Stock Code:8927

# North-Star International Co., Ltd. and Subsidiaries

**Consolidated Financial Statements**

**With Independent Auditors' Report**
**For the Years Ended December 31, 2021 and 2020**

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

# Table of contents

**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, 2021 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 28, 2022

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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, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, 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 Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

## Other Matter

We did not audit the financial statements of NORTH-STAR INTERNATIONAL DEVELOPMENT INDUSTRIES CORPORATION (NORTH-STAR INTERNATIONAL DEVELOPMENT) for the years ended December 31, 2021 and 2020 which represented investment accounted for using the equity method of the Group. These statements were audited by another auditor. Therefore, our opinion, insofar as it relates to NORTH-STAR INTERNATIONAL DEVELOPMENT, is based solely on the reports of the other auditors. The recognized investment in NORTH-STAR INTERNATIONAL DEVELOPMENT, using the equity method, constituted 2% and 3% of the total consolidated assets, as of December 31, 2021 and 2020, respectively, and the recognized share of profit or loss of associates and joint ventures accounted for using equity method constituted 50% and 22% of profit before tax, for the years ended December 31, 2021 and 2020, respectively.

We did not audit the financial statements of YANG JI ENTERPRISE CO., LTD. (YANG JI ENTERPRISE) for the year ended December 31, 2021 and 2020. Those financial statements were audited by other auditors. Therefore, our opinion, insofar as it relates to YANG JI ENTERPRISE, is based solely on the reports of the other auditors. The recognized investment in YANG JI ENTERPRISE, using the equity method, constituted 1% and 1% of the total consolidated assets, as of December 31, 2021 and 2020, respectively, and the recognized share of profit or loss of associates and joint ventures accounted for using equity method constituted (1)% and 7% of profit before tax, for the years ended December 31, 2021 and 2020, respectively.

North-Star International Co., Ltd. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

   Refer to Note 4(p) "Revenue" and Note 6(y) "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, 2021 and 2020 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 Huang, Yung-Hua and Chen, Kuo-Tsung.

KPMG

Taipei, Taiwan (Republic of China)
March 28, 2022

**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, 2021 and 2020

## (Expressed in Thousands of New Taiwan Dollars)

| | | December 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|---|
| | **Assets** | **Amount** | **%** | **Amount** | **%** |
| | **Current assets:** | | | | |
| 1100 | Cash and cash equivalents (note 6(a)) | $ 929,652 | 10 | 392,746 | 6 |
| 1150 | Notes receivable, net (note 6(d)) | 148 | - | 301 | - |
| 1170 | Accounts receivable, net (note 6(d)(y) and 7) | 37,495 | 1 | 20,566 | - |
| 1206 | Other non-operating receivables, others | 27,782 | - | 3,950 | - |
| 130X | Total inventories (note 6(e)(g) and 8) | 580,994 | 6 | 476,397 | 7 |
| 1479 | Other current assets, others (note 6(o) and 8) | 162,834 | 2 | 145,543 | 2 |
| | | 1,738,905 | 19 | 1,039,503 | 15 |
| | Non-current assets: | | | | |
| 1510 | Non-current financial assets at fair value through profit or loss (note 6(b)(s)) | 2,443 | - | - | - |
| 1517 | Non-current financial assets at fair value through other comprehensive income (note 6(c)) | 535 | - | 517 | - |
| 1550 | Investments accounted for using equity method (note 6(f)) | 272,858 | 3 | 272,446 | 4 |
| 1600 | Property, plant and equipment (note 6(k) and 8) | 4,064,580 | 44 | 3,745,842 | 56 |
| 1755 | Right-of-use assets (note 6(l)) | 2,018,522 | 22 | 1,134,441 | 17 |
| 1760 | Investment property, net (note6 (m)) | 34,332 | - | 34,332 | 1 |
| 1780 | Intangible assets (note 6 (h)(n) | 183,969 | 2 | 42,500 | 1 |
| 1840 | Deferred tax assets (note 6(v)) | 11,966 | - | 12,967 | - |
| 1915 | Prepayments for land and business facilities (note 7) | 543,175 | 6 | 126,318 | 2 |
| 1920 | Guarantee deposits paid | 81,010 | 1 | 57,400 | 1 |
| 1980 | Other non-current financial assets (note 8) | 270,581 | 3 | 228,180 | 3 |
| 1990 | Other non-current assets | 37,043 | - | 10 | - |
| | | 7,521,014 | 81 | 5,654,953 | 85 |
| | **Total assets** | $ 9,259,919 | 100 | 6,694,456 | 100 |

| | | December 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|---|
| | **Liabilities and Equity** | **Amount** | **%** | **Amount** | **%** |
| | **Current liabilities:** | | | | |
| 2100 | Short-term borrowings (note 6(q) and 8) | $ 233,400 | 3 | 432,500 | 6 |
| 2110 | Short-term notes and bills payable (note 6(p)) | 49,841 | - | 139,774 | 2 |
| 2130 | Current contract liabilities (note 6(y)) | 172,605 | 2 | 44,594 | 1 |
| 2150 | Notes payables | 2,691 | - | 977 | - |
| 2170 | Trade payables | 259,378 | 3 | 319,332 | 5 |
| 2200 | Other payables | 134,818 | 1 | 101,033 | 1 |
| 2230 | Current tax liabilities | 15,517 | - | 15,826 | - |
| 2280 | Current lease liabilities (note 6(t) and 7) | 155,124 | 2 | 94,437 | 1 |
| 2322 | Long-term borrowings, current portion (note 6(r) and 8) | 546,099 | 6 | 808,048 | 12 |
| 2399 | Other current liabilities (note 6(y) and 7) | 67,559 | 1 | 37,212 | 1 |
| | | 1,637,032 | 18 | 1,993,733 | 29 |
| | **Non-Current liabilities:** | | | | |
| 2500 | Non-current financial liabilities at fair value through profit or loss (note 6(b)(s)) | 210 | - | 300 | - |
| 2530 | Bonds payable (note 6(s) and 8)) | 619,143 | 7 | 583,385 | 9 |
| 2540 | Long-term borrowings (note 6(r) and 8)) | 1,250,457 | 13 | 652,526 | 10 |
| 2580 | Non-current lease liabilities (note 6(t) and 7)) | 1,929,717 | 21 | 1,044,648 | 15 |
| 2670 | Other non-current liabilities (note 6(v)) | 39,445 | - | 38,518 | 1 |
| | | 3,838,972 | 41 | 2,319,377 | 35 |
| | **Total liabilities** | 5,476,004 | 59 | 4,313,110 | 64 |
| | **Equity attributable to owners of parent (note 6(s)(w)):** | | | | |
| 3100 | Share capital | 2,462,493 | 27 | 1,918,332 | 29 |
| 3200 | Capital surplus | 838,381 | 9 | 106,087 | 2 |
| 3300 | Retained earnings | 308,757 | 3 | 264,650 | 4 |
| 3400 | Other equity interest | (1,675) | - | (1,693) | - |
| | **Total equity attributable to owners of parent** | 3,607,956 | 39 | 2,287,376 | 35 |
| 36XX | Non-controlling interests | 175,959 | 2 | 93,970 | 1 |
| | **Total equity** | 3,783,915 | 41 | 2,381,346 | 36 |
| | **Total liabilities and equity** | $ 9,259,919 | 100 | 6,694,456 | 100 |

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, 2021 and 2020**

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

| | | 2021 | | 2020 | |
|---|---|---|---|---|---|
| | | **Amount** | **%** | **Amount** | **%** |
| 4000 | **Operating revenue (note 6(y) and 7)** | $ 5,531,032 | 100 | 4,411,593 | 100 |
| 5000 | **Operating costs (note 6(e)(u))** | 4,722,143 | 85 | 3,658,153 | 83 |
| | **Gross profit from operations** | 808,889 | 15 | 753,440 | 17 |
| | **Operating expenses (note 6(k)(l)(u)(z) and 7):** | | | | |
| 6100 | Selling expenses | 649,874 | 12 | 569,860 | 13 |
| 6200 | Administrative expenses | 90,929 | 2 | 73,233 | 1 |
| | **Total operating expenses** | 740,803 | 14 | 643,093 | 14 |
| | **Net operating income** | 68,086 | 1 | 110,347 | 3 |
| 7000 | **Non-operating income and expenses:** | | | | |
| 7100 | Interest income | 790 | - | 646 | - |
| 7010 | Other income (note 6(t) and 7) | 55,462 | 1 | 29,391 | - |
| 7020 | Other gains and losses, net (note 6(o)(s)) | 29,175 | 1 | (244) | - |
| 7050 | Finance costs (note 6(s)(t)) | (68,030) | (1) | (38,694) | (1) |
| 7060 | Share of profit of associates and joint ventures accounted for using equity method (note 6(f)) | 83,013 | 1 | 42,743 | 1 |
| | **Total non-operating income and expenses** | 100,410 | 2 | 33,842 | - |
| | **Profit from continuing operations before tax** | 168,496 | 3 | 144,189 | 3 |
| 7950 | **Less: income tax expenses (note 6(t))** | 32,233 | 1 | 29,523 | - |
| | **Profit** | 136,263 | 2 | 114,666 | 3 |
| 8300 | **Other comprehensive income:** | | | | |
| 8310 | **Components of other comprehensive income that will not be reclassified to profit or loss** | | | | |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 18 | - | (83) | - |
| 8349 | Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss | - | - | - | - |
| 8300 | **Other comprehensive income** | 18 | - | (83) | - |
| | **Total comprehensive income** | **$ 136,281** | **2** | **114,583** | **3** |
| | **Profit (loss), attributable to:** | | | | |
| 8610 | Owners of parent | $ 140,024 | 2 | 120,469 | 3 |
| 8620 | Non-controlling interests | (3,761) | - | (5,803) | - |
| | | **$ 136,263** | **2** | **114,666** | **3** |
| | **Comprehensive income attributable to:** | | | | |
| 8710 | Owners of parent | $ 140,042 | 2 | 120,386 | 3 |
| 8720 | Non-controlling interests | (3,761) | - | (5,803) | - |
| | | **$ 136,281** | **2** | **114,583** | **3** |
| | **Earnings per share (NT dollars) (note 6(x))** | | | | |
| 9750 | **Basic earnings per share** | **$** | **0.69** | | **0.63** |
| 9850 | **Diluted earnings per share** | **$** | **0.68** | | **0.54** |

