

NORTH-STAR INTERNATIONAL CO., LTD.**Parent Company Only 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 parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of NORTH-STAR INTERNATIONAL CO., LTD.:

Opinion

We have audited the financial statements of NORTH-STAR INTERNATIONAL CO., LTD. (“the Company”), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

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 Company. 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 3% and 4% of the total 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 51% 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 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.

Key Audit Matters

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

1. Revenue recognition

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

Description of key audit matter:

NORTH-STAR INTERNATIONAL CO., LTD. is principally engaged in the retail business of gasoline products, with petrol filling stations located throughout Taiwan. The operating income of each station is recorded through the Point-of-Sale Information System (POS) for each transaction in terms of the quantity, unit price and total price. After the daily checkout, sales are counted according to each station’s daily sales report and reviewed by the way of customer payment method (by cash, by credit cards, credit sales on account). Therefore, revenue recognition was the key audit matter in the audit of financial reports for the years ended December 31, 2021 and 2020 of the Company.

How the matter was addressed in our audit:

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

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

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

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

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Huang, Yung-Hua and Chen, Kuo-Tsung.

KPMG

Taipei, Taiwan (Republic of China)

March 28, 2022

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
NORTH-STAR INTERNATIONAL CO., LTD.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020				December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 231,742	3	163,658	3	2100	Short-term borrowings (note 6(m) and 8)	\$ 218,400	3	422,500	7
1150	Notes receivable (note 6(d))	148	-	183	-	2110	Short-term notes and bills payable (note 6(l))	49,841	1	139,774	3
1170	Accounts receivable, net (note 6(d)(u) and 7)	25,060	-	13,059	-	2130	Current contract liabilities (note 6(u))	172,605	3	44,594	1
1206	Other receivables (note 7)	28,080	1	6,768	-	2150	Notes payables	2,502	-	609	-
130X	Inventories (note 6(e) and 8)	560,443	8	459,629	8	2170	Trade payables	226,550	3	286,225	5
1470	Other current assets (note 6(k) and 8)	92,751	1	87,515	2	2200	Other payables (note 7)	103,531	1	74,904	1
		938,224	13	730,812	13	2230	Current tax liabilities	13,427	-	15,826	-
						2280	Current lease liabilities (note 6(p) and 7)	62,106	1	55,276	1
Non-current assets:						2322	Long-term borrowings, current portion (note 6(n) and 8)	193,299	3	808,048	14
1510	Non-current financial assets at fair value through profit or loss (note 6(b)(o))	2,443	-	-	-	2399	Other current liabilities, others (note 6(u) and 7)	50,371	1	30,970	1
1517	Non-current financial assets at fair value through other comprehensive income (note 6(e))	535	-	517	-			1,092,632	16	1,878,726	33
1550	Investments accounted for using equity method (note 6(f))	1,487,008	21	855,158	15	Non-Current liabilities:					
1600	Total property, plant and equipment (note 6(h) and 8)	3,673,411	53	3,439,508	61	2500	Non-current financial liabilities at fair value through profit or loss (note 6(b)(o))	210	-	300	-
1755	Right-of-use assets (note 6(i))	452,036	7	312,640	5	2530	Bonds payable (note 6(o) and 8)	619,143	9	583,385	10
1760	Investment property, net (note 6(j))	34,332	-	34,332	1	2540	Long-term borrowings (note 6(n) and 8)	1,250,457	18	652,526	12
1780	Intangible assets	4,126	-	5,486	-	2580	Non-current lease liabilities (note 6(p) and 7)	381,050	5	242,271	4
1840	Deferred tax assets (note 6(s))	6,793	-	4,912	-	2670	Other non-current liabilities	1,291	-	1,769	-
1915	Prepayments for business facilities	35,846	1	13,222	-			2,252,151	32	1,480,251	26
1920	Guarantee deposits paid	61,977	1	36,096	1		Total liabilities	3,344,783	48	3,358,977	59
1980	Other non-current financial assets (note 8)	255,998	4	213,660	4	Equity attributable to owners of parent (note 6(o)(s)):					
1995	Other non-current assets	10	-	10	-	3100	Share capital	2,462,493	35	1,918,332	34
		6,014,515	87	4,915,541	87	3200	Capital surplus	838,381	13	106,087	2
						3300	Retained earnings	308,757	4	264,650	5
						3400	Other equity interest	(1,675)	-	(1,693)	-
							Total equity	3,607,956	52	2,287,376	41
Total assets		\$ 6,952,739	100	5,646,353	100	Total liabilities and equity		\$ 6,952,739	100	5,646,353	100

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
NORTH-STAR INTERNATIONAL CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4100	Net operating revenue (note 6(u) and 7)	\$ 4,471,135	100	3,794,593	100
5000	Operating costs (note 6(e))	<u>3,820,106</u>	<u>85</u>	<u>3,133,382</u>	<u>83</u>
	Gross profit from operations	<u>651,029</u>	<u>15</u>	<u>661,211</u>	<u>17</u>
	Operating expenses (note 6(h)(i)(j)(q)(v) and 7):				
6100	Selling expenses	508,726	11	477,004	12
6200	Administrative expenses	<u>83,808</u>	<u>2</u>	<u>66,488</u>	<u>2</u>
	Total operating expenses	<u>592,534</u>	<u>13</u>	<u>543,492</u>	<u>14</u>
	Net operating income	<u>58,495</u>	<u>2</u>	<u>117,719</u>	<u>3</u>
7000	Non-operating income and expenses:				
7100	Interest income	384	-	389	-
7010	Other income (not 6(p) and 7)	83,517	2	48,842	1
7020	Other gains and losses, net (note 6(k)(o))	28,896	-	(84)	-
7050	Finance costs (note 6(o)(p))	(40,687)	(1)	(26,890)	-
7070	Share of profit of associates and joint ventures accounted for using equity method (note 6(f))	<u>34,639</u>	<u>1</u>	<u>7,981</u>	<u>-</u>
	Total non-operating income and expenses	<u>106,749</u>	<u>2</u>	<u>30,238</u>	<u>1</u>
	Profit from continuing operations before tax	165,244	4	147,957	4
7951	Less: Income tax expenses (note 6(r))	<u>25,220</u>	<u>1</u>	<u>27,488</u>	<u>1</u>
	Profit	<u>140,024</u>	<u>3</u>	<u>120,469</u>	<u>3</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8300	Other comprehensive income	<u>18</u>	<u>-</u>	<u>(83)</u>	<u>-</u>
	Total comprehensive income	<u>\$ 140,042</u>	<u>3</u>	<u>120,386</u>	<u>3</u>
	Earnings per share (NT dollars) (note 6(t))				
9750	Basic earnings per share	<u>\$ 0.69</u>		<u>0.63</u>	
9850	Diluted earnings per share	<u>\$ 0.68</u>		<u>0.54</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

NORTH-STAR INTERNATIONAL CO., LTD.**Statements of Changes in Equity****For the years ended December 31, 2021 and 2020****(Expressed in Thousands of New Taiwan Dollars)**

	Share capital		Retained earnings				Other equity interest	Total equity	
	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
Balance on January 1, 2020	\$ 1,918,332	-	78,270	97,428	-	85,120	182,548	(1,610)	2,177,540
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)
	-	-	-	5,290	1,610	(45,267)	(38,367)	-	(38,367)
Profit	-	-	-	-	-	120,469	120,469	-	120,469
Other comprehensive income	-	-	-	-	-	-	-	(83)	(83)
Total comprehensive income	-	-	-	-	-	120,469	120,469	(83)	120,386
Other changes in capital surplus:									
Due to recognition of equity component of convertible bonds issued	-	-	28,380	-	-	-	-	-	28,380
Difference between consideration and carrying amount of subsidiaries acquired	-	-	(563)	-	-	-	-	-	(563)
Balance on December 31, 2020	1,918,332	-	106,087	102,718	1,610	160,322	264,650	(1,693)	2,287,376
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)
	-	-	-	12,047	83	(108,047)	(95,917)	-	(95,917)
Profit (loss)	-	-	-	-	-	140,024	140,024	-	140,024
Other comprehensive income	-	-	-	-	-	-	-	18	18
Total comprehensive income	-	-	-	-	-	140,024	140,024	18	140,042
Issue of shares	400,000	-	600,000	-	-	-	-	-	1,000,000
Conversion of convertible bonds	144,046	115	108,691	-	-	-	-	-	252,852
Other changes in capital surplus:									
Due to recognition of equity component of convertible bonds issued	-	-	19,308	-	-	-	-	-	19,308
Difference between consideration and carrying amount of subsidiaries acquired	-	-	563	-	-	-	-	-	563
Share-based payments	-	-	3,732	-	-	-	-	-	3,732
Balance on December 31, 2021	\$ 2,462,378	115	838,381	114,765	1,693	192,299	308,757	(1,675)	3,607,956

