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**NORTH-STAR INTERNATIONAL CO., LTD.**

# 2022 Annual Report

Printed on May 11, 2023

## I. Company spokesperson and acting spokesperson

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## II. Address and telephone number of head office and branches

Name	Contact number	Address	Name	Contact number	Address
Head office	(02)2259-6969	No. 137, Xinhai Road, Banqiao District, New Taipei City 220	Beiji Kunshan gas station	(06) 272-1689	710 No. 28, Fuxing Road, Yongkang District, Tainan City
Xinhai gas station	(02)2256-8588	No. 137, Xinhai Road, Banqiao District, New Taipei City 220	Beiji Zhongyang Road gas station	(03) 856-9259	710 No. 28, Fuxing Road, Yongkang District, Tainan City
Minggui gas station	(03)471-1020	No. 350, Jia'an section, Zhongzheng Road, Longtan Township, Taoyuan County 325	Baili gas station	(08)738-3509	908 No. 98-1, Zhongxing Road, Changxing Village, Changzhi Township, Pingtung County
Jijin gas station	(02)2498-3603	No. 19-5, Wanli Jiatou, Wanli District, New Taipei City 207	Jianmin gas station	(08)752-3396	900 No. 130 Jianguo Road, Housheng Vil, Pingtung City, Pingtung County
Yatan gas station	(04)2531-3100	No. 81-16, Section 2, Yatan Road, Tanzi District, Taichung City 427	Xiangyang gas station	(08)723-3398	908 No. 400, Section 1, Ruiguang Road, Changzhi Township, Pingtung County
Nantun gas station	(04)2350-2626	No. 25-1, Gongye 25th Road, Nantun District, Taichung City 408	Heshun gas station	(08)780-5688	920 No. 348, Jieshou Road, Chaozhou Town, Pingtung County
Central gas station	(03)427-8886	No. 1015, Zhongzheng Road, Zhongli City, Taoyuan County 320	Beiji Dali gas station	(07)717-1186	802 No. 657, Kaixuan 3rd Road, Lingya District, Kaohsiung City
ITRI gas station	(03)583-1515	No. 491, Section 4, Zhongxing Road, Zhudong Town, Hsinchu County 310	Beiji Jiuru Road gas station	(07) 380-9312	807 No. 878, Jiuru 1st Road, Sanmin District, Kaohsiung City
Dongyi gas station	(037)684-885	No. 1755, Zhonghua Road, Toufen Town, Miaoli County 351	Beiji Fenggang gas station	(08)780-5688	920 No. 348, Jieshou Road, Chaozhou Town, Pingtung County
Centennial gas station	(03)499-2080	No. 366, Shengling Road, Longtan Township, Taoyuan County 325	Beiji Xike gas station	(02)8691-0670	221 No. 132, Section 1, Xintai 5th Road, Xizhi District, New Taipei City
Kuntai gas station	(04)2691-0620	No. 2-56, Zhongzhe Road, Dadu District, Taichung City 432	Beiji Alian gas station	(07) 632-1828	822 No. 256, Heping Road, Alian Township, Kaohsiung County
World trade gas station	(04)2465-3499	No. 199, Fukang Road, Xitun District, Taichung City 407	Beiji Madou gas station	(06)570-0236	No. 118, Madoukou, Makou Vil, Madou District, Tainan City 721
Risheng gas station	(089)331-671	No. 76, Xincheng Road, Taitung City, 950	Gaoqi gas station	(07)740-9408	830 No. 91, Fengren Road, Wusong Vil, Fengshan District, Kaohsiung City
Hualien gas station	(03)853-5268	No. 248, Section 2, Zhonghua Road, Ji'an Township, Hualien County 973	Beiji DanJin Road gas station	(02)2625-5498	251 No. 446, Section 3, Danjin Road, Danshui District, New Taipei City
Dongyou gas station	(03)359-5798	No. 991, Zhenxing Road, Guishan Township, Taoyuan County 333	Beiji Golden Lion gas station	(07)310-7389	807 No. 36, Dingli Road, Sanmin District, Kaohsiung City
Donghong gas station	(03)439-5008	No. 69, South East Road, Pingzhen City, Taoyuan County 324	Beiji Taizi station	(06)271-0618	717 No. 143, Taizi Road, Tuku Vil, Rende District, Tainan City
Champion gas station	(02)8273-3837	No. 7-1, Section 1, Central Road, Tucheng District, New Taipei City 236	Beiji Jixing Road station	(03)851-1122	973 No. 126, Section 1, Jixing Road, Ji'an Township, Hualien County
Beiji Zhonghe gas station	(02)2226-3972	No. 53, Section 3, Zhongshan Road, Zhonghe District, New Taipei City 235	Beiji Gangshan station	(07)622-6798	820 No. 608, Gangshan Road, Gangshan District, Kaohsiung City
Gengsheng Road gas station	(089)220-731	No. 1199, Gengsheng Road, Taitung City, 950	Beiji Xinshi station	(06)589-0309	744 No. 227-3, Zhongshan Road, Xincheng District, Tainan City
North Keelung gas station	(02)2436-5548	No. 199, Fuxing Road, Zhongshan District, Keelung City 203	Beiji Jiahe station	(02)8242-1828	235 No. 22, Section 2, Zhongshan Road, Zhonghe District, New Taipei City
Beiji Wudu interchange gas station	(02)2451-8513	No. 102, Mingde 3rd Road, Qidu District, Keelung City 206	Beiji Minxiong station	(05)206-0727	621 No. 10, Jingpu 1, Jingpu Village 1, Minxiong Township, Chiayi County
Beiji Heping Road gas station	(03)833-5040	No. 294, Heping Road, Hualien City 970	Beiji Huwei station	(05)632-9989	648 No. 530, Section 1, Linsen Road, Dexing Vil, Huwei Town, Yunlin County
Beijizhonghe Road gas station	(02)2436-2770	No. 18, Zhonghe Road, Zhongshan District, Keelung City, 203	Beiji Yongkang gas station	06-253-0938	710 569-1, Zhongzheng South Road, Yanzhou Vil, Yongkang District, Tainan City
Beiji Luzhou gas station	(02)2281-2383	No. 310, Zhongshan 1st Road, Luzhou District, New Taipei City 247	Beiji Shanhua station	(06) 583-1856	741 No. 1-13, Jiabei Vil. Jiaba, Shanhua District, Tainan City
Yanghu gas station	(03)478-7818	No. 231, Section 2, Yanghu Road, Yangmei Town, Taoyuan County 326	Beiji Anding station	(06) 592-0698	745 No. 59, Anga Vil. Anding 258, Anding District, Tainan City
Tucheng interchange Road gas station	(02)2268-2700	No. 164, Section 3, Central Road, Tucheng District, New Taipei City 236	Beiji Keyunco Station	(05)551-3911	640 No.1-11, Chang'an W. Rd., Douliu City, Yunlin County

Xuanyuan Road gas station	(03)832-2828	No. 12-1, Xuanyuan Road, Hualien City 970	Beiji Man Tin Station	(04)2247-0676	406 No. 891, Sec. 4, Wenxin Rd., Beitun Dist., Taichung City
Zhongqing Jiaotong Road gas station	(04)2560-8150	No. 801, Section 3, Zhongqing Road, Daya District, Taichung City 428	Beiji Baili Ruiguang Station	(08) 735-1168	900 No. 202, Sec.3, Ruiguang Rd., Pingtung City, Pingtung County
Zhongyi Road Gas Station	(03)319-5758	333 No.496, Sec. 1, Zhongyi Rd., Guishan Dist., Taoyuan County	Beiji Houyuan No. 68 Station	(082)-336205	891 No. 68, Houyuan, Jinhu Township, Kinmen County
Chaoyang Gas Station	(03) 331-2719	330 No.236, Sec.2, Sanmin Rd., Taoyuan Dist., Taoyuan County	Beiji Zhengxin gas station	(06)5512955	640 No. 273, Xiping Rd., Douliu City, Yunlin County

Note: there are twelve gas stations in operation by the subsidiaries.

Nstar Energy Corporation	(05)588-2005	648 No. 2-2 Expressway gas station, Xiluo Town, Yunlin County
Yingguang Enterprise Co., Ltd	(07)347-2200	807 No. 99, Tianxiang 1st Road, Sanmin District, Kaohsiung City
Yingguang Enterprise Co., Ltd. Jiaquan gas station	(08)7706-689	912 No. 66, Daxin Road, Neipu Township, Pingtung County
Zhonghua Prince Gas Station Co., Ltd.	(06)264-2968	702 No. 91, Section 1, Zhonghua West Road, Tainan City
Zhonghua Prince Gas Station Co., Ltd. Vision Gas Station	(06)270-6046	717 No. 631, Section 2, Zhongzheng Road, Rende District, Rende District, Tainan City
Zhonghua Prince Gas Station Co., Ltd. Shengzhu Gas Station	(07)696-3505	821 No. 38, Zhongshan Road, Zhuxi Vil, Luzhu District, Kaohsiung City
Zhonghua Prince Gas Station Co., Ltd. Xingzhong Road Gas Station	(08)796-3855	906 No. 355, Xingzhong Road, Gaoshu Township, Pingtung County
Zhonghua Prince Gas Station Co., Ltd. Zhonghua Dashun Gas Station	(07)557-3098	804 No. 399, Dashun 1st Road, Gushan District, Kaohsiung City
Zhonghua Prince Gas Station Co., Ltd. Zhonghua Ligang Gas Station	(08)772-2268	905 No. 40 Zai South Road, Ligang Township, Pingtung County
Zhonghua Prince Gas Station Co., Ltd. Zhonghua Zhongzheng Road Gas Station	(03)356.2238	330 No. 1511, Zhongzheng Road, Beipu Vil, Taoyuan District, Taoyuan City
Zhonghua Prince Gas Station Co., Ltd. Daxin Gas Station	(07)380-2089	807 No. 270, Free 1st Road, Sanmin District, Kaohsiung City
Zhonghua Prince Gas Station Co., Ltd. Ba Gua Mountain gas station	(04)-8361398	510 No. 655, Sec. 1, Liuqiao Rd., Yuanlin City, Changhua County

### III. The name, address, website and telephone number of the stock transfer agency

Name: Stock Affairs Agency Department of SinoPac Securities Co., Ltd

Address: 3F., No. 17, Boai Road, Zhongzheng District, Taipei

Website: [www.securities.sinopac.com](http://www.securities.sinopac.com)

Telephone: (02)2381-6822

### IV. The name, address, website and telephone number of the CPAs in the latest annual financial report

Name of CPAs: Yu Sheng-Ho and Chen Guo-Zong

Name of the firm: KPMG

Address: 68F., No. 7, Section 5, Xinyi Road, Taipei (Taipei 101)

Website: [www.kpmg.com.tw](http://www.kpmg.com.tw)

Telephone:

(02)8101-6666

### V. The name of the trading venue where overseas securities are listed and traded and the method of querying the information of the overseas securities:

The company has not issued overseas securities.

### VI. Company website: [www.nspco.com.tw](http://www.nspco.com.tw)

## Table of Contents

Page

I.	Letter to Shareholders .....	1
1.	2022 Business Achievement Report .....	1
2.	2023 Business Plan Overview .....	3
3.	Future Development Strategies .....	3
4.	Impacts by External Competition, Laws and Regulations, and Overall Operating Environment .....	4
II.	Company Profile .....	6
1.	Date of Incorporation .....	6
2.	Company History .....	6
III.	Corporate Governance Report .....	11
1.	Organization .....	11
2.	Directors, Supervisors, and Management Team .....	14
3.	Remuneration for Directors, Supervisors, President, and Vice-President in Last Fiscal Year .....	23
4.	Implementation of Corporate Governance .....	27
5.	Certified Public Accountant's fee .....	67
6.	Information on the Change of Accountant .....	67
7.	The Company's Chairman, President, Chief Financial Officer or Chief Accounting Officer Who Has Worked for the CPA's Firm or Its Affiliates during the Last Fiscal Year .....	69
8.	Transfer and Pledge of Shares of Directors, Supervisors, Managers and Shareholders with a Shareholding More Than 10% in the Recent Year and as of the Publication Date of the Annual Report .....	70
9.	Information on Relationship among the Company's Top 10 Shareholders who belong to related parties or spouses, or first or second degree relatives of one another .....	71
10.	The Shareholding of the Company and the Company's Directors, Supervisors, Managers and Enterprises Directly or Indirectly Controlled by the Company in the Same Invested Company and Consolidated Shareholding Percentage .....	72
IV.	Capital Overview .....	74
1.	Capital and Shares .....	74
2.	Issuance of Corporate Bonds .....	82
3.	Issuance of Preferred Stocks .....	85
4.	Issuance of Global Depositary Receipts .....	85
5.	Issuance of Employee Stock Options .....	85
6.	Issuance of New Restricted Employee Stocks .....	85
7.	Issuance of New Shares in Connection with Mergers or Acquisitions of Other Companies' Shares .....	85
8.	Funding Plan and Implementation .....	85
V.	Operation Overview .....	85
1.	Business Activities .....	85
2.	Market and Sales Overview .....	89
3.	Human Resources of Recent Two Years and as of the Publication Date of the Annual Report .....	92
4.	Environmental Protection Expenditure .....	92

5. Labor-Management Relations .....	93
6. Information Security Management .....	95
7. Important Contract.....	97
VI. Financial Overview .....	97
1. Condensed Balance Sheets and Statements of Comprehensive Income of the Last Five Fiscal Years .....	97
2. Financial Analysis of the Last Five Fiscal Years .....	104
3. Audit Committee’s Audit Report on Recent Financial Report .....	110
4. Annual Financial Report .....	111
5. Recent Audited Parent Company Only Financial Statements not Including Statement of Major Accounting Items .....	191
6. Financial Difficulties Encountered by the Company and/or its Affiliates in the Recent Year and as of the Publication Date of the Annual Report, and their Impacts on the Company’s Financial Condition.....	269
VII. Review Analysis and Risk Management of Financial Conditions and Performance .....	270
1. Financial Conditions .....	270
2. Financial Performance .....	271
3. Cash Flow .....	271
4. Major Capital Expenditures in the Recent Year and their Impacts on Finance and Operation .....	272
5. Investment Policies in the Recent Year, Reasons for Profit/Loss, Plans for Improvement, and Investment Plan for the Coming Year.....	272
6. Risk Analysis and Evaluation .....	273
7. Other Significant Matters: .....	275
VIII. Special Disclosures .....	276
1. Related Information of Affiliated Companies .....	276
2. Private Placement of Company Shares in the Recent Year and as of the Publication Date of the Annual Report.....	288
3. The Company’s Shares Held or Disposed by Subsidiaries in the Recent Year and as of the Publication Date of the Annual Report.....	288
4. Other Supplementary Information.....	288
5. Events with Material Impacts on the Equity of Shareholders or the Price of Securities as Specified in Paragraph 3 of Item 2 of Article 36 of the Securities and Exchange Act in the Recent Year and as of the publication date of the Annual Report.....	288

## **I. Letter to Shareholders**

Dear Shareholders,

Thank you for taking the time out of your busy schedules to attend this year's shareholders meeting. On behalf of the entire company and the board of directors, I would like to express our utmost gratitude.

Thanks to the support of all shareholders and the hard work of our team, we actively expanded and now have a total of 68 operating locations (including subsidiaries) with a daily oil output of 633 kiloliters as of the end of 2022. Due to the increase in basic salary and difficulty in recruiting manpower, the Company is actively increasing the installation of self-service gas refueling facilities at each station. As of the end of 2022, there are 28 stations having the self-service refueling facilities.

The oil prices showed an initial rise and fall, followed by a gradual stabilization in the 2022. Effective inventory management allowed the Company to increase profitability. Looking to the future, the Company aims to continue improving domestic oil production and increasing market share of gas stations, while enhancing brand image and value to strengthen positive reputation of our oil products, and implementing regular marketing events and continuous promotion of self-service gas facilities are implemented to attract new customers to refuel at the station through differentiated services.

Due to external competition and the overall business environment in recent years, including price reductions and promotional activities among the industry, difficulty in acquiring new operating locations, fluctuations in international oil prices, and increasing demands for environmental protection, coupled with stricter regulations from regulatory authorities on gas stations, the operating gas stations has become increasingly difficult in general. Therefore, our company has decided to diversify and forge alliances with other industries to increase profitability. Through investments in solar energy and charging stations, we aim to generate long-term stable income.

The 2022 business performance and the 2023 business plan are presented as follows:

### **1. 2022 Business Achievement Report**

#### **(1) Implementation of Business Plan:**

##### **(1) Operating Revenue:**

In 2022, the Company's total operating revenues increased by \$1,223,404,000 or 22% to \$6,754,436,000 compared to \$5,531,032, 000 in 2021, mainly due to higher oil prices in 2022. As of the end of 2022, there are a total of 68 operating locations.

##### **(2) Sales:**

Comparison of sales figures of various types of oil products of the Company in 2022 with the sales situation in 2011 is as follows.

Unit: NT\$ in thousands; %

Year \ Product	92	95	98	Premium Diesel	Others	Total
	Unleaded Gasoline	Unleaded Gasoline	Unleaded Gasoline			
2022	808,011	3,805,563	413,437	1,473,999	253,426	6,754,436
2021	685,651	3,153,746	332,218	1,179,853	179,564	5,531,032
Increase (Decrease) in number	122,360	651,817	81,219	294,146	73,862	1,223,404
Increase (Decrease)%	18%	21%	24%	25%	41%	22%

## (2) Budget Execution

In accordance with to the “Regulations Governing the Publication of Financial Forecasts of Public Companies”, the Company is not required to release forecasts for the year 2022.

## (3) Financial Revenue and Expenditure Analysis and Profitability Analysis

### (1) Financial Revenue and Expenditure Analysis:

Unit: NT\$ in thousands

Item	2022	2021
Net operating income	6,754,436	5,531,032
Gross profit	857,722	823,730
Profit or loss after tax	142,311	151,103

### (2) Profitability Analysis:

Item	2022	2021	
Return on asset (%)	1.68	2.62	
Return on shareholders' equity (%)	3.35	5.25	
Paid-in capital	Operating income	-0.40	3.37
Proportion (%)	Net profit before tax	5.83	7.45

Net profit margin (%)	1.95	2.80
Current earning per share (dollar)	0.48	0.69

#### (4) Research and Development:

Our company mainly operates in the service industry and has not engaged in the research and development of products. Over the years, we have actively educated our employees on oil expertise, familiarized them with refueling equipment, and instilled a service-oriented spirit in the service industry to cultivate excellent service attitude and quality. In the future, we will continue to uphold this spirit and provide continued service and achieve higher performance.

## 2. 2023 Business Plan Overview

### (1) Operation Policies

1. Enhance the value of the company and contribute to the well-beings of our customers, shareholders, and employees.
2. Comply with laws, protect the environment, and fulfill corporate social responsibility
3. Provide quality services.

### (2) Estimated Sales Volume and its Basis

The Company has taken external environmental changes and future development, as well as past business performance, current status, and future trends into consideration for sales forecast. However, the Company has not disclosed the 2023 financial forecast, and will not disclose the projected sales figure for 2023.

### (3) Important Production and Marketing Policies

1. Increase self-service refueling to cope with the increase in labor costs and uncertainty of staff recruitment.
2. Gradually replace operating locations to achieve better operational performance.
3. Strive for good long-term and high-volume customers to stabilize business income.
4. Strengthen the management of members and improve customer loyalty to increase the growth of gasoline consumption steadily.
5. Activate asset activation to continue promoting and increasing the Company's profitability through diversified operations and cross-industry alliances.
6. Diversify business operations.
7. Strengthen independent pollution prevention and control capabilities.

## 3. Future Development Strategies

### (1) Improve operational performance



Develop high-profitability stations, expand gas station partnerships with other companies of the industry, and strengthen car wash services to enhance business performance.

(2) Strengthen Information Platform

1. Combine cross-industry joint marketing through the information platform of membership cards to expand the range of physical channels.

2. Integrate internal information platforms, actively develop ERP systems, strengthen information integration and sharing, and simplify operating processes.

(3) Continuously invest in the development of photovoltaic industries, such as solar and energy storage, and actively forge alliances with companies of the industry.

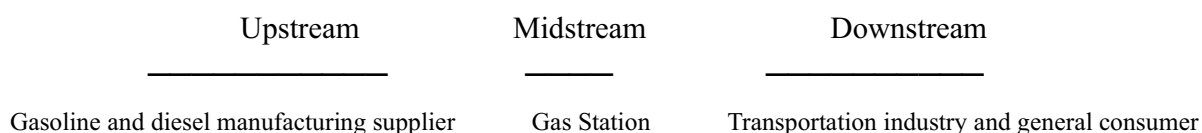
(4) Provide electric vehicle charging and battery swapping services in line with the government's development for the green energy industry.

4. Impacts by External Competitive, Regulatory and Overall Business Environments

(1) Current status and development of the industry

The company mainly operates the business of gas stations. In recent years, the influences of the external competitive environment and the overall business environment, price cuts among peers, promotional activities, difficulties in obtaining new operating bases, and fluctuations in international oil prices have resulted in a gradual decline in gross profit margins. The public has higher and higher demand for environmental protection, and the competent authorities become gradually stricter on the regulations of gas stations. Overall speaking, the environment for operating gas stations is becoming more and more difficult. With the efforts and support of all shareholders and colleagues, the company strives to maximize the rights and interests of shareholders.

(2) Relation between upstream, midstream and downstream of the industry



(3) Various development trends of products and external competitive environments

In the future, the market will develop in the direction of bigger and bigger players, so that industry consolidations will occur one after another. In addition, gas stations should provide differentiated services, highlighting the features of the gas stations as much as possible, and increasing consumers' visibility, supplemented with diversified operating items will increase consumers to engage in diversified consumption at gas stations. Under the development of groups of gas stations, each group will attract consumers by brilliant creative marketing, so as to consolidate consumer loyalty and cooperate with consistent service process. On the one hand, it can make consumers to be familiar to high-quality service methods; on the other hand, it can improve customer satisfaction, so that customers can come to the gas station for consumption without pressure.

(4) Impacts caused by of oil price

Oil prices in the first two quarters of 2022 showed an initial rise followed by a decline, and became gradually stable in the latter two quarters. Effective utilization of weekly price adjustments helped maintain high or low oil levels, significantly reducing operating costs and increasing operating profits.

(5) Impacts caused by lifestyle

The improvement of lifestyle, the continuous opening and increased availability of metropolitan rapid transit systems, the increased parking costs in urban areas along with the growing environmental awareness have led to changes in consumer habits, with a higher percentage of people choosing to use public transportation instead of driving, and relatively reduced the demand for oil products under the trend of energy saving and carbon reduction. Many favorable and unfavorable lifestyle factors intertwinely affect sales, and the company responds to these factors with different marketing strategies.

(6) Impacts caused by regulatory environments

In recent years, there have been no major changes in the regulations on the establishment of gas stations. In terms of gas station management, the competent authorities have paid more attention to environmental pollution monitoring and management improvement in recent years. In order to comply with regulations and fulfill social responsibilities, the Company has set up a fuel gas recycle system. For oil storage equipment and soil, groundwater pollution is also regularly tested to reduce the possibility of pollution, and the professional training of personnel is strengthened to avoid the impact caused by negligence of the personnel. In addition, barrier-free spaces and related facilities are generally set up to take care of the physically handicapped users' needs.

North-Star International Co., Ltd.

Chairman: Chung Jia-Cun

## II. Company Profile

### 1. Date of Incorporation

December 16, 1988

### 2. Company History

- 1988 Approved to establish, with a capital of NT\$53,750,000.
- 1989 Xinhai gas station started operation, and Minggui gas station started operation.  
Increased capital by NT\$107,500,000 in cash to the paid-in capital of NT\$161,250,000
- 1990 Increased capital by NT\$53,750,000 in cash, bringing the total a paid-in capital to NT\$ 215,000,000, and the approval for public offering of the Company's shares.  
Re-elected the second-term directors and supervisors.
- 1991 Xingyun gas station started operation.  
Increased cash capital increases by NT\$47,800,000 and retained earnings increase by NT\$17,200,000, bringing the total paid-in capital to NT\$280,000,000.
- 1992 Took back the first floor of the Xinhai Station for the self-operation of automotive and motorcycle accessories and goods.  
Transferred surplus into capital increase of NT\$22,400,000 and increased capital by NT\$47,600,000, resulting in a total paid-in capital of NT\$350,000,000.  
Acquired Douzhong gas station and commenced operations on the 11<sup>th</sup> day of the same month.
- 1994 Acquired Jijin gas station and commenced operations on the 28<sup>th</sup> of the same month.  
Transferred surplus into capital increase of NT\$63,000,000, resulting in a paid-in capital of NT 413,000,000.  
Re-elected the third-term directors and supervisors
- 1995 Transferred surplus into capital increase of NT\$41,300,000 and increased capital by 45,900,000, resulting in a paid-in capital of NT\$500,200,000.  
Purchased the land of Nantun gas station.
- 1996 Yatan gas station started operation. Purchased the land of Chutung gas station.  
Transferred surplus into capital increase of NT\$39,515,800, resulting in a paid-in capital of NT\$539,715,800.
- 1997 Nantun gas station started operation.  
Acquired Zhengzhong gas station, and joined the operation on the 31<sup>st</sup> day of the same month.  
Transferred surplus into capital increase of NT\$41,558,110 and increased capital by NT\$68,726,090 in cash, resulting in a paid-in capital NT\$650,000,000.  
ITRI gas station started operation.
- 1998 Re-elected the fourth-term directors and supervisors.  
Re-invested in Tany Yi Gas Station, Co., Ltd.  
Purchased the land of Dongyi gas station.  
Purchased the land of Bainian gas station.  
Purchased the land of Kuntai gas station.  
Signed the lease of Changhua Guoyi station.  
Transferred surplus into capital increase of NT\$50,700,000 and transferred capital surplus into capital increase of NT\$1,300,000 (Ex-right date: February 27, 1999), resulting in a paid-in capital of NT\$702,000,000.
- 1999 Guoyi gas station started operation.  
Donyi gas station started operation.  
Bainian gas station started operation.  
Signed the lease of the land for Renmei Jianguo gas station land.  
Purchased Taichung World Trade gas station and the land for parking lots.

- Jianguo gas station started operation.  
Transferred surplus into capital increase of NT\$28,290,600, transferred capital surplus into capital increase NT\$12,425,400, increased capital by NT\$87,284,000 in cash; resulting a paid-in capital of NT\$830,000,000 and completed the change of capital registration on January 12, 2000.
- 2000 The OTC listing case was approved by Taipei Exchange's committee member meeting and the Board of Directors.  
The OTC listing case was passed by Securities and Futures Institute.  
Officially became an OTC company on November 2.  
Kuntai gas station started operation.  
Risheng station started operation.  
Transferred surplus into capital increase of NT\$31,540,000, resulting in a paid-in capital of NT\$861,540,000.
- 2001 Hualien station started operation in January.  
Re-elected the fifth-term directors and supervisors on June 15.  
Shimao station started operation in September.
- 2002 Dongyou station started operation on July 1.  
Dadu station started operation on July 16.  
Donghong station started operation on August 1.  
Guangjin station started operation on August 16.
- 2003 Fengchuan station started operation on June 1.  
Champion station started operation on June 21.  
Dadu gas station and Guoyi gas station closed for business in June and December respectively.
- 2004 The subsidiary Tangyi gas station started operation on April 27.  
Signed the lease of the land for Keelung Wudu station, and Keelung Fuxing station.
- 2005 Signed the lease of the land for Taichung Fuxing station, and Zhonghe station.  
Keelung Wudu station, Keelung Fuxing station, Taichung Fuxing station, Zhonghe station, and Zhonghe Road station started operation.
- 2006 Signed the lease of the land for Taichung Zhongke station, and Taipei County Lozhou station.
- 2007 Taichung Zhongke station started operation on April 20.  
Lozhou station started operation on June 25.  
Tucheng Interchange Road station started operation on September 14.  
Shanying station started operation on November 1.  
Hualien Airport station started operation on December 15.  
Guangjin gas station closed for business in July.
- 2008 Gengsheng station started operation on January 18.  
Alishan station started operation on February 5.  
Ailan Interchange Road station started operation on March 24.  
Xuanyuan station started operation on May 8.  
Transferred surplus into capital increase of NT\$22,184,650, resulting in a paid-in capital of NT\$909,570,850 on August 11.  
Nanzhu Road station started operation on October 18.  
Nanshan Road station started operation on October 23.
- 2009 Zhongxing Road station started operation on January 21.  
Zhongqing Interchange Road station started operation  
Zhongyi Road station started operation.  
Issued convertible bonds of NT\$180,000,000 in October.
- 2010 Converted corporate bonds into 9,974,959 common shares, resulting in a paid-in capital of NT\$1,009,320,440 in January.  
Converted corporate bonds into 3,816,621 common shares, resulting in a paid-in capital

- of NT\$1,047,486,650 in April.  
 Converted corporate bonds into 1,058,326 common shares, resulting in a paid-in capital of NT\$1,058,069,910 in August.  
 Transferred surplus into capital increase of NT\$26,489,270, resulting in a paid-in capital of NT\$1,084,559,180 in September.  
 Converted corporate bonds into 153,093 common shares, resulting in a paid-in capital of NT\$1,086,090,110 in October.
- 2011 Converted corporate bonds into 1,617,920 common shares, resulting in a paid-in capital of NT\$1,102,269,310 in February.  
 Taichung Fuxing station closed for one year in July.  
 Sold Taichung Shimao gas station and signed a commissioned management contract to continue operation in November of the same year.  
 Established a new business unit - Petrochemical and Energy Engineering Division in July.  
 Transferred capital surplus into capital increase of NT\$27,556,730, resulting in a paid-in capital of NT\$1,129,826,040.
- 2012 Shanying station closed for business on April 30.  
 Converted corporate bond into 95,785 common shares, resulting in a paid-in capital of NT\$1,130,783,890 in May.  
 Transferred surplus into capital increase of NT\$41,803,560, resulting in a paid-in capital of 1,172,587,450 in August.  
 Nanshan Road station closed for business on September 29.
- 2013 Kunshan station started operation on August 17.  
 Dawan station started operation.  
 Sanmin Road station started operation on October 31.  
 Zhonggang station started operation on November 27.  
 Repaid unconverted corporate bond amounted to a total of NT\$272,500,000 on September 17.
- 2014 Central Road station started operation on January 21.  
 Hualien Airport station closed for business on August 30.  
 Ailan Interchange Road station closed for business on August 30.  
 Zhongxing Road station closed for business on August 30.
- 2015 The subsidiary Nstar Energy Corporation's Sky City gas station started operation on February 1.  
 The subsidiary Yuanjian Gas Station Co/, Ltd. started operation on March 1.  
 The subsidiary Zhonghua Prince Gas Station Co., Ltd started operation on April 1.  
 Jianmin station started operation on June 18.  
 Xiangyang station started operation on July 8.  
 Dawan station closed for business on July 16.  
 The subsidiary United Prince International Co., Ltd. started operation on August 1.  
 Baili station started operation on September 7.  
 Heshun station started operation on December 11.
- 2016 Fenggang station started operation on February 1.  
 Dali station started operation on April 15  
 Douzhong station closed for business on May 31.  
 Jiuru Road station started operation on August 11.
- 2017 Nadou station started operation on March 8.  
 Xike station started operation on March 10.  
 Wudu station and Alian stations started operation on May 1.  
 Gaoqi station started operation on October 30.
- 2018 Danjin station started operation on June 20.
- 2019 Zhonggang station closed for business on March 24.

Jinshi station started operation on June 26.  
The subsidiary Zhonghua Prince Gas Station Co., Ltd. Xingzhong Road gas station started operation on July 1.  
The subsidiary Zhonghua Prince Gas Station Co., Ltd. Shengzhu gas station started operation on September 29.  
Prince station started operation on December 20.

2020 Jixing station started operation on February 1.  
Gangshan station started operation on August 14.  
The subsidiary Zhonghua Prince Gas Station Co., Ltd. Zhonghua Dashun gas station started operation on October 14.  
The subsidiary Zhonghua Prince Gas Station Co., Ltd. ZhonghuaLigang gas station started operation on October 20.  
Sanmin station closed for business on November 23.  
Yingguang Enterprise Co., Ltd. started operation on December 14.  
Issued convertible corporate bonds of NT\$600,000,000 on December 23.

2021 The subsidiary Zhonghua Prince Gas Station Co., Ltd. Zhonghua Zhongzheng Road gas station started operation on January 16.  
Converted corporate bonds into 197,966,242 common shares, resulting in a paid-in capital of NT\$1,979,662,420 on May 27.  
Jaihe station started operation on June 1.  
Ninxiong station started operation on June 6.  
Xinshi station started operation on July 19.  
Converted corporate bonds into 205,078,402 common shares, resulting in a paid-in capital of NT\$2,050,784,020 on September 23.  
The charging pile started operation on September 23.  
The subsidiary Zhonghua Prince Gas Station Co., Ltd. Daxin gas station started operation on October 26.  
Huwei station started operation on November 22.  
Converted corporate bonds into 206,237,765 common shares, resulting in a paid-in capital of NT\$2,062,377,650 on December 2.  
Converted corporate bonds of NT\$300,000,000 on December 10.  
Xingyun station closed for business on December 31.

2022 Increased capital of NT\$400 million in cash, resulting in a paid-in capital of NT\$246,238 on January 13.  
Yongkang station started operation on January 28.  
Shanhua station started operation on March 21.  
Transferred surplus into capital increase of NT\$246,604,251, resulting in a paid-in capital of NT\$2,466,042,510 on April 20.  
The subsidiary Yingguang Enterprise Co. Ltd. Jiaquan gas station on April 20.  
Anding station started operation on May 1.  
Yunke station started operation on May 17.  
Issued the first guaranteed ordinary corporate bonds of NT\$500,000,000 on June 14.  
Beiji Wentian station started operation on July 11.  
Amended the company's articles of association to set the rated capital to NT\$8.8 billion on July 15.  
Converted corporate bonds into 250,862,026 common shares, resulting in a paid-in capital of NT\$ 2,508,620,260 on August 22.  
Beiji Ruiguang station started operation on September 7.  
Issued the second guaranteed ordinary corporate bonds of NT\$700,000,000 on September 22  
Converted corporate bonds into 272,388,410 common shares, resulting in a paid-in capital of NT\$2,723,884,100 on October 13.

Converted corporate bonds into 275,233,570 common shares, resulting in a paid-in capital of NT\$2,750,233,570 on November 29.

2023 Beiji Houyuan station started operation on January 5.

Beiji released 80,000,000 shares of Santi Energy Co., Ltd.'s stocks on February 17.

Beiji Zhengxin station started operation on March 8.

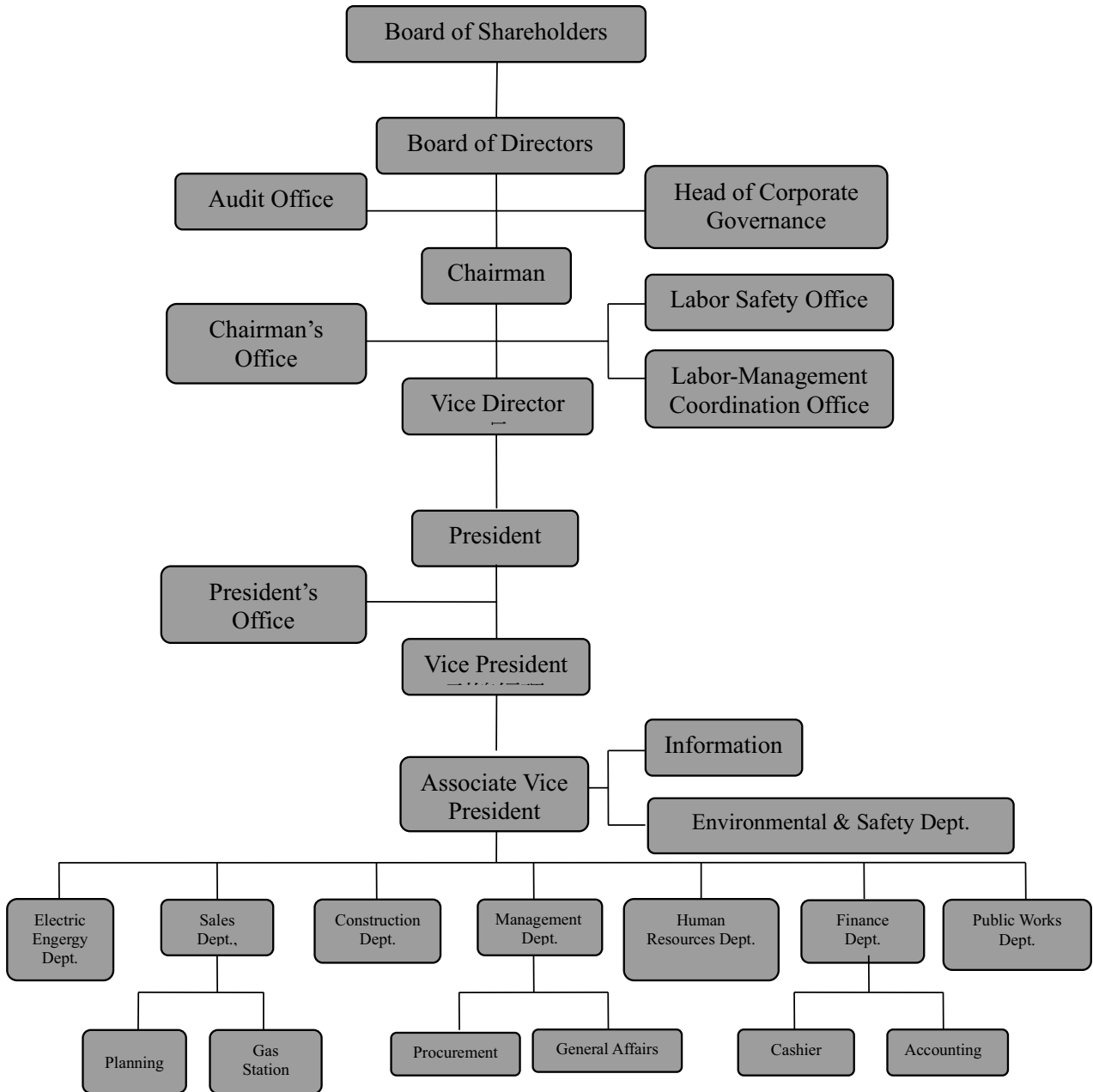
Converted corporate bonds into 279,272,945 common shares, resulting in a paid-in capital of NT\$2,792,729,450 on March 27.

Zhonghua Taizi Gas Station Co., Ltd. Bagua station started operation on May 5.

### III. Corporate Governance Report

#### 1. Organization

##### (1) Organization Chart





(2) Business operations of major departments

The Company appoints one President who implements the instructions of the Chairman and Vice Chairman, and manages all business of the Company in accordance with relevant laws and regulations. One Associate Vice President is also appointed to assist the President in handling related matters and managing designated business.

The Associate Vice President of the Company follows the instructions of the President, and is responsible for supervising the planning and execution of Information Department, Environmental & Safety Department, etc.

The Company also sets up the following business operations in different department.

Department	Main Responsibilities
Board of Directors	The Chairman is responsible for convening the Board of Directors, overseeing the company's operations, making important decisions, and planning the company's future business direction and goals.
Audit Office	Manage and execute various audit operations for the Company, assessing the soundness and effectiveness of internal control systems, and providing timely improvement suggestions.
Head of Corporate Governance	Handle matters related to the meetings of the Board of Directors and the Board of Shareholders in accordance with the law, prepare the meeting materials for the Board of Directors and the Board of Shareholders, assist in the appointment and continuing education of Directors, provide necessary information for the Directors to perform their business, and assist the Director to comply with laws and regulations, etc.
Chairman's Office	Assist the Chairman in overseeing the Company's operations and planning future business directions and goals, and the Board of Directors in making important decisions.
Labor Safety Office (Labor-Management Relation Coordination Office)	Coordinate labor relations and labor safety preventions of the Company.
President's Office	The President coordinates the planning and execution of all operations of the Company and is responsible for legal affairs, the application (change) of (gas) stations, cross-sector alliances, the planning and implementation of the Company's long-term development, the coordination of overall planning, and assisting department heads to promote various businesses of the Company.
Management Department	1- Execution of purchasing, and general and administrative operations 2-Paperwork management.
Sales Department	1-Planning, management and execution of the Company's sales. 2- Industrial safety, education and training, management the of Company's refueling (gas) station operations. 3-Works Installation, construction and overall planning of new gas station (including construction and operation) Administration of new gas station (communication with architects and related personnel) 4- Publicity activities of new gas station (Inaugural activities of new station)
Construction Department	1-Construction of gas station and its auxiliary facilities 2-Industrial plant construction 3-Construction of residential buildings and houses 4-Other commercial real estate constructions

Finance Department	<ul style="list-style-type: none"> <li>1-Establishment and implementation of accounting systems.</li> <li>2-Accounting, taxation, and announcement reporting.</li> <li>3-Preparation of annual budget.</li> <li>4-Preparation and analysis of financial statements.</li> <li>5-Financial management and fund allocation, bank cashier operation, etc.</li> <li>6 - Stock operations and announcement reporting.</li> <li>7-Preparation, planning and execution of property inventory plan.</li> </ul>
Human Resources Department	Human resources and remuneration calculation
Electric Energy Department	Operating and investment business of charging piles.

## 2. Directors, Supervisors, and Management Team

### (1) Information of Directors and Supervisors

#### Information of Directors and Supervisors (1)

April 23, 2023

Job Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Office Term	Date of First Elected	Shares Held when Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shareholding by Nominee Arrangement		Experience (Education)	Current Positions in the Company and at other companies	Other Heads, Directors or Supervisors who are spouses or relatives of second degree of kinship			Note
							No. of shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Chung Jia-Cun	Male 61-70	2022.06.23	3 years	2014.07.01	20,680,000	8.35%	22,449,595	7.81%	0	0.00%	0	0.00%	See Table 1	See Table 1	Director	Chung Hsin-Pei Chung Yu-Lin	Father-daughter /son	None
Director	R.O.C.	Kaohsiung Bus Co., Ltd.		2022.06.23	3 years	2016.06.13	43,409,000	17.53%	47,117,572	16.40%	0	0.00%	0	0.00%	N/A	None	None	None	None	None
Vice Chairman	R.O.C.	Representative: Ho Jia-Jing (Note 1)	Male 31-40	2022.06.23	3 years	2020.11.23	0	0.00%	0	0	0	0.00%	0	0.00%	See Table 1	See Table 1	None	None	None	None
Director	R.O.C.	Representative: Hsieh An-Chi (Note 2)	Male 51-60	2022.06.23	3 years	2022.06.23	716,363	0.29%	777,564	0.27%	0	0.00%	0	0.00%	See Table 1	See Table 1	None	None	None	None
Director	R.O.C.	Representative: Chung Yu-Lin	Male 31-40	2022.06.23	3 years	2019.06.18	0	0.00%	0	0	0	0.00%	0	0.00%	See Table 1	See Table 1	Director	Chung Jia-Cun	Father-son	None
Director	R.O.C.	Representative: Lee Tsung-Xi	Male 41-50	2022.06.23	3 years	2019.06.18	0	0.00%	0	0	0	0.00%	0	0.00%	See Table 1	None	None	None	None	None
Director	R.O.C.	Representative: Tseng I-Nan (Note 2)	Female 41-50	2022.06.23	3 years	2022.06.23	592,000	0.24%	642,576	0.22%	0	0	0	0	See Table 1	See Table 1	None	None	None	None
Director	R.O.C.	Representative: Liao Shun-Chang	Male 51-60	2022.06.23	3 years	2017.12.06	372,322	0.15%	404,130	0.14%	0	0.00%	0	0.00%	See Table 1	None	President /Director	None	None	None
Director	R.O.C.	Tung Cheng Investment Consulting Co., Ltd.		2022.06.23	3 years	2022.06.23	18,862,170	7.62%	20,473,626	7.13%	0	0.00%	0	0.00%	N/A	None	None	None	None	None
Director	R.O.C.	Representative: Chung Hsin-Pei	Female 31-40	2022.06.23	3 years	2022.06.23	0	0.00%	0	0	0	0.00%	0	0.00%	See Table 1	See Table 1	Director	Chung Jia-Cun	Father-daughter	None
Independent Director	R.O.C.	Chang Chi-Ming	Male 61-70	2022.06.23	3 years	2016.06.13	10,000	0.00%	10,854	0.00%	0	0.00%	0	0.00%	See Table 1	See Table 1	None	None	None	None
Independent Director	R.O.C.	Hou Shu-Hui	Female 51-60	2022.06.23	3 years	2016.06.13	0	0.00%	0	0	0	0.00%	0	0.00%	See Table 1	See Table 1	None	None	None	None
Independent Director	R.O.C.	Tsai Chia-Yu	Female 41-50	2022.06.23	3 years	2016.06.13	0	0.00%	0	0	0	0.00%	0	0.00%	See Table 1	See Table 1	None	None	None	None

Note 1: Vice Chairman Ho Jia-Jing resigned on July 11, 2022, and stepped down from the position of director.

Note 2: Hsieh An-Chi and Tseng I-Nan were supervisors from January 1, 2022 to June 21, 2022, and assumed the position of director after re-election on June 23, 2022.

Table 1: Education and Experience of Directors and Supervisors

Title	Name	Education		Experience		Current position in the Company and other companies	
		School	Major	Name of Company/Organization	Title	Name of Company	Title
Chairman	Chung Jia-Cun	Vocational High School	Business	Kaohsiung Bus Co., Ltd.	Chairman	Kaohsiung Bus Co., Ltd.	Chairman
						Nstar Energy Corporation	
						San Di Properties Co., Ltd.	
						Taiwan Bus Co., Ltd.	
						Nan Ren Lake Leisure Amusement Co., Ltd.	
						Hi-Scene World Enterprise Co., Ltd.	
						Jin Shi Hu Hotel Co., Ltd.	Director
Tung Cheng Investment Consulting Co., Ltd.							
Director	Kaohsiung Bus Co., Ltd.	-	-	-	-	-	-
Vice Chairman	Representative: Ho Jia-Jing (Note 1)	National Cheng Kung University	Business Administration	North-Star International Co., Ltd.	Vice Chairman	Kaohsiung Bus Co., Ltd.	Director
						He Fong Energy Co., Ltd.	
						Chiayi Bus Co., Ltd.	
						Chike International Asset Management Co., Ltd.	
						Chikelai Investment Co., Ltd.	
						San Lu Development Co., Ltd.	
						Yingguang Enterprise Co., Ltd.	
						Chia Hsin Energy Co., Ltd.	
						Yao Gu Energy Co., Ltd.	
Santi Monster Electric Co., Ltd.							
Director	Representative: Hsieh An-Chi (Note 2)	Tamkang High School	General Education	North-Star International Co., Ltd.	Supervisor	None	None
Director	Representative: Chung Yu-Lin	University of British Columbia	Nutrition	SanDi Property Co., Ltd.	Chairman	Kaohsiung Bus Co., Ltd.	Director
						Taiwan Bus Co., Ltd.	
						Beiji International Development Co., Ltd.	Chairman
						Tung Li Investment Consulting Co., Ltd.	
						San Di Construction Co., Ltd.	
Director	Representative: Lee Tsung-Xi	National Kaohsiung University of Applied Science	Business Administration Research Institute of	Kaohsiung Bus Co., Ltd.	Vice Chairman	Kaohsiung Bus Co., Ltd.	Vice Chairman
						Nan Ren Lake Leisure Amusement Co., Ltd.	
						Hi-Scene World Enterprise Co., Ltd.	
						Tung Cheng Investment Consulting Co., Ltd.	Director
						Jin Shi Hu Hotel Co., Ltd.	
						SanDi Property Co., Ltd.	
Director	Representative: Tseng I-Nan (Note 2)	Da-Yeh University	Business Administration	San Di Properties Co., Ltd.	Financial officer	Tung Cheng Investment Consulting Co., Ltd.	Supervisor
Director	Representative: Liao Shun-Ching	Jingwen Vocational College	Auto Repair	North-Star International Co., Ltd.	President	-	-
Director	Tung Cheng Investment Consulting Co., Ltd.	-	-	-	-	-	-
Director	Representative: Chung Hsin-Pei	University of British Columbia	Asian Studies Research Institute	Kaohsiung Bus Co., Ltd.	Director	Kaohsiung Bus Co., Ltd.	Director
						Nstar Energy Corporation	
						Taiwan Bus Co., Ltd.	
Independent Director	Chang Chi-Ming	National Chung Hsing University	Bachelor of Law	Ministry of Justice Investigation Bureau	Investigator	Dynes Law Office	Representative

		Ministry of Justice Investigastion Class 23 Graduated					
		Academy for the Judiciary Class 27 Graduated (with training)		Civil, Criminal, and Administrative Litigation	Lawyer		
		Passed Bar Exam				Nan Ren Lake Leisure Amusement Co., Ltd.	Independent Director
						Hi-Scene World Enterprise Co., Ltd.	
Independent Director	Hou Shu-Hui	National Chengchi University, Institute of Accounting	Master	Spirox Education Foundation	Administrative Director	Chung Hui Accounting Firm	Certified Public Accountant
		National Chung Hsing University Department of Finance and Tax	Bachelor	Chia Nan University of Pharmacy & Science	Adjunct Lecturer		
				China University of Technology	Adjunct Lecturer		
Independent Director	Tsai Chia-Yu	Tamkang University, Institute of Accounting	Master	Accton Technology Corporation Finance and Administration Center	Project Manager	We Win CPAs Firm	Certified Public Accountant
						Nubuds International Co., Ltd.	Director
						Joymom Biotechnology Co., Ltd.	
						Jia Ze Management Consulting Co., Ltd.	Chairman

Note 1: Ho Jia-Jing resigned the position of Vice Chairman on 2022.07.11 and stepped down from the position of director.

Note 2: Hsieh An-Chi and Tseng I-Nan were supervisors from 2022.01.01 to 2022.06.21, and assumed the position of director after re-election from 2022.06.23.

**Table 1. Major shareholders of corporate shareholders**

2023.04.23

Name of Corporate Shareholder (Note 1)	Major shareholder of corporate shareholder (Note 2)
Kaohsiung Bus Co., Ltd.	Tung Cheng Investment Consulting Co., Ltd. (78.56%), Chung Jia-Cun (11.28%), SanDi Properties Co., Ltd. (3.49%), Hsu Chen-Chih (1.01%), Wanjinyi International Investment Co., Ltd.(0.51%), Wu Fang-Chih (0.30%), Chung Yu-Lin (0.29%), Wu Shang-Chih (0.21%), Chung Hsin-Pei (0.20%), Chen Shih-Cian (0.18%)
Tung Cheng Investment Consulting Co., Ltd.	Chung Jia-Cun (99.88%), Chung Yu-Lin (0.04%), Lee Tsung-Xi (0.04%), Tseng I-Nan (0.04%)

**Table 2: Major shareholders of the major shareholders which are corporate shareholders as listed in Table 1**

April 23, 2023

Name of Corporate Shareholder (Note 1)	Major shareholder of corporate shareholder (Note 2)
Tung Cheng Investment Consulting Co., Ltd.	Chung Jia-Cun (99.88%), Chung Yu-Lin (0.04%), Lee Tsung-Xi (0.04%), Tseng I-Nan (0.04%)
SanDi Properties Co., Ltd.	Chung Jia-Cun (33.35%), Sun Guo-Cheng (13.33%), Tsai Yuh-Min (13.33%), Tseng Yi-Ling (13.33%), Wu You-Hua (13.33%), Lee Mun-Hsin (13.33%)

## Information of Directors and Supervisors (2)

### 1. Disclosed information of the professional qualifications of directors and supervisors and independence of independent directors:

Conditions Name	Professional qualification and experience	Independence status	No of other public companies where an independent director works
Chung Jia-Cun	(1) Education: Vocational School—General Business (2) Experience: Chairman of Kaohsiung Bus Co., Ltd. Chairman of Nstar Energy Corporation Chairman of Zhonghua Taizi gas station Co., Ltd. Chairman of Santi Renewable Energy Co., Ltd. Chairman of San Di Properties Co., Ltd. Chairman of Taiwan Bus Co., Ltd. (30) There is no circumstance as specified in Article 30 of the Company Act.	-	0
Ho Jia-Jing (Note 1)	(1) Education: National Cheng Kung University (Institute of Transportation and Communication Management Science), National Kaohsiung University of Applied Science (Institute of Business Administration) (2) Experience: Director of Kaohsiung Bus Co., Ltd. Director of Chiayi Bus Co., Ltd. Director of Santi Renewable Energy Co., Ltd. Director of Yao Gu Energy Co., Ltd. (3) There is no circumstance as specified in Article 30 of the Company Act.	-	0
Hsieh An-Chi (Note 2)	(1) Education: Tamkang High School, General Subject (2) Experience: Supervisor of North-Star International Co., Ltd. (3) There is no circumstance as specified in Article 30 of the Company Act.	-	0
Chung Yu-Lin	(1) Education: University of British Columbia, Nutrition major (2) Experience: Chairman of SanDi Property Co., Ltd. Chairman of San Jia Development and Construction Co., Ltd. Chairman of Chiayi Bus Co., Ltd. Chairman of Tung Li Investment Consulting Co., Ltd. (3) There is no circumstance as specified in Article 30 of the Company Act.	-	0

Lee Tsung-Xi	(1) Education: National Chengchi University, Business administration major (2) Experience: Vice Chairman of Kaohsiung Bus Co., Ltd. Vice Chairman of Chiayi Bus Co., Ltd. Vice Chairman of Nan Ren Lake Leisure Amusement Co., Ltd. Vice Chairman of Hi-Scene World Enterprise Co., Ltd. (3) There is no circumstance as specified in Article 30 of the Company Act.	-	0
Tseng I-Nan (Note 2)	(1) Education: Da-Yeh University, Business administration major (2) Experience: Supervisor of Tung Cheng Investment Consulting Co., Ltd. (3) There is no circumstance as specified in Article 30 of the Company Act.	-	0
Liao Shun-Ching	(1) Education: Jingwen Vocational College, Car Repair Major (2) Experience: President of Nstar Energy Corporation (3) There is no circumstance as specified in Article 30 of the Company Act.	-	0
Chung Hsin-Pei	(1) Education: University of British Columbia, Institute of Asian Studies (2) Experience: Kaohsiung Bus Co., Ltd. Director Director of Nstar Energy Corporation Director of Taiwan Bus Co., Ltd. (3) There is no circumstance as specified in Article 30 of the Company Act.	-	0
Chang Chi-Ming	(1) Education: National Chung Hsing University –Bachelor of Law (2) Experience: Independent Director of Nan Ren Lake Leisure Amusement Co., Ltd. Independent Director of Hi-Scene World Enterprise Co., Ltd. Investigator of Ministry of Justice Investigation Bureau Civil, Criminal, Administrative Litigation Attorney of Dynes Law Office (3) There is no circumstance as specified in Article 30 of the Company Act.	(1) I, my spouse and relatives within the second degree of kinship have not acted as the director, supervisor or employee of the Company or its affiliated companies. (2) I, my spouse and relatives within the second degree of kinship (or in the name of others) hold the Company's shares and weight as follows:10,854 shares, accounting to 0.0038% of the outstanding shares. (3) I am not serving as a director, supervisor or employee of a company that has a specific relationship with the Company. (4) The amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliated enterprises in the last 2 years: None.	3

Hou Shu-Hui	<p>(1)Education: National Chengchi University Master of accounting National Chung Hsing University, Bachelor of finance and taxation.</p> <p>(2)Experience: Executive director of Spirox Education Foundation Adjunct lecturer of Chia Nan University of Pharmacy &amp; Science Adjunct lecturer of China University of Technology.</p> <p>(3) There is no circumstance as specified in Article 30 of the Company Act.</p>	<p>(1) I, my spouse and relatives within the second degree of kinship have not acted as the director, supervisor or employee of the Company or its affiliated companies</p> <p>(2) I, my spouse and relatives within the second degree of kinship (or in the name of others) hold the Company's shares and weight as follows: None.</p> <p>(3) I am not serving as a director, supervisor or employee of a company that has a specific relationship with the Company.</p> <p>(4) The amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliated enterprises in the last 2 years: None.</p>	0
Tsai Chia-Yu	<p>(1)Education: Tamkang University, Master of accounting</p> <p>(2)Experience: Chairman of Jia Ze Management Consulting Co., Ltd. Director of Uborn International Co., Ltd. Director of Joymom Biotechnological Co., Ltd. Certified Public Accountant of We Win CPAs Firm Financial and administration center project manager of Accton Technology Corporation</p> <p>(3) There is no circumstance as specified in Article 30 of the Company Act.</p>	<p>(1) I, my spouse and relatives within the second degree of kinship have not acted as the director, supervisor or employee of the Company or its affiliated companies.</p> <p>(2) I, my spouse and relatives within the second degree of kinship (or in the name of others) hold the Company's shares and weight as follows: None.</p> <p>(3) . I am not serving as a director, supervisor or employee of a company that has a specific relationship with the Company.</p> <p>(4) The amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliated enterprises in the last 2 years: None.</p>	1

Note 1: Ho Jia-Jing resigned from the position of Vice Chairman on 2022.07.11 and stepped down from the position of director.

Note 2: Hsieh An-Chi and Tseng I-Nan were supervisors from 2022.01.01 to 2022.06.21 and assumed the position of director from 2022.06.23 after re-election.

## 2. Diversity and independence of Board of Directors:

(1) Diversity of Board of Directors: The diversity policy, objectives and achievements of the Board of Directors are clearly stated. The diversity policy includes, but is not limited to, the criteria for selection of directors, the professional qualifications and experience, gender, age, nationality and culture of the Board of Directors, or the ratio, and describes the specific objectives of the Company and their achievement in relation to the aforementioned policy.

The Board of Directors of the Company has met the requirements for listed companies, the regulations of the Securities and Exchange Act and the Company Act, and the members of the Board of Directors shall meet the following requirements in accordance with Article 20 of the Code of Governance Practice for Listed Companies:

1. Operational judgment ability.
2. Accounting and financial analysis skill.
3. Business management ability.
4. Crisis management capability.



5. Industry knowledge.
6. International market outlook.
7. Leadership.
8. Decision-making ability.

At present, the qualifications of the members of the board of directors cover accounting, finance, legal affairs, management and other related fields, and have considerable experience in corporate governance and operation, all of which are in line with the code of practice and the required diversification needs. To continuously promote the business philosophy and satisfy members' self-requirements, the board members actively and systematically continue to learn diverse professional knowledge based on the needs for laws and regulations, internal audit and the requirements of the Company, and provide more opinions and guidelines for the Company's future continuous operation.

- (2) Independence of Board of Directors: The number and proportion of independent directors, and the independence of the board of directors, together with the reasons for the absence of the provisions of Paragraphs 3 and 4 of Section 26-3 of the Securities and Exchange Act, including the spousal and second degree of kinship between Directors, Supervisors or Directors and Supervisors are stated clearly.
- (3) The Company's three independent directors, in total, meet the requirements of the board of directors of the Company, and comply with the regulations of the Securities and Exchange Act and the Company Act. The Company's three independent directors are also in compliance with the regulation of Article 14-2 of the Securities and Exchange Act. In addition, the Company's three independent directors are in compliance with the regulation of Article 26-3 of the Securities and Exchange Act, which allows them to make independent judgments and provide objective professional opinions on the Company's business matters and corporate governance.

