event and keep its contingency measure and adjustments as needed.

(12) Other:

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	For the years ended December 31					
	2019			2018 (Restated)		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	159,503	59,595	219,098	150,841	45,155	195,996
Labor and health insurance	17,350	5,334	22,684	15,584	4,478	20,062
Pension	9,064	2,555	11,619	8,285	2,285	10,570
Remuneration of directors	-	550	550	-	600	600
Others	10,560	3,498	14,058	9,990	3,095	13,085
Depreciation	507,392	5,047	512,439	497,300	3,765	501,065
Amortization	947	21,082	22,029	4,677	22,831	27,508

As of December 31, 2019 and 2018, the additional information of the number of employees and employee benefits expense of the Company were as follows:

	2019	(Restated) 2018
Number of employees	493	461
Number of directors (excluding those are employees concurrently)	3	3
Average employee benefits	$ 546	523
Average employee salary	$ 447	428
Average adjustment of employee salary	4.44%	

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2019 (excluding investment in subsidiaries, associates and joint ventures): None

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

(in thousands of New Taiwan Dollars)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	Sanpu Travel Service Co., Ltd.	other related party	Sale	307,815	25%	O/A 45 days	-		58,163	69%	

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(ix) Trading in derivative instruments: None

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2019 (excluding information on investees in Mainland China):

(in thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2019			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2019	December 31, 2018	Shares	Percentage of ownership	Carrying value			
The Company	Green World Solutions Co., Lt.	Taiwan	Human resource	5,000	-	500,000	100.00%	4,789	(211)	(211)	Subsidiary

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information: None

(ii) Limitation on investment in Mainland China: None

(iii) Significant transactions: None

(14) Segment information:

Please refer to the consolidated financial statements for the years ended December 31, 2019 and 2018 for disclosure of segment information.

Green World Hotel Co., Ltd.

Statement of cash and cash equivalents

December 31, 2019

(expressed in thousands of New Taiwan Dollars)

Please refer to note 6(a).

Statement of changes property, plant and equipment

For the year ended December 31, 2019

Please refer to note 6(d).

Statement of right-of-use assets

Please refer to note 6(e).

Statement of intangible assets

Please refer to note 6(f).

Green World Hotel Co., Ltd.

Statement of short-term borrowings

December 31, 2019

(expressed in thousands of New Taiwan Dollars)

Type	Nature	Ending Balance	Contract Period	Interest rates	Credit Limit	Collateral
Sumitomo Mitsui Banking Co.	Unsecure bank loans	$ 240,000	108/5/31~109/5/29	1%	240,000	None
〃	〃	150,000	108/12/6~109/6/5	1%	150,000	〃
		$ 390,000			390,000	

Statement of lease liabilities

Please refer to note 6(i).

Statement of operating revenue

For the year ended December 31, 2019

Please refer to note 6(o).

Green World Hotel Co., Ltd.

Statement of operating costs

For the year ended December 31, 2019

(expressed in thousands of New Taiwan Dollars)

Item	Amount
Lease expenses	$ 2,059
Salary expenses	159,503
Depreciation expenses	507,392
Amortization expenses	947
Utilities expenses	52,701
Laundry and cleaning fee	46,850
Food ingredients expenses	39,882
Labor and health insurance expenses	17,350
Pension	9,064
Other	54,725
	$ 890,473

Statement of operating expenses

Item	Selling expenses	Administrative expenses	Total
Salary expenses	$ 16,945	43,200	60,145
Lease expenses	671	668	1,339
Depreciation expenses	1,361	3,686	5,047
Amortization expenses	19,545	1,537	21,082
Commision fees	54,299	-	54,299
Professional service fees	1,279	4,322	5,601
Labor and health insurance expenses	1,483	3,851	5,334
Pension	638	1,917	2,555
Transaction fees	15,649	-	15,649
Other	10,566	11,286	21,852
Total	$ 122,436	70,467	192,903

Green World Hotels Co., Ltd.

Chairman: HSIEH,HSIEN-CHIH