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
NORTH-STAR INTERNATIONAL CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 165,244	147,957
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	109,535	109,882
Amortization expense	1,961	1,885
Net gain on financial assets or liabilities at fair value through profit or loss	(5,084)	-
Interest expense	40,687	26,890
Interest income	(384)	(389)
Dividend income	(89)	-
Share-based payments	3,732	-
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(34,639)	(7,981)
Gain on disposal of other assets	(28,764)	-
Others	-	(165)
Total adjustments to reconcile profit	86,955	130,122
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	35	135
Trade receivable	(12,001)	1,649
Other receivable	(21,312)	(1,284)
Inventories	(100,814)	(17,206)
Other current assets	(62,936)	(59,413)
Total changes in operating assets	(197,028)	(76,119)
Notes payable	1,893	429
Trade payable	(59,675)	156,165
Other payable	27,810	2,927
Other current liabilities	147,048	39,252
Total changes in operating liabilities	117,076	198,773
Total changes in operating assets and liabilities	(79,952)	122,654
Total adjustments	7,003	252,776
Cash inflow generated from operations	172,247	400,733
Interest received	384	389
Dividends received	19,690	3,672
Interest paid	(37,946)	(26,826)
Income taxes paid	(29,500)	(27,864)
Net cash flows from operating activities	124,875	350,104

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
NORTH-STAR INTERNATIONAL CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) investing activities:		
Net cash receipts from acquisitions of subsidiaries	563	-
Acquisition of investments accounted for using equity method	(714,812)	(423,000)
Proceeds from disposal 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	(273,084)	(457,560)
Proceeds from disposal of property, plant and equipment	5,343	893
(Increase) decrease in refundable deposits	(25,881)	29,702
Acquisition of intangible assets	(601)	(440)
Acquisition of right-of-use assets	-	(4,785)
Increase in other non-current assets	(42,338)	(212,921)
Increase in prepayments for business facilities	(26,950)	(10,775)
Net cash flows used in investing activities	(893,296)	(1,078,886)
Cash flows from (used in) financing activities:		
(Decrease) increase in short-term loans	(204,100)	200,000
(Decrease) increase in short-term notes and bills payable	(89,933)	49,823
Proceeds from issuing bonds	307,728	612,000
Proceeds from long-term debt	2,249,419	1,797,750
Repayments of long-term debt	(2,266,237)	(1,804,287)
(Decrease) increase in guarantee deposits received	(478)	37
Payment of lease liabilities	(63,977)	(53,884)
Cash dividends paid	(95,917)	(38,367)
Proceeds from issuing shares	1,000,000	-
Net cash flows from financing activities	836,505	763,072
Net increase in cash and cash equivalents	68,084	34,290
Cash and cash equivalents at beginning of period	163,658	129,368
Cash and cash equivalents at end of period	\$ 231,742	163,658

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
NORTH-STAR INTERNATIONAL CO., LTD.

Notes to the 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 mainly engaged in petrol filling stations and the retail business of gasoline products.

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

These financial statements were authorized for issue by the Board of Directors on March 17, 2022.

(3) New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 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 Company has initially adopted the following new amendments, which do not have a significant impact on its 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 Company 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 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)

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

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

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to 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 parent company only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

- (a) Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

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NORTH-STAR INTERNATIONAL CO., LTD.
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(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent company only financial statements have been prepared on a historical cost basis:

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

(ii) Functional and presentation currency

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

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

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NORTH-STAR INTERNATIONAL CO., LTD.
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(d) Cash and cash equivalents

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

(e) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost or fair value through other comprehensive income (FVOCI) – equity investment. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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.

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NORTH-STAR INTERNATIONAL CO., LTD.
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2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- its held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

3) Impairment of financial assets

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

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

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

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

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

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

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- 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.

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The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Compound financial instruments

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

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

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

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

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

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

(f) Inventories

(i) Trading

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(ii) Construction

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

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

(g) Investment in associates

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

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

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

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

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

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

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method without remeasuring the retained interest.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(h) Investment in subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for using equity method in the financial statements. Under equity method, the net income, other comprehensive income and equity in the financial statements are the same as those attributed to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries that do not result in the loss of control are recognized as equity transaction.

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

(i) Joint Arrangements

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

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

(j) Investment property

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

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

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

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment on January 1, 2012, the Group’s date of transition to the Standards, was determined with reference to its fair value at that date.

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1) buildings	1~60 years
2) machinery and equipment	1~20 years
3) transportation equipment	5 years
4) office and other equipment	1~12 years

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

(l) Leases

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

(i) As a lessee

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

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

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

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NORTH-STAR INTERNATIONAL CO., LTD.
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Lease payments included in the measurement of the lease liability comprise the following:

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

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

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

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

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

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

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

(ii) As a lessor

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

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

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

(m) Intangible assets

(i) Recognition and measurement

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

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

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

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

(n) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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

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

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

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

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

(o) Provisions

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

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

(p) Revenue from contracts with customers

(i) Revenue from contracts with customers

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

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NORTH-STAR INTERNATIONAL CO., LTD.
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1) Sale of goods – gasoline products

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

2) Customer loyalty program

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

3) Land development and sale of real estate

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

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

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

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

4) Financing components

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

(ii) Contract costs

1) Incremental costs of obtaining a contract

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

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

2) Costs to fulfil a contract

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

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

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

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

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Short-term employee benefits

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

(r) Share-based payment

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

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

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

(s) Income taxes

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

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

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

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

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

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (t) Business combination

The Company 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 Company 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.

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

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

For each business combination, the Company 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 Company'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.

(u) Non-current assets for sale

Non-current assets comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to assets not within the scope of IAS 36 – *Impairment of Assets*. Such assets will continue to be measured in accordance with the Company's accounting policies. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(v) Earnings per share

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

(w) Operating segments

The Company discloses its segment information in consolidated financial statements. Therefore, the Company need not disclose segment information in the parent-company-only financial statements.

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

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

(Continued)

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

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

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

- (a) Judgment of whether the Company has substantive control over its investees

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

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

The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss.

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

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

(6) Explanation of significant accounts:

- (a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash	\$ 20,445	11,516
Check and demand deposit	211,297	152,142
Cash and cash equivalents in the statement of cash flows	<u>\$ 231,742</u>	<u>163,658</u>

Please refer to note 6(x) for the credit risk and interest risk of the financial assets and liabilities of the Company.

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

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

	December 31, 2021	December 31, 2020
Non-current financial liability measured at fair value through profit or loss:		
Convertible bond-embedded derivative	\$ 210	300
Non-current financial asset measured at fair value through profit or loss:		
Convertible bond-embedded derivative	\$ 2,443	-

Please refer to note6(s) for the convertible corporate bonds issue by the Company on December 10, 2021 and December 23, 2020. The call option and put option of convertible corporate bonds were mandatorily measured at fair value through profit or loss.

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

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 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 Company had not been pledged as collateral.

(d) Notes and accounts receivables

	December 31, 2021	December 31, 2020
Notes receivables	\$ 148	183
Trade receivables	25,060	13,059
	\$ 25,208	13,242

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

	December 31, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 24,573	0%	-
1 to 30 days past due	635	0%	-
31 to 60 days past due	-	0%	-
61 to 90 days past due	-	2.78%	-
More than 91 days past due	-	100%	-
	\$ 25,208		-

	December 31, 2020		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	13,039	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%	-
	\$ 13,242		-

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

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

(e) Inventories

	December 31, 2021	December 31, 2020
Trading:		
Premium Diesel	\$ 24,431	26,357
Unleaded gasoline-98	9,792	12,485
Unleaded gasoline-95	42,032	44,198
Unleaded gasoline-92	20,618	23,917
Coproducts and others	<u>2,737</u>	<u>961</u>
Subtotal	<u>99,610</u>	<u>107,918</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Construction industry:		
Land held for construction site	-	201,223
Construction in progress	<u>460,833</u>	<u>150,488</u>
Subtotal	<u>460,833</u>	<u>351,711</u>
	<u>\$ 560,443</u>	<u>459,629</u>

The details of the cost of sales were as follows:

	<u>2021</u>	<u>2020</u>
Inventory that has been sold	\$ 3,822,115	3,136,511
Stock take surplus	<u>(2,009)</u>	<u>(3,129)</u>
	<u>\$ 3,820,106</u>	<u>3,133,382</u>

Please refer to note 8 for detail of the Company provided inventories as collateral for short-term borrowings.

For the years ended December 31, 2021 and 2020, amount of capitalized interest were \$3,799 thousand and \$4,290 thousand, respectively. The interest rate for capitalization were 1.75%~1.90% and 1.75%~1.95%, respectively.

