Stock Code:2614

# EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

**Consolidated Financial Statements**

**With Independent Auditors' Report**
**For the Years Ended December 31, 2020 and 2019**

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

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## Representation Letter

The entities that are required to be included in the combined financial statements of Eastern Media International Corporation as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Eastern Media International Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Eastern Media International Corporation
Chairman: Liao, Shang-Wen
Date: March 25, 2021

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# Independent Auditors' Report

To the Board of Directors of Eastern Media International Corporation:

## Opinion

We have audited the consolidated financial statements of Eastern Media International Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

## Basis for Opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (" the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis of our opinion.

## Other Matter

We did not audit the financial statements of partial companies, associates of the Group, which represented investments in other entities accounted for using the equity method. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for partial companies, is based solely on the reports of other auditors. The investments in partial companies accounted for using the equity method constituting 12.03% and 0.17% of consolidated total assets at December 31, 2020 and 2019, respectively, and the related share of profit of associates accounted for using the equity method constituting (7.26)% and (4.55)% of consolidated total profit before tax for the years then ended, respectively.

Eastern Media International Corporation has prepared its parent-company-only financial statements as of and for the years ended  December 31, 2020 and 2019, on which we have issued an unqualified opinion with other matters paragraph and unqualified opinion with emphasis paragraph and other matter paragraph respectively.

**Key Audit Matters**

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

1. Revenue recognition

   Please refer to Note 4(s) "Revenue recognition" for accounting policy related to revenue recognition, and Note 6(z) "Revenue from contracts with customers from continuing operation" to the consolidated financial statements.

   Description of key audit matter:

   Major of the operating revenue sources of the Group are the services of warehousing, media advertising, and pet merchandise sales. The impact of revenue recognition on financial report is significant. Therefore, revenue recognition is one of the key matters in our audit.

   How the matter was addressed in our audit:

   In response to the risk mentioned above, we planned to perform the following audit procedures: understanding the sales and collection cycle, and sampling to test the effectiveness of manual control and internal control. Additionally, we would perform test of detail on revenue; as well as perform sales cut off test on the periods before and after the balance sheet date by inspecting relevant documents of sales transactions to determine whether sales had been appropriately recognized.

2. Right-of-use assets impairment

   Please refer to Note 4(o) "Leases " and Note 4(q) “Impairment of non-financial assets” for accounting policy related to right-of-use assets impairment, and Note 6(m) " Right-of-use assets" to the consolidated financial statements.

   Description of key audit matter:

   The right-of-use assets of the Group constituted 44.45% of its consolidated assets. The assets mentioned above is likely to be influenced by the government policies and economic environments, which may result in the recoverability of the assets valued with discounted cash flow to be highly uncertain. Therefore, right-of-use assets impairment is one of the key matters in our audit.

   How the matter was addressed in our audit:

   In response to the risk mentioned above, we have performed the following audit procedures: evaluating the consistency of discounted cash flow and the future operating plans; verifying the assumptions made by the management according to (i) external information, (ii) understanding of the Group, and (iii) relative business information; evaluating the ratios such as the growth rate, discount rate, gross profit rate, etc. to determine whether they were adopted properly.

3. The investments accounted of using equity method impairment

   Please refer to Note 4(m) " Investment in associates " and Note 4(q) “Impairment of non-financial assets” for accounting policy related to the investments accounted of using equity method impairment, and Note 6(h) " investments accounted for using equity method " to the consolidated financial statements.

   Description of key audit matter:

   The investments accounted of using equity method of the Group amounted to $2,443,035 thousand, constituting 15.06% of its consolidated assets. The evaluation of the impairment on December 31 is significant to the consolidated financial statements. There are risks that the assumption of the financial performance and cash flows related to the Group’s associates which Management uses remains a highly uncertainty. This risk may affect the recoverability of the asset mentioned above. Therefore, the evaluation of the investments accounted of using equity method impairment is one of the key matters in our audit.

   How the matter was addressed in our audit:

   In response to the risk mentioned above, we planned to perform the following audit procedures: obtaining the information on which the management relied to make assumptions and evaluations for the report made by external expert; engaging evaluation experts to assess the appropriateness of the evaluation methods and assumptions used by them, including the discount rate and the forecast of future cash flows; comparing the forecasted and historical data, past forecasts and actual conditions; evaluating the reasonableness of past management’s estimates.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group’s financial reporting process.

**Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Shih-Chin Chih and Chung-Che Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 25, 2021

**Notes to Readers**

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

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

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

# EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

## Consolidated Balance Sheets

## December 31, 2020 and 2019

## (Expressed in Thousands of New Taiwan Dollars)

| | | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|---|
| | **Assets** | **Amount** | **%** | **Amount** | **%** |
| | **Current assets:** | | | | |
| 1100 | Cash and cash equivalents (Note 6(a)) | $ 1,855,653 | 11 | 1,829,578 | 13 |
| 1110 | Current financial assets at fair value through profit or loss (Note 6(b)) | 381,611 | 2 | 242,539 | 2 |
| 1151 | Notes receivable (Notes 6(d), (z)) | 63,006 | - | 63,781 | - |
| 1160 | Notes receivable due from related parties, net (Notes 6(d), (z) and 7) | 54,568 | - | - | - |
| 1170 | Accounts receivable, net (Notes 6(d) and (z)) | 333,369 | 2 | 329,927 | 2 |
| 1180 | Accounts receivable due from related parties, net (Notes 6(d), (z) and 7) | 22,573 | - | 21,799 | - |
| 1200 | Other receivables, net (Notes 6(b) and (e)) | 93,616 | 1 | 164,114 | 1 |
| 1210 | Other receivables due from related parties, net (Notes 6(e) and 7) | 7,392 | - | 2,807 | - |
| 130X | Inventories (Note 6(f)) | 346,909 | 2 | 274,144 | 2 |
| 1400 | Current biological assets, net | 12,405 | - | 8,381 | - |
| 1410 | Prepayments (Note 7) | 65,036 | 1 | 75,618 | - |
| 1476 | Other current financial assets (Notes 6(a) and 8) | 43,934 | 1 | 194,919 | 2 |
| 1479 | Other current assets, others | 915 | - | 354 | - |
| 1460 | Non-current assets classified as held for sale, net (Note 6(g) and (k)) | - | - | 615 | - |
| | | 3,280,987 | 20 | 3,208,576 | 22 |
| | **Non-current assets:** | | | | |
| 1517 | Non-current financial assets at fair value through other comprehensive income (Note 6(c)) | 8,104 | - | 13,123 | - |
| 1550 | Investments accounted for using equity method, net (Note 6(h)) | 2,443,035 | 15 | 2,459,062 | 16 |
| 1600 | Property, plant and equipment (Notes 6(l), 7 and 8) | 1,669,684 | 10 | 1,439,296 | 10 |
| 1755 | Right-of-use assets (Notes 6(m)) | 7,210,677 | 45 | 6,762,163 | 45 |
| 1780 | Intangible assets (Note 6(n) and 7) | 467,334 | 3 | 490,834 | 3 |
| 1840 | Deferred tax assets (Note 6(w)) | 414,169 | 3 | 214,855 | 2 |
| 1920 | Refundable deposits (Notes 6(m) and 8) | 562,689 | 3 | 281,990 | 2 |
| 1980 | Other non-current financial assets (Note 8) | 33,760 | - | 750 | - |
| 1990 | Other non-current assets, others (Note 9) | 133,035 | 1 | 35,138 | - |
| | | 12,942,487 | 80 | 11,697,211 | 78 |
| | **Total assets** | **$ 16,223,474** | **100** | **14,905,787** | **100** |

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

# EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

## Consolidated Balance Sheets (CONT'D)

## December 31, 2020 and 2019

## (Expressed in Thousands of New Taiwan Dollars)

| | | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|---|
| | **Liabilities and Equity** | **Amount** | **%** | **Amount** | **%** |
| | **Current liabilities:** | | | | |
| 2100 | Short-term borrowings (Notes 6(o), (af) and 8) | $ 62,295 | 1 | 58,000 | 1 |
| 2110 | Short-term notes and bills payable (Notes 6(p) and 8) | - | - | 20,000 | - |
| 2130 | Current contract liabilities (Notes 6(z) and 7) | 37,439 | - | 24,913 | - |
| 2150 | Notes payable (Notes 6(q) and (af)) | 94,604 | 1 | 44,806 | - |
| 2170 | Accounts payable (Note 7) | 204,805 | 1 | 198,868 | 1 |
| 2180 | Accounts payable due from related parties (Note 7) | 11,483 | - | 8,467 | - |
| 2200 | Other payables (Note 6(af)) | 623,289 | 4 | 577,052 | 5 |
| 2220 | Other payables due from related parties (Notes 6(af) and 7) | 16,660 | - | 184,529 | 1 |
| 2230 | Current tax liabilities | 14,111 | - | 22,061 | - |
| 2280 | Current lease liabilities (Note 6(t)) | 1,174,478 | 7 | 954,147 | 7 |
| 2310 | Advance receipts (Note 7) | 23,125 | - | 14,534 | - |
| 2320 | Long-term liabilities, current portion (Notes 6(r), (s), (af) and 8) | 290,529 | 2 | 67,789 | - |
| 2399 | Other current liabilities, others (Note 7) | 28,433 | - | 28,997 | - |
| | | 2,581,251 | 16 | 2,204,163 | 15 |
| | **Non-Current liabilities:** | | | | |
| 2540 | Long-term borrowings (Notes 6(r), (af) and 8) | 637,986 | 4 | 338,000 | 2 |
| 2570 | Deferred tax liabilities (Note 6(w)) | 48 | - | - | - |
| 2580 | Non-current lease liabilities (Note 6(t)) | 6,167,307 | 38 | 5,874,708 | 40 |
| 2610 | Long-term notes and accounts payable (Note 6(s)) | 60,886 | - | - | - |
| 2640 | Net defined benefit liability, non-current (Note 6(v)) | 25,717 | - | 31,549 | - |
| 2645 | Guarantee deposits received | 4,756 | - | 7,188 | - |
| | | 6,896,700 | 42 | 6,251,445 | 42 |
| | **Total liabilities** | 9,477,951 | 58 | 8,455,608 | 57 |
| | **Equity attributable to owners of parent (Note 6(x)):** | | | | |
| 3100 | Capital stock | 5,567,899 | 35 | 5,567,899 | 37 |
| 3200 | Capital surplus | 20,769 | - | 20,769 | - |
| 3300 | Retained earnings | 983,904 | 6 | 1,000,273 | 7 |
| 3400 | Other equity interest | (295,956) | (2) | (227,801) | (2) |
| | **Total equity attributable to owners of parent:** | 6,276,616 | 39 | 6,361,140 | 42 |
| 36XX | Non-controlling interests (Note 6(j)) | 468,907 | 3 | 89,039 | 1 |
| | **Total equity** | 6,745,523 | 42 | 6,450,179 | 43 |
| | **Total liabilities and equity** | **$ 16,223,474** | **100** | **14,905,787** | **100** |

See accompanying notes to consolidated financial statements.

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

# EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Comprehensive Income

## For the years ended December 31, 2020 and 2019

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

| | | For the years ended December 31 | | | |
|---|---|---|---|---|---|
| | | 2020 | | 2019 | |
| | | Amount | % | Amount | % |
| 4000 | **Operating revenue (Notes 6(z) and 7)** | $ 4,728,014 | 100 | 3,129,360 | 100 |
| 5000 | **Operating costs (Notes 6(f), (u), (v), (aa) and 7)** | 3,283,081 | 69 | 2,186,703 | 70 |
| | **Gross profit from operations** | 1,444,933 | 31 | 942,657 | 30 |
| 6000 | **Operating expenses (Notes 6(v), (aa) and 7)** | 1,444,426 | 31 | 952,470 | 31 |
| 6450 | **Impairment loss determined in accordance with IFRS 9 (Notes 6(d))** | 10,662 | - | 13,414 | - |
| | **Net operating loss** | (10,155) | - | (23,227) | (1) |
| | **Non-operating income and expenses:** | | | | |
| 7100 | Interest income (Notes 6(ab) and 7) | 14,953 | - | 22,456 | 1 |
| 7010 | Other income (Notes 6(t), (ab) and 7) | 224,352 | 5 | 29,557 | 1 |
| 7020 | Other gains and losses, net (Notes 6(h), (k), (m), (n), (ab) and 7) | (43,461) | (1) | 360,224 | 12 |
| 7050 | Finance costs, net (Notes 6(ab) and 7) | (225,745) | (5) | (146,078) | (5) |
| 7060 | Share of profit of associates accounted for using equity method (Note (h)) | 349,775 | 7 | 117,788 | 4 |
| 7900 | **Profit from continuing operations before tax** | 309,719 | 6 | 360,720 | 12 |
| 7950 | Less: Income tax benefits (Note 6(w)) | (183,387) | (4) | (184,005) | (6) |
| 8100 | **Loss from discontinued operations, net of tax (Note 12(b))** | - | - | (168,130) | (6) |
| | **Net Profit** | 493,106 | 10 | 376,595 | 12 |
| 8300 | **Other comprehensive income:** | | | | |
| 8310 | **Components of other comprehensive income that will not be reclassified to profit or loss** | | | | |
| 8311 | Losses on remeasurements of defined benefit plans | 997 | - | (4,764) | - |
| 8316 | Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income | 19,488 | - | 263 | - |
| 8320 | Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss | (935) | - | (809) | - |
| 8349 | Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | - | - | - | - |
| | Total components of other comprehensive income that will not to be reclassified to profit or loss | 19,550 | - | (5,310) | - |
| 8360 | **Components of other comprehensive income (loss) that will be reclassified to profit or loss** | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | 680 | - | (48,900) | (2) |
| 8370 | Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss | (68,973) | (1) | (6,689) | - |
| 8399 | Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss | - | - | - | - |
| | Total components of other comprehensive income that will be reclassified to profit or loss | (68,293) | (1) | (55,589) | (2) |
| 8300 | **Other comprehensive income, net of tax** | (48,743) | (1) | (60,899) | (2) |
| | **Total comprehensive income** | **$ 444,363** | **9** | **315,696** | **10** |
| | **Profit attributable to:** | | | | |
| 8610 | Owners of parent | $ 520,859 | 11 | 390,531 | 12 |
| 8620 | Non-controlling interests | (27,753) | (1) | (13,936) | - |
| | | **$ 493,106** | **10** | **376,595** | **12** |
| | **Comprehensive income attributable to:** | | | | |
| | Owners of parent | $ 472,266 | 10 | 329,653 | 11 |
| | Non-controlling interests | (27,903) | (1) | (13,957) | (1) |
| | | **$ 444,363** | **9** | **315,696** | **10** |
| | **Earnings per share (Note 6 (y))** | | | | |
| 9750 | Basic earnings per share | | | | |
| | Basic earnings per share from continuing operations | $ | 0.94 | | 1.00 |
| | Basic loss per share from discontinued operations | | - | | (0.30) |
| | Total basic earnings per share | **$** | **0.94** | | **0.70** |
| 9850 | Diluted earnings per share | | | | |
| | Diluted earnings per share from continuing operations | $ | 0.93 | | 1.00 |
| | Diluted loss per share from discontinued operations | | - | | (0.30) |
| | Total diluted earnings per share | **$** | **0.93** | | **0.70** |

See accompanying notes to consolidated financial statements.

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

# EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Changes in Equity

## For the years ended December 31, 2020 and 2019

## (Expressed in Thousands of New Taiwan Dollars)

| | Equity attributable to owners of parent | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | | Retained earnings | | | Total other equity interest | | | | | |
| | Ordinary shares | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income | Treasury shares | Total equity attributable to owners of parent | Non-controlling interests | Total equity |
| **Balance at January 1, 2019** | $ 5,567,899 | 5,165 | 40,203 | 39,310 | 1,103,318 | (168,588) | (14,634) | (11) | 6,572,662 | 1,640,574 | 8,213,236 |
| Profit (loss) for the year ended December 31, 2019 | - | - | - | - | 390,531 | - | - | - | 390,531 | (13,936) | 376,595 |
| Other comprehensive income for the year ended December 31, 2019 | - | - | - | - | (5,561) | (55,542) | 225 | - | (60,878) | (21) | (60,899) |
| Total comprehensive income for the year ended December 31, 2019 | - | - | - | - | 384,970 | (55,542) | 225 | - | 329,653 | (13,957) | 315,696 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | |
| Legal reserve appropriated | - | - | 107,100 | - | (107,100) | - | - | - | - | - | - |
| Special reserve appropriated | - | - | - | 143,912 | (143,912) | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (556,790) | - | - | - | (556,790) | - | (556,790) |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | - | - | - | (10,738) | - | 10,738 | - | - | - | - |
| Loss of control to subsidiary | - | - | - | - | - | - | - | 11 | 11 | 33 | 44 |
| Changes in equity interests in subsidiaries | - | 15,604 | - | - | - | - | - | - | 15,604 | 26,849 | 42,453 |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | (1,562,865) | (1,562,865) |
| Cash dividends contributed by subsidiaries | - | - | - | - | - | - | - | - | - | (1,595) | (1,595) |
| Balance at December 31, 2019 | 5,567,899 | 20,769 | 147,303 | 183,222 | 669,748 | (224,130) | (3,671) | - | 6,361,140 | 89,039 | 6,450,179 |
| Profit (loss) for the year ended December 31, 2020 | - | - | - | - | 520,859 | - | - | - | 520,859 | (27,753) | 493,106 |
| Other comprehensive income for the year ended December 31, 2020 | - | - | - | - | 70 | (68,160) | 19,497 | - | (48,593) | (150) | (48,743) |
| Total comprehensive income for the year ended December 31, 2020 | - | - | - | - | 520,929 | (68,160) | 19,497 | - | 472,266 | (27,903) | 444,363 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | |
| Legal reserve appropriated | - | - | 37,423 | - | (37,423) | - | - | - | - | - | - |
| Special reserve appropriated | - | - | - | 44,579 | (44,579) | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (556,790) | - | - | - | (556,790) | - | (556,790) |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | - | - | - | 19,492 | - | (19,492) | - | - | 418 | 418 |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | 413,265 | 413,265 |
| Cash dividends contributed by subsidiaries | - | - | - | - | - | - | - | - | - | (5,912) | (5,912) |
| **Balance at December 31, 2020** | **$ 5,567,899** | **20,769** | **184,726** | **227,801** | **571,377** | **(292,290)** | **(3,666)** | **-** | **6,276,616** | **468,907** | **6,745,523** |

See accompanying notes to consolidated financial statements.