**(2) Information of President, Vice President, Associate Vice President and Department/Branch Heads:**

April 23, 2022

Title (Note 1)	Nationality	Name	Sex	Date of appointment	Shareholding		Shareholding of spouse, minor children		Shareholding in the name of others		Education and Experience (Note 2)		Position currently held in other companies	Manager having the relationship of spouse or second degree of kinship			Remark (Note 3)
					Shares	Shareholding ing-%	Shares	Shareholding %	Shares	Shareholding %	Title	Name		Relation ship			
President	R.O.C.	Liao Shun-Ching	Male	2017.12.06	404,130	0.14%	0	0.00%	0	0.00%	Jingwen Vocational College	The Company's AYP	N/A	N/A	N/A	N/A	N/A
Associate Vice President	R.O.C.	Chen Chung-Hua	Female	2019.06.01	0	0.00%	0	0.00%	0	0.00%	Chilsee University of Technology Graduated from the Department of Advanced Studies	The Company's AYP	N/A	N/A	N/A	N/A	N/A
Sales Manager	R.O.C.	Chen He-chen	Male	2017.12.31	0	0.00%	0	0.00%	0	0.00%	China University of Technology	Taiwan You Li Distribution Co., Ltd. Assistant sales manager	N/A	N/A	N/A	N/A	N/A
Assistant Manager of Information Section	R.O.C.	Lin Chung-Hui	Male	2010.03.01	0	0.00%	0	0.00%	0	0.00%	Lunghwa University of Science and Technology Information major	Well Take Computer Co., Ltd., Engineer Power-Con Electronics Corporation, Information head	N/A	N/A	N/A	N/A	N/A
Financial Manager	R.O.C.	Han Jia-Xian	Male	2020.03.17	8,683	0.00%	0	0.00%	0	0.00%	National Chung Hsing University Finance and taxation department	Logah Technology Co., Ltd., Finance & administration manager Ying Cheng Environmental Technology Co., Ltd., Accounting manager Hua Ya Electronic Co., Ltd., Finance manager Was Printed Circuit Co., Ltd., Assistant finance manager Raleec Co., Ltd., Accounting section manager	N/A	N/A	N/A	N/A	N/A
Assistant Manager of Personnel Department	R.O.C.	Huang Mei-Ling	Female	104.03.01	0	0.00%	0	0.00%	0	0.00%	Shih Chen University Accounting major	North-Star International Co., Ltd. Finance department	N/A	N/A	N/A	N/A	N/A
Junior Manager of Management Department	R.O.C.	Chou Dong-Yuan	Male	2023.02.06	0	0.00%	0	0.00%	0	0.00%	Lunghwa University of Science and Technology Engineering management major	Taiwan Tai Yang Electronic Co., Ltd. General affairs	N/A	N/A	N/A	N/A	N/A
Manager of Audit Office	R.O.C.	Huang Meng-Kai	Male	2005.09.01	227,071	0.00%	0	0.00%	0	0.00%	Chinese Culture University Tourism department	North-Star International Co., Ltd. Audit	N/A	N/A	N/A	N/A	N/A
Manager of President's Office	R.O.C.	Chen Maw-Sheng	Male	104.03.01	0	0.00%	0	0.00%	0	0.00%	Taoyuan Agricultural Engineering University Car repair department	Gigawin Enterprise Co., Ltd. station manager Taiwan You Li Distribution Co., Ltd. Safety and environmental works	N/A	N/A	N/A	N/A	N/A

Assistant Manager of Safety and Environmental Affairs	R.O.C.	Chang Yung-Cheng	Male	101.04.16	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Dahan Institute of Technology Finance and taxation department	North-Star International Co., Ltd. Labor safety office	N/A	N/A	N/A	N/A
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### 3. Remuneration for Directors, Supervisors, President, and Vice-President in Last Fiscal Year

(1) Remuneration of general directors and independent director (Name and remuneration method are disclosed separately)

Unit: NT\$ in thousands

Title	Name	Remuneration of directors				Remuneration received by part-time employees				The sum of A, B, C and D as a percentage of net income after tax		Employees' remuneration (G)				The sum of A, B, C, D, E, F and G as a percentage of net income after tax		Remuneration received from related business or parent company other than subsidiaries
		Reward (A)		Retirement pension (B)		Compensation of directors (C)		Business operating expenses(D)		Salary, bonus and special expenses(E)		Retirement pension (F)		The Company		All companies included in financial reports		
		The Company	All companies included in financial reports	The Company	All companies included in financial reports	The Company	All companies included in financial reports	The Company	All companies included in financial reports	The Company	All companies included in financial reports	The Company	All companies included in financial reports	Cash amount	Stock amount	The Company	All companies included in financial reports	
Chairman	Chung Jia-Cun	195	195	0	0	1,033	1033	40	40	1,869	1,869	0	0	0	0	2.39	2.39	N/A
Director	Kaohsiung Bus Co., Ltd.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0.00	N/A
Vice Chairman	Representative: Ho Jia-Jing (Note 3)	125	125	0	0	0	0	15	15	1,286	1,286	0	0	0	0	1.08	1.08	N/A
Director	Representative: Liao Shun-Ching	195	195	0	0	516	516	40	40	1,767	1,767	0	41	0	41	1.92	1.92	N/A
Director	Representative: Chung Hsin-Pei 1/1-6/22	109	109	0	0	258	258	15	15	616	616	0	0	0	0	0.76	0.76	N/A
Director	Representative: Lu Jin-Fa (Note 4)	120	120			258	258	5	5							0.29	0.29	
Director	Representative: Chung Yu-Lin	195	195	0	0	258	258	35	35	0	0	0	0	0	0	0.37	0.37	N/A
Director	Representative: Lee Tsung-Xi	195	195	0	0	258	258	35	35	0	0	0	0	0	0	0.37	0.37	N/A
Director	Representative: Chen Ke-Pei (Note 4)	120	120	0	0	258	258	15	15	0	0	0	0	0	0	0.30	0.30	N/A
Director	Representative: Chen Ho-Chi (Note 4)	120	120	0	0	258	258	10	10	0	0	0	0	0	0	0.30	0.30	N/A
Director	Representative: Wang Yu-Ching (Note 4)	120	120	0	0	258	258	15	15	0	0	0	0	0	0	0.30	0.30	N/A
Director	Representative: Tseng I-Nan (Note 5)	79	79					25	25							0.08	0.08	
Director	Representative: Hsieh An-Chi (Note 5)	79	79					25	25							0.08	0.08	

Director	Tung Cheng Investment Consulting Co., Ltd.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0.00	0.00	N/A
Director	Representative: Chung Hsin-Pei 6/23-12/31	86	86	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.08	0.08	0.08	N/A
Independent Director	Tsai Chia-Yü	416	416	0	0	258	258	85	85	0	0	0	0	0	0	0	0	0	0	0	0.58	0.58	0.58	N/A
Independent Director	Hou Shu-Hui	416	416	0	0	258	258	65	65	0	0	0	0	0	0	0	0	0	0	0	0.56	0.56	0.56	N/A
Independent Director	Chang Chi-Ming	416	416	0	0	258	258	75	75	0	0	0	0	0	0	0	0	0	0	0	0.57	0.57	0.57	N/A

Note 1: Please state the policy, system, criteria and structure of the remuneration of independent directors, and the factors correlated to the remuneration paid based on the responsibilities, risks, and time committed. The remuneration of independent directors is divided into two categories: a fixed amount for the travel allowance of each meeting; and the remuneration of independent directors from the distribution of earnings. The total remuneration of the directors and supervisors is specified in the articles of incorporation of the Company.

Note 2: Except as disclosed in the table above, the remuneration received by the directors for services rendered to all companies in the financial statements (e.g., serving as a consultant of non-employees) in the most recent year: None

Note 3: Vice Chairman Ho Jia-Jing resigned on July 11, 2022 and stepped down from the position of director.

Note 4: Lu Jin-Fa, Chen Ke-Pei, Chen Ho-Chi, and Wang Yu-Ching stepped down from the position of director after re-election on June 23, 2022.

Note 5: Hsieh An-Chi and Tseng I-Nan were supervisors from January 1, 2022 to June 21, 2022 and assumed the position of director after the re-election on June 23, 2022.

(2) Remuneration of Supervisors (Name and remuneration method are disclosed individually)

Unit: NT\$ in thousands

Title	Name	Remuneration of Supervisors						The sum of A, B and C as a percentage of net income after tax (%)		Remuneration received from a reinvested business or parent company other than subsidiaries
		Remuneration (A)		Reward (B)		Business operating expenses (C)		The Company	All companies included in financial report	
		The Company	All companies included in financial report	The Company	All companies included in financial report	The Company	All companies included in financial report			
Supervisor	Hsieh An-Chi	116	116	258	258	15	15	0.30	0.30	N/A
Supervisor	Tseng I-Nan	116	116	258	258	15	15	0.30	0.30	N/A

Note 1: Hsieh An-Chi and Tseng I-Nan stepped down from the position of supervisor on 2022.06.23 after re-election.

(3) Remuneration of President and Vice-Presidents (Name and remuneration method are disclosed individually)

Title	Name	Salary (A) (Note 2)		Retirement pension (B)		Bonus and special expense, etc. (C) (Note 3)		Employee's remuneration (D) (Note 4)				The sum of A, B, C and D as a percentage of net income after tax (%) (Note 6)		Remuneration received from a reinvested business or parent company other than subsidiaries (Note 9)
		The Company	All companies included in financial report	The Company	All companies included in financial report	The Company	All companies included in financial report	The Company		All companies included in financial report		The Company	All companies included in financial report	
								Cash	Stock amount	The Company	All companies included in financial report			
President	Liao Shun-Ching	1,527	1,527	0	0	240	240	41	0	41	0	1.38	1.38	

(4) Remuneration of Top Five Executives of listed OTC Companies (Name and remuneration method are disclosed individually)

:

Title	Nationality	Name	Salary (A) (Note 2)		Retirement pension (B)		Bonus and special expense, etc. (C) (Note 3)		Employee's remuneration (D) (Note 4)				The sum of A, B, C and D as a percentage of net income after tax (%) (Note 6)		Remuneration received from a reinvested business or parent company other than subsidiaries (Note 7)
			The Company	All companies included in financial report	The Company	All companies included in financial report	The Company	All companies included in financial report	The Company		All companies included in financial report (Note 5)		The Company	All companies included in financial report	
									Cash	Stock amount	Cash	Stock amount			
Chairman	R.O.C.	Chung	1,725	1,725	0	0	144	144	0	0	0	0	1.42	1.42	N/A

		Jia-Cun													
Vice Chairman	R.O.C.	Ho Jia-Jing (Note)	1,036	1,036	0	0	250	250	0	0	0	0	0.98	0.98	N/A
President	R.O.C.	Liao Shun-Ching	1,527	1,527	0	0	240	240	41	0	41	0	1.38	1.38	N/A
Associate Vice President	R.O.C.	Chen Chiung-Hua	993	993	0	0	154	154	34	0	34	0	0.90	0.90	N/A
Finance Head	R.O.C.	Han Jia-Xian	1,029	1,029	0	0	161	161	27	0	27	0	0.93	0.93	N/A

Note: On 2022.07.11, Ho Jia-Jing resigned from the position of Vice Chairman and stepped down from the position of Director.

### Name of managers who distributes employee's remuneration and distribution status

			2022.12.31		Unit: NT\$ in thousands	
	Title	Name	Stock amount	Cash amount	Total	Total amount as a percentage of net income after tax (%)
Managers	President	Liao Shun-Ching	0	102	102	0.08
	Associate Vice President	Chen Chiung-Hua				
	Finance Head	Han Jia-Xian				
	Accounting Head	Han Jia-Xian				

(3) The analysis of the total remuneration paid to the Company's directors, supervisors, president and vice presidents as a percentage of individual or separate net income after tax for the most recent two years of the Company and those of all companies included in the consolidated financial statements were compared, and the correlation between the policy, criteria and combination of remuneration payments, the process for setting the remuneration, the operating performance and future risks was explained:

Title	2022		2021	
	This Company	All companies	This Company	This Company
Director	10.19	10.19	10.16	10.16
Supervisor	0.59	0.59	0.65	0.65
President	1.38	1.38	1.26	1.26

1. Description: The Company's net income after tax for 2022 decreased by 15.15% compared to 2021. The Company's net income after tax for 2022 was based on the table of proposed statement of earnings distribution. In addition to the legal reserve as set forth in the Company's articles of

incorporation, the Company proposed to pay cash dividends of NT\$0.4 per share.

2. Explanation of the policy, criteria and combination of remuneration, the procedure for setting remuneration and the correlation with operational performance:

- (1) The Company's remuneration for directors is divided into two categories: a fixed amount of transportation fee for each meeting and the director's remuneration for surplus distribution. The total remuneration of the directors and supervisors has been specified in the Company's articles of association.
- (2) The structure of the president's remuneration is based on base salary, meal allowance, duty allowance, etc. In addition, the remunerations and year-end bonuses are paid to employees according to the overall operational performance and personal performance of the Company, and the avoidance of managers creating and pursuing a higher performance with future risks that the Company cannot afford. The proposed president's remuneration is submitted to the Chairman at the time of appointment and passed by the Board of Directors for approval.
- (3) In accordance with the regulations of Article 16 of the Code of Corporate Governance and relevant laws and regulations, the Company shall set sound financial, operational and accounting management objectives and systems, and shall properly perform comprehensive risk assessments with its affiliates with respect to major banks, customers and suppliers, and implement necessary control mechanisms to reduce credit risk.
- (4) In accordance with the regulations of Article 29 of the Code of Corporate Governance, the Company shall establish the position of an accounting heads' agent of in order to improve the quality of financial reporting.

The above accounting head's agent shall pursue continuing training and education on a yearly basis to enhance the professional competence of the accounting head's agent as compared to the accounting head.

The accounting personnel related to the preparation of financial reports shall also take at least six hours of professional courses each year, either through internal training or through professional courses offered by the accounting supervisor's training institution.

4. Implementation of Corporate Governance

(1) Operation of Board of Directors:

(1) Information on Board Operation

The 11<sup>th</sup> Board of Directors meeting was held 3 times in the recent year (A), and the attendance of the directors and supervisors was as follows: January 1, 2022 to June 22, 2022

Job Title	Name	Actual no. of attendance (B)	No. of attendances by proxy	Actual attendance (%) [B/A]	Remarks
Chairman	Chung Jia-Cun	3	0	100%	The board members stepped down from the 11 <sup>th</sup> term after re-election on 2022.06.23
Director	Kaohsiung Bus Co., Ltd. Representative: Chung Hsin-Pei	3	0	100%	



Director	Kaohsiung Bus Co., Ltd. Representative: Lu Jin-Fa	1	0	33%	The 11 <sup>th</sup> Board of Directors met 3 times in 2022.
Director	Kaohsiung Bus Co., Ltd. Representative: Chung Yu-Lin	3	0	100%	
Director	Kaohsiung Bus Co., Ltd. Representative: Lee Tsung-Xi	3	0	100%	
Director	Kaohsiung Bus Co., Ltd. Representative: Chen Ke-Pei	3	0	100%	
Director	Kaohsiung Bus Co., Ltd. Representative: Liao Shun-Ching	3	0	100%	
Director	Kaohsiung Bus Co., Ltd. Representative: Chen Ho-Chi	3	0	100%	
Director	Kaohsiung Bus Co., Ltd. Representative: Wang Yu-Ching	2	0	67%	
Director	Kaohsiung Bus Co., Ltd. Representative: Ho Jia-Jing	2	0	67%	
Independent Director	Chang Chi-Ming	3	0	100%	
Independent Director	Hou Shu-Hui	3	0	100%	
Independent Director	Tsai Chia-Yu	3	0	100%	

The 12<sup>th</sup> Board of Directors met 5 times (A) in the recent year, and the attendance of directors and supervisor are listed below:

2022.06.23 to 2022.12.31

Title	Name	Actual no. of attendances (B)	No. of attendances by proxy	Actual attendance (%) [B/A]	Remarks
Chairman	Chung Jia-Cun	5	0	100%	The board members stepped down from the 12 <sup>th</sup> term after re-election on 2022.06.23 The 12 <sup>th</sup> Board of Directors met 5 times in 2022.
Vice Director	Kaohsiung Bus Co., Ltd. Representative: Ho Jia-Jing (Note 1)	1	0	100%	
Director	Kaohsiung Bus Co., Ltd. Representative: Hsieh An-Chi	5	0	100%	
Director	Kaohsiung Bus Co., Ltd. Representative: Chung Yu-Lin	4	0	80%	
Director	Kaohsiung Bus Co., Ltd. Representative: Lee Tsung-Xi	4	0	80%	
Director	Kaohsiung Bus Co., Ltd. Representative: Tseng I-Nan	5	0	100%	
Director	Kaohsiung Bus Co., Ltd. Representative: Liao Shun-Ching	5	0	100%	
Director	Tung Cheng Investment Consulting Co., Ltd. Representative: Chung	5	0	100%	

	Hsin-Pei				
Independent Director	Chang Chi-Ming	4	0	80%	
Independent Director	Hou Shu-Hui	5	0	100%	
Independent Director	Tsai Chia-Yu	5	0	100%	

Other items to be recorded:

1. If the operation of the Board of Directors has one of the following circumstances, the date, session, and content of the Board of Directors' meetings, the opinions of all independent directors, and the handling of the independent directors' opinions of the by the Board of Directors shall be stated
  - (1) Matters set forth in Article 14-3 of the Securities and Exchange Act.  
Please refer to pages 25 to 27 of this annual report for more details on the operations of the Audit Committee. Each motion was passed by all of the independent directors.
  - (2) Matters other than those mentioned above, any resolution of the Board of Directors on which the independent director objects or reserves an opinion and which is recorded or stated in writing: No such circumstances.
2. The Director shall avoid conflicts of interest in motions and shall clearly specify the name of the director, the content of the motion, the reasons for the conflict of interest l and the participation in voting.  
Note 2.
3. Listed companies shall disclose information on the frequency, period, scope, method and content of the Board of Directors' self-(or peer) evaluations, and fill the information in Table 2  
The Company conducts internal self-evaluation of director members and functional committee members every year, and the evaluation result is divided into 5 levels with a full score of 5, and the evaluation result of this time ranges from 4.00 to 4.50. Based on the results of the 2022 Board of Directors' performance evaluation made by Taiwan Corporate Governance Association, the Board of Directors' overall operations were found to be satisfactory and reported in the Board of Directors' report dated March 3, 2023.  
Please refer to P. 24 of this annual report.
4. Evaluation on the current and most recent year's goals for strengthening the Board of Directors' functions (e.g., establishing an audit committee, improving information transparency, etc.) and evaluating their implementation.
  - (1) The Company's Board of Directors operates in accordance with the "Regulations Governing the Procedure of Board of Directors" Meetings" to improve the corporate governance system.
  - (2) The Company established the "Audit Committee" on June 23, 2022 to improve the corporate governance system.

Note 1: Ho Jia-Jing resigned from the position of Vice Chairman, and stepped down from the position of director.

Note 2: In the 12<sup>th</sup> Board of Directors meeting on 2022.08.05, the salary and remuneration of the Company's independent director (including audit committee members), the Company's Independent Directors Chang Chi-Ming, Hou Shu-Hui, and Tsai Chia-Yu (including audit committee member) are interested parties and they are recused from the discussion and voting., discussed the salary and compensation of the Company Independent Director (including audit committee member), the Company Independent Directors Chang Chi-Ming, Hou Shu-Hui, Tsai Chia-Yu (including audit committee member) were interested parties and were recused from discussion and voting.

(2) Execution of Evaluation of Board of Directors

Evaluation Frequency (Note 1)	Evaluation Period (Note 2)	Evaluation Scope (Note 3)	Evaluation Method (Note 4)	Evaluation Content (Note 5)
Once per year	2022.01.01 ~ 2022.12.31	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Entire Board of Directors</li> <li><input type="checkbox"/> Individual director members</li> <li><input checked="" type="checkbox"/> Each functional committee</li> </ul>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Board of Directors</li> <li>Internal self-evaluation</li> <li><input type="checkbox"/> Directors' self-evaluation</li> <li><input type="checkbox"/> Peer-evaluation</li> <li><input type="checkbox"/> External evaluation</li> </ul>	<p>The evaluation of the Board of Directors' performance should include the following five major aspects.</p> <ol style="list-style-type: none"> <li>1. Participate in the operation of the Company.</li> <li>2. Improve the quality of decision making of Board of Directors.</li> <li>3. Composition and structure of the Board of Directors.</li> <li>4. Director selection and continuing education.</li> <li>5. Internal control.</li> </ol> <p>The performance evaluation of the functional committee should include the following five major aspects.</p> <ol style="list-style-type: none"> <li>1. Participate in the operation of the Company.</li> <li>2. Awareness of functional committees' responsibilities.</li> <li>3. Improve the quality of decision making of functional committees.</li> <li>4. Composition and of member selection of functional committees.</li> <li>5. Internal control.</li> </ol>
Once per year	2022.01.01 ~ 2022.12.31	<ul style="list-style-type: none"> <li><input type="checkbox"/> Entire Board of Directors</li> <li><input checked="" type="checkbox"/> Individual director members</li> <li><input type="checkbox"/> Each functional committee</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Board of Directors</li> <li>Internal self-evaluation</li> <li><input checked="" type="checkbox"/> Directors' self-evaluation</li> <li><input type="checkbox"/> Peer-evaluation</li> <li><input type="checkbox"/> External evaluation</li> </ul>	<p>The performance evaluation of the board members should include the following six major aspects:</p> <ol style="list-style-type: none"> <li>1 Control of the Company's objectives and tasks.</li> <li>2 Awareness of the duties and responsibilities of directors.</li> <li>3. Degree of participation in the Company's operation.</li> <li>4. Internal relationship management and communication</li> <li>5. Professional and continuing education of directors.</li> <li>6. Internal control.</li> </ol>
Once every three years	2022.01.01 ~ 2022.12.31	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Entire Board of Directors</li> <li><input type="checkbox"/> Individual director members</li> <li><input type="checkbox"/> Each functional committee</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Board of Directors</li> <li>Internal self-evaluation</li> <li><input type="checkbox"/> Directors' self-evaluation</li> <li><input type="checkbox"/> Peer-evaluation</li> <li><input checked="" type="checkbox"/> External evaluation</li> </ul>	<p>Taiwan Corporate Governance Association's service of the performance of evaluation of the Board of Directors includes the following eight major aspects:</p> <ol style="list-style-type: none"> <li>1. Composition of Board of Directors.</li> <li>2. Guidance of Board of Directors.</li> <li>3. Authorization of Board of Directors.</li> <li>4. Supervisions of Board of Directors.</li> <li>5. Communication of Board of Directors.</li> <li>6. Internal control and risk management.</li> <li>7. Self-discipline of Board of Directors.</li> <li>8. Others.</li> </ol>

(2) Participation of supervisors/audit committee members in the operation of Board of Directors:

**1. Participation of supervisors in the operation of Board of Directors**

In 2022, the supervisors of the Board of Directors have met for three times (A), and the attendance was as follows: 2022.01.01 -2022.06.22

Title	Name	Actual No. of times of Attendance (B)	Actual attendance (%) (B/A)	Remarks
Supervisor	Hsieh An-Chi	3	100%	Stepped down from the 11th term on 2022/6/23 after re-election. In 2022, the 11th Board of Directors has met for three times.
Supervisor	Tseng I-Nan	3	100%	
Other items to be recorded:				
<p>1. In any of the following events occurred in the supervisors' operation, the date, period, content of motion of the Board of Directors, all of the independent director's opinion and the Company's handling of the independent director's opinion shall be specified.</p> <p>(1) Handling of the director's opinion: Supervisor's communication with employees and shareholders (e.g., communication channels, methods, etc.): None.</p> <p>(2) Supervisor's communication with internal auditors and accountants (e.g., communication about the Company's financial and business conditions, the manner and results of such communication): None</p> <p>2. The supervisor shall state the name of the supervisor, the content of motion, the reason for conflict of interests and the participation in the vote: None.</p>				

**2. Participation of committee members in the operation of Board of Directors**

In 2022, the committee members of the Board of Directors have met for 5 times (A), and the attendance is as follows: 2022.06.23 – 2022.12.31

Title	Name	Actual No. of times of Attendance (B)	Actual attendance (%) (B/A)	Remark
Committee member	Hou Shu-Hui	5	100%	Assumed the 1st term on 2022/6/23 after re-election. In 2022, the 1st Board of Directors has met for 5 times
Committee member	Tsai Chia-Yu	5	100%	
Committee member	Chang Chi-Ming	4	80%	
Other items to be recorded:				
<p>1. In any of the following events occurred in the audit committee's operation, the date, period, content of motion, all of the independent director's opinion and the Company's handling of the independent director's opinion shall be specified.</p> <p>(1) The matters set forth in Article 14(3) of the Securities and Exchange Act. See Note 1.</p> <p>(2) For matters other than those mentioned above, the Board of Directors' resolutions are subject to the objection or reservation of the independent director and are recorded or stated in writing. There are no such cases.</p> <p>2. In the event of conflict of interests, the audit committee, the audit committee shall specify the name of the director, the content of motion, the reason for the conflict of interest and the participation in the vote: None.</p> <p>3. Listed companies shall disclose the evaluation frequency and period of the audit committee's self-evaluation (or peer-evaluation), the scope of the evaluation, the method and the content of the evaluation, and fill in this information in Table 2(2) of the audit committee's evaluation implementation status.</p> <p>Please refer to the table on page 24 of this annual report for details.</p>				

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| <p>4. The current and most recent year's goals for strengthening the functions of audit committee members (e.g., establishing an audit committee, improving information transparency, etc.) and evaluating their implementation.</p> <p>(1) The Company's audit committee operates in accordance with the "Regulations Governing the Operation of Audit Committees" in order to implement corporate governance.</p> <p>(2) The Company established an "Audit Committee" on June 23, 2022 to improve the corporate governance system</p> |
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Note 1: Operations of Audit Committee

- (1) 2022/6/23 First-term first-session audit committee meeting  
Cause of the case: The Company elected an "Audit Committee" convener and a chairperson of the meeting
- (2) 2022/8/5 Second session of the first-term audit committee meeting  
Cause of the case: The Company drafted the 2022 Q2 consolidated financial report and accountant review report  
Cause of the case: Setting the base date of capital increase by issuance of new shares for the Company's "5<sup>th</sup> guaranteed convertible corporate bond" and "6<sup>th</sup> unsecured convertible corporate bond" in Taiwan.  
Cause of the case: Discussion of the Company's cash dividends and transfer of capital surplus into capital increase to issue new shares on the base date  
Cause of the case: Release of shares of the Subsidiary Santi Renewable Energy Co., Ltd.  
Cause of the case: Discussion of the Company's proposal to convene the 2022 first extraordinary shareholders' meeting  
Cause of the case: Discussion of the Company's salary and remuneration package for directors (including independent directors)  
Cause of the case: Discussion of the Company's credit with financial institutions
- (3) 2022/10/13 First-term third-session audit committee meeting  
Cause of the case: Discussion of the Company's endorsement and guarantee limit for the Subsidiary "Huan Chuang Electric Co., Ltd. (hereinafter referred to as "Huan Chuang Company").  
Cause of the case: Formulation of the Company's "Operating Procedures for Handling Material Internal Information"  
Cause of the case: Formulation of the Company's "Risk Management Policies and Procedures".  
Cause of the case: Amendment to the Company's "Rules of Procedure of Board of Directors".
- (4) 2022/11/4 First-term fourth-session audit committee meeting  
Cause of the case: the Company's 2022 Q3 consolidated financial report.  
Cause of the case: Setting of the base date for issuing new shares of the Company's "5<sup>th</sup> guaranteed convertible corporate bond" and "6<sup>th</sup> unsecured convertible corporate bond" in Taiwan.  
Cause of the case: Discussion of the Company's 2023 business plan.  
Cause of the case: Discussion of the Company's 2023 audit plan.  
Cause of the case: Payment of year-end bonus to the Company's directors, Chairman and managers in 2022.  
Cause of the case: Proposed purchase of Wudu gas station buildings in Keelung City from related parties.  
Cause of the case: Discussion on the joint building and selling project of the Company and the landlord.  
Cause of the case: Discussion of amendments to the Company's internal control system and implementation rules.  
Cause of the case: Formulation of the Company's "Management Procedure for Audit Committee Operations".  
Cause of the case: Release of shares of the subsidiary Santi Renewable Energy Co., Ltd.  
Cause of the case: Discussion of the Company's cash capital increase to the subsidiary Santi Renewable Energy Co., Ltd. (hereinafter referred to as "Santi Renewable Energy Co., Ltd.")  
Cause of the case: Formulation of the Company's "General Principles of Pre-Approval Non-Assured Services Policy".  
Cause of the case: Discussion of the Company's credit with financial institutions
- (4)2022/12/29 First-term fifth-session audit committee meeting

Cause of the case: Proposal of negotiating a loan principal of no more than NT\$4750,000,000 with Bank SinoPac Co., Ltd. as the coordinating sponsor bank and the credit-granting bank syndicate of the management bank with for the Company's sub-subsidiary Sanlu Energy Storage Co., Ltd. and issuing a commitment support letter.

(5) 2023/3/3 First-term sixth-session audit committee meeting

Cause of the case: Report of the Company's 2022 business report and financial statements.

Cause of the case: Setting of the base date of capital increase by issuance of new shares for the "5<sup>th</sup> guaranteed convertible corporate bond" and "6<sup>th</sup> unsecured convertible corporate bond" in Taiwan.

Cause of the case: Setting of the Company's 2022 surplus distribution.

Cause of the case: Report on the Company's 2022 employees' remuneration and directors' remuneration distribution.

Cause of the case: Plan of transferring capital surplus into capital increase by issuance of new shares.

Cause of the case: Plan of allotting cash from capital surplus

Cause of the case: Establishment of the Company's "Code of Conduct for Integrity".

Cause of the case: Establishment of the Company's "Code of Practice for Sustainability"

Cause of the case: Discussion of the Company's proposal to convene the 2023 shareholders' meeting.

Cause of the case: Discussion on matters related to the shareholders' right to make proposals at shareholders' meetings.

Cause of the case: The Company 2022 "Assessment of the Effectiveness of Internal Control System" and "Statement of Internal Control System".

Cause of the case: Evaluation of the independence and suitability of the Company's appointment of accountants.

Cause of the case: Amendments to certain provisions of the Company's "Regulations for financial operations between affiliated companies" and change of name to "Rules for financial operations between related parties".

Cause of the case: Amendments to certain provisions of the Company's "Code of Corporate Governance Practices".

Cause of the case: Discussion of the Company's credit with financial institutions.

(6) 2023/5/5 First-term seventh-session audit committee meeting

Cause of the case: The Company's 2023 Q1 consolidated financial report.

Cause of the case: Setting of the base date of capital increase by issuance of new shares for the Company's "5<sup>th</sup> guaranteed convertible corporate bond" and "6<sup>th</sup> unsecured convertible corporate bond" in Taiwan.

Cause of the case: Investment in new subsidiaries.

Cause of the case: Release of shares of the subsidiary Santi Renewable Energy Co., Ltd.

Cause of the case: The Company's real estate acquisition.

Cause of the case: The Company's salary and remuneration adjustment plan for chairman and managers

Cause of the case: Formulation of the Company's "Directors' and Managers' Salary and Remuneration Management Procedure",

Cause of the case: Formulation of the Company's "Whistleblower's Report Channel and Protection System Operating System"

Cause of the case: Amendments to some of the Company's "Standard Operating Procedures for Processing Directors' Requests"

Cause of the case: Discussion of the Company's credit with financial institutions.

(3) Operation of corporate governance and its difference from the Code of Corporate Governance Practices of Listed Company and its reasons:

Evaluation Item	Operation		Difference from the Code of Corporate Governance Practices of Listed Company and its reasons
	Yes	No	
		Summary	
1. Has the Company established and disclosed the Code of Corporate Governance Practices in accordance with the "Code of Corporate Governance Practices for Listed Companies"?	V	The Company has established and disclosed the Code of Corporate Governance Practices.	None
2. Shareholding structure and shareholders' equity of the Company			
(1) Does the Company have internal procedures for handling shareholder's suggestions, questions, disputes and litigation, and does it follow these procedures?	V	The Company has a spokesperson responsible for handling matters relating to shareholder's proposals, queries, disputes and litigation matters that involve legal issues and will be referred to legal counsel.	None
(2) Does the Company have a list of the major shareholders and ultimate controllers of the major shareholders who actually control the Company?	V	The Company's Stock Affairs Section keeps track of changes in the shareholdings of its directors and major shareholders, and reports these changes in the Market Observation Post System on a monthly basis.	None
(3) Has the Company established and implemented a risk control and firewall mechanism with its affiliates?	V	Controlled through company related practices.	None
(4) Does the Company have internal regulations that prohibit insiders from trading marketable securities using non-public information?	V	The Company has formulated the "Codes of Ethical Conduct for Directors, Supervisors and Managers" and "Codes of Ethical Conduct for Employees".	None
3. Composition and Responsibilities of the Board of Directors			
(1) Does the Board of Directors have a diversity policy, specific management objectives and implementation?	V	The Company's Board of Directors members should be composed by focusing on diversity and generally possession of necessary knowledge, skills and education to perform their duties.	None
(2) In addition to the remuneration committee and audit committee according to law, does the company voluntarily set up other functional committees?	V	In addition to the remuneration committee established by law, the Company's corporate governance operations are under the responsibility of each department in accordance with its duties and responsibilities. For the consideration of major mergers and acquisitions, a "Mergers and	None

<p>(3) Has the Company established the Board of Directors' performance evaluation system and its evaluation method, and conducts performance evaluation annually and regularly, and reports the performance evaluation results to the Board of Directors, and uses them as reference for individual director's salary and remuneration and nomination for reappointment?</p>	<p>V</p>	<p>Acquisitions Special Committee" is established.</p> <p>The Company has established the Board of Directors performance evaluation method and conducts performance evaluation annually and regularly. The Company conducts internal self-evaluation of the board members and each functional committee annually, and the evaluation result this time is divided into 5 levels with a full score of 5 and rated as falling within 4.00~4.50 by the external evaluation institute, the Chinese Governance Association. Based on the results of the 2022 Board of Directors performance evaluation, the overall operation of the Board of Directors was good. The results of the evaluation were reported to the Board of Directors on March 3, 2023.</p>	<p>None</p>
<p>(4) Does the Company periodically evaluate the independence of the certified public accountants?</p>	<p>V</p>	<p>The Company conducted an evaluation of the independence and suitability of the certified public accountant prior to the change of the certified public accountant and annually in accordance with the declaration of independence issued by the certified public accountant, and confirmed that the certified public accountant has no financial interest or business relationship with the Company other than the fees for certification and tax cases, and confirmed that the certified public accountant is not an interested party of the Company, and that there is no circumstances as stipulated in Articles 27 and 30 of the Company Act. The results of the auditor's independence evaluation in 2022 were submitted to the audit committee and the Board of Directors on March 3, 2023, and no breach of independence was found so far.</p>	<p>None</p>
<p>4. Does the listed company have a suitable and appropriate number of corporate governance personnel and designate a corporate governance officer to be responsible for corporate governance-related matters (including, but not limited to, providing information necessary for directors and supervisors to perform their business, assisting</p>	<p>V</p>	<p>On March 17, 2022, the Board of Directors resolved to appoint Han Jia-Xian, the current Treasurer, as the Head of Corporate Governance, who has more than three years of experience as a financial and stock executive in public companies. He is a manager of the Company and his main responsibilities are to provide information necessary for the directors to execute their business, assist the directors in</p>	<p>None</p>



directors and supervisors to comply with laws and regulations, conducting the Board of Directors meetings and shareholders' meetings in accordance with the law, and preparing minutes of Board of Directors and shareholders' meetings, etc.)		complying with laws and regulations, and handle matters related to Board of Directors and shareholders' meetings, etc. He also actively participates in corporate governance related training courses and corporate governance evaluation seminars, and has completed the initial 18 hours of training. The execution of business is as follows. 1. Conduct related matters of the Board of Directors meeting and shareholders' meeting in accordance with the law, and assist the Company to comply with relevant laws and regulations. 2. Coordinate and execute the operations of the Board of Directors and functional committee. 3. Produce meeting minutes of the Board of Directors meeting and shareholders' meeting 4. Assist directors in compliance with laws and regulations, appointment and continuing education matters of directors. 5. Other matters in accordance with the articles of incorporation or contract.	
5. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and set up a stakeholder area on the Company's website, and appropriately respond to important CSR issues of concern to stakeholders?	V	Relevant departments are designated to deal with consumers, suppliers, banks or company stakeholders. Employees' opinions can be reflected through the hierarchy. In the future, the decision will be made in accordance with the law and as necessary.	None
6. Does the Company appoint a professional shareholder's representative to handle the matters of shareholders' meeting?	V	The Company's stock affairs agent is "SinoPac Securities Co., Ltd.'s stock affairs agency department.	None
7. Disclosure of Information			
(1) Has the company set up a web site to disclose financial and corporate governance information?	V	The Company publishes its business status on its website and discloses financial information on the Market Observation Post System.	None
(2) Does the Company adopt other ways of disclosing information (such as setting up an English web site, designating a person	V	The Company has a Chinese web site, and has designated a person responsible for the collection and disclosure of information, and the implementation of	None

<p>responsible for the collection and disclosure of company information, implementing a spokesperson system, placing the company web site in the course of a corporate presentation, etc.)?)</p>			<p>the spokesperson system.</p>	
<p>(3) Does the Company announce and report its annual financial statements within two months after the end of the fiscal year, and announce and report its first, second and third quarter financial statements and operations for each month in advance of the required deadline?</p>	<p>V</p>	<p>The Company publishes and reports its annual financial statements, quarterly financial statements and monthly operations in accordance with the relevant regulations.</p> <ol style="list-style-type: none"> <li>1. The Company announces and reports the annual financial information within three months after the end of each fiscal year.</li> <li>2. The Company announces and reports the financial information within 45 days after the end of each first quarter, second quarter and third quarter.</li> <li>3. The Company announces and reports its operations for the previous month by the tenth day of each month.</li> </ol>	<p>None</p>	
<p>8. Is there any other important information that can help understanding the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, vendor relations, stakeholder rights, directors' and supervisors' training, implementation of risk management policies and risk measurement standards, implementation of customer policies, the company's liability insurance for directors and supervisors, etc.)? What is the status of implementation of risk management policies and risk measurement standards, and implementation of customer policies, and purchase of liability insurance for directors and supervisors?)</p>	<p>V</p>	<ol style="list-style-type: none"> <li>(1) Employee Rights and Benefits. The Company protects the legal rights and interests of its employees in accordance with the Labor Standards Act, Act of Gender Equality in Employment and the Employee Service Act, and has established employee welfare committees (education scholarships, childbirth subsidies, travel subsidies, wedding and funeral subsidies, sympathy payments, etc.), implements a pension system, and purchased employee group insurance for employees.</li> <li>(2) Employee care. Regular medical checkups for all employees.</li> <li>(3) Investor Relations. The Company has implemented a spokesperson system and established an acting spokesperson to assist with shareholder inquiries.</li> <li>(4) Supplier relationship:</li> <li>(5) Rights of stakeholders: The Company discloses all information required to be disclosed in accordance with the law for the</li> </ol>	<p>None</p>	

	<p>information of the investing public.</p> <p>(6) Directors' and supervisors' training The Company provides information on the directors' and supervisors' continuing education at any time, and the status of their continuing education is regularly disclosed in the Market Observation Post System. (refer to the content of the annual report)</p> <p>(7) Implementation of risk management policies and risk measurement standards: The Company's management has a thorough understanding of the industry, the Company's position and the future development direction of the Company. All decisions are carefully evaluated and then discussed, authorized and implemented by the Board of Directors to protect the Company's assets and reduce risk.</p> <p>(8) Implementation of consumer protection or customer policies: The Company has set up a customer service hotline to provide consultation service and reply to the suggestions or complaints made by consumers to the Company, and to inform each unit in writing at the same time.</p> <p>(9) The Company purchases liability insurance for directors and supervisors and its social responsibility, etc.: The Company has purchased liability insurance for the directors and supervisor in accordance with the regulations.</p>	
<p>9. Please describe the improved situations by using the results of the most recent annual corporate governance evaluation provided by the governance center of the Taiwan Stock Exchange Corporation to, and suggest priorities and measures for improvement for those that have not yet improved. (Not required for companies not included in the evaluation):</p> <p>(1) The Company has set up a communication channel for stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), and has set up a stakeholder area on the Company's website, and appropriately responds to important CSR issues of concern to stakeholders.</p> <p>Note: The operation shall be described in the summary column regardless of whether "Yes" or "No" is checked.</p>		

(4) Composition, duties, responsibilities, and operations of the remuneration committee:

(1) Information of remuneration committee members

2022.01.01 to 2022.06.22

Position (Note 1)	Name	Conditions	Professional qualification and experience (Note 2)	Independence (Note 3)	No. of other public companies that remuneration committee member works
convener	Chang Chi-Ming		Investigator of Ministry of Justice Investigation Bureau Civil, Criminal, Administrative Litigation Attorney Dynes Law Office	Please refer to the description of independence status of independent directors.	0
committee member	Tsai Mu-Lin		Takming University of Science and Technology (95) Assistant Professor of Institute of Logistics Management	(1) I, my spouse and relatives within the second degree of kinship have not acted as the director, supervisor or employee of the Company or its affiliated enterprises. (2) I, my spouse and relatives within the second degree of kinship (or in the name of others) hold the Company's shares and weight as follows: None (3) The amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliated enterprises in the last 2 years: None.	0
committee member	Tsai Chia-Yu		Certified Public Accountant of We Win CPAs Firm Finance and administration center project manager of Accton Technology Corporation	Please refer to the description of the independence of independent directors.	0

2022.06.23 to 2022.12.31

Position (Note 1)	Name	Conditions	Professional qualification and experience (Note 2)	Independence status (Note 3)	No. of other public companies that remuneration committee member works
convener	Tsai Chia-Yu		We Win CPAs Firm Certified Public Accountant Finance and administration center project manager of Accton Technology Corporation	Please refer to the description of independence status of independent directors.	0

committee member	Tsai Mu-Lin	Takming University of Science and Technology (95) Assistant Professor of Institute of Logistics Management	(1) I, my spouse and relatives within the second degree of kinship have not acted as the director, supervisor or employee of the Company or its affiliated companies. (2) I, my spouse and relatives within the second degree of kinship (or in the name of others) hold the Company's shares and weight as follows: None (3) I am not serving as a director, supervisor or employee of a company that has a specific relationship with the Company. (4) The amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliated enterprises in the last 2 years: None.	0
committee member	Chang Chi-Ming	Investigator of Ministry of Justice Investigation Bureau Civil, Criminal, Administrative Litigation Attorney Dynes Law Office	Please refer to the description of the independence of independent directors.	0

(2) Information on the operation of the remuneration committee

1. The Company's Salary and Remuneration Committee has a total of three members.
2. The term of office of the fourth remuneration committee member is from 2019.06.13 to 2022.06.12, and the remuneration committee met once (A) in 2022 and the qualification and attendance of the committee members are as follows:

Title	Name	Actual number. of times of attendance (B)	No. of attendance by proxy	Actual attendance (%) (B/A)	Remarks
Convener	Chang Chi-Ming	1	0	100%	The members stepped down from the fourth term on 2022/6/23 after re-election. The fourth Board of Directors met once in 2022.
Committee member	Tsai Mu-Lin	1	0	100%	
Committee member	Tsai Chia-Yu	1	0	100%	

The term of office of the remuneration committee members of this term is from 2022.06.23 to 2025.06.12, and the remuneration committee met three times (A) in 2022, and the qualification and attendance of the committee members are as follows:

Title	Name	Actual number. of times of attendance (B)	No. of attendance by proxy	Actual attendance (%) (B/A)	Remarks
Convener	Tsai Chia-Yu	3	0	100%	The members took office on 2022.06.23 after re-election. The fifth Board of Directors met 3 times in 2022.
Committee member	Tsai Mu-Lin	3	0	100%	
Committee member	Chang Chi-Ming	3	0	100%	
Other items to be recorded:					
<p>1. If the Board of Directors does not adopt or amend the recommendation of the remuneration committee, it shall state the date, period, content of the Board of Directors' resolution, the Board of Directors' resolution and the Company's handling of the remuneration committee's opinion. (If the Board of Directors approves a salary and remuneration proposal that is superior to the remuneration committee's proposal, the Board of Directors shall state the difference and the reasons for the difference). No such circumstance.</p> <p>2. If the remuneration committee has any objection or reservation to the resolution and there is a record or written statement, it should state the date, period, content of the motion, all members' opinions and the handling of the members' opinions. No such circumstance.</p>					

1. Composition of the salary and remuneration committee: (all members meet the requirements of professional qualifications and provide the declaration of independence and relevant supporting documents)

Name	Education	Experience	Professional Qualification
Tsai Chia-Yu	Tamkang University Master of Accounting	Certified Public Accountant of We Win CPAs Firm; Finance and Administration Center Project Manager of Accton Technology Corporation	We Win CPAs Firm Certified Public Accountant
Tsai Mu-Lin	National Taipei University PhD of Business Administration	Chairman of Taiwan Tobacco & Liquor Corporation (Taiwan Tobacco and Wine Monopoly Bureau)	Takming University of Science and Technology (95) Assistant Professor of Logistics Management Assistant Professor of Institute of Economics and Trade Operations Management
Chang Chi-Ming	Bachelor of Laws of National Chung Hsing University; Investigation Class of Ministry of Justice Investigation Bureau; The 23 <sup>rd</sup> graduate of judicial officer training institute; The 27 <sup>th</sup> graduate (with training) of laws and passed the bar examination	Dynes Law Office	Investigator of Ministry of Justice Investigation Bureau Civil, Criminal, Administrative Litigation Attorney

2. Responsibility of Remuneration Committee:

- (1) Regularly review and propose amendments to these rules and regulations.

- (2) Formulate and regularly review the Company's annual and long-term performance goals and salary and remuneration policies, systems, standards and structures of directors, supervisors and managers
- (3) Regularly evaluate the Company's performance goals and objectives of directors, supervisors and managers, and determine the content and amount of their individual salaries and remunerations.

When carrying out the above-mentioned duties, this committee shall be guided by the following principles:

- (1) Ensure that the Company's salary and remuneration arrangements are in accordance with relevant laws and regulations and are sufficient to attract talented people.
  - (2) The performance evaluation and salary and remuneration of directors, supervisors and managers shall be based on the usual salary levels in the industry, taking into account the time devoted by the individuals, their responsibilities, achievement of personal goals, performance in other positions, the salary and remuneration offered by the Company to the equivalent positions in recent years, as well as the achievement of short-term and long-term business goals and the Company's financial position, the evaluation of the reasonableness of the relationship between personal performance and the Company's operating performance and future risks.
  - (3) Directors and managers shall not be induced to engage in behavior that exceeds the risk that the Company can accommodate in pursuit of salary and remuneration.
  - (4) The percentage of short-term performance bonuses and the timing of partial change in salary and remuneration for directors and upper management shall be determined by taking into account the characteristics of the industry and the nature of the Company's business.
  - (5) Members of this committee shall not be included in the discussion and voting on the decision of their personal salary and remuneration.
3. Operation of the Salary and Remuneration Committee:
- (1) 2011/12/14 First-term first-session remuneration committee preparatory meeting:  
Election of the committee member, Tsai Mu-Lin, as the committee convener and chairperson.
  - (2) 2011/12/14 First session of the first-term remuneration committee meeting:  
Review of the Company's existing salary and performance assessment system.
  - (3) 2012/07/24 Second session of the first-term remuneration committee meeting:  
Discussion of the Company's remuneration for directors and supervisors in 2011.
  - (4) 2012/12/20 First-term third-session remuneration committee meeting:  
Discussion of the Company's year-end bonus distribution of directors and supervisor in 2012.
  - (5) 2013/07/13 Second-term first-session remuneration committee meeting:  
Election of the committee member Tsai Mu-Lin as the second-term committee convener and chairperson;  
Approval of the Company's 's remuneration for directors and supervisors in 2012.
  - (6) 2013/12/03 Second-term second-session remuneration committee meeting:  
Approval of the Company's year-end bonus distribution of directors and supervisor in 2013.
  - (7) 2014/10/01 Second-term third-session remuneration committee meeting:  
Approval of not distributing the Company's employees' bonus and remuneration of directors and supervisors in 2013.

- (8) 2014/12/25 Second-term fourth-session remuneration committee meeting:  
Discussion of the Company's year-end bonus to directors and supervisor in 2014 and resolution of having further discussion in the next meeting;  
Discussion of the Company's salary increment standard, and resolution of having further discussion in the next meeting.
- (9) 2015/01/26 Second-term fifth-session remuneration committee meeting:  
Approval of not distributing the Company's year-end bonus to directors, supervisors, and president in 2014.  
Approval of the Company's salary increment standard.
- (10) 2015/07/22 Second-term sixth-session remuneration committee meeting:  
Approval of the Company's salary increment standard.
- (11) 2015/11/26 Second-term seventh-session remuneration committee meeting:  
Approval of the amendment to the Articles of Incorporation regarding the distribution of earnings.
- (12) 2016/01/19 Second-term eighth-session remuneration committee meeting:  
Approval of not distributing the Company's year-end bonus to directors and supervisors in 2015.
- (13) 2016/06/13 Third-term first-session remuneration committee meeting:  
Approval of the election of the Convener and Chairman of the third-term remuneration committee;  
Approval of the 2015 director and supervisor remuneration plan;  
Approval of the travel expenses, attendance fees and salaries of the Board of Directors and Supervisors with reference to the industry standard.
- (14) 2017/01/05 Third-term second-session remuneration committee meeting;  
Approval of the distribution of year-end bonus to directors, supervisors, chairman and managers in 2016.
- (15) 2017/06/13 Third-term third-session remuneration committee meeting:  
Approval of not distributing the remuneration of the Company's directors and supervisors in 2016.
- (16) 2017/09/05 Third-term fourth-session remuneration committee meeting:  
Approval of the early retirement plan of the Company's chairman and adjunct president.  
Approval of the remuneration plan of the Company's chairman and president.
- (17) 2018/01/03 Third-term fifth-session remuneration committee meeting:  
Approval of the remuneration plan of the Company's chairman.  
Approval of the remuneration plan of the Company's president.  
Approval of distribution of year-end bonus to the Company's directors, supervisors, chairman and managers in 2019.
- (18) 2018/07/25 Third-term sixth-session remuneration committee meeting:  
Discussion of the Company's employee bonus proposal, but the amount was not large enough for management and included in the distribution of year-end bonus.  
Discussion of the distribution of remuneration of directors and supervisors.
- (19) 2019/01/03 Third-term seventh-session remuneration committee meeting:  
Discussion of the distribution of bonus of employees.



- Discussion of the distribution of 2019 year-end bonus to the Company's directors, supervisors, chairman and managers.
- (20) 2019/03/30 Third-term eight-session remuneration committee meeting:  
Discussion of the 2019 remuneration proposal of directors and employees.
- (21) 2019/6/25 Fourth-term first-session remuneration committee meeting:  
Cause of the case (1): The 2018 remuneration distribution plan of directors, supervisors, and employees.  
Cause of the case (2): The salary and remuneration of new Vice Chairman, Lee Tsung-Xi.
- (22) 2019/7/17 Fourth-term second-session remuneration committee meeting:  
Cause of the case (1): The salary and remuneration of new Vice Chairman, Lee Tsung-Xi.
- (23) 2019/12/24 Fourth-term third-session remuneration committee meeting:  
Cause of the case (1): Discussion of the Company's 2019 year-end bonus distribution plan of directors, supervisors, chairman, vice chairman and managers.
- (24) 2020/3/17 Fourth-term fourth-session remuneration committee meeting:  
Cause of the case (1): The contribution ratio and payment method of the remunerations of directors, supervisors and employees in 2019.
- (25) 2020/11/12 Fourth-term fifth-session remuneration committee meeting:  
Cause of the case (1): The Company's 2020 year-end bonus distribution plan of directors, supervisors, chairman, vice chairman and president managers.
- (26) 2020/12/2 Fourth-term sixth-session remuneration committee meeting:  
Cause of the case (1): The salary and remuneration of new Vice Chairman Ho Jia-Jing.
- (27) 2021/3/16 Fourth-term seventh-session remuneration committee meeting:  
Cause of the case (1): The contribution ratio and payment method of the remunerations of directors, supervisors and employees in 2020.
- (28) 2021/11/10 Fourth-term eighth-session remuneration committee meeting:  
Cause of the case (1): Discussion of the 2021 year-end bonus plan of the Company's directors, supervisors and employees with the director position.  
Cause of the case (2): Discussion of the amendment to the Company's "Employee Stock Option Plan for Capital Increase in Cash".  
Cause of the case (3): Discussion of the Company's allocation of authorized shares of managers for the capital increase in cash of the current year.
- (29) 2022/3/17 Fourth-term ninth-session remuneration committee meeting:  
Cause of the case (1): Discussion of amendments to certain provisions of the Company's "Employee Bonus Plan".  
Cause of the case (2): The contribution ratio and payment method of the 2021 Remuneration plan for directors and supervisors, and employees.
- (30) 2022/6/23 Fifth-term first-session remuneration committee meeting:  
Cause of the case (1): Election of the Company's remuneration committee convener and chairperson of the meeting.
- (31) 2022/8/5 Fifth-term second-session remuneration committee meeting:

Cause of the case (1): The salary and remuneration plan of the Company's independent director (including audit committee members).

Cause of the case (2): The salary and remuneration plan of the Company's directors (excluding independent directors)

(32) 2022/11/4 Fifth-term third-session remuneration committee meeting:

Cause of the case (1): Discussion of the Company's 2022 year-end bonus plan for directors, supervisors and employees with director position

Cause of the case (2): Discussion of the year-end bonus plan for other managers in the Company's current management

(33) 2023/3/3 Fifth-term fourth-session remuneration committee meeting:

Cause of the case (1): The contribution ratio and payment method of the 2022 remuneration plan for directors and employees.

(34) 2023/5/5 Fifth-term fifth-session remuneration committee

Cause of the case (1): The salary and remuneration adjustment plan for the Company's chairman and managers

Cause of the case(2): The formulation of the Company's "Salary and Remuneration Management Procedure for Directors and Managers".

(4) Implementation of the promotion of sustainable development, differences with the code of practice for sustainability of listed companies and reasons for such differences:

Promotional Item	Execution Status (Note 1)		Difference from Code of Practice for Sustainability of Listed Companies and Reasons for such difference
	Yes	No	
<p>1. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, and the Board of Directors authorizing and supervising senior management to handle the promotion of sustainable development?</p>	V	<p>1. The Company officially established the dedicated unit “ESG Sustainability Committee” on November 8, 2022.</p> <p>2. The “ESG Sustainability Committee” is a committee composed of heads of business units, and holds regular meetings to determine the strategic goals of sustainability, and the President acts as the chairman of the committee.</p> <p>3. The Company adopted the “Code of Practice for Sustainability” at the Board of Directors on March 3, 2023.</p> <p>4. The committee reports the details of implementations to the Board of Directors at least once a year, and the Board of Directors oversees the sustainability process with respect to management direction, strategy and goal setting, risk avoidance, and guidance review of the four major areas.</p>	None
<p>2. Does the Company conduct risk assessment of environmental, social and corporate governance issues related to the Company’s operations in accordance with the principle of materiality, and establish relevant risk management policies or strategies? (Note 2)</p>	V	<p>The Company holds regular meetings to discuss issues of concern to stakeholders on major topics, and sets nine important issues for ESG sustainability, namely Product Quality, Corporate Governance/Integrity, Economic and Financial Performance, Regulatory Compliance, Waste Water and Waste Management, Occupational Health and Safety, Energy Management and Greenhouse Gas Emissions, Labor</p>	None

		Relations, and Human Rights.	
<p>3. Environmental Issues</p> <p>(1) Has the Company established a suitable environmental management system according to its industrial characteristics?</p>	V	<p>The Company has established an appropriate environmental management system according to the characteristics of the industry.</p> <ol style="list-style-type: none"> <li>1. Install oil and gas recovery equipment, perform oil and gas recovery on a half-yearly basis, and test and report the A//L ratio.</li> <li>2. Install leak detection pipes, and quarterly perform soil test and report test results.</li> <li>3. Clean the oil tank at least once every two years to ensure the stability of tank gas and oil volume.</li> <li>4. Set up the sewage discharge, and perform test water quality and report test results half-yearly.</li> </ol>	None
<p>(2) Is the Company committed to improving energy efficiency and using recycled materials that have a low impact on the environment?</p>	V	<ol style="list-style-type: none"> <li>1. Oil and gas recovery system has been built</li> <li>2. Recycle and reuse wastewater from car wash machines</li> <li>3. Use energy-saving light bulbs for lighting of the station</li> <li>4. Electronic invoicing system is fully implemented</li> <li>5. Some stations are equipped with solar power generation.</li> </ol>	None
<p>(3) Does the Company assess the potential risks and opportunities of climate change for the business now and in the future, and take relevant countermeasures?</p>	V	<p>The Company has evaluated the potential risks and opportunities of climate change for businesses now and in the future, and incorporated them into risk management, actively promoting energy saving and carbon reduction, and installing solar energy green power generation equipment.</p>	None
<p>(4) Has the Company compiled statistics on greenhouse gas emissions, water consumption and total weight of waste for the past two years, and formulated policies for greenhouse gas reduction, water use</p>	V	<ol style="list-style-type: none"> <li>1. In order to implement ESG management and aim for sustainable development, the Company's greenhouse gas emissions, water consumption and total weight of discarded materials are as follows.</li> </ol>	None

<p>reduction or other waste management?</p>	<ol style="list-style-type: none"> <li>1. The greenhouse gas project is expected to start in 2023..</li> <li>2. By using wastewater filtration equipment, the Company can reuse treated wastewater, thus significantly reducing the amount of the tap water consumed. In order to further reduce water consumption, the water saving measures of gas stations include the replacement of old and new gas stations with new, self-closing vertical bolt water-saving faucets, which was started several years ago. In addition, the wastewater equipment of gas stations is being replaced more frequently so as to prevent the filters from being clogged and increase efficiency. A total of 9 carwash machines were replaced in 2022. The new carwash machines are more water and energy efficient than the old ones. In the future, the Company will gradually implement water resource management, such as regularly checking the office building and gas station for leaking pipes, installing water-saving faucets, and using water-saving labeling equipment. In addition, the Company will continue to upgrade the wastewater recycling facilities to further increase the recycling capacity and continue to reduce the overall wastewater discharge.</li> <li>3. In 2022, the total amount of office waste was about 3.2 metric tons. Since there was no refueling of carwash</li> </ol>
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<p>10. Social Issues  (1) Has the Company established relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>	<p>V</p>	<p>sludge in 2022, there was no relevant data. The removal volume of gas station sludge was about 1.03 metric tons in 2021.</p> <p>2. Measures to reduce office waste are as follows.</p> <ol style="list-style-type: none"> <li>1. Set up garbage sorting and food waste recycling bins to implement garbage sorting and resource recycling.</li> <li>2. Provide information or promote internal activities via e-mail and other channels to reduce the use of paper or generate waste paper..</li> <li>3. Prohibit the purchase of plastic cups for water. Office bans disposable tableware and styrofoam boxes, and encourages colleagues to use environmentally friendly cups to reduce the generation of disposable waste.</li> <li>4. Stop providing paper cups and cups of water in the office. Advocate employees to bring their own environmentally friendly cups, and a certificate of appreciation by Taipei City Government will be awarded for doing so.</li> <li>5. Introduce electronic forms and online checkout systems to reduce paper usage, recycle paper for future use, and reduce paper usage.</li> </ol>	<p>The Company respects internationally recognized fundamental human rights, including freedom of association, care for vulnerable groups, prohibition of child labor, elimination of all forms of forced labor, and elimination of discrimination in employment and occupation, with reference to the international human rights treaties, including the</p>
			<p>None</p>

		<p>“United Nations Universal Declaration of Human Rights”, “United Nations Guiding Principles on Business and Human Rights”, “United Nations Global Compact”, and “United Nations International Labor Organization” and abide by the labor laws and regulations in where the Company is located. In accordance with the Company’s industry characteristics and business development strategy, risk assessments on human rights issues are conducted regularly, external expectations and communication with stakeholders are conducted, important human rights issues and high-risk groups are identified, and a risk due diligence process is established to promote mitigation measures and management objectives; the results of the risk assessments are regularly disclosed to external companies.</p>	
<p>(2) Does the Company set and implement reasonable employee benefits (including salary and remuneration, leave and other benefits) and appropriately reflect operational performance or results in employee remuneration?</p>	V	<p>The Company has established and implemented reasonable employee benefit measures, and has a reasonable remuneration policy and incentive and disciplinary system, and has appropriately reflected the operating performance or results in employees’ remuneration, for example, the Company has established the “Employee Bonus Plan”.</p>	None
<p>(3) Does the Company provide a safe and healthy working environment for its employees and conduct regular safety and health education for employees?</p>	V	<p>1. Work environment and personal safety of employees  1. The Company and its subsidiaries and branches are implementing automatic inspection and gas station environment measurement and continuous improvement of various safety and health measures to create a safe, healthy, comfortable and friendly working environment.  2. Strengthen the safety and health education and training of all gas stations and promote and rehearse the safety awareness, intelligence and response ability of employees to ensure the safety of</p>	None

	<p>employees and contractors.</p> <p>3. Provide annual medical checkup for employees.</p>										
	<p>2. Proactive measures and implementation status of work environment and personal safety of employees:</p> <p>In view of the importance of work environment and personal safety of employees, the Company has set up a "Labor Safety Room" and achieves significant results and control by implementing the following measures:</p>										
	<table border="1"> <thead> <tr> <th data-bbox="869 622 957 672">Target</th> <th data-bbox="869 672 957 884">Plan</th> <th data-bbox="869 884 957 1310">Execution</th> </tr> </thead> <tbody> <tr> <td data-bbox="957 622 1045 672">Provide a safe and healthy working environment for employees</td> <td data-bbox="957 672 1045 884">Assign employees or encourage them to take the initiative to attend the training courses of "Gas station supervisor professional certification", such as: first-aid staff, labor safety and health business supervisor training courses.</td> <td data-bbox="957 884 1045 1310">Regular administration is performed on a yearly basis. Integrated with the employee performance evaluation appraisal, a clear and effective reward and disciplinary system is established.</td> </tr> <tr> <td data-bbox="1045 622 1129 672">Implement regular safety and health education for employees</td> <td data-bbox="1045 672 1129 884">Regular fire safety inspections and building public safety inspections.</td> <td data-bbox="1045 884 1129 1310">Regular administration is performed on a half-yearly basis to protect the lives and property of employees and the community.</td> </tr> </tbody> </table>	Target	Plan	Execution	Provide a safe and healthy working environment for employees	Assign employees or encourage them to take the initiative to attend the training courses of "Gas station supervisor professional certification", such as: first-aid staff, labor safety and health business supervisor training courses.	Regular administration is performed on a yearly basis. Integrated with the employee performance evaluation appraisal, a clear and effective reward and disciplinary system is established.	Implement regular safety and health education for employees	Regular fire safety inspections and building public safety inspections.	Regular administration is performed on a half-yearly basis to protect the lives and property of employees and the community.	
Target	Plan	Execution									
Provide a safe and healthy working environment for employees	Assign employees or encourage them to take the initiative to attend the training courses of "Gas station supervisor professional certification", such as: first-aid staff, labor safety and health business supervisor training courses.	Regular administration is performed on a yearly basis. Integrated with the employee performance evaluation appraisal, a clear and effective reward and disciplinary system is established.									
Implement regular safety and health education for employees	Regular fire safety inspections and building public safety inspections.	Regular administration is performed on a half-yearly basis to protect the lives and property of employees and the community.									