(f) Investments accounted for using equity method

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	\$ 1,214,150	582,712
Associates	<u>272,858</u>	<u>272,446</u>
	<u>\$ 1,487,008</u>	<u>855,158</u>

(i) Subsidiaries

For the related information, please refer to the consolidated financial statement for the year ended December 31, 2021.

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

(ii) Associates

<u>Name of Associates</u>	<u>Nature of Relationship with the Group</u>	<u>Main operating location/ Registered Country</u>	<u>Proportion of shareholding</u>	
			<u>December 31, 2021</u>	<u>December 31, 2020</u>
NORTH STAR INTERNATIONAL DEVELOPMENT INDUSTRIES CORPORATION	The main businesses are interior decoration construction, wholesale building materials, and residential and building development and rental.	Taiwan	49 %	49 %
YANG JI ENTERPRISE CO., LTD.	Mainly engages in advertisement consignment.	Taiwan	50 %	50 %

On April 7, 2020, the Company 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 Company 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:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
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	<u>\$ 454,859</u>	<u>483,221</u>

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

	<u>2021</u>	<u>2020</u>
Operating revenue	\$ 1,526,636	540,468
Profit for the year	171,638	65,459
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 171,638</u>	<u>65,459</u>
	<u>2021</u>	<u>2020</u>
Share of net assets of associates as of January 1	\$ 236,778	204,702
Comprehensive income attributable to the Company	84,103	32,076
Decrease in investment in associates during the period	(98,000)	-
Share of net assets of associates as of December 31	<u>\$ 222,881</u>	<u>236,778</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 36,958	85,947
Non-current assets	93,346	433
Current liabilities	(351)	(15,044)
Non-current liabilities	(30,000)	-
Net assets	<u>\$ 99,953</u>	<u>71,336</u>
	<u>2021</u>	<u>2020</u>
Operating revenue	\$ 12,114	45,253
Profit for the year	(2,180)	21,336
Other comprehensive income	-	-
Total comprehensive income	<u>\$ (2,180)</u>	<u>21,336</u>
	<u>2021</u>	<u>2020</u>
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 Company	(1,090)	10,668
Dividends received from associates	(9,601)	-
Share of net assets of associates as of December 31	<u>\$ 49,977</u>	<u>35,668</u>

(iii) Collateral

As of December 31, 2021 and 2020, the Group did not provide any investments accounted for using the equity method as collateral.

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

(g) Joint operations

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

(h) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and equipment</u>	<u>Others</u>	<u>Total</u>
Cost or deemed cost:					
Balance on January 1, 2021	\$ 3,123,675	421,484	266,979	97,411	3,909,549
Additions	255,780	5,060	6,896	6,165	273,901
Disposal	-	(15,116)	(10,940)	(6,274)	(32,330)
Transfer from prepayments	-	100	4,226	-	4,326
Balance on December 31, 2021	<u>\$ 3,379,455</u>	<u>411,528</u>	<u>267,161</u>	<u>97,302</u>	<u>4,155,446</u>
Balance on January 1, 2020	\$ 2,682,605	408,827	260,947	97,842	3,450,221
Additions	441,070	13,235	6,202	4,111	464,618
Disposal	-	(578)	(170)	(4,542)	(5,290)
Balance on December 31, 2020	<u>\$ 3,123,675</u>	<u>421,484</u>	<u>266,979</u>	<u>97,411</u>	<u>3,909,549</u>
Depreciation and impairments losses:					
Balance on January 1, 2021	\$ -	172,688	215,381	81,972	470,041
Depreciation	-	16,773	15,679	6,529	38,981
Disposal	-	(10,063)	(10,851)	(6,073)	(26,987)
Balance on December 31, 2021	<u>\$ -</u>	<u>179,398</u>	<u>220,209</u>	<u>82,428</u>	<u>482,035</u>
Balance on January 1, 2020	\$ -	156,645	198,100	78,443	433,188
Depreciation	-	16,423	17,451	7,651	41,525
Disposal	-	(380)	(170)	(4,122)	(4,672)
Balance on December 31, 2020	<u>\$ -</u>	<u>172,688</u>	<u>215,381</u>	<u>81,972</u>	<u>470,041</u>
Carrying amount:					
Balance on December 31, 2021	<u>\$ 3,379,455</u>	<u>232,130</u>	<u>46,952</u>	<u>14,874</u>	<u>3,673,411</u>
Balance on December 31, 2020	<u>\$ 3,123,675</u>	<u>248,796</u>	<u>51,598</u>	<u>15,439</u>	<u>3,439,508</u>
Balance on January 1, 2021	<u>\$ 2,682,605</u>	<u>252,182</u>	<u>62,847</u>	<u>19,399</u>	<u>3,017,033</u>

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

As of December 31, 2021 and 2020, there was agricultural land of \$39,633 thousand and \$39,849 thousand for use by the Company as petrol filling stations, respectively. The ownership of the land is temporarily registered in the trusted third party designated by the Company. The trustee either pledged the land as collateral for the Company or entered into a contractual agreement with the Group at a total price of \$43,250 thousand.

As of December 31, 2021 and 2020, the property, plant and equipment of the Company had been pledged as collateral for long-term and short-term borrowings; please refer to note 8.

(i) Right-of-use assets

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

	<u>Land and building</u>	<u>Transportat ion equipment</u>	<u>Total</u>
Cost:			
Blance on January 1, 2021	\$ 423,388	2,816	426,204
Additions	210,994	6,929	217,923
Write-off	(10,407)	-	(10,407)
Blance on December 31, 2021	<u>\$ 623,975</u>	<u>9,745</u>	<u>633,720</u>
Blance on January 1, 2020	\$ 358,098	2,649	360,747
Additions	90,772	-	90,772
Write-off	(25,212)	(103)	(25,315)
Reclassification	(270)	270	-
Blance on December 31, 2020	<u>\$ 423,388</u>	<u>2,816</u>	<u>426,204</u>
Accumulated depreciation:			
Blance on January 1, 2021	\$ 110,850	2,714	113,564
Depreciation for the year	69,059	1,495	70,554
Write-off	(2,434)	-	(2,434)
Blance on December 31, 2021	<u>\$ 177,475</u>	<u>4,209</u>	<u>181,684</u>
Blance on January 1, 2020	\$ 56,065	1,667	57,732
Depreciation for the year	66,986	1,047	68,033
Write-off	(12,201)	-	(12,201)
Blance on December 31, 2020	<u>\$ 110,850</u>	<u>2,714</u>	<u>113,564</u>
Carrying value:			
Blance on December 31, 2021	<u>\$ 446,500</u>	<u>5,536</u>	<u>452,036</u>
Blance on December 31, 2020	<u>\$ 312,538</u>	<u>102</u>	<u>312,640</u>
Blance on January 1, 2020	<u>\$ 302,033</u>	<u>982</u>	<u>303,015</u>

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

(j) Investment property

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

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

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 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 Company applied to the land administration for demolition in July 2020.

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The Company 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.

(k) Other current asset

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other current assets:		
Non-current assets held for sale	\$ -	57,700
Prepayments to suppliers	17,073	10,936
Prepaid rents	2,529	635
Prepaid expenses	23,885	12,159
Supplies inventories	6,306	1,933
Other current financial assets	300	300
Incremental costs of obtaining a contract	33,360	-
Others	9,298	3,852
	<u>\$ 92,751</u>	<u>87,515</u>

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

For the marketing activities information on other current assets provided as deposits, as of December 31, 2021, and 2020, please refer to Note 8.

(l) Short-term notes and bills payable

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

(Continued)

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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			<u><u>\$ 139,774</u></u>
 (m) Short-term borrowings			
		December 31, 2021	December 31, 2020
Unsecured bank loans		\$ -	200,000
Secured bank loans		218,400	222,500
		<u><u>\$ 218,400</u></u>	<u><u>422,500</u></u>
Unused short-term credit lines		<u><u>\$ 870,200</u></u>	<u><u>373,200</u></u>
Range of interest rates		<u><u>1.75%~1.9%</u></u>	<u><u>1.54%~1.95%</u></u>

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

(n) 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%~1.65%	2022.02.10~ 2028.07.16	1,399,494
				1,443,756
Less: current portion				(193,299)
Total				<u><u>\$ 1,250,457</u></u>
Unused long-term credit lines				<u><u>\$ 920,000</u></u>

(Continued)

NORTH-STAR INTERNATIONAL CO., LTD.
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December 31, 2020				
	Currency	Range of interest rates	Maturity year	Amount
Unsecured bank loans	NTD	1.55%~1.60%	2023.06.15~ 2025.11.16	\$ 51,652
Secured bank loans	NTD	1.28%~1.65%	2021.03.23~ 2027.09.08	1,408,922
				1,460,574
Less: current portion				(808,048)
Total				<u>\$ 652,526</u>
Unused long-term credit lines				<u>\$ 324,250</u>

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

The Company obtained an interim working capital of \$150,000 thousand for relief and economic stimulus package of COVID-19 from the Ministry of Economic Affairs in October 2020 for a period of five years, which is allocated in a split and is not revolving. As of December 31, 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.