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, 2021 and 2020

## (Expressed in Thousands of New Taiwan Dollars)

| | Equity attributable to owners of parent | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | | | Retained earnings | | | | Other equity interest | | | |
| | Ordinary shares | Certificate of entitlement to new shares from convertible bond | 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 attributable to owners of parent | Non-controlling interests | Total equity |
| **Balance on January 1, 2020** | $ 1,918,332 | - | 78,270 | 97,428 | - | 85,120 | 182,548 | (1,610) | 2,177,540 | 18,971 | 2,196,511 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | |
| Legal reserve appropriated | - | - | - | 5,290 | - | (5,290) | - | - | - | - | - |
| Special reserve appropriated | - | - | - | - | 1,610 | (1,610) | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | - | (38,367) | (38,367) | - | (38,367) | - | (38,367) |
| | - | - | - | 5,290 | 1,610 | (45,267) | (38,367) | - | (38,367) | - | (38,367) |
| Profit | - | - | - | - | - | 120,469 | 120,469 | - | 120,469 | (5,803) | 114,666 |
| Other comprehensive income | - | - | - | - | - | - | - | (83) | (83) | - | (83) |
| Total comprehensive income | - | - | - | - | - | 120,469 | 120,469 | (83) | 120,386 | (5,803) | 114,583 |
| Other changes in capital surplus: | | | | | | | | | | | |
| Due to recognition of equity component of convertible bonds issued | - | - | 28,380 | - | - | - | - | - | 28,380 | - | 28,380 |
| Difference between consideration and carrying amount of subsidiaries acquired | - | - | (563) | - | - | - | - | - | (563) | 4,852 | 4,289 |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | 75,950 | 75,950 |
| **Balance on December 31, 2020** | 1,918,332 | - | 106,087 | 102,718 | 1,610 | 160,322 | 264,650 | (1,693) | 2,287,376 | 93,970 | 2,381,346 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | |
| Legal reserve appropriated | - | - | - | 12,047 | - | (12,047) | - | - | - | - | - |
| Special reserve appropriated | - | - | - | - | 83 | (83) | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | - | (95,917) | (95,917) | - | (95,917) | - | (95,917) |
| | - | - | - | 12,047 | 83 | (108,047) | (95,917) | - | (95,917) | - | (95,917) |
| Profit (loss) | - | - | - | - | - | 140,024 | 140,024 | - | 140,024 | (3,761) | 136,263 |
| Other comprehensive income | - | - | - | - | - | - | - | 18 | 18 | - | 18 |
| Total comprehensive income | - | - | - | - | - | 140,024 | 140,024 | 18 | 140,042 | (3,761) | 136,281 |
| Issue of shares | 400,000 | - | 600,000 | - | - | - | - | - | 1,000,000 | - | 1,000,000 |
| Conversion of convertible bonds | 144,046 | 115 | 108,691 | - | - | - | - | - | 252,852 | - | 252,852 |
| Other changes in capital surplus: | | | | | | | | | | | |
| Due to recognition of equity component of convertible bonds issued | - | - | 19,308 | - | - | - | - | - | 19,308 | - | 19,308 |
| Difference between consideration and carrying amount of subsidiaries acquired | - | - | 563 | - | - | - | - | - | 563 | - | 563 |
| Share-based payments | - | - | 3,732 | - | - | - | - | - | 3,732 | - | 3,732 |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | 85,750 | 85,750 |
| **Balance on December 31, 2021** | **$ 2,462,378** | **115** | **838,381** | **114,765** | **1,693** | **192,299** | **308,757** | **(1,675)** | **3,607,956** | **175,959** | **3,783,915** |

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, 2021 and 2020**

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

| | | 2021 | 2020 |
|---|---|---|---|
| **Cash flows from (used in) operating activities:** | | | |
| **Profit before tax** | $ | 168,496 | 144,189 |
| **Adjustments:** | | | |
| **Adjustments to reconcile profit:** | | | |
| Depreciation expense | | 235,610 | 177,573 |
| Amortization expense | | 2,565 | 1,963 |
| Net loss on financial assets or liabilities at fair value through profit or loss | | 2,657 | - |
| Interest expense | | 68,030 | 38,694 |
| Interest income | | (790) | (646) |
| Dividend income | | (9,601) | (100) |
| Share-based payments | | 3,732 | - |
| Share of profit of associates accounted for using equity method | | (83,013) | (42,743) |
| Gain on disposal of non-current assets classified as held for sale | | (28,764) | - |
| Others | | - | (67) |
| **Total adjustments to reconcile profit** | | 190,426 | 174,674 |
| **Changes in operating assets and liabilities:** | | | |
| Notes receivable | | 153 | 27 |
| Trade receivable | | (16,929) | 2,115 |
| Other receivable | | (23,832) | (315) |
| Inventories | | (104,597) | (23,908) |
| Other current assets | | (65,390) | (72,044) |
| Total changes in operating assets | | (210,595) | (94,125) |
| Contract liabilities | | 128,011 | 796 |
| Notes payable | | 1,714 | - |
| Trade payable | | (59,954) | 167,195 |
| Other payable | | 33,775 | 3,206 |
| Other current liabilities | | 30,904 | 35,399 |
| Total changes in operating liabilities | | 134,450 | 206,596 |
| Total adjustments | | 114,281 | 287,145 |
| Cash inflow generated from operations | | 282,777 | 431,334 |
| Interest received | | 790 | 646 |
| Dividends received | | 9,601 | 100 |
| Interest paid | | (68,020) | (38,630) |
| Income taxes paid | | (31,541) | (27,864) |
| **Net cash flows from operating activities** | | 193,607 | 365,586 |

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, 2021 and 2020

## (Expressed in Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|---|---|---|
| **Cash flows from (used in) investing activities:** | | |
| Acquisition of investments accounted for using equity method | (25,000) | (25,000) |
| Net cash receipts from acquisitions of subsidiaries | 563 | 4,289 |
| Cash payments to acquire subsidiaries | - | (174,478) |
| 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 | (369,944) | (477,289) |
| Proceeds from disposal of property, plant and equipment | 5,343 | 892 |
| (Decrease) increase in refundable deposits | (23,610) | 21,575 |
| Acquisition of intangible assets | (144,034) | (438) |
| Acquisition of right-of-use assets | - | (25,655) |
| Increase in other non-current assets | (79,434) | (221,442) |
| Increase in prepayments for land and business facilities | (421,183) | (110,420) |
| **Net cash flows used in investing activities** | (872,835) | (1,007,966) |
| **Cash flows from (used in) financing activities:** | | |
| (Decrease) increase in short-term loans | (199,100) | 200,000 |
| (Decrease) increase in short-term notes and bills payable | (89,933) | 49,823 |
| Proceeds from issuing bonds | 302,728 | 612,000 |
| Proceeds from long-term debt | 2,602,219 | 1,797,750 |
| Repayments of long-term debt | (2,266,237) | (1,804,287) |
| (Decrease) increase in guarantee deposits received | (473) | 90 |
| Payment of lease liabilities | (122,903) | (57,160) |
| Cash dividends paid | (95,917) | (38,367) |
| Proceeds from issuing shares | 1,000,000 | - |
| Change in non-controlling interests | 85,750 | 75,950 |
| **Net cash flows from financing activities** | 1,216,134 | 835,799 |
| **Net increase in cash and cash equivalents** | 536,906 | 193,419 |
| **Cash and cash equivalents at beginning of period** | 392,746 | 199,327 |
| **Cash and cash equivalents at end of period** | $ **929,652** | **392,746** |

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, 2021 and 2020**

**(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 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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform— Phase 2"

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(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, 2022, would not have a significant impact on its consolidated financial statements:

- 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"

(Continued)

(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:

| Standards or Interpretations | Content of amendment | Effective date per IASB |
|---|---|---|
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" | The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. | January 1, 2023 |

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.