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

# EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

## For the years ended December 31, 2020 and 2019

## (Expressed in Thousands of New Taiwan Dollars)

| | For the years ended December 31 | |
|---|---|---|
| | 2020 | 2019 |
| **Cash flows from operating activities:** | | |
| **Profit from continuing operations before tax** | $ 309,719 | 360,720 |
| **Loss from discontinued operations before tax** | - | (168,130) |
| **Profit before tax** | 309,719 | 192,590 |
| **Adjustments:** | | |
| **Adjustments to reconcile profit (loss):** | | |
| Depreciation expense | 1,237,463 | 832,343 |
| Amortization expense | 34,016 | 15,560 |
| Net gain on financial assets at fair value through profit or loss | (68,993) | (178,287) |
| Interest expense | 225,745 | 148,608 |
| Interest income | (14,953) | (24,021) |
| Dividend income | (4,765) | (4,186) |
| Share of profit of associates and joint ventures accounted for using equity method | (349,775) | (117,788) |
| Loss on disposal of property, plan and equipment | 3,669 | 1,398 |
| Gain on disposal of intangible assets | - | (12,510) |
| Loss on disposal of investments | 4,809 | 18,264 |
| Reversal of provision for onerous contract | - | (5,010) |
| Expected credit loss | 10,662 | 32,421 |
| Impairment loss on non-financial assets | 156,336 | 17,163 |
| Rent reductions listed as other income | (174,520) | - |
| Gain from lease modification | (732) | (91,502) |
| **Total adjustments to reconcile profit** | 1,058,962 | 632,453 |
| **Changes in operating assets and liabilities:** | | |
| **Changes in operating assets, net:** | | |
| (Increase) decrease in current financial assets at fair value through profit or loss | (76,707) | 665,855 |
| (Increase) decrease in notes receivable | (54,326) | 27,834 |
| Increase in accounts receivable | (13,970) | (75,444) |
| Increase in accounts receivable due from related parties | (774) | (10,463) |
| (Increase) decrease in other receivable | (33,969) | 18,218 |
| Increase in inventories | (73,092) | (7,515) |
| Increase in biological assets | (4,024) | - |
| Decrease in prepayments | 11,735 | 4,468 |
| (Increase) decrease in other current assets | (561) | 5,698 |
| Decrease (increase) in other operating assets | 10,588 | (62,481) |
| **Total changes in operating assets, net** | (235,100) | 566,170 |
| **Changes in operating liabilities, net:** | | |
| Increase (decrease) in contract liabilities | 12,526 | (14,681) |
| (Decrease) increase in notes payable | (16,847) | 5,684 |
| Increase in accounts payable | 8,954 | 76,759 |
| Increase (decrease) in other payable | 52,996 | (160,881) |
| Increase in receipts in advance | 8,416 | 32,056 |
| Decrease in other current liabilities | (564) | (3,276) |
| Decrease in non-current net defined benefit liability | (4,835) | (27,464) |
| Decrease in other operating liabilities | - | (894) |
| **Total changes in operating liabilities, net** | 60,646 | (92,697) |
| **Net changes in operating assets and liabilities** | (174,454) | 473,473 |
| **Total adjustments** | 884,508 | 1,105,926 |
| Cash inflow generated from operations | 1,194,227 | 1,298,516 |
| Income taxes paid | (24,810) | (1,738) |
| **Net cash flows from operating activities** | 1,169,417 | 1,296,778 |

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

# EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Cash Flows (CONT'D)

## For the years ended December 31, 2020 and 2019

## (Expressed in Thousands of New Taiwan Dollars)

| | | For the years ended December 31 | |
|---|---|---|---|
| | | 2020 | 2019 |
| **Cash flows from (used in) investing activities:** | | | |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | | 24,925 | 181 |
| Proceeds from disposal of investments accounted for using equity method | | 24,473 | - |
| Net cash flow from acquisition of subsidiaries | | 16,235 | (325,860) |
| Proceeds from disposal of subsidiaries | | 734 | (7,633) |
| Acquisition of property, plant and equipment | | (371,047) | (205,308) |
| Proceeds from disposal of property, plant and equipment | | 1,310 | 2,716 |
| Increase in refundable deposits | | (281,016) | (80,878) |
| Decrease in other receivables | | 100,000 | - |
| Acquisition of intangible assets | | (18,294) | (24,568) |
| Capital reduction of non-current financial assets at fair value through other comprehensive income | | - | 24,799 |
| Loss of control of subsidiary | | - | (1,271,295) |
| Decrease in other financial assets | | 107,387 | 155,583 |
| Increase in non-current assets | | (97,897) | (8,246) |
| Interest received | | 15,103 | 24,067 |
| Dividends received | | 270,252 | 228,281 |
| **Net cash flows used in investing activities** | | (207,835) | (1,488,161) |
| **Cash flows from (used in) financing activities:** | | | |
| Increase in short-term loans | | 645,295 | - |
| Decrease in short-term loans | | (641,000) | (2,633) |
| (Decrease) increase in short-term notes and bills payable | | (20,000) | 20,000 |
| Increase in long-term debt | | 826,500 | 320,395 |
| Decrease in long-term debt | | (421,978) | (631,886) |
| Increase in notes payable | | 63,715 | - |
| (Decrease) increase in guarantee deposits received | | (2,432) | 2,843 |
| Increase in other payables due from related parties | | 130,000 | - |
| Decrease in other payables due from related parties | | (310,000) | - |
| Payment of lease liabilities | | (979,074) | (654,294) |
| Increase in long-term notes payable | | 176,890 | - |
| Issuance of cash dividends by subsidiaries | | (562,702) | (558,385) |
| Interest paid | | (241,151) | (148,468) |
| Change in non-controlling interests | | 405,000 | 58,500 |
| **Net cash flows used in financing activities** | | (930,937) | (1,593,928) |
| **Effect of exchange rate changes on cash and cash equivalents** | | (4,570) | (1,897) |
| **Net increase (decrease) in cash and cash equivalents** | | 26,075 | (1,787,208) |
| **Cash and cash equivalents at beginning of period** | | 1,829,578 | 3,617,401 |
| **Cash and cash equivalents at end of period** | **$** | **1,855,653** | **1,830,193** |
| Cash and cash equivalents reported in the statement of financial position | $ | 1,855,653 | 1,829,578 |
| Assets classified as held for sale, net | | - | 615 |
| **Cash and cash equivalents at end of period** | **$** | **1,855,653** | **1,830,193** |

See accompanying notes to consolidated financial statements.

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

**EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

## (1) Company history

Eastern Media International Corporation (the "Company") was established on May 14, 1975 to promote the private port silo business, and its warehouse officially opened in 1980 with the completion of its silo. In order to enhance the operating performance and expand the business scope, the Company merged with Grain Union Transport Ltd. on May 15, 1989. The Company' s shares listed on the Taiwan Stock Exchange, classified in the shipping category, on September 25, 1995. In recent years, as the proportion of revenue from shipping has declined and the proportion of revenue from trade has increased to more than 50% of overall revenue, the Company's shares have changed classification to the retail sales category, as approved by the Taiwan Stock Exchange on July 1, 2014.

The Company's business development is mainly based on diversification. In addition to land development, grain trading and consumer product development and sales, the Company has diversified into new businesses such as cross-strait trade platform and multimedia shopping through its investment in subsidiaries since 2009.

The main businesses of the Company and its subsidiaries (the "Group") include forwarding, loading and unloading cargo onto/from ships, the handling and operation of wharf and transit shed facilities, selling pet food and supplies, providing pet beauty service, video advertising services and the production of related shows. In addition, the Group terminated all of the lease contracts of its shipping operations in advance in June 2019. Please refer to Note 12 for details.

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

The consolidated financial statements were authorized for issuance by the Board of Directors on March 25, 2021.

## (3) New standards, amendments and interpretations adopted:

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

The details of impact on the Group's adoption of the new amendments beginning January 1, 2020 are as follows:

(i) Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

As a practical expedient, a lessee may elect not to assess whether a rent concession that meets certain conditions is a lease modification, rather any changes in lease liability are recognized in profit or loss. The amendments have been endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") in July 2020, earlier application from January 1, 2020 is permitted. Related accounting policy is explained in Note 4(o).

The Group has elected to apply the practical expedient for all rent concessions that meet the criteria beginning January 1, 2020, with early adoption. No adjustment was made upon the initial application of the amendments. The amounts recognized in profit or loss for the year ended December 31, 2020 was $174,520.

(ii) Other amendments

The following new amendments, effective January 1, 2020, do not have a significant impact on the Group's consolidated financial statements:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- 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"

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- 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"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

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

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of preparation

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

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) The defined benefit liabilities (assets) are measured at the plan assets less the present value of the defined benefit obligation, limited as explained in Note 4(v),

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principles for preparing consolidated financial statements

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

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

(Continued)

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

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements:

| | | | Shareholding ratio | | |
|---|---|---|---|---|---|
| **Investor** | **Subsidiary** | **Nature of business** | **December 31, 2020** | **December 31, 2019** | **Notes** |
| The Company | Far Eastern Silo & Shipping (Panama) S.A.(FESS-Panama) | Holding company | 100.00 % | 100.00 % | Note A |
| The Company | Far Eastern Silo & Shipping International (Bermuda) Ltd.(FESS-Bermuda) | Holding company | 100.00 % | 100.00 % | Note A |
| The Company | Far Eastern Investment Co., Ltd.(EIC) | Investing activities | 97.90 % | 97.90 % | Note A |
| The Company | Grand Richness Trading (Hong Kong) Co. (Grand Richness (Hong Kong)) | Holding company | 100.00 % | 100.00 % | Note A |
| The Company | Eastern International Lease Finance Co., Ltd. (EILF) | Leasing | 53.77 % | 53.77 % | Note A |
| The Company | Tung Kai Lease Finance Co., Ltd. (TKLF) | Leasing | 53.76 % | 53.76 % | Note A |
| The Company | Eastern Home Shopping & Leisure Co., Ltd. (EHS) | Department stores, supermarkets, online stores | - % | - % | (Note 2) |
| The Company | ET New Media (ETtoday) Holdings Co., Ltd. (ET New Media) | Advertising | 89.20 % | 89.20 % | Note A (Note 4) |
| The Company | EHR Hotels & Resorts Group Yilan (EHR) | Leisure site management, catering business | 60.40 % | 60.40 % | Note A |
| The Company | Mohist Web Technology Co., Ltd. (MWT) | Application Service | 51.00 % | 51.00 % | Note A |
| The Company | Eastern New Retail Department (EIM) Co., Ltd. (ET New Retail Department) | Agency service | - % | - % | (Note 1) |

(Continued)

# EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
## Notes to the Consolidated Financial Statements

| | | | Shareholding ratio | | |
|---|---|---|---|---|---|
| **Investor** | **Subsidiary** | **Nature of business** | **December 31, 2020** | **December 31, 2019** | **Notes** |
| The Company | Eastern Asset Co., Ltd. (Eastern Asset) | Real estate leasing | 55.00 % | - % | Note A (Note 11) |
| EIC | Eastern International Lease Finance Co., Ltd. (EILF) | Leasing | 10.00 % | 10.00 % | Note B |
| EIC | Tung Kai Lease Finance Co., Ltd. (TKLF) | Leasing | 10.00 % | 10.00 % | Note B |
| EIC | EHR Hotels & Resorts Group Yilan (EHR) | Leisure site management, catering business | 13.20 % | 13.20 % | Note B |
| EIC | ET New Media (ETtoday ) Holdings Co., Ltd. (ET New Media) | Advertising | 1.05 % | 1.05 % | Note B (Note 4) |
| EIC | Eastern Home Shopping & Leisure Co., Ltd. (EHS) | Department stores, supermarkets, online stores | - % | - % | (Note 2) |
| EILF | Tung Kai Lease Finance Co., Ltd. (TKLF) | Leasing | 36.00 % | 36.00 % | Note B |
| EILF | EHR Hotels & Resorts Group Yilan (EHR) | Leisure site management, catering business | 13.20 % | 13.20 % | Note B |
| TKLF | Eastern International Lease Finance Co., Ltd. (EILF) | Leasing | 36.00 % | 36.00 % | Note B |
| TKLF | EHR Hotels & Resorts Group Yilan (EHR) | Leisure site management, catering business | 13.20 % | 13.20 % | Note B |
| ET New Media | Show Off Co., Ltd. (Show Off) | Video advertising service | 100.00 % | 100.00 % | Note C (Note 14) |
| ET New Media | ET Pet Co., Ltd (ET Pet) | Pet food and supplies and providing pet beauty service | 92.50 % | 92.50 % | Note C (Note 6) |
| ET New Media | Dung sen shin guang yun Co., Ltd. (Dung sen shin guang yun) | Audiovisual and singing, information leisure | 100.00 % | 100.00 % | Note C (Note 7) |
| ET New Media | Dung sen dian jing yun Co., Ltd. (Dung sen dian jing yun) | Amusement park information leisure | 100.00 % | 100.00 % | Note C (Note 8) |
| ET New Media | Dung sen shin wen yun Co., Ltd (Dung sen shin wen yun) | Video advertrsing service | 100.00 % | 100.00 % | Note C (Note 9) |
| ET New Media | Dung sen min diau yun Co., Ltd (Dung sen min diau yun) | Consulting management, market research and opinion poll | 100.00 % | - % | Note C (Note 13) |
| ET Pet | Oscar Pet Co., Ltd. (Oscar) | Pet food and supplies and providing pet beauty service | 80.00 % | 80.00 % | Note C (Note 10) |
| ET Pet | Pet Kingdom Co., Ltd. (Pet Kingdom) | Pet food and supplies and providing pet beauty service | 80.00 % | 80.00 % | Note C (Note 10) |
| ET Pet | Kaou Sin Trading Co., Ltd. (Kaou Sin) | Pet food and supplies and providing pet beauty service | 80.00 % | 80.00 % | Note C (Note 10) |
| FESS-Panama | Grand Scene Media Corporation (GSMC-Cayman) | Holding company | 100.00 % | 100.00 % | Note C |
| FESS-Panama | Eastern Media Communication (Hong Kong) Ltd. (Eastern Media Communication Hong Kong) | Holding company | 100.00 % | 100.00 % | Note C |

(Continued)

## EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
## Notes to the Consolidated Financial Statements

| | | | Shareholding ratio | | |
|---|---|---|---|---|---|
| Investor | Subsidiary | Nature of business | December 31, 2020 | December 31, 2019 | Notes |
| FESS-Bermuda | RICHNESS TRADING (SHANGHAI) CO. LTD. (RICHNESS TRADING (SHANGHAI)) | Cosmetics, jewelry, and household sundries wholesaling and support services | 8.77 % | 8.77 % | Note C |
| Grand Richness (Hong Kong) | Sheng Hang Trading (Shanghai) Ltd. (Sheng Hang (Shanghai)) | Food and grocery, home appliance wholesale and retail trade | - % | - % | (Note 5) |
| EHS | Yongliang Commercial and Trading Co., Ltd. (Yongliang) | Wholesale business of various commodities materials and equipment | - % | - % | (Note 2) |
| EHS | Dongsen D'Amour SPA (Dongsen D'Amour) | Clothing industry clothing shoes hats and apparel wholesale | - % | - % | (Note 2) |
| EHS | Assuran Co., Ltd (Assuran) | Cleaning supplies | - % | - % | (Note 2) |
| EHS | Strawberry Cosmetics Holdings Limited (Strawberry Holdings) | Skin care, perfume, cosmetics retail | - % | - % | (Note 2) |
| Eastern Media Communication (Hong Kong) | Xiang Fu Trading (Shanghai) Ltd. (Xiang Fu (Shanghai)) | Cosmetics, jewelry, and household sundries wholesaling and support services | 91.23 % | 91.23 % | Note C |
| RICHNESS TRADING (SHANGHAI) | Shanghai Rich Industry Ltd. (Shanghai Rich) | Producing and broadcasting TV programs, wholesale and retail groceries business | 100.00 % | 100.00 % | Note C |
| GSMC-Cayman | GRAND SCENE TRADING (HONG KONG) LIMITED (GRAND SCENE TRADING (HONG KONG)) | Holding company | 100.00 % | 100.00 % | Note C |
| GRAND SCENE TRADING (HONG KONG) | Nanjing Yun Fu Trading Ltd. (Nanjing Yun Fu) | Paper products, clothing, shoes & hats, entertainment products, toys import and export Support services and management consultancy | 100.00 % | 100.00 % | Note C |
| GRAND SCENE TRADING (HONG KONG) | Eastern Enterprise Custom Broker Ltd. (Eastern En) | Transport consulting service | - % | - % | Note C (Note 3) |
| GRAND SCENE TRADING (HONG KONG) | Eastern Biotechnology (Shanghai) (Eastern Food (Shanghai)) Ltd. (Eastern Biotechnology (Shanghai)) | Selling agricultural products, packaged food | - % | 100.00 % | Note C (Note 3) |
| GRAND SCENE TRADING (HONG KONG) | Eastern Enterprise Shanghai Logistics Ltd. | Container transport, domestic road freight agent | - % | 100.00 % | Note C (Note 12) |
| Strawberry Cosmetics Holdings Limited | Strawberry Cosmetics (Services) Limited | General service industry | - % | - % | (Note 2) |
| Strawberry Cosmetics Holdings Limited | Strawberry Cosmetics (Australasia) Limited | Skin care, perfume, cosmetics retail | - % | - % | (Note 2) |

(Continued)

## EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
## Notes to the Consolidated Financial Statements

| Investor | Subsidiary | Nature of business | Shareholding ratio December 31, 2020 | Shareholding ratio December 31, 2019 | Notes |
|---|---|---|---|---|---|
| Strawberry Cosmetics Holdings Limited | Strawberry Cosmetics (China) Limited | Skin care, perfume, cosmetics retail | - % | - % | (Note 2) |
| Strawberry Cosmetics Holdings Limited | Strawberry Cosmetics (Multinational) Limited | Skin care, perfume, cosmetics retail | - % | - % | (Note 2) |
| Strawberry Cosmetics Holdings Limited | Strawberry Cosmetics (Brands) Limited | Skin care, perfume, cosmetics retail | - % | - % | (Note 2) |
| Strawberry Cosmetics Holdings Limited | Strawberry Cosmetics (International) Limited | Skin care, perfume, cosmetics retail | - % | - % | (Note 2) |
| Strawberry Cosmetics Holdings Limited | Strawberry Cosmetics (Japan) Limited | Skin care, perfume, cosmetics retail | - % | - % | (Note 2) |
| Strawberry Cosmetics Holdings Limited | Strawberry Cosmetics (Greater China) Limited | Skin care, perfume, cosmetics retail | - % | - % | (Note 2) |
| Strawberry Cosmetics Holdings Limited | Strawberry Cosmetics (East Asia) Limited | Skin care, perfume, cosmetics retail | - % | - % | (Note 2) |
| Strawberry Cosmetics Holdings Limited | Strawberry Cosmetics (USA) Limited | Skin care, perfume, cosmetics retail | - % | - % | (Note 2) |
| Strawberry Cosmetics Holdings Limited | Strawberry Limited | Skin care, perfume, cosmetics retail | - % | - % | (Note 2) |
| Strawberry Cosmetics Holdings Limited | Strawberry Cosmetics (Internet Services) Limited | Advisory service industry | - % | - % | (Note 2) |

Note A: The investee company is directly held over 50% by the Company.

Note B: The investee company is directly held over 50% by the Group.

Note C: The investee company is directly held over 50% by the Company’s subsidiaries.

Note 1: The Company had sold all of its shares of EIM to EHS and the registration of share transfer was completed on March 29, 2019, which made the Company lose the control of EIM. EIM was renamed ET New Retail Department in April in the same year by the permission of the New Taipei City Government.

(Continued)

Note 2: The merger of Sen Sen Home Shopping Co., Ltd. (U life) and Eastern Home Shopping & Leisure (EHS) had been approved by the shareholders, with EHS as the surviving company and U life as the dissolved entity. The merger date was set on April 1, 2017. According to the contractual agreement, the Group has control over EHS and subsidiaries, making them its subsidiary and sub-subsidiary, respectively. Therefore, the new directors and supervisors of EHS had been elected on April 27, 2017, with the approval of the shareholders, resulting in the Group to obtain more than half of the board seats, including that of the chairman. In addition, EHS reelected directors and supervisors in advance on December 27, 2018. The Group did not obtain more than half of the seats. The contract agreement signed with other stockholders who had voting rights was cancelled due to the reelection. As the new directors and supervisors took over the office on January 1, 2019, the Group would not acquire enough control over EHS and it would not be a subsidiary of the Group.

Note 3: GRAND SCENE TRADING (HONG KONG) disposed all of its shares of Eastern En and Eastern Biotechnology (Shanghai), with the completion of their share transfer registration procedures on June 21, 2019 and January 20, 2020, respectively. For details of non-current assets classified as held for sale, please refer to Note 6 (g).

Note 4: Dung sen shin wen yun was renamed as ET New Media on February 11, 2019 with the permission of the Taipei City Government. On July 5, 2019, its board of directors approved a capital increase, wherein the Company and EIC each invested at an amount unproportionate to their previous shareholding ratio, resulting in a decrease in their shareholding percentage in ET New Media. All registration procedure had been completed on September 10, 2019.

Note 5: Sheng Hang Trading (Shanghai) has finished liquidation on February 21, 2018.

Note 6: On January 18, 2019, ET Pet was established and fully owned by ET New Media. On June 9, 2019, its board of directors approved a capital increase, wherein ET New Media invested at an amount unproportionate to its previous shareholding ratio, resulting in a decrease its shareholding percentage in ET Pet. All registration procedure had been completed on September 5, 2019.

Note 7: Dung sen shin guang yun was established on January 22, 2019.

Note 8: Dung sen dian jing yun was established on January 19, 2019.

Note 9: Dung sen shin wen yun was established on August 22, 2019.

Note 10: ET Pet decided to acquire 80% shares of Oscar, Pet Kingdom and Kaou Sin on September 11, 2019, with the payments being made on September 12, 2019. The registrations of share transfer of these three companies were completed on October 1, 2019.

Note 11: On January 2, 2020, the Company's Board of Directors resolved to invest $100,000 in Eastern Asset Co., Ltd., with a 100% shareholding, which was registered on February 24, 2020. It participated in the cash capital increase on March 10 and June 23 of the same year. The former did not increase the capital in proportion to the shareholding ratio, with an investment amount of $230,000, thereby reducing its shareholding to 55%. All registration procedures had been completed on April 6, 2020. The latter transaction increased its capital by $165,000, and all registration procedures had been completed on July 27, 2020.

Note 12: Eastern Enterprise Shanghai Logistics Ltd. has finished liquidation on July 20, 2020.

Note 13: Dung sen min diau yun was established on September 24, 2020.

Note 14: Show Off was dissolved on July 30, 2020. The processure of liquidation has not been finished by the reporting date.

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

(d) Foreign currencies

(i) Foreign currency transactions

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

Foreign currency differences arising on retranslation are recognized in profit or loss, except for those differences relating to fair value through other comprehensive income equity investment, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future. Exchange differences arising thereon form part of the net investment in the foreign operation and are recognized in other comprehensive income.

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

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

(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 unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

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

An entity shall classify a liability as current when:

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

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

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

(iv) The Group does not have an unconditional right to defer settlement of 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.

Since the operating cycles of EILF and TKLF are more than one year, the classification of balance sheet accounts depends on whether their realization or settlement will be within or beyond one year from the balance sheet date.

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(i) Financial assets

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

On initial recognition, financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI )

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

· it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

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

(Continued)

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes：

· the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management' s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

· how the performance of the portfolio is evaluated and reported to the Group' s management;

· the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

· how managers of the business are compensated ─ e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

· the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ' principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers：

· contingent events that would change the amount or timing of cash flows；

· terms that may adjust the contractual coupon rate, including variable rate features；

· prepayment and extension features；and

· terms that limit the Group’ s claim to cash flows from specified assets (e.g. non-recourse features).

6) Impairment of financial assets

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

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

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

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

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

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

The Group  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.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

(Continued)

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

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

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

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

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

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

- significant financial difficulty of the borrower or issuer；
- a breach of contract such as a default or being more than 90 days past due；
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；
- 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 recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

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

(Continued)

7) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) 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.

2) Derecognition of financial liabilities

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

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

3) Offsetting of financial assets and liabilities

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

(Continued)

(h) Program to be broadcast

The program to be broadcast is a video to be broadcast, a program to be broadcast, and a program to be produced. The videos to be broadcast and the programs to be broadcast are recognized at the original cost, and measured at the lower of unamortized cost and net realizable value. The programs to be produced are recognized on the base of actual input cost, and measured at the lower of cost and net realizable value.

(i) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories and capitalized borrowing costs incurred in bringing them to their existing 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.

(j) Biological assets

Biological assets shall be measured at fair value, except when the fair value of the biological assets determined by the market cannot be obtained and the alternative estimate of fair value is unreliable, then the cost is measured by the accumulated depreciation. The cost of raising the cost and other related costs are capitalized in the current period, and the impairment test is carried out regularly every year, and the impairment loss is recognized for objective evidence of impairment.

(k) Investment subsidiary

Goodwill is measured at the consideration transferred less the amounts of the identifiable assets acquired and liabilities assumed (generally at fair value) at the acquisition date. If the amount of net assets acquired and liabilities assumed exceeds the acquisition price, the Group reassesses whether it has correctly identified all of the assets acquired and liabilities assumed, and recognizes a gain for the excess.

All transaction costs relating to a business combination are recognized immediately as expenses when incurred, except for the issuance of debt or equity instruments.

The Group shall measure any non-controlling interests in the acquiree either at fair value or at the non-controlling interest’ s proportionate share of the acquiree’ s identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation. Other non-controlling interests are evaluated by their fair value or by another basis permitted by the IFRSs endorsed by the FSC.

(l) Non-current assets held for sale & Discontinued operations

(i) Non-current assets held for sale

Non-current assets or disposal groups 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 re-measured in accordance with the Group’ s accounting policies. Thereafter, generally the assets or disposal group are measured at the lower of their carrying amount and fair value less costs to sell.

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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 assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies.

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on re-measurement 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.

(ii) Discontinued operations

A discontinued operation is a component of the Group's business that either has been disposed, or is classifies as held for sale, and

1) represents a separate major line of business or geographic area of operations;

2) is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or

3) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

(m) Investment in associates

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

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

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

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

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

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

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

(n) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

Land is not depreciated.

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

| | |
|---|---|
| Buildings | 1～55 years |
| Machinery and equipment | 2～10 years |
| Transportation equipment | 3～20 years |
| Leasehold improvements | 1～20 years |
| Miscellaneous equipment | 1～20 years |

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

(o) Leases

(i) Identifying a lease

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

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

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

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

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

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

(Continued)

(ii) As a leasee

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

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

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

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

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

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

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

(Continued)

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

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

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

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

For sale-and-leaseback transactions, the Group applies the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Group derecognizes the transferred asset, then measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Group recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. For leaseback transaction, the Group applies the lessee accounting policy. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Group continues to recognize the transferred asset and recognizes the financial liability equal to the transfer proceeds.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(Continued)

(iii) As a leasor

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

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

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income’.

(p) 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 expenditures, including expenditure on internally generated goodwill and brands, are 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.

(Continued)

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

| | |
|---|---|
| Trademark rights | 10 years |
| Computer software | 1～10 years |
| Copyright | 3 years |
| Patents | 2～17 years |
| Brand Value | 15 years |
| Client rights and Supplier contract | 5.6～12 years |

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

(q) Impairment of non-financial assets

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

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

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

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

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

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

(r) Provisions

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

(Continued)

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

The Group signed an irrevocable ship leasing contract in accordance with the provisions of Accounting Research and Development Foundation Interpretation (102) No. 051. As a consequence, if the benefit becomes less than the unavoidable costs, the difference shall be accrued as loss contingency. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it. According to the regulations on impairment of assets, if the irrevocable ship leasing contract is under a finance lease, the Company first assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased, and if that is the case, the Company shall recognize the contingent liabilities of onerous contracts. When the expected revenue from an irrevocable contract is less than the unavoidable cost, the difference is recognized in profit or loss based on the quoted market price in an active market. The Company cannot claim the difference if the profit or loss cannot be estimated due to the wide fluctuation in future leasing rates. In addition, the Company should recognize the entire contingent loss in five years even if the future cash flow cannot be estimated due to the longer leasing period. However, if the lease cannot be based on observable market data, the Company shall recognize the difference as loss in the current year (e.g., within two years) using the most recent leasing rates in the market.

(s) Revenue recognition

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

(i) Sale of goods

The Group is involved in TV shopping channels and E-commerce portal services, and sales of pet food and supplies and electronic tickets. Revenue can be reliably measured when the income is transferred, and future economic benefits are likely to be recognized as income when flowing into the company.

The Group grants its customers the right to return the product within 7 days. Therefore, the Group reduces revenue by the amount of expected returns and recognizes a refund liability and a right to the returned goods. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Group reassesses the estimated amount of expected returns.

(ii) Rending of services

The Group is involved in loading and unloading, warehousing, ticket system construction and integration services, and recognizes relevant revenue during the financial reporting period of providing labor services.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

(iii) Advertisement revenue

Advertising revenue is deducted from the agency commission and is recognized at the completion of the broadcast.

(iv) Program authorization revenue

The program authorization revenue is recognized on an accrual basis based on the substance of the contract, or is recognized when the relevant program is delivered.

(v) Installment sales interest income

The Group engages in installment sales, wherein the amount exceeds the cash sales price, resulting in the difference to be recognized as unrealized interest income deducted to installment notes and accounts receivable, which interest is accounted for annually using the interest method over the installment period. The installment sales are transferred to the owner after the price has been fully paid.

(vi) Receivables transfer

The Group also operates the business of accounts receivable financing. Transfers of receivables should be considered as collateral for loans except for those conforming to all the following conditions as purchase of receivables.

1) A transfer of financial assets or a portion of a financial asset in which the transferor surrenders control over those financial assets is regarded as a sale to the extent that consideration other than beneficial interests in the transferred assets is received in exchange.

2) The rights to accounts receivable are derecognized after deducting the estimated charges or losses in a commercial dispute when all of the following conditions are met.

   a) The rights to accounts receivable have been isolated from the transferor as they are put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership.

   b) Each transferee has the right to pledge or exchange the rights to the accounts receivable, and no condition prevents the transferee (or holder) from taking advantage of its right to pledge or exchange and provides more than a trivial benefit to the transferor.

c) The transferor does not maintain effective control over the rights to the accounts receivable claims through either:

i) An agreement that both entitles and obligates the transferor to repurchase or redeem them before their maturity, or

ii) The ability to unilaterally cause the holder to return specific rights to the accounts receivable.

(t) Contract costs

Costs to fulfil a contract

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

(i) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(ii) 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

(iii) the costs are expected to be recovered.

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

(u) Government subsidies

The Group recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(v) 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.

(Continued)

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(w) Income taxes

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

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized except for the following:

(Continued)

(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; such reductions are reversed when the probability of future taxable profits improves.

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

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

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

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

1) the same taxable entity; or

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

(x) Business combination

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

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

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

(y) Earnings per share

The Group discloses the Company' s basic and diluted earnings (loss) per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to the 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.

(z) Operating segments

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

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

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

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

Information about 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) The Group is the single largest shareholder of an investee with less than 50% of the voting rights of it and concludes that the Group does not control but has significant influence over it.

It is stated in Note 6(h) that the Group is the single largest shareholder of EHS with 25.87% of the voting rights of theinvestee. Considering the size of the Group's holding of voting rigts relative to the size and dispersion of holdings of the other shareholders and the voting patterns at previous shareholders' meetings, which indicate that other shareholders are not passive, the Group is not able to appoint more than half of the members of EHS's governing body. Therefore, the Group cannot direct the relevant activities of EHS and does not control EHS. Management of the Group considered the Group as exercising significant influence over EHS and; therefore, classified it as an associate of the Group.