- (o) Bonds payable

The following table summarized the secured convertible corporate bonds issued by the Company:

	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	<u>\$ 619,143</u>	<u>583,385</u>
Embedded derivative – redemption rights:		
included in financial assets at fair value through profit or loss	<u>\$ 2,443</u>	<u>-</u>
included in financial liabilities at fair value through profit or loss	<u>\$ 210</u>	<u>300</u>
Equity component – conversion options, included in capital surplus– stock options	<u>\$ 35,295</u>	<u>28,380</u>
	2021	2020
Embedded derivative instruments – redemption rights, included in financial liabilities at fair value through profit or loss	<u>\$ 5,017</u>	<u>-</u>
Interest expense	<u>\$ 2,741</u>	<u>65</u>

(Continued)

NORTH-STAR INTERNATIONAL CO., LTD.
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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.

(p) Lease liabilities

The carrying amount of lease liabilities of the Company was as follows:

	December 31, 2021	December 31, 2020
Current	<u>\$ 62,106</u>	<u>55,276</u>
Non-current	<u>\$ 381,050</u>	<u>242,271</u>

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

The amounts recognized in profit or loss was as follows:

	2021	2020
Interest on lease liabilities	<u>\$ 6,241</u>	<u>\$ 4,819</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 798</u>	<u>619</u>

(Continued)

NORTH-STAR INTERNATIONAL CO., LTD.
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	<u>2021</u>	<u>2020</u>
Income from sub-leasing right-of-use assets	\$ <u>3,943</u>	<u>4,158</u>
Expenses relating to short-term leases	\$ <u>705</u>	<u>312</u>

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

	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	\$ <u>71,721</u>	<u>59,634</u>

(i) Real estate leases

The Company leases land and buildings for its petrol filling station and hotels. The leases typically run for 1 to 22 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices, or sales that the Company makes at the leased store in the period. Some also require the Company to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

Some leases of petrol filling station contain extension or cancellation options exercisable by the Company up to one year before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Company and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) Other leases

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

(q) Employee benefits

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 \$16,036 thousand and \$13,895 thousand for the years ended December 31, 2021 and 2020, respectively.

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

(r) Income tax

(i) Income tax expense

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

	<u>2021</u>	<u>2020</u>
Current tax expense	\$ 27,101	26,592
Deferred tax (profit) expense	(1,881)	896
Tax expense	<u>\$ 25,220</u>	<u>27,488</u>

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:

	<u>2021</u>	<u>2020</u>
Profit excluding income tax	\$ <u>165,244</u>	<u>147,957</u>
Income tax using the Company's domestic tax rate	33,049	29,591
Income from domestic investment accounted for using equity method	(6,928)	(1,596)
Change in provision in prior periods	(181)	(1,950)
Additional tax on undistributed earnings	621	382
Others	(1,341)	1,061
Tax expense	<u>\$ 25,220</u>	<u>27,488</u>

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Tax effect of deductible temporary differences	\$ <u>3,915</u>	<u>3,915</u>

2) Recognized deferred tax assets and liabilities

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

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NORTH-STAR INTERNATIONAL CO., LTD.
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Deferred tax assets:

	<u>Deferred revenue</u>	<u>Unrealized loss</u>	<u>Others</u>	<u>Total</u>
Balance on January 1, 2021	\$ 1,523	721	2,668	4,912
Recognized in profit or loss	<u>67</u>	<u>-</u>	<u>1,814</u>	<u>1,881</u>
Balance on December 31, 2021	<u>\$ 1,590</u>	<u>721</u>	<u>4,482</u>	<u>6,793</u>
Balance on January 1, 2020	\$ 1,505	721	3,582	5,808
Recognized in profit or loss	<u>18</u>	<u>-</u>	<u>(914)</u>	<u>(896)</u>
Balance on December 31, 2020	<u>\$ 1,523</u>	<u>721</u>	<u>2,668</u>	<u>4,912</u>

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

(s) 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:

(in thousands of shares)	<u>Ordinary share</u>	
	<u>2021</u>	<u>2020</u>
Balance on January 1	191,833	191,833
Issued for cash	40,000	-
Conversion of convertible bonds	<u>14,416</u>	<u>-</u>
Balance on December 31	<u>246,249</u>	<u>191,833</u>

(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.

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

(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	<u>35,295</u>	<u>28,380</u>
	<u>\$ 838,381</u>	<u>106,087</u>

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

(iii) Retained earnings

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

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. The Company could appropriate dividends by more 50% of appropriable earnings each year; the dividend could be distributed in the types of stock dividends or cash dividend and the cash dividends shall be greater than 20% of total dividends.

1) Legal reserve

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

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NORTH-STAR INTERNATIONAL CO., LTD.
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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:

	<u>2020</u>		<u>2019</u>	
	<u>Amount per share</u>	<u>Amount</u>	<u>Amount per share</u>	<u>Amount</u>
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.50	<u>95,917</u>	0.20	<u>38,367</u>

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

	<u>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</u>
Balance on January 1, 2021	\$ (1,693)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	<u>18</u>
Balance on December 31, 2021	<u>\$ (1,675)</u>
Balance on January 1, 2020	\$ (1,610)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	<u>(83)</u>
Balance on December 31, 2020	<u>\$ (1,693)</u>

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NORTH-STAR INTERNATIONAL CO., LTD.
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(t) Earnings per share

The detail of basic earnings per share and diluted earnings per share in 2021 and 2020 were as follows:

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

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2021</u>	<u>2020</u>
Primary geographical markets:		
Taiwan	\$ <u>4,471,135</u>	<u>3,794,593</u>
Major products:		
Gasoline products	\$ 4,368,685	3,696,705
Other	<u>102,450</u>	<u>97,888</u>
Total	\$ <u>4,471,135</u>	<u>3,794,593</u>

(Continued)

NORTH-STAR INTERNATIONAL CO., LTD.
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(ii) Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Trade receivables	\$ <u>25,060</u>	\$ <u>13,059</u>	\$ <u>14,708</u>
Contract assets	\$ <u>172,605</u>	\$ <u>44,594</u>	\$ <u>-</u>

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

For details on onerous contracts as of December 31, 2021 and 2020, please refer to note 9(e).

The Company implemented a customer loyalty program to stimulate the sale of gasoline products. When a customer purchases a gasoline product, the Company gives him a credit that can be used in exchange for an advertisement gift.

As of December 31, 2021 and 2020, the deferred income of the Company was \$7,949 thousand and \$7,614 thousand, respectively, which are recognized under other current liabilities. Such amounts are allocated to the award points based on the relative stand-alone selling price of the products and award points.

(v) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The accrued amount of employee compensation and directors' and supervisors' remuneration of the Company in 2021 and 2020 were as follows:

	2021	2020
Employee remuneration	\$ 1,730	\$ 1,541
Directors' and supervisors' remuneration	\$ 5,165	\$ 4,624
	\$ <u>6,895</u>	\$ <u>6,165</u>

The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 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 financial statements, are identical to those of the actual distributions for 2021 and 2020.

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NORTH-STAR INTERNATIONAL CO., LTD.
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(w) 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	231,742	163,658
Notes and accounts receivable, net	25,208	13,242
Other receivable	28,080	6,768
Guarantee deposits paid	61,977	36,096
Other current financial assets (restricted deposits)	300	300
Other non-current financial assets (restricted deposits)	255,998	213,660
Total	\$ 606,283	434,241

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	218,400	422,500
Short-term notes and bills payable	49,841	139,774
Notes and trade payable	229,052	286,834
Other payable	103,531	25,180
Long-term borrowings (including current portion)	1,443,756	1,460,574
Bonds payable	619,143	583,385
Lease liabilities	443,156	297,547
Total	\$ 3,107,089	3,216,094

(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 \$374,541 thousand, and \$270,583 thousand, respectively.

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2) Concentration of credit risk

As sales are made to customers worldwide, the Group's exposure to credit risk concentration is expected to be low. To reduce credit risk, the Group continuously assesses the financial position of its customers, normally without a request for collateral.