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 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"

**(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..

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

(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.

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.

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

(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 December 31, 2021 | Percentage of ownership December 31, 2020 | Description |
|---|---|---|---|---|---|
| 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 % | - % | Incorporated in February 2021 |
| SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.) | LYU YOU ENERGY CO., LTD. | Energy storage | 100.00 % | - % | Incorporated in June 2021 |
| SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.) | SANLU ENERGY STORAGE CO., LTD. | Energy storage | 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 % | - % | Incorporated in July 2021 |
| SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.) | TEL POWER CO., LTD. | Marketing | 100.00 % | - % | Incorporated in September 2021 |
| SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.) | SHENG YANG ENGINEERING CO., LTD. | Engineering | 100.00 % | - % | Incorporated in December 2021 |

(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.

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:

- 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)

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)

- 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.

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.

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.

(Continued)

(g) Inventories

(i) Trading/Tourist Hotels

Inventories are measured at the lower of cost or 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.

1) Trading: using first-in-first-out method.

2) Tourist Hotels: using weighted average 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.

(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.

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

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.

The Group 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 Group 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 Group 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 Group’s ownership interest in an associate is reduced while it continues to apply the equity method, the Group 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 Group continues to apply the equity method without remeasuring the retained interest.

When the Group 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 Group’s proportionate interest in the net assets of the associate. The Group 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 Group’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.

(Continued)

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

(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.

(Continued)

(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 |
| 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 leasee

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

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

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

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

— fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

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

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

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

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

— there is any lease modifications

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

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

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

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.

(Continued)

(ii) As a leasor

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.

(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.

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.

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.

(Continued)

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.

(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.

(Continued)

(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.

(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.

(Continued)

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

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

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

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

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

Deferred 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 reserve, 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.

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

(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.

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.

**(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.

(Continued)

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

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 Group has substantive control over its investees

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

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Cash | $ 25,575 | 16,227 |
| Check and demand deposit | 904,077 | 376,519 |
| Cash and cash equivalents in the consolidated statement of cash flows | **$ 929,652** | **392,746** |

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

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Non-current financial asset measured at fair value through | | |
| Convertible bond-embedded derivative | **$ 2,443** | **-** |

(Continued)

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

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Non-current financial liability measured at fair value throughprofit or loss: | | |
| Convertible bond-embedded derivative | $ 210 | 300 |

Please refer to note 6(s) 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

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Unlisted stocks | | |
| MA LI QIANG GREEN ENERGY CO., LTD. | $ 535 | 517 |

(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, 2021 and 2020.

(ii) For credit risk and market risk, please refer to note 6(ab).

(iii) As of December 31, 2021 and 2020, the financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral.

(d) Notes and accounts receivables

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Notes receivables | $ 148 | 301 |
| Trade receivables | 37,495 | 20,566 |
| | $ 37,643 | 20,867 |

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:

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

| | December 31, 2021 | | |
|---|---|---|---|
| | Gross carrying amount | Weighted average loss rate | Loss allowance provision |
| 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% | - |
| | $ 37,643 | | - |

| | December 31, 2020 | | |
|---|---|---|---|
| | Gross carrying amount | Weighted average loss rate | Loss allowance provision |
| Current | $ 20,664 | 0% | - |
| 1 to 30 days past due | 203 | 0% | - |
| 31 to 60 days past due | - | 0% | - |
| 61 to 90 days past due | - | 3.33% | - |
| More than 91 days past due | - | 100% | - |
| | $ 20,867 | | - |

For the years ended December 31, 2021 and 2020, the were no changes in allowance for notes and trade receivables.

As of December 31, 2021 and 2020, the notes and trade receivables of the Group had not been pledged as collateral.

(e) Inventories

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Trading/Tourist Hotels: | | |
| Premium Diesel | $ 29,605 | 30,461 |
| Unleaded gasoline 98 | 12,811 | 14,311 |
| Unleaded gasoline 95 | 49,548 | 51,167 |
| Unleaded gasoline 92 | 25,309 | 27,643 |
| Coproducts and others | 2,808 | 1,039 |
| Merchandise and food | 80 | 65 |
| Subtotal | 120,161 | 124,686 |

(Continued)

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

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Construction industry: | | |
| Land held for construction site | - | 201,223 |
| Construction in progress | 460,833 | 150,488 |
| Subtotal | 460,833 | 351,711 |
| | $ 580,994 | 476,397 |

The details of the cost of sales were as follows:

| | 2021 | 2020 |
|---|---|---|
| Inventory that has been sold | $ 4,687,807 | 3,627,169 |
| Parking service cost | 1,485 | 1,145 |
| Hotel room and catering service cost | 37,515 | 34,857 |
| Stock take surplus | (4,664) | (5,018) |
| | $ 4,722,143 | 3,658,153 |

Capitalized interest costs of the Group were as follows:

| | 2021 | 2020 |
|---|---|---|
| Capitalization of interest | $ 3,799 | 4,290 |
| Range of rate for capitalization | 1.75%~1.90% | 1.75%~1.95% |

(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:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Associates | $ 272,858 | 272,446 |

(i) Associates

| Name of Associates | Nature of Relationship with the Group | Main operating location/ Registered Country | Proportion of shareholding and voting rights December 31, 2021 | Proportion of shareholding and voting rights December 31, 2020 |
|---|---|---|---|---|
| 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 % |

(Continued)

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

On April 7, 2020, the Group acquired 50% of ownership in YANG JI ENTERPRISE CO., LTD. for $5,000 thousand, thereby obtaining significant influence on YANG JI ENTERPRISE CO., LTD. In addition, on August 5, 2020 and March 16, 2021, the Board resolved to participate in the capital increase of YANG JI ENTERPRISE CO., LTD. The increase in investments of $20,000 thousand and $25,000 thousand proportioned to the shareholding, respectively. As of December 31, 2021, the total investment in YANG JI ENTERPRISE CO., LTD. is $50,000 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 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:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Current assets | $ 3,306,371 | 3,419,320 |
| Non-current assets | 529,028 | 796,874 |
| Current liabilities | (1,519,725) | (1,321,604) |
| Non-current liabilities | (1,860,815) | (2,411,369) |
| Net assets | **$ 454,859** | **483,221** |

| | 2021 | 2020 |
|---|---|---|
| Operating revenue | $ 1,526,636 | 540,468 |
| Profit for the year | 171,638 | 65,459 |
| Other comprehensive income | - | - |
| Total comprehensive income | **$ 171,638** | **65,459** |

| | 2021 | 2020 |
|---|---|---|
| Share of net assets of associates as of January 1 | $ 236,778 | 204,702 |
| Comprehensive income attributable to the Group | 84,103 | 32,076 |
| Decrease in investment in associates during the period | (98,000) | - |
| Share of net assets of associates as of December 31 | **$ 222,881** | **236,778** |

(Continued)

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

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Current assets | $ 36,958 | 85,947 |
| Non-current assets | 93,346 | 433 |
| Current liabilities | (351) | (15,044) |
| Non-current liabilities | (30,000) | - |
| Net assets | **$ 99,953** | **71,336** |

| | 2021 | 2020 |
|---|---|---|
| Operating revenue | $ 12,114 | 45,253 |
| Profit for the year | (2,180) | 21,336 |
| Other comprehensive income | - | - |
| Total comprehensive income | **$ (2,180)** | **21,336** |

| | 2021 | 2020 |
|---|---|---|
| Share of net assets of associates as of January 1 | $ 35,668 | - |
| Capital increase during the period | 25,000 | 25,000 |
| Comprehensive income attributable to the Group | (1,090) | 10,668 |
| Dividends received from associates | (9,601) | - |
| Share of net assets of associates as of December 31 | **$ 49,977** | **35,668** |

(ii) Collateral

As of December 31, 2021 and 2020, 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 $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(n)) | | 142,909 |
| Total assets acquired | | 146,518 |
| Less: liabilities assumed | | |
| Other liabilities | | (30,019) |
| Considerations for assets acquisition | **$** | **116,499** |

(i) Acquisition of subsidiaries and non-controlling interests

The Group acquired an additional 51% shareholdings of HE FONG ENERGY CO., LTD. on July 1, 2020, for cash amounted to $5,533 thousand.

The following table summarizes the effect on the equity attributable to the shareholders of the Company arising from abovementioned changes in ownership interests in HE FONG ENERGY CO., LTD. at acquisition date:

| | | **2020** |
|---|---|---|
| Carrying amount of purchase non-controlling interests | $ | 4,970 |
| Consideration paid to non-controlling interest | | (5,533) |
| Capital surplus - difference between the consideration and the carrying amount of subsidiaries' share acquired | **$** | **(563)** |

(j) Business combination

On November 24, 2020, the Group acquired 100% of the shares of YING GUANG ENTERPRISE CO., LTD. and obtained control over the entity, which engaged in the operation of petrol filling stations.