(4) Does the Company have an effective career development program for its employees?	V		<p>1. Company's overall training: The Company regularly organizes internal and external training programs to enhance the employees' self-competence according to the needs of their duties.</p> <p>2. Job-specified training: Professional courses and on-the-job training are provided according to the Company's departments and functions. The following is an overview of the functions and targets of each type of training, as well as an introduction to the related measures to encourage further training..</p> <p>(1) New personnel training. (2) Common job function development. (3) Reserve and supervisor management training. (4) Professional knowledge enhancement.</p>	None
(5) Does the Company follow relevant laws and international standards, and has a policy and complaint procedure to protect the rights of consumers or customers in relation to the health and safety of customers, customer privacy, marketing and labeling of products and services?	V		<p>The Company provides transparent and effective consumer complaint procedures for the Company's products and services in order to protect the rights of consumers</p> <p>1. A customer service area is provided on the Company's website, where one can file a complaint with each sales office, and the head office also has a dedicated customer complaint unit and staff.</p> <p>2. Apply for measurement inspection at least once every two years to ensure the correctness of the fuel gauge.</p>	None
(6) Does the Company have a supplier management policy that requires suppliers to comply with environmental protection, occupational safety and health, or labor and human rights issues, and how is it implemented?	V		<p>The Company is a gas station wholesaler and retailer, the largest supplier is CPC Corporation in Taiwan, the Company has been using the CPC's oil products for 30 years, the Company's oil quality is pure. Being the domestic leading oil supplier, the Company has a good corporate and social image.</p>	None
11. Does the Company refer to international standards or guidelines for the preparation of reports, such as substantiality reports, that disclose non-financial information about the Company? Have you obtained a third-party verification or assurance opinion on the above-mentioned reports?	V		<p>1. The reference of international standards or guidelines for the preparation of reports to disclose non-financial information should be stated clearly.</p> <p>2. For those who have obtained assurance or guarantee, the name of the verification unit, the item or scope of the verification, and the standard to which the assurance or guarantee is based should be specified.</p>	None

12. If the Company has formulated its own code of practice for sustainability in accordance with the “Code of Practice for Listed Companies”, please describe how its operation differs from the Code:

The Company’s “Code of Practice for Sustainability” was formulated in March 2023 in order to fulfill corporate social responsibility, promote economic, environmental and social progress, and achieve the goal of sustainable development. The Company formulated this Code with reference to the “Code of Practice for Sustainability for Listed Companies” and relevant laws and regulations to manage the Company’s risk and impact on the economy, environment and society.

13. Other important information for understanding the implementation of promoting sustainable development:

1. Actively participate in the community patrol activities in villages such as: donation to the Company’s fuel ticket (gas vouchers) to the patrol squad “ from time to time, Keelung station sponsors the annual Chinese New Year Pudu Festival, Zhegzhong station annually rebates to the residents of the village, etc.
2. The promotion of the physically and mentally challenged personnel has been commended by New Taipei City every year.
3. Gas stations are equipped with accessible toilets.
4. Nozzle A/L ratio testing
5. Gas recovery system is installed and regular leak detection and soil gas detection are implemented.

Note 1: If “Yes” is checked for implementation, please specify the important policies, strategies, measures and implementation status; if “No” is checked for implementation, please explain the differences and reasons in the “Differences from the Code of Practice for Sustainability of Listed Companies and Reasons for Differences” column, and provide the plans for the future implementation of relevant policies, strategies and measures.

Note 2: Materiality refers to environmental, social and corporate governance issues that have a significant impact on the Company’s investors and other stakeholders.

Note 3: Please refer to the website of Taiwan Stock Exchange Corporate Governance Center for best practice examples of the disclosure method.

(5) Difference of the Company's compliance with the Code of Conduct for Integrity of listed companies and the reasons for such difference:

Evaluation Items	Operation Status		Difference from the Code of Conduct for Integrity of Listed Companies and reasons for such difference
	Yes	No	
Summary			
14. Establishment of integrity management policies and programs			
(1) Has the Company established an integrity management policy approved by the Board of Directors, and has the policy, practices, and commitment of the Board of Directors and upper management actively implemented the policy in the bylaws and external documents?	V		No difference with the "Code of Conduct for Integrity of Listed Companies"
(2) Has the Company established a mechanism to assess the risk of dishonest conduct, regularly analyze and evaluate business activities within the scope of business that have a higher risk of dishonest conduct, and formulate a plan to prevent dishonest conduct based on this mechanism, and at least cover the preventive measures for each of the behaviors as specified in Paragraph 2 of Article 7, of the "Code of Conduct for Integrity of Listed Companies"?	V		No difference with the "Code of Conduct for Integrity of Listed Companies"
(3) Does the Company specify the procedures, conduct guidelines, disciplinary and grievance systems for non-compliance in its dishonesty prevention program, and implement them, and regularly review and revise the aforementioned program?	V		No difference with the "Code of Conduct for Integrity of Listed Companies"
15. Implementation of integrity management			
(1) Does the Company evaluate the integrity records of its counter-parties and specify the integrity terms in the contracts with its counter-parties?	V		No difference with the "Code of Conduct for Integrity of Listed Companies"

Evaluation Items	Operation Status		Difference from the Code of Conduct for Integrity for Listed Companies and reasons for such difference
	Yes	No	
(2) Does the Company have a dedicated unit under the Board of Directors to promote corporate integrity and report to the Board of Directors on a regular basis (at least once a year) on its integrity management policies and programs to prevent dishonest practices and monitor their implementation?	V		No difference with the “Code of Conduct for Integrity for Listed Companies”
(3) Does the Company have a conflict of interest prevention policy, provide appropriate channels for presentation, and implement them?	V		No difference with the “Code of Conduct for Integrity for Listed Companies”
(4) Has the Company established effective accounting system and internal control system for the implementation of integrity management, and has the internal audit unit prepared an audit plan based on the assessment results of the risk of dishonesty, and checked the compliance of the dishonesty prevention program accordingly, or appointed an accountant to conduct the audit?	V		No difference with the “Code of Conduct for Integrity for Listed Companies”
(5) Does the Company regularly conduct internal and external education and training on integrity management?	V		No difference with the “Code of Conduct for Integrity for Listed Companies”
16. Operation of corporate prosecution system			

Evaluation Items	Operation Status		Difference from the Code of Conduct for Listed Companies and reasons for such difference
	Yes	No	
(1) Does the Company have a specific reporting and reward system, and has it established a channel to facilitate reporting and assigned appropriate staff to receive reports on the subject?	v		No difference with the “Code of Conduct for Integrity for Listed Companies”
(2) Has the Company established standard operating procedures for the investigation of whistleblowing matters? What are the follow-up measures and confidentiality mechanisms to be adopted after the completion of the investigation?	v		No difference with the “Code of Conduct for Integrity for Listed Companies”
(3) Does the Company take measures to protect whistleblowers from improper treatment as a result of whistleblowing?	v		No difference with the “Code of Conduct for Integrity for Listed Companies”
17. Enhancement of information disclosure (1) Does the Company disclose the content and effectiveness of the Code of Conduct for Integrity on its website and Market Observation Post System?	v		No difference with the “Code of Conduct for Integrity for Listed Companies”
18. If a company has its own code of conduct for integrity in accordance with the “Code of Conduct for Integrity of Listed Companies”, please describe how its operation differs from the Code. The Company has its own code of conduct for integrity, which does not differ from the Code of Conduct for Integrity of Listed Companies.			
19. Other important information that may be useful in understanding the integrity of the Company’s operations: (e.g., the Company’s review of the revision of its Code of Conduct for Integrity, etc.): None			

(6) If a company has formulated the code of corporate governance and related regulations, it shall disclose how to make inquiries about them.

The Company has formulated the code of corporate governance practices, and publish the Company's articles of association, rules of procedure of the Board of Directors, and other information on the Company website [www.nspco.com.tw](http://www.nspco.com.tw).

(7) Other important information that enhances the understanding of corporate governance practices:

1. The Company has established the "North-Star International Co., Ltd. insider trading management control guidelines" for the Company's directors, supervisors, managers and related insider trading prevention and control parties to follow and inform by mail to their respective organizations to prevent improper disclosure of information about the Company and to ensure the timeliness and accuracy of information released to the public.
2. The Company has established the "Code of Ethical Conduct for Employees" and the "Code of Ethical Conduct for Directors, Supervisors and Managers" in 2015.
3. The further study status of the directors and supervisors in this term:

Title	Name	Date of Appointment	Date of Training		Organizer	Name of Course	Training hours	Compliance with regulations? (Note)	remarks
			Start	End					
Director	Chung Jia-Cun	2022/06/23	2022/08/25	2022/08/25	Taipei Exchange	Seminar of insiders for stock ownership emerging from OTC listed companies	3.0	Yes	
Director	Kaohsiung Bus Co., Ltd.: Liao Shun-Ching	2022/06/23	2022/08/25	2022/08/25	Taipei Exchange	Seminar of insiders for stock ownership emerging from OTC listed companies	3.0	Yes	-
Director	Kaohsiung Bus Co., Ltd.: Lee Tsung-Xi	2022/06/23	2022/10/07	2021/10/07	Taipei Exchange	Reference guide for independent directors and audit committee to exercise powers	3.0	Yes	
			2022/07/20	2022/07/20	Taipei Exchange	Seminar on sustainable development path map	2.0	Yes	
Independent Director	Chang Chi-Ming	2022/06/23	2022/08/10	2022/08/10	Independent Director Association, Taiwan	Practical case studies of related party transactions and unconventional transactions	3.0	Yes	
			2022/07/27	2022/07/27	Independent Director Association, Taiwan	Net zero emissions opportunities and choices	3.0	Yes	
Independent Director	Hou Shu-Hui	2022/06/23	2022/10/07	2022/10/07	Taipei Exchange	Reference guide for independent directors and audit committee to exercise powers	3.0	Yes	
			2022/06/24	2022/06/24	CPA Associations, Taiwan	Audit of non-profit organizations by accountant	3.0	Yes	
Independent Director	Tsai Chia-Yu	2022/06/23	2022/11/07	2022/11/07	Taiwan Corporate Governance Association	FATCA Act & U.S. Taxation	3.0	Yes	
			2022/08/08	2022/08/08	Taiwan Corporate Governance Association	Corporate value chain repositioning and tax risk considerations	3.0	Yes	

4. Statistics and expenses of employees' training and education:

Total Expenses	NT\$256,910
Contents of Training	Fire prevention manager training, storage system contamination monitoring personnel training, Class C occupational safety and health training, first-aid personnel training, organic solvent operation training, occupational safety and health training, oil and gas recovery training, internal auditor continuing education, and accounting supervisor continuing education

(8) Implementation status of internal control system

1. Statement of internal control

North-Star International Co., Ltd.  
Statement of Internal Control System

Date: March 3, 2023

In 2022, the Company's internal control system based on the results of the self-assessment was stated as follows.

1. The Company recognizes that it is the responsibility of the Board of Directors and the Managers to establish, implement and maintain an internal control system and the Company has established such a system for the purpose of providing reasonable assurance regarding the effectiveness and efficiency of operations (including profitability, performance and safeguarding of assets), the reliability of reporting, timeliness, transparency and compliance with relevant regulations and compliance with relevant laws and regulations.
2. No matter how well designed, an effective internal control system can only provide reasonable assurance that the abovementioned three objectives can be achieved; moreover, the effectiveness of the internal control system may change as circumstances and situations change. However, the Company's internal control system has a self-monitoring mechanism, and the Company takes corrective action once deficiencies are identified.
3. The Company determines the effectiveness of the design and implementation of the internal control system based on the criteria for determining the effectiveness of an internal control system established in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Guidelines"). The criteria for determining the effectiveness of an internal control system are based on the management control process, which is divided into five elements: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Monitoring operations. Each element consists of a number of items. Please refer to the "Guidelines" for the aforementioned items.
4. The Company has adopted the above determination items of the internal control system to evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the results of the preceding evaluation, the Company believes that the efficiency objectives of the Company's internal control system (including the supervision and management of subsidiaries) as of December 31, 2022, including the understanding of the effectiveness of operations and the extent have been achieved, the reporting is reliable, timely, transparent and in compliance with relevant laws and regulations, and the design and implementation of such internal control system are effective, reasonably ensuring the achievement of efficiency objectives.
6. This statement will be a main part of the Company's annual report and public statements and will be made available to the public. If any of the above information is false or concealed, it will be subject to the legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement has been approved by the Company's Board of Directors on March 3, 2023, with ten directors present, no director having dissenting opinions, and all others agreeing to the contents of this statement.

North-Star International Co., Ltd.

Chairman: Chung Jia-Cun (Signature and Seal)

President: Liao Shun-Ching (Signature and Seal)



2. Accountant's Project Review Report: None

- (9) For the recent year and as of the publication date of the annual report, the Company and its internal personnel have been punished by law, and the Company's internal personnel have been punished for violations of the internal control system, and the main deficiencies and improvements: None.
- (10) Important resolutions of shareholders' meetings and Board of Directors meetings for the recent year and as of to the publication date of the annual report.

1. 2022 Shareholders' Meeting

(1) Time: June 23, 2022 at 10:00 a.m.

(2) Important resolutions:

Item No.	Motion	Resolution	Execution Status
1	The Company's 2021 business report, financial statements and consolidated financial statements were proposed for approval.	At the time of voting, the total number of voting rights of shareholders present was 192,103,057, and the number of voting rights in favor was 191,843,997 (including 668,481 voting rights exercised electronically, accounting for 99.86% of the total voting rights, exceeding the statutory amount. This case was voted and passed as the original proposal.	Already announced and reported to competent authorities.
2	The Company's 2021 Annual Earnings Distribution was proposed for approval	At the time of voting, the total number of voting rights of shareholders present was 192,103,057, and the number of voting rights in favor was 191,845,000 (including 669,484 voting rights exercised electronically, accounting for 99.86% of the total voting rights, exceeding the statutory amount. This case was voted and passed as the original proposal.	Already processed.
3	The Company's plan of transferring capital surplus into capital increase to issue new shares was discussed.	At the time of voting, the total number of voting rights of shareholders present was 192,103,057, and the number of voting rights was 169,054,498 (including 0 voting rights exercised electronically, accounting for 88.00% of the total voting rights, which exceeded the statutory amount. This case was voted and passed as the original proposal.	Already processed.
4	The amendments to certain provisions of	At the time of voting, the total number of voting rights of shareholders present was	Already operated in accordance with the

	the Company's "Articles of Incorporation" were discussed.	192,103,057, and the number of votes in favor was 191,858,900 (including 683,384 voting rights exercised electronically, accounting for 99.87% of the total voting rights, exceeding the statutory amount. This case was voted and passed as the original proposal.	amended "Articles of Incorporation"
5	The amendments to the Company's "Endorsement Guarantee Procedures" were discussed.	At the time of voting, the total number of voting rights of shareholders present was 192,103,057, and the number of voting rights in favor was 191,857,895 (including 682,379 voting rights exercised electronically, accounting for 99.87% of the total voting rights, exceeding the statutory amount. This case was voted and passed as the original proposal.	Already operated in accordance with the amended "Endorsement Guarantee Procedures"
6	The amendments to certain provisions of the Company's "Method of Election of Directors and Supervisors" and the change of name to "Method of Election of Directors" were discussed	At the time of voting, the total number of voting rights of shareholders present was 192,103,057, and the number of voting rights in favor was 191,857,898 (including 682,382 voting rights exercised electronically, accounting for 99.87% of the total voting rights, exceeding the statutory amount. This case was voted and passed as the original proposal.	Already operated in accordance with the amended "Method of Election of Directors and Supervisors" whose name is changed to "Method of Election of Directors".
7	The amendments to certain provisions of the Company's "Rules of Procedure of the Shareholders' Meeting" were discussed.	At the time of voting, the total number of voting rights of shareholders present was 192,103,057, and the number of voting rights in favor was 191,851,892 (including 676,376 voting rights exercised electronically, accounting for 99.86% of the total voting rights, exceeding the statutory amount. This case was voted and passed as the original proposal.	Already operated in accordance with the amended "Rules of Procedure of the Shareholders' Meeting".
8	The amendments to certain provisions of the Company's "Regulations Governing the Acquisition and Disposal of Assets" were discussed	At the time of voting, the total number of voting rights of shareholders present was 192,103,057, and the number of voting rights in favor was 191,857,895 (including 682,379 voting rights exercised electronically, accounting for 99.87% of the total voting rights, exceeding the statutory amount. This case was voted and passed as the original proposal.	Already operated in accordance with the amended "Regulations Governing the Acquisition and Disposal of Assets".
9	The abolishment of	At the time of voting, the total number of	Already completed the

	the Company's "Rules of Supervisors' Term of Reference."	voting rights of shareholders present was 192,103,057, and the number of voting rights in favor was 191,857,890 (including 682,374 voting rights exercised electronically, accounting for 99.87% of the total voting rights, exceeding the statutory amount. This case was voted and passed as the original proposal.	abolishment of the Company's "Rules of Supervisors' Term of Reference.
10	Re-election of all of the Company's directors (including independent directors)	Please refer to the market observation post system for details: Minutes of the Shareholders' Meeting on 2022/6/23.	
11	Proposal to lift the Company's new directors and their representative's non-compete restrictions	At the time of voting, the total number of voting rights of shareholders present was 192,103,057, and the number of voting rights in favor was 191,841,804 (including 666,288 voting rights exercised electronically, accounting for 99.86% of the total voting rights, exceeding the statutory amount. This case was voted and passed as the original proposal.	

## 2. 2022 Extraordinary Shareholders' Meeting

(1) Time: 2022.10.28 at 10 a.m.

(2) Important resolutions:

Item No.	Motion	Resolution	Execution Status
1	The share lease plan of the subsidiary Santi Renewable Energy Co., Ltd.	At the time of voting, the total number of voting rights of shareholders present was 193,836,700, with 192,556,172 votes in favor (including 1,745,891 votes exercised electronically, accounting for 99.33% of the total voting rights, which exceeded the legal limit, and the case was voted and passed as the original proposal.	Already announced and reported to competent authorities.

### 3. Important Resolutions of Board of Directors

- 1110317
- (1) 2021 Business Report, Financial Statements and Consolidated Financial Statements of the Company.
  - (2) Setting of the Company's capital increase date for the "5th Guaranteed Convertible Corporate Bond in Taiwan"
  - (3) 2021 earning distribution plan of the Company
  - (4) Report on the distribution of employees' remuneration and the remuneration to directors and supervisors of the Company in 2021.
  - (5) Company's accounting policy for inventory costs adopted the weighted-average method.
  - (6) Proposal of transfer of capital surplus into capital increase and issuance of new shares.
  - (7) Discussion of amendments to the Company's articles of incorporation.
  - (8) Discussion of amendments to certain provisions of the Company's "Procedures for Endorsements and Guarantees".
  - (9) Discussion of amendments to certain provisions of the Company's "Rules of Procedure of Shareholders' meeting".
  - (10) Discussion of amendments to certain provisions of the Company's "Method of Election of Directors and Supervisors, and the change of its name to "Method of Election of Directors".
  - (11) Discussion of amendments to certain provisions of the Company's " Regulations Governing the Acquisition and Disposal of Assets "
  - (12) Discussion of amendments to certain provisions of the Company's "Code of Ethical Conduct for Employees "
  - (13) Discussion of amendments to certain provisions of the Company's "Code of Ethical Conduct for Directors, Supervisors and Managers", and the change of its name to "Code of Ethical Conduct for Directors and Managers"
  - (14) Discussion of the abolishment of the Company's "Rules of Supervisors' Term of Reference"
  - (15) Plan of the issuance of the Company's first ordinary corporate bond in 2022
  - (16) Discussion of the Company's proposal to convene 2022 shareholders' meeting.
  - (17) Discussion of matters related to the shareholders' right to make proposals at the general shareholders' meetings
  - (18) Proposal of the period and venue for nominating shareholders holding at least 1% of the total number of issued shares of the Company as the candidates for the election of directors and independent directors at the 2022 General Shareholders' Meeting
  - (19) Proposals of the Company's 2021 "Assessment of the Effectiveness of Internal Control System" and "Statement of Internal Control System
  - (20) Formulation of the Company's "Code of Corporate Governance Practices"
  - (21) The Company plans to create a "Head of Corporate Governance" position
  - (22) Evaluation of the independence and suitability of the Company's appointment of an accountant.
  - (23) Discussion of the Company's capital increase for the subsidiary Santi Renewable Energy Co., Ltd. (hereinafter referred to "Santi Renewable Energy").
  - (24) Proposal of issuing a letter of support to the Company's subsidiary Cathy Sunrise Electric Power One Co., Ltd. in connection with a joint credit facility in the principal amount not exceeding NT\$4.9 billion from a syndicate of creditors with Bank SinoPac Co.
  - (25) Discussion of changing the Company's accountant
  - (26) Discussion of amendments to certain provisions of the Company's "Employee Bonus Plan".

- (27) Discussion of the Company's credit with financial institutions
- 1110413 (1) Proposal of the re-election of the Company's director (including independent director)  
(2) Proposed of the release of the Company's new Director and his representational competition restriction  
(3) Proposal of establishing the Company's "Audit Committee Organization Protocol"  
(4) Discussion of amendments to the Company's "remuneration committee's articles of association"  
(5) Discussion of amendments to the Company's " Rules of Procedure of the Board of Directors"
- 1110511 (1) Drafting of the Company's 2022 Q1 consolidated financial report and accountant review report  
(2) Setting of the base date of capital increase by issuance of new shares for the Company's "5<sup>th</sup> guaranteed convertible corporate bond" and "6<sup>th</sup> unsecured convertible corporate bond" in Taiwan  
(3) Change of the Company's accounting policy for the cost of inventories to the moving average method.  
(4) Discussion of the Company's capital increase in cash to the subsidiary, Santi Renewable Energy Co., Ltd. (hereinafter referred to as "Santi Renewable Energy")  
(5) Discussion of the Company's credit with financial institutions.
- 1110623 (1) Election of the 12<sup>th</sup>-term Chairman and Vice Chairman of the Company  
(2) Appointment of the Company's remuneration committee.
- 1110805 (1) Drafting of the Company's 2022 Q2 consolidated financial report and accountant review report.  
(2) Setting of the base date of capital increase by issuance of new shares for the Company's "5<sup>th</sup> guaranteed convertible corporate bond" and "6<sup>th</sup> unsecured convertible corporate bond" in Taiwan.  
(3) Discussion of the Company's cash dividends and transfer of capital surplus into capital increase of new shares on the basis date  
(4) Share release of the subsidiary Santi Renewable Energy Co., Ltd.  
(5) Discussion of the related matters of convening the Company's 2022 first Extraordinary Shareholders' meeting.  
(6) Discussion of the salary and remuneration of the Company's directors (excluding independent directors)  
(7) Discussion of the Company's salary and remuneration for independent directors (including audit committee members).  
(8) Discussion of the Company's credit with financial institutions.
- 1111013 (1) Discussion of the Company's endorsement guarantee limit for the subsidiary "Huan Chuang Electric Co., Ltd." (hereinafter referred to as "Huan Chuang Co.")  
(2) Formulation of the Company's "Operating Procedures for Handling Material Internal Information".  
(3) Formulation of the Company's "Risk Management Policies and Procedures".  
(4) Formulation of the Company's "Rules of Procedure of the Board of Directors".
- 1111104 (1) The Company's 2022 Q3 consolidated financial report.  
(2) Setting of the base date of capital increase by issuance of new shares for the Company's "5<sup>th</sup> guaranteed convertible corporate bond" and "6<sup>th</sup> unsecured convertible corporate bond" in Taiwan.  
(3) Discussion of the Company's 2023 business plan.  
(4) Discussion of the Company's audit plan.

- (5) The issuance of year-end bonus to the Company's directors, chairman and managers in 2022.
- (6) Proposal of purchasing the Wudu gas station building in Keelung City from related parties.
- (7) Discussion of the Company and landlord's jointly building and selling project.
- (8) Discussion of amendments to the Company's internal control system and implementation rules.
- (9) Formulation of the Company's "Management Procedure for Audit Committee Operations".
- (10) Related matters of the subsidiary Santi Renewable Energy Co., Ltd.'s share release.
- (11) Discussion of the Company's capital increase in cash of the subsidiary Santi Renewable Energy Co., Ltd. (hereinafter referred to as "Santi Renewable Energy")
- (12) Formulation of the Company's "General Principles of Pre-Approval Non-Assured Services Policy".
- (13) Discussion of the Company's credit with financial institutions.
- 1111229 (1) Proposal of borrowing up to the principal amount of the loan not more than NT\$4.75 billion from a syndicate of creditors with Bank SinoPac Co., Ltd. as the coordinating sponsor and managing bank for the Company's sub-subsidiary Sanlu Energy Storage Co., Ltd.
- 1120303 (1) The Company's 2022 business report and financial statements.
- (2) Setting of the base date of capital increase by issuance of new shares for the Company's "5th guaranteed convertible corporate bond" and "6th unsecured convertible corporate bond" in Taiwan.
- (3) The Company's 2022 distribution of surplus.
- (4) The distribution report of the Company's 2022 employees' remuneration and director's remuneration.
- (5) Proposal of the Company's transfer of capital surplus into capital increase to issue new shares.
- (6) Proposal of the Company's cash allotment from capital surplus.
- (7) Formulation of the Company's "Code of Conduct for Integrity".
- (8) Formulation of the Company's "Code of Practice for Sustainability".
- (9) Discussion of related matters of the Company's 2023 shareholders' meeting.
- (10) Discussion of related matters of the shareholders' right to make proposals at general shareholders' meetings.
- (11) the Company's 2022 "Assessment of the Effectiveness of Internal Control System" and "Statement of Internal Control System".
- (12) Evaluation of the independence and suitability of the Company's accountants.
- (13) Amendments to certain provisions of the Company's "Regulations for financial operations between affiliated companies".
- (14) Change of name to the Company's "Regulations for financial operations between affiliated companies" to the "Regulations for financial operations between related parties".
- (15) Amendments to certain provisions of the Company's "Code of Corporate Governance Practices".
- (16) Discussion of the Company's credit with financial institutions.
- 2023/5/5 (1) The Company's 2023 Q1 consolidated financial report.
- (2) Setting of the base date of capital increase by issuance of new shares for the Company's "5th guaranteed convertible corporate bond" and "6th unsecured convertible corporate bond" in Taiwan
- (3) The Company's investment in new subsidiary.

(4) Related matters of the subsidiary Santi Renewable Energy Co., Ltd.'s share release.

(5) The Company's property acquisition.

(6) Salary and remuneration adjustment of the Company's chairman and managers.

(7) Formulation of the Company's "Directors' and Managers' Salary and Remuneration Management Procedure".

(8) Formulation of the Company's "Whistleblower's Report Channel and Protection System Operating System".

(9) Amendments to certain provisions of the Company's "Standard Operating Procedures for Processing Directors' Requests".

(10) Discussion of the Company's credit with financial institutions.

(11) For the recent year and as of the publication date of the annual report, the director or supervisor has disagreed with the Board of Directors on the adoption of important resolutions and has a written statement of the main content: No disagreement.

(12) Summary of the resignations and dismissals of the chairman, president, head of Accounting, head of Finance, head of Internal Audit, head of corporate governance and head of research and development of the Company for the recent year and as of the date of printing of the annual report.

April 23, 2023

Title	Name	Date of appointment	Date of Termination	Reason for resignation or termination
Vice Chairman	Ho Jia-Jing	2020/12/02	2022/07/11	Due to personal career planning

## 5. Certified Public Accountant's fee

Unit: NT\$ in thousands

Name of Accounting Firm	Name of Accountant	Accountant's audit period	Audit fee	Non-audit fee	Total	Remark
KPMG in Taiwan	Yu Sheng-Ho (Note 2)	2022/01/01 ~ 2022/12/31	2,691	1,580	4,271	Direct deduction method: 120
	David Chen					Review the annual report: 60
						Salary check: 60
						Review of the issuance of the 6 <sup>th</sup> corporate bond: 280
						Disbursement: 85
						Allotment without compensation: 180
						Affiliation report: 120
						English translation: 377
						Change of accountant: 360
						Review Fee: 83
						Sustainability report: 300

The contents of non-audit fee services (such as tax compliance audit, confirmation or other financial consulting services) shall be specified

Note 1: If the Company has changed accountant or accounting firm this year, please list the audit period separately, explain the reason for the change in the remarks column, and disclose the audit and non-audit public fees paid in order. Non-audit companies should attach a note to describe the content of its services.

(1) If the accounting firm is changed and the audit fee paid in the year of change is less than the audit fee of the year before the change, and the amount and reason of the audit fee before and after the change shall be disclosed: None.

(2) If the audit fee has decreased by more than 15% compared with the previous year, the amount, proportion and reason of decrease of audit fee shall be disclosed: None.

Note 2: The date of appointment of the original accountant, Huang Yung-Hua, expired on 2022/02/28 and the date of appointment of the accountant Yu Sheng-Ho started from 2022/03/01.

6. Information on the Change of Accountant: If the company has changed its accountant in the last two years and the subsequent period, the Company shall disclose the following: None

### Information of Change of Accountant

(1) About the predecessor accountant

Date of Change	2022.03.01
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Reason for change and explanation	Change of accountant due to internal work restructuring of the firm.		
Description on the appointee or accountant terminates or does not accept the appointment	Situation of related party	Accountant	Appointee
		N/A	
	Proactive termination of appointment		
	No longer accept (continue) appointment		
Opinions and reasons for audit reports other than unreserved opinions issued within the latest two years	None		
Disagreement with the issuer	None		Accounting principle or practice
			Disclosure of financial reports
			Audit scope or procedure
			Others
	None	V	
	Explanation		
Other disclosed matters (those that should be disclosed from Items 1-4 to 1-7 of Paragraph 6 of Article 10 of this Code)	None		

(2) About the successor accountant:

Name of accounting firm	KPMG in Taiwan
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Name of accountant	Yu Sheng-Ho /David Chen
Date of appointment	2022.03.01
Matters and results of pre-appointment consultations on the accounting treatment of specific transactions or accounting principles and on possible issuance of financial reports.	None
Written opinion of successor accountant on matters disagreed by predecessor accountant.	None

(3) Reply letter from the previous accountant regarding the matters stipulated in Item 1 of Paragraphs 6(1) and (2)(3) of Article 10 of this guideline: Not applicable.

7. The Company's Chairman, President, Chief Financial Officer or Chief Accounting Officer Who Has Worked for the CPA's Firm or Its Affiliates during the Last Fiscal Year.

## 8. Transfer and Pledge of Shares of Directors, Supervisors, Managers and Shareholders with a Shareholding More Than 10% in the Recent Year and as of the Publication Date of the Annual Report

### Change in Equity of Directors, Supervisors, Managers, and Major Shareholders

Title	Name	2022		As of April 23, 2023	
		No. of Shares held Increase (Decrease)	No. of shares pledged Increase (Decrease)	No. of Shares held Increase (Decrease)	No. of shares pledged Increase (Decrease)
Chairman	Chung Jia-Cun	1,769,595	0	0	0
Major Shareholder	Kaohsiung Bus Co., Ltd.	3,708,572	0	0	0
Director	Representative: Lu Jin-Fa (Note 1)	-	-	-	-
Director	Representative: Chung Yu-Lin	0	0	0	0
Director	Representative: Lee Tsung-Xi	0	0	0	0
Director	Representative: Chen Ke-Pei (Note 1)	-	-	-	-
Director	Representative: Liao Shun-Ching	31,080	0	0	0
Director	Representative: Chen Ho-Chi (Note 1)	-	-	-	-
Director	Representative: Wang Yu-Ching(Note 1)	-	-	-	-
Director	Representative: Ho Jia-Jing (Note 2)	-	-	-	-
Director	Representative: Hsieh An-Chi(Note 3)	61,201	0	0	0
Director	Representative: Tseng I-Nan (Note 3)	50,576	0	0	0
Director	Tung Cheng Investment Consulting Co., Ltd.	1,611,456	0	0	0
Independent Director	Chang Chi-Ming	854	0	0	0
Independent Director	Hou Shu-Hui	0	0	0	0
Independent Director	Tsai Chia-Yu	0	0	0	0
President	Liao Shun-Ching	31,808	0	0	0
Associate VP	Chen Chiung-Hua	0	0	0	0
Chief Financial Officer	Han Jia-Xian	683	0	0	0

Note 1: Lu Jin-Fa, Chen Ke-Pei, Chen Ho-Chi, and Wang Yu-Ching stepped down after re-election on June 23, 2022.

Note 2: Vice Chairman Ho Jia-Jing resigned on July 11, 2022 and stepped down from the position of director.

Note 3: Hsieh An-Chi and Tseng I-Nan were supervisors from January 1, 2022 to June 21, 2022, and assumed the position of direction after re-election on June 23, 2022.

(2) Shares Transfer Information: The related parties transferring shares are not the directors, managers and major shareholders of the Company. Therefore, this information is not applicable.

(3) Equity Pledge Information: The related parties having equity pledge are not the directors, managers and major shareholders of the Company. Therefore, this information is not applicable.

### 9. Information on Relationship among the Company's Top 10 Shareholders who belong to related parties or spouses, or first or second degree relatives of one another

Information on the relationship between the top ten shareholders and their respective shareholdings

April 23, 2023

Name (Note 1)	No. of shares held personally		No. of shares held by spouse and minor children		Shareholding in the name of another person		Name and relationship of the top ten shareholders who are related to each other or are spouse, second degree of kinship, etc. (Note 3)		remarks
	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %	Name (or Name)	Relation	
Kaohsiung Bus Co., Ltd. Representative: Chung Jia-Cun	47,117,572	16.40%	0	0.00%	0	0.00%	Chung Jia-Cun	Company representative	-
Chung Jia-Cun	22,449,595	7.81%	0	0.00%	0	0.00%	Kaohsiung Bus Co., Ltd.	Company representative	-
							San Di Properties Co., Ltd.	Company representative	
							Kuai Kuai Co., Ltd.	Company representative	
Tung Cheng Investment Consulting Co., Ltd. Representative: Chung Jia-Cun	20,473,626	7.13%	0	0.00%	0	0.00%	Chung Jia-Cun	Company representative	-
Chang Jung-Hua	18,995,082	6.61%	0	0.00%	0	0.00%	-	-	
Shangfa Construction Co., Ltd. Representative: Hsieh Shun-Fa	17,933,921	6.24%	0	0.00%	0	0.00%	Hsieh Shun-Fa	Company representative	
San Di Properties Co., Ltd. Representative: Chung Jia-Cun	13,025,199	4.53%	0	0.00%	0	0.00%	Chung Jia-Cun	Company representative	
Formosa Oil (Asia Pacific) Co., Ltd. Representative: Tsao Ming	12,538,498	4.36%	0	0.00%	0	0.00%	-	-	
Xin Ann Enterprise Co., Ltd. Representative: Yang Li-Ying	9,031,015	3.14%	0	0.00%	0	0.00%	-	-	-
Kuai Kuai Co., Ltd. Representative: Chung Jia-Cun	8,567,724	2.98%	0	0.00%	0	0.00%	Chung Jia-Cun	Company representative	
Aixin Investment Ltd. Representative: Chung Hsin-Pei	7,034,058	2.25%	0	0.00%	0	0.00%	-	-	-

Note 1: All of the top ten shareholders shall be listed. For corporate shareholders, the names of the corporate shareholder and its representative shall be listed separately.

Note 2: The shareholding percentage is calculated according to the shareholding percentage of shares under the name of the shareholder, spouse, and minor children or under the name of others.

Note 3: The shareholders listed in the preceding paragraph include both legal and natural persons, and the relationship between them shall be disclosed in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

10. The Shareholding of the Company and the Company's Directors, Supervisors, Managers and Enterprises Directly or Indirectly Controlled by the Company in the Same Invested Company and Consolidated Shareholding Percentage

Unit: Shares; %

Reinvestment business	Investment by the Company		Investment by directors, supervisors, managers and directly or indirectly controlled companies		Comprehensive investment	
	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %
Nstar Energy Corporation	7,000,000	100.00	0	0	7,000,000	100.00
Beiji International Development Co., Ltd.	14,700,000	49.00	0	0	14,700,000	49.00
Zhonghua Prince Gas Station Co., Ltd.	26,000,000	100.00	0	0	26,000,000	100.00
Santi Renewable Energy Co., Ltd. (Former San Lu Development Co., Ltd. )	321,000,000	100.00	0	0	321,000,000	100.00
Jin Shi Hu Hotel Co., Ltd.	2,550,000	51.00	0	0	2,550,000	51.00
Yankee Co., Ltd.	7,500,000	50.00	0	0	7,500,000	50.00
Yingguang Enterprise Co., Ltd.	3,000,000	100.00	0	0	3,000,000	100.00
He Fong Energy Co., Ltd.	0	0	17,340,000	51.00	17,340,000	51.00
Chia Hsin Energy Co., Ltd.	0	0	18,600,000	100.00	18,600,000	100.00
Yao Gu Energy Co., Ltd.	0	0	3,600,000	100.00	3,600,000	100.00
Santi Monster Electric Power Co., Ltd.	0	0	100,000	100.00	100,000	100.00
Green Free Energy Co., Ltd.	0	0	8,000,000	100.00	8,000,000	100.00
Cathy Sunrise Electric Power One Co., Ltd.	0	0	102,585,000	100.00	102,585,000	100.00

Tail Electric Power Co., Ltd.	0	0	16,100,000	100.00	16,100,000	100.00
Sheng Yang Engineering Co., Ltd.	0	0	6,200,000	100.00	6,200,000	100.00
Mole Electric Power Co., Ltd.	0	0	200,000	100.00	200,000	100.00
Junhe Energy Co., Ltd.	0	0	800,000	100.00	800,000	100.00
Hengfeng Energy Co., Ltd.	0	0	99,942,200	100.00	99,942,200	100.00
Woyang Energy Co., Ltd.	0	0	300,000	100.00	300,000	100.00
Sensi Energy Co., Ltd.	0	0	4,100,000	100.00	4,100,000	100.00
Jia Yuan Optoelectronics Co., Ltd.	0	0	100,000	100.00	100,000	100.00
Jia Rui Optoelectronics Co., Ltd.	0	0	1,300,000	100.00	1,300,000	100.00
Hong Tu Energy Co., Ltd.	0	0	300,000	100.00	300,000	100.00
Huan Chuang Electric Co., Ltd.	0	0	3,000,000	100.00	3,000,000	100.00
Xinte Energy Co., Ltd.	0	0	10,000	100.00	10,000	100.00
Guning Energy Co., Ltd.	0	0	10,000	100.00	10,000	100.00
Xicheng Energy Co., Ltd.	0	0	10,000	100.00	10,000	100.00
Chang Yong Engineering Co., Ltd.	0	0	10,000	100.00	10,000	100.00
Sanlu Energy Storage Co., Ltd.	0	0	1,006,000,000	100.00	1,006,000,000	100.00

Note: It refers to the investment made by the Company using the equity method.

## IV. Capital Overview

### 1. Capital and Shares

#### (1) Capital Sources

Unit: shares; April 23, 2023

Month/Year	Issue Price	Approved Share Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Share Capital Source	Offset share capital by property other than cash	Other
December 1996	10	65,000,000	650,000,000	53,971,580	539,715,800	Transfer of surplus into capital increase of \$39,515,800	None	Note 1
August 1997	10	65,000,000	650,000,000	65,000,000	650,000,000	Transfer of surplus into capital increase of \$41,558,110 Capital increase of \$68,726,090 in cash.	None	Note 2
February 1999	10	76,000,000	760,000,000	70,200,000	702,000,000	Transfer of surplus into capital increase of \$50,700,000. Transfer of capital surplus into capital increase of \$1,300,000.	None	Note 3
December 1999	10	83,000,000	830,000,000	83,000,000	830,000,000	Transfer of surplus into capital increase of \$28,290,600 Transfer of capital surplus into capital increase Of \$12,425,400. Capital increase of \$87,284,000 in cash.	None	Note 4
December 2000	10	95,400,000	954,000,000	86,154,000	861,540,000	Transfer of surplus into capital increase of \$31,540,000	None	Note 5
July 2001	3	86,154,000	861,540,000	86,154,000	861,540,000	-		Note 6
July 2005	10	88,738,620	887,386,200	88,738,620	887,386,200	Transfer of surplus into capital increase of \$17,230,800. Transfer of capital surplus into capital increase of \$8,615,400.	None	Note 7
July 2008	10	200,000,000	2,000,000,000	90,957,085	909,570,850	Transfer of surplus into capital increase of \$22,184,650.	None	Note 8
January 2010	10	200,000,000	2,000,000,000	100,932,044	1,009,320,440	Guaranteed conversion of corporate bonds into new issued shares		Note 9
April 2010	10	200,000,000	2,000,000,000	104,748,665	1,047,486,650			
August 2010	10	200,000,000	2,000,000,000	105,806,991	1,058,069,910		None	
September 2010	10	200,000,000	2,000,000,000	109,455,918	1,084,559,180	Transfer of surplus into capital increase of \$26,489,270	None	Note 10
October 2010	10	200,000,000	2,000,000,000	109,609,011	1,086,090,110	Guaranteed		Note 9

February 2011	10	200,000,000	2,000,000,000	110,226,931	1,102,269,310	conversion of corporate bonds into new issued shares	None	Note 11
October 2011	10	200,000,000	2,000,000,000	112,982,604	1,129,826,040	Transfer of capital surplus into capital increase \$27,556,730	None	Note 12
May 2012	10	200,000,000	2,000,000,000	113,078,389	1,130,783,890	Guaranteed conversion of corporate bonds into new issued	None	
August 2012	10	200,000,000	2,000,000,000	117,258,745	1,172,587,450	Transfer of surplus into capital increase of \$41,803,560	None	Note 13
October 2013	10	200,000,000	2,000,000,000	119,486,661	1,194,866,610	transfer of capital surplus into capital increase of \$22,279,160	None	Note 14
May 2014	10	200,000,000	2,000,000,000	114,560,661	1,145,606,610	Buy back treasury stocks of \$49,260,000	None	
September 2014	10	200,000,000	2,000,000,000	117,140,066	1,171,400,660	Guaranteed conversion of corporate bonds into new issued shares	None	Note 15
December 2014	10	200,000,000	2,000,000,000	131,833,166	1,318,331,660	Guaranteed conversion of corporate bonds into new issued shares	None	Note 15
July 2015	10	200,000,000	2,000,000,000	161,833,166	1,618,331,660	Private placement	None	Note 16
January 2016	10	200,000,000	2,000,000,000	191,833,166	1,918,331,660	Private placement	None	Note 17
May 2021	10	300,000,000	3,000,000,000	197,966,242	1,979,662,420	Guaranteed conversion of corporate bonds into new issued shares	None	Note 18
August 2021	10	300,000,000	3,000,000,000	205,078,402	2,050,784,020	Guaranteed conversion of corporate bonds into new issued shares	None	Note 19
November 2021	10	300,000,000	3,000,000,000	206,237,765	2,062,377,650	Guaranteed conversion of corporate bonds into new issued shares	None	Note 20
January 2022	10	300,000,000	3,000,000,000	246,237,765	2,462,377,650	Capital increase of \$400,000,000 in cash	None	Note 21
April 2022	10	300,000,000	3,000,000,000	246,604,251	2,466,042,510	Guaranteed conversion of corporate bonds into new issued shares	None	Note 22
June 2022	10	300,000,000	3,000,000,000	247,687,273	2,476,872,730	Guaranteed conversion of corporate bonds into new issued shares	None	Note 23



July 2022	10	880,000,000	8,800,000,000	247,687,273	2,476,872,730	Amendment to articles of association to revise approved share capital.	None	Note 24
August 2022	10	880,000,000	8,800,000,000	250,862,026	2,508,620,260	Guaranteed conversion of corporate bonds into new issued shares	None	Note 25
October 2022	10	880,000,000	8,800,000,000	272,388,410	2,723,884,100	Guaranteed conversion of corporate bonds into new issued shares	None	Note 26
November 2022	10	880,000,000	8,800,000,000	275,023,357	2,750,233,570	Guaranteed conversion of corporate bonds into new issued shares	None	Note 27
March 2023	10	880,000,000	8,800,000,000	279,272,945	2,792,729,450	Guaranteed conversion of corporate bonds into new issued shares	None	Note 28

Note 1: Approved as per Letter (85) Tai Cai Zheng (1) No. 72768 of Securities and Futures Institute on 1996.12.13.  
Note 2: Approved as per Letter (86) Tai Cai Zheng (1) No. 50653 of Securities and Futures Institute on 1997.06.25  
Note 3: Approved as per Letter (87) Tai Cai Zheng (1) No. 107418 of Securities and Futures Institute on 1998.12.29  
Note 4: Approved as per Letter (88) Tai Cai Zheng (1) Nos. 87440 and 87441 of Securities and Futures Institute on 1999.10.05

Note 5: Approved as per Letter (89) Tai Cai Zheng (1) No. 89286 of Securities and Futures Institute on 2000.10.31.

Note 6: Approved as per Letter (90) Shang Zi No. 09001244630 of Ministry of Economic Affairs on 2001.07.03.

Note 7: Approved as per Letter Jing Guan Zheng Yi Zi No. 0940128292 of Financial Supervisory Commission of Executive Yuan on 2005.07.13.

Note 8: Approved as per Letter Jing Guan Zheng Yi Zi No. 0970032604 of Financial Supervisory Commission of Executive Yuan on 2008.07.09.

Note 9: Approved as per Letter Jing Guan Zheng Fa Zi No. 0990036810 of Financial Supervisory Commission of Executive Yuan on 2009.10.08.

Note 10: Approved as per Letter Jing Guan Zheng Fa Zi No. 0990036810 of Financial Supervisory Commission of Executive Yuan on 2010.07.15.

Note 11: Approved as per Letter Jing Guan Zheng Fa Zi No. 0990044948 of Financial Supervisory Commission of Executive Yuan on 2010.09.01.

Note 12: Approved as per Letter Jing Guan Zheng Fa Zi No. 1000035484 of Financial Supervisory Commission of Executive Yuan on 2011.29.

Note 13: Approved as per Letter Jing Guan Zheng Fa Zi No. 1010028833 of Financial Supervisory Commission of Executive Yuan on 2012.06.29.

Note 14: Approved as per Letter Jing Guan Zheng Fa Zi No. 1020029793 of Financial Supervisory Commission of Executive Yuan on 2013.07.31.

Note 15: Approved as per Letter Jing Guan Zheng Fa Zi No. 1010056357 of Financial Supervisory Commission of Executive Yuan on 2012.12.17.

Note 16: Approved as per Letter Jing Guan Zheng Fa Zi No. 10401147240 of Financial Supervisory Commission of Executive Yuan on 2015.07.23.

Note 17: Approved as per Letter Jing Guan Zheng Fa Zi No. 10501000770 of Financial Supervisory Commission of Executive Yuan on 2016.01.08.

Note 18: Approved as per Letter Jing Guan Zheng Fa Zi No. 11001060610 of Financial Supervisory Commission of Executive Yuan on 2021.

Note 19: Approved as per Letter Jing Guan Zheng Fa Zi No. 11001151850 of Financial Supervisory Commission of Executive Yuan on 2021.09.23.

Note 20: Approved as per Letter Jing Guan Zheng Fa Zi No. 11001220640 of Financial Supervisory Commission of Executive Yuan on 2021.12.02.

Note 21: Approved as per Letter Jing Guan Zheng Fa Zi No. 11001240850 of Financial Supervisory Commission of Executive Yuan on 2021.12.02.

Executive Yuan on 2022.

Note 22: Approved as per Letter Jing Guan Zheng Fa Zi No. 11001053560 of Financial Supervisory Commission of Executive Yuan on 2022.04.20.

Note 23: Approved as per Letter Jing Gan Zheng Fa Zi No. 11101091390 of Financial Supervisory Commission of Executive Yuan on 2022.06.06.

Note 24: Approved as per Letter Jing Guan Zheng Fa Zi No. 11101124930 of Financial Supervisory Commission of Executive Yuan on 2022.07.15.

Note 25: Approved as per Letter Jing Guan Zheng Fa Zi No. 11101162850 of Financial Supervisory Commission of Executive Yuan on 2022.08.22.

Note 26: Approved as per Letter Jing Guan Zheng Fa Zi No. 11101192430 of Financial Supervisory Commission of Executive Yuan on 2022.10.13.

Note 27: Approved as per Letter Jing Guan Zheng Fa Zi No. 11101223720 of Financial Supervisory Commission of Executive Yuan on 2022.11.29.

Note 28: Approved as per Letter Jing Guan Zheng Fa Zi No. 11230042910 of Financial Supervisory Commission of Executive Yuan on 2023.03.27.

Shares Type	Approved Share Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Registered common shares	279,272,945	600,727,055	880,000,000	Over-the-counter shares including private placement of 60 million shares

Information about the comprehensive reporting system: None.

#### (1) Structure of Shareholders

April 23, 2023

Structure of shareholders Quantity	Government agencies	Financial institutes	Other legal persons	Individuals	Foreign institutes and foreigners	Total
No. of persons	0	4	158	16,267	22	16,451
No. of shares held	0	486,379	139,854,244	144,712,457	2,235,069	287,288,149
Shareholding %	0	0.17%	48.68%	50.37%	0.78%	100%

## (2) Diversification of Shareholdings

April 23, 2023

Shareholding class	No. of shareholders	No. of shares held	Shareholding %
1 to 999	13,500	256,170	0.09%
1,000 to 5,000	1,817	3,571,258	1.24%
5,001 to 10,000	388	2,910,802	1.01%
10,001 to 15,000	157	1,941,780	0.68%
15,001 to 20,000	92	1,633,600	0.57%
20,001 to 30,000	114	2,835,002	0.99%
30,001 to 40,000	72	2,532,778	0.88%
40,001 to 50,000	33	1,518,635	0.53%
50,001 to 100,000	103	7,177,572	2.50%
100,001 to 200,000	68	9,491,338	3.30%
200,001 to 400,000	38	11,227,376	3.91%
400,001 to 600,000	14	6,603,898	2.30%
600,001 to 800,000	15	10,357,541	3.61%
800,001 to 1,000,000	10	9,288,955	3.23%
More than 1,000,001	30	215,941,444	75.17%
Total	16,451	287,288,149	100%

Special Stock

April 23, 2023

Shareholding class	No. of shareholders	No. of shares held	Shareholding %
Self-grading according to actual situation	0	0	0
Total	0	0	0

## Namelist of Major Shareholders:

Name, amount and percentage of shareholding of the top 10 shareholders with 5% or more of shareholding:

April 23, 2023

Stock Name of major shareholders	No. of shares held	Shareholding (%)
Kaohsiung Bus Co., Ltd.	47,117,572	16.40%
Chung Jia-Cun	22,449,595	7.81%
Tung Cheng Investment Consulting Co., Ltd.	20,473,626	7.13%
Chang Jung-Hua	18,995,082	6.61%
Shangfa Construction Co., Ltd.	17,933,921	6.24%
San Di Properties Co., Ltd.	13,025,199	4.53%
Formosa Oil (Asia Pacific) Co., Ltd.	12,538,498	4.36%
Xin Ann Enterprise Co., Ltd.	9,031,015	3.14%
Kuai Kuai Co., Ltd.	8,567,724	2.98%
Ai Xin Investment Enterprise, Co., Ltd.	7,034,058	2.25%
Total of top 10 Shareholders	177,166,290	61.45%

(5) Stock price, net worth, earnings, dividends per share and related information for the last two years

Unit: NT\$ in thousands/shares in thousands

Item		Year		End of the year to 2023.03.31 (Note 8)	
		2021	2022		
Market price per share (Note 1)	Highest	44.55	42.40	45.35	
	Lowest	17.30	30.60	34.70	
	Average	34.35	36.98	40.97	
Net value per share (Note 2)	Before distribution	14.65	14.41	16.92	
	After distribution	14.05	Not distributed yet	Not distributed yet	
Earnings per share	Weighted average number of shares		223,441	271,966	
	EPS (Note 3)	Before retrospective adjustment	0.69	0.48	Not distributed yet
		Before retrospective adjustment	0.68	Not distributed yet	—
Dividend per share	Cash dividend		0.60	Not distributed yet	—
	Free allotment	Surplus allotment	—	—	—
		Capital Fund Allotment	0.85	—	—
	Accumulated unpaid dividends (Note 4)		—	—	—
ROI Analysis	Price to earnings ratio (Note 5)		49.78	77.04	NA
	Price to dividend ratio (Note 6)		57.25	Not distributed yet	—
	Cash dividend yield (Note 7)		1.7%	Not distributed yet	—

\* In the event of an allotment of shares by way of surplus or transfer of capital surplus into capital increase, information on the market price and cash dividends retroactively adjusted for the number of shares issued shall be disclosed.

Note 1: The highest and lowest market prices of common stock for each year are listed, and the average market price for each year is calculated based on the value and volume of transactions for each year.

Note 2: Please use the number of outstanding shares at the end of the year as the basis for the distribution resolved by the Board of Directors or the shareholders' meeting of the following year.

Note 3: If there is a retroactive adjustment due to a free stock allotment, etc., the earnings per share before and after the adjustment shall be listed.

Note 4: If the issuance conditions of equity securities stipulate that undistributed dividends in the current year may be accumulated to be distributed in a surplus year, the accumulated unpaid dividends as of the current year shall be disclosed separately.

Note 5: Price to earnings (P/E) ratio=Average closing price per share for the current year/Earnings per share.

Note 6: Price-to-dividend (P/D) ratio = Average closing price per share for the year / Cash dividends per share.

Note 7: Cash dividend yield = Cash dividend per share / Average closing price per share for the year.

Note 8: The net value per share and earnings per share shall be presented in the information of the most recent quarterly audit by a certified public accountant as of the publication date of the annual report; the remaining columns shall be presented for the current year as of the publication date of the annual report.

#### (6) Company's Dividend Policy and Implementation Status

##### 1. Dividend Policy

If the Company makes a profit in a year, the Company shall contribute not less than 1% of the profit to the employees' remuneration, which shall be distributed in stock or cash as determined by the Board of Directors, to the employees of the Company who meet certain criteria; the Company may contribute not more than 3% of the profit as determined by the resolution of the Board of Directors to the remuneration of directors and supervisors. The proposal of the distribution of profit to the remuneration of the board members, and the remuneration of directors and supervisors shall be submitted to the shareholders' meeting report.

However, if the Company still has accumulated losses, the Company shall retain the amount of compensation for the losses in advance, and then allocate the remuneration to employees and directors and supervisors in proportion to the aforementioned amount.

If there is any surplus in the annual financial statements, the Company shall first make a tax payment to cover past losses and secondly set aside 10% as statutory surplus reserve, but if statutory surplus reserve has reached the Company's paid-in capital, it may not be set aside, and a special reserve may be set aside depending on the Company's operating needs and legal regulations. The Board of Directors shall prepare a proposal for the distribution of earnings and submit it to the shareholders' meeting for a resolution to distribute dividends to shareholders.

The Company's dividend policy is to allocate no less than 50% of its available earnings to shareholders each year in accordance with its current and future development plans, taking into account the investment environment, capital requirements, domestic and international competition, and the interests of shareholders. When distributing dividends to shareholders, it can be done in the form of cash or stocks, of which cash dividends shall not be less than 20% of the total dividends

##### 2. Proposed dividend distribution at the shareholders' meeting this time:

The Board of Directors resolved on March 3, 2023 to distribute cash dividends of NT\$0.4 per share to shareholders, NT\$0.3 per share to capital surplus, and to distribute 100 shares of capital surplus for every 1,000 shares. If there is any subsequent change in the Company's share capital that affects the number of outstanding shares, the Board of Directors will be authorized to handle the change in the dividend distribution rate in accordance with the Company Act or other relevant laws and regulations. This dividend distribution has not been approved by the shareholders' meeting yet.

##### (7) The effect of the proposed gratis allotment of shares at the shareholders' meeting this time

on the Company's operating results and earnings per share:

The Company has no gratis allotment of shares this time. Based on the number of 287,288,149 issued and outstanding shares, the Company's dilution ratio is 9.89%, and the dilution is limited. The gratis allotment of shares will not have a significant impact on operating performance and earnings per share.

(8) Remuneration of employees, directors and supervisors:

1. The percentage or range of remunerations for employees, directors and supervisors as stated in the articles of incorporation.

(1) Employees' bonuses shall not be less than 1%.

(2) Director, Supervisor's remuneration shall not exceed 3%.

2. The estimated amount of remunerations for employees, directors and supervisors is based on the number of shares distributed to employees and the accounting processing if the actual distribution differs from the estimated amount.

The bonuses to employees and remuneration to directors and supervisors of the Company after January 1, 2008 (inclusive) are estimated in accordance with the regulations as specified in the Accounting Research and Development Foundation Interpretation (96) Ji Mi Zi Letter No. 052, and the amounts of bonuses to employees and remunerations to directors and supervisors are accounted for as operating costs or operating expenses based on the nature of the bonuses to employees and remuneration to directors and supervisors.

3. Information on the Board of Directors' approval of the distribution of remunerations.

(1) Employees' remuneration and director's remuneration distributed in cash or stock.