(iii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>Over 1 year</u>
December 31, 2021				
Non-derivative financial liabilities				
Short-term borrowings	\$ 218,400	227,527	3,827	223,700
Short-term notes and bills payable	49,841	50,000	50,000	-
Notes and trade payable	229,052	229,052	229,052	-
Other payable	103,531	103,531	103,531	-
Long-term borrowings (including current portion)	1,443,756	1,416,542	213,389	1,203,153
Bonds payable	619,143	638,200	-	638,200
Lease liabilities	<u>443,156</u>	<u>483,709</u>	<u>69,285</u>	<u>414,424</u>
	<u>\$ 3,106,879</u>	<u>3,148,561</u>	<u>669,084</u>	<u>2,479,477</u>
December 31, 2020				
Non-derivative financial liabilities				
Short-term borrowings	\$ 422,500	430,620	204,212	226,408
Short-term notes and bills payable	139,774	140,000	140,000	-
Notes and trade payable	286,834	286,834	286,834	-
Other payable	25,180	25,180	25,180	-
Long-term borrowings (including current portion)	1,460,574	1,498,274	823,517	674,757
Bonds payable	583,385	600,000	-	600,000
Lease liabilities	<u>297,547</u>	<u>322,003</u>	<u>60,019</u>	<u>261,984</u>
	<u>\$ 3,215,794</u>	<u>3,302,911</u>	<u>1,539,762</u>	<u>1,763,149</u>

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

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(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 \$4,155 thousand and \$4,708 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 Company's financial assets and liabilities were as follows:

	December 31, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Unquoted equity instruments measured at fair value	\$ <u>535</u>	<u>-</u>	<u>-</u>	<u>535</u>	<u>535</u>
Financial assets at fair value through profit or loss					
Convertible bond-embedded derivative	\$ <u>2,443</u>	<u>-</u>	<u>2,443</u>	<u>-</u>	<u>2,443</u>
Financial liabilities at fair value through profit or loss					
Convertible bond-embedded derivative	\$ <u>210</u>	<u>-</u>	<u>210</u>	<u>-</u>	<u>210</u>

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NORTH-STAR INTERNATIONAL CO., LTD.
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	December 31, 2020				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Unquoted equity instruments measured at fair value	\$ <u>517</u>	<u>-</u>	<u>-</u>	<u>517</u>	<u>517</u>
Financial liabilities at fair value through profit or loss					
Convertible bond	\$ <u>300</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>300</u>

- 2) Valuation techniques for financial instruments measured at fair value
- a) Non-derivative financial instruments

Measurements of fair value of financial instruments are based on a valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting date.

The categories and nature of the fair value for the Group's financial instruments which without an active market are as below:

- The main assumption behind this is that the estimated pretax, pre-depreciation, and pre amortization earnings of the investee company is added to the earnings multiplier derived from the comparable quoted price of the listed company. The estimate of the fair value of equity instruments has been adjusted due to the effect of the discount arising from the lack of market liquidity of the equity security.

- 3) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	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, 2020	<u>\$ 535</u>
Balance on January 1, 2020	\$ 600
Total gains and losses recognized	
In profit or loss	-
In other comprehensive	(83)
Balance on December 31, 2020	<u>\$ 517</u>

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NORTH-STAR INTERNATIONAL CO., LTD.
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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)

- 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	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-unquoted equity instruments	Comparable company analysis/Net asset value method	<ul style="list-style-type: none"> · Price-book ratio (1.45 and 1.41 respectively on December 31, 2021 and 2020) · Lack of marketability discount rate (10% on both December 31, 2021 and 2020) · Non-controlling interest discount rate (25% on both December 31, 2021 and 2020) 	<ul style="list-style-type: none"> · The higher the ratio is, the higher the fair value will be. · The higher the lack of marketability discount rate is, the lower the fair value will be. · The higher the non-controlling interest discount rate is, the lower the fair value will be.

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NORTH-STAR INTERNATIONAL CO., LTD.
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(x) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

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

(ii) Structure of risk management

The Company's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations. The Company minimizes the risk exposure through derivative financial instruments. The Board of Directors regulated the use of derivative financial instruments in accordance with the Company's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investments of excess liquidity. The internal auditors of the Company continue with the review of the amount of the risk exposure in accordance with the Company's policies and the risk management policies and procedures. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk means the potential loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities.

1) Trade receivable and other receivable

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer, and are reviewed periodically. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

Trade receivable mainly relate to a wide range of customers from different industries and geographic regions. The Company constantly assesses the financial status of the customers and, if necessary, purchases credit guarantee insurance contracts.

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NORTH-STAR INTERNATIONAL CO., LTD.
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The Company does not have significant credit risk exposure against any counterparty or group of counterparties with similar characteristics. Also, the Company mitigates its exposure by evaluating the customers' financial situation regularly.

2) Investments

The credit risks exposure in the bank deposits, investments with fixed income, and other financial instruments were measured and monitored by the Company's finance department. As the Company deals with the banks and other external parties with good credit standing and financial institutions, corporate organization and government agencies which are graded above investment level, management believes that the Company do not have compliance issues and no significant credit risk.

(iv) Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

Bank borrowing is an essential liquidity source for the Company. Please refer to note 6(m) for the Company's unused credit line of short-term bank borrowing for the years ended December 31, 2021 and 2020.

(v) Market risk

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

1) Interest rate risk

The entity of the Company borrows funds on variable interest rates, which has a risk exposure to cash flow.

2) Other market price risks

The Company is exposed to equity price risk due to the investments in unlisted equity securities. The aforementioned equity investments are not held for trading but are strategic investments. The Company has not actively traded such investments, significant investments in the portfolio are managed individually, and the financial management department approves all trading decisions.

(y) Capital management

The Board of Directors' policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, and retained earnings of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary stockholders.

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NORTH-STAR INTERNATIONAL CO., LTD.
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The Company sets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to stockholders, to safeguard the interest of related parties, and to maintain an optimal capital structure to reduce the cost of capital.

The Company uses the debt-to-equity ratio to manage capital. This ratio is using the total net debt divided by the total capital. The net debt from the balance sheet is the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

The Company's debt-to-equity ratios at the end of the reporting periods were as follows:

	December 31, 2021	December 31, 2020
Total liabilities	\$ 3,344,783	3,358,977
Less: cash and cash equivalents	<u>(231,742)</u>	<u>(163,658)</u>
Net debts	<u>\$ 3,113,041</u>	<u>3,195,319</u>
Total equity	<u>\$ 3,607,956</u>	<u>2,287,376</u>
Debt-to-equity ratio	<u>46 %</u>	<u>58 %</u>

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

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2021 and 2020, were as follows:

- (i) For right-of-use assets under leases, please refer to note 6(i).
- (ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes				December 31, 2021
			Acquisition	Foreign exchange movement	Conversion of convertible bonds	Other	
Short-term notes and bills payable	\$ 139,774	(89,933)	-	-	-	-	49,841
Short-term borrowings	422,500	(204,100)	-	-	-	-	218,400
Long-term borrowings	1,460,574	(16,818)	-	-	-	-	1,443,756
Bonds payable	583,385	302,728	-	-	(276,455)	9,485	619,143
Lease liabilities	<u>297,547</u>	<u>(63,977)</u>	<u>211,091</u>	<u>-</u>	<u>-</u>	<u>(1,505)</u>	<u>443,156</u>
Total liabilities from financing activities	<u>\$ 2,903,780</u>	<u>(72,100)</u>	<u>211,091</u>	<u>-</u>	<u>(276,455)</u>	<u>7,980</u>	<u>2,774,296</u>

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NORTH-STAR INTERNATIONAL CO., LTD.
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	January 1, 2020	Cash flows	Non-cash changes				December 31, 2020
			Acquisition	Foreign exchange movement	Conversion of convertible bonds	Other	
Short-term notes and bills payable	\$ 89,951	49,823	-	-	-	-	139,774
Short-term borrowings	222,500	200,000	-	-	-	-	422,500
Long-term borrowings	1,467,111	(6,537)	-	-	-	-	1,460,574
Bonds payable	-	612,000	-	-	-	(28,615)	583,385
Lease liabilities	272,608	(53,884)	84,562	-	-	(5,739)	297,547
Total liabilities from financing activities	<u>\$ 2,052,170</u>	<u>801,402</u>	<u>84,562</u>	<u>-</u>	<u>-</u>	<u>(34,354)</u>	<u>2,903,780</u>

(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 parent company only financial statements/consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
NSTAR ENERGY CORPORATION	Subsidiary
ZHONGHUA PRINCE PETROL FILLING STATION CO., LTD.	Subsidiary
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	Subsidiary
JIN SHI HU HOTEL CO., LTD.	Subsidiary
YING GUANG ENTERPRISE CO., LTD.	Subsidiary
HE FONG ENERGY CO., LTD.	Subsidiary
NORTH STAR INTERNATIONAL DEVELOPMENT INDUSTRIES CORPORATION	An associate
YANG JI ENTERPRISE CO., LTD.	An associate
KAOHSIUNG TRANSPORTATION CO., LTD.	Same chairman with the Company
FU CHENG TRANSPORTATION CO., LTD.	Same chairman with the Company
PUYUMA TRANSPORTATION CO., LTD.	Same chairman with the Company
KUAI KUAI CO., LTD.	Same chairman with the Company
SHANGFA CONSTRUCTION CO., LTD.	The entity's director is the supervisor of subsidiary's corporate director

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NORTH-STAR INTERNATIONAL CO., LTD.
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<u>Name of related party</u>	<u>Relationship with the Group</u>
CHIAYI TRANSPORTATION CO., LTD.	The entity's chairman is the second immediate family of the chairman of the Company
HEYI CONSTRUCTION CO., LTD.	The entity's chairman is director of the Company
DAPENG BAY SIGHTSEEING BOAT Co., LTD.	Same chairman with the Company
NAN REN LAKE LEISURE AMUSEMENT CO., LTD.	Same chairman with the Company
Chung, Chia-Tsun	Chairman of the Company

(b) Significant transactions with related parties

(i) Operating income

Significant sales to related parties of the Company were as follows:

	<u>2021</u>	<u>2020</u>
Subsidiaries	\$ 2,646	3
Other related parties	4,337	3,049
	<u>\$ 6,983</u>	<u>3,052</u>

There is no significant difference between the sales price of the Company for other related parties and for third parties. The collection period is one to two months, and the general sales are received in the same month. Promissory notes are pledged as collateral for the receivables from related parties.