Obtaining the control over YING GUANG ENTERPRISE CO., LTD. has enabled the Group to acquire the customer base of the acquiree through this acquisition, which is expected to increase the market share of the Group in the petrol filling station industry. The Group also expects to reduce costs through economies of scale.

(Continued)

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

A month starting from the acquisition date to December 31, 2020, YING GUANG ENTERPRISE CO., LTD. contributed revenue and net profit of $14,087 thousand and $634 thousand, respectively. If the acquisition had taken place on January 1, 2021, management estimated that the consolidated revenue and net profit for the years ended December 31, 2021 would have been $160,491 thousand and $5,994 thousand, respectively. In determining these amounts, the management has assumed that the fair value adjustments determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2021.

The major categories of considerations transferred, assets acquired, liabilities assumed and goodwill recognized on the acquisition date, were as follows:

(i) The following table summarizes the acquisition date fair value of major class of consideration transferred.

Major class of consideration transferred

| | |
|---|---|
| Cash | **$ 188,000** |

(ii) The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

| | |
|---|---|
| Identifiable net assets acquired in a business combination | |
| Working capital (including cash and cash equivalents of $13,522 thousand) | $ 13,726 |
| Land and buildings (Note 6(k)) | 176,832 |
| Other assets | 13,298 |
| Total identifiable net assets acquired in a business combination Total amount | 203,856 |
| Less: liabilities assumed | |
| Bank loan | (10,000) |
| Other liabilities | (41,353) |
| Fair value of net identifiable assets | **$ 152,503** |

(iii) Goodwill arising from the acquisition has been recognized as follows:

| | |
|---|---|
| Consideration transferred | $ 188,000 |
| Less: fair value of net identifiable assets | (152,503) |
| Goodwill (Note 6(n)) | **$ 35,497** |

Goodwill is mainly derived from the profitability of YING GUANG ENTERPRISE CO., LTD. in the petrol filling station market and is expected to result from integrating such company's petrol filling station business with the Group's. Goodwill is recognized as intangible assets with no income tax effect expected.

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

(k) Property, plant and equipment

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

| | Land | Buildings and construction | Machinery and equipment | Others | Construction in progress | Total |
|---|---|---|---|---|---|---|
| Cost or deemed cost: | | | | | | |
| Balance on January 1, 2021 | $ 3,327,688 | 510,476 | 313,306 | 138,665 | - | 4,290,135 |
| Additions | 255,780 | 19,907 | 20,972 | 11,940 | 61,345 | 369,944 |
| Disposal | - | (15,116) | (10,940) | (6,341) | - | (32,397) |
| Transfer from premayments | - | 100 | 4,226 | - | - | 4,326 |
| Balance on December 31, 2021 | **$ 3,583,468** | **515,367** | **327,564** | **144,264** | **61,345** | **4,632,008** |
| Balance on January 1, 2020 | $ 2,707,218 | 459,944 | 285,057 | 134,297 | - | 3,586,516 |
| Business combination | 165,900 | 25,334 | 14,534 | 1,688 | - | 207,456 |
| Additions | 454,570 | 25,776 | 13,885 | 7,223 | - | 501,454 |
| Disposal | - | (578) | (170) | (4,543) | - | (5,291) |
| Transfer from premayments | - | - | - | - | - | - |
| Balance on December 31, 2020 | **$ 3,327,688** | **510,476** | **313,306** | **138,665** | **-** | **4,290,135** |
| Depreciation and impairments losses: | | | | | | |
| 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 | **$ -** | **211,631** | **248,619** | **107,178** | **-** | **567,428** |
| Balance on January 1, 2020 | $ - | 171,830 | 212,912 | 95,316 | - | 480,058 |
| Business combination | - | 11,577 | 7,181 | 1,416 | - | 20,174 |
| Depreciation | - | 18,847 | 19,339 | 10,547 | - | 48,733 |
| Disposal | - | (380) | (170) | (4,122) | - | (4,672) |
| Balance on December 31, 2020 | **$ -** | **201,874** | **239,262** | **103,157** | **-** | **544,293** |
| Carrying amount: | | | | | | |
| Balance on December 31, 2021 | **$ 3,583,468** | **303,736** | **78,945** | **37,086** | **61,345** | **4,064,580** |
| Balance on December 31, 2020 | **$ 3,327,688** | **308,602** | **74,044** | **35,508** | **-** | **3,745,842** |
| Balance on January 1, 2020 | **$ 2,707,218** | **288,114** | **72,145** | **38,981** | **-** | **3,106,458** |

As of December 31, 2021 and 2020, there was agricultural land of $39,633 thousand and $39,849 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.

As of December 31, 2021 and 2020, 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.

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

(l) Right-of-use assets

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

| | | Land and building | Transportation equipment | Total |
|---|---|---|---|---|
| Cost: | | | | |
| 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 | $ | **3,723,658** | **12,585** | **2,387,667** |
| Balance on January 1, 2020 | $ | 975,100 | 2,649 | 977,749 |
| Additions | | 414,407 | - | 414,407 |
| Write-off | | (43,477) | (103) | (43,580) |
| Reclassification | | (270) | 270 | - |
| Balance on December 31, 2020 | $ | **1,345,760** | **2,816** | **1,348,576** |
| Accumulated depreciation: | | | | |
| 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 | $ | **364,936** | **4,209** | **369,145** |
| Balance on January 1, 2020 | $ | 96,154 | 1,667 | 97,821 |
| Depreciation for the year | | 127,468 | 1,047 | 128,515 |
| Write-off | | (12,201) | - | (12,201) |
| Balance on December 31, 2020 | $ | **211,421** | **2,714** | **214,135** |
| Carrying amount: | | | | |
| Balance on December 31, 2021 | $ | **3,358,722** | **8,376** | **3,367,098** |
| Balance on December 31, 2020 | $ | **1,134,339** | **102** | **1,134,441** |
| Balance on January 1, 2020 | $ | **878,946** | **982** | **879,928** |

For the years ended December 31, 2021 and 2020, the increase of the right-of-use assets was mainly for expanding the scale of operations, such as new leased petrol filling stations. On the other hand, the sites for developing power plants acquired in 2021 amounted to $773,583 thousand.

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

(m) Investment property

The cost, depreciation, and impairment of the investment property of the Group for the years ended December 31, 2021 and 2020, were as follows:

| | Land | Buildings and construction | Total |
|---|---|---|---|
| Cost or deemed cost: | | | |
| Balance on January 1, 2021 | $ 83,125 | - | 83,125 |
| Balance on December 31, 2021 | **$ 83,125** | **-** | **83,125** |
| Balance on January 1, 2020 | $ 83,125 | 7,748 | 90,873 |
| Disposal | - | (7,748) | (7,748) |
| Balance on December 31, 2020 | **$ 83,125** | **-** | **83,125** |
| Depreciation and impairments losses: | | | |
| Balance on January 1, 2021 | $ 48,793 | - | 48,793 |
| Depreciation for the year | - | - | - |
| Balance on December 31, 2021 | **$ 48,793** | **-** | **48,793** |
| Balance on January 1, 2020 | $ 48,793 | 7,217 | 56,010 |
| Depreciation for the year | - | 324 | 324 |
| Disposal | - | (7,541) | (7,541) |
| Balance on December 31, 2020 | **$ 48,793** | **-** | **48,793** |
| Carrying amount: | | | |
| Balance on December 31, 2021 | **$ 34,332** | **-** | **34,332** |
| Balance on December 31, 2020 | **$ 34,332** | **-** | **34,332** |
| Balance on January 1, 2020 | **$ 34,332** | **531** | **34,863** |
| Fair value: | | | |
| Balance on December 31, 2021 | **$ 61,402** | **-** | **61,402** |
| Balance on December 31, 2020 | **$ 56,376** | **-** | **56,376** |

Investment property is vacant agricultural land amounted to $83,125 thousand. The land is a restricted use land under the Water Act as it is located on the river reservation zone and was planned as a river land in 2011.

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.

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. In addition, the buildings and construction of such investment property were approved by the Taichung City local Tax Bureau for a write-off of the property tax in September 2020 when the Group applied to the land administration for demolition in July 2020.

(Continued)

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

The Group assessed the recoverable amount for investment properties that showed signs of possible impairment and recognized the accumulative impairment loss of both $48,793 thousand as of December 31, 2021 and 2020.

As of December 31, 2021 and 2020, the investment property of the Group had not been pledged as collateral.