(Continued)

It is stated in Note 6(h) that the Group is the single largest shareholder of Natural Beauty with 30% of the voting rights of the investee. After considering Natural Beauty is a listed company in Hong Kong, the independent executive directors and non-executive directors have the right to excute their own duty. Furthermore, the board of Natural Beauty directs the relevant activities, and none shareholder is able to appoint enough board members to direct the board's decision. Therefore, the Group cannot direct the relevant activities of Natural Beauty and does not control Natural Beauty. Management of the Group considered the Group as exercising significant influence over Natural Beauty and; therefore, classified it as an associate of the Group.

(b) Lease term

The Group determines the lease term as the non-cancellable period of the lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably not to exercise that option. In assessing whether a lessee is reasonably to exercise the options, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee. The Group reassesses whether it is reasonably certain to exercise an extension option or not to exercise the option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. If there is a change in the lease term, the Group recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Please refer to Note 6(m) and 6(t).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) The loss allowance of trade receivables

The Group has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to Note 6(d).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(f) for further description of the valuation of inventories.

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

In the process of evaluating the potential impairment, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years. Refer to Note 6(l) and 6(m) for further description of the key assumptions used to determine the recoverable amount.

(d) Impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Refer to Note 6(n) for further description of the impairment of goodwill.

(e) Measurement of defined benefit obligations

Accrued pension liabilities and resulting pension expenses under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, future salary increase rate, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability. Refer to Note 6(v) for further description of the actuarial assumptions and sensitivity analysis.

(f) Revenue recognition

The Group records a refund liability using the expected value or the most likely amount for estimated future returns and other allowances in the same period the related revenue is recorded. Refund liability for estimated sales returns and other allowances is generally made and adjusted based on historical experience, market and economic conditions, and any other known factors that would significantly affect the allowance. The adequacy of estimations is reviewed periodically. The fierce market competition and evolution of technology could result in significant adjustments to the estimation made.

(g) Recognition of deferred tax assets

As of December 31, 2020 and 2019, the carrying amounts of deferred tax assets in relation to unused tax losses were $408,009 and $208,076, respectively. As of December 31, 2020 and 2019, no deferred tax assets have been recognized on tax losses of $1,663,653 and $1,847,550, respectively, due to the unpredictability of future profit streams. The realizability of deferred tax assets mainly depends on whether sufficient future profit or taxable temporary differences will be available. In cases where the actual future profit generated is less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

The Group's accounting policies include measuring financial and nonfinancial assets and liabilities at fair value through profit or loss.

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

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

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to the following notes for assumptions used in measuring fair value:

(a) Note 6(l), Property, plant and equipment.

(b) Note 6(ac), Financial instruments.

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Cash on hand | $ 11,835 | 9,575 |
| Cash in banks | 1,267,588 | 1,027,996 |
| Cash and cash equivalents | 576,230 | 792,007 |
| | **$ 1,855,653** | **1,829,578** |

(i) The deposit accounts of $2,278 and $109,666, which did not meet the definition of cash and cash equivalents, were classified as other financial assets-current for the years ended December 31, 2020 and 2019, respectively.

(ii) Please refer to Note 6(ac) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities.

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

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Financial assets designated as at fair value through profit or loss | | |
| Non-derivative financial assets | | |
| Stocks listed on domestic markets | **$ 381,611** | **242,539** |

(i) Please refer to Note 6(ac) for the remeasurement of fair value.

(ii) The Group recognized the dividends of $4,167 and $3,129, related to equity investments at fair value through profit or loss held on December 31, 2020 and 2019, respectively.

(iii) On December 31, 2020, the disposal price deriving from the selling of financial assets at fair value amounting to $6,628 had not yet been received; therefore, it was recognized as other receivables. However, the said amount had been received by the reporting date.

(iv) No Financial assets were pledged as collateral on December 31, 2020 and 2019, respectively.

(c) Financial assets at fair value through other comprehensive income

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Equity investments at fair value through other comprehensive income | | |
| Unlisted common shares domestic Company | $ **8,104** | **13,123** |

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

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

The Group recognized the dividends of $598 and $1,057, related to equity investments at fair value through other comprehensive income held on December 31, 2020 and 2019, respectively.

In 2019, the Group received the cash return of $24,799 from Want Want Broadband Co., Ltd., which has rendered the capital reduction through a cash return to its shareholders. The above transaction had been approved during the interim shareholders' meeting on January 21, 2019. The Group has also sold its shares held in Want Want Broadband Co., Ltd. at fair value of $181. The Group realized a loss of $10,738, which was recognized as other comprehensive income, and thereafter, was reclassified to retained earnings.

On December 25, 2020, the consolidated subsidiary- EIC has sold all of its shares held in Skyasia Media Inc., at fair value of $24,925. The Group realized a gain of $19,910, which was recognized as other comprehensive income, and thereafter, was reclassified to retained earnings with the company  equity ownership.

(ii) For credit risk and market risk; please refer to Note 6(ac) and Note 6(ad).

(iii) No Financial assets mentioned above were pledged as collateral.

(d) Note and trade receivables (including related parties)

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Notes receivable | $ 4,406 | 4,264 |
| Installment notes receivable | 121,735 | 62,065 |
| Accounts receivable | 395,034 | 380,995 |
| Less: Allowance for doubtful accounts | (39,803) | (29,563) |
| Unrealized interest revenue | (7,856) | (2,254) |
| | $ 473,516 | 415,507 |

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

The loss allowance provision in warehousing segment was determined as follows:

| | December 31, 2020 | | |
|---|---|---|---|
| | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Current | $ 11,148 | -% | - |

| | December 31, 2019 | | |
|---|---|---|---|
| | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Current | $ 13,712 | -% | - |

The loss allowance provision in trading segment was determined as follows:

| | December 31, 2020 | | |
|---|---|---|---|
| | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Current | $ 8,693 | -% | - |
| More than 90 days past due | 438 | 100.00% | 438 |
| | $ 9,131 | | 438 |

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| | December 31, 2019 | | |
|---|---|---|---|
| | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Current | $ 14,317 | -% | - |
| More than 90 days past due | 432 | 100.00% | 432 |
| | $ 14,749 | | 432 |

The loss allowance provision in media segment was determined as follows:

| | December 31, 2020 | | |
|---|---|---|---|
| | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Current | $ 306,160 | 0.00%~0.24% | 747 |
| 1 to 30 days past due | 4,290 | 0.00%~12.08% | 518 |
| 31 to 60 days past due | 2,715 | 0.00%~32.34% | 878 |
| 61 to 90 days past due | - | 0.00%~78.62% | - |
| More than 90 days past due | 1,393 | 100.00% | 1,393 |
| | $ 314,558 | | 3,536 |

| | December 31, 2019 | | |
|---|---|---|---|
| | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Current | $ 276,345 | 0.21% | 589 |
| 1 to 30 days past due | 11,419 | 10.09% | 1,153 |
| 31 to 60 days past due | 1,269 | 28.24% | 358 |
| 61 to 90 days past due | 105 | 64.79% | 68 |
| More than 90 days past due | 2,371 | 100.00% | 2,371 |
| | $ 291,509 | | 4,539 |

(Continued)

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The loss allowance provision in other segments was determined as follows:

| | December 31, 2020 | | |
|---|---|---|---|
| | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Current | $ 144,836 | 0.03%~1.25% | 867 |
| 1 to 30 days past due | 85 | 5.00%~26.67% | 9 |
| 31 to 60 days past due | 136 | 5.00%~34.89% | 48 |
| 61 to 90 days past due | 135 | 5.00%~75.26% | 102 |
| More than 90 days past due | 446 | 100.00% | 446 |
| | $ 145,638 | | 1,472 |

| | December 31, 2019 | | |
|---|---|---|---|
| | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Current | $ 93,755 | 0.00%~2.22% | 756 |
| 1 to 30 days past due | 3,099 | 0.00%~60.52% | 1,068 |
| 31 to 60 days past due | 2,365 | 0.00%~85.83% | 1,076 |
| 61 to 90 days past due | 418 | 2.13%~100.00% | 418 |
| More than 90 days past due | 1,209 | 100.00% | 1,209 |
| | $ 100,846 | | 4,527 |

Note: As of December 31, 2020 and 2019, the receivables amounted to $32,844 and $24,254, respectively, were unrecoverable due to the financial difficulty of the customers. Therefore, the Group had recognized the allowance impairment for all of its receivables.

The movement in the allowance for notes and trade receivable was as follows:

| | For the years ended December 31 | |
|---|---|---|
| | 2020 | 2019 |
| Balance on January 1 | $ 29,563 | 84,105 |
| Impairment losses recognized | 10,662 | 13,414 |
| Amounts written off | (422) | (14,222) |
| Recognized as overdue receivables | - | (16,490) |
| Loss of control of subsidiary | - | (37,388) |
| Foreign exchange gains | - | 144 |
| Balance on December 31 | $ 39,803 | 29,563 |

No Financial assets mentioned above were pledged as collateral.

**EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(e) Other receivables and other notes recivable (including related parties)

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Other accounts receivable—loans to other parties | $ 30,000 | 130,000 |
| Other accounts receivable—others | 72,705 | 65,903 |
| Less: Loss allowance | (1,697) | (28,982) |
| | $ **101,008** | **166,921** |

As of December 31, 2020 and 2019, the aging analysis of other receivables, which were past due but not impaired, was as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Past due less than 365 days | $ - | 1,779 |
| Past due more than 365 days | 120 | 447 |
| | $ **120** | **2,226** |

(i) The overdue receivables amounted to $0 and $335,271 on December 31, 2020 and 2019, respectively. Therefore, the Group had recognized the loss allowances for all of its overdue receivables.

(ii) For credit risk and market risk; please refer to Note 6(ac) and Note 6(ad).

(f) Inventories

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Goods held for sale | $ 313,012 | 248,074 |
| Spare programs | 5,851 | - |
| Raw materials and others (including fuel) | 28,046 | 26,070 |
| | $ **346,909** | **274,144** |

(i) In 2020 due to the decrease in the net realizable value of inventories, the Group recognized inventory loss was $231; In 2019, due to the fluctuations in international oil prices and increase in the net realizable value of inventory, the Group recognized inventory recovery gain was $7,675, respectively.

(ii) No inventories were pledged as collateral on December 31, 2020 and 2019, respectively.

(g) Non-current assets held for sale (or discontinued operations)

(i) Within a year's time, the Group is expected to dispose all of its shares in its fully owned subsidiaries, Eastern Biotechnology (Shanghai) and Eastern En, wherein the disposal is to be recognized as non-wherein assets held-for-sale (or discontinued operation). The disposal of Eastern En has been completed on June 21, 2019; and the disposal of Eastern Biotechnology (Shanghai) has completed on January 20, 2020.

(ii) No non-current assets held for sale (or discontinued operations) were pledged as collateral on December 31, 2020 and 2019, respectively.

(iii) For the registration of share transfer; please refer to Note 6(k).

(h) Investments accounted for using equity method

(i) The Group's financial information for investments accounted for using the equity method at the reporting date was as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Natural beauty bio-technology limited | $ 1,951,807 | 2,032,949 |
| EHK E&S Co., Ltd. | - | 26,081 |
| Jiangsu Sen Fu Da Media Technology Co., Ltd. | - | 5,965 |
| Eastern Home Shopping & Leisure Co., Ltd. | 491,228 | 394,067 |
| | $ 2,443,035 | 2,459,062 |

(ii) Affiliates which are material to the Group consisted of the followings:

| Name of Affiliates | Nature of Relationship with the Group | Main operating location/ Registered Country of the Company | Proportion of shareholding and voting rights December 31, 2020 | December 31, 2019 |
|---|---|---|---|---|
| Natural beauty bio-technology limited. | Sale beauty and cosmetic products and provide beauty service | Taiwan and China | 30.00 % | 30.00 % |
| Eastern Home Shopping & Leisure Co., Ltd. | Sale plenty of merchandise, material and equipment wholesale and retail. | Taiwan, Hong Kong and China | 25.87 % | 25.87 % |

1) Natural Beauty Bio-technology Limited

Natural Beauty Bio-technology Limited ("Natural Beauty") was one of the listing companies in Hong Kong Exchanges and Clearing Limited ("Hong Kong Exchange"). As for December 31, 2020 and 2019, the fair value of Natural Beauty Bio-technology Limited as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Fair value | $ 1,433,971 | 1,572,049 |

(Continued)

The Audit Committee of Natural Beauty received a letter from its CPA requesting it to hire an independent forensic accounting firm to investigate some items such as sales revenue and account receivables collection in the 2019 financial statements. Due to the wide-ranging content of the investigation, Natural Beauty applied for a temporary suspension of trading on the Hong Kong Exchange starting at 9 am on March 25, 2020. Natural Beauty fulfilled all the resumption conditions instructed by the Hong Kong Exchange on February 10, 2021, and resumed trading on February 11, 2021. The fair value of Natural Beauty on December 31, 2020 is calculated based on the suspension price on March 25, 2020.

Moreover, the forensic report of the forensic accounting firm was sent to the Audit Committee of Natural Beauty for confirmation on July 6, 2020. The Audit Committee believed that the forensic accountant had completed all the work required by the CPA and stated that there was no irregularity in the accounting of Natural Beauty. However, the CPA was not completely satisfied with the conclusion of the forensic accountant and requested further investigation. However, after the Natural Beauty Audit Committee and the Board of Directors reviewed the investigation report of the forensic accountants, they found its conclusions to be quite complete and there is no need for further investigation. The response to the CPA opinion was announced on July 27, 2020. The appointment of the CPA was to be terminated on July 31, 2020. On August 14, 2020, Natural Beauty had completed the appointment of a successor CPA, the appointment of a successor CPA issued 2019 financial statements on November 30, 2020.

The following consolidated financial information of significant affiliates had been adjusted according to individually prepared IFRS financial statements of these affiliates:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Current assets | $ 1,470,963 | 1,340,581 |
| Non-current assets | 1,584,864 | 1,669,566 |
| Liabilities | (810,784) | (760,291) |
| Net assets | **$ 2,245,043** | **2,249,856** |
| Net assets attributable to investee | **$ 2,245,043** | **2,249,856** |

| | For the years ended December 31 | |
|---|---|---|
| | **2020** | **2019** |
| Operating revenue | **$ 1,564,377** | **1,729,186** |
| Net income | $ 29,431 | 58,619 |
| Other comprehensive income | 136,036 | 77,653 |
| Total comprehensive income | **$ 165,467** | **136,272** |
| Comprehensive income (loss) attributable to investee | **$ 165,467** | **136,272** |

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| | For the years ended December 31 | |
|---|---|---|
| | 2020 | 2019 |
| Share of net assets attributable to the Group on January 1 | $ 674,957 | 647,333 |
| Comprehensive income (loss) attributable to the Group | 49,640 | 40,882 |
| Effect of exchange rate fluctuations | (51,084) | (13,258) |
| Share of net assets attributable to the Group December 31 | 673,513 | 674,957 |
| Add: goodwill | 314,062 | 330,603 |
| Trademark | 283,837 | 298,787 |
| Property, plant and equipment | 493,441 | 507,490 |
| Other intangible assets in useful life(ie. Membership and patent etc.) | 197,293 | 231,875 |
| Effect of exchange rate fluctuations | (69) | 48 |
| Less: adjustment for inventories | (10,270) | (10,811) |
| Book value of net assets attributable to the Group on December 31 | **$ 1,951,807** | **2,032,949** |

2) Eastern Home Shopping & Leisure Co., Ltd.

On December 27, 2018, EHS reelected the Board of Supervisors. The merger company did not hold more than half of the seats. The contract agreement with the original voting rights holder also terminated due to the election. As the loss of control over the subsidiary, EHS would become an associate instead of the subsidiary of the merger company since the new direct came in on January 1, 2019. The detail information please refer to Note 6(k).

The following consolidated financial information of significant affiliates had been adjusted according to individually prepared IFRS financial statements of these affiliates:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Current assets | $ 5,459,802 | 3,941,679 |
| Non-current assets | 6,614,712 | 6,014,078 |
| Liabilities | (9,882,194) | (8,163,538) |
| Net assets | **$ 2,192,320** | **1,792,219** |
| Non-controlling interests, attributable to investee | **$ 293,369** | **268,866** |
| Net assets attributable to investee | **$ 1,898,951** | **1,523,353** |

(Continued)

**EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

| | For the years ended December 31 | |
|---|---|---|
| | 2020 | 2019 |
| Operating revenue | $ 23,709,345 | 20,460,741 |
| Net income | $ 1,454,098 | 594,820 |
| Other comprehensive income | (46,847) | (19,039) |
| Total comprehensive income | $ 1,407,251 | 575,781 |
| Comprehensive income (loss), attributable to non-controlling interests | $ 5,356 | (31,247) |
| Comprehensive income attributable to investee | $ 1,401,895 | 607,028 |

| | For the years ended December 31 | |
|---|---|---|
| | 2020 | 2019 |
| Share of net assets attributable to the Group on January 1 | $ 394,067 | 461,134 |
| Comprehensive income attributable to the Group | 362,648 | 157,017 |
| Transfer from treasury stock | - | 11 |
| Dividends received from associates | (265,487) | (224,095) |
| Share of net assets attributable to the Group on December 31 | $ 491,228 | 394,067 |

(iii) The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Carrying amount of individually insignificant associates' equity | $ - | 32,046 |

| | For the years ended December 31 | |
|---|---|---|
| | 2020 | 2019 |
| Attributable to the Group: | | |
| Profit (loss) from continuing operations | $ 182 | (16,395) |
| Other comprehensive loss | (1,821) | (2,277) |
| Comprehensive loss | $ (1,639) | (18,672) |

(iv) The liquidation of Group affiliate EHK E&S Co., Ltd. was completed on June 18, 2020, and all remaining invested funds of $24,473 were recovered as of June 30, 2020, incurring an investment loss of $3,806. The investment loss of this disposal includes the amount previously recognized in other comprehensive income that may be reclassified to profit or loss.