(ii) Receivables from related parties

The details of receivable due from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Trade receivable	Other related parties	\$ 757	455
Other receivable	Subsidiaries	5,539	5,530
Other receivable	Subsidiaries	220	220
Other receivable	Other related parties	18	46
		<u>\$ 6,534</u>	<u>6,251</u>

(iii) Payables to related parties

The details of payable due to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other payable	Other related parties	\$ 473	830

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

(iv) Advance receipt of related party payments

The details of advance receipt from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>Nature</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other current liabilities	Other related parties	Advanced receipts	\$ <u>11,423</u>	<u>7,335</u>

The Company has entered into a contract with other related parties in July 2019 to purchase a fleet card. The amount of the fleet card is deducted from the retail price of the respective petrol filling station at the time of filling when other related parties fill at a mutually agreed location within the value limit of the fleet card. As of December 31, 2021 and 2020, the miscellaneous income amounted to \$2,668 thousand and \$2,793 thousand, respectively, recognized in other income.

(v) Transactions with other related parties

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

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Service revenue	Subsidiaries	\$ 49,975	29,544
Miscellaneous income	Other related parties	159	213

(vi) Guarantees

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

	<u>2021</u>	<u>2020</u>
Other related parties	\$ <u>423,500</u>	<u>423,500</u>

As of December 31, 2021 and 2020, the Chairman of the Company, Chung, Chia-Tsun, was the guarantor for the Company to obtain the credit limit of the loan from financial institutions.

(vii) Leases

1) As a lessor

	<u>2021</u>	<u>2020</u>
Other related parties	\$ <u>57</u>	<u>57</u>

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

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NORTH-STAR INTERNATIONAL CO., LTD.
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2) As a lessee

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

<u>Relationship</u>	<u>Lease subject</u>	<u>Lease period</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiary	Wudu station	2017.05~2022.04	\$ 1,139	4,516
Other related parties	Land of Luzhu district in Kaohsiung	2019.01~2033.12	16,521	17,787
Other related parties	Kaochi station	2017.11~2032.10	33,830	36,643

(viii) Others

- 1) The Company entered into land joint development agreements with other related parties. Please refer to note 6(g) and 9(d) for details.
- 2) The Company entered into a contract for the construction with other related parties on March 29, 2021. The total contract price was \$355,891 thousand. The relevant contract amount was appraised based on the quantity provided by the Company. Both parties agreed to re-calculate the quantity after the completion of the design changes in the future with the unit price of the original project appraisal. Amended the contracted amount is the basis of the general contract. As of December 31, 2021, there is no outstanding payable on construction.
- 3) The associate, YANG JI ENTERPRISE, increased its capital by \$50,000 thousand in March 2021. The Company recognized an investment of \$25,000 thousand in proportion to its shareholding. Please refer to note 6(f) for details of the transactions.
- 4) On September 14, 2021, the resolution was approved in the shareholders' meeting regarding the capital reduction of NORTH-STAR INTERNATIONAL DEVELOPMENT. The Company proportionally reduced its shareholding of NORTH-STAR INTERNATIONAL DEVELOPMENT by \$98,000 thousand. As of December 31, 2021, the investment in NORTH-STAR INTERNATIONAL DEVELOPMENT amounted to \$147,000 thousand. Please refer to note 6(f) for details.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 18,281	15,203
Post-employment benefits	296	269
Total	<u>\$ 18,577</u>	<u>15,472</u>

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

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Property, plant and equipment	Guarantee for gasoline purchase and long-term and short-term borrowings	\$ 3,153,145	2,457,439
Inventories- construction in progress and land held for construction site	Short-term borrowings	318,334	318,334
Other current assets	Guarantee for marketing activities	300	300
Other non-current financial assets	Long-term borrowings, corporate bonds and construction guarantees	255,998	213,660
		<u>\$ 3,727,777</u>	<u>2,989,733</u>

(9) Commitments and contingencies:

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Purchase of inventory	<u>\$ 606,986</u>	<u>311,246</u>
Acquisition of property, plant and equipment	<u>\$ 39,106</u>	<u>11,036</u>

(b) As of December 31, 2021 and 2020, the Company's outstanding notes for leasing petrol filling stations and purchasing equipment were \$55,599 thousand and \$38,481 thousand, respectively.

(c) The performance guarantee secured through the bank amounted to \$400,000 thousand and \$400,000 thousand as of December 31, 2021 and 2020, respectively. The Company has pledged fixed assets as collateral for purchasing gasoline payable and long-term and short-term loans. Please refer to note 8 for details.

(d) The Company entered into joint development agreements with the other related party, responsible for 50% of the real estate development expenses respectively. Please refer to notes 6(g) and 7 for the agreement's details. In addition, the other related party agreed to be responsible for the planning and design of real estate development. The Company contributes the management fee for construction at 3% of the total amount of expected sales agreed by both parties, which shall be shared in proportion to the joint venture and paid according to the agreed schedule. As of December 31, 2021, the Company paid the management fee amounting to \$2,289 thousand; the rest has not yet been paid.

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NORTH-STAR INTERNATIONAL CO., LTD.
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- (e) 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)	<u>\$ 3,343,330</u>	<u>627,352</u>
Collected proceeds	<u>\$ 172,605</u>	<u>44,594</u>

- (f) The Company 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 Company had an increased variable rental payment of \$798 thousand.
- (g) As of December 31, 2021, the Company registered trust for success in the construction and delivery of housing units for cases and projects, which were as follows:

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 value trust

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:

- (a) 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.
- (b) 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:

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NORTH-STAR INTERNATIONAL CO., LTD.
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By item	By function	For the year ended December 31					
		2021			2020		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary	-	291,241	291,241	-	273,014	273,014	
Labor and health insurance	-	35,003	35,003	-	29,516	29,516	
Pension	-	16,036	16,036	-	13,895	13,895	
Remuneration of directors	-	6,934	6,934	-	6,930	6,930	
Others	-	9,659	9,659	-	8,238	8,238	
Depreciation	-	109,535	109,535	-	109,882	109,882	
Depletion	-	-	-	-	-	-	
Amortization	-	1,961	1,961	-	1,885	1,885	

For the years ended December 31, 2021 and 2020, additional information of number of employee and employee benefit were as follows:

	<u>2021</u>	<u>2020</u>
Number of employees	<u>763</u>	<u>762</u>
Number of directors who were not employees	<u>9</u>	<u>9</u>
The average employee benefit	<u>\$ 467</u>	<u>431</u>
The average salaries and wages	<u>\$ 386</u>	<u>363</u>
Adjustment of the average salaries and wages	<u>6.34 %</u>	
Salaries of supervisor	<u>\$ 1,092</u>	<u>1,085</u>

Details about the policy of salaries (including directors, supervisors, managers and employees)were as follows:

- (i) Directors' and supervisors' salaries including:
- 1) In accordance with the articles of incorporation the Company should contribute less than 3% as directors' and supervisors' remuneration when there is profit for the year.
 - 2) Allocated based on the degree of participation to the Company' s operation and contribution of directors and supervisors.
 - 3) Traveling expenses for directors and supervisors of attending Board's meeting.
- (ii) The General Manager, Deputy General Manager, Managers and employees' salaries including wages, bonus and compensation:
- 1) Salaries for the General Manager, Deputy General Manager, Managers of the Company is based on the guidance, which was approved by the Compensation Committee and the Board of Directors, and contribution to the Company.
 - 2) In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation when there is profit for the year.
 - 3) Bonus is paid on the basis of personal performance and contribution to the Company.