(n) Intangible assets

| | Goodwill | Computer Software | Value of contract | Total |
|---|---|---|---|---|
| Cost： | | | | |
| Balance on January 1, 2021 | $ 37,513 | 11,599 | - | 49,112 |
| Additions | - | 1,125 | 142,909 | 144,034 |
| Disposals | - | (1,134) | - | (1,134) |
| Balance on December 31, 2021 | **$ 37,513** | **11,590** | **142,909** | **192,012** |
| Balance on January 1, 2020 | $ 2,016 | 11,595 | - | 13,611 |
| Additions | - | 438 | - | 438 |
| Acquisition through business combinations | 35,497 | - | - | 35,497 |
| Disposals | - | (434) | - | (434) |
| Balance on December 31, 2020 | **$ 37,513** | **11,599** | **-** | **49,112** |
| Accumulated amortization and impairment losses: | | | | |
| Balance on January 1, 2021 | $ - | 6,612 | - | 6,612 |
| Amortization for the year | - | 2,565 | - | 2,565 |
| Disposals | - | (1,134) | - | (1,134) |
| Balance on December 31, 2021 | **$ -** | **8,043** | **-** | **8,043** |
| Balance on January 1, 2020 | $ - | 5,083 | - | 5,083 |
| Amortization for the year | - | 1,963 | - | 1,963 |
| Disposals | - | (434) | - | (434) |
| Balance on December 31, 2020 | **$ -** | **6,612** | **-** | **6,612** |
| Carrying amount: | | | | |
| Balance on December 31, 2021 | **$ 37,513** | **3,547** | **142,909** | **183,969** |
| Balance on December 31, 2020 | **$ 37,513** | **4,987** | **-** | **42,500** |
| Balance on January 1, 2020 | **$ 2,016** | **6,512** | **-** | **8,528** |

(Continued)

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

(i) Amortization expenses

The amortization expenses of the intangible assets of the Group for the years ended December 31, 2021 and 2020, were as follows:

| | 2021 | 2020 |
|---|---|---|
| Operating expenses | $ 2,565 | 1,965 |

(ii) Collateral

As of December 31, 2021 and 2020, the intangible assets of the Group had not been pledged as collateral.

(o) Other current asset

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Other current assets: | | |
| Non-current assets held for sale | $ - | 57,700 |
| Prepayments to suppliers | 59,391 | 38,034 |
| Prepaid rents | 2,718 | 1,008 |
| Net input VAT | 17,815 | 29,431 |
| Prepaid expenses | 30,808 | 9,336 |
| Supplies inventories | 6,978 | 2,338 |
| Incremental costs of obtaining a contract | 33,360 | - |
| Others | 11,764 | 7,696 |
| | $ 162,834 | 145,543 |

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, 2021, and 2020, please refer to Note 8.

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

(p) Short-term notes and bills payable

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

| | December 31, 2020 | | | |
|---|---|---|---|---|
| | **Guarantee or acceptance institution** | **Range of interest rates** | | **Amount** |
| Commercial paper payable | DAH CHUNG BILLS FINANCE CORPORATION | 1.27% | $ | 40,000 |
| Commercial paper payable | CHINA BILLS FINANCE CORPORATION | 1.23% | | 50,000 |
| Commercial paper payable | MEGA BILLS FINANCE CORPORATION | 1.20% | | 50,000 |
| Less: Discount on short-term notes and bills payable | | | | (226) |
| Total | | | $ | 139,774 |

(q) Short-term borrowings

| | | **December 31, 2021** | **December 31, 2020** |
|---|---|---|---|
| Unsecured bank loans | $ | 15,000 | 200,000 |
| Secured bank loans | | 218,400 | 232,500 |
| Total | $ | 233,400 | 432,500 |
| Unused short-term credit lines | $ | 1,631,200 | 388,200 |
| Range of interest rates | | 1.45%~1.9% | 1.54%~2.38% |

(r) Long-term borrowings

| | December 31, 2021 | | | |
|---|---|---|---|---|
| | Currency | Range of interest rates | Maturity year | Amount |
| Unsecured bank loans | NTD | 1.60% | 2023.06.15 | $ 44,262 |
| Secured bank loans | NTD | 1.28%~2.35% | 2022.02.10~ 2028.07.16 | 1,752,294 |
| | | | | 1,796,556 |
| Less: current portion | | | | (546,099) |
| Total | | | | **$ 1,250,457** |
| Unused long-term credit lines | | | | **$ 1,978,200** |

| | December 31, 2020 | | | |
|---|---|---|---|---|
| | Currency | Range of interest rates | Maturity year | Amount |
| Unsecured bank loans | NTD | 1.60% | 2023.06.15~ 2025.11.16 | $ 51,652 |
| Secured bank loans | NTD | 1.40%~1.85% | 2021.03.23~ 2027.09.08 | 1,408,922 |
| | | | | 1,460,574 |
| Less: current portion | | | | (808,048) |
| Total | | | | **$ 652,526** |
| Unused long-term credit lines | | | | **$ 324,250** |

(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, 2021 and 2020, the balance of borrowing amounted to $139,958 thousand and $17,750 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.

(s) Bonds payable

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

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Total convertible corporate bonds issued | $ 638,200 | 600,000 |
| Unamortized discounted corporate bonds payable | (19,057) | (16,615) |
| Corporate bonds issued balance at year-end | **$ 619,143** | **583,385** |

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

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Embedded derivative – redemption rights: | | |
| included in financial assets at fair value through profit or loss | $ 2,443 | - |
| included in financial liabilities at fair value through profit or loss | $ 210 | 300 |
| Equity component – conversion options, included in capital surplus– stock options | $ 35,295 | 28,380 |

| | 2021 | 2020 |
|---|---|---|
| Embedded derivative instruments – redemption rights, included in financial liabilities at fair value through profit or loss | $ 5,017 | - |
| Interest expense | $ 2,741 | 65 |

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.

On December 23, 2020, the Company issued 6,000 five-year unsecured 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) Redemption right is the bondholders may require the Company to redeem the bonds in cash at 100% of the principal amount of the bonds at the base date of early redemption.

(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)

(t) Lease liabilities

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Current | $ 155,124 | 94,437 |
| Non-current | $ 1,929,717 | 1,044,648 |

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

The amounts recognized in profit or loss was as follows:

| | 2021 | 2020 |
|---|---|---|
| Interest on lease liabilities | $ 49,772 | 16,593 |
| Variable lease payments not included in the measurement of lease liabilities | $ 798 | 619 |
| Income from sub-leasing right-of-use assets | $ 3,974 | 4,280 |
| Expenses relating to short-term leases | $ 1,226 | 406 |
| Expenses relating to leases of low-value assets | $ 40 | 77 |
| COVID-19-related rent concessions (recognized as other income) | $ 923 | 1,476 |

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

| | 2021 | 2020 |
|---|---|---|
| Total cash outflow for leases | $ 174,689 | 74,885 |

(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.

(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.

(u) Employee benefits

Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $16,971 thousand and $14,613 thousand for the years ended December 31, 2021 and 2020, respectively.

(v) Income tax

(i) Income tax expense

For the years ended December 31, 2021 and 2022, income tax expense of the Group were as follows:

| | 2021 | 2020 |
|---|---|---|
| Current tax expense | $ 31,232 | 26,592 |
| Deferred tax expense | 1,001 | 2,931 |
| Tax expense | **$ 32,233** | **29,523** |

There were no income tax recognized directly in equity or in other comprehensive income for 2021 and 2020.

(ii) Reconciliation of income tax and profit before tax for 2021 and 2020 is as follows:

| | 2021 | 2020 |
|---|---|---|
| Profit excluding income tax | **$ 168,496** | **144,189** |
| Income tax using the Company's domestic tax rate | $ 33,699 | 29,591 |
| Income from domestic investment accounted for using equity method | (6,928) | (1,596) |
| Additional tax on undistributed earnings | 706 | 382 |
| Others | 4,756 | 1,146 |
| | **$ 32,233** | **29,523** |

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

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Tax effect of deductible temporary differences | $ 3,915 | 4,111 |
| The carryforward of unused tax losses | 23,043 | 10,729 |
| | **$ 26,958** | **14,840** |

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, 2021, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

| Group entity | Year of loss | Unused tax loss | Expiry year |
|---|---|---|---|
| SANTI ENERGY (Previous: SANLU DEVELOPMENT) | 2017(assessed) | $ 976 | 2027 |
| SANTI ENERGY (Previous: SANLU DEVELOPMENT) | 2018(assessed) | 551 | 2028 |
| SANTI ENERGY (Previous: SANLU DEVELOPMENT) | 2019(assessed) | 1,011 | 2029 |
| SANTI ENERGY (Previous: SANLU DEVELOPMENT) | 2020(filed) | 2,676 | 2030 |
| SANTI ENERGY (Previous: SANLU DEVELOPMENT) | 2021(estimated) | 33,633 | 2031 |
| JIN SHI HU HOTEL | 2019(assessed) | 11,188 | 2029 |
| JIN SHI HU HOTEL | 2020(filed) | 6,968 | 2030 |
| ZHONGHUA PRINCE PETROL FILLING STATION | 2020(filed) | 28,950 | 2030 |
| ZHONGHUA PRINCE PETROL FILLING STATION | 2021(estimated) | 29,260 | 2031 |
| | Total | **$ 115,213** | |

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

(Continued)

Deferred tax assets:

| | Deferred revenue | Unrealized loss | Tax loss | Others | Total |
|---|---|---|---|---|---|
| **Balance on January 1, 2021** | $ 1,525 | 721 | 5,049 | 5,672 | 12,967 |
| Recognized in profit or loss | 67 | - | (2,882) | 1,814 | (1,001) |
| **Balance on December 31, 2021** | **$ 1,592** | **721** | **2,167** | **7,486** | **11,966** |
| **Balance on January 1, 2020** | $ 1,506 | 721 | 7,114 | 6,557 | 15,898 |
| Recognized in profit or loss | 19 | - | (2,065) | (885) | (2,931) |
| **Balance on December 31, 2020** | **$ 1,525** | **721** | **5,049** | **5,672** | **12,967** |

As of December 31, 2021, the information of the Group's unused tax losses for which deferred tax assets were recognized are as follows:

Deferred tax assets:

| Group entity | Year of loss | Unused tax loss | Expiry year |
|---|---|---|---|
| ZHONGHUA PRINCE PETROL FILLING STATION | 2019 (assessed) | **$ 10,834** | 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.