The Board of Directors resolved on March 3, 2023 to distribute NT\$1,447,279 to employees and NT\$4,341,838 to directors for the year:

(2) The amount of employee's remuneration distributed in stock and its proportion to the total amount of net income after tax and employees' remuneration in the individual or individual financial reports: N/A.

4. The actual allotment of remuneration to employees, directors and supervisors in the previous year (including the number of shares distributed, the amount and the price of shares), and the difference between the allotment and the recognition of remunerations to employees, directors and supervisors, as well as the reasons for the difference and the handling of the situation shall be stated.

In 2021, the Company allotted the remuneration of NT\$6,894,975 to employees, directors and supervisors (NT\$1,730,042 allotted to employees, and NT\$5,164,933 allotted to directors and supervisors). The actual allotted remunerations to employees, director and supervisors were NT\$6,894,975 (\$1,730,042 for employees and \$5,164,933 for directors and supervisors), with no discrepancy.

(9) Buyback of the Company's shares: None.

## 2. Issuance of Corporate Bonds:

### 1. Report on the implementation of the 5<sup>th</sup> guaranteed convertible corporate bond and the 6<sup>th</sup> unsecured convertible corporate bond in Taiwan

Type of corporate bonds	Conversion of the 5 <sup>th</sup> guaranteed convertible corporate bond in Taiwan	Conversion of the 6 <sup>th</sup> unsecured convertible corporate bond in Taiwan
Issuance (handling) date	2020.12.23	2021.12.10
Amount	NT\$100,000	NT\$100,000
Issuance and trading venue (Note 3)	R.O.C.	R.O.C.
Issuance price	NT\$102	NT\$100
Total amount	NT\$600 million	NT\$300 million
Interest rate	Annual interest rate 0%	Annual interest rate 0%
Term	Five-year term, due date: 2025.12.23	Three-year term, due date 2025.12.10
Guarantee Organization	Taiwan Cooperative Bank, Co., Ltd.	Taiwan Cooperative Bank, Co., Ltd.
Consignee	JihSun International Commercial Bank, Co., Ltd.	Bank SinoPac, Co., Ltd.
Underwriter	Taiwan Cooperative Bank, Co., Ltd.	Taiwan Cooperative Bank, Co., Ltd.
Signing counsel	Far East Law Offices Lawyer: Chiu Ya-Wen	Far East Law Offices Lawyer: Chiu Ya-Wen
Certified accountant	KPMG in Taiwan, Accountants: Huang Yung-Hua and David Chen	KPMG in Taiwan, Accountants: Huang Yung-Hua and David Chen
Compensation method	Except for the conversion of the Company's common stock in accordance with Article 10 of the Rules Governing the Trading of Convertible Corporate Bonds, or the Company's early redemption in accordance with Article 18 of these Rules or the exercise of the right of sale in accordance with Article 19 of these Rules, or the Company's repurchase and cancellation by the securities dealer's office, the Company shall repay the bonds held by the bondholders in a lump sum of cash at the face value of the bonds at the maturity of the convertible corporate bonds.	Except for the conversion of the Company's common stock in accordance with Article 10 of the Rules Governing the Trading of Convertible Corporate Bonds, or the Company's early redemption in accordance with Article 18 of these Rules or the exercise of the right of sale in accordance with Article 19 of these Rules, the Company will repay the convertible corporate bond held by the bondholders in cash at 100.7519% of the face value of the bond (0.25% real rate of return) within seven business days from the day after the maturity of the convertible corporate bond.
Outstanding principal	NT\$315,200,000	NT\$296,600,000
Terms for redemption or early settlement	Refer to Article 18 of the Rules Governing the Trading of Convertible Corporate Bonds.	Refer to Article 18 of the Rules Governing the Trading of Convertible Corporate Bonds.
Restricted terms (Note 4)	None	None
Name of credit rating agency, rating date, and rating result of corporate bonds	N/A	N/A
Other attached rights	Amount of common stocks, overseas depositary receipts or other marketable securities converted (exchanged or subscribed) as of the publication date of the annual report Converted common stocks of 287,288,149 shares (as of the closing date of April 23, 2023)	Converted common stocks of 287,288,149 shares (as of the closing date of April 23, 2023)

	Issuance and conversion (exchange or share subscription) method	See Page 105 of the information of the Company's 5 <sup>th</sup> guaranteed convertible corporate bond in Taiwan.	See Page 125 of the information of the Company's 6 <sup>th</sup> unsecured convertible corporate bond in Taiwan.
	Issuance and conversion, exchange or subscription method, possible dilution of shareholdings under the terms of the issue and effect on existing shareholders' equity	The Company issued the 5th guaranteed convertible corporate bond of NT\$600,000,000 in Taiwan, with an outstanding principal amount of NT\$127,300,000, at a conversion price of NT\$15.59, convertible into 8,165,491 shares of the Company's common stock. Based on the 287,288,149 shares issued and outstanding and the estimated number of convertible shares, the dilution ratio is 2.76%, which is limited. The issuance of corporate bonds does not have a significant impact on shareholders' equity as the convertible bonds are usually converted to common stock gradually and the dilution of equity is not immediate. The issuance of corporate bonds does not yet have a material impact on shareholders' equity.	The Company issued the 6th unsecured convertible corporate bond of NT\$300,000,000 in Taiwan, with an outstanding principal amount of NT\$97,200,000, at a conversion price of NT\$30.86, which is convertible into 3,149,708 shares of the Company's common stock. Based on the number of issued and outstanding shares of the Company of 287,288,149 shares plus the estimated number of convertible shares, the dilution ratio is 1.08%, which is limited and the conversion bond holders usually convert to common shares gradually, so the dilution is not immediate. The issuance of corporate bonds does not yet have a material impact on shareholders' equity.
	Name of the custodian entrusted with the exchange of the subject	None	None

## 2. 2022 First and Second General Corporate Bond Performance Reports in Taiwan

To repay loans from financial institutions, invest in subsidiaries and increase working capital, the Company plans to issue common corporate bonds with a maximum face value of NT\$3.8 billion, and may authorize the Chairman to issue the bonds in one or several installments within one year, depending on market conditions, as follows.

Type of corporate bonds	2022 First guaranteed general corporate bond	2022 Second guaranteed general corporate bond
Approval date	2022.06.08	2022.09.15
Issue date	2022.06.14 to 2027.06.13	2022.09.22 to 2027.09.21
Total issue amount	NT\$500 million	NT\$700 million
Par value	NT\$1 million	(same as the left)
Issue price	Issued in full by face value	(same as the left)
Issue period	The issue period of the corporate bonds is five years, from 2022.06.14 to 2027.06.13	The issue period of the corporate bonds is five years, from 2022.09.22 to 2027.09.21.
Coupon rate	fixed annual interest rate 1.95%	fixed annual interest rate 1.8%
Principal and interest repayment method	The corporate bonds are repayable in a lump sum at maturity. Interest is payable annually at simple interest rate from the issue date.	(same as the left)
Guarantee method	The guarantee of corporate bonds is executed by Hua Nan Commercial	(same as the left)



	Bank, Co., Ltd. in accordance with the appointment guarantee contract.	
Underwriting Method	Underwriting is entrusted to the brokerage firm in the form of negotiated sales to the public.	(same as the left)
Underwriter or distributor	Taiwan Cooperative Securities, Co., Ltd.	(same as the left)
Trustees	Taipei Fubond Bank, Co., Ltd.	(same as the left)
Principal repayment Agent	Hua Nan Commercial Bank, Co., Ltd. (Xinxing Branch) is entrusted to act as the agent for the repayment of principal and interest, and to handle the transfer of principal and interest of the corporate bonds in accordance with the namelist of all securities owners provided by Taiwan Depository & Clearing Corporation. The principal repayment agent will prepare and send a withholding voucher to the bond owners.	(same as the left)

### **Information of Convertible Corporate Bonds**

Type of Corporate Bonds		5 <sup>th</sup> guaranteed convertible corporate bond in Taiwan			6 <sup>th</sup> unsecured convertible corporate bond in Taiwan		
		2021	2022	Current year to April 23, 2023	2021		Current year to April 23, 2023
Price of convertible corporate bond	Highest	228.00	243.00	288.00	102.35		147.55
	Lowest	120.50	190.00	227.00	98.20	101.05	115.75
	Average	167.89	217.72	255.87	99.99	108.90	136.27
Conversion price		17.19	15.59	15.59	34.03	30.86	30.86
Issue (closing) date and conversion price at issuance		2021.12.10 Issued at /NT\$100.00				2022.12.10 Issue /NT\$100.00	
Conversion obligation fulfillment method.		Delivered by issuing new shares				Delivered by issuing new shares	

3. Issuance of Preferred Stocks: None
4. Issuance of Global Depositary Receipts: None.
5. Issuance of Employee Stock Options: None.
6. Issuance of New Restricted Employee Stocks: None
7. Issuance of New Shares in Connection with Mergers or Acquisitions of Other Companies' Shares: None.
8. Funding Plan and Implementation: None.

## **V. Operation Overview**

### **1. Business Activities**

#### **(1) Scope of business**

##### **1. Major scope of business**

1. CA02010 Manufacture of Metal Structure and Architectural Components.
2. D101060 Self-usage Power Generation Equipment Utilizing Renewable Energy Industry.
3. E50201 Fuel Catheter Installation Engineering.
4. E599010 Piping Engineering.
5. E601020 Electric Appliance Installation.
6. E603010 Cable Installation Engineering.
7. E603040 Fire Safety Equipment Installation Engineering.
8. E603100 Electric Welding Engineering.
9. E603110 Cold Work Engineering.
10. E603120 Sand Blasting Engineering.
11. E603130 Gas Water Heater Contractors.
12. E604010 Machinery Installation.
13. E903010 Anti-Corrosion and Anti-Rust Engineering.
14. EZ02010 Crane and Hoist Services Engineering.
15. EZ03010 Furnace Installation.
16. EZ07010 Drilling Engineering.
17. EZ09010 Electrostatic Protection and Cancellation Engineering.
18. EZ15010 Warming and Cooling Maintenance Construction.
19. EZ99990 Other Engineering.
20. F112010 Wholesale of Gasoline and Diesel Fuel.
21. F112040 Wholesale of Petroleum Products.
22. F113030 Wholesale of Precision Instruments.
23. F113100 Wholesale of Pollution Controlling Equipments.
24. F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories.
25. F203010 Retail Sale of Food, Grocery and Beverage.
26. F203020 Retail Sale of Tobacco and Alcohol.
27. F206020 Retail Sale of daily commodities.
28. F212011 Gas Station.
29. F212050 Retail Sale of Petroleum Products.
30. F212061 Automobile Liquefied Petroleum Gas Station.
31. F213040 Retail Sale of Precision Instruments.
32. F213100 Retail Sale of Pollution Controlling Equipments.
33. F214010 Retail Sale of Motor Vehicles.
34. F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories.
35. F399010 Convenience Stores.
36. F401010 International Trade.
37. F501030 Beverage Shops.

38. F501070 Restaurants.
39. G202010 Parking area Operators.
40. H701010 Housing and Building Development and Rental.
41. H701020 Industrial Factory Development and Rental.
42. H701040 Specific Area Development.
43. H701050 Investment, Development and Construction in Public Construction.
44. H701090 Urban Renewal Renovation or Maintenance.
45. H703090 Real Estate Business.
46. H703100 Real Estate Leasing.
47. H703110 Senior Citizen Residence.
48. I103060 Management Consulting.
49. I199990 Other Consulting Service.
50. IG03010 Energy Technical Services.
51. J101050 Environmental Testing Services.
52. J101090 Waste Disposal.
53. J101990 Other Environmental Sanitation and Pollution Prevention Service.
54. J701020 Amusement Parks.
55. J801030 Athletics and Recreational Sports Stadium.
56. JA01010 Automobile Repair.
57. JA01040 Liquefied Petroleum Gas Automobile Refitting.
58. JA01990 Other Automobile Services.
59. JE01010 Rental and Leasing.
60. I301010 Information Software Services.
61. I301020 Data Processing Services.
62. I301030 Electronic Information Supply Services.
63. F399040 Retail Sale No Storefront.
64. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

7. Current products and services provided by the Company and their proportion in business

⊕ The current products and services provided by the Company are mainly:

A. Sales of premium diesel, unleaded gasoline and automotive motor oil

B. Service Items:

Providing car cleaning, carwash and waxing services.

Providing various services according to the Company's licensed business.

⊗ The business weightings are as follows:

Unit: NT\$ in thousands; %

Type of Product	Year	2022 Operating Income	
		Amount	Percentage (%)
98 unleaded gasoline		413,437,263	6.13%
95 unleaded gasoline		3,805,562,550	56.39%
92 unleaded gasoline		808,011,117	11.97%
Premium diesel		1,473,999,204	21.84%
Others		253,425,706	3.67%
Total		6,754,435,840	100%

8. New products and services planned for development

The Company will evaluate the business development of land assets and diversified operations to increase the added values of the Company's operating sites.

(2) Industry Overview:

1. Current Situation and Development of the Industry:

The Company is mainly engaged in the operation of gas stations. In recent years, the Company has been impacted by the external competitive environment and the general business environment, such as price reduction among the industry, sales promotion activities, difficulties in obtaining new operating locations and the rise and fall of international oil prices, resulting in a gradual decline in gross margin. Overall, the environment for operating gas stations is difficult, but with the efforts of all employees, the Company has made great progress in all aspects and achieved good results.

2. Association amount the upstream, midstream and downstream of the industry:

Upstream	Midstream	Downstream
Gasoline and diesel manufacturers and suppliers	Gas stations	Transportation companies and general consumers

(1) Suppliers:

Chinese Petroleum Corporation (CPC) and Formosa Petrochemical Corporation (FPCC), the two largest oil companies in Taiwan, remain playing the role as the suppliers for the domestic gasoline and diesel market. Despite the entry of FPCC into the domestic gasoline and diesel market, CPC still maintains a market share of over 76%.

Under the guidance of the policies of the Ministry of Economic Affairs, CPC is currently using the “Floating Oil Price Adjustment” mechanism with reference to the international oil prices of Dubai and Brent, and under the structure of an oligopolistic domestic market, CPC announced the price adjustment rate of oil products, while FPCC maintained roughly the same rate of increase or decrease in line with CPC’s adjustment.

(2) Distributors:

With the marginal profitability of oil products, the gas station operators are operating in a difficult environment. As of March 2023, the number of gas stations in Taiwan was 2,514, which shows the fierce competition in the market and the trend of eliminating the weak and leaving the strong, indicating that new competitors are facing the high price of land and labor and are reluctant to enter this market.

(3) Countermeasures:

As a result of fierce competition among gas stations, the operator of each group has shifted its focus to membership management, and weekly price discount promotions and member point rebates, and hopes to consolidate basic customer base and strengthen customer loyalty in the face of low oil margins, and to provide consumers with a variety of services and marketing methods such as sales of goods, filling gasoline together with free carwash, and member gift redemptions to generate revenue on top of the oil sales.

3. Future development trend of gas stations and external competitive environment

In the future, the market will develop in the direction of becoming bigger and bigger, so the consolidation of the industry will happen one after another; and the gas station will provide differentiated services to highlight the characteristics of the gas station and increase the visibility of consumers, supplemented by diversified operation items to increase consumers’ consumption in the gas station. Under group development, each group will attract consumers with more sophisticated and creative marketing in order to consolidate consumer loyalty, and with a consistent service process, it will allow

consumers to get used to the quality of service on the one hand, and improve customer satisfaction on the other hand, so that customers can come to the gas station for consumption without pressure.

4. Impacts from the regulatory environment:

In recent years, there is no significant change in the laws and regulations related to gas station installation. In terms of gas station management, in recent years, the competent authorities have paid more attention to the monitoring and management. To comply with regulations and fulfill social responsibilities, the Company has installed oil and gas recycle systems, and regularly inspected oil storage equipment, soil and groundwater contamination to improve the general leakage of high-risk areas to reduce the possibility of contamination, and strengthened the professional training of inspection personnel to avoid the impact caused by personnel negligence.

5. Impacts from lifestyle:

With the economic recovery, leisure lifestyle is becoming increasingly popular, thus promoting the growth of oil consumption. In terms of daily life, with the opening of metropolitan metro systems, the high cost of parking in urban areas and the rise in environmental awareness, consumers are gradually changing their lifestyle and habits and taking public transportation as a trend to save energy and reduce carbon emissions, thereby reducing the demand for oil products. The Company has adopted different marketing strategies to respond to the interplay of favorable and unfavorable factors in lifestyle that affect sales.

(3) Technology and research and development:

The Company currently sells oil products supplied by CPC and has not invested in related technology and research and development for the recent year and as of the publication date of the annual report.

(4) Long-term and short-term business development plans:

1. Short-term business development plans

- (1) Steadily increase the number of operating sites and regional flexible promotions.
- (2) Actively strive for excellent long-term customers to increase sales revenue.
- (3) Strengthen the promotion of membership cards to enhance customer loyalty and to achieve steady growth in sales.
- (4) Run a diversified operation and forge alliance with other companies of the industry.
- (5) Strengthen the MIS management information system and simplify the operation process.

2. Long-term business development plans:

- (1) Continue to expand the overall operation scale by owning, leasing and franchising.
- (2) Actively establish ERP system to strengthen information integration and resource sharing.
- (3) To expand the scope of physical channels by combining member services with cross-industry joint marketing.
- (4) Gradually implement the model of eliminating the weak and supporting the strong to develop excellent operating sites.

## 2. Market and Sales Overview

### (1) Market Analysis

#### 1. Sales regions of major products

All of the Company's oil products and other services for the last three years were sold domestically. The situation of dividing the Company's gas stations into sales regions according to the operating sites is as follows.

Unit: NT\$ in thousands

Year District	2022		2021		2020	
	Amount	%	Amount	%	Amount	%
Keelung City ×3	443,476	6.566	395,626	7.153	306,815	6.955
New Taipei City×9	1,343,481	19.890	1,195,629	21.618	1,148,406	26.031
Taoyuan County×9	805,850	11.931	677,124	12.242	518,406	11.751
Hsinchu County×1	54,329	0.804	50,769	0.918	43,189	0.979
Miaoli County×1	48,015	0.711	45,392	0.821	37,587	0.852
Taichung City×6	603,487	8.935	516,328	9.335	423,246	9.594
Yunlin County×3	598,208	8.857	398,748	7.209	329,481	7.469
Chaiyi City×1	151,111	2.237	80,751	1.460		
Taitung County×2	152,809	2.262	133,090	2.406	116,930	2.651
Hualien County×5	281,881	4.173	263,624	4.766	251,217	5.694
Tainan City×6	709,276	10.501	481,780	8.710	393,799	8.926
Kaohsiung City×10	1,012,503	14.990	892,173	16.130	555,328	12.588
Pingtung County×9	416,044	6.160	335,726	6.070	232,738	5.276
Food and Accommodation Revenue	68,836	1.019	61,017	1.103	37,430	0.378
Others	65,125	0.964	3,255	0.059	167,021	0.856
Total	6,754,436	100.000	5,531,032	100.000	4,561,593	100.000

- Notes:
1. Yungkang station started operation on January 28, 2022.
  2. Shanhua station started operation on March 21, 2022.
  3. Anding station started operation on May 1, 2022.
  4. Yunke station started operation on May 17, 2022.
  5. Mantin station started operation on July 11, 2022.
  6. Ruiguang station started operation on September 7, 2022.

#### 2. Market share and future market supply and demand and growth

The Company has had 70 gas stations in operation since its establishment on December 1988 till March 2023, of which the subsidiaries are having 10 gas stations in operation.

In terms of the number of stations, according to the data from the Bureau of Energy, Ministry of Economic Affairs as of March 112, the total share of 2,507 public and private gas stations in Taiwan is about 2.513%.

In terms of the number of stations, according to the data from the Bureau of Energy, Ministry of Economic Affairs as of March 112, the total market share of 2,507 public and private gas stations in Taiwan is about 2.513%.

According to the statistical data from the Bureau of Energy on February 2023, the total gasoline and diesel fuel consumption of the public and private gas stations in Taiwan was 1,270,338 metric tons, and the market share of Beiji was about 1.6%. In the future, with the increase of new operating sites, the market share of both gas stations and fuel generation will gradually increase and maintain a steady growth.

#### 3. Competitive niche

The Company had a total of 70 stations as of March 2023, of which 32 stations are self-owned, accounting for 45.71%. Compared with other domestic gasoline operators, most of which are mainly leased and are facing the pressure of rent adjustment and the risk of decreasing profitability and the number of stations with the successive new gas stations, the Company is relatively stable and sustainable in this aspect.

4. Favorable and unfavorable factors of the prospect of product development

(1) Favorable factors:

A. The oil supplier is CPC, and the oil supply is stable and not in shortage.

B. The channel development of gas stations has moved into the diversified operation to increase the revenue of gas station. In addition to the sale of oil products, the Company also provides exquisite carwash services, and currently issues membership cards to promote the membership, hoping to cultivate members and increase their loyalty, so as to expand the number of members to an economic scale, which will reduce various procurement costs.

(2) Unfavorable factors:

A. It is not easy to obtain a suitable business operating site because of the strict restrictions on land use and road width, public facilities, and distance from other gas stations, etc. for establishing a gas station, so it requires huge capital to expand business operating sites to an economic operating scale and enhance the competitiveness of operation.

B. The operating gas stations are lack of labor force coupled with the high turnover rate of gas staff and the government's yearly increase in the minimum basic wage, thereby leading to an increase in management and operating costs.

5. Countermeasures:

(1) Actively look for good operating sites and strengthen land development planning to expand the number of stations through purchases, leases or mergers.

(2) Improve the Company's operational performance and provide better employee benefits to attract good employees and reduce the turnover rate

(3) Forge strategic alliances with other companies of the industry in the future to increase the consuming volume of oil and improve the bargaining power with oil companies to enhance profitability. In addition, diversification will help increase profitability and create a good corporate image to enhance market visibility.

(4) Set up self-service refueling facilities.

(2) Important usage and production process of major products

1. Usage:

The 98 unleaded gasoline, 95 unleaded gasoline, 92 unleaded gasoline and diesel fuel sold by the Company sell are uses as fuels for motor vehicles.

2. Production process:

All the oil products currently available for sale by the Company are purchased from CPC in Taiwan, so there is no production process involved.

(3) Status of main raw material supply:

The Company's main supplier of raw materials is CPC, and both parties have signed an oil supply contract, so the supply is stable supply and the quality is good.

(4) The names of customers who have accounted for more than 10% of the total purchase (sales) in any one of the last two years and the amount and proportion of their purchase (sales), together with the reasons for the increase or decrease shall be stated clearly. However, if the customer

name shall not be disclosed due to the contract, or if the counterparty is an individual and not a related party, a code may be used for this purpose instead.

1. Information on major customers in the last two years: The Company has no customers accounting for more than 10% of the total sales in the last two years.

2. Information on major suppliers in the last two years:

Unit: NT\$ in thousands

Item	2021				2022				As of Q1 of 2023 (Note)			
	Name	Amount	% of net import this year	Relationship with issuer	Name	Amount	% of net import this year	Relationship with issuer	Name	Amount	% of net import this year as of end of previous quarter	Relationship with issuer
1	CPC	3,943,255	90.70	None	CPC	5,323,615	91.22	None	CPC	1,266,541	91.75	None
2	FPCC	383,090	8.81	None	FPCC	492,474	8.44	None	FPCC	109,199	7.91	None
3	Others	21,151	0.49	None	Others	19,973	0.34	None	Others	4,774	0.34	None
4	Net Import	4,347,496	100.00		Net Import	5,836,062	100.00		Net Import	1,880,515	100.00	

Note: As of the publication date of the annual report, the most recent financial information that has been audited or reviewed by a certified public accountant is not available for disclosure.

(5) The Company's production volume for the last two years: The Company is mainly in the trading service industry, so it is not applicable.



(6) Major customers in the last two years:

Unit: Kiloliter/NT\$ in thousands

Sales volume Major Product (or Department)	Year	2021				2022			
		Domestic Sales		Export		Domestic Sales		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
92 Unleaded Gasoline		22,634	685,651	0	0	10,517	808,011	0	0
Premium Diesel		38,721	1,179,853	0	0	44,281	1,473,999	0	0
95 Unleaded Gasoline		96,241	3,153,746	0	0	106,115	3,805,563	0	0
98 Unleaded Gasoline		9,175	332,218	0	0	10,517	413,437	0	0
By-product oil			31,395	0	0		34,263	0	0
Revenue from carwash			75,945	0	0		85,201	0	0
Revenue from restaurant and accommodation			61,017	0	0		68,836	0	0
Revenue from energy storage				0	0		24,788	0	0
Revenue from electric bus				0	0		15,309	0	0
Revenue from vehicle testing				0	0		5,722	0	0
Others			11,207	0	0		19,307	0	0
Total		166,771	5,531,032	0	0	171,430	6,754,436	0	0

3. Human Resources of Recent Two Years and as of the Publication Date of the Annual Report

Year		2021	2022	As of March 31, 2023
No. of employees	Employee	339	347	354
	Part-time student staff	433	525	529
	Total	772	872	883
Average age		28.12	28.32	0
Average no. of years of service		2.8	2.77	0
Academic Distribution (%)	PhD	0	0	0
	Master	3	2	2
	College	322	365	367
	High School	408	467	476
	Below High School	39	38	38

4. Environmental Protection Expenditure

1. Losses due to environmental pollution in the last two years:

Unit: NT\$ in thousands

Year	Amount for remediation of environmental pollution
2022	4,500

2. Countermeasures

- (1) In line with the government's policy to improve air quality, we plan to gradually build more fuel gas recycle systems to enhance the Company's image and gain the trust of our customers.

(2) Estimated environmental capital expenditures for the next two years

Unit: NT\$ in thousands

Purpose	Countermeasure	Cost
Prevention and control of air pollution	The fuel dispenser is equipped with an oil and gas recycle system to reduce the concentration of oil and harmful substances at the site of gas station, and the flow of oil returned to the tank by the oil and gas recycle system will impose a positive effect on inventory.	The cost is calculated by the number of new fuel dispensers purchased at a unit price of \$9,500 ~11,000.
Prevention and control of soil pollution	Regularly perform soil gas test once every four months to detect possible soil contamination at an early stage.	The average cost is about \$900,000 per year.
Prevention and control of water pollution	Regularly perform soil gas test once every four months to detect possible soil contamination at an early stage.	Same project as above
	The carwash machine is equipped with wastewater treatment and recycling equipment based on the estimated wastewater treatment capacity so that the discharged wastewater can meet environmental standards and the recycled water resources can be effectively utilized as carwash water.	The cost for installing new carwash machines of the estimated wastewater treatment specification is about \$650,000~700,000/machine, and their maintenance cost is about \$20,000/machine.

(3) Impacts after Improvement

To implement the government's environmental protection policies, the Company has planned and set up environmental protection facilities in each business operating station. By regulating the relevant operations of employees, the Company has achieved the performance of environmental protection facilities and established a good social image through actual practice and management.

3. Total amount of losses (including compensation) and penalties incurred by environmental pollutions in the last three years, and their future measures and possible expenses.

(1) Pollution penalty in the last three years:

a. In Q1 to Q3 of 2022, Xinhai station and Xingyun station violated the Land Pollution Act, and were fined a total of NT\$1.5 million, and are in the remediation process of improving the soil pollution.

(2) Losses due to environment pollution and countermeasures: The Company is currently working on improving the sites that are contaminated by soil.

4. Current pollution status, its impact on the Company's earnings, competitive position, and capital expenditures for environmental protection in the next three years: As per the Water Pollution Control Act, all companies are required to install environmental pollution protection equipment, thus having little impact on the competitive position. It is estimated that the capital expenditure on environmental protection will be less than 1% of annual revenue over the next three years.

5. Information on the EU RoHS directive regarding hazardous substances: Not applicable

## 5. Labor-Management Relation

(1) Status of current employee benefits, training and development, retirement system and its implementation, agreements between labor and management, and measures for safeguarding employees' rights and benefits:

1. Employee benefits: The Company has always believed that employees are the most important assets. In addition to complying with the provisions of the collective agreements, the Company has also added various benefits such as childcare and employee bonuses and will continue to fulfill its duty of care and provides employees with communication and consultation channels to establish harmonious labor-management relations.

(1) The Company provides group insurance for employees to maintain their interests.

(2) The Company establishes an “Employee Welfare Committee” to promote various welfare measures.

- A. Annual travel subsidy
- B. Wedding congratulations money
- C. Maternity/paternity subsidy
- D. Public work injury hospital consolation money
- E. General injury/illness hospital consolation money
- F. Consolation money for the death of direct relatives

(3) Implementation status: A total of NT\$3,960,233 was spent in 2022, with the details and amounts listed below:

Benefit Item	Name of Item	Amount (NT\$)
Welfare subsidy	Wedding and funeral subsidies	164,300
	Injury emergency assistance	57,600
	Childbirth emergency assistance	19,200
Education scholarship	Children's education scholarship	91,500
	Others	3,000
Leisure and recreation	Leisure and recreational activities	1,606,129
	Others	515,160
Other benefits	Seasonal monetary gift	1,435,360
	Others	67,984

2. Retirement System:

The Company has established the “Employee Retirement Plan” to make monthly contributions to the Labor Retirement Fund, which is deposited in the name of the Pension Supervisory Committee in a special account at the Central Trust of China, and cleared the account in accordance with the issued letter Xin Lao Gei Zi No. 10750090131 dated on April 13, 2018.

3. Agreement between Labor and Management:

The Company enforces its management system and welfare measures and provides effective communications between labor and management to achieve a harmonious labor-management relation.

(2) Employees' work environment and personal safety:

1. The Company and its affiliates and branches carry out automatic inspection and environmental testing of the gas stations, continuously improve safety and health measures,

- and create a safe, healthy, comfortable, and friendly working environment.
2. The Company strengthens training and promotion of safety and hygiene measures, drills, and awareness, effectively enhancing employees' safety consciousness, intelligence, and contingency capabilities, to ensure the safety of employees and contractors.
  3. The Company provides annual health check for employees.

## 6. Information Security Management

- (1) The framework for information security risk management, information security policies, specific management plans and resources invested in information security management are stated clearly.

### **Information Security Risk Management Framework.**

The Information Division is responsible for planning and implementing the promotion of awareness of information security management among colleagues and teaching the cause-and-effect relationship of information security incidents to enhance the strength of information security management in response to current situations.

The unit responsible for protecting the Company's information and checking the information security of other departments in the Company is the Information Division. In the event of a cybersecurity incident or a human-caused cybersecurity issue, the Information Division shall immediately intervene to inspect and inform the related department supervisor of the results of the inspection, requesting them to supervise and improve the situation as quickly as possible in order to minimize the impact of the cybersecurity issue.

The operation mode of inspecting information security adopts the PDCA cycle management approach to ensure timeliness and reliability, and to achieve continuous corrective and improvement measures.

### Information Security Policies:

Maintain sustainable operations of business systems

Prevent intrusions of unfriendly network behavior

Prevent human improper use and access to data

Prevent leakage of business information by others

Avoid human negligence and error caused by improper operations.

Ensure data security of information environment

## **Specific Management Solutions**

### **Management of Computer Information Devices**

1. The company's server host and important source data storage devices are set up in the machine room, which is subject to access control for personnel.
2. The air conditioning systems in the machine room and office are separated and equipped with relevant fire protection devices for quick access in case of emergencies.
3. Equipments in the machine room are provided with a regulated uninterruptible power supply system to ensure normal operation or safe shutdown during voltage instability or sudden power outage, so as to prevent data loss or damage.

### **Network Security Management**

1. The entrance of external network to the Company is equipped with an enterprise level firewall to prevent hackers and unfriendly network behavior.
2. When information colleagues must connect to the Company for business needs, they must have VPN accounts and other privileges before they can connect to the Company from outside. The date and time of entry and exit will be recorded for checking.
3. Network equipment capable of adjusting the bandwidth used by the internal staff is installed

to avoid staff occupying the Company's bandwidth, which will cause trouble or disturbance to internal operations.

### **Security Protection and Management**

1. Computers in the machine room and office are equipped with basic anti-virus and anti-hacking software, and are updated in a centralized manner so that they can immediately discover malicious programs or behaviors on the user side and respond immediately.
2. When colleagues send and receive internal and external mails, the mails are scanned from the originating end to identify the contents of the mails without any suspicious files or text before they are sent.

### **Management and Control of Access Rights**

1. All staff in each division/department/office must apply for an account and password to access and use data, and the supervisor must confirm the scope of their access rights before submitting the request to the Information Technology Division.
2. For the setting of account password, there will be a default password, and after login with the default password, the password can be changed by the applicant. The password has to be at least 4 digits before it can be changed successfully.
3. When resigning from the job, the personnel must fill out the resignation letter in accordance with the standard operating procedures of the personnel management and destroy or return all of the related access rights and security cards applied when the personnel was onboard.

### **Ensurance of the sustainable operation of the operating system**

1. System backups are done on a daily basis at regular intervals on this and other machines, and the backup status is checked daily to confirm that the backup operation is working properly.
2. The disaster recovery system regularly tests the data read and written in order to restore the correct data, and checks whether there is any abnormality or error in order to avoid the inability of resuming correct data in case of disaster.
3. Two networks are equipped to exchange data without interruption and automatically switch lines without the need of manual operation.

### **Information Security Education and Propaganda**

1. Through the actual occurrence of information security incidents as the basic textbook to educate colleagues on information security, how to prevent and how to deal with the incidents will be informed.
2. In the meeting or cadre education training, the importance of account and password security will be emphasized, and the advocacy and supervision will be promoted through case studies, so that employees will be more careful in using the systems and paying more attention to information security.

### **Cybersecurity management.**

1. Network anti-hacking and malicious software, ransomware is preliminarily processed and judged at the Company's network entrance for trigger-based behavior. Other non-triggered behaviors are rechecked and observed by user-end antivirus and anti-hacking software before being allowed to proceed.
2. Hire personnel with qualified information security certification to conduct comprehensive audits and improvements for the Company's information security, and to propose effective and reliable countermeasures and guidance.

- (2) No significant cybersecurity incidents occurred during the recent fiscal year or as of the publication date of the annual report. Therefore, there were no losses, possible impacts, or countermeasures to report, and no estimation was required.

## 7. Important Contracts

Nature of contract	Related Party	Term of Contract	Content	Restricted term
Oil Purchase Contract	CPC Corporation, Taiwan	2017.03.01~113.02.28	Automobile gas station supply alliance contract	None

## VI. Financial Overview

### 1. Condensed Balance Sheets and Statements of Comprehensive Income of the Last Five Fiscal Years

#### (1) Concise balance sheets and consolidated profit and loss tables

##### 1. Concise balance sheet (consolidated)

Unit: NT\$ in thousands

Item	Year	Financial information of the last five years (Note 1)					Financial information of Current year to as of 2023.03.31 (Note 3)
		2022	2021	2020	2019	2018	
Current asset		2,658,332	1,749,285	1,035,042	746,722	630,992	3,556,543
Property, plant and equipment (Note 2)		5,646,022	4,064,580	3,745,842	3,106,458	3,010,444	8,284,612
Intangible asset		182,812	183,969	42,500	8,528	52,768	190,171
Other asset (Note 2)		6,490,157	3,272,465	1,866,611	1,237,409	404,708	4,996,474
Total assets		14,977,323	9,270,299	6,689,995	5,099,117	4,098,912	17,027,800
Current liabilities	Pre allocation	3,649,534	1,637,032	1,993,733	898,262	782,382	3,252,555
	Post allocation	(Note 4)	1,785,260	2,089,650	936,629	820,749	(Note 4)
Non-current liabilities		7,307,458	3,838,972	2,319,377	2,004,344	1,149,354	6,959,398
Total liabilities	Pre allocation	10,956,992	5,476,004	4,313,110	2,902,606	1,931,736	10,211,953
	Post allocation	(Note 4)	5,624,232	4,409,027	2,940,973	1,970,103	(Note 4)
Equity attributable to owners of the parent company		3,835,454	3,618,336	2,282,915	2,177,540	2,159,243	4,857,671
Share Capital		2,789,307	2,462,493	1,918,332	1,918,332	1,918,332	2,870,978
Capital Reserve		745,749	838,381	106,087	78,270	74,406	1,667,807
Retention Surplus	Pre allocation	302,135	319,137	264,650	182,548	168,015	320,623
	Post allocation	(Note 4)	170,909	168,733	144,181	129,648	(Note 4)
Other Rights and Benefits		(1,737)	(1,675)	(1,693)	(1,610)	(1,510)	(1,737)
Treasury Stocks		0	0	0	0	0	0

Non-controlling interests		184,877	175,959	93,970	18,971	7,933	1,958,176
Total equity interests	Pre allocation	4,020,331	3,794,295	2,381,346	2,196,511	2,167,176	6,815,847
	Post allocation	(Note 4)	3,646,067	2,285,429	2,158,144	2,128,809	(Note 4)

Note 1: The above annual information has been reviewed and certified by accountant.

Note 2: As of 2022.12.31, the Company has not had its assets revalued.

Note 3: As of 2022.12.31, the financial information has been reviewed by accountant.

Note 4: Not distributed yet.

## 2. Concise comprehensive income statement (Consolidated)

Unit: NT\$ in thousands

Item \ Year	Financial information of the last five years (Note 1)					Financial Information of the current year as of 2023.03.31 (Note 2)
	2022	2021	2020	2019	2018	
Operating Income	6,754,436	5,531,032	4,411,593	5,149,620	5,252,048	1,740,914
Gross profit	857,722	823,730	753,440	695,500	663,392	253,000
Operating Profit and Loss	(11,180)	82,927	110,347	97,140	102,964	11,712
Non-operating income and expenses	173,877	100,409	33,842	(25,462)	(7,848)	9,083
Net Income before Tax	162,697	183,336	144,189	71,678	95,116	20,795
Net profit for the period from continuing operations	162,697	183,336	144,189	71,678	95,116	20,795
Loss from discontinued operations	0	0	0	0	0	0
Net income (loss) for the period	142,311	151,103	114,666	47,589	77,070	17,764
Other comprehensive income (net of tax) for the period	(62)	18	(83)	(100)	(1,510)	
Total comprehensive income for the period	142,249	151,121	114,583	47,489	75,560	
Net income attributable to owners of parent company	131,468	154,864	120,469	52,900	76,436	18,488
Net income attributable to noncontrolling interests	10,843	(3,761)	(5,803)	(5,311)	634	(724)
Total comprehensive income attributable to owners of the parent company	131,406	154,882	120,386	52,800	74,926	18,488



Total comprehensive income and loss attributable to noncontrolling interests	10,843	(3,761)	(5,803)	(5,311)	634	(724)
Earnings per share	0.48	0.69	0.63	0.28	0.40	0.07

Note 1: The above annual information has been reviewed and certified by accountant.

Note 2: As of 2023.03.31, the financial information has been reviewed by accountant.

### 3. Concise balance sheet (Individual)

Unit: NT\$ in thousands

Year		Financial information of the last five years (Note 1)				
		2022	2021	2020	2019	2018
Current asset		1,095,362	948,457	726,979	620,403	485,847
Property, plant and equipment		3,703,222	3,673,411	3,439,508	3,017,033	2,986,006
Intangible asset		3,048	4,126	5,486	6,931	9,072
Other Asset		5,393,453	2,337,125	1,469,918	842,757	565,775
Total Assets		10,195,085	6,963,119	5,641,891	4,487,124	4,046,700
Current liabilities	Pre allocation	3,047,185	1,092,632	1,878,726	833,416	738,136
	Post allocation	(Note 2)	1,240,860	1,974,643	871,783	776,503
Non-Current liabilities		3,312,446	2,252,151	1,480,251	1,476,168	1,149,321
Total liabilities	Pre allocation	6,359,631	3,344,783	3,358,977	2,309,584	1,887,457
	Post allocation	(Note 2)	3,493,011	3,454,894	2,347,951	1,925,824
Equity attributable to owners of the parent company		3,835,454	3,618,336	2,282,915	2,177,540	2,159,243
Share capital		2,789,307	2,462,493	1,918,332	1,918,332	1,918,332
Equity capital surplus		745,749	838,381	106,087	78,270	74,406
Retention Surplus	Pre allocation	302,135	319,137	260,189	182,548	168,015
	Post allocation	(Note 2)	170,909	164,272	144,181	129,648
Other Rights and Benefits		(1,737)	(1,675)	(1,693)	(1,610)	(1,510)
Treasury Stocks		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity interests	Pre allocation	3,835,454	3,618,336	2,282,915	2,177,540	2,159,243
	Post allocation	(Note 2)	3,470,108	2,186,998	2,139,173	2,120,876

Note 1: The above annual information has been reviewed and certified by accountant.

Note 2: Not distributed yet.

#### 4. Concise income statement (Individual)

Unit: NT\$ in thousands

Item \ Year	Financial information of the last five years (Note 1)				
	2022	2021	2020	2019	2018
Operating Income	5,372,833	4,471,135	3,794,593	4,509,252	4,551,262
Gross profit	677,051	665,097	661,211	625,321	586,106
Operating Profit and Loss	(14,257)	72,563	117,719	102,299	79,787
Non-operating income and expenses	153,196	107,521	30,238	(23,245)	15,755
Net Income before Tax	138,939	180,084	147,957	79,054	95,542
Net profit for the period from continuing operations	138,939	180,084	147,957	79,054	95,542
Loss from discontinued operations	0	0	0	0	0
Net income (loss) for the period	131,468	154,864	120,469	52,900	76,436
Other comprehensive income (net of tax) for the period	(62)	18	(83)	(100)	(1,510)
Total comprehensive income for the period	131,406	154,882	120,386	52,800	74,926
Net income attributable to owners of parent company	131,406	154,882	120,469	52,900	76,436
Net income attributable to noncontrolling interests	0	0	0	0	0
Total comprehensive income attributable to owners of the parent company	131,406	154,882	120,386	52,800	74,926

Total comprehensive income and loss attributable to noncontrolling interests	0	0	0	0	0
Earnings per share	0.48	0.69	0.63	0.28	0.40

Note 1: The above annual information has been reviewed and certified by accountant.

Note 2: N/A

(3) Concise balance sheet table and concise comprehensive profit and loss table - Financial accounting standards for enterprises in Taiwan: N/A

(3) Name of certified public accountant and audit opinion in the last five years

Year	Name of Certified Public Accountant	Audit Opinion
2018	Yu Sheng-Ho , David Chen	No reservation
2019	Huang Yung-Hua, David Chen	No reservation
2020	Huang Yung-Hua, David Chen	No reservation
2021	Huang Yung-Hua, David Chen	No reservation
2022	Yu Sheng-Ho , David Chen	No reservation

## 2. Financial Analysis of the Last Five Fiscal Years

### (1) Financial analysis

#### 1. Consolidated

Analysis Item (Note 3)		Financial information of the recent five years					Financial Information as of 2023.03.31 (Note 2)
		2022	2021	2020	2019	2018	
Financial Structure (%)	Debt to Assets Ratio	73.16	59.07	64.47	56.92	47.13	59.97
	Long-term capital to property, plant and equipment ratio	125.25	119.79	78.37	110.89	110.09	94.97
Solvency (%)	Current Ratio	72.84	106.86	51.91	83.13	80.65	109.35
	Quick Ratio	49.69	68.85	27.78	31.98	32.37	80.89
	Interest coverage multiple	2.82	3.69	4.73	3.13	5.25	1.65
Operating Capability	Receivables turnover rate (times)	80.93	189.06	201.14	169.89	152.82	12.71
	Average collection days	4.51	1.93	1.81	2.15	2.39	28.715
	Inventory turnover rate (times)	8.34	8.85	7.93	10.82	18.74	1.75
	Payables turnover rate (times)	14.39	16.65	30.77	30.14	27.50	2.76
	Average sales days	43.75	41.22	46.05	33.74	19.47	208.46
	Property, plant and equipment turnover rate (times)	1.39	1.42	1.29	1.68	1.76	0.25
	Total Assets Turnover (Times)	0.56	0.69	0.75	1.12	1.35	0.11
Profitability	Return on Assets (%)	1.68	2.62	2.57	1.74	2.42	0.28
	Return on equity (%)	3.53	5.25	5.40	2.44	3.57	0.43
	Net income before income tax as a percentage of paid-in capital (%) (Note 7)	(0.40)	3.37	5.75	3.74	4.96	0.41
	Net income ratio(%)	1.95	2.80	2.73	1.03	1.46	1.06
	Earnings per share (NT\$)	0.48	0.69	0.69	0.28	0.40	0.07
Cash flow (%)	Cash flow ratio (%)	11.18	11.83	18.34	14.66	(11.75)	(6.50)
	Cash Flow Allowance Ratio(%)	26.91	28.91	32.52	11.96	1.95	16.87
	Cash flow reinvestment ratio (%)	3.03	1.82	9.24	2.85	(3.47)	(3.60)
Leverage	Operating leverage	(604.15)	66.70	39.98	53.01	51.01	148.64
	Financial leverage	0.11	5.57	1.54	1.53	1.28	(0.58)
Please explain the reasons for the change in financial ratios for the last two years. (Analysis is exempted if the change is less than 20%) (See Table 1)							

\* If a company prepares individual financial reports, an analysis of the company's individual financial ratios should be prepared separately.

\* The following Table 2 should be prepared using the financial information of Taiwan Financial Reporting Standards if the financial information prepared using the International Financial Reporting Standards is less than five years old.

Note 1: The year in which the information has not been certified by accountant should be indicated.

Note 2: As of the publication date of the annual report, the most recent financial information of companies whose shares are listed or traded in the securities dealer's office has been reviewed and audited by accountant.

Note 3: The following formulas should be listed at the end of the annual report.

#### 1. Financial structure

(1) Debt to assets ratio = Total liabilities / Total assets.

(2) (1) Debt to assets ratio = Total liabilities / Total assets.

(2) Long-term capital to property, plant and equipment ratio = (Total equity + Non-current liabilities) / Net value of property, plant and equipment.

#### 2. Solvency

(1) Current Ratio = Current Assets / Current Liabilities.

(2) Quick Ratio = (Current Assets - Inventory - Prepaid Expenses) / Current Liabilities.

(3) Interest coverage multiple = Net income before income tax and interest expense / Interest expense for the period.

### 3. Operating Capabilities

(1) Accounts receivable (including accounts receivable and notes receivable from operations) turnover rate = Net sales/ Average balance of accounts receivable for each period (including accounts and notes receivable from operations) for each period.

(2) Average collection days = 365/receivable turnover rate.

(3) Inventory turnover rate = Cost of goods sold / Average inventory level.

(4) Turnover rate of accounts payable (including accounts payable and notes payable arising from operations) = Cost of goods sold/ Average balance of accounts payable (including accounts payable and notes payable arising from operations) for each period.

(5) Average sales days = 365 / Inventory turnover rate.

(6) Property, plant and equipment turnover rate = Net sales / Average net value of property, plant and equipment.

(7) Total asset turnover rate = Net sales / average total assets.

### 4. Profitability

(1) Return on assets = [Profit and loss after tax + Interest expense × (1 - Tax rate)] / Total average assets.

(2) Return on equity = Profit or loss after tax / Average net shareholders' equity.

(3) Net profit margin = Profit or loss after tax / Net sales.

(4) Earnings per share = (Net profit after tax – Preferred stock dividend) / Weighted average number of outstanding shares. (Note 4)

### 5. Cash flow

(1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.

(2) Net cash flow allowance ratio = Net cash flow from operating activities for the last five years / (capital expenditures + increase in inventory + cash dividends) for the last five years.

(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividend) / (gross fixed asset + long-term investment + other asset + Working capital). (Note 5)

### 6. Leverage:

(1) Operating leverage = (Net operating revenue - Variable operating cost and expense) / operating income. (Note 6).

(2) Financial leverage = Operating income / (Operating income - Interest expense).

Note 4: In the above formula for calculating earnings per share, special attention should be paid to the following items:

1. The calculation is based on the weighted average number of common shares, rather than the number of outstanding shares at the end of the year.
2. The weighted average number of shares should be calculated by taking into account the period of liquidity of the shares, if there is a cash capital increase or a treasury stock transaction.
3. Any transfer of surplus into capital increase or transfer of capital surplus into capital increase should be adjusted retroactively in proportion to the capital increase in the calculation of earnings per share for prior years and semiannual periods, without regard to the issuance period of such capital increase.

4. If the preferred stock is a non-convertible cumulative preferred stock, the dividends (whether or not issued) for the year shall be reduced by the net income after tax or increased by the net loss after tax. If the preferred stock is non-cumulative, the preferred stock dividends should be deducted from net income if there is a profit after tax; if there is a loss, no adjustment is required.

Note 5: Special attention should be paid to the following items for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refers to the annual cash outflow from capital investment.
3. Increase in inventories is included only when the ending balance is greater than the opening balance. If the inventory decreases at the end of the year, it is calculated as zero.
4. Cash dividends include cash dividends from common stock and preferred stock.
5. Gross fixed asset refers to the total fixed asset before accumulated depreciation.

Note 6: Issuers should distinguish between fixed and variable operating costs and operating expenses depending on their nature. Where estimates or subjective judgments are involved, the issuer should pay attention to their reasonableness and maintain consistency.

Note 7: If the Company's stock has no par value or the par value per share is not NT\$10, the calculation of the ratio of paid-in capital is based on the ratio of equity attributable to the owners of the parent company in the balance sheet.

## 2. Individual

Analysis Item (Note 1)		Financial information of the recent five years					
		Year (Note 1)	2022	2021	2020	2019	2018
Financial Structure (%)	Debt to Assets Ratio		62.38	48.04	59.49	51.47	46.64
	Long-term capital to property, plant and equipment ratio		141.68	132.54	85.47	113.54	110.72
Solvency (%)	Current Ratio		35.95	86.80	38.70	74.44	65.82
	Quick Ratio		9.66	33.37	14.06	20.40	15.15
	Interest coverage multiple		3.11	5.43	6.50	3.76	5.27
Operating Capability	Receivables turnover rate (times)		260.94	222.26	181.88	219.65	166.97
	Average collection days		1.40	1.64	2.01	1.67	2.19
	Inventory turnover rate (times)		7.53	7.51	7.56	14.14	16.67
	Payables turnover rate (times)		14.90	15.53	12.95	29.66	3.12
	Average sales days		48.49	48.57	48.03	25.80	21.89
	Property, plant and equipment turnover rate (times)		1.50	1.34	1.18	1.51	1.54
	Total Assets Turnover (Times)		0.68	0.78	0.78	1.10	1.18
Profitability	Return on Assets (%)		2.28	3.24	2.9	1.82	2.44
	Return on equity (%)		4.29	5.34	5.42	2.47	3.58
	Net income before income tax as a percentage of paid-in capital (%)		5.05	7.31	7.71	4.12	4.98
	Net income ratio(%)		2.45	3.46	3.17	1.17	1.68

	Earnings per share (NT\$)	0.48	0.63	0.63	0.28	0.40
Cash flow (%)	Cash flow ratio (%)	10.90	11.43	18.64	17.08	(16.04)
	Cash Flow Allowance Ratio(%)	40.99	24.14	28.11	7.36	(3.96)
	Cash flow reinvestment ratio (%)	2.86	0.54	8.99	3.14	(4.28)
Leverage	Operating leverage	376.86	61.62	32.23	44.08	57.04
	Financial leverage	0.18	2.28	1.30	1.39	1.39
Please explain the reasons for the change in financial ratios for the last two years. (Analysis is exempted if the change is less than 20%) (Please refer to the table below)						

Note 1: The year in which the information has not been certified by accountant should be indicated.

Note 2: The following formulas should be shown at the end of this annual report:

1. Financial structure

(1) Liabilities to assets = Total liabilities / Total assets.

(2) Long-term capital to fixed assets ratio = (Net shareholders' equity + Long-term liabilities) / Net fixed assets.

2. Solvency

(1) Current ratio = Current assets / Current liabilities.

(2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities.

(3) Interest coverage ratio = Net profit before tax and interest expense / Current interest expense.

3. Operating Capabilities

(1) Accounts receivable (including accounts receivable and notes receivable from operations) turnover rate = Net sales/ Average balance of accounts receivable for each period (including accounts and notes receivable from operations) for each period.

(2) Average collection days = 365/receivable turnover rate.

(3) Inventory turnover rate = Cost of goods sold / Average inventory level.

(4) Turnover rate of accounts payable (including accounts payable and notes payable arising from operations) = Cost of goods sold/ Average balance of accounts payable (including accounts payable and notes payable arising from operations) for each period.

(5) Average sales days = 365 / Inventory turnover rate.

(6) Fixed asset turnover rate = Net sales / Average net fixed assets.

(7) Total asset turnover rate = Net sales / average total assets.

4. Profitability

(1) Return on assets = [Profit and loss after tax + Interest expense × (1 - Tax rate)] / Total average assets.

(2) Return on equity = Profit or loss after tax / Average net shareholders' equity.

(3) Net profit margin = Profit or loss after tax / Net sales.

(4) Earnings per share = (Net profit after tax – Preferred stock dividend) / Weighted average number of outstanding shares. (Note 4)

5. Cash flow

(1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.

(2) Net cash flow allowance ratio = Net cash flow from operating activities for the last five years / (capital expenditures + increase in inventory + cash dividends) for the last five years.

(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividend) / (gross fixed asset + long-term investment + other asset + Working capital). (Note 5)



6. Leverage:

(1) Operating leverage = (Net operating revenue - Variable operating cost and expense) / operating income.

(Note 6).

(2) Financial leverage = Operating income / (Operating income - Interest expense).

Note 3: In the above formula for calculating earnings per share, special attention should be paid to the following items:

5. The calculation is based on the weighted average number of common shares, rather than the number of outstanding shares at the end of the year.
6. The weighted average number of shares should be calculated by taking into account the period of liquidity of the shares, if there is a cash capital increase or a treasury stock transaction.
7. Any transfer of surplus into capital increase or transfer of capital surplus into capital increase should be adjusted retroactively in proportion to the capital increase in the calculation of earnings per share for prior years and semiannual periods, without regard to the issuance period of such capital increase.
8. If the preferred stock is a non-convertible cumulative preferred stock, the dividends (whether or not issued) for the year shall be reduced by the net income after tax or increased by the net loss after tax. If the preferred stock is non-cumulative, the preferred stock dividends should be deducted from net income if there is a profit after tax; if there is a loss, no adjustment is required.

Note 4: Special attention should be paid to the following items for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refers to the annual cash outflow from capital investment.
3. Increase in inventories is included only when the ending balance is greater than the opening balance. If the inventory decreases at the end of the year, it is calculated as zero.
4. Cash dividends include cash dividends from common stock and preferred stock.
5. Gross fixed asset refers to the total fixed asset before accumulated depreciation.

Note 5: Issuers should distinguish between fixed and variable operating costs and operating expenses depending on their nature. Where estimates or subjective judgments are involved, the issuer should pay attention to their reasonableness and maintain consistency.

(Table 1) The biennial differences of 20% or more for the two years ended December 31, 2022 and 2021 are summarized as follows (Consolidated)

Item	Biennial difference %	Description of the biennial difference
Debt to Assets Ratio	23.85	The increase in total liabilities was mainly due to the increase in borrowings and the issuance of corporate bonds.
Current Ratio	-31.43	The increase in current liabilities was mainly due to the increase in short-term borrowings.
Quick Ratio	-27.16	Same as above
Interest coverage multiple	-38.21	The increase in borrowings was mainly due to the increase in interest expenses.
Receivables turnover rate	-57.19	Mainly due to the increase in accounts receivable as a result of the commencement of the operations of Subsidiary
Average collection days	133.68	Same as above
Return on Assets (%)	-35.88	Mainly due to the increase in assets of the Company
Return on equity (%)	-32.76	Mainly due to the increase in share capital
Net income before income tax as a percentage of paid-in capital (%)	-22.68	Ditto
Net income ratio (%)	-30.36	Mainly due to the increase in net sales
Earnings per share (NT\$)	-30.43	Mainly due to the decrease in net income after tax
Cash flow reinvestment ratio	65.93	Mainly due to the decrease in working capital
Operating leverage	-1005.77	Mainly due to the decrease in operating income
Financial leverage	-98.03	Same as above

(Table 1) The biennial differences of 20% or more for the two years ended December 31, 2022 and 2021 are summarized as follows (Individual)

Item	Biennial variance %	Description of the biennial variance percentage
Liabilities to Assets Ratio	29.85	The increase in total liabilities was mainly due to the increase in borrowings and the issuance of corporate bonds.
Current ratio	-58.58	The increase in current liabilities was mainly due to the increase in short-term borrowings
Quick ratio	-71.05	Same as above
Interest coverage ratio	-42.73	Mainly due to the increase in interest expenses as a result of the increase in borrowings
Return on assets (%)	-29.63	Mainly due to the increase in corporate assets
Ratio of pre-tax net profit to paid-in capital (%)	-30.92	Mainly due to the increase in equity
Profit rate (%)	-29.19	Mainly due to the increase in net sales
Earnings per share (NT\$)	-23.81	Mainly due to the decrease in net income after tax
Cash Flow Allowance Ratio	51.69	Mainly due to the increase in capital expenditures and inventories
Cash Flow Reinvestment Ratio	183.23	Mainly due to the decrease in working capital
Operating leverage	-711.59	Mainly due to the decrease in operating income
Financial leverage	-92.11	Same as above
Liabilities to Assets Ratio	29.85	The increase in total liabilities was mainly due to the increase in borrowings and issuance of corporate bonds
Current ratio	-58.58	The increase in current liabilities was mainly due to the increase in short-term borrowings

### 3. Audit Committee's Audit Report on Recent Financial Report

## North-Star International Co., Ltd.

### Audit Committee Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements and Surplus Distribution Proposal, in which the accountants Vincent Yu and David Chen of KPMG Taiwan have audited the above-mentioned financial statements and issued an audit report, and this Audit Committee has reviewed the above-mentioned business report and the surplus distribution proposal and believed that there was no discrepancy, thereby hereby issuing this report in accordance with the regulations of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

審計委員會召集人：侯淑惠

Hou, Suk-Hui

Audit Committee Convener  
North-Star International Co., Ltd.

March 31, 2023

## 4. Annual Financial Report

### **Representation Letter**

The entities that are required to be included in the combined financial statements of North-Star International Co., Ltd. as of and for the year ended December 31, 2022 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, North-Star International Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: North-Star International Co., Ltd.  
Chairman: Chung, Chia-Tsun  
Date: March 3, 2023



安侯建業聯合會計師事務所

KPMG

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## Independent Auditors' Report

To the Board of Directors of North-Star International Co., Ltd.:

### Opinion

We have audited the consolidated financial statements of North-Star International Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended 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 Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of 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 Norm of Professional Ethics for Certified Public Accountants of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Other Matter

We did not audit the financial statements of North-Star International Development Industries Corporation (North-Star International Development), an associate of the Group, which represented investment in another entity accounted for using the equity method.

Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for North-Star International Development, is based solely on the report of another auditor. The investment in North-Star International Development accounted for using the equity method constituting 2% of consolidated total assets at both December 31, 2022 and 2021, and the related share of profit of associates and joint ventures accounted for using the equity method constituting 112% and 46% of consolidated total profit before tax for the years then ended, respectively.

We did not audit the financial statements of Yang Ji Enterprise Co., Ltd. (Yang Ji Enterprise), an associate of the Group, which represented investment in another entity accounted for using the equity method.



Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Yang Ji Enterprise, is based solely on the report of another auditor. The investment in Yang Ji Enterprise accounted for using the equity method constituting 0% and 1% of consolidated total assets at December 31, 2022 and 2021, respectively, and the related share of profit of associates and joint ventures accounted for using the equity method constituting (1)% of consolidated total profit before tax for both the years then ended.

North-Star International Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion with an Other Matter paragraph.

### **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.

#### Revenue recognition

Refer to Note 4(p) “Revenue” and Note 6(w) “Revenue from contracts with customers” to the consolidated financial statements.