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NORTH-STAR INTERNATIONAL CO., LTD.
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(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations” for the Company:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	HEYI CONSTRUCTION CO., LTD.	5	4,690,343	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.

Note 2: The relationship between the endorser /guarantor and the endorsed guarantor has the following 7 types, just indicate the type:

1. Having business relationship.
2. The borrower has short term financial necessities.
3. The endorser /guarantor parent company directly and indirectly holds more than 50 % of voting shares of the endorser /guarantor subsidiary.
4. The endorser /guarantor company and the endorsed /guaranteed party both be held more than 90% by the parent company.
5. Company that is mutually protected under contractual requirements based on the needs of the contractor.
6. Company that is endorsed by its shareholders in accordance with its shareholding ratio because of the joint investment relationship.
7. Performance guarantees for pre sale contracts under the Consumer Protection Act.

Note3: The endorsement /guarantee provided by the Company to individual guarantee party shall not exceed 130% of the most recent audited net worth of the Company. The total endorsement /guarantee of the Company to others shall not exceed 150% of the most recent audited net worth of the Company. The endorsement /guarantee provided by the Group to individual guarantee party shall not exceed 150% of the most recent audited net worth of the Company. The total endorsement /guarantee of the Group to others shall not exceed 200% of the most recent audited net worth of the Company.

Note4: The Company has a joint development agreement with HEYI CONSTRUCTION CO., LTD., each party owns 50% of the land right. For applying bank loan for land purchase, the shared land was provided as collateral and both parties provided the joint guarantee.

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

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Stock LANYANG ENERGY TECHNOLOGY CO., LTD.	None	Financial assets at fair value through other comprehensive income	11	-	0.05 %	-	
The Company	Stock MA LI QIANG GREEN ENERGY CO., LTD.	None	Financial assets at fair value through other comprehensive income	41	535	5.50 %	535	
The Company	Stock ART SOURCE CORP.	None	Financial assets at fair value through other comprehensive income	5	-	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).

(Continued)

NORTH-STAR INTERNATIONAL CO., LTD.
Notes to the 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			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	NORTH STAR INTERNATIONAL DEVELOPMENT INDUSTRIES CORPORATION	Taiwan	Real estate trading	147,000	245,000	14,700	49.00 %	222,881	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	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	(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	(50,248)	(50,280)	Subsidiary
The Company	JIN SHI HU HOTEL CO., LTD.	Taiwan	Hotel	25,500	25,500	2,550	51.00 %	28,565	20,815	10,616	Subsidiary
The Company	YING GUANG ENTERPRISE CO., LTD.	Taiwan	1.Petrol filling station 2.Retail of gasoline products	188,000	188,000	3,000	100.00 %	195,600	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	(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	(28,490)	(14,530)	Subsidiary
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	JIAOXIN ENERGY CO., LTD.	Taiwan	Renewable energy	136,000	1,000	13,600	100.00 %	134,753	(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	(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	(161)	(161)	Subsidiary
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	JLYU YOU ENERGY CO., LTD.	Taiwan	Energy storage	71,000	-	7,100	100.00 %	70,819	(181)	(181)	Subsidiary
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	SANLU ENERGY STORAGE CO., LTD.	Taiwan	Energy storage	6,000	-	600	100.00 %	4,816	(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	(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	(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	-	-	Subsidiary

(c) Information on investment in mainland China: None

(Continued)

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

(d) Major shareholders: None

Shareholder's Name	Shareholding	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:

Please refer to the consolidated financial statement for the year ended December 31, 2021.

NORTH-STAR INTERNATIONAL CO., LTD.**Statement of cash and cash equivalents****December 31, 2021****(Expressed in thousands of New Taiwan Dollars)**

Please refer to note 6(a) for “Cash and cash equivalents”.

Statement of trade receivables**December 31, 2021**

<u>Client name</u>	<u>Description</u>	<u>Amount</u>
ROAD-SHENG CO., LTD.	Operating revenues	\$ 1,875
FINA FINANCE & TRADING CO., LTD.	"	1,351
DHL EXPRESS (TAIWAN) CORP.	"	1,244
Others (individual accounts with less than 5% of the total amount)		<u>20,738</u>
Total		<u><u>\$ 25,208</u></u>

NORTH-STAR INTERNATIONAL CO., LTD.

Statement of inventories

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	
		<u>Cost</u>	<u>Net realizable value</u>
Gasoline products	Premium Diesel	\$ 24,431	27,422
	Unleaded gasoline-98	9,792	11,551
	Unleaded gasoline-95	42,032	49,558
	Unleaded gasoline-92	20,618	24,521
	Charging piles	1,560	1,560
	Coproducts and others	1,177	1,177
	Less: allowance for inventory impairment and obsolesce	-	-
	Subtotal	<u>99,610</u>	<u>115,789</u>
Construction in progress	Yuguang section in Tainan City	257,278	895,909
Construction in progress	Guangming section in Pingdong City	<u>203,555</u>	<u>608,402</u>
		<u>460,833</u>	<u>1,504,311</u>
		<u>\$ 560,443</u>	<u>1,620,100</u>

Statement of financial assets measured at fair value through other comprehensive income - non-current

For the year ended December 31, 2021

<u>Name of financial instrument</u>	<u>Beginning Balance</u>		<u>Additions</u>		<u>Decrease</u>		<u>Ending Balance</u>		<u>Accumulated impairment</u>	<u>Collateral</u>	<u>Note</u>
	<u>Shares or units</u>	<u>Fair value</u>	<u>Shares or units</u>	<u>Amount</u>	<u>Shares or units</u>	<u>Amount</u>	<u>Shares or units</u>	<u>Fair value</u>			
LANYANG ENERGY TECHNOLOGY CO., LTD.	11	\$ -	-	-	-	-	11	-	-	None	
MA LI QIANG GREEN ENERGY CO., LTD.	41	517	-	18	-	-	41	535	-	None	
ART SOURCE CORP.	5	-	-	-	-	-	5	-	-	None	
		<u>\$ 517</u>		<u>18</u>		<u>-</u>		<u>535</u>	<u>-</u>		

NORTH-STAR INTERNATIONAL CO., LTD.

Statement of other current assets

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Incremental costs of obtaining a contract	Sales commission of real estate	\$ 33,360
Prepaid to suppliers	Prepayment for fleet cards	17,073
Prepaid expenses	Miscellaneous prepaid expenses	13,130
Others (individual accounts with less than 5% of the total amount)		<u>29,188</u>
		<u><u>\$ 92,751</u></u>

NORTH-STAR INTERNATIONAL CO., LTD.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Beginning Balance		Addition		Decrease		Investment income/(loss) recognized under equity method	Ending Balance			Market Value or Net Assets Value	Collateral
	Shares or units	Shares or units	Shares or units	Amount	Shares or units	Amount		Shares or units	Percentage of ownership	Amount		
NSTAR ENERGY CORPORATION	7,000	\$ 87,326	-	-	-	7,000 (Note1)	9,992	7,000	100 %	90,318	87,185	None
NORTH STAR INTERNATIONAL DEVELOPMENT	24,500	236,778	-	-	9,800	98,000	84,103	14,700	49 %	222,881	222,881	"
YANG JI ENTERPRISE	2,500	35,668	2,500	25,000	-	9,601 (Note1)	(1,090)	5,000	50 %	49,977	49,977	"
ZHONGHUA PRINCE PETROL FILLING STATION CO., LTD.	20,000	174,013	6,000	60,000	-	-	(28,551)	26,000	100 %	205,462	189,316	"
YING GUANG ENTERPRISE CO., LTD.	3,000	188,751	-	-	-	3,000 (Note1)	9,849	3,000	100 %	195,600	120,878	"
SANTI ENERGY CO., LTD. (Previous: SANLU DEVELOPMENT CO., LTD.)	13,000	114,673	62,925	629,812	-	-	(50,280)	75,925	100 %	694,205	694,160	"
JIN SHI HU HOTEL CO., LTD.	2,550	17,949	-	-	-	-	10,616	2,550	51 %	28,565	28,565	"
Total		<u>\$ 855,158</u>		<u>714,812</u>		<u>117,601</u>	<u>34,639</u>			<u>1,487,008</u>	<u>1,392,962</u>	

Note1: Cash dividend received for the year, recognized as decrease of investment accounted for using equity method.

NORTH-STAR INTERNATIONAL CO., LTD.

Statement of changes in property, plant and equipment

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(h).

Statement of changes in right-of-use assets

Please refer to note 6(i).

Statement of changes in investment property

Please refer to note 6(j).

NORTH-STAR INTERNATIONAL CO., LTD.