(iv) The Company's tax returns for the years through 2019 were assessed by the Taipei National Tax Administration.

(w) Capital and other equities

As of December 31, 2021 and 2020, the total value of authorized ordinary shares were both amounted to $3,000,000 with par value of $10 per share, the number of authorized ordinary shares were both 300,000 thousand of shares. As of that date, 246,249 thousand (2020: 191,833 thousand) of ordinary shares were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for 2021 and 2020 was as follows:

| | Ordinary Shares | |
|---|---|---|
| (in thousands of shares ) | **2021** | **2020** |
| Balance on January 1 | 191,833 | 191,833 |
| Issued for cash | 40,000 | - |
| Conversion of convertible bonds | 14,416 | - |
| Balance on December 31 | **246,249** | **191,833** |

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

(i) Ordinary shares

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 convertible bonds issued by the Company amounting to $144,161 thousand were converted into 14,416 thousand shares of common stock. The related registration procedures, of which 14,405 thousand of shares, were completed.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2021 and 2020, were as follows:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Share premium | 600,000 | - |
| Premium of convertible corporate bonds | 185,218 | 64,144 |
| Difference arising from subsidiary’s share price and its carrying value | 4,028 | 3,465 |
| Share-based payment | 3,732 | - |
| Employee share options-expired | 10,108 | 10,098 |
| Employee share options | 35,295 | 28,380 |
| | $ 838,381 | 106,087 |

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.

(Continued)

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

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.

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:

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | **Amount per share** | **Amount** | **Amount per share** | **Amount** |
| Dividends distributed to ordinary shareholders: | | | | |
| Cash | $ 0.50 | 95,917 | 0.20 | 38,367 |

The amount of cash dividends on the appropriations of earnings for 2021, had been approved and proposed during the board meeting on March 17, 2022 was $0.6 cash dividend per share, total $148,228 thousand.

(iv) Other comprehensive income accumulated in reserves, net of tax

| | **Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income** |
|---|---|
| Balance on January 1, 2021 | $ (1,693) |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | 18 |
| Balance on December 31, 2021 | $ (1,675) |
| Balance on January 1, 2020 | $ (1,610) |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | (83) |
| Balance on December 31, 2020 | $ (1,693) |

(Continued)

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

(x) Earnings per share

| | | 2021 | 2020 |
|---|---|---|---|
| **Basic earnings per share** | | | |
| Profit of the Company for the year | $ | **140,024** | **120,469** |
| Weighted average number of ordinary shares on December 31 (thousand of share) | | **201,914** | **191,833** |
| Basic earnings per share (dollar) | $ | **0.69** | **0.63** |
| **Diluted earnings per share** | | | |
| Profit of the Company for the year | $ | 140,024 | 120,469 |
| Effect of dilutive potential ordinary shares | | - | - |
| Effect of employee share bonus | | | 52 |
| Interest expense on convertible bonds, net of tax | | 2,193 | - |
| Profit attributable to ordinary shareholders of the Company (diluted) | $ | **142,217** | **120,521** |
| Weighted average number of ordinary shares | | 201,914 | 191,833 |
| Effect of dilutive potential ordinary shares | | | |
| Effect of employee share bonus | | 65 | 94 |
| Effect of convertible corporate bonds conversion | | 6,308 | 33,003 |
| Weighted average number of ordinary shares (diluted) on December 31 | | **208,287** | **224,930** |
| Diluted earnings per share (dollar) | $ | **0.68** | **0.54** |

(y) Revenue from contracts with customers

(i) Disaggregation of revenue

| | | 2021 | 2020 |
|---|---|---|---|
| Primary geographical markets: | | | |
| Taiwan | $ | **5,531,032** | **4,411,593** |
| Major products: | | | |
| Gasoline products | $ | 5,353,498 | 4,267,367 |
| Other | | 177,534 | 144,226 |
| Total | $ | **5,531,032** | **4,411,593** |

(Continued)

(ii) Contract balances

| | December 31, 2021 | December 31, 2020 | January 1, 2020 |
|---|---|---|---|
| Trade receivables | $ 37,065 | 20,566 | 22,671 |
| Contract assets | $ 172,605 | 44,594 | - |

For details on trade receivables and allowance for impairment, please refer to note 6(d).

For details on onerous contracts as of December 31, 2021 and 2020, 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, 2021 and 2020, the deferred income of the Group was $7,951 thousand and $7,616 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.

(z) 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 2021 and 2020 were as follows:

| | 2021 | 2020 |
|---|---|---|
| Employee remuneration | $ 1,730 | 1,541 |
| Directors' and supervisors' remuneration | 5,165 | 4,624 |
| | $ 6,895 | 6,165 |

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 2021 and 2020. 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 2021 and 2020.

(Continued)

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

(aa) Financial instruments

(i) Type of financial instruments

1) Financial assets

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Financial assets at fair value through profit or loss | $ 2,443 | - |
| Financial assets at fair value through other comprehensive income | 535 | 517 |
| Financial assets measured at amortized cost: | | |
| Cash and cash equivalents | 973,238 | 392,746 |
| Notes and accounts receivable, net | 37,213 | 20,867 |
| Other receivable | 37,643 | 3,950 |
| Guarantee deposits paid | 81,010 | 57,400 |
| Other current financial assets (restricted deposits) | 300 | 300 |
| Other non-current financial assets (restricted deposits) | 270,581 | 228,180 |
| Total | **$ 1,402,963** | **703,960** |

2) Financial liabilities

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Financial liabilities at fair value through profit or loss | $ 210 | 300 |
| Financial liabilities measured at amortized cost: | | |
| Short-term borrowings | $ 233,400 | 432,500 |
| Short-term notes and bills payable | 49,841 | 139,774 |
| Notes and trade payable | 262,069 | 320,309 |
| Other payable | 134,818 | 101,333 |
| Bonds payable | 619,143 | 583,385 |
| Long-term borrowings (including current portion) | 1,796,556 | 1,460,574 |
| Lease liabilities | 2,084,841 | 1,139,085 |
| Total | **$ 5,180,878** | **4,177,260** |

(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 $386,139 thousand, and $311,216 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

| | Carrying amount | Contractual cash flows | Within 1 year | Over 1 year |
|---|---|---|---|---|
| **December 31, 2021** | | | | |
| 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 | 2,084,841 | 2,543,855 | 214,543 | 2,329,312 |
| | $ **5,180,668** | **5,730,852** | **1,246,487** | **4,484,365** |
| **December 31, 2020** | | | | |
| Non-derivative financial liabilities | | | | |
| Short-term borrowings | $ 432,500 | 440,669 | 214,261 | 226,408 |
| Short-term notes and bills payable | 139,774 | 140,000 | 140,000 | - |
| Notes and trade payable | 320,309 | 320,309 | 320,309 | - |
| Other payable | 101,333 | 101,333 | 101,333 | - |
| Bonds payable | 583,385 | 600,000 | - | 600,000 |
| Long-term borrowings (including current portion) | 1,460,574 | 1,498,274 | 823,517 | 674,757 |
| Lease liabilities | 1,139,085 | 1,376,169 | 111,415 | 1,264,754 |
| | $ **4,176,960** | **4,476,754** | **1,710,835** | **2,765,919** |

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(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 $5,075 thousand and $4,733 thousand for the years ended December 31, 2021 and 2020, 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, 2021 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Carrying amount | Level 1 | Level 2 | Level 1 | Total |
| Financial assets at fair value through other comprehensive income | | | | | |
| Unquoted equity instruments measured at fair value | $ 535 | - | - | 535 | 535 |
| Financial assets at fair value through profit or loss | | | | | |
| Convertible bond-embedded derivative | $ 2,443 | - | 2,443 | - | 2,443 |
| Financial liabilities at fair value through profit or loss | | | | | |
| Convertible bond-embedded derivative | $ 210 | - | 210 | - | 210 |

| | December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Carrying amount | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through other comprehensive income | | | | | |
| Unquoted equity instruments measured at fair value | $ 517 | - | - | 517 | 517 |
| Financial liabilities at fair value through profit or loss | | | | | |
| Convertible bond | $ 300 | - | 300 | - | 300 |

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

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

| | Fair value through other comprehensive income<br>Unquoted equity instruments |
|---|---|
| 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** |
| Balance on January 1, 2020 | $ 600 |
| Total gains and losses recognized | |
| In profit or loss | - |
| In other comprehensive | (83) |
| Balance on December 31, 2020 | **$ 517** |

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:

| | 2021 | 2020 |
|---|---|---|
| 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" | 18 | (83) |

(Continued)

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:

| 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 | ·Price-book ratio (1.45 and 1.41 respectively on December 31, 2021 and 2020)<br>·Lack of marketability discount rate (10% on both December 31, 2021 and 2020)<br>·Non-controlling interest discount rate (25% on both December 31, 2021 and 2020) | ·The higher the ratio is, the higher the fair value will be.<br>·The higher the lack of marketability discount rate is, the lower the fair value will be.<br>· The higher the non-controlling interest discount rate is, the lower the fair value will be. |

(ab) 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.