(v) The Group recognized impairment losses of $5,933 related to individually insignificant associates on December 31, 2020.

(vi) No Investments accounted for using equity method were pledged as collateral on December 31, 2020 and 2019, respectively.

(i) Acquire a subsidiary

(i) The consolidated subsidiary-ET New Media has established and fully acquired ET Pet at the amount of $50,000 on December 28, 2018 after obtaining the approval from the board of directors, with the registration procedure having been completed on January 18, 2019. On June 9, 2019, ET Pet decided to issue common stock for cash, wherein ET New Media invested the amount of $135,000, which is unproportionate to its previous shareholding ratio, resulting its shareholding percentage to decrease to 92.5%. All registration procedure had been completed on September 5, 2019.

(ii) The consolidated subsidiary – ET New Media has decided to established Dung sen shin guang yun Co., Ltd. on December 28, 2018 after obtaining the approval from the board of directors. Dung sen shin guang yun Co., Ltd. has completed the registration on January 22, 2019 with the capital of $100 which was 100% held by ET New Media.

(iii) The consolidated subsidiary – ET New Media has decided to established Dung sen dian jing yun Co., Ltd. on December 28, 2018 after obtaining the approval from the board of directors. Dung sen dian jing yun Co., Ltd. has completed the registration on January 19 2019 with the capital of $100 which was 100% held by ET New Media.

(iv) The consolidated subsidiary – ET New Media has decided to established Dung sen shin wen yun Co., Ltd. on June 10, 2019 after obtaining the approval from the board of directors. Dung sen shin wen yun Co., Ltd. has completed the registration on August 22, 2019 with the capital of $5,000 which was 100% held by ET New Media.

(v) On July 5, 2019, ET New Media decided to issue common stock for cash, wherein the Company and EIC invested the amounts of $253,528 and $2,972, respectively, which were unproportionate to their previous shareholding ratio, resulting in their shareholding percentage to decrease to 89.20% and 1.05%, respectively. All registration procedures had been completed on September 10 ,2019.

(vi) In order to enhance its market share and competitiveness in the pet industry, the consolidated subsidiary, ET Pet, decided to obtain control over Oscar, Pet Kingdom, and Kaou Sin, by acquiring 80% of their shares after obtaining the approval from the board of directors on September 11, 2019. ET Pet prepaid 90% of the investment amounting to $326,955 by the contract on September 12, 2019. The Group got the stocks proportional to the prepayments and completed the registration procedures as well were pledged as collateral for this transaction. On October 1, 2019, the Group paid the rest of the investment and obtained a control over these companies.

From the acquisition date to December 31, 2019, Oscar, Pet Kingdom, and Kaou Sin contributed the operating revenue and profit after tax amounting to $259,770 and $15,480, respectively, to the Group. If the acquisition had occurred on January 1, 2019, the management estimated that the contributing operating revenue and profit after tax would be up to $984,932 and $43,404, respectively. In determining these amounts, the management has assumed that the fair value of adjustment factors which arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2019.

The following are the information on business acquisition, which includes the consideration transferred, the assets acquired and liabilities assumed, and the goodwill recognized at the acquisition date:

1) The consideration of the above acquisition transfer was solely paid in cash amounting to $345,978 (including the adjustment of the investment amount of $16,235).

2) The recognized amounts of assets acquired and liabilities assumed at the acquisition date are summarized below:

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 36,353 |
| Inventories | | 135,557 |
| Other current assets | | 35,257 |
| Property, plant and equipment | | 153,156 |
| Right-of-use assets | | 307,083 |
| Intangible assets | | 313,198 |
| Other non-current assets | | 14,006 |
| Current liabilities | | (380,826) |
| Non-current liabilities | | (280,268) |
| Fair value of identifiable net assets | **$** | **333,516** |

3) Goodwill

Goodwill recognized as a result of acquisitions is as follows:

| | | |
|---|---|---|
| Consideration transferred | $ | 345,978 |
| Non-controlling interest in the acquiree (proportionate share of the fair value of the identifiable net assets) | | 66,703 |
| Less: Fair value of identifiable net assets | | (333,516) |
| Goodwill | **$** | **79,165** |

Goodwill is mainly derived from the many years of profitability and market share that has been cultivated in the pet market by the Oscar Pet merchandising system. Through the combination of these companies with the Group, it is anticipated that the pet business will be integrated to produce merger synergies.

The related information please refer to Note 6(n).

(vii) On January 2, 2020, the Company's Board of Directors resolved to invest $100,000 in Eastern Assets Co., Ltd. with a 100% shareholding, which was registered on February 24, 2020. It participated in the cash capital increase on March 10 and June 23 of the same year. The former did not increase the capital in proportion to the shareholding ratio, with an investment amount of $230,000, thereby reducing its shareholding to 55%. All registration procedures had been completed on April 6, 2020. The latter transaction increased its capital by $165,000, and all registration procedures had been completed on July 27, 2020.

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(viii) The consolidated subsidiary – ET New Media has decided to establish Dung sen min diau yun Co., Ltd. on June 10, 2019 after obtaining the approval from the board of directors. Dung sen min diau yun Co., Ltd. has completed the registration on September 24, 2020 with the capital of $1,000 which was 100% held by ET New Media.

(j) Material non-controlling interests of subsidiaries

Non-controlling interests of subsidiaries material to the Group are as follows:

| | Main | Percentage of non-controlling interests | |
|---|---|---|---|
| **Subsidiaries** | **operation place** | **December 31, 2020** | **December 31, 2019** |
| Eastern Assets Co., Ltd. | Taiwan | 45.00 % | - % |

The following information of the aforementioned subsidiaries had been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in this information were the fair value adjustment and accounting policies adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intragroup transactions were not eliminated in this information.

The financial information of Tunglin Asset Management Co. was as follows:

| | **December 31, 2020** |
|---|---|
| Current assets | $ 316,719 |
| Non-current assets | 1,493,971 |
| Current liabilities | (9,195) |
| Non- current liabilities | (901,924) |
| Net assets | **$ 899,571** |

| | **For the years ended December 31 2020** |
|---|---|
| Operating revenue | **$ -** |
| Net Loss | $ (429) |
| Other comprehensive income | - |
| Total comprehensive income | **$ (429)** |
| Net cash flows from operating activities | $ (10,387) |
| Net cash flows from investing activities | (349,560) |
| Net cash flows from financing activities | 670,137 |
| Net increase in cash and cash equivalents | **$ 310,190** |

(k) Loss of control of subsidiaries

(i) In 2019, the Group recognized a loss on liquidation of $776 due to liquidation the assets of Ding Kai.

(ii) On December 27, 2018, EHS reelected the Board of Supervisors. The merger company did not hold more than half of the seats. The contract agreement with the original voting rights holder also terminated due to the election. As the loss of control over the subsidiary, EHS would become an associate instead of the subsidiary of the merger company since the new direct came in on January 1, 2019. However, the merger was accounted as joint control, using carrying amount method in accordance with the International Financial Reporting Standard No.3. While losing control of EHS, it was derecognized in accordance with the standard as well. The details please refer to Note 6(h).

The carrying amount of assets and liabilities of EHS on January 1, 2019, was as follow:

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 1,271,295 |
| Inventories | | 1,427,075 |
| Accounts receivable and other accounts receivable | | 408,221 |
| Other current assets | | 291,952 |
| Property, plant and equipment | | 1,319,847 |
| Intangible assets | | 3,869,576 |
| Other non-current assets | | 227,038 |
| Long-term and short-term loans | | (2,497,521) |
| Accounts payable and other accounts payable | | (3,621,404) |
| Other current liabilities | | (520,954) |
| Other non-current liabilities | | (92,684) |
| Carrying amount of net assets | **$** | **2,082,441** |

(iii) The Group had lost on control over its liquidated subsidiary, Sheng Hang (Shanghai), on February 21, 2019 resulting in a loss on liquidation amounting to $18,291 to be recognized.

(iv) On March 29, 2019, the Group sold all of its shares in ET New Retail Department to EHS, with a consideration of $997, resulting in a gain on disposal amounting to $4,666. In addition, the unrealized gain from the consolidated entities' transactions was realized due to the disposal of the Group's subsidiary. For related information, please refer to Note 6 (n).

(v) The Group resolved in February and March 2019 to dispose of the entire equity interests in the subsidiaries, Eastern En and Eastern Biotechnology (Shanghai); the disposal of Eastern En has been completed on June 21, 2019 and the disposal of Eastern Biotechnology (Shanghai) has been completed on January 20, 2020, and these companies lost control over them due to the disposal. The disposition price was $10,795 (CNY $2,476, fully received on August 15, 2019) and $734 (CNY $200, fully received on June 30, 2020), respectively. The gains or losses on disposal of the investment were amounted $3,863 and $81, respectively.

(Continued)

# EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
## Notes to the Consolidated Financial Statements

(vi) The Group had lost the control over its liquidated subsidiary, Eastern Enterprise Shanghai Logistics Ltd., on July 20, 2020, resulting in a loss on liquidation amounting to $1,084.

(l) Property, plant and equipment

(i) The cost, depreciation, and impairment loss of the property, plant and equipment of the Group for the years ended December 31, 2020 and 2019, were as follows:

| | Land | Buildings | Machinery and equipment | Transportation equipment | Leasehold improvements | Construction in progress | Other equipment | Total |
|---|---|---|---|---|---|---|---|---|
| Cost or deemed cost: | | | | | | | | |
| Balance on January 1, 2020 | $ 508,791 | 1,015,005 | 3,674 | 34,957 | 425,579 | 400 | 285,974 | 2,274,380 |
| Additions | 87,951 | 9,472 | - | 7,345 | 88,656 | 163,580 | 63,675 | 420,679 |
| Transfers | - | - | - | - | (1) | (266) | 267 | - |
| Disposals | - | - | - | (976) | (11,971) | - | (2,535) | (15,482) |
| Balance on December 31, 2020 | **$ 596,742** | **1,024,477** | **3,674** | **41,326** | **502,263** | **163,714** | **347,381** | **2,679,577** |
| Balance on January 1, 2019 | $ 1,151,529 | 1,686,017 | 346,145 | 31,623 | 167,148 | 134 | 710,656 | 4,093,252 |
| Loss of control of subsidiary | (655,482) | (686,462) | (342,471) | (2,431) | (82,942) | - | (549,412) | (2,319,200) |
| Acquisition through business combinations (Note 6(i)) | 12,744 | 15,450 | - | 2,148 | 96,857 | 1,045 | 80,518 | 208,762 |
| Additions | - | - | - | 4,956 | 161,723 | 181 | 54,246 | 221,106 |
| Transfers | - | - | - | (81) | 91,929 | (960) | (1,159) | 89,729 |
| Disposals | - | - | - | (1,258) | (9,136) | - | (8,885) | (19,279) |
| Effect of movements in exchange rates | - | - | - | - | - | - | 10 | 10 |
| Balance on December 31, 2019 | **$ 508,791** | **1,015,005** | **3,674** | **34,957** | **425,579** | **400** | **285,974** | **2,274,380** |
| Depreciation and impairment loss: | | | | | | | | |
| Balance on January 1, 2020 | $ 5,740 | 590,188 | 3,674 | 23,928 | 52,811 | - | 158,743 | 835,084 |
| Depreciation | - | 64,110 | - | 4,211 | 61,167 | - | 55,824 | 185,312 |
| Disposals | - | - | - | (759) | (8,399) | - | (1,345) | (10,503) |
| Balance on December 31, 2020 | **$ 5,740** | **654,298** | **3,674** | **27,380** | **105,579** | **-** | **213,222** | **1,009,893** |
| Balance on January 1, 2019 | $ 5,740 | 741,116 | 280,764 | 21,250 | 64,824 | - | 542,656 | 1,656,350 |
| Loss of control of subsidiary | - | (221,583) | (277,090) | (981) | (45,496) | - | (453,675) | (998,825) |
| Acquisition through business combinations (Note 6(i)) | - | 5,058 | - | 1,405 | 13,022 | - | 36,121 | 55,606 |
| Depreciation | - | 65,597 | - | 2,817 | 30,327 | - | 40,843 | 139,584 |
| Transfers | - | - | - | (81) | (996) | - | (1,399) | (2,476) |
| Disposals | - | - | - | (482) | (8,870) | - | (5,813) | (15,165) |
| Effect of movements in exchange rates | - | - | - | - | - | - | 10 | 10 |
| Balance on December 31, 2019 | **$ 5,740** | **590,188** | **3,674** | **23,928** | **52,811** | **-** | **158,743** | **835,084** |
| Carrying amounts: | | | | | | | | |
| Balance on December 31, 2020 | **$ 591,002** | **370,179** | **-** | **13,946** | **396,684** | **163,714** | **134,159** | **1,669,684** |
| Balance on January 1, 2019 | **$ 1,145,789** | **944,901** | **65,381** | **10,373** | **102,324** | **134** | **168,000** | **2,436,902** |
| Balance on December 31, 2019 | **$ 503,051** | **424,817** | **-** | **11,029** | **372,768** | **400** | **127,231** | **1,439,296** |

(ii) For the year ended December 31, 2019, the decrease in the Group's property, plant and equipment due to the loss of control over the subsidiaries is described in Note 6(k).

(iii) In 2011, the Group signed a contract of purchasing land near the provincial road of Leo Exploitation Co., Ltd. and had paid \$4,635 constantly. As of December 31, 2020, the amount of land ownership that has not been transferred to the Group is \$134 (unfinished projects are listed under construction in progress).

(iv) In March 2020, the Group signed a land rights contract with the Economic Development Bureau of the New Taipei City Government and the North District Office of the State-Owned Property Department of the Ministry of Finance in the form of land lease rights; and it has completed the establishment of land rights as of April 13, 2020. It is expected to be used for the construction of Eastern Media Group headquarters. The cost invested in the planning and construction is recognized under property, plant and equipment. In addition, please refer to Note 6 (m) for the details of the lease of land rights.

(v) The fair values of parts of the Group's land, and buildings on December 31, 2020 and 2019 are measured by the third-level input value of the expert report of the real estate appraiser. The evaluation is based on a comprehensive consideration of the comparative method, the cost method and the land development analysis method. After the assessment, no impairment loss should be recognized for the years ended December 31, 2020 and 2019, respectively.

(vi) Please refer to Note 8 for the details of the property, plant and equipment pledged as collateral.