#### Description of key audit matter:

North-Star International Co., Ltd. is principally engaged in the retail business of gasoline products, with petrol filling stations located throughout Taiwan. The operating income of each station is recorded through the Point-of-Sale Information System (POS) for each transaction in terms of the quantity, unit price and total price. After the daily checkout, sales are counted according to each station's daily sales report and reviewed by the way of customer payment method (by cash, by credit cards, credits sales on account). Therefore, revenue recognition was the key audit matter in the audit of consolidated financial reports for the years ended December 31, 2022 and 2021 of the Group.

#### How the matter was addressed in our audit:

Our principal audit procedures to the above key audit matter included: understanding the Group’s accounting policies adopted for the revenue recognition and the procedures of transactions; sampling and testing effectiveness of the internal controls surrounding revenue recognition; testing selected sales samples and agreeing to daily sales report, bank deposit records, or credit card bill with related certificates, records on ledger, etc., testing sales cut-off, on a sampled basis, for transactions incurred within a certain period before or after the balance sheet date by evaluating whether the revenue was recorded in proper period.

### **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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed 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 are responsible for overseeing the Group's financial reporting process.

### **Auditors' 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 Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 auditors' 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 and 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 Yu, Sheng-Ho and Chen, Kuo-Tsung.

KPMG

Taipei, Taiwan (Republic of China)  
March 30, 2023

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its 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 auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.



(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
North-Star International Co., Ltd. and subsidiaries

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021		December 31, 2021	
	Amount	%	Amount	%	Amount	%
<b>Assets</b>						
<b>Current assets:</b>						
1100 Cash and cash equivalents (note 6(a))	\$ 1,319,857	9	929,652	10	2100	3
1170 Accounts receivable, net (note 6(d)(w) and 7)	129,286	1	37,643	-	2110	-
1206 Other non-operating receivables, others	6,542	-	27,782	-	2130	2
130X Inventories (note 6(e) and 8)	822,337	5	591,374	6	2170	3
1479 Other current assets, others (note 6(m) and 8)	380,310	3	162,834	2	2200	1
	<u>2,658,332</u>	<u>18</u>	<u>1,749,285</u>	<u>18</u>	<u>2230</u>	-
Non-current assets:						
1510 Non-current financial assets at fair value through profit or loss (note 6(b)(q))	216	-	2,443	-	2280	2
1517 Non-current financial assets at fair value through other comprehensive income (note 6(c))	473	-	535	-	2322	6
1550 Investments accounted for using equity method, net (note 6(f))	302,036	2	272,858	3	2399	1
1600 Property, plant and equipment (note 6(i) and 8)	5,646,022	38	4,064,580	44	2500	2
1755 Right-of-use assets (note 6(j))	2,416,915	16	2,018,522	22	2530	7
1760 Investment property, net (note 6(k))	126,158	1	34,332	-	2540	13
1780 Intangible assets (note 6(l))	182,812	1	183,969	2	2580	21
1915 Prepayments for business facilities (note 7)	2,736,142	18	543,175	6	2670	-
1920 Guarantee deposits paid (note 7)	224,271	1	81,010	1		
1980 Other non-current financial assets (note 8)	630,129	4	270,581	3		
1990 Other non-current assets, others (note 6(t))	53,817	1	49,009	1		
	<u>12,318,991</u>	<u>82</u>	<u>7,521,014</u>	<u>82</u>		
<b>Total assets</b>	<u>\$ 14,977,323</u>	<u>100</u>	<u>9,270,299</u>	<u>100</u>		
<b>Liabilities and Equity</b>						
<b>Current liabilities:</b>						
Short-term borrowings (note 6(o) and 8)	\$ 989,319	7	233,400	3		
Short-term notes and bills payable (note 6(n))	249,697	2	49,841	-		
Current contract liabilities (note 6(w))	223,784	1	172,605	2		
Trade payable	556,991	4	262,069	3		
Other payables	310,726	2	134,818	1		
Current tax liabilities	11,595	-	15,517	-		
Current lease liabilities (note 6(r) and 8)	175,209	1	155,124	2		
Long-term borrowings, current portion (note 6(p) and 8)	1,079,418	7	546,099	6		
Other current liabilities, others (note 6(v) and 7)	52,795	-	67,559	1		
	<u>3,649,534</u>	<u>24</u>	<u>1,637,032</u>	<u>18</u>		
<b>Non-Current liabilities:</b>						
Non-current financial liabilities at fair value through profit or loss (note 6(b) and (q))	210	-	210	-		
Bonds payable (note 6(q) and 8)	1,583,779	11	619,143	7		
Long-term borrowings (note 6(p) and 8)	3,236,102	22	1,250,457	13		
Non-current lease liabilities (note 6(t) and 7)	2,447,952	16	1,929,717	21		
Other non-current liabilities (note 6(t))	39,415	-	39,445	-		
	<u>7,307,458</u>	<u>49</u>	<u>3,838,972</u>	<u>41</u>		
	<u>10,956,992</u>	<u>73</u>	<u>5,476,004</u>	<u>59</u>		
<b>Total liabilities</b>						
<b>Equity attributable to owners of parent (note 6(u)):</b>						
Share capital	2,789,307	19	2,462,493	27		
Capital surplus	745,749	5	838,381	9		
Retained earnings	302,135	2	319,137	3		
Other equity interest	(1,737)	-	(1,675)	-		
	<u>3,835,454</u>	<u>26</u>	<u>3,618,336</u>	<u>39</u>		
<b>Total equity attributable to owners of parent</b>						
Non-controlling interests	184,877	1	175,959	2		
<b>Total equity</b>	<u>4,020,331</u>	<u>27</u>	<u>3,794,295</u>	<u>41</u>		
<b>Total liabilities and equity</b>	<u>\$ 14,977,323</u>	<u>100</u>	<u>9,270,299</u>	<u>100</u>		

See accompanying notes to consolidated financial statements.

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

**North-Star International Co., Ltd. and subsidiaries**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

	<b>2022</b>		<b>2021 (Restated)</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000 <b>Operating revenue (note 6(w) and 7)</b>	\$ 6,754,436	100	5,531,032	100
5000 <b>Operating costs (note 6(e)(s))</b>	<u>5,896,714</u>	<u>87</u>	<u>4,707,302</u>	<u>85</u>
5900 <b>Gross profit from operations</b>	<u>857,722</u>	<u>13</u>	<u>823,730</u>	<u>15</u>
6000 <b>Operating expenses (note 6(i)(j)(l)(s)(x) and 7):</b>				
6100 Selling expenses	694,987	10	649,874	12
6200 Administrative expenses	<u>173,915</u>	<u>3</u>	<u>90,929</u>	<u>2</u>
<b>Total operating expenses</b>	<u>868,902</u>	<u>13</u>	<u>740,803</u>	<u>14</u>
6900 <b>Net operating (loss) income</b>	<u>(11,180)</u>	<u>-</u>	<u>82,927</u>	<u>1</u>
7000 <b>Non-operating income and expenses:</b>				
7100 Interest income	3,656	-	790	-
7010 Other income (note 6(r) and 7)	61,551	1	55,461	1
7020 Other gains and losses, net	17,727	-	29,175	1
7050 Finance costs	(89,635)	(1)	(68,030)	(1)
7060 Share of profit of associates and joint ventures accounted for using equity method (note 6(f))	<u>180,578</u>	<u>3</u>	<u>83,013</u>	<u>2</u>
<b>Total non-operating income and expenses</b>	<u>173,877</u>	<u>3</u>	<u>100,409</u>	<u>3</u>
7900 <b>Profit from continuing operations before tax</b>	162,697	3	183,336	4
7950 <b>Less: income tax expenses (note 6(t))</b>	<u>20,386</u>	<u>-</u>	<u>32,233</u>	<u>1</u>
<b>Profit</b>	<u>142,311</u>	<u>3</u>	<u>151,103</u>	<u>3</u>
8300 <b>Other comprehensive income:</b>				
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8316 Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(62)	-	18	-
8349 Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8300 <b>Other comprehensive income</b>	<u>(62)</u>	<u>-</u>	<u>18</u>	<u>-</u>
<b>Total comprehensive income</b>	<u>\$ 142,249</u>	<u>3</u>	<u>151,121</u>	<u>3</u>
<b>Profit (loss), attributable to:</b>				
8610 Owners of parent	\$ 131,468	3	154,864	3
8620 Non-controlling interests	<u>10,843</u>	<u>-</u>	<u>(3,761)</u>	<u>-</u>
<b>Total</b>	<u>\$ 142,311</u>	<u>3</u>	<u>151,103</u>	<u>3</u>
<b>Comprehensive income attributable to:</b>				
8710 Owners of parent	\$ 131,406	3	154,882	3
8720 Non-controlling interests	<u>10,843</u>	<u>-</u>	<u>(3,761)</u>	<u>-</u>
<b>Total</b>	<u>\$ 142,249</u>	<u>3</u>	<u>151,121</u>	<u>3</u>
<b>Earnings per share (NT dollars) (note 6(v))</b>				
9750 <b>Basic earnings per share</b>	<u>\$ 0.48</u>		<u>0.69</u>	
9850 <b>Diluted earnings per share</b>	<u>\$ 0.48</u>		<u>0.68</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
North-Star International Co., Ltd. and subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Share capital				Retained earnings				Other equity			
	Ordinary shares	Certificate of entitlement to new shares from convertible bond	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total equity		
\$	1,918,332	-	1,918,332	106,087	102,718	1,610	160,322	264,650	(1,693)	2,287,376	93,970	2,381,346
	-	-	-	-	-	-	(4,461)	(4,461)	-	(4,461)	-	(4,461)
	1,918,332	-	1,918,332	106,087	102,718	1,610	155,861	260,189	(1,693)	2,282,915	93,970	2,376,885
	-	-	-	-	12,047	-	(12,047)	-	-	-	-	-
	-	-	-	-	-	83	(83)	(95,916)	-	(95,916)	-	(95,916)
	-	-	-	-	12,047	83	(108,046)	(95,916)	-	(95,916)	-	(95,916)
	-	-	-	-	-	-	154,864	154,864	-	154,864	(3,761)	151,103
	-	-	-	-	-	-	-	18	-	18	-	18
	-	-	-	-	-	-	154,864	154,864	-	154,882	(3,761)	151,121
	-	-	-	19,308	-	-	-	-	-	19,308	-	19,308
	400,000	-	400,000	600,000	-	-	-	-	-	1,000,000	-	1,000,000
	144,046	115	144,161	108,691	-	-	-	-	-	252,852	-	252,852
	-	-	-	563	-	-	-	-	-	563	-	563
	-	-	-	3,732	-	-	-	-	-	3,732	-	3,732
	2,462,378	115	2,462,493	838,381	114,765	1,693	202,679	319,137	(1,675)	3,618,336	175,959	3,794,295
	-	-	-	-	14,002	-	(14,002)	-	-	-	-	-
	-	-	-	-	-	(18)	18	-	-	-	-	-
	-	-	-	-	14,002	(18)	(148,228)	(148,228)	-	(148,228)	-	(148,228)
	-	-	-	-	-	-	(162,212)	(148,228)	-	(148,228)	-	(148,228)
	-	-	-	-	-	-	131,468	131,468	-	131,468	10,843	142,311
	-	-	-	-	-	-	-	-	(62)	(62)	-	(62)
	-	-	-	-	-	-	131,468	131,468	(62)	131,406	10,843	142,249
	72,592	38,958	111,550	114,111	-	-	-	-	-	225,661	-	225,661
	215,264	-	215,264	(215,264)	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(242)	(242)	-	(242)	-	(242)
	-	-	-	8,175	-	-	-	-	-	8,175	-	8,175
	-	-	-	-	-	-	-	-	-	-	(1,925)	(1,925)
	-	-	-	346	-	-	-	-	-	346	-	346
\$	2,750,234	39,073	2,789,307	745,749	128,767	1,675	171,693	302,135	(1,737)	3,835,454	184,877	4,020,331

Balance on January 1, 2020

Effects of retrospective application  
Equity at beginning of period after adjustments  
Appropriation and distribution of retained earnings:

Legal reserve appropriated

Cash dividends of ordinary share

Profit (Restated)

Other comprehensive income

Total comprehensive income

Other changes in capital surplus:

Due to recognition of equity component of convertible bonds issued

Issue of shares

Conversion of convertible bonds

Difference between consideration and carrying amount of subsidiaries acquired or disposed

Share-based payments

Changes in non-controlling interests

Balance on December 31, 2021

Appropriation and distribution of retained earnings:

Legal reserve appropriated

Special reserve appropriated

Cash dividends of ordinary share

Profit

Other comprehensive income

Total comprehensive income

Conversion of convertible bonds

Stock dividends from capital surplus

Reorganization

Share-based payments

Changes in non-controlling interests

Exercise of disengagement

Balance on December 31, 2022

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
North-Star International Co., Ltd. and subsidiaries

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

	2022	2021
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 162,697	183,336
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	231,285	235,610
Amortization expense	1,730	2,565
Net loss on financial assets or liabilities at fair value through profit or loss	1,819	2,657
Interest expense	89,635	68,030
Interest income	(3,656)	(790)
Dividend income	(96)	(9,601)
Share-based payments	8,175	3,732
Share of profit of associates accounted for using equity method	(180,578)	(83,013)
Loss on disposal of property, plan and equipment	97	-
Gain on disposal of non-current assets classified as held for sale	-	(28,764)
Gain on lease modification	(6,183)	-
<b>Total adjustments to reconcile profit</b>	142,228	190,426
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Notes receivable	148	153
Trade receivable	(91,791)	(16,929)
Other receivable	21,240	(23,832)
Inventories	(230,963)	(119,437)
Other current assets	(210,107)	(65,390)
Total changes in operating assets	(511,473)	(225,435)
Contract liabilities	51,179	128,011
Notes payable	13,353	1,714
Trade payable	281,569	(59,954)
Other payable	175,898	33,775
Other current liabilities	26,003	30,904
Total changes in operating liabilities	548,002	134,450
Total adjustments	178,757	99,441
Cash inflow generated from operations	341,454	282,777
Interest received	3,656	790
Dividends received	176,496	9,601
Interest paid	(83,252)	(68,020)
Income taxes paid	(30,293)	(31,541)
<b>Net cash flows from operating activities</b>	408,061	193,607

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of investments accounted for using equity method	(25,000)	(25,000)
Net cash receipts from acquisitions of subsidiaries	-	563
Proceeds from capital reduction of investments accounted for using equity method	-	98,000
Proceeds from disposal of non-current assets classified as held for sale	-	86,464
Acquisition of property, plant and equipment	(1,605,751)	(369,944)
Proceeds from disposal of property, plant and equipment	32,313	5,343
Increase in refundable deposits	(143,261)	(23,610)
Acquisition of intangible assets	(573)	(144,034)
Increase in other financial assets	(359,548)	(42,401)
Increase in other non-current assets	(6,279)	(37,033)
Increase in prepayments for land and business facilities	(2,266,028)	(421,183)
<b>Net cash flows used in investing activities</b>	<b>(4,374,127)</b>	<b>(872,835)</b>
<b>Cash flows from (used in) financing activities:</b>		
(Decrease) increase in short-term loans	755,919	(199,100)
(Decrease) increase in short-term notes and bills payable	199,856	(89,933)
Proceeds from issuing bonds	1,184,333	302,728
Proceeds from long-term debt	2,764,684	2,602,219
Repayments of long-term debt	(245,720)	(2,266,237)
Decrease in guarantee deposits received	(30)	(473)
Revenues from disgorgements	433	-
Payment of lease liabilities	(153,050)	(122,903)
Cash dividends paid	(148,228)	(95,917)
Proceeds from issuing shares	-	1,000,000
Change in non-controlling interests	(1,926)	85,750
<b>Net cash flows from financing activities</b>	<b>4,356,271</b>	<b>1,216,134</b>
<b>Net increase in cash and cash equivalents</b>	<b>390,205</b>	<b>536,906</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>929,652</b>	<b>392,746</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,319,857</b>	<b>929,652</b>

See accompanying notes to consolidated financial statements.

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

NORTH-STAR INTERNATIONAL CO., LTD. (the “Company”) was legally established with the approval of the Ministry of Economic Affairs on December 16, 1988, with registered address at No. 137, Xinhai Rd., Banqiao Dist., New Taipei City 220, Taiwan (R.O.C.). The Company and its subsidiaries (“the Group”) mainly engaged in petrol filling stations and the retail business of gasoline products. In addition, for the diversification operation of the Group, the Group has been expanding into hotels, real estate development, and sale as well as renewable energy development services.

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 3, 2023.

**(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. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.  The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments <sup>1</sup> , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.  Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

#### (4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated 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

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis.

- 1) Financial assets at fair value through other comprehensive income are measured at fair value.

###### (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) Principles 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.

(Continued)



## NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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 in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements:

Name investor	Name of investee	Scope of business	Percentage of ownership		Description
			December 31, 2022	December 31, 2021	
The Company	NSTAR ENERGY CORPORATION	Petrol filling station	100.00 %	100.00 %	Control commenced from January 2015
The Company	ZHONGHUA PRINCE PETROL FILLING STATION CO., LTD.	Petrol filling station	100.00 %	100.00 %	Control commenced from April 2015
The Company	SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	Petrol filling station	100.00 %	100.00 %	Control commenced from June 2015
The Company	JIN SHI HU HOTEL CO., LTD.	Hotel	51.00 %	51.00 %	Control commenced from August 2019
The Company	YING GUANG ENTERPRISE CO., LTD.	Petrol filling station	100.00 %	100.00 %	Control commenced from December 2020
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	HE FONG ENERGY CO., LTD.	Renewable energy	51.00 %	51.00 %	Control commenced from July 2020
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	JIAXIN ENERGY CO., LTD.	Renewable energy	100.00 %	100.00 %	Incorporated in December 2020
ANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	YAOGU ENERGY CO., LTD.	Renewable energy	100.00 %	100.00 %	Incorporated in December 2020
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	SANTI MONSTERS POWER CO., LTD.	Electricity sales	100.00 %	100.00 %	Incorporated in February 2021
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	LYU YOU ENERGY CO., LTD.	Energy storage	100.00 %	100.00 %	Incorporated in June 2021
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	CATHY SUNRISE ELECTRIC POWER ONE CO., LTD.	Renewable energy	100.00 %	100.00 %	Control commenced from July 2021
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	TEL POWER CO., LTD.	Charging pile	100.00 %	100.00 %	Incorporated in September 2021

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name investor	Name of investee	Scope of business	Percentage of ownership		Description
			December 31, 2022	December 31, 2021	
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	SHENG YANG ENGINEERING CO., LTD.	Engineering aquaculture	100.00 %	100.00 %	Incorporated in October 2021
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	JUNHE ENERGY CO., LTD.	Engineering and renewable energy	100.00 %	-	Incorporated in May 2022
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	MOER ELECTRIC POWER CO., LTD.	Energy storage and operation	100.00 %	-	Incorporated in May 2021
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	HENG FONG ENERGY CO., LTD.	Investment	100.00 %	-	Incorporated in July 2022
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	WO YANG ENERGY CO., LTD.	Renewable energy	100.00 %	-	Incorporated in July 2022
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	SENSI ENERGY CO., LTD.	Renewable energy	100.00 %	-	Incorporated in July 2022
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	CHIA YUAN OPTRONIC CO., LTD.	Renewable energy	100.00 %	-	Incorporated in July 2022
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	CHIA RUI OPTRONIC CO., LTD.	Renewable energy	100.00 %	-	Incorporated in July 2022
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	HONG TU ENERGY CO., LTD.	Renewable energy	100.00 %	-	Incorporated in July 2022
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	HUAN CHUANG ELECTRIC CO., LTD.	Marekting	100.00 %	-	Incorporated in August 2022
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	TESIN ENERGY CO., LTD.	Renewable energy	100.00 %	-	Incorporated in November 2022
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	GU NING ENERGY CO., LTD.	Renewable energy	100.00 %	-	Incorporated in November 2022
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	SI CHENG ENERGY CO., LTD.	Renewable energy	100.00 %	-	Incorporated in November 2022
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	CHANG YONG ENGINEERING CO., LTD.	Renewable energy	100.00 %	-	Incorporated in November 2022
HENG FONG ENERGY CO., LTD.	SANLU ENERGY STORAGE CO., LTD.	Energy storage	100.00 %	note1	Incorporated in June 2021

Note 1: SANTI ENERGY CO., LTD. initiated the disgorgement establishment of HENG FONG ENERGY CO., LTD. at a price of shares (100% of the shares of SANLU ENERGY STORAGE CO., LTD), the base day of establishment was June 22, 2022. The relevant statutory procedures were completed in July 2022.

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

(d) 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 noncurrent.

- (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.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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.

(e) 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.

(f) 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 or fair value through other comprehensive income (FVOCI) – equity investment. 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:

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- 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) Fair value through other comprehensive income (FVOCI )

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; 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.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

#### 3) 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, financial assets measured at amortized costs, notes and trade receivables, other receivable, leases receivable, guarantee deposit paid and other financial assets) and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (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.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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 60 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

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 months 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 90 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;

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- 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. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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 180 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.

#### 4) 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.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 3) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

#### 4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other 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.

#### 5) 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.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 6) 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.

#### (g) Inventories

##### (i) Trading/Tourist Hotels

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to the location and condition. The calculation was based on the first-in-first-out method, and the weighted average method was adopted since April 1, 2022 and retroactive adjustments were made.

- 1) Trading: using weighted average method.
- 2) Tourist Hotels: using first-in-first-out method.

Net realizable value represents the estimated selling price in the ordinary course of business, less the necessary selling expenses.

##### (ii) Construction

The cost of inventories includes all necessary expenditures and charges for bringing the inventory to an available to sale and construction condition and location. The real estate development costs include construction costs, land costs, borrowing costs, and project costs incurred during the development period. When completion, construction in progress is carried over to buildings and land held for sale. The real estate development costs proportionate to the sale are carried forward to the operating cost. When the cost of inventories is higher than the net realizable value, it should be offset against the cost to net realizable value, and the amount of inventory should be recognized as cost of goods sold in the current period. The methods of determining the net realizable value are as follows:

- 1) Land held for development: the net realizable value is the replacement cost or estimated price (based on the market condition), less, the estimated selling expenses at the end of the period.
- 2) Construction in progress: Net realizable value is the estimated selling price (based on current market condition) in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value.
- 3) Buildings and land held for sale: the net realizable value is the estimated price (based on the market condition), less, the estimated selling expenses at the end of the period.

(Continued)



**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(h) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics: (a) the parties are bound by a contractual arrangement; and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 "Joint Arrangements" defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (ie activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group accounts for the assets, liabilities, revenues and expenses in relation to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. When assessing whether a joint arrangement is a joint operation or a joint venture, the Group considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) 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 expenditure

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:

1) buildings	1~60 years
2) machinery and equipment	1~20 years

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) transportation equipment	5 years
4) office and other equipment	1~12 years

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

(l) Leases

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.

(i) As a lessee

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

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- 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.

If an arrangement contains lease and non-lease components, 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 in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) 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.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(m) 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 computer software, 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:

- |                      |            |
|----------------------|------------|
| 1) Computer software | 1~15 years |
|----------------------|------------|

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

(n) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) 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.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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.

(o) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

In accordance with the Group's environmental policy and applicable regulatory requirements, the provision for recovery liabilities is recognized when contaminated land satisfies the recognition criteria of the provision mentioned above, and the related costs are recognized.

(p) Revenue from contracts with customers

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods – gasoline products

The Group provides various gasoline products for sale in the retail market and recognizes revenue when the product is delivered to the customers. The price is paid immediately upon the customer's purchase of the product.

2) Customer loyalty program

The Group operates a customer loyalty program to its retail customers. Retail customers obtain points for purchases made, which entitle them to discount on future purchases. The Group considers that the points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. The Group has recognized contract liability at the time of sale on the basis of the principle mentioned above. Revenue from the award points is recognized when the points are redeemed or when they expire.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 3) Service

The Group provides room services and catering service to customers and recognizes revenue from providing services in the accounting period in which the services are rendered.

#### 4) Land development and sale of real estate

The Group develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component. For pre-selling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties to the customer. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

Certain contracts include multiple deliverables, such as sale of residential properties and a decoration service. The Group accounts for the decoration service as a single performance obligation, and the transaction price is allocated to the decoration service on a relative stand-alone selling price basis. Revenue from providing the decoration service is recognized in the accounting period in which the services are rendered.

#### 5) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- c) the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(q) Government grants and government assistance

The Group recognizes an unconditional government grant related to employees' salaries, working capital subsidies, and quarantine hotels as other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

Government assistance in the form of a guarantee from the government for loans from financial institutions is considered part of the unit of account in determining the fair value of the loan.

(Continued)



**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(r) 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.

(s) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date which the board of directors decided the capital increase date.

(t) 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.

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:

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (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 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 they 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.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

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.
- (u) Business combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For each business combination, the Group measures any noncontrolling interests in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation. Other components of noncontrolling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

(v) 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, such as convertible bonds and employee compensation.

(w) Segment information

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.

(x) Changes in accounting policies

The management of the Group has assessed that for financial statements to provide reliable and more relevant information on the impact of related transactions on the financial condition, financial performance or cash flow of the Group's , in addition to reflect cost information in real time and to improve the organization's overall effectiveness in its operations. Since April 1, 2022, the Group changed its inventory calculation from first-in-first-out to weighted average method.

This accounting policy should be applied retroactively in accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors". The comparative information and the impact of the Group's changes in accounting policy on consolidated financial report for the year ended December 31, 2021 are as follows:

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(i) Consolidated balance sheets

<b>January 1, 2021</b>			
	<b>As previously reported</b>	<b>Impact of changes in accounting policies</b>	<b>As restated</b>
Inventory	\$ 476,397	(4,461)	471,936
Retained earnings	264,650	(4,461)	260,189

<b>December 31, 2021</b>			
	<b>As previously reported</b>	<b>Impact of changes in accounting policies</b>	<b>As restated</b>
Inventory	\$ 580,994	10,380	591,374
Retained earnings	308,757	10,380	319,137

(ii) Consolidated statement of comprehensive income

<b>2021</b>				
	<b>2022 As reported</b>	<b>As previously reported</b>	<b>Impact of changes in accounting policies</b>	<b>As restated</b>
Operating costs	\$ 5,896,714	4,722,143	(14,841)	4,707,302
Basic earnings per share	0.48	0.63	0.06	0.69
Diluted earnings per share	0.48	0.62	0.06	0.68

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

The preparation of the consolidated financial statements in conformity with 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 next period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(a) Judgment regarding control of subsidiaries

The Group holds 49% and 50% of the outstanding voting shares of NORTH STAR INTERNATIONAL DEVELOPMENT INDUSTRIES CORPORATION and YANG JI ENTERPRISE CO., LTD., respectively. The remaining shares are concentrated within specific shareholders, the Group cannot obtain more than half of the total number of both companies' directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group has significant influence on both companies.

Information about assumptions and estimation uncertainties does not have a significant risk of resulting in a material adjustment within the next financial year.

The Group's accounting policies include measuring financial and non financial assets and liabilities at fair value through profit or loss. The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Cash	\$ 27,196	25,575
Check and demand deposit	<u>1,292,661</u>	<u>904,077</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 1,319,857</u>	<u>929,652</u>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (b) Financial assets and liabilities at fair value through profit or loss

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Non-current financial asset measured at fair value through		
Convertible bond-embedded derivative	<u>\$ 216</u>	<u>2,443</u>
	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Non-current financial liability measured at fair value		
through profit or loss:		
Convertible bond-embedded derivative	<u>\$ 210</u>	<u>210</u>

Please refer to note 6(q) for the convertible corporate bonds issue by the Group on December 10, 2021 and December 23, 2020. The call option and put option of convertible corporate bonds were mandatorily measured at fair value through profit or loss.

- (c) Non-current financial assets at fair value through other comprehensive income

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Unlisted stocks		
MA LI QIANG GREEN ENERGY CO., LTD.	<u>\$ 473</u>	<u>535</u>

- (i) Equity investments at fair value through other comprehensive income.

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2022 and 2021.

- (ii) For credit risk and market risk, please refer to note 6(y).
- (iii) As of December 31, 2022 and 2021, the financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral.

- (d) Notes and accounts receivables

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Notes receivables	\$ 72,723	148
Trade receivables	<u>56,563</u>	<u>37,495</u>
	<u>\$ 129,286</u>	<u>37,643</u>

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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 the incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions in Taiwan were determined as follows:

	<b>December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 127,983	0%	-
1 to 30 days past due	1,303	0%	-
31 to 60 days past due	-	0%	-
61 to 90 days past due	-	2.38%	-
More than 91 days past due	-	100%	-
	<b>\$ 129,286</b>		<b>-</b>
	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 37,008	0%	-
1 to 30 days past due	635	0%	-
31 to 60 days past due	-	0%	-
61 to 90 days past due	-	2.78%	-
More than 91 days past due	-	100%	-
	<b>\$ 37,643</b>		<b>-</b>

For the years ended December 31, 2022 and 2021, there were no changes in allowance for notes and trade receivables.

As of December 31, 2022 and 2021, the notes and trade receivables of the Group had not been pledged as collateral.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(e) Inventories

	<b>December 31, 2022</b>	<b>December 31, 2021 (Restaed)</b>
Trading/Tourist Hotels:		
Premium Diesel	\$ 35,706	29,837
Unleaded gasoline 98	17,859	20,522
Unleaded gasoline 95	71,061	50,037
Unleaded gasoline 92	38,183	25,702
Coproducts and others	7,082	4,363
Merchandise and food	2	80
Subtotal	169,893	130,541
Construction industry:		
Land held for construction site	-	-
Construction in progress	652,444	460,833
Subtotal	652,444	460,833
	<b>\$ 822,337</b>	<b>591,374</b>

The details of the cost of sales were as follows:

	<b>2022</b>	<b>2021</b>
Inventory that has been sold	\$ 5,813,229	4,672,966
Parking service cost	1,072	1,485
Hotel room and catering service cost	42,587	37,515
Other operating cost	48,073	-
Stock take surplus	(8,247)	(4,664)
	<b>\$ 5,896,714</b>	<b>4,707,302</b>

As of December 31, 2022 and 2021, the inventories of the Group had been pledged as collateral for short-term borrowings; please refer to note 8.

Capitalized interest costs of the Group were as follows:

	<b>2022</b>	<b>2021</b>
Capitalization of interest	<b>\$ 5,548</b>	<b>3,799</b>
Range of rate for capitalization	<b>1.75%~2.41%</b>	<b>1.75%~1.90%</b>

(Continued)



**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(f) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	<b>December 31,</b>	<b>December 31,</b>
	<b>2022</b>	<b>2021</b>
Associates	<b>\$ <u>302,036</u></b>	<b><u>272,858</u></b>

(i) Associates

Name of Associates	Nature of Relationship with the Group	Main operating location/ Registered Country	Proportion of shareholding and voting rights	
			December 31, 2022	December 31, 2021
NORTH STAR INTERNATIONAL DEVELOPMENT INDUSTRIES CORPORATIO	The main businesses are interior decoration construction, wholesale building materials, and residential and building development and rental.	Taiwan	49 %	49 %
YANG JI ENTERPRISE CO., LTD.	Mainly engages in advertisement consignment.	Taiwan	50 %	50 %

On December 9, 2022 and March 16, 2021, the Board resolved to participate in the capital increase of YANG JI ENTERPRISE CO., LTD. The increase in investments of \$25,000 thousand and \$25,000 thousand proportioned to the shareholding, respectively. As of December 31, 2022, the total investment in YANG JI ENTERPRISE CO., LTD. is \$75,000 thousand.

On September 14, 2021, the resolution was approved in the shareholders' meeting of NORTH-STAR INTERNATIONAL DEVELOPMENT CO., LTD. regarding the capital reduction. The Group proportionally reduced its shareholding of NORTH-STAR INTERNATIONAL DEVELOPMENT CO., LTD. by \$98,000 thousand. As of December 31, 2021, the investment in NORTH-STAR INTERNATIONAL DEVELOPMENT CO., LTD. amounted to \$147,000 thousand.

The Group has only significant influence over the associates above, taking into account the holdings of other investors, and the Company has determined that there is no control over the board of directors or shareholders' meetings of these associates.

The following is the aggregated financial information of the major associates, and necessary changes have already been made to the information therein concerning the associates' consolidated financial statements based on the IFRS as endorsed by FSC to reflect the fair value adjustments made at the time of acquisition and adjustment for accounting policy variations.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- 1) Financial information summary of NORTH STAR INTERNATIONAL DEVELOPMENT INDUSTRIES CORPORATION were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Current assets	\$ 2,578,999	3,306,371
Non-current assets	374,410	529,028
Current liabilities	(965,337)	(1,519,725)
Non-current liabilities	(1,519,860)	(1,860,815)
Net assets	<u>\$ 468,212</u>	<u>454,859</u>
	<b>2022</b>	<b>2021</b>
Operating revenue	\$ 2,292,291	1,526,636
Profit for the year	373,352	171,638
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 373,352</u>	<u>171,638</u>
	<b>2022</b>	<b>2021</b>
Share of net assets of associates as of January 1	\$ 222,881	236,778
Comprehensive income attributable to the Group	182,942	84,103
Decrease in investment in associates during the period	-	(98,000)
Dividends received from associates	(176,400)	-
Share of net assets of associates as of December 31	<u>\$ 229,423</u>	<u>222,881</u>

- 2) Financial information summary of YANG JI ENTERPRISE CO., LTD. were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Current assets	\$ 164,454	36,958
Non-current assets	89,990	93,346
Current liabilities	(2,401)	(351)
Non-current liabilities	(106,818)	(30,000)
Net assets	<u>\$ 145,225</u>	<u>99,953</u>
	<b>2022</b>	<b>2021</b>
Operating revenue	\$ -	12,114
Profit for the year	(4,729)	(2,180)
Other comprehensive income	-	-
Total comprehensive income	<u>\$ (4,729)</u>	<u>(2,180)</u>

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

	<b>2022</b>	<b>2021</b>
Share of net assets of associates as of January 1	\$ 49,977	35,668
Capital increase during the period	25,000	25,000
Comprehensive income attributable to the Group	(2,364)	(1,090)
Dividends received from associates	-	(9,601)
Share of net assets of associates as of December 31	<b>\$ 72,613</b>	<b>49,977</b>

(ii) Collateral

As of December 31, 2022 and 2021, the Group did not provide any investments accounted for using the equity method as collateral.

(g) Joint operations

The Group entered into joint development agreements with HEYI CONSTRUCTION CO., LTD., which is not a separate entity, responsible for 50% of the real estate development expenses respectively. HEYI CONSTRUCTION CO., LTD. is the implementing company responsible for real estate development, such as planning and design, outsourcing, and progress tracking. The joint agreement between the Group and HEYI CONSTRUCTION CO., LTD. for participation in land development provides that each party uses its assets and assumes its liabilities in the performance of the contract. The Group and HEYI CONSTRUCTION CO., LTD. recognize revenue from the sale of the products as a 50% share each. The construction license for this case has been issued and started construction in March 2021. As of December 31, 2021, the amount of the buildings held by the joint development was \$347,836 and \$257,278 thousand, which is recognized under inventories. Please note 6(e) for details.

(h) Acquisition of assets

The Group acquired 100% shares of Cathy Sunrise Electric Power One Co., Ltd. (hereinafter referred to as Cathy Sunrise Electric Power One) from its related party in July 2021 and acquired its assets and liabilities. Cathy Sunrise Electric Power One is a company with a license issued by the Ministry of Economic Affairs to prepare for the project solar power generation system. The solar project under development has obtained a consent letter from Taiwan Power Company for parallel power generation. Please note 7 for details.

The following table summarized the assets acquired and liabilities assumed recognized at the acquisition date:

Acquisition of assets		
Cash and cash equivalents	\$	5
Other current assets		3,604
Intangible assets (note 6(1))		142,909
Total assets acquired		146,518
Less: liabilities assumed		
Other liabilities		(30,019)
Considerations for assets acquisition	<b>\$</b>	<b>116,499</b>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Property, plant and equipment

The following table summarizes the cost, depreciation and impairment of property, plant and equipment of the Group:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and equipment</u>	<u>Others equipment</u>	<u>Construc- tion in progress</u>	<u>Total</u>
Cost or deemed cost:						
Balance on January 1, 2022	\$ 3,583,468	515,367	327,564	144,264	61,345	4,632,008
Additions	10,800	6,938	419,212	27,553	1,141,248	1,605,751
Disposal	-	(1,520)	(44,393)	(1,650)	-	(47,563)
Transfer from prepayments	34,800	17,943	16,212	3,864	-	72,819
Balance on December 31, 2022	<u>\$ 3,629,068</u>	<u>538,728</u>	<u>718,595</u>	<u>174,031</u>	<u>1,202,593</u>	<u>6,263,015</u>
Balance on January 1, 2021	\$ 3,327,688	510,476	313,306	138,665	-	4,290,135
Business combination	-	-	-	-	-	-
Additions	255,780	19,907	20,972	11,940	61,345	369,944
Disposal	-	(15,116)	(10,940)	(6,341)	-	(32,397)
Transfer from prepayments	-	100	4,226	-	-	4,326
Balance on December 31, 2021	<u>\$ 3,583,468</u>	<u>515,367</u>	<u>327,564</u>	<u>144,264</u>	<u>61,345</u>	<u>4,632,008</u>
Depreciation and impairments losses:						
Balance on January 1, 2022	\$ -	211,631	248,619	107,178	-	567,428
Depreciation	-	21,270	31,253	12,195	-	64,718
Disposal	-	(513)	(14,339)	(301)	-	(15,153)
Balance on December 31, 2022	<u>\$ -</u>	<u>232,388</u>	<u>265,533</u>	<u>119,072</u>	<u>-</u>	<u>616,993</u>
Balance on January 1, 2021	\$ -	201,874	239,262	103,157	-	544,293
Depreciation	-	19,820	20,208	10,161	-	50,189
Disposal	-	(10,063)	(10,851)	(6,140)	-	(27,054)
Balance on December 31, 2021	<u>\$ -</u>	<u>211,631</u>	<u>248,619</u>	<u>107,178</u>	<u>-</u>	<u>567,428</u>
Carrying amount:						
Balance on December 31, 2022	<u>\$ 3,629,068</u>	<u>306,340</u>	<u>453,062</u>	<u>54,959</u>	<u>1,202,593</u>	<u>5,646,022</u>
Balance on January 1, 2021	<u>\$ 3,327,688</u>	<u>308,602</u>	<u>74,044</u>	<u>35,508</u>	<u>-</u>	<u>3,745,842</u>
Balance on December 31, 2021	<u>\$ 3,583,468</u>	<u>303,736</u>	<u>78,945</u>	<u>37,086</u>	<u>61,345</u>	<u>4,064,580</u>

As of December 31, 2022 and 2021, there was agricultural land of \$39,417 thousand and \$39,633 thousand for use by the Group as petrol filling stations, respectively. The ownership of the land is temporarily registered in the trusted third party designated by the Group. The trustee either pledged the land as collateral for the Group or entered into a contractual agreement with the Group at a total price of \$43,250 thousand.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

As of December 31, 2022 and 2021, the property, plant and equipment of the Group had been pledged as collateral for long-term and short-term borrowings; please refer to note 8.

(j) Right-of-use assets

The following table summarizes the cost and depreciation of right-of-use assets of the Group:

	<u>Land and building</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:			
Balance on January 1, 2022	\$ 2,377,898	9,769	2,387,667
Additions	727,926	-	727,926
Write-off	(30,373)	-	(30,373)
Reclassification	(139,980)	-	(139,980)
Balance on December 31, 2022	<u>\$ 2,935,471</u>	<u>9,769</u>	<u>2,945,240</u>
Balance on January 1, 2021	\$ 1,345,760	2,816	1,348,576
Additions	1,075,415	6,953	1,082,368
Write-off	(43,277)	-	(43,277)
Balance on December 31, 2021	<u>\$ 2,377,898</u>	<u>9,769</u>	<u>2,387,667</u>
Accumulated depreciation:			
Balance on January 1, 2022	\$ 364,936	4,209	369,145
Depreciation for the year	193,168	3,170	196,338
Reclassification	(37,158)	-	(37,158)
Balance on December 31, 2022	<u>\$ 520,946</u>	<u>7,379</u>	<u>528,325</u>
Balance on January 1, 2021	\$ 211,421	2,714	214,135
Depreciation for the year	183,926	1,495	185,421
Write-off	(30,411)	-	(30,411)
Balance on December 31, 2021	<u>\$ 364,936</u>	<u>4,209</u>	<u>369,145</u>
Carrying amount:			
Balance on December 31, 2022	<u>\$ 2,414,525</u>	<u>2,390</u>	<u>2,416,915</u>
Balance on January 1, 2021	<u>\$ 1,134,339</u>	<u>102</u>	<u>1,134,441</u>
Balance on December 31, 2021	<u>\$ 2,012,962</u>	<u>5,560</u>	<u>2,018,522</u>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(k) Investment property

The cost, depreciation, and impairment of the investment property of the Group for the years ended December 31, 2022 and 2021, were as follows:

	<u>Land</u>	<u>Right-of-use assets Land</u>	<u>Total</u>
Cost or deemed cost:			
Balance on January 1, 2022	\$ 83,125	-	83,125
Reclassification	-	139,980	139,980
Balance on December 31, 2022	<u>\$ 83,125</u>	<u>139,980</u>	<u>223,105</u>
Balance on January 1, 2021	\$ 83,125	-	83,125
Balance on December 31, 2021	<u>\$ 83,125</u>	<u>-</u>	<u>83,125</u>
Depreciation and impairments losses:			
Balance on January 1, 2022	\$ 48,793	-	48,793
Depreciation for the year	-	10,997	10,997
Reclassification	-	37,158	37,158
Balance on December 31, 2022	<u>\$ 48,793</u>	<u>48,155</u>	<u>96,948</u>
Balance on January 1, 2021	\$ 48,793	-	48,793
Balance on December 31, 2021	<u>\$ 48,793</u>	<u>-</u>	<u>48,793</u>
Carrying amount:			
Balance on December 31, 2022	<u>\$ 34,332</u>	<u>91,825</u>	<u>126,157</u>
Balance on December 31, 2021	<u>\$ 34,332</u>	<u>-</u>	<u>34,332</u>
Balance on January 1, 2021	<u>\$ 34,332</u>	<u>-</u>	<u>34,332</u>
Fair value:			
Balance on December 31, 2022			<u>350,050</u>
Balance on December 31, 2021			<u>61,402</u>

The fair value of the investment property aforementioned is assessed by management using the present value of the relevant land announcement and the present value of property tax.

As of December 31, 2022 and 2021, the investment property of the Group had not been pledged as collateral.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(l) Intangible assets

	<u>Goodwill</u>	<u>Computer Software</u>	<u>Value of contract</u>	<u>Total</u>
Cost :				
Balance on January 1, 2022	\$ 37,513	11,590	142,909	192,012
Additions	<u>-</u>	<u>573</u>	<u>-</u>	<u>573</u>
Balance on December 31, 2022	<u>\$ 37,513</u>	<u>12,163</u>	<u>142,909</u>	<u>192,585</u>
Balance on January 1, 2021	\$ 37,513	11,599	-	49,112
Additions	-	1,125	142,909	144,034
Disposals	<u>-</u>	<u>(1,134)</u>	<u>-</u>	<u>(1,134)</u>
Balance on December 31, 2021	<u>\$ 37,513</u>	<u>11,590</u>	<u>142,909</u>	<u>192,012</u>
Accumulated amortization and impairment losses:				
Balance on January 1, 2022	\$ -	8,043	-	8,043
Amortization for the year	<u>-</u>	<u>1,730</u>	<u>-</u>	<u>1,730</u>
Balance on December 31, 2022	<u>\$ -</u>	<u>9,773</u>	<u>-</u>	<u>9,773</u>
Balance on January 1, 2021	\$ -	6,612	-	6,612
Amortization for the year	-	2,565	-	2,565
Disposals	<u>-</u>	<u>(1,134)</u>	<u>-</u>	<u>(1,134)</u>
Balance on December 31, 2021	<u>\$ -</u>	<u>8,043</u>	<u>-</u>	<u>8,043</u>
Carrying amount:				
Balance on December 31, 2022	<u>\$ 37,513</u>	<u>2,390</u>	<u>142,909</u>	<u>182,812</u>
Balance on January 1, 2021	<u>\$ 37,513</u>	<u>4,987</u>	<u>-</u>	<u>42,500</u>
Balance on December 31, 2021	<u>\$ 37,513</u>	<u>3,547</u>	<u>142,909</u>	<u>183,969</u>

(i) Amortization expenses

The amortization expenses of the intangible assets of the Group for the years ended December 31, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Operating expenses	<u>\$ 1,697</u>	<u>2,565</u>

(ii) Collateral

As of December 31, 2022 and 2021, the intangible assets of the Group had not been pledged as collateral.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(m) Other current asset

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Other current assets:		
Prepayments to suppliers	\$ 37,058	59,391
Prepaid rents	19,282	2,718
Net input VAT	210,480	17,815
Prepaid expenses	22,614	30,808
Supplies inventories	15,619	6,978
Incremental costs of obtaining a contract	51,814	33,360
Others	23,443	11,764
	<b>\$ 380,310</b>	<b>162,834</b>

The Group sold its non-current assets classified as held for sale to other party in April 2021 for a total price of \$86,464 thousand, and the gain on disposal amounted to \$28,764 thousand. The transfer procedures had been completed, and as of December 31, 2021, the disposal proceeds had been fully recovered.

For the marketing activities information on other current assets provided as deposits, as of December 31, 2022 and 2021, please refer to Note 8.

(n) Short-term notes and bills payable

	<b>December 31, 2022</b>		
	<b>Guarantee or acceptance institution</b>	<b>Range of interest rates</b>	<b>Amount</b>
Commercial paper payable	DAH CHUNG BILLS FINANCE CORPORATION	2.08%~2.10%	\$ 50,000
Commercial paper payable	TAIWAN FINANCE CORPORATION	2.06%	50,000
Commercial paper payable	INTERNATIONAL COMMERCIAL BANK OF CHINA	2.33%	50,000
Commercial paper payable	CHINA BILLS FINANCE CORPORATION	2.09%	50,000
Commercial paper payable	MEGA BILLS FINANCE CORPORATION	2.19%	50,000
Less: Discount on short-term notes and bills payable			(303)
Total			<b>\$ 249,697</b>

(Continued)



**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>December 31, 2021</b>			
	<b>Guarantee or acceptance institution</b>	<b>Range of interest rates</b>	<b>Amount</b>
Commercial paper payable	TAIWAN FINANCE CORPORATION	1.23%	\$ 50,000
Less: Discount on short-term notes and bills payable			(159)
Total			<u>\$ 49,841</u>

(o) Short-term borrowings

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Unsecured bank loans	\$ 386,959	15,000
Secured bank loans	602,360	218,400
Total	<u>\$ 989,319</u>	<u>233,400</u>
Unused short-term credit lines	<u>\$ 840,175</u>	<u>1,631,200</u>
Range of interest rates	<u>2.09%~2.73%</u>	<u>1.45%~1.90%</u>

For the collateral for short-term borrowings, please refer to note 8.

(p) Long-term borrowings

<b>December 31, 2022</b>				
	<b>Currency</b>	<b>Range of interest rates</b>	<b>Maturity year</b>	<b>Amount</b>
Unsecured bank loans	NTD	1.85%~3.02%	2023.06~2025.06	\$ 2,047,756
Secured bank loans	NTD	1.41%~2.50%	2023.03~2037.03	2,283,337
				4,331,093
Less: current portion				(15,573)
Less: current portion				(1,079,418)
Total				<u>\$ 3,236,102</u>
Unused long-term credit lines				<u>\$ 5,279,747</u>

<b>December 31, 2021</b>				
	<b>Currency</b>	<b>Range of interest rates</b>	<b>Maturity year</b>	<b>Amount</b>
Unsecured bank loans	NTD	1.60%	2023.06	\$ 44,262
Secured bank loans	NTD	1.28%~2.35%	2022.02~2028.07	1,752,294
				1,796,556
Less: current portion				(546,099)
Total				<u>\$ 1,250,457</u>
Unused long-term credit lines				<u>\$ 1,978,200</u>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (i) For the collateral for long-term borrowings, please refer to note 8.
- (ii) Government credit guarantee loans

The Group obtained an interim working capital of \$150,000 thousand for relief and economic stimulus package of COVID-19 from the Ministry of Economic Affairs in October 2020 for a period of five years, which is allocated in a split and is not revolving. As of December 31, 2022 and 2021, the balance of borrowing amounted to \$105,733 thousand and \$139,958 thousand, respectively, with the interest rates of 2.18% and 1.55%, respectively, and received an 80% guarantee from the Small and Medium Enterprise Credit Guarantee Fund of Taiwan.

- (q) Bonds payable

The following table summarized the bonds payable information of the Group:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Total convertible corporate bonds issued	\$ 406,700	638,200
Total amount of ordinary corporate bonds issued	1,200,000	-
Unamortized discounted corporate bonds payable	(22,921)	(19,057)
Corporate bonds issued balance at year-end	<u>\$ 1,583,779</u>	<u>619,143</u>
Embedded derivative – redemption rights:		
included in financial assets at fair value through profit or loss	<u>\$ 216</u>	<u>2,443</u>
included in financial liabilities at fair value through profit or loss	<u>\$ 210</u>	<u>210</u>
Equity component – conversion options, included in capital surplus– stock options	<u>\$ 19,308</u>	<u>35,295</u>

On September 22, 2022, the Company issued 7,000 five-year secured corporate bonds with a nominal interest rate of 1.80% for the second time, with interest calculated and paid once a year based on simple interest rate and repaid in cash at maturity per the principal amount of the bonds.

On June 14, 2022, the Company issued 5,000 five-year secured corporate bonds with a nominal interest rate of 1.95% for the first time, with interest calculated and paid once a year based on simple interest rate and repaid in cash at maturity per the principal amount of the bonds.

On December 10, 2021, the Company issued 3,000 three-year unsecured convertible corporate bonds with a nominal interest rate of 0% for the sixth time, which were repaid in cash at maturity per the principal amount of the bonds.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The conversion price was 35.50 per share, when it comes to adjusting conversion price of the Company's common share, it should adhere to the conversion's rules. The conversion price change with formula within issuance details. These secured convertible bonds do not have reset feature. Other conditions are as follows:

- (i) The convertible bonds are scheduled to be sold on the date when the bonds have been issued for two years. The bondholders may request the Company to redeem their bonds at 0.3002% of the face value of the bonds plus interest compensation within 30 days prior to the redemption date.
- (ii) The redemption right satisfies one of the following, and the Company reclaims its outstanding bonds in cash at the principal amount:
  - 1) Within the period between three months after the issuance date and 40 days before the last convertible date, if the closing price of the Company's common shares on the Taipei Exchange for a period of 30 consecutive trading days before redemption has been at least 30% of the conversion price in effect on each such trading day, the Company may redeem all bonds at par value by cash.
  - 2) If the amount outstanding of bonds is less than 10% of the principal amount between the three months after the share issuance date and the 40 days before the maturity date, the Company may redeem the outstanding bonds at their principal amount.

On December 23, 2020, the Company issued 6,000 five-year secured convertible corporate bonds with a nominal interest rate of 0% for the fifth time, which were repaid in cash at maturity per the principal amount of the bonds.

The conversion price was 18.18 per share, when it comes to adjusting conversion price of the Company's common share, it should adhere to the conversion's rules. The conversion price change with formula within issuance details. These secured convertible bonds do not have reset feature. Other conditions are as follows:

- (i) The convertible bonds are scheduled to be sold on the date when the bonds have been issued for three years and four years. The bondholders may request the Company to redeem the bonds at face value within 30 days prior to the redemption date.
- (ii) The redemption right satisfies one of the following, and the Company reclaims its outstanding bonds in cash at the principal amount:
  - 1) Within the period between three months after the issuance date and 40 days before the last convertible date, if the closing price of the Company's common shares on the Taipei Exchange for a period of 30 consecutive trading days before redemption has been at least 30% of the conversion price in effect on each such trading day, the Company may redeem all bonds at par value by cash.
  - 2) If the amount outstanding of bonds is less than 10% of the principal amount between the three months after the share issuance date and the 40 days before the maturity date, the Company may redeem the outstanding bonds at their principal amount.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(r) Lease liabilities

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Current	<u>\$ 175,209</u>	<u>155,124</u>
Non-current	<u>\$ 2,447,952</u>	<u>1,929,717</u>

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

The amounts recognized in profit or loss was as follows:

	<b>2022</b>	<b>2021</b>
Interest on lease liabilities	<u>\$ 54,261</u>	<u>49,772</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 892</u>	<u>798</u>
Income from sub-leasing right-of-use assets	<u>\$ 9,588</u>	<u>3,974</u>
Expenses relating to short-term leases	<u>\$ 4,370</u>	<u>1,226</u>
Expenses relating to leases of low-value assets	<u>\$ -</u>	<u>40</u>
COVID-19-related rent concessions (recognized as other income)	<u>\$ -</u>	<u>923</u>

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

	<b>2022</b>	<b>2021</b>
Total cash outflow for leases	<u>\$ 212,573</u>	<u>174,739</u>

(i) Real estate leases

The Group leases land and buildings for its petrol filling station and hotels. The leases typically run for 1 to 22 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 provide for additional rent payments that are based on changes in local price indices, or sales that the Group makes at the leased store in the period. Some also require the Group to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

Some leases of petrol filling station contain extension or cancellation options exercisable by the Group up to one year before the end of the non-cancellable contract period. 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 lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Other leases

The Group also leases machineries and billboard with lease terms of one year. These leases are short-term or leases of low value items. The Group decided to apply recognition exemptions, and had elected not to recognize its right-of-use assets and lease liabilities for these leases.

(s) Employee benefits

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 \$19,490 thousand and \$16,971 thousand for the years ended December 31, 2022 and 2021, respectively.

(t) Income tax

(i) Income tax expense

For the years ended December 31, 2022 and 2021, income tax expense of the Group were as follows:

	<u>2022</u>	<u>2021</u>
Current tax expense	\$ 18,915	31,232
Deferred tax expense	<u>1,471</u>	<u>1,001</u>
Tax expense	<u>\$ 20,386</u>	<u>32,233</u>

There were no income tax recognized in equity or other comprehensive income for the years ended December 31, 2021. Income tax expense was recognized directly in equity for year ended December 31, 2022, details are as follows:

	<u>2022</u>
Capital surplus - disgorgement	<u>\$ 87</u>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Reconciliation of income tax and profit before tax for 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Profit excluding income tax	\$ <u>162,697</u>	<u>183,336</u>
Income tax using the Company's domestic tax rate	\$ 32,539	36,667
Income from domestic investment accounted for using equity method	(24,859)	(6,928)
Current-year losses for which no deferred tax asset was recognized	19,012	-
Additional tax on undistributed earnings	13	706
Others	<u>(6,319)</u>	<u>1,788</u>
	<u>\$ 20,386</u>	<u>32,233</u>

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Tax effect of deductible temporary differences	\$ 3,915	3,915
The carryforward of unused tax losses	<u>42,055</u>	<u>23,043</u>
	<u>\$ 45,970</u>	<u>26,958</u>

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.

As of December 31, 2022, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Year of loss</u>	<u>Unused tax loss</u>	<u>Expiry year</u>
2017(assessed)	\$ 976	2027
2018(assessed)	551	2028
2019(assessed)	1,011	2029
2020(filed)	2,676	2030
2021(estimated)	33,633	2031
2019(assessed)	11,188	2029
2020(filed)	6,968	2030
2020(filed)	28,950	2030
2021(filed)	29,260	2031
2022(estimated)	<u>95,062</u>	2032
Total	<u>\$ 210,275</u>	

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

Deferred tax assets (accounts of other non-current assets):

	<u>Deferred revenue</u>	<u>Unrealized loss</u>	<u>Tax loss</u>	<u>Others</u>	<u>Total</u>
<b>Balance on January 1, 2022</b>	\$ 1,592	721	2,167	7,486	11,966
Recognized in profit or loss	<u>(1,471)</u>	-	-	-	<u>(1,471)</u>
<b>Balance on December 31, 2022</b>	<u>\$ 121</u>	<u>721</u>	<u>2,167</u>	<u>7,486</u>	<u>10,495</u>
<b>Balance on January 1, 2021</b>	\$ 1,525	721	5,049	5,672	12,967
Recognized in profit or loss	<u>67</u>	-	<u>(2,882)</u>	<u>1,814</u>	<u>(1,001)</u>
<b>Balance on December 31, 2021</b>	<u>\$ 1,592</u>	<u>721</u>	<u>2,167</u>	<u>7,486</u>	<u>11,966</u>

As of December 31, 2022, the information of the Group's unused tax losses for which deferred tax assets were recognized are as follows:

Deferred tax assets:

<u>Group entity</u>	<u>Year of loss</u>	<u>Unused tax loss</u>	<u>Expiry year</u>
ZHONGHUA PRINCE PETROL FILLING STATION	2019 (assessed)	<u>\$ 10,834</u>	2029

Deferred tax liabilities:

As of December 31, 2020, the Group recognized land value-added tax provision amounting to \$36,659 thousand due to the acquisition of YING GUANG ENTERPRISE CO., LTD., which deferred income tax liabilities were recognized as other non-current liabilities.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(iv) The Company's tax returns for the years through 2020 were assessed by the Taipei National Tax Administration.

(u) Capital and other equities

As of December 31, 2022 and 2021, the total value of authorized ordinary shares were both amounted to \$8,800,000 and \$3,000,000 with par value of \$10 per share, the number of authorized ordinary shares were 880,000 and 300,000 thousand of shares, respectively. As of that date, 278,930 and 246,249 thousand of ordinary shares were issued, respectively. All issued shares were paid up upon issuance.

(in thousands of shares )	<b>Ordinary Shares</b>	
	<b>2022</b>	<b>2021</b>
Balance on January 1	246,249	191,833
Issued for cash	-	40,000
Capital increase from capital surplus	21,526	-
Conversion of convertible bonds	11,155	14,416
Balance on December 31	<b>278,930</b>	<b>246,249</b>

(i) Ordinary shares

On August 5, 2022, the Group increased its capital from capital surplus by issuing 21,526 thousand ordinary shares with a par value of \$10 per share, amounting to \$215,264 thousand pursuant to a resolution of the Board of Directors. The base day for capital increase was October 13, 2022, and the relevant registration procedures had been completed.

For the year ended December 31, 2022, the Group issue new shares of 8,094 thousand and 3,061 thousand, respectively due to the bondholders of the fifth secured convertible bonds and the sixth unsecured convertible bonds exercise their conversion rights. These shares are issued at the conversion price at the time conversion right is exercised and the total amount is 225,662 thousand. The related registration procedures of 7,259 thousand shares were completed during the year.

On August 5, 2021, the Group increased its capital by issuing 40,000 ordinary shares with a par value of \$10 per share, amounting to \$400,000 thousand pursuant to a resolution of the Board of Directors. The base date was December 13, 2021, and the relevant registration procedures had been completed. The Company reserved 10% of newly issued shares for 10% for its employee to purchase. In 2021, the expenses related to the share-based payments amounted to \$3,732 thousand.

For the year ended December 31, 2021, Bondholder of the fifth secured convertible bonds issued by the Group exercise their conversion rights, the Group thus issued new shares of 14,416 thousand at the conversion prices at the time conversion right is exercised and the total amount is \$252,852 thousand. The related registration procedures were completed during the year.

(Continued)



**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Capital surplus

The balances of capital surplus as of December 31, 2021 and 2020, were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Share premium	600,000	600,000
Premium of convertible corporate bonds	114,188	185,218
Difference arising from subsidiary's share price and its carrying value	-	4,028
Share-based payment	11,907	3,732
Employee share options-expired	-	10,108
Employee share options	19,308	35,295
Disgorgement	346	-
	<b><u>\$ 745,749</u></b>	<b><u>838,381</u></b>

(iii) Retained earnings

The Company's article 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.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. The Company could appropriate dividends by more 50% of appropriable earnings each year; the dividend could be distributed in the types of stock dividends or cash dividend and the cash dividends shall be greater than 20% of total dividends.