(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, 2021 and 2020.

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

(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.

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.

(ac) 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:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Total liabilities | $ 5,476,004 | 4,313,110 |
| Less: cash and cash equivalents | (929,652) | (392,746) |
| Net debts | **$ 4,546,352** | **3,920,364** |
| Total equity | **$ 3,783,915** | **2,381,346** |
| Debt-to-equity ratio | **55 %** | **62 %** |

(Continued)

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

(ad) 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, 2021 and 2020, were as follows:

(i) For right-of-use assets under leases, please refer to note 6(l).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

| | January 1, 2021 | Cash flows | Non-cash changes: Acquisition | Non-cash changes: Conversion of convertible bonds | Non-cash changes: Other | December 31, 2021 |
|---|---|---|---|---|---|---|
| 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 payble | 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 | **$ 3,755,318** | **226,774** | **1,072,826** | **(276,455)** | **5,318** | **4,783,781** |

| | January 1, 2020 | Cash flows | Non-cash changes: Acquisition | Non-cash changes: Conversion of convertible bonds | Non-cash changes: Other | December 31, 2020 |
|---|---|---|---|---|---|---|
| Short-term borrowings | $ 222,500 | 210,000 | - | - | - | 432,500 |
| Short-term notes and bills payable | 89,951 | 49,823 | - | - | - | 139,774 |
| Long-term borrowings | 1,467,111 | (6,537) | - | - | - | 1,460,574 |
| Bonds payble | - | 612,000 | - | - | (28,615) | 583,385 |
| Lease liabilities | 832,921 | (57,160) | 389,993 | - | (26,669) | 1,139,085 |
| Total liabilities from financing activities | **$ 2,612,483** | **808,126** | **389,993** | **-** | **(55,284)** | **3,755,318** |

## (7) Related-party transactions

(a) Names and relationship with related parties

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

| Name of related party | Relationship with the Group |
|---|---|
| NORTH STAR INTERNATIONAL DEVELOPMENT INDUSTRIES CORPORATION | An associate |
| YANG JI ENTERPRISE CO., LTD. | An associate |
| 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. |
| KAOHSIUNG TRANSPORTATION CO., LTD. | Same chairman with the Company |

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

| Name of related party | Relationship with the Group |
|---|---|
| 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.和 | 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 |
| SHANGFA CONSTRUCTION CO., LTD. | The entity's director is the supervisor of subsidiary's corporate director |

(b) 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:

| | 2021 | 2020 |
|---|---|---|
| Other related parties | $ 4,615 | 3,907 |

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

| Account | Relationship | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Trade receivable | Other related parties | $ 761 | 455 |

(iii) Advanced receipts from related parties

| Account | Relationship | Nature | December 31, 2021 | December 31, 2020 |
|---|---|---|---|---|
| Other current liabilities | Other related parties | Advanced receipts | $ 24,957 | 11,986 |

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, 2021 and 2020, the miscellaneous income amounted to $2,668 thousand and $2,793 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, 2021 and 2020, the miscellaneous income amounted to $1,484 thousand and $1,701 thousand, respectively, recognized in other income.

(iv) Other transactions with related parties

Other transactions with related parties of the Group were as follows:

| Account | Relationship | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Miscellaneous income | Other related parties | $ 120 | 213 |
| Other expense | Other related parties | $ - | 20 |
| Prepaid expense | Other related parties | $ - | 638 |
| Freight | Other related parties | $ - | 36 |
| Other receivable | Other related parties | $ - | 46 |
| Guarantee deposit paid | Other related parties | $ 1,660 | 1,120 |
| Construction in progress | SHANGFA CONSTRUCTION CO., LTD. | $ 46,177 | - |
| Construction in progress | Other related parties | $ 21,680 | - |

(v) Leases

1) As a leassor

| | 2021 | 2020 |
|---|---|---|
| Other related parties | $ 57 | 57 |

As of December 31, 2021 and 2020, the aforementioned rent income have been collected.

2) As a leassee

The subject and lease liabilities recognized by the Group for renting property, plant and equipment from related parties were as follows:

| Relationship | Lease subject | Lease period | December 31, 2021 | December 31, 2020 |
|---|---|---|---|---|
| Other related parties | Land of Luzhu district in Kaohsiung | 2019.01~2033.12 | $ 22,912 | 24,668 |
| Other related parties | Kaochi station | 2017.11~2032.10 | 33,830 | 36,643 |
| Other related parties | Parking lot in Nangang | 2020.06~2022.05 | 299 | 1,007 |
| Chairman of the Company | Land of Sisigu in Pingtung | 2020.09~2040.08 | 272,168 | 264,374 |
| | | | $ 329,209 | 326,692 |

Please refer to note 6(r) for interest on lease liabilities.

(vi) Guarantee

The amount of the Group provided guarantee for loans on business purpose were as follows:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Other related parties | $ 423,500 | 423,500 |

As of December 31, 2021 and 2020, 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.

On December 31, 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) Property transactions

The Group acquired 200,000 shares in HE FONG ENERGY CO., LTD. from the subsidiary's directors on July 1, 2020, for an aggregate price of $2,170 thousand. The transfer register procedures had been completed.

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

(viii) 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 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, 2021, 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, 2021, the total deposits paid amounted to $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) On September 14, 2021, the resolution was approved in the shareholders' meeting regarding the capital reduction of NORTH-STAR INTERNATIONAL DEVELOPMENT. The Group 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.

(c) Key management personnel compensation

Key management personnel compensation comprised:

| | | 2021 | 2020 |
|---|---|---|---|
| Short-term employee benefits | $ | 19,188 | 16,020 |
| Post-employment benefits | | 349 | 272 |
| Total | **$** | **19,537** | **16,292** |

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

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

| Pledged assets | Object | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Property, plant and equipment, and prepayment for business facilities | Guarantee for gasoline purchase and long-term and short-term borrowings | $ 3,644,875 | 2,457,439 |
| Inventories- construction in progress and land held for construction site | Short-term borrowings | 318,334 | 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 | 14,583 | 14,520 |
| Other non-current financial assets | Long-term borrowings, corporate bonds and construction guarantees | 255,998 | 213,660 |
| Other current assets | Guarantee for marketing activities | 300 | 300 |
| | | $ 4,234,090 | 3,004,253 |

**(9) Commitments and contingencies:**

(a) The Group's unrecognized contractual commitments are as follows:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Purchase of inventory | $ 606,986 | 311,246 |
| Acquisition of property, plant and equipment | $ 4,784,346 | 2,138,745 |

(b) As of December 31, 2021 and 2020, the Group's outstanding notes for leasing petrol filling stations and purchasing equipment were $79,972 thousand and $48,751 thousand, respectively.

(c) The performance guarantee secured through the bank amounted to $460,000 thousand and $446,000 thousand as of December 31, 2021 and 2020, 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.

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

(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, 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:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Other related party | $ 423,500 | 423,500 |

(f) As of December 31, 2021 and 2020, details of pre-sales before real estate complete and the advance receipts were as follows:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Total contract price (without VAT) | $ 3,343,330 | 627,352 |
| Collected proceeds | $ 172,605 | 44,594 |

(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 2021, the Group had an increased variable rental payment of $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, 2021, 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**

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

**(11) Subsequent Events:**

(a) The Group signed a memorandum of syndicated loans with multiple banks in December 2021, and entrusted the leading bank with forming syndicated loans amounting to $4,900,000 thousand, which was granted to repay the loans of financial institutions and to finance the construction of solar power plants. As of the approval date for issuance of the financial statements, the relevant credit review procedure is still in progress.

(b) Considering the Company's capital structure, on March 17, 2022, the Board of Directors' meeting resolved to transfer the capital surplus to share capital, which estimated free distribution of 100 shares per thousand shares. The capital increase is presented for approval in the shareholders' meeting and submitted to the authority for approval.

(c) On March 17, 2022, the Company, pursuant to a resolution of the Board of Directors, issued domestic secured corporate bonds with a total limit of $3,800,000 thousand for repaying bank loans, investing subsidiaries, and fulfilling working capital. The Company may authorize the Chairman to issue once or more within one year with a par value of $1,000 per bond at a fixed interest rate, depending on market conditions, for a period not exceeding five years. The Company and the guarantee bank shall authorize the Chairman to decide based on market conditions.