(m) Right-of-use assets

(i) The cost, depreciation, and impairment loss of the land and equipments, buildings, ships and media exhibition boards of the Group were as follows:

| | Land and equipment | Buildings | Ships | Outdoor advertising boards | Transportation equipment | Total |
|---|---|---|---|---|---|---|
| Right of use asset costs: | | | | | | |
| Balance on January 1, 2020 | $ 4,109,171 | 882,233 | - | 2,453,661 | - | 7,445,065 |
| Additions | 1,126,492 | 260,787 | - | 309,877 | 4,732 | 1,701,888 |
| Write-off-lease modification | (2,218) | (38,194) | - | (205) | - | (40,617) |
| Write off-lease ending | - | (19,067) | - | - | - | (19,067) |
| Balance on December 31, 2020 | **$ 5,233,445** | **1,085,759** | **-** | **2,763,333** | **4,732** | **9,087,269** |
| Balance on January 1, 2019 | $ 3,154,258 | 178,030 | 288,358 | 849,003 | - | 4,469,649 |
| Acquisition through business combination (Note 6(i)) | - | 348,717 | - | - | 1,839 | 350,556 |
| Additions | 954,943 | 366,984 | - | 1,604,658 | - | 2,926,585 |
| Write off-lease modification | (30) | (11,498) | (290,205) | - | (1,839) | (303,572) |
| Effect of changes in foreign exchange rates | - | - | 1,847 | - | - | 1,847 |
| Balance on December 31, 2019 | **$ 4,109,171** | **882,233** | **-** | **2,453,661** | **-** | **7,445,065** |

(Continued)

**EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

| | Land and equipment | Buildings | Ships | Outdoor advertising boards | Transportation equipment | Total |
|---|---|---|---|---|---|---|
| Accumulated depreciation and impairment losses: | | | | | | |
| Balance on January 1, 2020 | $ 220,259 | 130,528 | - | 332,115 | - | 682,902 |
| Depreciation for the year | 221,056 | 192,511 | - | 654,175 | 598 | 1,068,340 |
| Impairment losses | - | - | - | 150,403 | - | 150,403 |
| Write off-lease modification | - | (5,986) | - | - | - | (5,986) |
| Write off-lease ending | - | (19,067) | - | - | - | (19,067) |
| Balance on December 31, 2020 | **$ 441,315** | **297,986** | **-** | **1,136,693** | **598** | **1,876,592** |
| Balance on January 1, 2019 | $ - | - | 97,749 | - | - | 97,749 |
| Acquisition through business combination (Note 6(i)) | - | 42,685 | - | - | 788 | 43,473 |
| Depreciation for the year | 220,259 | 89,773 | 50,524 | 332,115 | 88 | 692,759 |
| Impairment losses | - | - | 17,163 | - | - | 17,163 |
| Write off-lease modification | - | (1,930) | (165,902) | - | (876) | (168,708) |
| Effect of changes in foreign exchange rates | - | - | 466 | - | - | 466 |
| Balance on December 31, 2019 | **$ 220,259** | **130,528** | **-** | **332,115** | **-** | **682,902** |
| Carrying amount: | | | | | | |
| Balance on December 31, 2020 | **$ 4,792,130** | **787,773** | **-** | **1,626,640** | **4,134** | **7,210,677** |
| Balance on January 1, 2019 | **$ 3,154,258** | **178,030** | **190,609** | **849,003** | **-** | **4,371,900** |
| Balance on December 31, 2019 | **$ 3,888,912** | **751,705** | **-** | **2,121,546** | **-** | **6,762,163** |

(ii) The Group estimated that the costs associated with ship operations would continue to increase, and on May 31, 2019, decided to terminate the lease early. The return of the ship was completed on June 13, 2019, and the right-of-use assets of $124,303 and lease liabilities of $215,717 were wrote-off. The Group recognized $91,414 in lease modification benefits and paid compensation of $179,999. For related information, please refer to Note 6(t) and Note 12(b).

(iii) In March 2020, Group subsidiary Eastetrn Asset cooperated with the Economic Development Bureau of the New Taipei City Government and the North District Office of the State-owned Property Administration on the " Linkou International Media Park Investment Promotion Project" and signed a contract to establish land usage rights. The duration of the land usage rights is 50 years from the date of registration of the land usage, and the land usage was set up on April 13, 2020. During the duration of the contract, Eastetrn Asset shall pay rent to the North Branch of the State-owned Property Administration of the Ministry of Finance each year at a certain rate of the announced land price.

Eastetrn Asset also signed an investment contract with the Economic Development Bureau of New Taipei City Government in March 2020. The main contents of the contract are as follows:

1) Development and operation period: 50 years from the date of establishment and registration of land usage rights.

2) Development royalties: The total amount is $200,000, and as of December 31, 2020, it has been paid in full (under the right-of-use assets account).

3) Operating royalties: Starting from the date of operation, the actual net operating income of each base for the year is multiplied by the percentage of operating royalties contained in the contract to the net operating income to calculate the actual operating royalties payable by each base.

4) Performance bond: As of December 31, 2020, the performance bond has been paid according to the contract amounting to $200,000 (under the guarantee deposits paid account).

(iv) The land rights obtained by Eastetrn Asset are expected to be used to build the headquarters of the Eastern Media Group, and the depreciation expenses of the right-of-use assets and the interest expenses of lease liabilities during the planning and construction period will be capitalized. The interest rate was at 2.75%. Details are as follows:

| | For the years ended December 31 |
|---|---|
| | **2020** |
| Right-of-use assets depreciation expense | $ 16,189 |
| Interest expense on lease liability | $ 17,650 |

The above accounts are listed under property, plant and equipment. Please refer to Note 6(l) for details.

(v) Impairment losses

1) For the year ended December 31, 2019, right-of-use assets were affected by the market and by the political and economic environment of the shipping industry. After assessment, impairment losses were recognized of $17,163. Please refer to Note 12(b).

2) The recoverable amount of the ships was calculated using the discounted cash flows method with the discount rate of 5%.

3) The media segment was affected by the Covid-19 pandemic, which caused a decline in advertising business. The Group expects that the future cash inflow generated by outdoor advertising boards will decrease, causing its recoverable amount to be less than the book value of the right-of-use assets. Therefore, for the year ended December 31, 2020, the impairment losse recognized was $150,403. The impairment loss has been included in the other gains and losses net of the consolidated comprehensive income statement; please refer to Note 6(ab).

The recoverable amount of outdoor advertising boards is calculated based on the value in use, and the value in use in turn is calculated based on the pre-tax cash flow forecast of the financial forecast for the remaining lease period of the outdoor advertising boards. The discount rate used to estimate the value in use is 7.6482%. The discount rate is a pre-tax rate measured on the basis of the estimated industry weighted average cost of capital, and the risk premium is adjusted to reflect the increased risk of general investment in equity and the specific systemic risk of cash-generating units.

The cash flow estimation is based on the financial budget of the remaining lease period of the outdoor advertising boards estimated by the management. The estimation of EBITDA during the financial budget period is based on past experience, actual operating results and future lease expiry dates. Considering the nature of the outdoor media business, the management believes that the aforementioned forecast period is reasonable. The relevant operating income is estimated based on past experience and actual operating conditions, taking into account the market environment and the growth of the industry market. It also estimates operating costs and expenses based on past experience and changes in various costs and expenses, and calculates the recoverable amount using the pre-tax discount rate. The values of these key assumptions represent the management's assessment of the future trend of the outdoor media space operation business, while taking external and internal information (historical information) into account.

(n) Intangible assets

(i) The cost, depreciation, and impairment loss of the Intangible assets of the Group for the years ended December 31, 2020 and 2019, were as follows:

| | Goodwill | Trademark | Client rights | Brand values | Supplier contracts | Computer software | Other intangible assets | Total |
|---|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | | |
| Balance on January 1, 2020 | $ 160,379 | 233,229 | 69,909 | - | - | 42,053 | 13,008 | 518,578 |
| Additions | - | 401 | - | - | - | 11,803 | 6,282 | 18,486 |
| Acquisition through business combinations | (33,060) | 38,065 | 3,260 | - | - | - | - | 8,265 |
| Transfers | (16,235) | - | - | - | - | - | - | (16,235) |
| Balance on December 31, 2020 | **$ 111,084** | **271,695** | **73,169** | **-** | **-** | **53,856** | **19,290** | **529,094** |
| Balance on January 1, 2019 | $ 3,475,477 | 27,190 | 1,396,843 | 189,733 | 51,768 | 239,453 | 7,833 | 5,388,297 |
| Additions (Note 6(i)) | 128,460 | 207,659 | 69,909 | - | - | 8,695 | 9,238 | 423,961 |
| Acquisition through business combinations (Note 6(i)) | - | - | - | - | - | 2,765 | - | 2,765 |
| Transfers | - | (926) | - | - | - | (612) | (4,063) | (5,601) |
| Loss of control of subsidiary | (3,443,558) | - | (1,396,843) | (189,733) | (51,768) | (208,248) | - | (5,290,150) |
| Disposals | - | (694) | - | - | - | - | - | (694) |
| Balance on December 31, 2019 | **$ 160,379** | **233,229** | **69,909** | **-** | **-** | **42,053** | **13,008** | **518,578** |
| Amortization and impairment loss: | | | | | | | | |
| Balance on January 1, 2020 | $ - | 2,085 | 4,254 | - | - | 17,803 | 3,602 | 27,744 |
| Amortization for the year | - | 14,433 | 4,892 | - | - | 9,748 | 4,943 | 34,016 |
| Balance on December 31, 2020 | **$ -** | **16,518** | **9,146** | **-** | **-** | **27,551** | **8,545** | **61,760** |

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| | Goodwill | Trademark | Client rights | Brand values | Supplier contracts | Computer software | Other intangible assets | Total |
|---|---|---|---|---|---|---|---|---|
| Balance on January 1, 2019 | $ - | 761 | 1,172,708 | 6,145 | 43,485 | 213,657 | 1,813 | 1,438,569 |
| Amortization for the year | - | 2,944 | 4,254 | - | - | 6,026 | 2,336 | 15,560 |
| Acquisition through business combinations (Note 6(i)) | - | - | - | - | - | 1,825 | - | 1,825 |
| Transfers | - | (926) | - | - | - | (66) | (547) | (1,539) |
| Disposals | - | (694) | - | - | - | - | - | (694) |
| Loss of control of subsidiary | - | - | (1,172,708) | (6,145) | (43,485) | (203,639) | - | (1,425,977) |
| Balance on December 31, 2019 | **$ -** | **2,085** | **4,254** | **-** | **-** | **17,803** | **3,602** | **27,744** |
| Carrying amounts: | | | | | | | | |
| Balance on December 31, 2020 | **$ 111,084** | **255,177** | **64,023** | **-** | **-** | **26,305** | **10,745** | **467,334** |
| Balance on January 1, 2019 | **$ 3,475,477** | **26,429** | **224,135** | **183,588** | **8,283** | **25,796** | **6,020** | **3,949,728** |
| Balance on December 31, 2019 | **$ 160,379** | **231,144** | **65,655** | **-** | **-** | **24,250** | **9,406** | **490,834** |

(ii) For the year ended December 31, 2019, the reduce of intangible assets was due to the loss of control of subsidiary. The information please refer to Note 6(k) and for details of goodwill please refer to Note 6(i). Additionally, the deferred gain on disposal of intangible assets, amounting to $12,510, from ET New Retail Department was realized; the details please refer to Note 6(k).

(iii) The allocation of goodwill was as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Retail business | $ 79,165 | 128,460 |
| E-ticket business | 31,919 | 31,919 |
| | **$ 111,084** | **160,379** |

The consolidated subsidiary, ET Pet, obtained control over Oscar, Pet Kingdom, and Kaou Sin, by acquiring 80% of their shares on October 1, 2019. According to the difference between the purchase price and identifiable net assets in the acquisition contract, it generated goodwill at an amount of $79,165. The related information please to Note 6(i).

(iv) Tradermark, Client rights, brand values and Supplier contracts

The Group measured the fair value of the net assets at acquisition date and evalued the fair value and durability of intangible assets which were met the standard and significant.

1) The Group obtained control over Oscar Pet Co., Ltd. , Pet Kingdom Co., Ltd. , and Kaou Sin Trading Co., Ltd. on October 1, 2019, and evaluated trademark and client rights of these three subsidiaries amounted $239,088 and $73,169, respectively

2) The identifiable intangible assets with determined durability would amortize since the acquisition year. The details please refer to Note 6(i).

(v) The impairment evaluation of goodwill

Goodwill had been allocated to the acquirer' s identifiable cash-generating units. The recoverable amount was based on its value in use, determined by pre-tax cash flow forecasts of five-year financial budgets approved by the management.

The recoverable amount measured by gross profit ratio, growth rate and discount rate exceeded the carrying amount, thus, impairment loss did not occur.

The discount rate the management adopted was a pre-tax measure reflecting specific risks of the relative operating divisions.

The management believed that any reasonable changes to key assumptions used for determining recoverable amount of each cash-generating unit would not cause its carrying amount greater than the recoverable amount. The recoverable amount determined under aforesaid the key assumptions comparing with the carrying amount of the assets used for operation and the goodwill on the valuation date, ended up with no impairment loss should be recognized for the years ended December 31, 2020 and 2019, respectively.

(o) Short-term loans

Details of short-term loans of the Group were as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Unsecured bank loans | $ 12,295 | - |
| Secured bank loans | 50,000 | 58,000 |
| Total | **$ 62,295** | **58,000** |
| Unused credit lines | **$ 1,005,800** | **617,215** |
| Interest rates | **1.955%~2.25%** | **1.97%~3.2%** |

(i) For the year ended December 31, 2019, the reduce of short-term loans was due to the loss of control of subsidiary. The information please refer to Note 6(k).

(ii) Please refer to Note 8 for the details of the related assets pledged as collateral.

(p) Short-term notes and bills

Details of short-term notes and bills of the Group were as follows:

| | December 31, 2019 |
|---|---|
| Secured bank loans | **$ 20,000** |
| Unused credit lines | **$ 10,000** |
| Interest rates | **1.878%** |

Please refer to Note 8 for the details of the related assets pledged as collateral.

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(q) Notes payable

| | | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Generated from operation | $ | 29,877 | 44,806 |
| Non-generated from operation Financing | | | |
| Loans from other parties | | 64,727 | - |
| | $ | **94,604** | **44,806** |

Notes payable which were not generated from operation were 12 periods of repayment checks issued to the leasuring company. Since there were demands for short-term working capital of the Group, the Group signed a loan contract with leasuring company in September 2020. The interest rate was 3.04% in the contract. The loaning duration was lasting for one year. Among the duration, the first 11 periods amortized 70% of the principal, and the 12 period repaid the remaining 30% of the principal.

(r) Long-term loans

Details, conditions and terms of long-term loan of the Group were as follows:

| | | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Unsecured loans | $ | 136,500 | 150,000 |
| Secured bank loans | | 679,800 | 261,778 |
| Less: Current portion | | (174,525) | (67,789) |
| Fees | | (3,789) | (5,989) |
| Total | $ | **637,986** | **338,000** |
| Duration year | | **110~112** | **109~112** |
| Interest rates | | **2.01%~3.05%** | **2.21%~3.2%** |
| Unused credit lines | $ | **371,500** | **734,000** |

(i) Among 2019, the reduction was due to the loss of control of subsidiary. The information please refer to Note 6(k).

(ii) Please refer to Note 8 for details of the related assets pledged as collateral.

(s) Long-term notes and accounts payable

| | | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Long-term notes payable | $ | 176,890 | - |
| Less: current portion | | (116,004) | - |
| | $ | **60,886** | **-** |

Long term notes payable were 24 periods of repayment checks. Since there were demands for working capital of the Group, the Group signed an installment purchase contract in September 2020.

(t) Lease liabilities

The Group amounts recognized in lease liabilities was as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Current | $ 1,174,478 | 954,147 |
| Non-current | $ 6,167,307 | 5,874,708 |

For the maturity analysis, please refer to Note 6(ac).

The amounts recognized in profit or loss were as follows:

| | For the years ended December 31 | |
|---|---|---|
| | 2020 | 2019 |
| Interest on lease liabilities | $ 214,902 | 140,155 |
| Variable lease payments not included in the measurement of lease liabilities | $ 29,996 | 30,012 |
| Expenses relating to short-term leases | $ 80,264 | 103,296 |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | $ 1,814 | 933 |
| Covid-19 related rent concessions recognized as other income | $ (174,520) | - |

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

| | For the years ended December 31 | |
|---|---|---|
| | 2020 | 2019 |
| Total cash outflow for leases | $ 1,306,050 | 928,690 |

For the years ended December 31, 2020 and 2019, newly added lease liabilities amounted $1,701,888 and $2,926,585 respectively, and the interest rates were 2.75%~3%. Lease period ending dates extend from January 2021 to April 2070. However, for the years ended December 31, 2020 and 2019, the group negotiated modifications to its contracts in consideration of its operating conditions, thereby reducing lease liabilities by $35,363 and $226,366 respectively. The information on modifications of the Group’s lease contracts, please refer to Notes 6(m), (ab) and Note 12(b).

(i) Leases of land and equipment and buildings

As of December 31, 2020 the Group leases land and equipment and buildings for its warehousing operations, office space, retail stores and the land rights of the group headquarters. The leases of office space typically run for a period of 20 years, retail stores for 3 to 10 years and land usage rights for 50 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 of equipments contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which leasee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) Other leases

The Group leases outdoor advertising boards and transportation equipment, with lease terms of three to five years. In some cases, the Group has options to extend lease terms at the end of the contract term.

The Group also leases IT equipment and machinery with contract terms of one to three years. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(u) Provisions

| | Onerous contract |
|---|---|
| Balance on January 1, 2019 | $ 4,992 |
| Provisions reversed during the period | (5,010) |
| Foreign exchange gain/loss | 18 |
| Balance on December 31, 2019 | $ - |

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract in 2019. However, ships contracts had expired on April 28 and May 2, 2019, all provisions reversal.