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.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2021 and 2020 had been approved during the shareholders meeting on June 23 2022 and August 4, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	2021		2020	
	Amount per share	Amount	Amount per share	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.60	<u>148,228</u>	0.50	<u>95,916</u>

The amount of cash dividends on the appropriations of earnings for 2022, had been approved and proposed during the board meeting on March 3, 2023 was \$0.40 cash dividend per share, total \$112,140 thousand.

(iv) Other comprehensive income accumulated in reserves, net of tax

	<b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b>
Balance on January 1, 2022	\$ (1,675)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	<u>(62)</u>
Balance on December 31, 2022	<u>\$ (1,737)</u>
Balance on January 1, 2021	\$ (1,693)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	<u>18</u>
Balance on December 31, 2021	<u>\$ (1,675)</u>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Earnings per share

	<b>2022</b>	<b>2021 (Restated)</b>
<b>Basic earnings per share</b>		
Profit of the Company for the year	\$ <u>131,468</u>	<u>154,864</u>
Weighted average number of ordinary shares on December 31 (thousand of share)	<u>271,966</u>	<u>223,441</u>
Basic earnings per share (dollar)	\$ <u>0.48</u>	<u>0.69</u>
<b>Diluted earnings per share</b>		
Profit of the Company for the year	\$ 131,468	154,864
Effect of dilutive potential ordinary shares	-	-
Interest expense on convertible bonds, net of tax	<u>-</u>	<u>2,193</u>
Profit attributable to ordinary shareholders of the Company (diluted)	\$ <u>131,468</u>	<u>157,057</u>
Weighted average number of ordinary shares (thousand of share)	271,966	223,441
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	50	65
Effect of convertible corporate bonds conversion	<u>-</u>	<u>6,308</u>
Weighted average number of ordinary shares (diluted) on December 31 (thousand of share)	<u>272,016</u>	<u>229,814</u>
Diluted earnings per share (dollar)	\$ <u>0.48</u>	<u>0.68</u>

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>2022</b>	<b>2021</b>
Primary geographical markets:		
Taiwan	\$ <u>6,754,436</u>	<u>5,531,032</u>
Major products:		
Gasoline products	\$ 6,507,913	5,353,498
Other	<u>246,523</u>	<u>177,534</u>
Total	\$ <u>6,754,436</u>	<u>5,531,032</u>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Contract balances

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>January 1,</u> <u>2021</u>
Trade receivables	\$ <u>129,286</u>	<u>37,643</u>	<u>20,867</u>
Contract assets	\$ <u>233,784</u>	<u>172,605</u>	<u>139,774</u>

For details on trade receivables and allowance for impairment, please refer to note 6(d).

For details on onerous contracts as of December 31, 2022 and 2021, please refer to note 9(f).

The Group implemented a customer loyalty program to stimulate the sale of gasoline products. When a customer purchases a gasoline product, the Group gives him a credit that can be used in exchange for an advertisement gift.

As of December 31, 2022 and 2021, the deferred income of the Group was \$9,711 thousand and \$7,951 thousand, respectively, which are recognized under other current liabilities. Such amounts are allocated to the award points based on the relative stand-alone selling price of the products and award points.

(x) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and less than 3% 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.

The accrued amount of employee compensation and directors' and supervisors' remuneration of the Company in 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Employee remuneration	\$ 1,447	1,730
Directors' and supervisors' remuneration	<u>4,342</u>	<u>5,165</u>
	<u>\$ 5,789</u>	<u>6,895</u>

The estimated amounts mentioned above are 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 Company's articles. These remunerations were expensed under operating costs or operating expenses during 2022 and 2021. The numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of Board of Directors. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2022 and 2021.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(y) Financial instruments

(i) Type of financial instruments

1) Financial assets

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Financial assets at fair value through profit or loss	\$ 216	2,443
Financial assets at fair value through other comprehensive income	473	535
Financial assets measured at amortized cost:		
Cash and cash equivalents	1,319,857	929,652
Notes and accounts receivable, net	129,286	37,643
Other receivable	6,542	27,782
Guarantee deposits paid	224,271	81,010
Other current financial assets-current (restricted deposits)	1,589	300
Other current financial assets-non current (restricted deposits)	630,129	270,581
Total	<b>\$ 2,312,363</b>	<b>1,349,946</b>

2) Financial liabilities

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Financial liabilities at fair value through profit or loss	\$ 210	210
Financial liabilities measured at amortized cost:		
Short-term borrowings	989,319	233,400
Short-term notes and bills payable	249,697	49,841
Notes and trade payable	556,991	262,069
Other payable	310,726	134,818
Bonds payable	1,583,779	619,143
Long-term borrowings (including current portion)	4,315,520	1,796,556
Lease liabilities	2,623,161	2,084,841
Total	<b>\$ 10,629,403</b>	<b>5,180,878</b>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Credit risk

1) Credit risk exposure

The carrying amount of financial assets except cash and cash equivalents represent the maximum amount exposed to credit risk. As of December 31, 2021 and 2020, the maximum amount exposed to credit risk amounted to \$992,506 thousand, and \$386,139 thousand, respectively.

2) Concentration of credit risk

As sales are made to customers worldwide, the Group's exposure to credit risk concentration is expected to be low. To reduce credit risk, the Group continuously assesses the financial position of its customers, normally without a request for collateral.

(iii) Liquidity risk

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>Over 1 year</u>
<b>December 31, 2022</b>				
Non-derivative financial liabilities				
Short-term borrowings	\$ 989,319	1,014,111	706,439	307,672
Short-term notes and bills payable	249,697	500,000	250,000	250,000
Notes and trade payable	556,991	556,991	556,991	-
Other payable	310,726	310,726	310,726	-
Long-term borrowings (including current portion)	4,315,520	4,521,153	1,174,258	3,346,895
Bonds payable	1,583,779	1,724,111	25,483	1,698,628
Lease liabilities	<u>2,623,161</u>	<u>3,168,770</u>	<u>218,992</u>	<u>2,949,778</u>
	<b><u>\$ 10,629,193</u></b>	<b><u>11,795,862</u></b>	<b><u>3,242,889</u></b>	<b><u>8,552,973</u></b>
<b>December 31, 2021</b>				
Non-derivative financial liabilities				
Short-term borrowings	\$ 233,400	242,568	18,868	223,700
Short-term notes and bills payable	49,841	50,000	50,000	-
Notes and trade payable	262,069	262,069	262,069	-
Other payable	134,818	134,818	134,818	-
Long-term borrowings (including current portion)	1,796,556	1,859,342	566,189	1,293,153
Bonds payable	619,143	638,200	-	638,200
Lease liabilities	<u>2,084,841</u>	<u>2,543,855</u>	<u>214,543</u>	<u>2,329,312</u>
	<b><u>\$ 5,180,668</u></b>	<b><u>5,730,852</u></b>	<b><u>1,246,487</u></b>	<b><u>4,484,365</u></b>

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(iv) 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 risk exposure to the interest rates risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.25%, when reporting to management internally, which also represents the assessment of the Group's management for the reasonably possible interval of interest rate change.

If the interest rate increases or decreases by 0.25% the Group's net income will decrease /increase by \$13,262 thousand and \$5,075 thousand for the years ended December 31, 2022 and 2021, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's variable rate bank borrowings.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities were as follows:

	December 31, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Unquoted equity instruments measured at fair value	\$ <u>473</u>	<u>-</u>	<u>-</u>	<u>473</u>	<u>473</u>
Financial assets at fair value through profit or loss					
Convertible bond-embedded derivative	\$ <u>216</u>	<u>-</u>	<u>216</u>	<u>-</u>	<u>216</u>
Financial liabilities at fair value through profit or loss					
Convertible bond-embedded derivative	\$ <u>210</u>	<u>-</u>	<u>210</u>	<u>-</u>	<u>210</u>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	December 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Unquoted equity instruments measured at fair value	\$ <u>535</u>	<u>-</u>	<u>-</u>	<u>535</u>	<u>535</u>
Financial liabilities at fair value through profit or loss					
Convertible bond-embedded derivative	\$ <u>2,443</u>	<u>-</u>	<u>2,443</u>	<u>-</u>	<u>2,443</u>
Financial liabilities at fair value through profit or loss					
Convertible bond-embedded derivative	\$ <u>210</u>	<u>-</u>	<u>210</u>	<u>-</u>	<u>210</u>

2) Valuation techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

Measurements of fair value of financial instruments are based on a valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting date. The categories and nature of the fair value for the Group's financial instruments which without an active market are as below:

- The main assumption behind this is that the estimated pretax, pre-depreciation, and pre amortization earnings of the investee company is added to the earnings multiplier derived from the comparable quoted price of the listed company. The estimate of the fair value of equity instruments has been adjusted due to the effect of the discount arising from the lack of market liquidity of the equity security.

(Continued)



**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Reconciliation of Level 3 fair values

	<b>Fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>
Balance on January 1, 2022	\$ 535
Total gains and losses recognized	
In profit or loss	-
In other comprehensive	(62)
Balance on December 31, 2022	\$ 473
Balance on January 1, 2021	\$ 517
Total gains and losses recognized	
In profit or loss	-
In other comprehensive	18
Balance on December 31, 2021	\$ 535

The aforementioned total gains or losses were classified as “unrealized losses from financial assets at fair value through other comprehensive income”. The information regarding assets held as of December 31, 2021 and 2020 was as follows:

	<b>2022</b>	<b>2021</b>
Total gains and losses recognized		
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	\$ (62)	18

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value was “fair value through other comprehensive income – equity investments”.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income -unquoted equity instruments	Comparable company analysis/Net asset value method	<ul style="list-style-type: none"> <li>·Price-book ratio (1.45 on both December 31, 2022 and 2021)</li> <li>·Lack of marketability discount rate (10% on both December 31, 2022 and 2021)</li> <li>·Non-controlling interest discount rate (25% on both December 31, 2022 and 2021)</li> </ul>	<ul style="list-style-type: none"> <li>·The higher the ratio is, the higher the fair value will be.</li> <li>·The higher the lack of marketability discount rate is, the lower the fair value will be.</li> <li>· The higher the non-controlling interest discount rate is, the lower the fair value will be.</li> </ul>

(z) Financial risk management

(i) Overview

The Group have 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 exposure information, 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 Group's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations. The Group minimizes the risk exposure through derivative financial instruments. The Board of Directors regulated the use of derivative financial instruments in accordance with the Company's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investments of excess liquidity. The internal auditors of the Group continue with the review of the amount of the risk exposure in accordance with the Group's policies and the risk management policies and procedures. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Credit risk

Credit risk means the potential loss of 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 and investments in debt securities.

1) Trade receivable and other receivable

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer, and are reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Trade receivable mainly relate to a wide range of customers from different industries and geographic regions. The Group constantly assesses the financial status of the customers and, if necessary, purchases credit guarantee insurance contracts.

The Group does not have significant credit risk exposure against any counterparty or group of counterparties with similar characteristics. Also, the Group mitigates its exposure by evaluating the customers' financial situation regularly.

2) Investments

The credit risks exposure in the bank deposits, investments with fixed income, and other financial instruments were measured and monitored by the Company's finance department. As the Group deals with the banks and other external parties with good credit standing and financial institutions, corporate organization and government agencies which are graded above investment level, management believes that the Group do not have compliance issues and no significant credit risk.

(iv) Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

Bank borrowing is an essential liquidity source for the Group. Please refer to note 6(q) for the Group's unused credit line of short-term bank borrowing for the years ended December 31, 2022 and 2021.

(v) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices, will affect the Group 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.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

1) Interest rate risk

The entity of the Group borrows funds on variable interest rates, which has a risk exposure to cash flow.

2) Other market price risks

The Group is exposed to equity price risk due to the investments in unlisted equity securities. The aforementioned equity investments are not held for trading but are strategic investments. The Group has not actively traded such investments, significant investments in the portfolio are managed individually, and the financial management department approves all trading decisions.

(aa) Capital management

The Board of Directors' policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, and retained earnings of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary stockholders.

The Group sets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to stockholders, to safeguard the interest of related parties, and to maintain an optimal capital structure to reduce the cost of capital.

The Group uses the debt-to-equity ratio to manage capital. This ratio is using the total net debt divided by the total capital. The net debt from the balance sheet is 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. The Group's debt-to-equity ratios at the end of the reporting periods were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Total liabilities	\$ 10,956,992	5,476,004
Less: cash and cash equivalents	<u>(1,319,857)</u>	<u>(929,652)</u>
Net debts	<b><u>\$ 9,637,135</u></b>	<b><u>4,546,352</u></b>
Total equity	<b><u>\$ 4,020,331</u></b>	<b><u>3,794,295</u></b>
Debt-to-equity ratio	<b><u>71 %</u></b>	<b><u>55 %</u></b>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

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

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2022 and 2021, were as follows:

(i) For right-of-use assets under leases, please refer to note 6(j).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes			December 31, 2022
			Acquisition	Conversion of convertible bonds	Other	
Short-term borrowings	\$ 233,400	755,919	-	-	-	989,319
Short-term notes and bills payable	49,841	199,856	-	-	-	249,697
Long-term borrowings	1,796,556	2,518,964	-	-	-	4,315,520
Bonds payable	619,143	1,184,333	-	(226,069)	6,372	1,583,779
Lease liabilities	2,084,841	(153,050)	727,926	-	(36,556)	2,623,161
Total liabilities from financing activities	<u>\$ 4,783,781</u>	<u>4,506,022</u>	<u>727,926</u>	<u>(226,069)</u>	<u>(30,184)</u>	<u>9,761,476</u>

	January 1, 2021	Cash flows	Non-cash changes			December 31, 2021
			Acquisition	Conversion of convertible bonds	Other	
Short-term borrowings	\$ 432,500	(199,100)	-	-	-	233,400
Short-term notes and bills payable	139,774	(89,933)	-	-	-	49,841
Long-term borrowings	1,460,574	335,982	-	-	-	1,796,556
Bonds payable	583,385	302,728	-	(276,455)	9,485	619,143
Lease liabilities	1,139,085	(122,903)	1,072,826	-	(4,167)	2,084,841
Total liabilities from financing activities	<u>\$ 3,755,318</u>	<u>226,774</u>	<u>1,072,826</u>	<u>(276,455)</u>	<u>5,318</u>	<u>4,783,781</u>

**(7) Related-party transactions**

(a) Parent company and ultimate controlling party

KAOHSIUNG TRANSPORTATION CO., LTD. is the parent company and it owns 16.89% of all common shares outstanding of the Company as well as obtained more than half of director of the Company.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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.

<u>Name of related party</u>	<u>Relationship with the Group</u>
NORTH STAR INTERNATIONAL DEVELOPMENT INDUSTRIES CORPORATION	An associate
YANG JI ENTERPRISE CO., LTD.	An associate
KAOHSIUNG TRANSPORTATION CO., LTD.	Parent company
Chung, Chia-Tsun	Chairman of the Company
Tsai, Tsung-Jung	Director of subsidiary-HE FONG ENERGY CO., LTD.
SOLAR MASTER ENERGY CO., LTD.	Major shareholder of subsidiary-HE FONG ENERGY CO., LTD.
FU CHENG TRANSPORTATION CO., LTD.	Same chairman with the Company
PUYUMA TRANSPORTATION CO., LTD.	Same chairman with the Company
KUAI KUAI CO., LTD.	Same chairman with the Company
CHIAYI TRANSPORTATION CO., LTD.	The entity's chairman is the second immediate family of the chairman of the Company
GANGLONG INVESTMENT CO., LTD.	The entity's chairman is the second immediate family of the chairman of the Company
DONG JHENG INVESTMENT CO., LTD.	Same chairman with the Company
HEYI CONSTRUCTION CO., LTD.	The entity's chairman is director of the Company
DAPENG BAY SIGHTSEEING BOAT Co., LTD.	Same chairman with the Company
EXPOSURE TRAVEL CO., LTD.	Same chairman with the Company
NAN REN LAKE LEISURE AMUSEMENT CO., LTD.	Same chairman with the Company
SANDI DEVELOPMENT ENTERPRISE CO., LTD.	Same chairman with the Company
GAO SHIH GOLF CO., LTD.	The entity's chairman is director of the Company
SHANGFA CONSTRUCTION CO., LTD.	The entity's director is the supervisor of subsidiary's corporate director
KAO CHI DRIVING SCHOOL	Same chairman with the Company

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Significant transactions with related parties

(i) Operating revenue and trade receivable due from related parties

Significant sales to related parties of the Group were as follows:

	<b>2022</b>	<b>2021</b>
Other related parties	\$ <b>28,148</b>	<b>4,615</b>

There is no significant difference between the sales price of the Group for other related parties and for third parties. The collection period is one to two months, and the general sales are received in the same month. Promissory notes are pledged as collateral for the receivables from related parties.

(ii) Trade receivable due from related parties

<b>Account</b>	<b>Relationship</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Trade receivable	Other related parties	\$ <b>73,582</b>	<b>761</b>

(iii) Advanced receipts from related parties

<b>Account</b>	<b>Relationship</b>	<b>Nature</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Other current liabilities	Other related parties	Advanced receipts	\$ <b>17,745</b>	<b>24,957</b>

The Group has entered into a contract with other related parties in July 2019 to purchase a fleet card. The amount of the fleet card is deducted from the retail price of the respective petrol filling station at the time of filling when other related parties fill at a mutually agreed location within the value limit of the fleet card. As of December 31, 2022 and 2021, the miscellaneous income amounted to \$2,472 thousand and \$2,668 thousand, respectively, recognized in other income.

The Group has entered into a contract with other related parties in July 2018 to purchase a business refueling card. Within the value limit of the business refueling card, the other related parties held the business refueling card to the mutually agreed place for refueling. The business refueling card amount is deducted from each filling station's retail price at the filling time. As of December 31, 2022 and 2021, the miscellaneous income amounted to \$1,540 thousand and \$1,701 thousand, respectively, recognized in other income.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Other transactions with related parties

Other transactions with related parties of the Group were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Construction in progress	SHANGFA CONSTRUCTION CO., LTD.	\$ <u>143,793</u>	<u>46,177</u>
Construction in progress	Other related parties	\$ <u>58,274</u>	<u>21,680</u>
Construction in progress	SOLAR MASTER ENERGY CO., LTD.	\$ <u>840,000</u>	<u>-</u>
Guarantee deposit paid	Other related parties	\$ <u>105,887</u>	<u>1,660</u>
Miscellaneous income	Other related parties	\$ <u>1,544</u>	<u>120</u>

(v) Leases

1) As a lessor

	<u>2022</u>	<u>2021</u>
Other related parties	\$ <u>6,247</u>	<u>57</u>

2) As a lessee

The subject and lease liabilities recognized by the Group for renting property, plant and equipment from related parties were as follows:

<u>Relationship</u>	<u>Lease subject</u>	<u>Lease period</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related parties	Land of Luzhu district in Kaohsiung	2019.01~2033.12	\$ 21,126	22,912
Other related parties	Kaochi station	2017.11~2032.10	30,967	33,830
Other related parties	Parking lot in Nangang	2020.06~2022.05	-	299
Chairman of the Company	Land of Sisigu in Pingtung	2020.09~2040.08	244,326	272,168
			<u>\$ 296,419</u>	<u>329,209</u>

Please refer to note 6(p) for interest on lease liabilities.

The Group rented offices from other related parties in June 2022 at a rent expense of \$3,047 thousand, there was no outstanding balance as of December 31, 2022.

(Continued)



**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(vi) Guarantee

The amount of the Group provided guarantee for loans on business purpose were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Other related parties	<b>\$ 423,500</b>	<b>423,500</b>

As of December 31, 2022 and 2021, the Chairman of the Company, Chung, Chia-Tsun, was the guarantor for the Group to obtain the credit limit of the loan from financial institutions.

As of December 31, 2022 and 2021, sub-subsidiary, HE FONG ENERGY CO., LTD., obtained the loan's credit limit from financial institutions. The director of the sub-subsidiary, Tsai, Tsung-Jung, and the Chairman of the Company, Chung, Chia-Tsun, provided the joint guarantee.

(vii) Other

- 1) The Group entered into a contract for the construction with other related parties on March 29, 2021. The total contract price was \$355,891 thousand. The relevant contract amount was appraised based on the quantity provided by the Group. Both parties agreed to recalculate the quantity after the completion of the design changes in the future with the unit price of the original project appraisal. Amended the contracted amount is the basis of the general contract. As of December 31, 2022, there is no outstanding payable on construction.
- 2) The Group entered into land joint development agreements with other related parties, HEYI CONSTRUCTION CO., LTD. Please refer to note 6(g) and 9(d) for details.
- 3) The associate, YANG JI ENTERPRISE, increased its capital by \$50,000 thousand in March 2021. The Group recognized an investment of \$25,000 thousand in proportion to its shareholding. Please refer to note 6(f) for details of the transactions.
- 4) The Group entered into a contract to develop the power plant with other related parties, SOLAR MASTER ENERGY CO., LTD, amounting to \$2,100,000 thousand in September 2020. As of December 31, 2022 and 2021, the total deposits paid amounted to \$840,000 and \$421,800 thousand, which is recognized in the prepayments for land and business facilities.
- 5) The Group entered into an equity trading contract with the other related party, DONG JHENG INVESTMENT CO., LTD. in May 2021 to acquire 100% equity interest in CATHY SUNRISE ELECTRIC POWER ONE CO., LTD. at \$116,499 thousand. The acquisition date was July 1, 2021. Please refer to note 6(h) for details.
- 6) In December 2021, the Group entered into contracts with other related parties, SHANGFA CONSTRUCTION CO., LTD. (formerly known as SHANGFA CONSTRUCTION CO., LTD.) for the construction contracts of solar photovoltaic systems and booster stations and the purchase of equipment as well as energy storage systems construction, the total amounting to \$3,161,187 thousand plus tax. Supplemental

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

contracts were entered into in February and July 2022 in the amount of \$14,950 thousand inclusive of tax. Then, in August 2022, water and soil conservation plan contract for the solar photovoltaic plants in the amount of \$357,000 thousand inclusive of tax. As of December 31, 2022, \$2,058,699 thousand has been paid, \$183,810 out of which was transferred to property, plant and equipment, the outstanding balance was recognized under prepayments for business facilities and unfinished construction.

(d) Key management personnel compensation

(i)

	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 19,584	19,188
Post-employment benefits	242	349
Total	<b>\$ 19,826</b>	<b>19,537</b>

(ii) Disgorgement

For the year ended December 31, 2022, the Group's exercise its disgorgement amounting to \$346 thousand after tax, which is attributable to a key management officer. Then it is recognized under the capital surplus in accordance with the provisions of Article 175 of the Securities and Exchange Act on short-term trading.

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

<b>Pledged assets</b>	<b>Object</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Property, plant and equipment, and prepayment for business facilities	Guarantee for gasoline purchase and long-term and short-term borrowings	\$ 3,244,944	3,644,875
Inventories- construction in progress and land held for construction site	Short-term borrowings	318,347	318,334
Other non-current financial assets	The deposit of the bank issued a guarantee to Freeway Bureau for the operating rights of the petrol filling station	14,664	14,583
Other non-current financial assets	Long-term borrowings, corporate bonds and construction guarantees	595,465	255,998
Other current assets	Guarantee for marketing activities	300	300
		<b>\$ 4,173,720</b>	<b>4,234,090</b>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**(9) Commitments and contingencies:**

(a) The Group's unrecognized contractual commitments are as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Purchase of inventory	<u>\$ 555,354</u>	<u>606,986</u>
Acquisition of property, plant and equipment	<u>\$ 5,654,736</u>	<u>4,784,346</u>

(b) As of December 31, 2022 and 2021, the Group's outstanding notes for leasing petrol filling stations and purchasing equipment were \$86,739 thousand and \$79,972 thousand, respectively.

(c) The performance guarantee secured through the bank amounted to \$660,000 thousand and \$460,000 thousand as of December 31, 2022 and 2021, respectively. The Group has pledged fixed assets as collateral for purchasing gasoline payable and long-term and short-term loans. Please refer to note 8 for details.

(d) The Group entered into joint development agreements with the other related party, responsible for 50% of the real estate development expenses respectively. Please refer to notes 6(g) and 7 for the agreement's details. In addition, the other related party agreed to be responsible for the planning and design of real estate development. The Group contributes the management fee for construction at 3% of the total amount of expected sales agreed by both parties, which shall be shared in proportion to the joint venture and paid according to the agreed schedule. As of December 31, 2022 and 2021, the Group paid the management fee amounting to \$2,289 thousand; the rest has not yet been paid.

(e) The amount of endorsement guarantee provided by the Group due to business transaction is as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Other related party	<u>\$ 423,500</u>	<u>423,500</u>

(f) As of December 31, 2022 and 2021, details of pre-sales before real estate complete and the advance receipts were as follows:

<b>Name of case</b>	<b>December 31, 2022</b>				<b>Contractual liabilities</b>
	<b>Land under construction</b>	<b>Construction in progress</b>	<b>Buildings and land held for sale</b>	<b>Total</b>	
AIMAY CITY	\$ 141,520	163,088	-	304,608	95,557
BRIGHT AS STARS	190,392	157,444	-	347,836	128,227
	<u>\$ 331,912</u>	<u>320,532</u>	<u>-</u>	<u>652,444</u>	<u>223,784</u>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

December 31, 2021					
Name of case	Land under construction	Construction in progress	Buildings and land held for sale	Total	Contractual liabilities
AIMAY CITY	\$ 141,520	62,036	-	203,556	79,168
BRIGHT AS STARS	190,378	66,899	-	257,277	93,437
	<b>\$ 331,898</b>	<b>128,935</b>	-	<b>460,833</b>	<b>172,605</b>

- (g) The Group entered into a variable rental payment lease with RENDE PRINCE PETROL FILLING STATION CO., LTD. Both parties have agreed that the rental payment should be increased if the average quantity of petrol delivered on that day exceeds a certain base. In 2022 and 2021, the Group had an increased variable rental payment of \$892 and \$798 thousand.
- (h) The Group and the other party entered into a contract for land lease management services to construct solar systems in the aquafarm zone. Both parties have agreed to pay the land rent starting from obtaining a construction permit approved by the Bureau of Energy or the completion of the site until the 20 years of commercial operation of solar systems.
- (i) As of December 31, 2022, the Group registered trust for success in the construction and delivery of housing units for cases and projects, which were as follows:

Item	Trustee	Period of trust	Scope of trust
AIMAY CITY	AGRICULTURAL BANK OF TAIWAN	2021.09.27~2025.02.08	Real estate value trust
BRIGHT AS STARS	AGRICULTURAL BANK OF TAIWAN	2021.04.29~until the date of completion of trust purpose	Real estate development trust

**(10) Losses Due to Major Disasters: None**

**(11) Subsequent Events:**

- (a) In order to strengthen the Group's capital structure, the Group resolved on March 3, 2023 by the Board of Directors to increase capital increase from capital surplus for issuing new shares, \$280,350 thousand of capital surplus were transferred for capital increase and 28,035 thousand of registered ordinary shares were issued in addition of 100 bonus shares per thousand shares. This capital increase will be submitted to Competent Authority for approval after resolution of general shareholders' meetings.
- (b) On March 3, 2023, the Group's board of directors proposed to distribute \$0.30 of cash dividend per share to shareholders from the capital surplus amounting to \$84,105 thousand to the shareholders of the Group. The said capital surplus is generated from premium of ordinary shares issued in excess of par value; the proposal is pending for resolution of the general shareholders' meeting.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

- (c) In order to tie in with the Group's operational planning, the subsidiary, SANTI ENERGY CO., LTD. was approved by a resolution of the Board of Directors on March 14, 2023 to purchase equity interests in SIN RIH TAI ELECTRIC POWER CO., LTD from the substantive stakeholders, NAN REN LAKE LEISURE AMUSEMENT CO., LTD. (NAN REN LAKE LEISURE) and Hi-Scene World Enterprise Co., Ltd. (Hi-Scene World). 30,600 thousand of shares are expected to be purchased, which are accounted for 51% of the equity interest of SIN RIH TAI ELECTRIC POWER CO., LTD at a price of \$11.6 per share, amounting to a total of \$354,960 thousand.

**(12) Other:**

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	For the year ended December 31					
		2022			2021		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		26,239	369,047	395,286	9,547	302,561	312,108
Labor and health insurance		2,539	39,579	42,118	1,033	35,951	36,984
Pension		1,359	18,131	19,490	484	16,487	16,971
Others		-	6,220	6,220	-	7,114	7,114
Depreciation		585	13,056	13,641	-	10,009	10,009
Depletion		42,058	189,227	231,285	15,826	188,998	204,824
Amortization		-	1,730	1,730	-	2,565	2,565

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(13) Other disclosures:**

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations” for the Group:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note3)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period (Note4)	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements / guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note2)										
0	The Company	HEYI CONSTRUCTION CO., LTD.	5	4,986,090	423,500	423,500	164,500	-	11.04 %	5,753,181	N	N	N
0	The Company	HUAN CHUANG ELECTRIC CO., LTD.	2	4,986,090	300,000	300,000	300,000	-	7.82 %	5,753,181	N	N	N
1	SANTI RENEWABLE ENERGY CO., LTD.	Cathy Sunrise Electric Power One Co., Ltd.	2	3,995,728	1,300,000	1,300,000	1,300,000	1,300,000	42.30 %	4,610,456	N	N	N
1	SANTI RENEWABLE ENERGY CO., LTD.	HUAN CHUANG ELECTRIC CO., LTD.	2	3,995,728	300,000	-	-	-	9.76 %	4,610,456	N	N	N
1	SANTI RENEWABLE ENERGY CO., LTD.	SANLU ENERGY STORAGE CO., LTD.	2	3,995,728	2,767,008	2,767,008	2,767,008	-	90.02 %	4,610,456	N	N	N
2	HENG FONG ENERGY CO., LTD.	SANLU ENERGY STORAGE CO., LTD.	2	3,995,728	1,057,078	1,057,078	-	1,057,078	32.82 %	4,610,456	N	N	N

Note1: The numbers filled in as follows:

1. 0 represents the Company
2. Subsidiaries are sorted in a numerical order starting from 1.

Note2: The relationship between the endorser /guarantor and the endorsed guarantor has the following 7 types, just indicate the type:

1. Having business relationship.
2. The borrower has short term financial necessities.
3. The endorser /guarantor parent company directly and indirectly holds more than 50 % of voting shares of the endorser /guarantor subsidiary.
4. The endorser /guarantor company and the endorsed /guaranteed party both be held more than 90% by the parent company.
5. Company that is mutually protected under contractual requirements based on the needs of the contractor.
6. Company that is endorsed by its shareholders in accordance with its shareholding ratio because of the joint investment relationship.
7. Performance guarantees for pre sale contracts under the Consumer Protection Act.

Note3: The endorsement /guarantee provided by the Company to individual guarantee party shall not exceed 130% of the most recent audited net worth of the Company. The total endorsement /guarantee of the Company to others shall not exceed 150% of the most recent audited net worth of the Company. The endorsement /guarantee provided by the Group to individual guarantee party shall not exceed 150% of the most recent audited net worth of the Company. The total endorsement /guarantee of the Group to others shall not exceed 200% of the most recent audited net worth of the Company.

Note4: The Company has a joint development agreement with HEYI CONSTRUCTION CO., LTD., each party owns 50% of the land right. For applying bank loan for land purchase, the shared land was provided as collateral and both parties provided the joint guarantee.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Shares/Units (thousands)	Ending balance		Fair value	Highest		Note
					Carrying value	Percentage of ownership (%)		Percentage of ownership (%)		
The Company	Stock LANYANG ENERGY TECHNOLOGY CO., LTD.	None	Financial assets at fair value through other comprehensive income	11	-	0.05 %	-	0.06 %		
The Company	Stock MA LI QIANG GREEN ENERGY CO., LTD.	None	Financial assets at fair value through other comprehensive income	41	473	5.50 %	473	5.50 %		
The Company	Stock ART SOURCE CORP.	None	Financial assets at fair value through other comprehensive income	5	-	0.06 %	-	0.06 %		

- (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: None
- (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: Please refer to notes 6(b).
- (x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	ZHONGHUA PRINCE PETROL FILLING STATION CO., LTD.	1	Other income	34,900	Open account 30 days	0.52%

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2022 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	NORTH STAR INTERNATIONAL DEVELOPMENT INDUSTRIES CORPORATION	Taiwan	Real estate trading	147,000	147,000	14,700	49.00 %	229,423	49.00 %	373,352	182,942	An associate
The Company	NSTAR ENERGY CORPORATION	Taiwan	1. Petrol filling station 2. Retail of gasoline products	93,465	93,465	7,000	100.00 %	95,797	100.00 %	15,942	15,942	Subsidiary
The Company	ZHONGHUA PRINCE PETROL FILLING STATION CO., LTD.	Taiwan	1. Petrol filling station 2. Retail of gasoline products	275,393	275,393	26,000	100.00 %	187,228	100.00 %	(18,473)	(18,319)	Subsidiary
The Company	SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	Taiwan	1. Petrol filling station 2. Retail of gasoline products	3,208,400	757,650	321,000	100.00 %	3,073,636	100.00 %	(78,356)	(78,402)	Subsidiary
The Company	JIN SHI HOTEL CO., LTD.	Taiwan	Hotel	25,500	25,500	2,550	51.00 %	39,634	51.00 %	25,633	13,072	Subsidiary
The Company	ING GUANG ENTERPRISE CO., LTD.	Taiwan	1. Petrol filling station 2. Retail of gasoline products	188,000	188,000	3,000	100.00 %	198,050	100.00 %	10,114	11,425	Subsidiary
The Company	YANG JI ENTERPRISE CO., LTD.	Taiwan	Advertisement consignment for real estate	75,000	50,000	7,500	50.00 %	72,613	50.00 %	(4,729)	(2,364)	An associate
SANTI ENERGY CO., LTD.	HE FONG ENERGY CO., LTD.	Taiwan	Renewable energy	173,834	173,834	17,340	51.00 %	152,789	51.00 %	(3,511)	(1,787)	Subsidiary
SANTI ENERGY CO., LTD.	JIAXIN ENERGY CO., LTD.	Taiwan	Renewable energy	186,000	136,000	18,600	100.00 %	184,651	100.00 %	(102)	(102)	Subsidiary
SANTI ENERGY CO., LTD.	YAOGU ENERGY CO., LTD.	Taiwan	Renewable energy	36,000	36,000	3,600	100.00 %	35,037	100.00 %	(82)	(82)	Subsidiary
SANTI ENERGY CO., LTD.	SANTI MONSTERS POWER CO., LTD.	Taiwan	Electricity sales	1,000	1,000	100	100.00 %	751	100.00 %	(87)	(87)	Subsidiary
SANTI ENERGY CO., LTD.	LYU YOU ENERGY CO., LTD.	Taiwan	Energy storage	80,000	71,000	7,100	100.00 %	82,123	100.00 %	2,304	2,304	Subsidiary
SANTI ENERGY CO., LTD.	CATHY SUNRISE ELECTRIC POWER ONE CO., LTD.	Taiwan	Renewable energy	1,056,499	256,499	102,585	100.00 %	950,051	100.00 %	(38,936)	(38,936)	Subsidiary
SANTI ENERGY CO., LTD.	FEL POWER CO., LTD.	Taiwan	Renewable energy	161,000	1,000	16,100	100.00 %	154,266	100.00 %	(6,713)	(6,713)	Subsidiary
SANTI ENERGY CO., LTD.	SHENG YANG ENGINEERING CO., LTD.	Taiwan	Engineering aquaculture	62,000	2,000	6,200	100.00 %	61,849	100.00 %	(151)	(151)	Subsidiary
SANTI ENERGY CO., LTD.	JUNHE ENERGY CO., LTD.	Taiwan	Engineering and energy storage	8,000	-	800	100.00 %	7,890	100.00 %	(110)	(110)	Subsidiary
SANTI ENERGY CO., LTD.	MOER ELECTRIC POWER CO., LTD.	Taiwan	Energy storage and operation	2,000	-	200	100.00 %	1,962	100.00 %	(38)	(38)	Subsidiary
SANTI ENERGY CO., LTD.	WO YANG ENERGY CO., LTD.	Taiwan	Renewable energy	3,000	-	100	100.00 %	2,956	100.00 %	(44)	(44)	Subsidiary
SANTI ENERGY CO., LTD.	SENSI ENERGY CO., LTD.	Taiwan	Renewable energy	41,000	-	4,100	100.00 %	40,828	100.00 %	(172)	(172)	Subsidiary
SANTI ENERGY CO., LTD.	CHIA YUAN OPTRONIC CO., LTD.	Taiwan	Renewable energy	1,000	-	100	100.00 %	976	100.00 %	(24)	(24)	Subsidiary
SANTI ENERGY CO., LTD.	CHIA RUI OPTRONIC CO., LTD.	Taiwan	Renewable energy	13,000	-	100	100.00 %	10,960	100.00 %	(2,040)	(2,040)	Subsidiary
SANTI ENERGY CO., LTD.	HONG TU ENERGY CO., LTD.	Taiwan	Renewable energy	3,000	-	100	100.00 %	2,956	100.00 %	(44)	(44)	Subsidiary
SANTI ENERGY CO., LTD.	HENG FONG ENERGY CO., LTD.	Taiwan	Investment	1,004,138	-	99,942	100.00 %	1,005,675	100.00 %	1,537	1,537	Subsidiary
SANTI ENERGY CO., LTD.	HUAN CHUANG ELECTRIC CO., LTD.	Taiwan	Automobile wholesaler	30,000	-	3,000	100.00 %	41,812	100.00 %	11,812	11,812	Subsidiary
SANTI ENERGY CO., LTD.	TESIN ENERGY CO., LTD.	Taiwan	Renewable energy	100	-	10	100.00 %	99	100.00 %	(1)	(1)	Subsidiary
SANTI ENERGY CO., LTD.	GU NING ENERGY CO., LTD.	Taiwan	Renewable energy	100	-	10	100.00 %	99	100.00 %	(1)	(1)	Subsidiary
SANTI ENERGY CO., LTD.	SI CHENG ENERGY CO., LTD.	Taiwan	Renewable energy	100	-	10	100.00 %	99	100.00 %	(1)	(1)	Subsidiary
SANTI ENERGY CO., LTD.	CHANG YONG ENGINEERING CO., LTD.	Taiwan	Renewable energy	100	-	10	100.00 %	99	100.00 %	(1)	(1)	Subsidiary
SANTI ENERGY CO., LTD.	SANLU ENERGY STORAGE CO., LTD.	Taiwan	Energy storage	-	6,000	-	- %	-	100.00 %	1,003	(678)	Subsidiary
HENG FONG ENERGY CO., LTD.	SANLU ENERGY STORAGE CO., LTD.	Taiwan	Energy storage	1,006,000	-	1,006,000	100.00 %	1,005,819	100.00 %	1,003	1,681	Subsidiary

Note: The transaction had been eliminated in the consolidated financial statements except NORTH STAR INTERNATIONAL DEVELOPMENT INDUSTRIES CORPORATION and YANG JI ENTERPRISE CO., LTD.

(Continued)



## NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(c) Information on investment in mainland China: None

(d) Major shareholders:

(in shares)

Shareholder's Name	Shareholding	Shares	Percentage
KAOHSIUNG TRANSPORTATION CO., LTD.		47,117,572	16.89 %
Chung, Chia-Tsun		22,449,595	8.04 %
DONG JHENG INVESTMENT CO., LTD.		20,473,626	7.34 %
SHANGFA CONSTRUCTION CO., LTD.		18,995,082	6.80 %

Note:(1)The information on major shareholders in this table is calculated by Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter, showing who holds more than 5% of the common shares and preferred shares that have been delivered (including treasury shares) without physical registration. Due to different calculation bases, there may be differences between the share capital recorded in the company's financial report and the actual number.

(2)If the above-mentioned information is that the shareholders hand over the shares to the trust, it will be disclosed by the special account opened by the trustee. As for the insider equity declaration of shareholders holding more than 10%, according to the Securities and Exchange Act, their shareholding includes the shares held by themselves plus the shares that they have delivered to the trust, having the right to exercise decision-making power over the trust property, etc., please refer to Public Information Observatory for the information on the declaration of insider equity.

#### (14) Segment information:

(a) General information

The Group has three reportable segments: gasoline sales, restaurant and travel service, and optoelectronics business. The gasoline sales segment is engaged in retailing petrol filling stations and gasoline products. The restaurant and travel service segment is engaged in the hotel and restaurant industry. The optoelectronics business segment is engaged in solar power generation, energy storage, and electricity sales.

The other operating segments of the Group are mainly engaged in constructing various real estate or petrol filling stations. For the years ended December 31, 2022 and 2021, the above segments do not meet the quantitative thresholds to be reportable.

(b) Information about reportable segments and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

(Continued)

# NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

The operating segment accounting policies are similar to those described in note 4 “significant accounting policies” except for the recognition and measurement of pension cost, which is on a cash basis.

The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

The Group’s operating segment information and reconciliation are as follows:

	2022					
	Gasoline sales segment	Restaurant and travel service segment	Optoelectronics business segment	Other	Reconciliation and elimination	Total
<b>Revenue</b>						
Revenue from external customers	\$ 6,637,579	68,837	48,020	-	-	6,754,436
Intersegment revenue	133	36	3,790	-	(3,959)	-
Interest revenue	1,728	123	1,912	-	(107)	3,656
<b>Total revenue</b>	<b>\$ 6,639,440</b>	<b>68,996</b>	<b>53,722</b>	<b>-</b>	<b>(4,066)</b>	<b>6,758,092</b>
Interest revenue	\$ (72,293)	(3,750)	(13,703)	-	111	(89,635)
Depreciation and amortization	(189,146)	(14,724)	(31,846)	-	2,701	(233,015)
Share of profit (loss) of associates and joint ventures accounted for using equity method	236,813	-	-	-	(56,235)	180,578
<b>Reportable segment profit or loss</b>	<b>\$ 197,711</b>	<b>25,633</b>	<b>(78,356)</b>	<b>(1,114)</b>	<b>(1,563)</b>	<b>142,311</b>
Investments accounted for using equity method	\$ 3,896,381	-	-	-	(3,594,345)	302,036
Non-current assets	356,283	-	3,751,076	47	-	4,107,406
<b>Reportable segment assets</b>	<b>\$ 10,734,194</b>	<b>302,018</b>	<b>7,115,778</b>	<b>353,039</b>	<b>(3,527,706)</b>	<b>14,977,323</b>
<b>Reportable segment liabilities</b>	<b>\$ 6,602,567</b>	<b>244,304</b>	<b>3,895,344</b>	<b>243,701</b>	<b>(28,924)</b>	<b>10,956,992</b>
	2021					
	Gasoline sales segment	Restaurant and travel service segment	Optoelectronics business segment	Other	Reconciliation and elimination	Total
<b>Revenue</b>						
Revenue from external customers	\$ 5,473,655	56,151	1,226	-	-	5,531,032
Intersegment revenue	6	6	3,429	-	(3,441)	-
Interest revenue	598	44	148	-	-	790
<b>Total revenue</b>	<b>\$ 5,474,259</b>	<b>56,201</b>	<b>4,803</b>	<b>-</b>	<b>(3,441)</b>	<b>5,531,822</b>
Interest revenue	\$ (47,020)	(3,935)	(16,779)	(364)	68	(68,030)
Depreciation and amortization	(160,557)	(14,724)	(29,190)	-	(2,918)	(207,389)
Share of profit (loss) of associates and joint ventures accounted for using equity method	(23,098)	-	-	-	106,111	83,013
<b>Reportable segment profit or loss</b>	<b>\$ 183,429</b>	<b>20,815</b>	<b>-</b>	<b>(52,838)</b>	<b>(303)</b>	<b>151,103</b>
Investments accounted for using equity method	\$ 1,429,071	-	-	-	(1,156,213)	272,858
Non-current assets	303,025	5,253	519,827	76,215	(300)	904,020
<b>Reportable segment assets</b>	<b>\$ 7,646,125</b>	<b>289,754</b>	<b>2,245,425</b>	<b>159,043</b>	<b>(1,070,048)</b>	<b>9,270,299</b>
<b>Reportable segment liabilities</b>	<b>\$ 3,646,089</b>	<b>233,745</b>	<b>1,402,750</b>	<b>185,738</b>	<b>7,682</b>	<b>5,476,004</b>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Product and service information

Revenue from the external customers of the Group was as follows:

<u>Product and services</u>	<u>2022</u>	<u>2021</u>
Gasoline sales	\$ 6,507,913	5,353,498
Hotel revenue	67,121	55,278
Restaurant revenue	165	873
Other operating revenue	<u>179,237</u>	<u>121,383</u>
	<u>\$ 6,754,436</u>	<u>5,531,032</u>

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

<u>Geographical information</u>	<u>2022</u>	<u>2021</u>
Revenue from external:		
Taiwan	\$ <u>6,754,436</u>	<u>5,531,032</u>
	<u>December 31,</u>	<u>December 31,</u>
	<u>2022</u>	<u>2021</u>
Non-current assets:		
Taiwan	\$ <u>12,005,771</u>	<u>7,233,212</u>

Non-current assets include property, plant and equipment, investment property, intangible assets, prepayment for business facilities, guarantee deposits and other assets, not including financial instruments, deferred tax assets, pension fund assets.

(e) Major customers

There were no customers representing greater than 10% of sales revenues in the consolidated statements of comprehensive income for the years ended December 31, 2022 and 2021.

## 5. Recent Audited Parent Company Only Financial Statements not Including Statement of Major Accounting Items



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### Independent Auditors' Report

To the Board of Directors of NORTH-STAR INTERNATIONAL CO., LTD.:

#### Opinion

We have audited the financial statements of NORTH-STAR INTERNATIONAL CO., LTD. (“the Company”), which comprise the balance sheets as of December 31, 2022 and 2021, 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, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of 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 Norm of Professional Ethics for Certified Public Accountants of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Matter

We did not audit the financial statements of North-Star International Development Industries Corporation (North-Star International Development), an associate of the Company, which represented investment in another entity accounted for using the equity method.

Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for North-Star International Development, is based solely on the report of another auditor. The investment in North-Star International Development accounted for using the equity method constituting 2% and 3% of total assets at December 31, 2022 and 2021 respectively, and the related share of profit of associates and joint ventures accounted for using the equity method constituting 132% and 47% of total profit before tax for the years then ended, respectively.

We did not audit the financial statements of Yang Ji Enterprise Co., Ltd. (Yang Ji Enterprise), an associate of the Company, which represented investment in another entity accounted for using the equity method.

Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Yang Ji Enterprise, is based solely on the report of another auditor. The investment in Yang Ji Enterprise accounted for using the equity method constituting 1% and 1% of total assets at December 31, 2022 and 2021, respectively, and the related share of profit of associates and joint ventures accounted for using the equity method constituting (2)% and (1)% of total profit before tax for both the years then ended, respectively.



## 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.

### 1. Revenue recognition

Refer to Note 4(p) “Revenue” and Note 6(u) “Revenue from contracts with customers” to the consolidated financial statements.

Description of key audit matter:

NORTH-STAR INTERNATIONAL CO., LTD. is principally engaged in the retail business of gasoline products, with petrol filling stations located throughout Taiwan. The operating income of each station is recorded through the Point-of-Sale Information System (POS) for each transaction in terms of the quantity, unit price and total price. After the daily checkout, sales are counted according to each station’s daily sales report and reviewed by the way of customer payment method (by cash, by credit cards, credit sales on account). Therefore, revenue recognition was the key audit matter in the audit of financial reports for the years ended December 31, 2022 and 2021 of the Company.

How the matter was addressed in our audit:

Our principal audit procedures to the above key audit matter included: understanding the Company’s accounting policies adopted for the revenue recognition and the procedures of transactions; sampling and testing effectiveness of the internal controls surrounding revenue recognition; testing selected sales samples and agreeing to daily sales report, bank deposit records, or credit card bill with related certificates, records on ledger, etc., testing sales cut-off, on a sampled basis, for transactions incurred within a certain period before or after the balance sheet date by evaluating whether the revenue was recorded in proper period.

## 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 IFRSs, IASs, interpretation as well as related guidance endorsed 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 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 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 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 Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 auditors' 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 and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the 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 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 Yu, Sheng-Ho and Chen, Kuo-Tsung.

KPMG

Taipei, Taiwan (Republic of China)

March 30, 2023

#### **Notes to Readers**

The accompanying parent company only financial statements are intended only to present the statement of financial position, financial performance and its 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only 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 auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
NORTH-STAR INTERNATIONAL CO., LTD.

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021		January 1, 2021	
	Amount	%	Amount	%	Amount	%
<b>Assets</b>						
<b>Current assets:</b>						
1100 Cash and cash equivalents (note 6(a))	\$ 131,844	1	231,742	3	163,658	3
1170 Accounts receivable, net (note 6(d)(u) and 7)	27,939	-	25,208	-	13,242	-
1206 Other receivables (note 7)	37,429	-	28,080	1	6,768	-
130X Inventories (note 6(e) and 8)	791,917	8	570,676	8	455,793	8
1470 Other current assets (note 6(k) and 8)	106,233	1	92,751	1	87,515	2
	<u>1,095,362</u>	<u>10</u>	<u>948,457</u>	<u>13</u>	<u>726,976</u>	<u>13</u>
<b>Non-current assets:</b>						
1510 Non-current financial assets at fair value through profit or loss (note 6(b)(o))	216	-	2,443	-	-	-
1517 Non-current financial assets at fair value through other comprehensive income (note 6(c))	473	-	535	-	517	-
1550 Investments accounted for using equity method (note 6(f))	3,896,381	38	1,487,155	21	854,533	15
1600 Total property, plant and equipment (note 6(h) and 8)	3,703,222	37	3,673,411	53	3,439,508	61
1755 Right-of-use assets (note 6(i))	676,932	7	452,036	7	312,640	5
1760 Investment property, net (note 6(j))	34,332	-	34,332	-	34,332	1
1780 Intangible assets	3,048	-	4,126	-	5,486	-
1915 Prepayments for business facilities	13,495	-	35,846	1	13,222	-
1920 Guarantee deposits paid	170,837	2	61,977	1	36,096	1
1980 Other non-current financial assets (note 8)	595,465	6	255,998	4	213,660	4
1995 Other non-current assets (note 6(r))	5,322	-	6,803	-	4,921	-
	<u>9,099,723</u>	<u>90</u>	<u>6,014,662</u>	<u>87</u>	<u>4,914,915</u>	<u>87</u>
<b>Total assets</b>	<u>\$ 10,195,085</u>	<u>100</u>	<u>6,963,119</u>	<u>100</u>	<u>5,641,891</u>	<u>100</u>
<b>Liabilities and Equity</b>						
<b>Current liabilities:</b>						
Short-term borrowings (note 6(m) and 8)	\$ 852,360	8	218,400	3	422,500	7
Short-term notes and bills payable (note 6(l))	249,697	3	49,841	1	139,774	3
Current contract liabilities (note 6(u))	223,784	2	172,605	3	44,594	1
Trade payables	400,894	4	229,052	3	286,834	5
Other payables (note 7)	136,210	1	103,531	1	74,904	1
Current tax liabilities	-	-	13,427	-	15,826	-
Current lease liabilities (note 6(p) and 7)	84,703	1	62,106	1	55,276	1
Long-term borrowings, current portion (note 6(n) and 8)	1,058,084	10	193,299	3	808,048	14
Other current liabilities, others (note 6(t) and 7)	41,453	-	50,371	1	30,970	1
	<u>3,047,185</u>	<u>29</u>	<u>1,092,632</u>	<u>16</u>	<u>1,878,726</u>	<u>33</u>
<b>Non-Current liabilities:</b>						
Non-current financial liabilities at fair value through profit or loss (note 6(b)(o))	210	-	210	-	300	-
Bonds payable (note 6(o) and 8)	1,583,779	16	619,143	9	583,385	10
Long-term borrowings (note 6(n) and 8)	1,141,191	11	1,250,457	18	652,526	12
Non-current lease liabilities (note 6(p) and 7)	585,955	6	381,050	5	242,271	4
Other non-current liabilities	1,311	-	1,291	-	1,768	-
	<u>3,312,446</u>	<u>33</u>	<u>2,252,151</u>	<u>32</u>	<u>1,480,250</u>	<u>26</u>
<b>Total liabilities</b>	<u>6,359,631</u>	<u>62</u>	<u>3,344,783</u>	<u>48</u>	<u>3,358,976</u>	<u>59</u>
<b>Equity attributable to owners of parent (note 6(o)(s)):</b>						
Share capital	2,789,307	28	2,462,493	35	1,918,332	34
Capital surplus	745,749	7	838,381	13	106,087	2
Retained earnings	302,135	3	319,137	4	260,189	5
Other equity interest	(1,737)	-	(1,675)	-	(1,693)	-
<b>Total equity</b>	<u>3,835,454</u>	<u>38</u>	<u>3,618,336</u>	<u>52</u>	<u>2,282,915</u>	<u>41</u>
<b>Total liabilities and equity</b>	<u>\$ 10,195,085</u>	<u>100</u>	<u>6,963,119</u>	<u>100</u>	<u>5,641,891</u>	<u>100</u>

See accompanying notes to parent company only financial statements.



(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

**NORTH-STAR INTERNATIONAL CO., LTD.**

**Statements of Comprehensive Income**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

	2022		2021 (Restated)	
	Amount	%	Amount	%
4000 <b>Total operating revenue (note 6(u) and 7)</b>	\$ 5,372,833	100	4,471,135	100
5000 <b>Operating costs (note 6(e)(q))</b>	<u>4,695,782</u>	<u>87</u>	<u>3,806,038</u>	<u>85</u>
5900 <b>Gross profit from operations</b>	<u>677,051</u>	<u>13</u>	<u>665,097</u>	<u>15</u>
6000 <b>Operating expenses (note 6(h)(i)(j)(q)(v) and 7):</b>				
6100     Selling expenses	602,925	11	508,726	11
6200     Administrative expenses	<u>88,383</u>	<u>2</u>	<u>83,808</u>	<u>2</u>
6450 <b>Total operating expenses</b>	<u>691,308</u>	<u>13</u>	<u>592,534</u>	<u>13</u>
6900 <b>Net operating (loss) income</b>	<u>(14,257)</u>	<u>-</u>	<u>72,563</u>	<u>2</u>
7000 <b>Non-operating income and expenses:</b>				
7100     Interest income	1,337	-	384	-
7010     Other income (not 6(p) and 7)	97,895	2	83,517	2
7020     Other gains and losses, net (note 6(k)(o))	(4,618)	-	28,896	-
7050     Finance costs (note 6(o)(p))	(65,714)	(1)	(40,688)	(1)
7070     Share of profit of associates and joint ventures accounted for using equity method (note 6(f))	<u>124,296</u>	<u>2</u>	<u>35,412</u>	<u>1</u>
<b>Total non-operating income and expenses</b>	<u>153,196</u>	<u>3</u>	<u>107,521</u>	<u>2</u>
7900 <b>Profit from continuing operations before tax</b>	138,939	3	180,084	4
7951 <b>Less: Income tax expenses (note 6(r))</b>	<u>7,471</u>	<u>-</u>	<u>25,220</u>	<u>1</u>
<b>Profit</b>	<u>131,468</u>	<u>3</u>	<u>154,864</u>	<u>3</u>
8300 <b>Other comprehensive income:</b>				
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8316     Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(62)	-	18	-
8349     Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8300 <b>Other comprehensive income</b>	<u>(62)</u>	<u>-</u>	<u>18</u>	<u>-</u>
<b>Total comprehensive income</b>	<u>\$ 131,406</u>	<u>3</u>	<u>154,882</u>	<u>3</u>
<b>Earnings per share (NT dollars) (note 6(t))</b>				
9750 <b>Basic earnings per share</b>	<u>\$ 0.48</u>		<u>0.69</u>	
9850 <b>Diluted earnings per share</b>	<u>\$ 0.48</u>		<u>0.68</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**NORTH-STAR INTERNATIONAL CO., LTD.**

**Statements of Changes in Equity**

**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Share capital			Retained earnings					Total retained earnings	Total equity
	Ordinary shares	Certificate of entitlement to new shares from convertible bond	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Other equity interest		
<b>Balance on January 1, 2020</b>	\$ 1,918,332	-	1,918,332	106,087	102,718	1,610	160,322	264,650	2,287,376	
Effects of retrospective application	-	-	-	-	-	-	(4,461)	(4,461)	(4,461)	
Equity at beginning of period after adjustments	1,918,332	-	1,918,332	106,087	102,718	1,610	155,861	260,189	2,282,915	
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	-	12,047	-	(12,047)	-	-	
Special reserve appropriated	-	-	-	-	-	83	(83)	-	-	
Cash dividends of ordinary share	-	-	-	-	12,047	83	(95,916)	(95,916)	(95,916)	
Profit (Restated)	-	-	-	-	-	-	(108,046)	(95,916)	(95,916)	
Other comprehensive income	-	-	-	-	-	-	154,864	154,864	154,864	
Total comprehensive income	-	-	-	-	-	-	-	18	18	
Other changes in capital surplus:										
Due to recognition of equity component of convertible bonds issued	-	-	-	19,308	-	-	154,864	154,864	154,882	
Issue of shares	400,000	-	400,000	600,000	-	-	-	-	19,308	
Conversion of convertible bonds	144,046	115	144,161	108,691	-	-	-	-	1,000,000	
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	563	-	-	-	-	252,852	
Share-based payments	-	-	-	3,732	-	-	-	-	563	
<b>Balance on December 31, 2021</b>	<b>2,462,378</b>	<b>115</b>	<b>2,462,493</b>	<b>838,381</b>	<b>114,765</b>	<b>1,693</b>	<b>202,679</b>	<b>319,137</b>	<b>3,618,336</b>	
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	-	14,002	-	(14,002)	-	-	
Special reserve appropriated	-	-	-	-	-	(18)	18	-	-	
Cash dividends of ordinary share	-	-	-	-	-	-	(148,228)	(148,228)	(148,228)	
Profit	-	-	-	-	14,002	(18)	(162,212)	(148,228)	(148,228)	
Other comprehensive income	-	-	-	-	-	-	131,468	131,468	131,468	
Total comprehensive income	-	-	-	-	-	-	-	(62)	(62)	
Conversion of convertible bonds	72,392	38,958	111,350	114,111	-	-	131,468	131,468	131,406	
Stock dividends from capital surplus	215,264	-	215,264	(215,264)	-	-	-	-	225,661	
Reorganization	-	-	-	-	-	-	(242)	(242)	-	
Share-based payments	-	-	-	8,175	-	-	-	-	(242)	
Exercise of disgorgement	-	-	-	346	-	-	-	-	8,175	
<b>Balance on December 31, 2022</b>	<b>\$ 2,750,234</b>	<b>39,073</b>	<b>2,789,307</b>	<b>745,749</b>	<b>128,767</b>	<b>1,675</b>	<b>171,693</b>	<b>302,135</b>	<b>3,835,454</b>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**NORTH-STAR INTERNATIONAL CO., LTD.**

**Statements of Cash Flows**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2022</b>	<b>2021 (Restated)</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 138,939	180,084
<b>Adjustments:</b>		
Adjustments to reconcile profit:		
Depreciation expense	128,413	109,535
Amortization expense	1,650	1,961
Net gain on financial assets or liabilities at fair value through profit or loss	1,819	(5,084)
Interest expense	65,714	40,687
Interest income	(1,337)	(384)
Dividend income	(96)	(89)
Share-based payments	1,092	3,732
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(124,296)	(35,412)
Loss (gain) on disposal of property, plan and equipment	89	-
Gain on disposal of other assets	-	(28,764)
	(459)	-
Total adjustments to reconcile profit	72,589	86,182
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(5)	35
Trade receivable	(2,726)	(12,001)
Other receivable	(1,740)	(21,312)
Inventories	(221,241)	(114,882)
Other current assets	(13,482)	(62,935)
Total changes in operating assets	(239,194)	(211,095)
Increase (decrease) in contract liabilities	51,179	-
Notes payable	(2,502)	1,893
Trade payable	174,344	(59,675)
Other payable	31,793	27,810
Other current liabilities	(7,727)	147,048
Total changes in operating liabilities	247,087	117,076
Total changes in operating assets and liabilities	7,893	(94,019)
Total adjustments	80,482	(7,837)
Cash inflow generated from operations	219,421	172,247
Interest received	1,337	384
Dividends received	197,999	19,690
Interest paid	(59,341)	(37,946)
Income taxes paid	(27,124)	(29,500)
<b>Net cash flows from operating activities</b>	<b>332,292</b>	<b>124,875</b>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**NORTH-STAR INTERNATIONAL CO., LTD.**

**Statements of Cash Flows**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2022</b>	<b>2021 (Restated)</b>
<b>Cash flows from (used in) investing activities:</b>		
Net cash receipts from acquisitions of subsidiaries	-	563
Acquisition of investments accounted for using equity method	(2,475,750)	(714,812)
Proceeds from capital reduction of investments accounted for using equity method	-	98,000
Proceeds from disposal of non-current assets classified as held for sale	-	86,464
Acquisition of property, plant and equipment	(65,745)	(273,084)
Proceeds from disposal of property, plant and equipment	32,070	5,343
(Increase) decrease in refundable deposits	(108,860)	(25,881)
Acquisition of intangible assets	(573)	(601)
Increase in other non-current assets	(339,467)	(42,338)
Decrease in other non-current assets	10	-
Increase in prepayments for business facilities	(15,667)	(26,950)
<b>Net cash flows used in investing activities</b>	<b>(2,973,982)</b>	<b>(893,296)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	633,960	(204,100)
Increase in short-term notes and bills payable	199,856	(89,933)
Proceeds from issuing bonds	1,184,333	307,728
Proceeds from long-term debt	1,001,239	2,249,419
Repayments of long-term debt	(245,720)	(2,266,237)
(Decrease) increase in guarantee deposits received	20	(478)
Revenues from disgorgements	433	-
Payment of lease liabilities	(84,101)	(63,977)
Cash dividends paid	(148,228)	(95,917)
Proceeds from issuing shares	-	1,000,000
<b>Net cash flows from financing activities</b>	<b>2,541,792</b>	<b>836,505</b>
<b>Net increase in cash and cash equivalents</b>	<b>(99,898)</b>	<b>68,084</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>231,742</b>	<b>163,658</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 131,844</b>	<b>231,742</b>

See accompanying notes to parent company only financial statements.