**(12) Other:**

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

| By funtion / By item | For the year ended December 31 | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | | | 2020 | | |
| | Cost of Sale | Operating Expense | Total | Cost of Sale | Operating Expense | Total |
| Employee benefits | | | | | | |
| Salary | 9,547 | 302,561 | 312,108 | 8,487 | 276,098 | 284,585 |
| Labor and health insurance | 1,033 | 35,951 | 36,984 | 974 | 30,829 | 31,803 |
| Pension | 484 | 16,487 | 16,971 | 492 | 14,121 | 14,613 |
| Others | - | 7,114 | 7,114 | - | 7,110 | 7,110 |
| Depreciation | - | 10,009 | 10,009 | 31 | 8,284 | 8,315 |
| Depletion | 15,826 | 219,784 | 235,610 | 18,754 | 158,819 | 177,573 |
| Amortization | - | 2,565 | 2,565 | - | 1,963 | 1,963 |

**(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

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

(ii) Guarantees and endorsements for other parties:

| No. | Name of guarantor | Counter-party of guarantee and endorsement: Name | Counter-party of guarantee and endorsement: Relationship with the Company (Note2) | 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 0 | The Company | HEYI CONSTRUCTION CO., LTD. | 5 | 4,690,343 | 423,500 | 423,500 | 126,500 | - | 11.74 % | 5,411,934 | 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.

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

| Name of holder | Category and name of security | Relationship with company | Account title | Ending balance: Shares/Units (thousands) | Ending balance: Carrying value | Ending balance: Percentage of ownership (%) | Ending balance: Fair value | Highest: Percentage of ownership (%) | Note |
|---|---|---|---|---|---|---|---|---|---|
| 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 | 535 | 5.50 % | 535 | 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: None

(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, 2021 (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, 2021 | | | Highest Percentage of wnership | Net income (losses) of investee | Share of profits/losses of investee | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2021 | December 31, 2020 | Shares (thousands) | Percentage of wnership | Carrying value | | | | |
| The Company | NORTH STAR INTERNATIONAL DEVELOPMENT INDUSTRIES CORPORATION | Taiwan | Real estate trading | 147,000 | 245,000 | 14,700 | 49.00 % | 222,881 | 49.00 % | 171,638 | 84,103 | 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 % | 90,318 | 100.00 % | 11,966 | 9,992 | Subsidiary |
| The Company | ZHONGHUA PRINCE PETROL FILLING STATION CO., LTD. | Taiwan | 1. Petrol filling station 2.Retail of gasoline products | 275,393 | 215,393 | 26,000 | 100.00 % | 205,462 | 100.00 % | (28,705) | (28,551) | Subsidiary |
| The Company | SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.) | Taiwan | 1. Petrol filling station 2.Retail of gasoline products | 757,650 | 128,400 | 75,925 | 100.00 % | 694,205 | 100.00 % | (50,248) | (50,280) | Subsidiary |
| The Company | JIN SHI HOTEL CO., LTD. | Taiwan | Hotel | 25,500 | 25,500 | 2,550 | 51.00 % | 28,565 | 51.00 % | 20,815 | 10,616 | 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 % | 195,600 | 100.00 % | 8,440 | 9,849 | Subsidiary |
| The Company | YANG JI ENTERPRISE CO., LTD | Taiwan | Advertisement consignment for real estate | 50,000 | 25,000 | 5,000 | 50.00 % | 49,977 | 50.00 % | (2,180) | (1,090) | An associate |
| SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.) | HE FONG ENERGY CO., LTD. | Taiwan | Renewable energy | 84,584 | 84,584 | 17,340 | 51.00 % | 155,139 | 51.00 % | (28,490) | (14,530) | Subsidiary |
| SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.) | JIAXIN ENERGY CO., LTD | Taiwan | Renewable energy | 136,000 | 1,000 | 13,600 | 100.00 % | 134,753 | 100.00 % | (1,226) | (1,226) | Subsidiary |
| SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.) | YAOGU ENERGY CO., LTD | Taiwan | Renewable energy | 36,000 | 1,000 | 3,600 | 100.00 % | 35,119 | 100.00 % | (860) | (860) | Subsidiary |
| SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.) | SANTI MONSTERS POWER CO., LTD. | Taiwan | Electricity sales | 1,000 | - | 100 | 100.00 % | 839 | 100.00 % | (161) | (161) | Subsidiary |
| SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.) | LYU YOU ENERGY CO., LTD | Taiwan | Energy storage | 71,000 | - | 7,100 | 100.00 % | 70,819 | 100.00 % | (181) | (181) | Subsidiary |
| SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.) | ANLU ENERGY STORAGE CO., LTD. | Taiwan | Energy storage | 6,000 | - | 600 | 100.00 % | 4,816 | 100.00 % | (1,184) | (1,184) | Subsidiary |
| SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.) | CATHY SUNRISE ELECTRIC POWER ONE CO., LTD | Taiwan | Renewable energy | 256,499 | - | 22,585 | 100.00 % | 234,761 | 100.00 % | (24,589) | (21,738) | Subsidiary |
| SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.) | TEL POWER CO., LTD | Taiwan | Marketing | 1,000 | - | 100 | 100.00 % | 979 | 100.00 % | (21) | (21) | Subsidiary |
| SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.) | SHENG YANG ENGINEERING CO., LTD | Taiwan | Engineering | 2,000 | - | 200 | 100.00 % | 2,000 | 100.00 % | - | - | 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:

| Shareholding / Shareholder's Name | Shares | Percentage |
|---|---|---|
| KAOHSIUNG TRANSPORTATION CO., LTD. | 43,409,000 | 17.62 % |
| Chung, Chia-Tsun | 20,680,000 | 8.39 % |
| DONG JHENG INVESTMENT CO., LTD. | 18,862,170 | 7.65 % |
| SHANGFA CONSTRUCTION CO., LTD. | 18,453,000 | 7.49 % |

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, 2021 and 2020, 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:

| | 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Gasoline sales segment | Restaurant and travel service segment | Optoelectronics business segment | Other | Reconciliation and elimination | Total |
| **Revenue** | | | | | | |
| 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 |
| Total revenue | **$ 5,474,259** | **56,201** | **4,803** | **-** | **(3,441)** | **5,531,822** |
| 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 |
| **Reportable segment profit or loss** | **$ 172,350** | **20,815** | **-** | **(52,838)** | **(303)** | **140,024** |
| Investments accounted for using equity method | $ 1,429,271 | - | - | - | (1,156,413) | 272,858 |
| Non-current assets | 303,025 | 5,253 | 519,827 | 76,215 | (300) | 904,020 |
| **Reportable segment assets** | **$ 7,635,745** | **289,754** | **2,245,425** | **159,043** | **(1,070,048)** | **9,259,919** |
| **Reportable segment liabilities** | **$ 3,646,089** | **233,745** | **1,402,750** | **185,738** | **7,682** | **5,476,004** |

| | 2020 | | | | | |
|---|---|---|---|---|---|---|
| | Gasoline sales segment | Restaurant and travel service segment | Optoelectronics business segment | Other | Reconciliation and elimination | Total |
| **Revenue** | | | | | | |
| Revenue from external customers | $ 4,373,803 | 37,431 | 359 | - | - | 4,411,593 |
| Intersegment revenue | 405 | - | 3,429 | - | (3,834) | - |
| Interest revenue | 646 | - | - | - | - | 646 |
| Total revenue | **$ 4,374,854** | **37,431** | **3,788** | **-** | **(3,834)** | **4,412,239** |
| Interest revenue | $ (31,803) | (4,113) | (2,882) | (6) | 110 | (38,694) |
| Depreciation and amortization | (158,439) | (14,712) | (4,653) | (595) | (1,137) | (179,536) |
| Share of profit (loss) of associates and joint ventures accounted for using equity method | 7,981 | - | - | - | 34,762 | 42,743 |
| **Reportable segment profit or loss** | **$ 139,162** | **(3,522)** | **(6,882)** | **(3,834)** | **(4,455)** | **120,469** |
| Investments accounted for using equity method | $ 855,158 | - | - | - | (582,712) | 272,446 |
| Non-current assets | 393,003 | 5,567 | 90,170 | - | - | 488,740 |
| **Reportable segment assets** | **$ 6,083,132** | **275,763** | **480,744** | **354,433** | **(499,616)** | **6,694,456** |
| **Reportable segment liabilities** | **$ 3,749,100** | **240,569** | **289,425** | **45,411** | **(11,395)** | **4,313,110** |

**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:

| Product and services | 2021 | 2020 |
|---|---|---|
| Gasoline sales | $ 5,353,498 | 4,267,367 |
| Hotel revenue | 55,278 | 36,217 |
| Restaurant revenue | 873 | 507 |
| Other operating revenue | 121,383 | 107,502 |
| | **$ 5,531,032** | **4,411,593** |

(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.

| Geographical information | 2021 | 2020 |
|---|---|---|
| Revenue from external: | | |
| Taiwan | **$ 5,531,032** | **4,411,593** |

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Non-current assets: | | |
| Taiwan | **$ 7,233,212** | **5,369,023** |

Non-current assets include property, plant and equipment, investment property, intangible assets, prepayment for business facilities, guarantee deposits pair 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, 2021 and 2020.