(v) Employee benefits

(i) Defined benefit plans

The Group determined the movement in the present value of the defined benefit obligations and fair value of plan assets as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Present value of defined benefit obligations | $ 148,076 | 147,710 |
| Fair value of plan asset | (122,359) | (116,161) |
| Recognized liabilities for defined benefit obligations | **$ 25,717** | **31,549** |

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group' s Bank of Taiwan labor pension reserve account balance amounted to \$122,359 as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the years ended December 31, 2020 and 2019 were as follows:

| | For the years ended December 31 | |
|---|---|---|
| | **2020** | **2019** |
| Defined benefit obligations at January 1 | $ 147,710 | 178,114 |
| Current service cost and interest | 2,412 | 2,980 |
| Remeasurements of the net defined benefit liability (asset): | | |
| －Actuarial (losses) gains due to experience adjustments | 2,986 | 8,162 |
| Loss control of its subsidiary | - | (31,848) |
| Benefits paid by the plan | (5,032) | (13,898) |
| The effects of business combinations | - | 4,200 |
| Defined benefit obligations at December 31 | **$ 148,076** | **147,710** |

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3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the years ended December 31, 2020 and 2019 were as follows:

| | For the years ended December 31 | |
|---|---|---|
| | **2020** | **2019** |
| Fair value of plan assets at January 1 | $ 116,161 | 142,019 |
| Interest revenue | 720 | 751 |
| Remeasurements of the net defined liability (asset): | | |
| －Return on plan assets (excluding interest for the period) | 3,983 | 3,398 |
| Contributions made from employer | 6,527 | 29,694 |
| Loss control of its subsidiary | - | (45,803) |
| Benefits paid by the plan | (5,032) | (13,898) |
| Fair value of plan assets at December 31 | **$ 122,359** | **116,161** |

4) Expenses recognized in profit and loss

The expenses recognized in profit or loss for the years ended December 31, 2020 and 2019 were as follows:

| | For the years ended December 31 | |
|---|---|---|
| | **2020** | **2019** |
| Service cost of the period | $ 1,522 | 1,839 |
| Net interest on net defined benefit liability | 890 | 1,141 |
| Curtailment or settlement losses | (720) | (751) |
| | **$ 1,692** | **2,229** |
| Operating cost | $ 1,086 | 1,437 |
| General and administrative expense | 606 | 792 |
| | **$ 1,692** | **2,229** |

5) Actuarial valuations

The principal actuarial assumptions at the reporting date were as follows:

| | **December 31, 2020** | **December 31, 2019** |
|---|---|---|
| Discount rate | 0.19%～0.36% | 0.62% |
| Future salary increase | 0.50% | 1.00% |

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $6,468.

The weighted-average lifetime of the defined benefits plans is 4～13 years.

6) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including employee turnover rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

As of December 31, 2020 and 2019, the changes in the principal actuarial assumptions will impact on the present value of defined benefit obligation as follows:

| | Impact on present value of defined benefit obligations | |
|---|---|---|
| | **Increase** | **Decrease** |
| December 31, 2020 | | |
| Discount of 0.50% | $ (1,881) | 4,812 |
| Future salary change of 0.50% | 4,748 | (1,520) |
| December 31, 2019 | | |
| Discount of 0.50% | (2,039) | 5,771 |
| Future salary change of 0.50% | 5,700 | (2,042) |

The sensitivity analysis assumed all other variables remain constant during the measurement. This may not be representative of the actual change in defined benefit obligation as some of the variable may be correlated in the actual situation. The model used in the sensitivity analysis is the same as the defined benefit obligation liability. The analysis is performed on the same basis for prior year.

(ii) Defined contribution plans

The Group contributed 6% of the employees' monthly wages to the Labor Pension personal accounts at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Group contributed a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

For the years ended December 31, 2020 and 2019, the Group contributed $51,494 and $40,255, respectively, under the pension plan to the Bureau of Labor Insurance.

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(w) Income taxes from discontinued operations

(i) The components of income tax for the years ended December 31, 2020 and 2019 were as follows:

| | | For the years ended December 31 | |
|---|---|---|---|
| | | **2020** | **2019** |
| Current income tax expense | | | |
| Current period | $ | 15,537 | 5,918 |
| Undistributed earnings additional tax | | 5 | 9,517 |
| Adjustment for prior periods | | 337 | (7,833) |
| | | 15,879 | 7,602 |
| Deferred tax expense | | | |
| Origination and reversal of temporary differences | | (199,266) | (191,607) |
| Income tax benefit from continuing operations | **$** | **(183,387)** | **(184,005)** |

The reconciliation of income tax and profit before tax was as follows:

| | | For the years ended December 31 | |
|---|---|---|---|
| | | **2020** | **2019** |
| Profit before tax | $ | 309,719 | 360,720 |
| Income tax on pre-tax financial income calculated at the domestic rates applicable to profits in the country concerned | $ | 61,944 | 72,144 |
| Differences of income tax rate in foreign countries | | 400 | (11,259) |
| Investment gain or loss from domestic investment accounted for using equity method | | 69,955 | 23,558 |
| Other adjustments in accordance with tax laws | | (232,056) | (138,321) |
| Prior years' adjustment | | 337 | (7,833) |
| Undistributed earnings additional tax | | 5 | 9,517 |
| Income basic tax | | 3,400 | - |
| Deferred income taxes | | (87,372) | (131,811) |
| Total | **$** | **(183,387)** | **(184,005)** |

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(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Tax effect of deductible temporary differences | $ 4,716 | 7,111 |
| The carryforward of unused tax losses | 1,663,653 | 1,847,550 |
| Investment tax credits | 1,331 | - |
| | **$ 1,669,700** | **1,854,661** |

As of December 31, 2020, the information of the Group's unutilized business unused tax losses for which no deferred tax assets were recognized are as follows:

| Year of Occurrence | Remaining Creditable Amount | Year of Expiration |
|---|---|---|
| 2011 | $ 1,767,206 | 2021 |
| 2012 | 1,591,619 | 2022 |
| 2013 | 1,741,699 | 2023 |
| 2014 | 1,656,881 | 2024 |
| 2015 | 1,402,452 | 2025 |
| 2016 | 295,386 | 2026 |
| 2017 | 392,893 | 2027 |
| 2018 | 560,332 | 2028 |
| 2019 | 369,556 | 2029 |
| 2020 | 580,287 | 2030 |
| | **$ 10,358,311** | |

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

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

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2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2020 and 2019, were as follows:

| | For the years ended December 31 | |
|---|---|---|
| | 2020 | 2019 |
| **Deferred Tax Assets:** | | |
| Balance, January 1 | $ 214,855 | 103,567 |
| Loss control of its subsidiary | - | (82,721) |
| Acquisition from the combination | - | 2,402 |
| Recognized in profit or loss | 199,314 | 191,607 |
| Balance, December 31 | **$ 414,169** | **214,855** |
| **Deferred Tax Liabilities:** | | |
| Balance, January 1 | $ - | 228 |
| Loss control of its subsidiary | - | (228) |
| Recognized in profit or loss | 48 | - |
| Balance, December 31 | **$ 48** | **-** |

For the years ended December 31, 2020 and 2019, previously unrecognized tax losses of $199,920 and $199,919, respectively, were recognized as deferred tax assets, as management determined that it is probable that there will be sufficient taxable gains in the future.

(iii) The Company’s tax returns for the years through 2018 were examined and approved by the tax authority.

(x) Capital and other equity

(i) Ordinary shares

As of December 31, 2020 and 2019, the total value of nominal ordinary shares amounted $15,000,000 with a par value of $10 (dollars) per share. The total number of shares was 556,790.

For increasing the return on equity, on March 25, 2021, a resolution was passed in the Board meeting for the capital reduction with $0.5(NT$) per share, amounting to $278,395, cancelling 27,840 ordinary shares, and will be passed in the shareholders’ meeting on June 18, 2021.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2020 and 2019, were as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Changes in equity of associates and subsidiaries accounted for using equity method | $ 5,165 | 5,165 |
| Changes in equity of subsidiaries | 15,604 | 15,604 |
| | **$ 20,769** | **20,769** |

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.

For the year ended December 31, 2019, the Company invested its subsidiary without in accordance with the shareholding ratio, leading the movement of shareholding ratio and increasing the capital surplus-changes in ownership interests in subsidiaries by $15,604. Please refer to Note 6(i) for more information.

(iii) Retained earnings

1) Legal reserve

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

2) Special reserve

By choosing to apply exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards during the Company's first-time adoption of the International Financial Reporting Standards (IFRSs) endorsed by the Financial Supervisory Commission, unrealized revaluation gains recognized under shareholders' equity and cumulative translation adjustments (gains) shall be reclassified as investment property at the adoption date. In accordance with Ruling No. 1010012865 issued by the Financial Supervisory Commission on April 6 2012, an increase in retained earnings due to the first-time adoption of IFRSs shall be reclassified as a special earnings reserve during earnings distribution, and when the relevant asset is used, disposed of, or reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately.

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special earnings reserve resulting from the first-time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes in other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The Company held a shareholders meeting on June 29, 2020 to pass a resolution to amend the Company's Articles of Incorporation to state that if profit distribution is to be paid in cash, it may be approved by the Board of Directors and reported to the Shareholders in its meeting.

The dividend policy of the Company takes into consideration the expenditures for its business expansion, investment, and improvement of its financial structure. Dividend distributions should not be less than 15% of distributable earnings. The Company distributes dividends of at least 10% of the aggregated dividends, if the distributions include cash dividends. The policy requires that all after-tax earnings shall first offset any deficit, and 10% of the balance shall be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the amount of issued share capital. Aside from the aforesaid legal reserve, the Company may, under its articles of incorporation or as required by the government, appropriate a special reserve. If there is still surplus, and the undistributed surplus at the beginning of the same period (including adjustment of the amount of undistributed surplus), its distribution shall be the approved by the board of directors.

The Company's earnings distribution proposals for 2019 and 2018 were resolved by the shareholder's meeting on June 29, 2020 and May 29, 2019, respectively, as follows:

| | Earnings distributions | | Dividend per share | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Legal reserve | $ 37,423 | 107,100 | - | - |
| Special reserve | 44,579 | 143,912 | - | - |
| Cash dividends | 556,790 | 556,790 | 1 | 1 |

On March 25, 2021, the Company's Board of Directors resolved to appropriate the 2020 earnings, as follows:

| | Earnings distributions | Dividend per share |
|---|---|---|
| Legal reserve | $ 54,042 | - |
| Special reserve | 68,155 | - |
| Cash dividends | 445,432 | 0.8 |

(Continued)

The earnings for 2020 is to be presented for approval in the Company' s Board of Shareholders to be held on June 18, 2021 (expected). For further information, please refer to the Market Observation Post System.

4) In 2020 and 2019, as disposing financial assets at fair value through other comprehensive income, the gain (loss) on disposal amounted $19,492 and $(10,738), respectively, were transferred from other equity to retained earnings.

(iv) Treasury shares

Eastern Home Shopping & Leisure (EHS) became a subsidiary of the Company on April 1, 2017. It acquired a total of 5 thousand shares, with a price of $9.53 per share, of the Company. As of December 31, 2018, the shares held by EHS were reduced to 4 thousand shares with a price of $13.30 per share, after the capital reduction. On January 1, 2019, the Company lost control over EHS, resulting in the Company to recognize the amount of $11 as treasury shares.

(v) Other equity (net of tax)

| | Foreign currency translation differences for foreign operations | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Total |
|---|---|---|---|
| Balance on January 1, 2020 | $ (224,130) | (3,671) | (227,801) |
| Exchange differences on foreign operation | 680 | - | 680 |
| Change in other comprehensive income (loss) of associates accounted for using equity method | (68,840) | 6 | (68,834) |
| Unrealized losses from financial assets measured at fair value through other comprehensive income | - | 19,491 | 19,491 |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | (19,492) | (19,492) |
| Balance at December 31, 2020 | **$ (292,290)** | **(3,666)** | **(295,956)** |
| Balance on January 1, 2019 | $ (168,588) | (14,634) | (183,222) |
| Exchange differences on foreign operation | (48,900) | - | (48,900) |
| Change in other comprehensive income (loss) of associates accounted for using equity method | (6,642) | 2 | (6,640) |
| Unrealized losses from financial assets measured at fair value through other comprehensive income | - | 223 | 223 |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | 10,738 | 10,738 |
| Balance at December 31, 2019 | **$ (224,130)** | **(3,671)** | **(227,801)** |

(Continued)

**EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(y) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the years ended December 31, 2020 and 2019 are as follows:

| | For the year ended December 31, 2020 | | |
|---|---|---|---|
| | **Net of tax** | **The weighted average number of ordinary shares outstanding (thousand shares)** | **Earnings per share (NT$)** |
| **Basic earnings per share** | | | |
| Profit attributable to ordinary shareholders of the Company | $ **520,859** | **556,790** | **0.94** |
| **Diluted earnings per share** | | | |
| Profit from continuing operations of the Company for the year | $ 520,859 | 556,790 | |
| Effect of dilutive potential ordinary shares: | | | |
| Employee stock bonus | - | 843 | |
| **Profit attributable to ordinary shareholders of the Company (Weighted average number of ordinary shares (diluted) at 31 December)** | $ **520,859** | **557,633** | **0.93** |

| | For the year ended December 31, 2019 | | |
|---|---|---|---|
| | **Net of tax** | **The weighted average number of ordinary shares outstanding (thousand shares)** | **Earnings per share (NT$)** |
| **Basic earnings per share** | | | |
| Profit from continuing operations of the Company for the year | $ 558,661 | 556,790 | 1.00 |
| Loss from discontinued operations of the Company for the year | (168,130) | 556,790 | (0.30) |
| Profit attributable to ordinary shareholders of the Company | $ **390,531** | **556,790** | **0.70** |
| **Diluted earnings per share** | | | |
| Profit from continuing operations of the Company for the year | $ 558,661 | 556,790 | |
| Effect of dilutive potential ordinary shares: | | | |
| Employee stock bonus | - | 1,370 | |
| Profit from continuing operations of the Company for the year | $ 558,661 | 558,160 | 1.00 |
| Loss from discontinued operations of the Company for the year | (168,130) | 558,160 | (0.30) |
| **Profit attributable to ordinary shareholders of the Company (Weighted average number of ordinary shares (diluted) at 31 December)** | $ **390,531** | **558,160** | **0.70** |

**EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES**
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(z) Revenue from contracts with customers from continuing operations

(i) Details of revenue

| | | For the year ended December 31, 2020 | | | | |
|---|---|---|---|---|---|---|
| | | Warehousing | Trading | Media | Others | Total |
| Main services: | | | | | | |
| Sales revenue | $ | - | 1,654,518 | 26,282 | 72,776 | 1,753,576 |
| Media revenue | | - | - | 1,352,291 | - | 1,352,291 |
| Loading and storage revenue | | 1,338,004 | - | - | - | 1,338,004 |
| Other revenue | | - | 185,209 | 56,246 | 42,688 | 284,143 |
| | $ | **1,338,004** | **1,839,727** | **1,434,819** | **115,464** | **4,728,014** |

| | | For the year ended December 31, 2019 | | | | |
|---|---|---|---|---|---|---|
| | | Warehousing | Trading | Media | Others | Total |
| Main services: | | | | | | |
| Sales revenue | $ | - | 530,922 | - | 66,647 | 597,569 |
| Media revenue | | - | - | 1,053,615 | - | 1,053,615 |
| Loading and storage revenue | | 1,280,228 | - | - | - | 1,280,228 |
| Other revenue | | - | 53,496 | 89,969 | 54,483 | 197,948 |
| | $ | **1,280,228** | **584,418** | **1,143,584** | **121,130** | **3,129,360** |

(ii) Contract balances

| | | December 31, 2020 | December 31, 2019 | January 1, 2019 |
|---|---|---|---|---|
| Notes receivable | $ | 4,406 | 4,264 | 1,278 |
| Installment notes receivable | | 121,735 | 62,065 | 152,433 |
| Accounts receivable | | 395,034 | 380,995 | 663,832 |
| Less: Allowance for impairment | | (39,803) | (29,563) | (84,105) |
| Unrealized interest revenue | | (7,856) | (2,254) | (14,121) |
| Total | $ | **473,516** | **415,507** | **719,317** |
| Contract liability – Commodity Gift Certificates and Special Offer Points | $ | - | - | 136,973 |
| Contract liability – advertising services | | 32,912 | 16,729 | 10,357 |
| Contract liability – others | | 4,527 | 8,184 | 12,481 |
| Total | $ | **37,439** | **24,913** | **159,811** |

1) Please refer to Note 6(d) for the details of accounts receivable and its impairment.

2) The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no significant changes.

(aa) Employee compensation

If the Company makes a profit during the year (referring to profit before tax minus the profit before the distribution of employee compensation), then after deducting any accumulated loss, 3.5% of the balance shall be allocated as employee compensation and the amount allocated shall be used as the current year's expense. Employees' compensation is based on stocks or cash, subject to a special resolution of the board of directors and reporting to the regular shareholders meeting.

For the years ended December 31, 2020 and 2019, the Company estimated its employee compensation amounting to $11,637 and $7,025, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the compensation to employees, multiplied by the percentage of compensation to employees. These compensation were expensed under operating costs or expenses during the period. The differences between the actual distributed amounts, as determined by the board of directors, and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year. 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.

For the year ended December 31, 2019 and 2018, the Company estimated its employee compensation amounting to $7,025 and $41,736, respectively. The amounts of employees' compensation and directors' remuneration, as stated in the financial statements, were identical to the actual distributions amounts for the year 2019 and 2018. For further information, please refer to Market Observation Post System.