**NORTH-STAR INTERNATIONAL CO., LTD.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

NORTH-STAR INTERNATIONAL CO., LTD. (the “Company”) was legally established with the approval of the Ministry of Economic Affairs on December 16, 1988, with registered address at No. 137, Xinhai Rd., Banqiao Dist., New Taipei City 220, Taiwan (R.O.C.). The Company mainly engaged in petrol filling stations and the retail business of gasoline products.

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

These financial statements were authorized for issue by the Board of Directors on March 17, 2022.

**(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. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

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

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.  The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments <sup>1</sup> , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.  Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

#### (4) Summary of significant accounting policies:

The significant accounting policies presented in the parent company only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

##### (a) Statement of compliance

The 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”).

##### (b) Basis of preparation

###### (i) Basis of measurement

Except for the following significant accounts, the parent company only financial statements have been prepared on a historical cost basis:

- 1) Financial assets at fair value through other comprehensive income are measured at fair value.

###### (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 parent company only 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) 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 noncurrent.

- (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

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

- (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 noncurrent.

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.

(d) 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.

(e) 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 or fair value through other comprehensive income (FVOCI) – equity investment. 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.

(Continued)



## **NORTH-STAR INTERNATIONAL CO., LTD.**

### **Notes to the Financial Statements**

#### 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) Fair value through other comprehensive income (FVOCI )

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- its held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

#### 3) 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, financial assets measured at amortized costs, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets) and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (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.

(Continued)

## **NORTH-STAR INTERNATIONAL CO., LTD.**

### **Notes to the Financial Statements**

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 60 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

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 months 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 90 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;

(Continued)

## **NORTH-STAR INTERNATIONAL CO., LTD.**

### **Notes to the Financial Statements**

- 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. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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 180 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.

#### 4) 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.

(Continued)

## **NORTH-STAR INTERNATIONAL CO., LTD.**

### **Notes to the Financial Statements**

#### 3) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

#### 4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other 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.

#### 5) 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.

#### 6) 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.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

#### (f) Inventories

##### (i) Trading

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to the location and condition. The calculation was based on the first-in-first-out method, and the weighted average method was adopted since April 1, 2022 and retroactive adjustments were made.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

##### (ii) Construction

The cost of inventories includes all necessary expenditures and charges for bringing the inventory to an available to sale and construction condition and location. The real estate development costs include construction costs, land costs, borrowing costs, and project costs incurred during the development period. When completion, construction in progress is carried over to buildings and land held for sale. The real estate development costs proportionate to the sale are carried forward to the operating cost. When the cost of inventories is higher than the net realizable value, it should be offset against the cost to net realizable value, and the amount of inventory should be recognized as cost of goods sold in the current period. The methods of determining the net realizable value are as follows:

- 1) Land held for development: the net realizable value is the replacement cost or estimated price (based on the market condition), less, the estimated selling expenses at the end of the period.
- 2) Construction in progress: Net realizable value is the estimated selling price (based on current market condition) in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value.
- 3) Buildings and land held for sale: the net realizable value is the estimated price (based on the market condition), less, the estimated selling expenses at the end of the period.

#### (g) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

(Continued)

## **NORTH-STAR INTERNATIONAL CO., LTD.**

### **Notes to the Financial Statements**

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method without remeasuring the retained interest.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

#### (h) Investment in subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for using equity method in the financial statements. Under equity method, the net income, other comprehensive income and equity in the financial statements are the same as those attributed to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries that do not result in the loss of control are recognized as equity transaction.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

#### (i) Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics: (a) the parties are bound by a contractual arrangement; and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 “Joint Arrangements” defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (ie activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Company accounts for the assets, liabilities, revenues and expenses in relation to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. When assessing whether a joint arrangement is a joint operation or a joint venture, the Company considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

#### (j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

#### (k) 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. The cost of certain items of property, plant and equipment on January 1, 2012, the Group’s date of transition to the Standards, was determined with reference to its fair value at that date.

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.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

#### (ii) Subsequent expenditure

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:

1) buildings	1~60 years
2) machinery and equipment	1~20 years
3) transportation equipment	5 years
4) office and other equipment	1~12 years

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

#### (l) Leases

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.

##### (i) As a lessee

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.

(Continued)



## **NORTH-STAR INTERNATIONAL CO., LTD.**

### **Notes to the Financial Statements**

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.

If an arrangement contains lease and non-lease components, 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 in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

#### (ii) 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.

#### (m) 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, patents 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:

- |                      |            |
|----------------------|------------|
| 1) Computer software | 1~15 years |
|----------------------|------------|

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

(Continued)

## **NORTH-STAR INTERNATIONAL CO., LTD.**

### **Notes to the Financial Statements**

#### **(n) Impairment of non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) 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.

#### **(o) Provisions**

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

In accordance with the Group's environmental policy and applicable regulatory requirements, the provision for recovery liabilities is recognized when contaminated land satisfies the recognition criteria of the provision mentioned above, and the related costs are recognized.

#### **(p) Revenue from contracts with customers**

##### **(i) Revenue from contracts with customers**

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(Continued)

## **NORTH-STAR INTERNATIONAL CO., LTD.**

### **Notes to the Financial Statements**

1) Sale of goods – gasoline products

The Company provides various gasoline products for sale in the retail market and recognizes revenue when the product is delivered to the customers. The price is paid immediately upon the customer's purchase of the product.

2) Customer loyalty program

The Company operates a customer loyalty program to its retail customers. Retail customers obtain points for purchases made, which entitle them to discount on future purchases. The Company considers that the points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. The Company has recognized contract liability at the time of sale on the basis of the principle mentioned above. Revenue from the award points is recognized when the points are redeemed or when they expire.

3) Land development and sale of real estate

The Company develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Company due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component. For pre-selling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties to the customer. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

Certain contracts include multiple deliverables, such as sale of residential properties and a decoration service. The Company accounts for the decoration service as a single performance obligation, and the transaction price is allocated to the decoration service on a relative standalone selling price basis. Revenue from providing the decoration service is recognized in the accounting period in which the services are rendered.

#### 4) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

#### (ii) Contract costs

##### 1) Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

##### 2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- a) the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- c) the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(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.

(r) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

(s) 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.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

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 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 they 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.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

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.
- (t) Non-current assets for sale

Non-current assets comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to assets not within the scope of IAS 36 – *Impairment of Assets*. Such assets will continue to be measured in

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

accordance with the Company's accounting policies. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(u) 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, such as convertible bonds and employee compensation.

(v) Operating segments

The Company discloses its segment information in consolidated financial statements. Therefore, the Company need not disclose segment information in the parent-company-only financial statements.

(w) Changes in accounting policies

After the management's assessment, the Company opted to measure its investment properties using the fair value model as the management has taken the view that the information provided under this model could best reflect the value and performance of the assets. This model also provides more relevant and reliable information about the Company's financial position, financial performance, and cash flows in the financial statements.

In accordance with International Accounting Standard 8 Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"), the changes in accounting policy shall be applied retrospectively. The results are summarized as follows:

(i) Balance sheets

	<b>January 1, 2021</b>		
	<b>As previously reported</b>	<b>Impact of changes in accounting policies</b>	<b>As restated</b>
Inventory	\$ 459,629	(3,836)	455,793
Investment accounted for using equity method	855,158	(625)	854,533
Retained earnings	264,650	(4,461)	260,189

(Continued)



**NORTH-STAR INTERNATIONAL CO., LTD.**

**Notes to the Financial Statements**

	<b>December 31, 2021</b>		
	<b>As previously reported</b>	<b>Impact of changes in accounting policies</b>	<b>As restated</b>
Inventory	\$ 560,443	10,233	570,676
Investment accounted for using equity method	1,487,008	147	1,487,155
Retained earnings	308,757	10,380	319,137

(ii) Statements of comprehensive income

	<b>2021</b>			
	<b>2022 As reported</b>	<b>As previously reported</b>	<b>Impact of changes in accounting policies</b>	<b>As restated</b>
Operating costs	\$ 4,695,782	3,820,106	(14,068)	3,806,038
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	124,296	34,639	773	35,412
Basic earnings per share	0.48	0.63	0.06	0.69
Diluted earnings per share	0.48	0.62	0.06	0.68

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

The preparation of the parent company only financial statements in conformity with the Regulations 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 next period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Judgment of whether the Company has substantive control over its investees

The Company holds 49% and 50% of the outstanding voting shares of NORTH STAR INTERNATIONAL DEVELOPMENT INDUSTRIES CORPORATION and YANG JI ENTERPRISE CO., LTD., respectively. The remaining shares are concentrated within specific shareholders, the Group cannot obtain more than half of the total number of both companies' directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group has significant influence on both companies.

Information about assumptions and estimation uncertainties does not have a significant risk of resulting in a material adjustment within the next financial year.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss.

The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data.

**(6) Explanation of significant accounts:**

- (a) Cash and cash equivalents

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Cash	\$ 21,161	20,445
Check and demand deposit	110,683	211,297
Cash and cash equivalents in the statement of cash flows	<b>\$ 131,844</b>	<b>231,742</b>

Please refer to note 6(w) for the credit risk and interest risk of the financial assets and liabilities of the Company.

- (b) Financial assets and liabilities at fair value through profit or loss

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Non-current financial liability measured at fair value through profit or loss:		
Convertible bond-embedded derivative	<b>\$ 216</b>	<b>210</b>
Non-current financial asset measured at fair value through profit or loss:		
Convertible bond-embedded derivative	<b>\$ 210</b>	2,443

Please refer to note 6(o) for the convertible corporate bonds issue by the Company on December 10, 2021 and December 23, 2020. The call option and put option of convertible corporate bonds were mandatorily measured at fair value through profit or loss.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**

**Notes to the Financial Statements**

- (c) Non-current financial assets at fair value through other comprehensive income

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Unlisted stocks		
MA LI QIANG GREEN ENERGY CO., LTD.	\$ <b>473</b>	<b>535</b>

- (i) Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2022 and 2021.

- (ii) For credit risk and market risk, please refer to note 6(x).
- (iii) As of December 31, 2022 and 2021, the financial assets at fair value through other comprehensive income of the Company had not been pledged as collateral.

- (d) Notes and accounts receivables

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Notes receivables	\$ 153	148
Trade receivables	27,786	25,060
	<b>\$ 27,939</b>	<b>25,208</b>

<b>December 31, 2022</b>			
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 26,636	0%	-
1 to 30 days past due	1,303	0%	-
31 to 60 days past due	-	0%	-
61 to 90 days past due	-	2.38%	-
More than 91 days past due	-	100%	-
	<b>\$ 27,939</b>		<b>-</b>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**

**Notes to the Financial Statements**

	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	24,573	0%	-
1 to 30 days past due	635	0%	-
31 to 60 days past due	-	0%	-
61 to 90 days past due	-	2.78%	-
More than 91 days past due	-	100%	-
	<b>\$ 25,208</b>		<b>-</b>

For the years ended December 31, 2022 and 2021, there were no movements in allowance for notes and trade receivables.

As of December 31, 2022 and 2021, the notes and trade receivables of the Company had not been pledged as collateral.

(e) Inventories

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>January 1, 2021 (Restated)</b>
Trading:			
Premium Diesel	\$ 30,979	24,652	25,391
Unleaded gasoline-98	14,851	17,478	12,219
Unleaded gasoline-95	60,318	42,455	42,260
Unleaded gasoline-92	32,012	20,964	23,266
Coproducts and others	1,313	4,294	946
Subtotal	139,473	109,843	104,082
Construction industry:			
Land held for construction site	-	-	201,223
Construction in progress	652,444	460,833	150,488
Subtotal	652,444	460,833	351,711
	<b>\$ 791,917</b>	<b>570,676</b>	<b>455,793</b>

The details of the cost of sales were as follows:

	<b>2022</b>	<b>2021</b>
Inventory that has been sold	\$ 4,700,615	3,808,047
Stock take surplus	(4,833)	(2,009)
	<b>\$ 4,695,782</b>	<b>3,806,038</b>

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

Please refer to note 8 for detail of the Company provided inventories as collateral for short-term borrowings.

For the years ended December 31, 2022 and 2021, amount of capitalized interest were \$3,799 thousand and \$4,290 thousand, respectively. The interest rate for capitalization were 1.75%~1.90% and 1.75%~1.95%, respectively.

(f) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2022	December 31, 2021
Subsidiaries	\$ 3,594,345	1,214,297
Associates	302,036	272,858
	\$ 3,896,381	1,487,155

(i) Subsidiaries

For the related information, please refer to the consolidated financial statement for the year ended December 31, 2022.

(ii) Associates

Name of Associates	Nature of Relationship with the Group	Main operating location/ Registered Country	Proportion of shareholding	
			December 31, 2022	December 31, 2021
NORTH STAR INTERNATIONAL DEVELOPMENT INDUSTRIES CORPORATION	The main businesses are interior decoration construction, wholesale building materials, and residential and building development and rental.	Taiwan	49 %	49 %
YANG JI ENTERPRISE CO., LTD.	Mainly engages in advertisement consignment.	Taiwan	50 %	50 %

The Company participated in the cash capital increase of YANG JI ENTERPRISE CO., LTD on December 9, 2022 and March 16, 2021, respectively. The Company invest \$25,000 thousand in proportioned to its shareholding, respectively. The total investment in YANG JI ENTERPRISE CO., LTD accumulated to \$75,000 thousand.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

On September 14, 2021, the resolution was approved in the general shareholders' meeting regarding the capital reduction of NORTH-STAR INTERNATIONAL DEVELOPMENT. The Company proportionally reduced its shareholding of NORTH-STAR INTERNATIONAL DEVELOPMENT by \$98,000 thousand. The investment in NORTH-STAR INTERNATIONAL DEVELOPMENT amounted to \$147,000 thousand in total.

The Company has only significant influence over the associates above, taking into account the holdings of other investors, and the Company has determined that there is no control over the board of directors or shareholders' meetings of these associates.

The following is the aggregated financial information of the major associates, and necessary changes have already been made to the information therein concerning the associates' consolidated financial statements based on the IFRS as endorsed by FSC to reflect the fair value adjustments made at the time of acquisition and adjustment for accounting policy variations.

- 1) Financial information summary of NORTH STAR INTERNATIONAL DEVELOPMENT INDUSTRIES CORPORATION were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Current assets	\$ 2,578,999	3,306,371
Non-current assets	374,410	529,028
Current liabilities	(965,337)	(1,519,725)
Non-current liabilities	<u>(1,519,860)</u>	<u>(1,860,815)</u>
Net assets	<b><u>\$ 468,212</u></b>	<b><u>454,859</u></b>
	<b>2022</b>	<b>2021</b>
Operating revenue	<u>\$ 2,292,291</u>	<u>1,526,636</u>
Profit for the year	373,352	171,638
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<b><u>\$ 373,352</u></b>	<b><u>171,638</u></b>
	<b>2022</b>	<b>2021</b>
Share of net assets of associates as of January 1	\$ 222,881	236,778
Comprehensive income attributable to the Company	182,942	84,103
Decrease in investment in associates during the period	-	(98,000)
	<u>(176,400)</u>	<u>-</u>
Share of net assets of associates as of December 31	<b><u>\$ 229,423</u></b>	<b><u>222,881</u></b>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

2) Financial information summary of YANG JI ENTERPRISE CO., LTD. were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 164,454	36,958
Non-current assets	89,990	93,346
Current liabilities	(2,401)	(351)
Non-current liabilities	<u>(106,818)</u>	<u>(30,000)</u>
Net assets	<u>\$ 145,225</u>	<u>99,953</u>
	<u>2022</u>	<u>2021</u>
Operating revenue	\$ -	12,114
Profit for the year	(4,729)	(2,180)
Other comprehensive income	-	-
Total comprehensive income	<u>\$ (4,729)</u>	<u>(2,180)</u>
	<u>2022</u>	<u>2021</u>
Share of net assets of associates as of January 1	\$ 49,977	35,668
Capital increase during the period	25,000	25,000
Comprehensive income attributable to the Company	(2,364)	(1,090)
Dividends received from associates	-	(9,601)
Share of net assets of associates as of December 31	<u>\$ 72,613</u>	<u>49,977</u>

(iii) Collateral

As of December 31, 2022 and 2021, the Group did not provide any investments accounted for using the equity method as collateral.

(g) Joint operations

The Company entered into joint development agreements with HEYI CONSTRUCTION CO., LTD., which is not a separate entity, responsible for 50% of the real estate development expenses respectively. HEYI CONSTRUCTION CO., LTD. is the implementing company responsible for real estate development, such as planning and design, outsourcing, and progress tracking. The joint agreement between the Group and HEYI CONSTRUCTION CO., LTD. for participation in land development provides that each party uses its assets and assumes its liabilities in the performance of the contract. The Company and HEYI CONSTRUCTION CO., LTD. recognize revenue from the sale of the products as a 50% share each. The construction license for this case has been issued and started construction in March 2021. As of December 31, 2021, the amount of the buildings held by the joint development was \$257,278 thousand, which is recognized under inventories. Please note 6(e) for details.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(h) Property, plant and equipment

The following table summarizes the cost, depreciation and impairment of property, plant and equipment of the Company:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and equipment</u>	<u>Others</u>	<u>Total</u>
Cost or deemed cost:					
Balance on January 1, 2022	\$ 3,379,455	411,528	267,161	97,302	4,155,446
Additions	-	3,723	49,766	12,256	65,745
Disposal	-	(1,519)	(43,452)	(1,650)	(46,621)
Transfer from prepayments	-	17,942	15,907	3,864	37,713
Balance on December 31, 2022	<u>\$ 3,379,455</u>	<u>431,674</u>	<u>289,382</u>	<u>111,772</u>	<u>4,212,283</u>
Balance on January 1, 2021	\$ 3,123,675	421,484	266,979	97,411	3,909,549
Additions	255,780	5,060	6,896	6,165	273,901
Disposal	-	(15,116)	(10,940)	(6,274)	(32,330)
Transfer from prepayments	-	100	4,226	-	4,326
Balance on December 31, 2021	<u>\$ 3,379,455</u>	<u>411,528</u>	<u>267,161</u>	<u>97,302</u>	<u>4,155,446</u>
Depreciation and impairments losses:					
Balance on January 1, 2022	\$ -	179,398	220,209	82,428	482,035
Depreciation	-	16,756	17,131	7,360	41,247
Disposal	-	(513)	(13,406)	(302)	(14,221)
Balance on December 31, 2022	<u>\$ -</u>	<u>195,641</u>	<u>223,934</u>	<u>89,486</u>	<u>509,061</u>
Balance on January 1, 2021	\$ -	172,688	215,381	81,972	470,041
Depreciation	-	16,773	15,679	6,529	38,981
Transfer from prepayments	-	(10,063)	(10,851)	(6,073)	(26,987)
Balance on December 31, 2021	<u>\$ -</u>	<u>179,398</u>	<u>220,209</u>	<u>82,428</u>	<u>482,035</u>
Carrying amount:					
Balance on December 31, 2022	<u>\$ 3,379,455</u>	<u>236,033</u>	<u>65,448</u>	<u>22,286</u>	<u>3,703,222</u>
Balance on January 1, 2022	<u>\$ 3,123,675</u>	<u>248,796</u>	<u>51,598</u>	<u>15,439</u>	<u>3,439,508</u>
Balance on December 31, 2021	<u>\$ 3,379,455</u>	<u>232,130</u>	<u>46,952</u>	<u>14,874</u>	<u>3,673,411</u>

As of December 31, 2022 and 2021, there was agricultural land of \$39,633 thousand and \$39,849 thousand for use by the Company as petrol filling stations, respectively. The ownership of the land is temporarily registered in the trusted third party designated by the Company. The trustee either pledged the land as collateral for the Company or entered into a contractual agreement with the Group at a total price of \$43,250 thousand.

As of December 31, 2022 and 2021, the property, plant and equipment of the Company had been pledged as collateral for long-term and short-term borrowings; please refer to note 8.

(Continued)



**NORTH-STAR INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(i) Right-of-use assets

The following table summarizes the cost and depreciation of right-of-use assets of the Company:

	<u>Land and building</u>	<u>Transportat ion equipment</u>	<u>Total</u>
Cost:			
Balance on January 1, 2022	\$ 623,975	9,745	633,720
Additions	331,081	-	331,081
Write-off	(18,147)	(872)	(19,019)
Balance on December 31, 2022	<u>\$ 936,909</u>	<u>8,873</u>	<u>945,782</u>
Balance on January 1, 2021	\$ 423,388	2,816	426,204
Additions	210,994	6,929	217,923
Write-off	(10,407)	-	(10,407)
Balance on December 31, 2021	<u>\$ 623,975</u>	<u>9,745</u>	<u>633,720</u>
Accumulated depreciation:			
Balance on January 1, 2022	\$ 177,475	4,209	181,684
Depreciation for the year	84,868	2,298	87,166
Balance on December 31, 2022	<u>\$ 262,343</u>	<u>6,507</u>	<u>268,850</u>
Balance on January 1, 2021	\$ 110,850	2,714	113,564
Depreciation for the year	69,059	1,495	70,554
Write-off	(2,434)	-	(2,434)
Balance on December 31, 2021	<u>\$ 177,475</u>	<u>4,209</u>	<u>181,684</u>
Carrying value:			
Balance on December 31, 2022	<u>\$ 674,566</u>	<u>2,366</u>	<u>676,932</u>
Balance on January 1, 2021	<u>\$ 312,538</u>	<u>102</u>	<u>312,640</u>
Balance on December 31, 2021	<u>\$ 446,500</u>	<u>5,536</u>	<u>452,036</u>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(j) Investment property

The cost, depreciation, and impairment of the investment property of the Company for the years ended December 31, 2022 and 2021, were as follows:

	<b>Owned property</b>
	<b>Land</b>
Cost or deemed cost:	
Balance on January 1, 2022	\$ <u>83,125</u>
Balance on December 31, 2022	\$ <u><b>83,125</b></u>
Balance on January 1, 2021	\$ 83,125
Disposal	<u>-</u>
Balance on December 31, 2021	\$ <u><b>83,125</b></u>
Depreciation and impairments losses:	
Balance on January 1, 2022	\$ 48,793
Depreciation for the year	<u>-</u>
Balance on December 31, 2022	\$ <u><b>48,793</b></u>
Balance on January 1, 2021	\$ 48,793
Balance on December 31, 2021	\$ <u><b>48,793</b></u>
Carrying amount:	
Balance on December 31, 2022	\$ <u><b>34,332</b></u>
Balance on December 31, 2021	\$ <u><b>34,332</b></u>
Balance on January 1, 2021	\$ <u><b>34,332</b></u>
Fair value:	
Balance on December 31, 2022	\$ <u><b>64,634</b></u>
Balance on December 31, 2021	\$ <u><b>61,402</b></u>

The fair value of the investment property aforementioned is calculated by management using the present value of the relevant land announcement and the present value of property tax.

As of December 31, 2022 and 2021, the investment property of the Group had not been pledged as collateral.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(k) Other current asset

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Other current assets:		
Prepayments to suppliers	\$ 5,928	17,073
Prepaid rents	664	2,529
Prepaid expenses	18,415	23,885
Supplies inventories	9,194	6,306
Other current financial assets	300	300
Incremental costs of obtaining a contract	51,814	33,360
Others	19,918	9,298
	<b>\$ 106,233</b>	<b>92,751</b>

The Company sold its non-current assets classified as held for sale to other party in April 2021 for a total price of \$86,464 thousand, and the gain on disposal amounted to \$28,764 thousand. The transfer procedures had been completed, and as of December 31, 2021, the disposal proceeds had been fully recovered.

For the marketing activities information on other current assets provided as deposits, as of December 31, 2022 and 2021, please refer to Note 8.

(l) Short-term notes and bills payable

	<b>December 31, 2022</b>		
	<b>Guarantee or acceptance institution</b>	<b>Range of interest rates</b>	<b>Amount</b>
Commercial paper payable	DAH CHUNG BILLS FINANCE CORPORATION	2.08%~2.10%	\$ 50,000
Commercial paper payable	CHINA BILLS FINANCE CORPORATION	2.09%	50,000
Commercial paper payable	MEGA BILLS FINANCE CORPORATION	2.19%	50,000
Commercial paper payable	TAIWAN FINANCE CORPORATION	2.06%	50,000
Commercial paper payable	TAIWAN FINANCE CORPORATION	2.33%	50,000
Less: Discount on short-term notes and bills payable			(303)
Total			<b>\$ 249,697</b>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

		<b>December 31, 2021</b>	
		<b>Guarantee or acceptance institution</b>	<b>Range of interest rates</b>
		<b>Amount</b>	
Commercial paper payable		DAH CHUNG BILLS FINANCE CORPORATION	1.23% \$ 50,000
Less: Discount on short-term notes and bills payable			(159)
Total			<b>\$ 49,841</b>
 (m) Short-term borrowings			
		<b>December 31, 2022</b>	<b>December 31, 2021</b>
Unsecured bank loans		\$ 250,000	-
Secured bank loans		602,360	218,400
		<b>\$ 852,360</b>	<b>218,400</b>
Unused short-term credit lines		<b>\$ 711,240</b>	<b>870,200</b>
Range of interest rates		<b>2.09%~2.41%</b>	<b>1.75%~1.9%</b>

For the collateral for short-term borrowings, please refer to note 8.

(n) Long-term borrowings

		<b>December 31, 2022</b>		
		<b>Range of interest rates</b>		<b>Amount</b>
<b>Currency</b>	<b>rates</b>	<b>Maturity year</b>		
Unsecured bank loans	NTD	1.85%	2023.06.15~	\$ 40,383
Secured bank loans	NTD	1.41%~2.23%	2022.02.10~ 2028.07.16	2,158,892
				2,199,275
Less: current portion				(1,058,084)
Total				<b>\$ 1,141,191</b>
Unused long-term credit lines				<b>\$ 210,000</b>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

<b>December 31, 2021</b>				
	<b>Currency</b>	<b>Range of interest rates</b>	<b>Maturity year</b>	<b>Amount</b>
Unsecured bank loans	NTD	1.60%	2023.06.15~ 2025.11.16	\$ 44,262
Secured bank loans	NTD	1.28%~1.65%	2021.03.23~ 2027.09.08	1,399,494
				1,443,756
Less: current portion				(193,299)
Total				<b>\$ 1,250,457</b>
Unused long-term credit lines				<b>\$ 920,000</b>

(i) For the collateral for long-term borrowings, please refer to note 8.

(ii) Government credit guarantee loans

The Company obtained an interim working capital of \$150,000 thousand for relief and economic stimulus package of COVID-19 from the Ministry of Economic Affairs in October 2020 for a period of five years, which is allocated in a split and is not revolving. As of December 31, 2022 and 2021, the balance of borrowing amounted to \$105,733 thousand and \$139,958 thousand, respectively, with the interest rates of 1.55%, and received an 80% guarantee from the Small and Medium Enterprise Credit Guarantee Fund of Taiwan.

(o) Bonds payable

The following table summarized the secured convertible corporate bonds issued by the Company:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Total convertible corporate bonds issued	\$ 406,700	638,200
Total amount of ordinary corporate bonds issued	1,200,000	(19,057)
Unamortized discounted corporate bonds payable	(22,921)	-
Corporate bonds issued balance at year-end	<b>\$ 1,583,779</b>	<b>619,143</b>
Embedded derivative – redemption rights:		
included in financial assets at fair value through profit or loss	<b>\$ 216</b>	<b>2,443</b>
included in financial liabilities at fair value through profit or loss	<b>\$ 210</b>	<b>210</b>
Equity component – conversion options, included in capital surplus– stock options	<b>\$ 19,308</b>	<b>2,443</b>

On September 22, 2022, the Company issued 7,000 five-year secured corporate bonds with a nominal interest rate of 1.80% for the second time, with interest calculated and paid once a year based on simple interest rate and repaid in cash at maturity per the principal amount of the bonds.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

On June 14, 2022, the Company issued 5,000 five-year secured corporate bonds with a nominal interest rate of 1.95% for the first time, with interest calculated and paid once a year based on simple interest rate and repaid in cash at maturity per the principal amount of the bonds.

On December 10, 2021, the Company issued 3,000 three-year unsecured convertible corporate bonds with a nominal interest rate of 0% for the sixth time, which were repaid in cash at maturity per the principal amount of the bonds.

The conversion price was \$35.50 per share, when it comes to adjusting conversion price of the Company's common share, it should adhere to the conversion's rules. The conversion price change with formula within issuance details. These secured convertible bonds do not have reset feature.

Other conditions are as follows:

- (i) The convertible bonds are scheduled to be sold on the date when the bonds have been issued for two years. The bondholders may request the Company to redeem their bonds at 0.3002% of the face value of the bonds plus interest compensation within 30 days prior to the redemption date.
- (ii) The redemption right satisfies one of the following, and the Company reclaims its outstanding bonds in cash at the principal amount:
  - 1) Within the period between three months after the issuance date and 40 days before the last convertible date, if the closing price of the Company's common shares on the Taipei Exchange for a period of 30 consecutive trading days before redemption has been at least 30% of the conversion price in effect on each such trading day, the Company may redeem all bonds at par value by cash.
  - 2) If the amount outstanding of bonds is less than 10% of the principal amount between the three months after the share issuance date and the 40 days before the maturity date, the Company may redeem the outstanding bonds at their principal amount.

On December 23, 2020, the Company issued 6,000 five-year secured convertible corporate bonds with a nominal interest rate of 0% for the fifth time, which were repaid in cash at maturity per the principal amount of the bonds.

The conversion price was \$18.18 per share, when it comes to adjusting conversion price of the Company's common share, it should adhere to the conversion's rules. The conversion price change with formula within issuance details. These secured convertible bonds do not have reset feature.

Other conditions are as follows:

- (i) The convertible bonds are scheduled to be sold on the date when the bonds have been issued for three years and four years. The bondholders may request the Company to redeem the bonds at face value within 30 days prior to the redemption date.
- (ii) The redemption right satisfies one of the following, and the Company reclaims its outstanding bonds in cash at the principal amount:
  - 1) Within the period between three months after the issuance date and 40 days before the last convertible date, if the closing price of the Company's common shares on the Taipei Exchange for a period of 30 consecutive trading days before redemption has been at least 30% of the conversion price in effect on each such trading day, the Company may redeem all bonds at par value by cash.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

- 2) If the amount outstanding of bonds is less than 10% of the principal amount between the three months after the share issuance date and the 40 days before the maturity date, the Company may redeem the outstanding bonds at their principal amount.

(p) Lease liabilities

The carrying amount of lease liabilities of the Company was as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Current	<u>\$ 84,703</u>	<u>62,106</u>
Non-current	<u>\$ 585,955</u>	<u>381,050</u>

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

The amounts recognized in profit or loss was as follows:

	<b>2022</b>	<b>2021</b>
Interest on lease liabilities	<u>\$ 9,496</u>	<u>\$ 6,241</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 892</u>	<u>798</u>
Income from sub-leasing right-of-use assets	<u>\$ 3,274</u>	<u>3,943</u>
Expenses relating to short-term leases	<u>\$ 3,613</u>	<u>705</u>

The amounts recognized in the statement of cash flows for the Company was as follows:

	<b>2022</b>	<b>2021</b>
Total cash outflow for leases	<u>\$ 98,102</u>	<u>71,721</u>

(i) Real estate leases

The Company leases land and buildings for its petrol filling station and hotels. The leases typically run for 1 to 22 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 provide for additional rent payments that are based on changes in local price indices, or sales that the Company makes at the leased store in the period. Some also require the Company to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

Some leases of petrol filling station contain extension or cancellation options exercisable by the Company up to one year before the end of the non-cancellable contract period. 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 lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

(ii) Other leases

The Company also leases machineries and billboard with lease terms of one year. These leases are short-term or leases of low value items. The Company decided to apply recognition exemptions, and had elected not to recognize its right-of-use assets and lease liabilities for these leases.

(q) Employee benefits

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 \$17,178 thousand and \$16,036 thousand for the years ended December 31, 2022 and 2021, respectively.

(r) Income tax

(i) Income tax expense

For the years ended December 31, 2022 and 2021, income tax expense of the Company were as follows:

	<u>2022</u>	<u>2021</u>
Current tax expense	\$ 6,000	27,101
Deferred tax expense (profit)	<u>1,471</u>	<u>(1,881)</u>
Tax expense	<u>\$ 7,471</u>	<u>25,220</u>

There were no income tax recognized in equity or other comprehensive income for the years ended December 31, 2021. Income tax expense was recognized directly in equity for year ended December 31, 2022, details are as follows:

	<u>Amount</u>
Capital surplus - disgorgement	<u>\$ 87</u>

(Continued)



**NORTH-STAR INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(ii) Reconciliation of income tax and profit before tax for 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Profit excluding income tax	\$ <u>138,939</u>	<u>165,244</u>
Income tax using the Company's domestic tax rate	27,788	33,049
Income from domestic investment accounted for using equity method	(24,859)	(6,928)
Change in provision in prior periods	(67)	(181)
Additional tax on undistributed earnings	-	621
Others	<u>4,609</u>	<u>(1,341)</u>
Tax expense	\$ <u>7,471</u>	<u>25,220</u>

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Tax effect of deductible temporary differences	\$ <u>3,915</u>	<u>3,915</u>

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

Deferred tax assets:

	<u>Deferred revenue</u>	<u>Unrealized loss</u>	<u>Others</u>	<u>Total</u>
<b>Balance on January 1, 2022</b>	\$ 1,590	721	4,482	6,793
Recognized in profit or loss	<u>(1,471)</u>	<u>-</u>	<u>-</u>	<u>(1,471)</u>
<b>Balance on December 31, 2022</b>	\$ <u>119</u>	<u>721</u>	<u>4,482</u>	<u>5,322</u>
<b>Balance on January 1, 2021</b>	\$ 1,523	721	2,668	4,912
Recognized in profit or loss	<u>67</u>	<u>-</u>	<u>1,814</u>	<u>1,881</u>
<b>Balance on December 31, 2021</b>	\$ <u>1,590</u>	<u>721</u>	<u>4,482</u>	<u>6,793</u>

(iv) The Company's tax returns for the years through 2020 were assessed by the Taipei National Tax Administration.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

(s) Capital and other equities

As of December 31, 2022 and 2021, the total value of authorized ordinary shares were both amounted to \$8,800,000 and \$3,000,000 with par value of \$10 per share, respectively the number of authorized ordinary shares were 880,000 and 300,000 thousand of shares, respectively. As of that date, 278,930 and 246,249 thousand of ordinary shares were issued, respectively. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for 2022 and 2021 was as follows:

(in thousands of shares )	<b>Ordinary share</b>	
	<b>2022</b>	<b>2021</b>
Balance on January 1	246,249	191,833
Issued for cash	-	40,000
Combined issuance	21,526	-
Conversion of convertible bonds	11,155	14,416
Balance on December 31	<b>278,930</b>	<b>246,249</b>

(i) Ordinary shares

On August 5, 2022, the Company increased its capital surplus for capital increase by issuing 21,526 thousand ordinary shares with a par value of \$10 per share, amounting to \$215,264 thousand in total, pursuant to a resolution of the Board of Directors. The base day was October 13, 2022, and the relevant registration procedures had been completed.

For the year ended December 31, 2022, The Company issue new shares of 8,094 thousand and 3,061 thousand, respectively due to the bondholders of the fifth secured convertible bonds and the sixth unsecured convertible bonds exercise their conversion rights. These shares are issued at the conversion price at the time conversion right is exercised and the total amount is 225,662 thousand. The related registration procedures of 7,259 thousand shares were completed during the year.

On August 5, 2021, the Company increased its capital by issuing 40,000 ordinary shares with a par value of \$10 per share, amounting to \$400,000 thousand pursuant to a resolution of the Board of Directors. The base date was December 13, 2021, and the relevant registration procedures had been completed. The Company reserved 10% of newly issued shares for 10% for its employee to purchase. In 2021, the expenses related to the share-based payments amounted to \$3,732 thousand.

For the year ended December 31, 2021, the Company issue new shares of 14,416 thousand with a par value of \$10 per share, amounting to \$252,852 thousand, due to the bondholders exercising their conversion rights. The related registration procedures were completed during the year.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(ii) Capital surplus

The balances of capital surplus as of December 31, 2022 and 2021, were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Share premium	\$ 600,000	600,000
Premium of convertible corporate bonds	114,188	185,218
Difference arising from subsidiary's share price and its carrying value	-	4,028
Share-based payment	11,907	3,732
Employee share options-expired	-	10,108
Employee share options	19,308	35,295
Disgorgement	346	-
	<b><u>\$ 745,749</u></b>	<b><u>838,381</u></b>

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 article 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.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. The Company could appropriate dividends by more 50% of appropriable earnings each year; the dividend could be distributed in the types of stock dividends or cash dividend and the cash dividends shall be greater than 20% of total dividends.

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.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**

**Notes to the Financial Statements**

2) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2020 and 2019 had been approved during the shareholders meeting on August 8, 2021 and June 9, 2020, respectively. The relevant dividend distributions to shareholders were as follows:

	2021		2020	
	Amount per share	Amount	Amount per share	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.60	<u>148,228</u>	0.50	<u>95,916</u>

The amount of cash dividends on the appropriations of earnings for 2022, had been approved and proposed during the board meeting on March 3, 2023 was \$0.40 cash dividend per share, total \$112,140 thousand.

(iv) Other comprehensive income accumulated in reserves, net of tax

	<b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b>
Balance on January 1, 2022	\$ (1,675)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	<u>(62)</u>
Balance on December 31, 2022	<u><u>\$ (1,737)</u></u>
Balance on January 1, 2021	\$ (1,693)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	<u>18</u>
Balance on December 31, 2021	<u><u>\$ (1,675)</u></u>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(t) Earnings per share

The detail of basic earnings per share and diluted earnings per share in 2022 and 2021 were as follows:

	<b>2022</b>	<b>2021</b>
<b>Basic earnings per share</b>		
Profit of the Company for the year	\$ <u>131,468</u>	<u>154,864</u>
Weighted average number of ordinary shares on December 31 (thousand of share)	<u>271,966</u>	<u>223,441</u>
Basic earnings per share (dollar)	\$ <u>0.48</u>	<u>0.69</u>
<b>Diluted earnings per share</b>		
Profit of the Company for the year	\$ 131,468	154,864
Effect of dilutive potential ordinary shares		
Interest expense on convertible bonds, net of tax	-	2,193
Profit attributable to ordinary shareholders of the Company (diluted)	\$ <u>131,468</u>	<u>157,057</u>
Weighted average number of ordinary shares (thousand of share)	271,966	223,441
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	50	65
Effect of convertible corporate bonds conversion	-	6,308
Weighted average number of ordinary shares (diluted) on December 31 (thousand of share)	<u>272,016</u>	<u>229,814</u>
Diluted earnings per share (dollar)	\$ <u>0.48</u>	<u>0.68</u>

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>2022</b>	<b>2021</b>
Primary geographical markets:		
Taiwan	\$ <u>5,372,833</u>	<u>4,471,135</u>
Major products:		
Gasoline products	\$ 5,262,166	4,368,685
Other	<u>110,667</u>	<u>102,450</u>
Total	\$ <u>5,372,833</u>	<u>4,471,135</u>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(ii) Contract balances

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2020</u>
Trade receivables	\$ <u>27,786</u>	<u>25,060</u>	<u>13,059</u>
Contract assets	\$ <u>223,784</u>	<u>172,605</u>	<u>44,594</u>

For details on trade receivables and allowance for impairment, please refer to note 6(d).

For details on onerous contracts as of December 31, 2022 and 2021, please refer to note 9(e).

The Company implemented a customer loyalty program to stimulate the sale of gasoline products. When a customer purchases a gasoline product, the Company gives him a credit that can be used in exchange for an advertisement gift.

As of December 31, 2022 and 2021, the deferred income of the Company was \$9,665 thousand and \$7,949 thousand, respectively, which are recognized under other current liabilities. Such amounts are allocated to the award points based on the relative stand-alone selling price of the products and award points.

(v) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and less than 3% 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.

The accrued amount of employee compensation and directors' and supervisors' remuneration of the Company in 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Employee remuneration	\$ 1,447	1,730
Directors' and supervisors' remuneration	<u>4,342</u>	<u>5,165</u>
	<u>\$ 5,789</u>	<u>6,895</u>

The estimated amounts mentioned above are 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 Company's articles. These remunerations were expensed under operating costs or operating expenses during 2022 and 2021. The numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of Board of Directors. 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 2022 and 2021.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(w) Financial instruments

(i) Type of financial instruments

1) Financial assets

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Financial assets at fair value through profit or loss	\$ 216	2,443
Financial assets at fair value through other comprehensive income	473	535
Financial assets measured at amortized cost:		
Cash and cash equivalents	131,844	231,742
Notes and accounts receivable, net	27,939	25,208
Other receivable	37,429	28,080
Guarantee deposits paid	170,837	61,977
Other current financial assets (restricted deposits)	300	300
Other non-current financial assets (restricted deposits)	595,465	255,998
<b>Total</b>	<b>\$ 964,503</b>	<b>606,283</b>

2) Financial liabilities

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Financial liabilities at fair value through profit or loss	\$ 210	210
Financial liabilities measured at amortized cost:		
Short-term borrowings	852,360	218,400
Short-term notes and bills payable	249,697	49,841
Notes and trade payable	400,894	229,052
Other payable	136,210	103,531
Long-term borrowings (including current portion)	2,199,275	1,443,756
Bonds payable	1,583,779	619,143
Lease liabilities	670,658	443,156
<b>Total</b>	<b>\$ 6,093,083</b>	<b>3,107,089</b>

(ii) Credit risk

1) Credit risk exposure

The carrying amount of financial assets except cash and cash equivalents represent the maximum amount exposed to credit risk. As of December 31, 2022 and 2021, the maximum amount exposed to credit risk amounted to \$832,507 thousand, and \$374,541 thousand, respectively.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**

**Notes to the Financial Statements**

2) Concentration of credit risk

As sales are made to customers worldwide, the Group's exposure to credit risk concentration is expected to be low. To reduce credit risk, the Group continuously assesses the financial position of its customers, normally without a request for collateral.

(iii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>Over 1 year</u>
<b>December 31, 2022</b>				
Non-derivative financial liabilities				
Short-term borrowings	\$ 852,360	876,495	568,823	307,672
Short-term notes and bills payable	249,697	500,000	250,000	250,000
Notes and trade payable	400,894	400,894	400,894	-
Other payable	136,210	136,210	136,210	-
Long-term borrowings (including current portion)	2,199,275	2,290,305	1,091,163	1,199,142
Bonds payable	1,583,779	1,606,700	-	1,606,700
Lease liabilities	<u>670,658</u>	<u>734,975</u>	<u>92,029</u>	<u>642,946</u>
	<u>\$ 6,092,873</u>	<u>6,545,579</u>	<u>2,539,119</u>	<u>4,006,460</u>
<b>December 31, 2021</b>				
Non-derivative financial liabilities				
Short-term borrowings	\$ 218,400	227,527	3,827	223,700
Short-term notes and bills payable	49,841	50,000	50,000	-
Notes and trade payable	229,052	229,052	229,052	-
Other payable	103,531	103,531	103,531	-
Long-term borrowings (including current portion)	1,443,756	1,416,542	213,389	1,203,153
Bonds payable	619,143	638,200	-	638,200
Lease liabilities	<u>443,156</u>	<u>483,709</u>	<u>69,285</u>	<u>414,424</u>
	<u>\$ 3,106,879</u>	<u>3,148,561</u>	<u>669,084</u>	<u>2,479,477</u>

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(Continued)



## NORTH-STAR INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

(iv) 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 risk exposure to the interest rates risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.25%, when reporting to management internally, which also represents the assessment of the Group's management for the reasonably possible interval of interest rate change.

If the interest rate increases or decreases by 0.25% the Group's net income will decrease /increase by \$7,629 thousand and \$4,155 thousand for the years ended December 31, 2022 and 2021, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's variable rate bank borrowings.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities were as follows:

	December 31, 2022				
	Carrying amount	Fair value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through other comprehensive income					
Unquoted equity instruments measured at fair value	\$ 473	-	-	473	473
Financial assets at fair value through profit or loss					
Convertible bond-embedded derivative	\$ 216	-	216	-	216
Financial liabilities at fair value through profit or loss					
Convertible bond-embedded derivative	\$ 210	-	210	-	210

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

	December 31, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Unquoted equity instruments measured at fair value	\$ <u>535</u>	<u>-</u>	<u>-</u>	<u>535</u>	<u>535</u>
Financial liabilities at fair value through profit or loss					
Convertible bond-embedded derivative	\$ <u>2,443</u>	<u>-</u>	<u>2,443</u>	<u>-</u>	<u>2,443</u>
Convertible bond-embedded derivative	\$ <u>210</u>	<u>-</u>	<u>210</u>	<u>-</u>	<u>210</u>

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Measurements of fair value of financial instruments are based on a valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting date.

The categories and nature of the fair value for the Group's financial instruments which without an active market are as below:

- The main assumption behind this is that the estimated pretax, pre-depreciation, and pre amortization earnings of the investee company is added to the earnings multiplier derived from the comparable quoted price of the listed company. The estimate of the fair value of equity instruments has been adjusted due to the effect of the discount arising from the lack of market liquidity of the equity security.

3) Reconciliation of Level 3 fair values

	<b>Fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>
Balance on January 1, 2022	\$ 535
Total gains and losses recognized	
In profit or loss	-
In other comprehensive	(62)
Balance on December 31, 2021	\$ <u>473</u>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**

**Notes to the Financial Statements**

	<b>Fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>
Balance on January 1, 2021	\$ 517
Total gains and losses recognized	
In profit or loss	-
In other comprehensive	18
Balance on December 31, 2021	<b>\$ 535</b>

The aforementioned total gains or losses were classified as “unrealized losses from financial assets at fair value through other comprehensive income”. The information regarding assets held as of December 31, 2022 and 2021 was as follows:

	<b>2022</b>	<b>2021</b>
Total gains and losses recognized		
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	<b>\$ (62)</b>	<b>18</b>

- 4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value was “fair value through other comprehensive income – equity investments”.

Quantified information of significant unobservable inputs was as follows:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets at fair value through other comprehensive income-unquoted equity instruments	Comparable company analysis/Net asset value method	<ul style="list-style-type: none"> <li>· Price-book ratio (1.45 on both December 31, 2022 and 2021)</li> <li>· Lack of marketability discount rate (10% on both December 31, 2022 and 2021)</li> <li>· Non-controlling interest discount rate (25% on both December 31, 2022 and 2021)</li> </ul>	<ul style="list-style-type: none"> <li>· The higher the ratio is, the higher the fair value will be.</li> <li>· The higher the lack of marketability discount rate is, the lower the fair value will be.</li> <li>· The higher the non-controlling interest discount rate is, the lower the fair value will be.</li> </ul>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(x) Financial risk management

(i) Overview

The Company have 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 exposure information, 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 Company's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations. The Company minimizes the risk exposure through derivative financial instruments. The Board of Directors regulated the use of derivative financial instruments in accordance with the Company's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investments of excess liquidity. The internal auditors of the Company continue with the review of the amount of the risk exposure in accordance with the Company's policies and the risk management policies and procedures. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk means the potential loss of the Company 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 and investments in debt securities.

1) Trade receivable and other receivable

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer, and are reviewed periodically. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

Trade receivable mainly relate to a wide range of customers from different industries and geographic regions. The Company constantly assesses the financial status of the customers and, if necessary, purchases credit guarantee insurance contracts.

(Continued)

## **NORTH-STAR INTERNATIONAL CO., LTD.**

### **Notes to the Financial Statements**

The Company does not have significant credit risk exposure against any counterparty or group of counterparties with similar characteristics. Also, the Company mitigates its exposure by evaluating the customers' financial situation regularly.

#### 2) Investments

The credit risks exposure in the bank deposits, investments with fixed income, and other financial instruments were measured and monitored by the Company's finance department. As the Company deals with the banks and other external parties with good credit standing and financial institutions, corporate organization and government agencies which are graded above investment level, management believes that the Company do not have compliance issues and no significant credit risk.

#### (iv) Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

Bank borrowing is an essential liquidity source for the Company. Please refer to note 6(m) for the Company's unused credit line of short-term bank borrowing for the years ended December 31, 2022 and 2021.

#### (v) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices, will affect the Company 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.

##### 1) Interest rate risk

The entity of the Company borrows funds on variable interest rates, which has a risk exposure to cash flow.

##### 2) Other market price risks

The Company is exposed to equity price risk due to the investments in unlisted equity securities. The aforementioned equity investments are not held for trading but are strategic investments. The Company has not actively traded such investments, significant investments in the portfolio are managed individually, and the financial management department approves all trading decisions.

#### (y) Capital management

The Board of Directors' policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, and retained earnings of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary stockholders.

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

The Company sets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to stockholders, to safeguard the interest of related parties, and to maintain an optimal capital structure to reduce the cost of capital.

The Company uses the debt-to-equity ratio to manage capital. This ratio is using the total net debt divided by the total capital. The net debt from the balance sheet is 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.

The Company's debt-to-equity ratios at the end of the reporting periods were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Total liabilities	\$ 6,359,631	3,344,783
Less: cash and cash equivalents	(131,844)	(231,742)
Net debts	<b>\$ 6,227,787</b>	<b>3,113,041</b>
Total equity	<b>\$ 3,835,454</b>	<b>3,607,956</b>
Debt-to-equity ratio	<b>62 %</b>	<b>46 %</b>

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

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2022 and 2021, were as follows:

(i) For right-of-use assets under leases, please refer to note 6(i).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	<b>January 1, 2022</b>	<b>Cash flows</b>	<b>Non-cash changes</b>				<b>December 31, 2022</b>
			<b>Acquisition</b>	<b>Foreign exchange movement</b>	<b>Conversion of convertible bonds</b>	<b>Other</b>	
Short-term notes and bills payable	\$ 49,841	199,856	-	-	-	-	249,697
Short-term borrowings	218,400	633,960	-	-	-	-	852,360
Long-term borrowings	1,443,756	755,519	-	-	-	-	2,199,275
Bonds payable	619,143	1,184,333	-	-	(226,069)	6,372	1,583,779
Lease liabilities	443,156	(84,101)	331,081	-	-	(19,478)	670,658
Total liabilities from financing activities	<b>\$ 2,774,296</b>	<b>2,689,567</b>	<b>331,081</b>	<b>-</b>	<b>(226,069)</b>	<b>(13,106)</b>	<b>5,555,769</b>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**

**Notes to the Financial Statements**

	January 1, 2021	Cash flows	Non-cash changes				December 31, 2021
			Acquisition	Foreign exchange movement	Conversion of convertible bonds	Other	
Short-term notes and bills payable	\$ 139,774	(89,933)	-	-	-	-	49,841
Short-term borrowings	422,500	(204,100)	-	-	-	-	218,400
Long-term borrowings	1,460,574	(16,818)	-	-	-	-	1,443,756
Bonds payable	583,385	307,728	-	-	(276,455)	4,485	619,143
Lease liabilities	297,547	(63,977)	211,091	-	-	(1,505)	443,156
Total liabilities from financing activities	<u>\$ 2,903,780</u>	<u>(67,100)</u>	<u>211,091</u>	<u>-</u>	<u>(276,455)</u>	<u>2,980</u>	<u>2,774,296</u>

**(7) Related-party transactions**

(a) Parent company and ultimate controlling party

KAOHSIUNG TRANSPORTATION CO., LTD. is the parent company and it owns 16.89% of all common shares outstanding of the Company as well as obtained more than half of director of the Company.

(b) Names and relationship with related parties

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

Name of related party	Relationship with the Group
NSTAR ENERGY CORPORATION	Subsidiary
ZHONGHUA PRINCE PETROL FILLING STATION CO., LTD.	Subsidiary
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	Subsidiary
JIN SHI HU HOTEL CO., LTD.	Subsidiary
YING GUANG ENTERPRISE CO., LTD.	Subsidiary
HE FONG ENERGY CO., LTD.	Subsidiary
NORTH STAR INTERNATIONAL DEVELOPMENT INDUSTRIES CORPORATION	An associate
YANG JI ENTERPRISE CO., LTD.	An associate
KAOHSIUNG TRANSPORTATION CO., LTD.	Same chairman with the Company

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

<u>Name of related party</u>	<u>Relationship with the Group</u>
FU CHENG TRANSPORTATION CO., LTD.	Same chairman with the Company
PUYUMA TRANSPORTATION CO., LTD.	Same chairman with the Company
KUAI KUAI CO., LTD.	Same chairman with the Company
SHANGFA CONSTRUCTION CO., LTD.	The entity's director is the supervisor of subsidiary's corporate director
CHIAYI TRANSPORTATION CO., LTD.	The entity's chairman is the second immediate family of the chairman of the Company
HEYI CONSTRUCTION CO., LTD.	The entity's chairman is director of the Company
DAPENG BAY SIGHTSEEING BOAT Co., LTD.	Same chairman with the Company
NAN REN LAKE LEISURE AMUSEMENT CO., LTD.	Same chairman with the Company
Chung, Chia-Tsun	Chairman of the Company
GAO SHIH GOLF CO., LTD.	An associate
DA SIN DRIVING SCHOOL	An associate
KAO CHI DRIVING SCHOOL	An associate
HIGH SPEED RAIL GOLF DRIVING RANGE	An associate
HI SCENE WORLD ENTERPRISE CO., LTD.	An associate
TEL POWER CO., LTD.	Subsidiary
SHENG YANG ENGINEERING CO., LTD.	Subsidiary
HUAN CHUANG ELECTRIC CO., LTD.	Subsidiary

(c) Significant transactions with related parties

(i) Operating income

Significant sales to related parties of the Company were as follows:

	<u>2022</u>	<u>2021</u>
Subsidiaries	\$ 27	2,646
Other related parties	11,672	4,337
	<u>\$ 11,699</u>	<u>6,983</u>

There is no significant difference between the sales price of the Company for other related parties and for third parties. The collection period is one to two months, and the general sales are received in the same month. Promissory notes are pledged as collateral for the receivables from related parties.

(Continued)



**NORTH-STAR INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(ii) Receivables from related parties

The details of receivable due from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Trade receivable	Other related parties	\$ 1,005	757
Other receivable	Subsidiaries	5,088	5,539
Other receivable	Subsidiaries	23,040	220
Other receivable	Other related parties	19	18
		<b><u>\$ 29,152</u></b>	<b><u>6,534</u></b>

(iii) Payables to related parties

The details of payable due to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Other payable	Other related parties	<b><u>\$ 559</u></b>	<b><u>473</u></b>

(iv) Advance receipt of related party payments

The details of advance receipt from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>Nature</u>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Other current liabilities	Other related parties	Advanced receipts	<b><u>\$ 9,566</u></b>	<b><u>11,423</u></b>

The Company has entered into a contract with other related parties in July 2019 to purchase a fleet card. The amount of the fleet card is deducted from the retail price of the respective petrol filling station at the time of filling when other related parties fill at a mutually agreed location within the value limit of the fleet card. As of December 31, 2022 and 2021, the miscellaneous income amounted to \$2,472 thousand and \$2,668 thousand, respectively, recognized in other income.

(v) Transactions with other related parties

Other transactions with related parties of the Group were as follows:

<u>Account</u>	<u>Relationship</u>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Service revenue	Subsidiaries	\$ 54,249	49,975
Miscellaneous income	Other related parties	331	159
		<b><u>\$ 54,580</u></b>	<b><u>50,134</u></b>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(vi) Guarantees

The amount of the Group provided guarantee for loans on business purpose were as follows:

	<u>2022</u>	<u>2021</u>
Other related parties	\$ 423,500	423,500
Subsidiaries	<u>300,000</u>	<u>-</u>
	<u>\$ 723,500</u>	<u>423,500</u>

As of December 31, 2022 and 2021, the Chairman of the Company, Chung, Chia-Tsun, was the guarantor for the Company to obtain the credit limit of the loan from financial institutions.

(vii) Leases

1) As a lessor

	<u>2022</u>	<u>2021</u>
Other related parties	\$ <u>64</u>	<u>57</u>

As of December 31, 2022 and 2021, the aforementioned rent income have been collected.

2) As a lessee

The subject and lease liabilities recognized by the Company for renting property, plant and equipment from related parties were as follows:

<u>Relationship</u>	<u>Lease subject</u>	<u>Lease period</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary	Wudu station	2017.05~2022.04	\$ 2,286	1,139
Other related parties	Land of Luzhu district in Kaohsiung	2019.01~2033.12	15,233	16,521
Other related parties	Kaochi station	2017.11~2032.10	30,967	33,830

(viii) Others

- 1) The Company entered into land joint development agreements with other related parties. Please refer to note 6(g) and 9(d) for details.
- 2) The Company entered into a contract for the construction with other related parties on March 29, 2021. The total contract price was \$355,891 thousand. The relevant contract amount was appraised based on the quantity provided by the Company. Both parties agreed to re-calculate the quantity after the completion of the design changes in the future with the unit price of the original project appraisal. Amended the contracted amount is the basis of the general contract. As of December 31, 2022, there is no outstanding payable on construction.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**

**Notes to the Financial Statements**

- 3) The associate, YANG JI ENTERPRISE, increased its capital by \$50,000 thousand in March 2021 and September 2022. The Company recognized an investment of \$25,000 thousand in proportion to its shareholding. Please refer to note 6(f) for details of the transactions.
- 4) On September 14, 2021, the resolution was approved in the shareholders' meeting regarding the capital reduction of NORTH-STAR INTERNATIONAL DEVELOPMENT. The Company proportionally reduced its shareholding of NORTH-STAR INTERNATIONAL DEVELOPMENT by \$98,000 thousand. As of December 31, 2021, the investment in NORTH-STAR INTERNATIONAL DEVELOPMENT amounted to \$147,000 thousand. Please refer to note 6(f) for details.

(d) Key management personnel compensation

- (i) Key management personnel compensation comprised:

	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 11,829	18,281
Post-employment benefits	192	296
Total	<b>\$ 12,021</b>	<b>18,577</b>

- (ii) Disgorgement

For the year ended December 31, 2022, the Company's exercise its disgorgement amounting to \$346 thousand after tax, which is attributable to a key management officer. Then it is recognized under the capital surplus in accordance with the provisions of Article 175 of the Securities and Exchange Act on short-term trading.