Statement of short-term borrowings

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Debtor</u>	<u>Type</u>	<u>Ending Balance</u>	<u>Period</u>	<u>Range of rate</u>	<u>Unused credit lines</u>	<u>Collateral</u>
AGRICULTURAL BANK OF TAIWAN	Secured loan	\$ 123,500	2018.10.22~2023.10.22	1,75%	123,500	Land held for construction
AGRICULTURAL BANK OF TAIWAN	Secured loan	73,049	2021.02.08~2025.02.08	1.75%	73,049	"
AGRICULTURAL BANK OF TAIWAN	Secured loan	18,851	2021.02.08~2025.02.08	1.75%	18,851	"
AGRICULTURAL BANK OF TAIWAN	Secured loan	3,000	2021.09.09~2025.10.12	1.90%	3,000	"
Total		<u>\$ 218,400</u>				

Statement of trade payables

<u>Client name</u>	<u>Description</u>	<u>Amount</u>
CPC CORPORATION, TAIWAN	Purchase	\$ 222,793
Others (individual accounts with less than 5% of the total amount)	"	<u>3,757</u>
		<u>\$ 226,550</u>

Statement of other payables

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Salary payable	Accrued bonus, salaries and paid leave, etc.	\$ 54,423
Expense payable	Accrued insurance expense, service fee, etc.	27,268
Accrued expenses	Accrued labor and health insurance, utilities and pension expenses, etc.	11,219
Business tax payable		7,314
Others (individual accounts with less than 5% of the total amount)		<u>3,307</u>
		<u>\$ 103,531</u>

NORTH-STAR INTERNATIONAL CO., LTD.

Statement of lease liabilities

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Lease term</u>	<u>Discount rate</u>	<u>Ending balance</u>	<u>Note</u>
Transportation equipment	Official car—Chailease	2021.03-2024.02	1.74%	\$ 777	
Transportation equipment	Official car—DELICA	2021.10-2024.10	1.74%	391	
Transportation equipment	Official car—TESLA	2021.09-2024.09	1.74%	1,330	
Transportation equipment	Official car—Chairman	2021.05-2024.05	1.74%	3,147	
Land and building	Land in Luzhu section	2018.09-2033.08	1.74%	16,521	
Land and building	Zhongyi road station	2020.06-2025.05	1.74%	998	
Land and building	Jixing station	2020.02-2024.12	1.74%	4,106	
Land and building	Xinshi station	2018.12-2033.11	1.74%	19,161	
Land and building	World trade station	2020.01-2020.12	1.74%	321	
Land and building	Dongyou station	2019.01-2022.06	1.74%	11,980	
Land and building	Donghong station	2019.01-2022.07	1.74%	2,088	
Land and building	Champion station	2019.01-2016.03	1.74%	16,099	
Land and building	Zhonghe station	2019.01-2026.03	1.74%	4,722	
Land and building	Gengsheng road station	2019.01-2023.01	1.74%	1,673	
Land and building	Luzhou station	2019.01-2022.06	1.74%	5,074	
Land and building	Tucheng interchange station	2019.01-2022.08	1.74%	1,135	
Land and building	Keelung station	2016.08-2027.12	1.74%	315	
Land and building	Zhongqing interchange station	2019.01-2023.08	1.74%	4,080	
Land and building	Central station	2019.01-2025.01	1.74%	5,143	
Land and building	Baili station	2020.05-2025.10	1.74%	3,107	
Land and building	Jianmin station	2020.05-2025.04	1.74%	7,767	
Land and building	Wudu station	2019.01-2022.04	1.74%	1,139	
Land and building	Jinshi station	2019.01-2032.10	1.74%	47,071	
Land and building	Prince station	2019.12-2034.11	1.74%	19,818	
Land and building	Gangshan station	2020.08-2030.07	1.74%	40,978	
Land and building	Kaochi station	2019.01-2032.10	1.74%	33,830	
Land and building	Minhsiung station	2021.06-2036.06	1.74%	93,494	
Land and building	Jiahe station	2021.05-2031.04	1.74%	47,662	
Land and building	Land in Huwei	2021.11-2031.12	1.74%	41,930	
Land and building	Charging piles	2021.07-2029.10	1.74%	7,299	
				<u>\$ 443,156</u>	

NORTH-STAR INTERNATIONAL CO., LTD.

Statement of other current liabilities

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Advance sales receipts	Receipt from specific customer and receipt for fleet cards	\$ 23,879
Deferred revenue	Customer loyalty program	17,020
Others (individual accounts with less than 5% of the total amount)		<u>9,472</u>
		<u>\$ 50,371</u>

NORTH-STAR INTERNATIONAL CO., LTD.

Statement of long-term borrowings

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Debtor</u>	<u>Description</u>	<u>Amount</u>	<u>Period</u>	<u>Interest rate</u>	<u>Collateral</u>
Shin Kong Bank	Unsecured loan	\$ 44,262	2020.06.15~2023.06.15	1.60 %	None
Shin Kong Bank	Secured loan	245,148	2019.11.07~2024.11.07	1.65 %	Land and buildings
Chang Hwa Bank (CHB)	Secured loan	33,718	2017.03.22~2024.03.22	1.51 %	Land and buildings
CHB	Secured loan	5,008	2017.03.22~2024.03.22	1.51 %	Land and buildings
CHB	Secured loan	20,556	2018.06.01~2025.06.01	1.51 %	Land and buildings
CHB	Secured loan	20,554	2018.06.05~2025.06.05	1.51 %	Land and buildings
CHB	Secured loan	24,332	2019.02.11~2026.02.11	1.51 %	Land and buildings
Mega Bank	Secured loan	240,000	2021.07.06~2028.07.06	1.50 %	Land and buildings
Mega Bank	Secured loan	60,000	2021.11.15~2028.07.16	1.50 %	Land and buildings
Mega Bank	Secured loan	10,100	2015.02.10~2022.02.10	1.47 %	Land and buildings
Land Bank	Secured loan	13,208	2020.12.15~2025.11.16	1.55 %	Small and Medium Enterprise Credit Guarantee Fund of Taiwan
Land Bank	Secured loan	3,302	2020.12.15~2025.11.16	1.55 %	Small and Medium Enterprise Credit Guarantee Fund of Taiwan
SinoPac Bank	Secured loan	135,000	2020.09.08~2017.09.08	1.28 %	Land and buildings
Taiwan Business Bank (TBB)	Secured loan	42,286	2016.12.22~2023.12.22	1.50 %	Land and buildings
TBB	Secured loan	53,833	2018.07.20~2023.07.20	1.45 %	Land and buildings
TBB	Secured loan	190,000	2021.11.16~2026.11.16	1.40 %	Land and buildings
Land Bank	Secured loan	64,984	2021.03.15~2025.11.16	1.55 %	Small and Medium Enterprise Credit Guarantee Fund of Taiwan
Land Bank	Secured loan	16,246	2021.03.15~2025.11.16	1.55 %	Small and Medium Enterprise Credit Guarantee Fund of Taiwan
Land Bank	Secured loan	33,775	2021.06.29~2025.11.16	1.55 %	Small and Medium Enterprise Credit Guarantee Fund of Taiwan
Land Bank	Secured loan	8,444	2021.06.29~2025.11.16	1.55 %	Small and Medium Enterprise Credit Guarantee Fund of Taiwan
Land Bank	Secured loan	179,000	2021.07.27~2026.07.27	1.49 %	Land and buildings
		1,443,756			
Less: current portion		<u>(193,299)</u>			
		<u>\$ 1,250,457</u>			

NORTH-STAR INTERNATIONAL CO., LTD.

Statement of operating revenue

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Quantity (kg)</u>	<u>Amount</u>
Premium Diesel	38,722	\$ 897,465
Unleaded gasoline 98	9,175	267,329
Unleaded gasoline 95	96,241	2,619,645
Unleaded gasoline 92	22,634	584,247
Coproducts and others		100,421
Others		<u>2,028</u>
Operating revenues		<u><u>\$ 4,471,135</u></u>

Statement of operating costs

For the year ended December 31, 2021

<u>Item</u>	<u>Amount</u>
Beginning inventories	\$ 107,918
Purchase	3,820,490
Ending inventories	(99,610)
Less: others	<u>(15,883)</u>
Cost of inventory sold	3,812,915
Other operating costs	<u>7,191</u>
Total	<u><u>\$ 3,820,106</u></u>

NORTH-STAR INTERNATIONAL CO., LTD.

Statement of selling expenses

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Salary and wages	\$ 262,925
Depreciation	102,409
Insurance fee	32,659
Handling fee	24,126
Other expenses	26,734
Others (individual accounts with less than 5% of the total amount)	59,873
	\$ 508,726

Statement of administrative expenses

Item	Amount
Salary and wages	\$ 35,250
Depreciation	7,126
Other expenses	6,936
Insurance fee	4,451
Service fee	8,369
Handling fee	11,903
Others (individual accounts with less than 5% of the total amount)	9,773
	\$ 83,808