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

<b>Pledged assets</b>	<b>Object</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Property, plant and equipment	Guarantee for gasoline purchase and long-term and short-term borrowings	\$ 2,888,437	3,153,145
Inventories- construction in progress and land held for construction site	Short-term borrowings	318,347	318,334
Other current assets	Guarantee for marketing activities	300	300
Other non-current financial assets	Long-term borrowings, corporate bonds and construction guarantees	595,465	255,998
		<b>\$ 3,802,549</b>	<b>3,727,777</b>

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**

**Notes to the Financial Statements**

**(9) Commitments and contingencies:**

(a) The Company's unrecognized contractual commitments are as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Purchase of inventory	<u>\$ 555,354</u>	<u>606,986</u>
Acquisition of property, plant and equipment	<u>\$ 19,814</u>	<u>39,106</u>

(b) As of December 31, 2022 and 2021, the Company's outstanding notes for leasing petrol filling stations and purchasing equipment were \$71,511 thousand and \$55,559 thousand, respectively.

(c) The performance guarantee secured through the bank amounted to \$550,000 thousand and \$400,000 thousand as of December 31, 2022 and 2021, respectively. The Company has pledged fixed assets as collateral for purchasing gasoline payable and long-term and short-term loans. Please refer to note 8 for details.

(d) The Company entered into joint development agreements with the other related party, responsible for 50% of the real estate development expenses respectively. Please refer to notes 6(g) and 7 for the agreement's details. In addition, the other related party agreed to be responsible for the planning and design of real estate development. The Company contributes the management fee for construction at 3% of the total amount of expected sales agreed by both parties, which shall be shared in proportion to the joint venture and paid according to the agreed schedule. As of December 31, 2022, the Company paid the management fee amounting to \$2,289 thousand; the rest has not yet been paid.

(e) As of December 31, 2022 and 2021, details of pre-sales before real estate complete and the advance receipts were as follows:

<b>December 31, 2022</b>					
<u>Name of case</u>	<u>Land under construction</u>	<u>Construction in progress</u>	<u>Buildings and land held for sale</u>	<u>Total</u>	<u>Contractual liabilities</u>
AIMAY CITY	\$ 141,520	163,088	-	304,608	95,557
BRIGHT AS STARS	190,392	157,444	-	347,836	128,227
	<u>\$ 331,912</u>	<u>320,532</u>	<u>-</u>	<u>652,444</u>	<u>223,784</u>
<b>December 31, 2021</b>					
<u>Name of case</u>	<u>Land under construction</u>	<u>Construction in progress</u>	<u>Buildings and land held for sale</u>	<u>Total</u>	<u>Contractual liabilities</u>
AIMAY CITY	\$ 141,520	62,036	-	203,556	79,168
BRIGHT AS STARS	190,378	66,899	-	257,277	93,437
	<u>\$ 331,898</u>	<u>128,935</u>	<u>-</u>	<u>460,833</u>	<u>172,605</u>

(f) The Company entered into a rental lease of variable lease payments with non-related party. Both parties have agreed that the lease payment should be increased if the average quantity of petrol delivered on that day exceeds a certain base. If the average quantity of petrol delivered on that day exceeds a certain base. In the years ended December 31, 2022 and 2021, the Company had an increased variable rental payments of \$892 thousand and \$798 thousand.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**

**Notes to the Financial Statements**

- (g) As of December 31, 2021, the Company registered trust for success in the construction and delivery of housing units for cases and projects, which were as follows:

<u>Item</u>	<u>Trustee</u>	<u>Period of trust</u>	<u>Scope of trust</u>
AIMAY CITY	AGRICULTURAL BANK OF TAIWAN	2021.09.27~2025.02.08	Real estate value trust
BRIGHT AS STARS	AGRICULTURAL BANK OF TAIWAN	2021.04.29~until the date of completion of trust purpose	Real estate value trust

**(10) Losses Due to Major Disasters: None**

**(11) Subsequent Events:**

- (a) In order to strengthen the Company's capital structure, the Company resolved on March 3, 2023 by the Board of Directors to increase capital increase from capital surplus for issuing new shares, \$280,350 thousand of capital surplus were transferred for capital increase and 28,035 thousand of registered ordinary shares were issued in addition of 100 bonus shares per thousand shares. This capital increase will be submitted to Competent Authority for approval after resolution of general shareholders' meetings.
- (b) On March 3, 2023, the Company's board of directors proposed to distribute \$0.30 of cash dividend per share to shareholders from the capital surplus amounting to \$84,105 thousand to the shareholders of the Company. The said capital surplus is generated from premium of ordinary shares issued in excess of par value; the proposal is pending for resolution of the general shareholders' meeting.
- (c) In order to tie in with the Group's operational planning, the subsidiary, SANTI ENERGY CO., LTD. was approved by a resolution of the Board of Directors on March 14, 2023 to purchase equity interests in SIN RIH TAI ELECTRIC POWER CO., LTD (SIN RIH TAI) from the substantive stakeholders, NAN REN LAKE LEISURE AMUSEMENT CO., LTD. (NAN REN LAKE LEISURE) and Hi-Scene World Enterprise Co., Ltd. (Hi-Scene World). 30,600 thousand of shares are expected to be purchased, which are accounted for 51% of the equity interest of SIN RIH TAI ELECTRIC POWER CO., LTD at a price of \$11.6 per share, amounting to a total of \$354,960 thousand.

**(12) Other:**

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	For the year ended December 31					
		2022			2021		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		-	340,989	340,989	-	291,241	291,241
Labor and health insurance		-	37,617	37,617	-	35,003	35,003
Pension		-	17,178	17,178	-	16,036	16,036
Remuneration of directors		-	5,629	5,629	-	6,934	6,934
Others		-	12,487	12,487	-	9,659	9,659
Depreciation		-	128,413	128,413	-	109,535	109,535
Depletion		-	-	-	-	-	-
Amortization		-	1,650	1,650	-	1,961	1,961

(Continued)

## NORTH-STAR INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

For the years ended December 31, 2022 and 2021, additional information of number of employee and employee benefit were as follows:

	<u>2022</u>	<u>2021</u>
Number of employees	<u>816</u>	<u>763</u>
Number of directors who were not employees	<u>8</u>	<u>9</u>
The average employee benefit	<u>\$ 505</u>	<u>467</u>
The average salaries and wages	<u>\$ 422</u>	<u>386</u>
Adjustment of the average salaries and wages	<u>9.33 %</u>	
Salaries of supervisor	<u>\$ 351</u>	<u>1,092</u>

Details about the policy of salaries ( including directors, supervisors, managers and employees )were as follows:

- (i) Directors' and supervisors' salaries including:
  - 1) In accordance with the articles of incorporation the Company should contribute less than 3% as directors' and supervisors' remuneration when there is profit for the year.
  - 2) Allocated based on the degree of participation to the Company' s operation and contribution of directors and supervisors.
  - 3) Traveling expenses for directors and supervisors of attending Board's meeting.
- (ii) The General Manager, Deputy General Manager, Managers and employees' salaries including wages, bonus and compensation:
  - 1) Salaries for the General Manager, Deputy General Manager, Managers of the Company is based on the guidance, which was approved by the Compensation Committee and the Board of Directors, and contribution to the Company.
  - 2) In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation when there is profit for the year.
  - 3) Bonus is paid on the basis of personal performance and contribution to the Company.

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

**(13) Other disclosures:**

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations” for the Company:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	HEYI CONSTRUCTION CO., LTD.	5	4,986,090	423,500	423,500	164,500	-	11.04 %	5,753,181	N	N	N
0	The Company	HUAN CHUANG ELECTRIC CO., LTD.	2	4,986,090	300,000	300,000	300,000	-	7.82 %	5,753,181	Y	N	N
1	SANTI RENEWABLE ENERGY CO., LTD.	Cathy Sunrise Electric Power One Co., Ltd.	2	3,995,728	1,300,000	1,300,000	1,300,000	1,300,000	42.30 %	4,610,456	N	N	N
2	SANTI RENEWABLE ENERGY CO., LTD.	HUAN CHUANG ELECTRIC CO., LTD.	2	3,995,728	300,000	-	-	-	9.76 %	4,610,456	N	N	N
3	SANTI RENEWABLE ENERGY CO., LTD.	SANLU ENERGY STORAGE CO., LTD.	2	3,995,728	2,767,008	2,767,008	2,767,008	-	90.02 %	4,610,456	N	N	N
4	HENG FONG ENERGY CO., LTD.	SANLU ENERGY STORAGE CO., LTD.	2	3,995,728	1,057,078	1,057,078	-	1,057,078	32.82 %	4,610,456	N	N	N

Note1: The numbers filled in as follows:

1. 0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: The relationship between the endorser /guarantor and the endorsed guarantor has the following 7 types, just indicate the type:

1. Having business relationship.
2. The borrower has short term financial necessities.
3. The endorser /guarantor parent company directly and indirectly holds more than 50 % of voting shares of the endorser /guarantor subsidiary.
4. The endorser /guarantor company and the endorsed /guaranteed party both be held more than 90% by the parent company.
5. Company that is mutually protected under contractual requirements based on the needs of the contractor.
6. Company that is endorsed by its shareholders in accordance with its shareholding ratio because of the joint investment relationship.
7. Performance guarantees for pre sale contracts under the Consumer Protection Act.

Note3: The endorsement /guarantee provided by the Company to individual guarantee party shall not exceed 130% of the most recent audited net worth of the Company. The total endorsement /guarantee of the Company to others shall not exceed 150% of the most recent audited net worth of the Company. The endorsement /guarantee provided by the Group to individual guarantee party shall not exceed 150% of the most recent audited net worth of the Company. The total endorsement /guarantee of the Group to others shall not exceed 200% of the most recent audited net worth of the Company.

Note4: The Company has a joint development agreement with HEYI CONSTRUCTION CO., LTD., each party owns 50% of the land right. For applying bank loan for land purchase, the shared land was provided as collateral and both parties provided the joint guarantee.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Fair value	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)		
The Company	Stock LANYANG ENERGY TECHNOLOGY CO., LTD.	None	Financial assets at fair value through other comprehensive income	11	-	0.05 %	-	
The Company	Stock MA LI QIANG GREEN ENERGY CO., LTD.	None	Financial assets at fair value through other comprehensive income	41	473	5.50 %	473	
The Company	Stock ART SOURCE CORP.	None	Financial assets at fair value through other comprehensive income	5	-	0.06 %	-	

(Continued)

**NORTH-STAR INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

- (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: None
- (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: Please refer to notes 6(b).
- (b) Information on investees:

The following is the information on investees for the years ended December 31, 2022 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Share of profits/losses of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	NORTH STAR INTERNATIONAL DEVELOPMENT INDUSTRIES CORPORATION	Taiwan	Real estate trading	147,000	147,000	14,700	49.00 %	229,423	373,352	182,942	An associate
The Company	NSTAR ENERGY CORPORATION	Taiwan	1. Petrol filling station 2. Retail of gasoline products	93,465	93,465	7,000	100.00 %	95,797	15,942	15,942	Subsidiary
The Company	ZHONGHUA PRINCE PETROL FILLING STATION CO., LTD.	Taiwan	1. Petrol filling station 2. Retail of gasoline products	275,393	275,393	26,000	100.00 %	187,228	(18,473)	(18,319)	子公司
The Company	ZHONGHUA PRINCE PETROL FILLING STATION CO., LTD.	Taiwan	1. Petrol filling station 2. Retail of gasoline products	3,208,400	757,650	321,000	100.00 %	3,073,636	(78,356)	(78,402)	Subsidiary
The Company	SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	Taiwan	1. Petrol filling station 2. Retail of gasoline products	25,500	25,500	2,550	51.00 %	39,634	25,633	13,072	Subsidiary
The Company	JIN SHI HU HOTEL CO., LTD.	Taiwan	Hotel	188,000	188,000	3,000	100.00 %	198,050	10,114	11,425	Subsidiary
The Company	YING GUANG ENTERPRISE CO., LTD.	Taiwan	1. Petrol filling station 2. Retail of gasoline products	75,000	50,000	7,500	50.00 %	72,613	(4,729)	(2,364)	Subsidiary
The Company	YANG JI ENTERPRISE CO., LTD.	Taiwan	Advertisement consentment for real estate	173,834	173,834	17,340	51.00 %	152,789	(3,511)	(1,787)	An associate
SANTI ENERGY CO., LTD.	HE FONG ENERGY CO., LTD.	Taiwan	Renewable energy	186,000	136,000	18,600	100.00 %	184,651	(102)	(102)	Subsidiary
SANTI ENERGY CO., LTD.	JIA XIN ENERGY CO., LTD.	Taiwan	Renewable energy	36,000	36,000	3,600	100.00 %	35,037	(82)	(82)	Subsidiary
SANTI ENERGY CO., LTD.	YAOGU ENERGY CO., LTD.	Taiwan	Renewable energy	1,000	1,000	100	100.00 %	751	(87)	(87)	Subsidiary
SANTI ENERGY CO., LTD.	SANTI MONSTERS POWER CO., LTD.	Taiwan	Electricity sales	80,000	71,000	7,100	100.00 %	82,123	2,304	2,304	Subsidiary
SANTI ENERGY CO., LTD.	JLYU YOU ENERGY CO., LTD.	Taiwan	Energy storage	1,056,499	256,499	102,585	100.00 %	950,051	(38,936)	(38,936)	Subsidiary
SANTI ENERGY CO., LTD.	SANLU ENERGY STORAGE CO., LTD.	Taiwan	Energy storage	161,000	1,000	16,100	100.00 %	154,266	(6,713)	(6,713)	Subsidiary
SANTI ENERGY CO., LTD.	CATHY SUNRISE ELECTRIC POWER ONE CO., LTD.	Taiwan	Renewable energy	62,000	2,000	6,200	100.00 %	61,849	(151)	(151)	Subsidiary
SANTI ENERGY CO., LTD.	TEL POWER CO., LTD.	Taiwan	Marketing	8,000	-	800	100.00 %	7,890	(110)	(110)	Subsidiary
SANTI ENERGY CO., LTD.	MOER ELECTRIC POWER CO., LTD.	Taiwan	Energy storage and operation	2,000	-	200	100.00 %	1,962	(38)	(38)	Subsidiary
SANTI ENERGY CO., LTD.	WO YANG ENERGY CO., LTD.	Taiwan	Renewable energy	3,000	-	100	100.00 %	2,956	(44)	(44)	Subsidiary
SANTI ENERGY CO., LTD.	SENSI ENERGY CO., LTD.	Taiwan	Renewable energy	41,000	-	4,100	100.00 %	40,828	(172)	(172)	Subsidiary
SANTI ENERGY CO., LTD.	CHIA YUAN OPTRONIC CO., LTD.	Taiwan	Renewable energy	1,000	-	100	100.00 %	976	(24)	(24)	Subsidiary
SANTI ENERGY CO., LTD.	CHIA RUI OPTRONIC CO., LTD.	Taiwan	Renewable energy	13,000	-	100	100.00 %	10,960	(2,040)	(2,040)	Subsidiary
SANTI ENERGY CO., LTD.	HONG TU ENERGY CO., LTD.	Taiwan	Renewable energy	3,000	-	100	100.00 %	2,956	(44)	(44)	Subsidiary
SANTI ENERGY CO., LTD.	HENG FONG ENERGY CO., LTD.	Taiwan	Investment	1,004,138	-	99,942	100.00 %	1,005,675	1,537	1,537	Subsidiary
SANTI ENERGY CO., LTD.	HUAN CHUANG ELECTRIC CO., LTD.	Taiwan	Automobile wholesaler	30,000	-	3,000	100.00 %	41,812	11,812	11,812	Subsidiary

(Continued)



**NORTH-STAR INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Share of profits/losses of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
SANTENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	JESIN ENERGY CO., LTD.	Taiwan	Renewable energy	100	-	10	100.00 %	99	(1)	(1)	Subsidiary
SANTENERGY CO., LTD.	GU NING ENERGY CO., LTD.	Taiwan	Renewable energy	100	-	10	100.00 %	99	(1)	(1)	Subsidiary
SANTENERGY CO., LTD.	SI CHENG ENERGY CO., LTD.	Taiwan	Renewable energy	100	-	10	100.00 %	99	(1)	(1)	Subsidiary
SANTENERGY CO., LTD.	CHANG YONG ENGINEERING CO., LTD.	Taiwan	Renewable energy	100	-	10	100.00 %	99	(1)	(1)	Subsidiary
SANTENERGY CO., LTD.	SANLU ENERGY STORAGE CO., LTD.	Taiwan	Energy storage	-	6,000	-	- %	-	1,003	(678)	Subsidiary
HENG FONG ENERGY CO., LTD.	SANLU ENERGY STORAGE CO., LTD.	Taiwan	Energy storage	1,006,000	-	1,006,000	100.00 %	1,005,819	1,003	1,681	Subsidiary

(c) Information on investment in mainland China: None

(d) Major shareholders: None

(in shares)

Shareholder's Name	Shareholding	Shares	Percentage
KAOHSIUNG TRANSPORTATION CO., LTD.		47,117,572	16.89 %
Chung, Chia-Tsun		22,449,595	8.04 %
DONG JHENG INVESTMENT CO., LTD.		20,473,626	7.34 %
SHANGFA CONSTRUCTION CO., LTD.		18,995,082	6.80 %

Note: (1) The information on major shareholders in this table is calculated by Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter, showing who holds more than 5% of the common shares and preferred shares that have been delivered (including treasury shares) without physical registration. Due to different calculation bases, there may be differences between the share capital recorded in the company's financial report and the actual number.

(2) If the above-mentioned information is that the shareholders hand over the shares to the trust, it will be disclosed by the special account opened by the trustee. As for the insider equity declaration of shareholders holding more than 10%, according to the Securities and Exchange Act, their shareholding includes the shares held by themselves plus the shares that they have delivered to the trust, having the right to exercise decision-making power over the trust property, etc., please refer to Public Information Observatory for the information on the declaration of insider equity.

**(14) Segment information:**

Please refer to the consolidated financial statement for the year ended December 31, 2022.

(C10-8-3)

Appendix 4

Declaration

It is hereby to declare that the Company's affiliation report in 2022 (from January 1, 2022 to December 31, 2022 ) was prepared in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” and the disclosed information did not have any significant inconsistency with the related information disclosed in the notes to the financial reports during the aforementioned period.

Company: North-Star International Co., Ltd.

Representative: Chung, Jia-Cun

March 3, 2023

**KPMG**

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Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Tel.: + 886 2 8101 6666

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Web: kpmg.com/tw

**North-Star International Co., Ltd.**  
**Accountants' Review Opinion on Relationship Report**

Dear North-Star International Co., Ltd.,

North-Star International Co., Ltd. has prepared the affiliation report of the year 2022 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” (hereinafter referred to as “Preparation Criteria”) and we have issued our review opinion for the related financial information disclosed in the notes to the financial statements of the aforementioned period in accordance with the Preparation Criteria,

According to the opinion of our accountant, there are no material inconsistencies between the information disclosed in the affiliation report of the year 2022 and the related information disclosed in the notes to the financial statements of the aforementioned period, and no violations of the Preparation Criteria have been identified.

Attention to North-Star International Co., Ltd.

Table 1

Relationship with Affiliated Company and Controlling Company

Units in share; %

Name of controlling company	Reasons of controlling	Shareholding and pledge of controlling company			Directors, supervisors or managers sent by the controlling company	
		Shares held	Shareholding ratio	No. of pledged shares	Job Title	Name
Kaohsiung Bus, Co., Ltd.	Appoint more than half of the directions of the affiliated company	47,117,572	16.89%	0	Director	Hsieh An-Chi
					Director	Chung Yu-Lin
					Director	Liao Shun-Ching
					Director	Lee Tsung-Xi
					Director	Tseng I-Nan

Note: If the controlling company of an affiliated company is an affiliated company of another company, the relevant information of such other company shall be filled in, and the same applies if such company is an affiliated company of a further company, and so on so forth.

Table 2

Purchase and Sales Transaction

Unit in NT\$1000; %

Purchase /Sales	Trading with controlling company			Trading conditions with controlling company		General trading conditions		Reasons for difference	Account and note receivable (payable)		Overdue account receivable			Remarks
	Amount	% of total purchase /sales	Sales gross profit	Unit price (\$)	Credit term	Unit price (\$)	Credit term		Balance	% of total account and note receivable s/ payable	Amount	Handling method	Allowance for bad debt	
Sales	(1,286)	(0.02%)	103	Note 1	30-60 days	According to contract	30-60 days	-	197	0.15%	-	-	-	-

Note 1 : Sales are mainly the sales of gasoline and diesel fuel products and by-products, with no major differences with the general sales prices and conditions.

Table 3

Property Transaction

Unit: NT\$1000

Type of transaction (acquisition or disposal)	Name of property	Date of transaction or date of fact	Amount of transaction	Delivery or payment terms	Payment situation	Disposal profit and loss (Note 1)	Reason for the trading object being controlling company	First-time transfer data (Note 2)				Transaction decision method (Note 3)	Reference basis for price decision	Purpose of acquisition or disposal and usage situation	Other agreed matters	
								Owner	Relation with the Company	Transfer date	Amount					

Note 1: Those acquiring property are exempted.

Note 2: (1) For those who acquire property, the original acquisition information of the controlling company shall be listed; for those who dispose of property, the original acquisition information of the affiliated company should be listed.

(2) In the column of "Relationship with the Company", the relationship of the owner with the affiliated company and with the controlling company shall be stated.

(3) If the counterparty of the previous transfer transaction is a related party, the previous transfer information of the related party shall be added and listed in the same column.

Note 3: The position of the decision maker of the transaction should be stated.

Table 4

Financial Intermediation

Unit in NT\$1000; %

Type of transaction (Lending or borrowing)	Maximum balance	End-of-term balance	Interest rate range	Total interest for the period	Financing term	Reason for financing	Obtaining (providing) guarantees		Transaction decision method (Note 1)	Allowance withheld for bad debt (Note 2)
							Name	Amount		

Note 1: The position of the decision maker of the transaction shall be stated.

Note 2: Those borrowing funds are exempted.

Table 5

Asset Leasing

Unit in NT\$1000

Type of Transaction (Rent or Lease)	Subject Matter		Renting term	Name of the rental (Note 1)	Basis for deciding the rent	Collection (payment) method	Compared with general rent standard	Total rent of this term	Collection/ payment situation of this term	Other agreed matter (Note 2)
	Name	Location								
Rent	Land and building of Kaohsiung station	No. 92, Fengren Rd., Fengshan Dist. Kaohsiung City	106/11-121/10	Business rental	General rent standard	Paid monthly	No major difference	3,429	Normal	None
Rent	Land in Luzhu District	Land No 64-3, Shengmu Sec., Luzhu Dist.	107/09-122/08	Business rental	General rent standard	Paid monthly	No major difference	2,171	Normal	None
Rent	Land in Niuchaopu section of Fengshan District, Kaohsiung City	Niuchaopu section of Fengshan District, Kaohsiung City	From the start of the switchover of the FM equipment to storage system manufacturer to the end of the tenth year	Business rental	General rent standard	Paid monthly	No major difference	2,671	Normal	None

Note 1: The nature of the rental should be stated as a capital rental or a business rental.

Note 2: The creation of other rights such as the rights of superficies, dians, easements, etc. shall be specified.



Table 7

Other Major Transaction

Unit in NT\$1000

Subject	Transaction with controlling company		Transaction conditions compared to the general transaction with controlling company
	Amount	Outstanding amount accounted for other receivables	
Other income	2,262	20	No significant difference
Advance payment	11,623		No significant difference
Refundable deposit	105,347		No significant difference
Lease liability	286,162		No significant difference
Right-of-use asset	272,287		No significant difference
Interest expense	843		No significant difference
Interest income	3		No significant difference
Rental expense	3		No significant difference

6. Financial Difficulties Encountered by the Company and/or its Affiliates in the Recent Year and as of the Publication Date of the Annual Report, and their Impacts on the Company's Financial Condition: None.

## VII. Review Analysis and Risk Management of Financial Conditions and Performance

### 1. Financial Conditions

Unit: NT\$ in thousands

Item	Year	2022	2021	Difference	
				Amount	%
Current assets		2,658,332	1,749,285	909,047	51.97
Long-term investments (excluding other financial assets - non-current)		302,036	272,858	29,178	10.69
Fixed assets		5,646,022	4,064,580	1,581,442	38.91
Intangible assets		182,812	183,969	-1,157	-0.63
Other assets (including other financial assets-current)		6,188,121	2,999,607	3,188,514	106.30
Total assets		14,977,323	9,270,299	5,707,024	61.56
Current liabilities		3,649,534	1,637,032	2,012,502	122.94
Long-term liabilities		3,236,102	1,250,457	1,985,645	158.79
Other liabilities		4,071,356	2,588,515	1,482,841	57.29
Total liabilities		10,956,992	5,476,004	5,480,988	100.09
Share capital		2,789,307	2,462,493	326,814	13.27
Capital surplus		745,749	838,381	-92,632	-11.05
Retained earnings		302,135	319,137	-17,002	-5.33
Total shareholders' equity		4,020,331	3,794,295	226,036	5.96

#### <Description of major changes>

1. Increase in current assets: Due to the increase in cash and equivalent cash in 2022.
2. Increase in long-term investments: Due to the recognition of investment income from the affiliated company, Beiji International Development Co.
3. Increase in property, plant and equipment: Due to the new acquisition of property, plant and equipment in 2022.
4. Increase in intangible assets: Due to the increase in goodwill resulting from the merger of newly acquired reinvestment companies in 2022.
5. Increase in other assets: Mainly due to the increase in prepayment for land and equipment in 2022.
6. Increase in total assets: Due to the increase in property, plant and equipment in 2022.
7. Decrease in current liabilities: Due to the decrease in short-term loans and long-term liabilities due within one year in 2022.
8. Increase in long-term liabilities: Due to the increase in long-term borrowings in 2022.
9. Increase in other liabilities: Due to the increase in 2022 ordinary corporate bonds.
10. Increase in total liabilities: Due to the increase in long-term loans and leasehold liabilities in 2022.
11. Increase in capital reserve: Due to the increase in capital reserve generated by the cash asset increase in 2022.
12. Increase in retained earnings: Due to the increase in net profit for the current period in 2022.
13. Increase in total shareholders' equity: Ditto

## 2. Financial Performance

### (1) Comparative analysis of operating results

Unit: NT\$ in thousands

Item \ Year	2022		2021		2022	Change ratio
	Subtotal	Total	Subtotal	Total	Increase (Decrease) amount	Increase (Decrease) (%)
Net operating income	6,754,436		5,531,032			
Operating cost		-5,896,714		-4,707,302		
Gross profit		857,722		823,730		
Operating expense		868,902		740,803		
Business interest		(11,180)		82,927		
Non-operating income		263,512		168,439		
Non-operating expense		(89,635)		(68,030)		
Current net profit before tax		162,697		183,336		
Income tax expense		20,386		32,233		
Current net profit		142,311		151,103		

<Description of increase and decrease ratio analysis>

4. Increase in net operating income: Mainly due to the increase in oil consumption in 2022 compared to 2021, and the increase in the average unit price of oil products.
5. Increase in operating costs: Same as above.
6. Increase in non-operating income: Mainly due to the profits and losses of the "Share of affiliated enterprises and joint venture recognized using the equity method" and the increase in interest in disposing of land assets in 2022.
7. Decrease in non-operating expenses: Mainly due to the increase in financial costs in 2022.
8. Increase in income tax expenses: Mainly due to better pre-tax profits in 2022.

### (2) Analysis of changes in operating gross profit

Mainly due to the increase in oil consumption and oil prices in 2022, the overall operating gross profit has increased.

### (3) Expected sales volume and its basis, possible impact on the company's future financial business and response plans: None

## 3. Cash Flow

### (1) Analysis of cash flow changes in the recent year

Year \ Item	2022	2021	Increase (Decrease) %
Cash flow ratio	11.18	11.83	-5.49

Cash Flow Allowance Ratio	26.91	28.91	-6.92
Cash reinvestment ratio	2.36	1.82	78.79

- (1) Both the cash flow ratio and the cash flow allowable ratio have decreased in 2022, due to the increase in current liabilities and capital expenditures in 2022.
- (2) The ratio of cash invested in 2022 increased due to the decrease in working capital in 2022.

(2) Improvement plan for insufficient liquidity: None

(3) Cash liquidity analysis for the coming year

Unit: NT\$ in thousands

Opening cash balance	Annual net cash flow from operating activities	Annual cash outflow	Cash balance  (Insufficient) amount	Remedial measures for cash insufficiency	
				Investment plan	Financial plan
929,652	408,061	17,856	1,319,857	None	None

#### 4. Major Capital Expenditures in the Recent Year and their Impacts on Finance and Operation

- (1) The use of major capital expenditures and sources of funds: None
- (2) Estimated possible benefits: None

#### 5. Investment Policies in the Recent Year, Reasons for Profit/Loss, Plans for Improvement, and Investment Plan for the Coming Year

Item	Description	Reinvestment policy	Main reason of profit or loss	Improvement plan	Investment plan for the coming year
	Beiji International Development Co., Ltd.	Diversified business strategy	In 2022, NT\$176,066,000 of investment interests were recognized, mainly due to the operating income and profits generated by the Company's construction projects.	None	Make adjustment gradually according to future operation needs.

Yankee Co., Ltd.	Diversified business strategy	In 2022, an investment loss of NT\$2,364,000 was recognized, due to the Company's operating losses in 2022.	None	
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## 6. Risk Analysis and Evaluation

- (1) The impact of interest rate, changes of exchange rate, and inflation on the company's profit and loss and future countermeasures:

### 9. Impact on the company's profit and loss:

Item	2022 (NT\$ in thousands; %)
Net interest income and expenses	85,978
Net exchange gain or loss	-
Ratio of net interest income to operating income	1.60
Ratio of net interest income to net profit before tax	52.03
Ratio of net exchange gain or loss to operating income	-
Ratio of net exchange gain and loss to net profit before tax	-

- (1) Change of interest rate

The Company has sufficient working capital and maintains a good relationship with its banks. The Company has sound finances and good credit. It is expected that future change of interest rate will not have a significant impact on the Company's profit and loss. Since the Company borrows funds at floating rates, there is a risk on cash flow.

- (2) Change of exchange rates

The Company buys and sells goods and labor services in China, and the revenue and expenditure are all priced in NT dollars, so the changes of exchange rate has no effect on the Company's profit and loss.

- (3) Inflation

In recent years, Taiwan's inflation rate has been between 2% and 3%. The inflation caused by the rise in international oil prices will affect the increase in oil purchase costs of the Company. However, the Company has signed a seven-year oil supply contract with the major oil supplier, CPC Corporation in Taiwan, and maintained a certain profit margin, the Company can pass on the increased cost to consumers at the same time, so inflation will not have a big impact on the Company's profit and loss, and its purchase cost will be fluctuated with the CPC's wholesale price.

## 2. Future countermeasures

- (1) The Company's interest expense as a percentage of revenue for the recent year was only 1.60%, indicating that changes in interest rates have a minimal impact on revenue. The Company regularly reviews bank borrowing rates and works closely with banks to obtain a more favorable borrowing rate.

(2) Countermeasures for change of exchange rates

The Company's Finance Department is responsible for the fluctuation of exchange rates, and selects the better exchange point to change the loan or buy the loan to avoid the risk of exchange rate fluctuations.

(2) The main reasons for profit or loss when engaging in high-risk, high-leverage investments, capital lending to others, endorsement guarantee and derivative commodity trading policies in the recent year, and their future countermeasures:

⊕ The Company does not engage in high-risk and highly leveraged investments, and does not engage in capital lending to others and derivative transactions.

⊗ Endorsement for others:

Serial No. (Note 1)	Name of endorser or guarantor	Object to be endorsed or guaranteed		Guarantee limit for endorsement of a single enterprise (Note 3)	The maximum endorsement guarantee balance in the current period	Endorsement guarantee balance at the end of the period	Actual spending amount	Amount of endorsement guaranteed by property	The ratio of the accumulated endorsement guarantee amount to the net value of the latest financial statement	Endorsement guarantee maximum limit	Parent company's endorsement guarantee to Subsidiary	Subsidiary's endorsement guarantee to the parent company	Subsidiary's endorsement guarantee for mainland China
		Company Name	Relation (Note 2)										
0	the Company	Wo Yi Construction Co., Ltd.	5	4,986,090	423,500	423,500	164,500	-	11.04%	5,753,181	N	N	N
0	the Company	Huan Chuang Electric Co., Ltd.	2	4,986,090	300,000	300,000	300,000	-	7.82%	5,753,181	Y	N	N
1	Santi Renewable Energy Co., Ltd.	Cathy Sunrise Electric Power One Co., Ltd.	2	3,995,728	1,300,000	1,300,000	1,300,000	1,300,000	42.30%	4,610,456	Y	N	N
1	Santi Renewable Energy Co., Ltd.	Huan Chuang Electric Co., Ltd.	2	3,995,728	300,000	-	-	-	9.76%	4,610,456	Y	N	N
1	Santi Renewable Energy Co., Ltd.	Sanlu Energy Storage Co., Ltd.	2	3,995,728	2,767,008	2,767,008	2,767,008	-	90.02%	4,610,456	Y	N	N
2	Heng Feng Energy Co., Ltd.	Sanlu Energy Storage Co., Ltd.	2	3,995,728	1,057,078	1,057,078	-	1,057,078	32.82%	4,610,456	Y	N	N

(3) Future R&D plans and estimated R&D expenses: No R&D plan.

(4) The impact of significant domestic and foreign policy and legal changes on the Company's financial operations and the corresponding countermeasures: Based on the changes in domestic policies and laws, the Company has sought advice from relevant legal and accounting authorities and taken appropriate measures to meet the requirements of the laws and regulations, which have not yet had a significant impact on the Company's financial and

business affairs.

- (5) The impact of technological changes (including information and communications security risks) and industry changes on the Company's financial operations and the countermeasures taken to address them: The Company has not been affected by changes in technology in the recent year.
- (6) The impact of corporate image change on corporate crisis management and its countermeasures: The Company's corporate image has not changed in the recent year, and it still upholds the management philosophy of serving customers and putting customers in first priority to reduce the number of customer complaints.
- (7) Expected benefits, possible risks and contingencies of the merger and acquisition: No merger and acquisition plan.
- (8) Expected benefits possible risks and countermeasures of plant expansion: No plant expansion plan.
- (9) Risks associated with the concentration of inbound or outbound shipments and their countermeasures: The Company has signed a long-term supply contract with CPC, and thus the above-mentioned risks will not affect the Company.
- (10) The impacts and risks of a significant transfer or change of shareholding of directors, supervisors or major shareholders holding more than 10% of the shares, on the Company, and their countermeasures: None.
- (11) The impacts, risks and of the change in operating rights on the Company and their countermeasures: No change in operating right.
- (12) For litigation or non-litigation events, the Company and its directors, supervisors, president, beneficial owners, major shareholders holding more than 10% of the shares, and affiliated companies with significant litigation, non-litigation or administrative disputes, the outcome of which may have a significant impact on shareholders' equity or the price of securities, shall be disclosed. If the outcome of the litigation is likely to have a significant impact on shareholders' equity or the price of securities, the facts of the dispute, the amount of the subject matters, the date of commencement of the litigation, the principal parties involved and the status as of the publication date of the annual report shall be disclosed: None
- (13) Other important risks and countermeasures: Information security risk assessment analysis and countermeasures

In recent years, ransomware virus and black door malicious modification and destruction have emerged. For colleagues, Internet security is enhanced through black list filtering and white list establishment, through the enterprise VPN to block the data flow between the branch and the head office, and the installation of malicious programs online monitoring and detection of suspicious files or network components, so as to enhance the security and stability of computer use. For DDOS attack, a large number of packet attacks or connections can be controlled and blocked to prevent the host from being paralyzed by the attack, while monitoring traffic and actively or passively performing online kick-off actions to ensure the safety of network behavior.

## 7. Other Significant Matters: None.

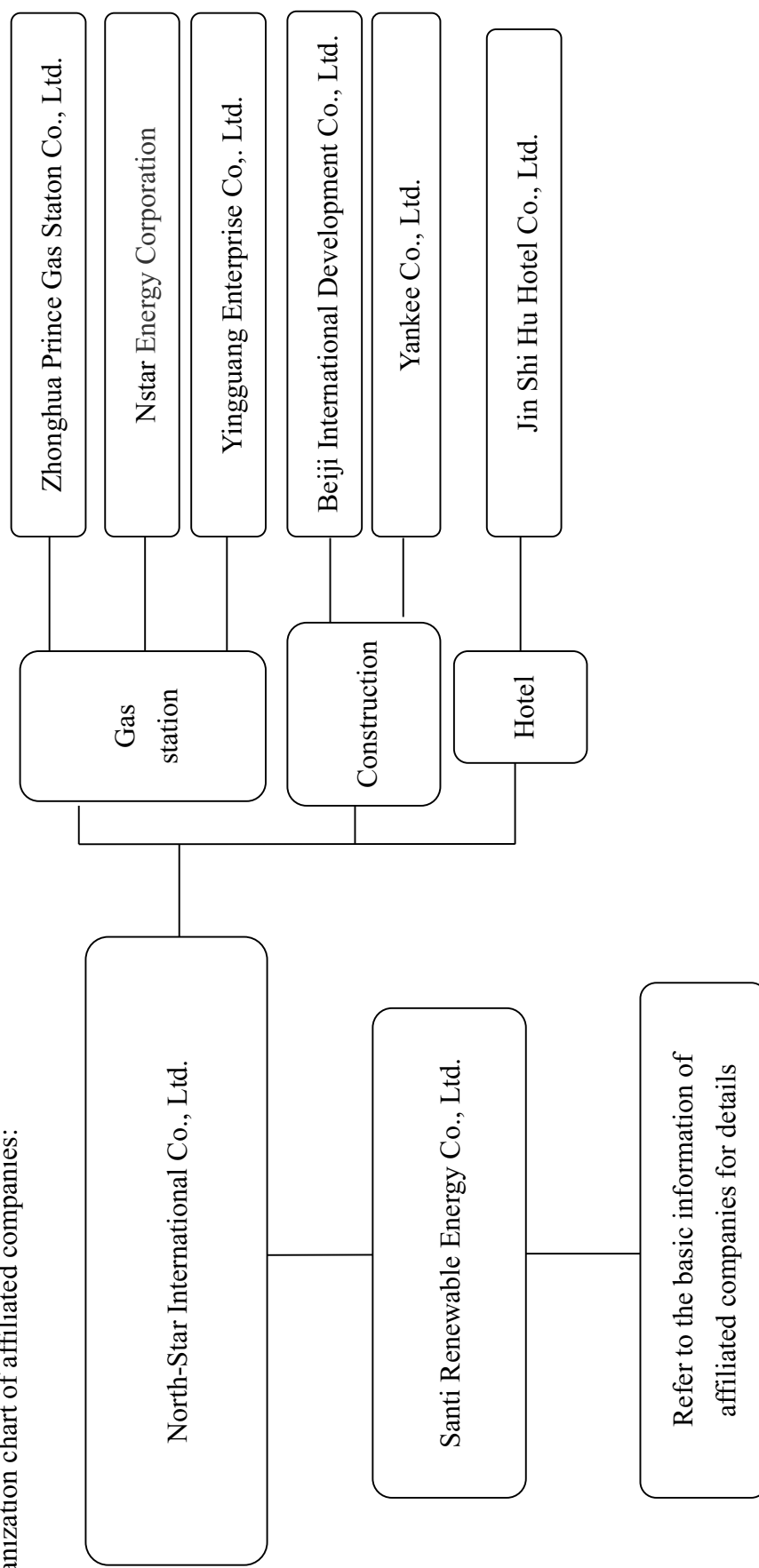


## VIII Special Disclosures

### 1. Related Information of Affiliated Companies:

(1) Consolidated operating reports of affiliated companies

#### 1. Organization chart of affiliated companies:



## 2. Basic Information of Affiliated Companies (Data Date 2022.12.31)

Unit: NT\$ in thousands

Company Name	Date of Establishment	Address	Paid-in Capital	Main Business Items or Production Items
Nstar Energy Corporation	1998.09.10	No. 137, Xinhai Rd., Banqiao Dist., New Taipei City	70,000	Petroleum products and wholesale of batteries
Beiji International Development Co., Ltd.	2013.04.25	20F, No. 315, Minghua Rd., Gushan Dist., Kaohsiung City	300,000	Interior decoration and wholesale of construction materials
Zhonghua Prince gas station Co., Ltd.	2002.05.08	No. 91, Sec. 1, Zhonghua W. Rd., South Dist., Tainan City	260,000	Gas stations and car repair
Santi Renewable Energy Co., Ltd. (Former San Lu Development Co., Ltd.)	2004.03.03	15F-3, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	3,210,000	Gas stations and convenience stores
Jin Shi Hu Hotel Co., Ltd.	2019.08.15	No. 118, Jinding Rd., Sanmin Dist., Kaohsiung City	50,000	Restaurants and hotels
Yankee Co., Ltd.	2020.04.07	5F, No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City	150,000	Real estate brokerage and real estate trading
Yingguang Enterprise Co., Ltd.	1989.02.27	No. 99, Tianxiang 1st Rd., Sanmin Dist., Kaohsiung City	30,000	Gas station and wholesale of petroleum products
He Fong Energy Co., Ltd.	2016.11.03	15F-2, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	340,000	Crop cultivation and non-public power generation
Chia Hsin Energy Co., Ltd.	2020.12.16	15F-3, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	186,000	Crop cultivation and cogeneration
Yao Gu Energy Co., Ltd.	2020.12.28	15F-3, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	36,000	Crop cultivation and cogeneration
Santi Monster Electric Power Co., Ltd.	2021.02.01	15F-3, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	1,000	Electrical installation and electrical installation
Green Free Energy Co., Ltd.	2021.06.08	15F-3, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	80,000	Crop cultivation and cogeneration
Cathy Sunrise Electric Power One Co., Ltd.	2018.05.28	15F-2, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	1,025,850	Power generation, transmission, distribution machinery manufacturing and energy technology services
Tail Electric Power Co., Ltd.	2021.09.24	15F-2, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	161,000	Interior decoration and international trading
Sheng Yang Engineering Co., Ltd.	2021.12.21	15F-2, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	62,000	Cogeneration and renewable energy self-powered equipment
Mole Electric Power Co., Ltd.	2022.05.10	15F-2, No. 175, Zhongzheng 2nd Rd.,	2,000	Crop cultivation and aquaculture

		Lingya Dist., Kaohsiung City		
Junhe Energy Co., Ltd.	2022.05.10	15F-2, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	44,000	Aquaculture and recreational fishing
Hengfeng Energy Co., Ltd.	2022.07.11	15F-3, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	2,050,000	General investment and renewable energy self-powered equipment
Woyang Energy Co., Ltd.	2022.07.06	15F-2, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	3,000	Crop cultivation and aquaculture
Sensi Energy Co., Ltd.	2022.07.07	15F-3, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	41,000	Crop cultivation and aquaculture
Jia Yuan Optoelectronics Co., Ltd.	2022.07.07	15F-2, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	1,000	Crop cultivation and aquaculture
Jia Rui Optoelectronics Co., Ltd.	2022.07.07	15F-2, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	13,000	Crop cultivation and aquaculture
Hong Tu Energy Co., Ltd.	2022.07.07	15F-2, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	3,000	Crop cultivation and aquaculture
Huan Chuang Electric Co., Ltd.	2022.08.10	15F-2, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	30,000	Manufacture of batteries and automobiles and parts
Xinte Energy Co., Ltd.	2022.11.11	15F-2, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	42,100	Crop cultivation and aquaculture
Guning Energy Co., Ltd.	2022.11.11	15F-2, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	100	Crop cultivation and aquaculture
Xicheng Energy Co., Ltd.	2022.11.14	15F-2, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	100	Power generation, transmission, distribution machinery manufacturing and renewable energy self-powered equipment
Chang Yong Engineering Co., Ltd.	2022.11.23	15F-2, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	100	Aquaculture and Recreational Fishing
Sanlu Energy Storage Co., Ltd.	2021.06.09	15F-3, No. 175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	2,055,578	Crop cultivation and cogeneration

3. Information of the same shareholder presumed to be having a controlling and subordinate relationship: Not applicable.

4. Industries covered by the overall business of the affiliated companies mainly include:

1. This industry: Gas station industry
2. Operating carwash, parking lots, etc.
3. Power generation industry, and renewable energy industry

The main business or production items of each affiliated company are shown in details in the list of basic information of each affiliated company described in the preceding paragraph.

6. Information of Directors, Supervisors and President of Affiliated Companies  
(Data Date: 2022.12.31)

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Nstar Energy Corporation	Chairman	North-Star International Co., Ltd. Representative: Chung Jia-Cun	7,000,000	100.00%
	Director	North-Star International Co., Ltd. Representative: Tseng I-Nan	7,000,000	100.00%
	Director	North-Star International Co., Ltd. Representative: Chung Hsin-Pei	7,000,000	100.00%
	Supervisor	North-Star International Co., Ltd. Representative: Tsai Yuh-Min	7,000,000	100.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Beiji International Development Co., Ltd.	Chairman	Tai Jia Development Co., Ltd. Representative: Lu Jin-Fa	15,300,000	51.00%
	Director	Tseng Ying-Jun	0	0.00%
	Director	Chung Yu-Lin	0	0.00%
	Supervisor	North-Star International Co., Ltd. Representative: Chung Jia-Cun	14,700,000	49%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Zhonghua Prince gas station Co., Ltd.	Chairman	North-Star International Co., Ltd. Representative: Chung Jia-Cun	26,000,000	100.00%
	Director	North-Star International Co., Ltd. Representative: Chen Ke-Pei	26,000,000	100.00%
	Director	North-Star International Co., Ltd. Representative: Chung Hsin-Pei	26,000,000	100.00%
	Supervisor	North-Star International Co., Ltd. Representative: Tseng I-Nan	26,000,000	100.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Santi Renewable Energy Co., Ltd. (Former San Lu Development Co., Ltd. )	Chairman	North-Star International Co., Ltd. Representative: Chung Jia-Cun	321,000,000	100.00%
	Vice Chairman	North-Star International Co., Ltd. Representative: Chung Yu-Lin	321,000,000	100.00%
	Director	North-Star International Co., Ltd. Representative: Chung Hsin-Pei	321,000,000	100.00%
	Director	North-Star International Co., Ltd. Representative: Jian Wen-De	321,000,000	100.00%
	Director	North-Star International Co., Ltd. Representative: Tsai Yuh-Min	321,000,000	100.00%
	Supervisor	North-Star International Co., Ltd. Representative: Tseng Yi-Ling	321,000,000	100.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Jin Shi Hu Hotel Co., Ltd.	Chairman	North-Star International Co., Ltd. Representative: Chung Jia-Cun	2,550,000	51.00%
	Director	North-Star International Co., Ltd. Representative: Lee Tsung-Xi	2,550,000	51.00%
	Director	Yuan Ding Investment Consulting Co., Ltd. Representative: Chuang Mao-Jin	2,450,000	49.00%
	Supervisor	Tsai Yuh-Min	0	0.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Yankee Co., Ltd.	Director	Shang Wei Investment Consulting Co., Ltd. Representative: Lin Cong-Lin	75,000,000	50%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Yingguang Enterprise Co., Ltd.	Chairman	North-Star International Co., Ltd. Representative: Chung Jia-Cun	3,000,000	100.00%
	Director	North-Star International Co., Ltd. Representative: Lee Tsung-Xi	3,000,000	100.00%
	Director	North-Star International Co., Ltd. Representative: Han Jia-Xian	3,000,000	100.00%
	Supervisor	North-Star International Co., Ltd. Representative: Chung Yu-Lin	3,000,000	100.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: He Fong Energy Co., Ltd.	Chairman	Santi Renewable Energy Co., Ltd. Representative: Chung Jia-Cun	17,340,000	51.00%
	Director	Santi Renewable Energy Co., Ltd. Representative: Chung Yu-Lin	17,340,000	51.00%
	Director	Power Master Co., Ltd. Representative: Tsai Tsung-Jung	16,660,000	49.00%
	Supervisor	Lu Ding-Jun	0	0%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Chia Hsin Energy Co., Ltd.	Chairman	Santi Renewable Energy Co., Ltd. Representative: Chung Jia-Cun	18,600,000	100.00%
	Director	Santi Renewable Energy Co., Ltd. Representative: Chung Hsin-Pei	18,600,000	100.00%
	Director	Santi Renewable Energy Co., Ltd. Representative: Lee Tsung-Xi	18,600,000	100.00%
	Supervisor	Santi Renewable Energy Co., Ltd. Representative: Chung Yu-Lin	18,600,000	100.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Yao Gu Energy Co., Ltd.	Chairman	Santi Renewable Energy Co., Ltd. Representative: Chung Jia-Cun	3,600,000	100.00%
	Director	Santi Renewable Energy Co., Ltd. Representative: Chung Hsin-Pei	3,600,000	100.00%
	Director	Santi Renewable Energy Co., Ltd. Representative: Lee Tsung-Xi	3,600,000	100.00%
	Supervisor	Santi Renewable Energy Co., Ltd. Representative: Chung Yu-Lin	3,600,000	100.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Santi Monster Electric Power Co., Ltd.	Chairman	Santi Renewable Energy Co., Ltd. Representative: Chung Jia-Cun	100,000	100.00%
	Director	Santi Renewable Energy Co., Ltd. Representative: Chung Hsin-Pei	100,000	100.00%
	Director	Santi Renewable Energy Co., Ltd. Representative: Lee Tsung-Xi	100,000	100.00%
	Supervisor	Santi Renewable Energy Co., Ltd. Representative: Chung Yu-Lin	100,000	100.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Green Free Energy Co., Ltd.	Chairman	Santi Renewable Energy Co., Ltd. Representative: Chung Jia-Cun	8,000,000	100.00%
	Supervisor	Santi Renewable Energy Co., Ltd. Representative: Chung Yu-Lin	8,000,000	100.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Cathy Sunrise Electric Power One Co., Ltd.	Chairman	Santi Renewable Energy Co., Ltd. Representative: Chung Jia-Cun	102,585,000	100.00%
	Supervisor	Santi Renewable Energy Co., Ltd. Representative: Chung Yu-Lin	102,585,000	100.00%
Company Name	Title	Name or	Shareholding	

		representative	Shares	Shareholding %
Subsidiary: Tail Electric Power Co., Ltd.	Chairman	Santi Renewable Energy Co., Ltd. Representative: Chung Jia-Cun	16,100,000	100.00%
	Supervisor	Santi Renewable Energy Co., Ltd. Representative: Chung Yu-Lin	16,100,000	100.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Sheng Yang Engineering Co., Ltd.	Chairman	Santi Renewable Energy Co., Ltd. Representative: Chung Jia-Cun	6,200,000	100.00%
	Supervisor	Santi Renewable Energy Co., Ltd. Representative: Chung Yu-Lin	6,200,000	100.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Mole Electric Power Co., Ltd.	Chairman	Santi Renewable Energy Co., Ltd. Representative: Chung Jia-Cun	200,000	100.00%
	Supervisor	Santi Renewable Energy Co., Ltd. Representative: Chung Yu-Lin	200,000	100.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Junhe Energy Co., Ltd.	Chairman	Santi Renewable Energy Co., Ltd. Representative: Chung Jia-Cun	4,400,000	100.00%
	Supervisor	Santi Renewable Energy Co., Ltd. Representative: Chung Yu-Lin	4,400,000	100.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Hengfeng Energy Co., Ltd.	Chairman	Santi Renewable Energy Co., Ltd. Representative: Chung Jia-Cun	105,050,000	100.00%
	Supervisor	Santi Renewable Energy Co., Ltd. Representative: Chung Yu-Lin	105,050,000	100.00%



Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Woyang Energy Co., Ltd.	Chairman	Santi Renewable Energy Co., Ltd. Representative: Chung Jia-Cun	300,000	100.00%
	Supervisor	Santi Renewable Energy Co., Ltd. Representative: Chung Yu-Lin	300,000	100.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Sensi Energy Co., Ltd.	Chairman	Santi Renewable Energy Co., Ltd. Representative: Chung Jia-Cun	4,100,000	100.00%
	Supervisor	Santi Renewable Energy Co., Ltd. Representative: Chung Yu-Lin	4,100,000	100.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Jia Yuan Optoelectronics Co., Ltd.	Chairman	Santi Renewable Energy Co., Ltd. Representative: Chung Jia-Cun	100,000	100.00%
	Supervisor	Santi Renewable Energy Co., Ltd. Representative: Chung Yu-Lin	100,000	100.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Jia Rui Optoelectronics Co., Ltd.	Chairman	Santi Renewable Energy Co., Ltd. Representative: Chung Jia-Cun	1,300,000	100.00%
	Supervisor	Santi Renewable Energy Co., Ltd. Representative: Chung Yu-Lin	1,300,000	100.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Hong Tu Energy Co., Ltd.	Chairman	Santi Renewable Energy Co., Ltd. Representative: Chung Jia-Cun	300,000	100.00%
	Supervisor	Santi Renewable Energy Co., Ltd. Representative: Chung Yu-Lin	300,000	100.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Huan Chuang Electric Co., Ltd.	Chairman	Santi Renewable Energy Co., Ltd. Representative: Chung Jia-Cun	3,000,000	100.00%
	Supervisor	Santi Renewable Energy Co., Ltd. Representative: Chung Yu-Lin	3,000,000	100.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Xinte Energy Co., Ltd.	Chairman	Santi Renewable Energy Co., Ltd. Representative: Chung Jia-Cun	10,000	100.00%
	Supervisor	Santi Renewable Energy Co., Ltd. Representative: Chung Yu-Lin	10,000	100.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Guning Energy Co., Ltd.	Chairman	Santi Renewable Energy Co., Ltd. Representative: Chung Jia-Cun	10,000	100.00%
	Supervisor	Santi Renewable Energy Co., Ltd. Representative: Chung Yu-Lin	10,000	100.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Xicheng Energy Co., Ltd.	Chairman	Santi Renewable Energy Co., Ltd. Representative: Chung Jia-Cun	10,000	100.00%
	Supervisor	Santi Renewable Energy Co., Ltd. Representative: Chung Yu-Lin	10,000	100.00%

Company Name	Title	Name or representative	Shareholding	
			Shares	Shareholding %
Subsidiary: Chang Yong Engineering Co., Ltd.	Chairman	Santi Renewable Energy Co., Ltd. Representative: Chung Jia-Cun	10,000	100.00%
	Supervisor	Santi Renewable Energy Co., Ltd. Representative: Chung Yu-Lin	10,000	100.00%

Company Name	Title	Name or representative	No. of shared held	
			Shares	Shareholding %
Subsidiary: Sanlu Energy Storage Co., Ltd.	Chairman	Hengfeng Energy Co., Ltd. Representative: Chung Jia-Cun	105,050,000	100.00%
	Supervisor	Hengfeng Energy Co., Ltd. Representative: Chung Yu-Lin	105,050,000	100.00%

6. Operating overview of each affiliated company (as of December 31, 2022)

NT\$ in thousands

Company Name	Capital	Total asset	Total liabilities	Net value	Operating income	Profit	Current profit and loss (after tax)	Earnings per share
Nstar Energy Corporation	70,000	155,348	62,669	92,679	455,131	49,595	15,958	2.28
Beiji International Development Co., Ltd.	300,000	2,953,408	2,472,842	480,566	2,272,604	445,102	366,335	12.21
Zhonghua Prince Gas Station Co., Ltd.	260,000	566,736	395,807	170,929	602,726	71,428	-18,473	-0.71
Santi Renewable Energy Co., Ltd. (Former San Lu Development Co., Ltd.)	3,210,000	7,062,658	3,842,224	3,220,434	53,810	-76,302	-80,703	-0.35
Jin Shi Hu Hotel Co., Ltd.	50,000	302,071	222,522	79,549	68,873	17,631	27,467	5.49
Yankee Co., Ltd.	150,000	254,444	109,219	145,225	0	-4,742	-4,729	-0.32
Yingguang Enterprise Co., Ltd.	30,000	186,442	64,305	122,137	207,022	32,737	10,235	3.41
He Fong Energy Co., Ltd.	340,000	1,331,408	1,031,821	299,587	0	-6,825	-3,511	-1.03
Chia Hsin Energy Co., Ltd.	186,000	316,811	132,160	184,651	17,084	1,538	-103	-0.01
Yao Gu Energy Co., Ltd.	36,000	35,133	96	35,037	0	-124	-82	-0.02
Santi Monster Electric Power Co., Ltd.	1,000	767	15	751	0	0	-87	-0.87
Green Free Energy Co., Ltd.	80,000	209,423	127,300	82,123	7,855	3,343	2,304	0.29
Cathy Sunrise Electric	1,025,850	2,920,349	1,970,298	950,051	0	-34,015	-38,936	-0.38

Power One Co., Ltd.									
Tail Electric Power Co., Ltd.	161,000	189,552	35,286	154,266	2,701	-6,846	-6,713	-0.42	
Sheng Yang Engineering Co., Ltd.	62,000	61,979	130	61,849	0	-230	-151	-0.02	
Mole Electric Power Co., Ltd.	2,000	1,978	16	1,962	0	0	-38	-0.19	
Junhe Energy Co., Ltd.	8,000	117,876	109,986	7,890	0	0	-110	-0.13	
Hengfeng Energy Co., Ltd.	999,422	1,005,831	155	1,005,675	0	-156	1,537	0.02	
Woyang Energy Co., Ltd.	3,000	5,475	2,519	2,956	0	0	-44	-0.15	
Sensi Energy Co., Ltd.	41,000	40,936	108	40,828	0	-203	-172	-0.04	
Jia Yuan Optoelectronics Co., Ltd.	1,000	976	0	976	0	0	-24	-0.24	
Jia Rui Optoelectronics Co., Ltd.	13,000	106,836	95,875	10,961	0	0	-2,040	-1.57	
Hong Tu Energy Co., Ltd.	3,000	5,476	2,520	2,956	0	0	-44	-0.15	
Huan Chuang Electric Co., Ltd.	30,000	120,870	79,058	41,812	15,309	14,732	11,812	3.94	
Xinte Energy Co., Ltd.	100	116	17	99	0	0	-1	-0.12	
Guning Energy Co., Ltd.	100	100	1	99	0	0	-1	-0.12	
Xicheng Energy Co., Ltd.	100	100	1	99	0	0	-1	-0.12	
Chang Yong Engineering Co., Ltd.	100	100	1	99	0	0	-1	-0.12	
Sanlu Energy Storage Co., Ltd.	1,006,000	1,251,241	245,422	1,005,819	0	-1,870	1,003	0.01	

(1) Consolidated Financial Statements of Affiliated Companies:

In 2022 (from January 1, 2022 to December 31, 2022), the Company should prepare the consolidated financial statements of affiliated companies in accordance with the “Regulations Governing the Preparation of Consolidated Financial Statements and Related Party Reports of Affiliated Companies” the same as those companies that should prepare the consolidated financial statements of the parent company and affiliated companies in accordance with Bulletin of Financial Accounting Standards No. 7. The information required to be disclosed in the consolidated financial statements of affiliated companies has already been disclosed in the former consolidated financial statements of affiliated companies, so the Company is not necessary to prepare separate

consolidated financial statements of affiliated companies.

(2) Affiliation report

The Company is not an affiliated company of any other company, therefore no preparation of the affiliation report is required.

The Company's affiliated companies are not public companies, therefore no preparation of the affiliation report is required in accordance with relevant regulations .

2. Private Placement of Company Shares in the Recent Year and as of the Publication Date of the Annual Report: None
3. The Company's Shares Held or Disposed by Subsidiaries in the Recent Year and as of the Publication Date of the Annual Report; None
4. Other Supplementary Information: None.
5. Events with Material Impacts on the Equity of Shareholders or the Price of Securities as Specified in Paragraph 3 of Item 2 of Article 36 of the Securities and Exchange Act in the Recent Year and as of the publication date of the Annual Report: None