(ab) Non-operating income and expenses from continuing operations

(i) Interest income

The details of interest income were as follows:

| | For the years ended December 31 | |
|---|---|---|
| | **2020** | **2019** |
| Interest income | $ **14,953** | **22,456** |

(ii) Other income

The details of other revenue were as follows:

| | For the years ended December 31 | |
|---|---|---|
| | **2020** | **2019** |
| Dividend income | $ 4,765 | 4,186 |
| Rental income | 27,855 | 25,371 |
| Other revenue (Note) | 191,732 | - |
| | $ **224,352** | **29,557** |

Note: Other income includes rent reductions of the Group due to the Covid-19 pandemic. For the year ended December 31, 2020, the amount is $174,520 respectively. Please refer to Note 6(t) for details.

(iii) Other gains and losses

The details of other gains and losses were as follows:

| | For the years ended December 31 | |
|---|---|---|
| | 2020 | 2019 |
| Loss on disposal of property, plant, and equipment | $ (3,669) | (1,398) |
| Impairment loss on right-of-use assets | (150,403) | - |
| Impairment loss on investments accounted for using equity method | (5,933) | - |
| Loss on disposal of investments | (4,809) | (18,264) |
| Gain on disposal of intangible assets | - | 12,510 |
| Net gain on evaluation of financial assets at fair value through profit or loss | 68,993 | 178,287 |
| Foreign exchange loss | (2,621) | (14,187) |
| Expected credit loss | - | (19,007) |
| Lease modification benefits | 732 | 561 |
| Income from counter-party default | - | 95,238 |
| Other income | 54,249 | 126,484 |
| | **$ (43,461)** | **360,224** |

The subsidiary-ET New Media joined and cooperated with Junming Group Co., Ltd. (hereinafter referred to as Junming Group), joined and corperated with in the development of new media businesses such as short video audio and video content. However, Junming Group failed to perform the agreement accordingly. Based on the agreement between the two parties, Junming Group was required to pay a liquidated damage amounting to $95,238, with an interest of $1,381, which was recognized as other gains and losses under other income. As of December 31, 2019, all payments had been received.

(iv) Finance costs

The details of finance costs were as follows:

| | For the years ended December 31 | |
|---|---|---|
| | 2020 | 2019 |
| Interest expenses – lease liabilities | $ 197,252 | 137,625 |
| Interest expenses – bank loans | 25,864 | 6,173 |
| Finance expense | 2,629 | 2,280 |
| | **$ 225,745** | **146,078** |

(ac) Financial instruments

(i) Credit risk

1) Credit risk exposure

As at reporting date, the Group's exposure to credit risk and the maximum exposure were mainly from:

a) The carrying amount of financial assets recognized in the consolidated balance sheet; and

b) The amount of liabilities as a result from the Group providing financial guarantees to its customers was $1,120,682 and $490,000.

2) Concentration of credit risk

The Group caters to a large group of customers; therefore, there is no concentration of regional credit risk.

For credit risk exposure of notes and trade receivables, please refer to note 6(d).

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

The loss allowance provision were determined as follows:

| | For the years ended December 31 | |
|---|---|---|
| | **2020** | **2019** |
| Other receivables | | |
| Balance at January 1 | $ 28,982 | 11,861 |
| Amounts written off | (27,285) | (1,859) |
| Impairment losses recognized | - | 19,007 |
| Foreign exchange loss | - | (27) |
| Balance at December 31 | **$ 1,697** | **28,982** |

(ii) Liquidity risk

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

| | Carrying amount | Contractual cash flows | Within 1 year | 1-3 years | 3-5 years | More than 5 years |
|---|---|---|---|---|---|---|
| **December 31, 2020** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Short-term and long-term loans | $ 874,806 | 914,127 | 257,570 | 656,557 | - | - |
| Payables | 1,127,731 | 1,133,384 | 1,071,850 | 61,534 | - | - |
| Guarantee deposits received | 4,756 | 4,756 | - | 4,756 | - | - |
| Lease liabilities | 7,341,785 | 9,310,283 | 1,374,452 | 1,999,507 | 805,839 | 5,130,485 |
| | **$ 9,349,078** | **11,362,550** | **2,703,872** | **2,722,354** | **805,839** | **5,130,485** |
| **December 31, 2019** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Short-term and long-term loans | $ 463,789 | 492,961 | 136,326 | 260,129 | 96,506 | - |
| Short-term notes and bills payable | 20,000 | 20,000 | 20,000 | - | - | - |
| Payables | 1,013,722 | 1,013,722 | 1,013,722 | - | - | - |
| Guarantee deposits received | 7,188 | 7,188 | - | 7,188 | - | - |
| Lease liabilities | 6,828,855 | 8,231,502 | 1,145,703 | 2,164,558 | 1,037,028 | 3,884,213 |
| | **$ 8,333,554** | **9,765,373** | **2,315,751** | **2,431,875** | **1,133,534** | **3,884,213** |

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

(iii) Exchange rate risk

1) Exposure to exchange rate risk

The Group' s financial assets and liabilities exposed to exchange rate risk were as follows:

| | December 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Foreign Currency | Exchange Rate | TWD | Foreign Currency | Exchange Rate | TWD |
| Financial assets | | | | | | |
| USD:TWD | $ 212 | 28.48 | 6,050 | 4,073 | 29.98 | 122,102 |
| USD:HKD | 5,538 | 7.754 | 44,313 | 4,443 | 7.789 | 132,384 |
| EUR:TWD | 2,885 | 35.020 | 101,025 | 1,496 | 33.59 | 50,265 |
| CNY:TWD | 202 | 4.377 | 886 | 745 | 4.305 | 3,209 |
| CNY:HKD | 4,005 | 1.192 | 17,487 | 1,842 | 1.1847 | 7,918 |
| USD:CNY | 42 | 6.507 | 1,196 | 42 | 6.964 | 1,258 |
| EUR:HKD | 117 | 9.534 | 4,098 | 117 | 8.7269 | 3,933 |

(Continued)

| | | December 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|---|
| | | Foreign Currency | Exchange Rate | TWD | Foreign Currency | Exchange Rate | TWD |
| Financial liabilities | | | | | | | |
| USD:TWD | $ | 7,071 | 28.48 | 201,392 | - | - | - |

2) Sensitivity analysis

The Group's exposure to exchange rate risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, other financial assets, loans, accounts payable, and other payables that are denominated in foreign currency. If the TWD, when compared with USD, had appreciated or depreciated 1% (with other factors remaining constant on the reporting date), profit would have increased or decreased by $263 and $3,211 for the years ended December 31, 2020 and 2019, respectively. The analysis is performed on the same basis for both periods.

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange are summarized as a single amount. For the years ended December 31, 2020 and 2019, foreign exchange loss (including discontinued operations, realized and unrealized) amounted $2,621 and $14,172, respectively.

(iv) Interest rate analysis

The interest risk exposure of the Group's financial assets and liabilities is described in the note on market risk management.

The following sensitivity analysis is based on the exposure to interest rate risk of the derivative and non-derivative financial instruments on the reporting date.

For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities on the reporting date have been outstanding for the whole year. The Group's internal management reported the increases/decreases in interest rates, and changes in interest rates of one basis point are considered by management to be reasonably possible.

If the interest rate had increased or decreased by 1%, the Group's net income would have decreased or increased by $1,664 and $4,318 for the years ended December 31, 2020 and 2019, respectively, assuming all other variable factors remained constant. This is mainly due to the Group's variable-rate deposit and borrowing.

(Continued)

**EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES**
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(v) Other market price risk

For the years ended December 31, 2020 and 2019, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

| | For the years ended December 31 | | | |
|---|---|---|---|---|
| | 2020 | | 2019 | |
| Price of securities at reporting date | Other comprehensive income after tax | Net income | Other comprehensive income after tax | Net income |
| Increasing 3% | $ 243 | 11,448 | 394 | 7,276 |
| Decreasing 3% | $ (243) | (11,448) | (394) | (7,276) |

(vi) Fair value of financial instruments

1) Fair value hierarchy

The carrying amount and fair value of the Group' s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

| | | Fair Value | | | |
|---|---|---|---|---|---|
| December 31, 2020 | Book Value | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through profit or loss | | | | | |
| Non-derivative financial assets mandatorily measured at fair value through profit or loss | $ 381,611 | 381,611 | - | - | 381,611 |
| Financial assets at fair value through other comprehensive income | 8,104 | 594 | - | 7,510 | 8,104 |
| Financial assets measured at amortized cost | | | | | |
| Cash and cash equivalents | 1,855,653 | | | | |
| Notes and accounts receivable (including related parties) | 473,516 | | | | |
| Other receivables (including related parties) | 101,008 | | | | |
| Other current financial assets | 43,934 | | | | |
| Refundable deposits | 562,689 | | | | |
| Other non-current financial assets | 33,760 | | | | |

## EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
### Notes to the Consolidated Financial Statements

| December 31, 2020 | Book Value | Fair Value Level 1 | Fair Value Level 2 | Fair Value Level 3 | Fair Value Total |
|---|---|---|---|---|---|
| Financial liabilities measured at amortized cost | | | | | |
| Short-term borrowings | $ 62,295 | | | | |
| Notes and accounts payable | 310,892 | | | | |
| Other payables | 639,949 | | | | |
| Long-term borrowings (including current portion of long-term borrowings) | 812,511 | | | | |
| Lease liabilities (current and non-current) | 7,341,785 | | | | |
| Long-term notes and accounts payable (including current portion of long-term notes and accounts payable) | 176,890 | | | | |
| Guarantee deposits received | 4,756 | | | | |

| December 31, 2019 | Book Value | Fair Value Level 1 | Fair Value Level 2 | Fair Value Level 3 | Fair Value Total |
|---|---|---|---|---|---|
| Financial assets at fair value through profit or loss | | | | | |
| Non-derivative financial assets mandatorily measured at fair value through profit or loss | $ 242,539 | 242,539 | - | - | 242,539 |
| Financial assets at fair value through other comprehensive income | 13,123 | 598 | - | 12,525 | 13,123 |
| Financial assets measured at amortized cost | | | | | |
| Cash and cash equivalents | 1,829,578 | | | | |
| Notes and accounts receivable (including related parties) | 415,507 | | | | |
| Other receivables (including related parties) | 166,921 | | | | |
| Other current financial assets | 194,919 | | | | |
| Refundable deposits | 281,990 | | | | |
| Other non-current financial assets | 750 | | | | |

(Continued)

| | | Fair Value | | | |
|---|---|---|---|---|---|
| **December 31, 2019** | **Book Value** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Financial liabilities measured at amortized cost | | | | | |
| Short-term borrowings | $ 58,000 | | | | |
| Short-term notes and bills payable | 20,000 | | | | |
| Notes and accounts payable | 252,141 | | | | |
| Other payables | 761,581 | | | | |
| Long-term borrowings (including current portion of long-term borrowings) | 405,789 | | | | |
| Lease liabilities (current and non-current) | 6,828,855 | | | | |
| Guarantee deposits received | 7,188 | | | | |

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

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

a) Financial assets (Current investments in debt instrument without active market) measured at amortized cost and financial liabilities measured at amortized cost

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

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

The Fair values of the stocks listed at stock exchange market and emerging stock market, funds and bonds are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor.

b) Derivative financial instruments

Derivative financial instruments are valued based on widely accepted valuation models, such as discounted and option pricing models. Structured interest rate derivative financial instruments are valued using an appropriate option pricing model (e.g., Black-Scholes model) or other valuation techniques, such as Monte Carlo simulation.

4) Transfers between Level 1 and Level 2

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2020 and 2019.

5) Reconciliation of Level 3 fair values

| | Fair value through other comprehensive income | |
|---|---|---|
| | Equity investments without an active market | |
| | For the years ended December 31 | |
| | **2020** | **2019** |
| Opening balance, January 1 | $ 12,525 | 37,313 |
| Total gains and losses recognized: | | |
| In other comprehensive income | 19,910 | 181 |
| Disposal | (24,925) | (181) |
| Capital reduction and return of shares | - | (24,799) |
| Acquisition from the combination | - | 10 |
| Others | - | 1 |
| Ending Balance, December 31 | **$ 7,510** | **12,525** |

6) 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 include "Financial assets at fair value through other comprehensive income".

Most of the Group's financial assets in Level 3 have only one significant unobservable input, while its equity investments without an active market have more than one significant unobservable inputs. The significant unobservable inputs of equity investments without an active market are individually independent, and there is no correlation between them.

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Quantified information of significant unobservable inputs was as follows:

| Item | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|
| Financial assets at fair value through other comprehensive income equity investments without an active market | Market comparable companies | ·Price to book ratio multiple (1.58 and 1.07 as of December 31,2020 and 2019, respectively)<br>·Discount for lack of marketability (20%) | ·The higher the multiple, the higher the fair value<br>·The higher the discount, the lower the fair value |
| Financial assets at fair value through other comprehensive income equity investments without an active market | Net Asset Value Method | ·Net Asset Value | Not applicable |

7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's fair value measurement of financial instruments is reasonable, but using different evaluation models or evaluation parameters may result in different evaluation results. For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

| | Inputs | Rate increasing or decreasing | Other comprehensive income Favourable | Other comprehensive income Unfavourable |
|---|---|---|---|---|
| **December 31, 2020** | | | | |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity investments without an active market | Price to book ratio multiple | 1% | $ 133 | (133) |
| Equity investments without an active market | Discount for lack of marketability | 1% | 133 | (133) |
| **December 31, 2019** | | | | |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity investments without an active market | Price to book ratio multiple | 1% | $ 81 | (81) |
| Equity investments without an active market | Discount for lack of marketability | 1% | 81 | (81) |

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(ad) Financial risk management

(i) Overview

The Group is exposed to the following risks due to usage of financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note describes the Group's information concerning risk exposure and the Group's targets, policies and procedures to measure and manage the risks. For more quantitative information about the financial instruments, please refer to related notes to the financial statements.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has deputized the management of core business departments to develop and monitor the Group' s risk management policies. Management reports regularly to the Board of Directors on its activities.

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

(iii) Credit risk

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

1) Accounts receivable and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. For the year ended December 31, 2020, 10% of the Group' s revenue was not concentrated with a single customer; therefore, there was no significant concentration of credit risk.

(Continued)

The Risk Management Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group' s standard payment and delivery terms and conditions are offered. The Group' s review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed periodically. The Group would not trade with clients who cannot meet the basic credit rating requirement through regular review.

The Group monitored customer credit risk, customers are grouped according to their credit characteristics. Trade and other receivables relate mainly to the Group's wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the Risk Management Committee, and future sales are made on a prepayment basis.

The Group established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk.

The Group has set up an allowance for impairment to reflect the estimate of incurred losses with respect to trade receivables. The collectible status of the allowance for doubtful accounts is divided into five stages: normal, noticeable, recoverable, recoverable with difficulty, and uncollectible. The Group recognizes the balance of the accounts receivable as impairment loss.

2) Investment

The credit risk exposure of the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the General Manager' s office. The Group only deals with financial institutions, corporations and organizations with a credit rating of investment grade or higher; therefore, there are no significant doubts regarding default on the above financial instruments, and as a result, there is no significant credit risk.

3) Guarantee

The Group' s policy is to provide financial guarantees only to subsidiaries. As of December 31,2020, and 2019, no other guarantees were outstanding.

(iv) Liquidity risk

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

(Continued)

As of December 31, 2020 and 2019, the Group had unused bank credit lines for short-term borrowings amounting to $1,377,300 and $1,361,215, respectively. According to the Group's evaluation, the working funds of the Group are sufficient to meet its entire contractual obligations and non-hedging forward exchange contracts; therefore, management does not expect any significant issue regarding liquidity risk. The Company revised the plan for real estate and investments, which is expected to improve liquidity risk. Equity investments recorded as financial assets carried at cost do not have reliable market prices and are expected to have liquidity risk.

(v) Market risk

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

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollar (TWD), US Dollar (USD), and Chinese Yuan (CNY). The currencies used in these transactions are the TWD, EUR, and USD.

Interest is denominated in the same currency as borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, and the main currency is the New Taiwan Dollar and US Dollar.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Group's interest rate risk is managed by maintaining an appropriate combination of fixed and floating interest rates. The Group periodically evaluates the hedging activities and makes the interest rate and risk preference consistent, so that the hedging strategies are most cost effective.

3) Other market price risk

The Group is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Group does not actively trade in these investments since the management of the Group monitors and manages the equity investments by holding different investment portfolios. The Group's management will adjust the investment portfolios of stocks and bonds based on the market price. The significant components of the investment portfolios are individually managed.

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(ae) Capital management

Based on current operating characteristics and future development of the Group and external environmental changes, the Group is planning for the need of operating usage, research and development expenses and dividend payment, the Group meets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to shareholders, to safeguard the interests of related parties, and to maintain an optimal capital structure to reduce the cost of capital.

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

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

As at December 31, 2020, the Group's capital management strategy is consistent with the prior year as at December 31, 2019, ensure financing at a reasonable cost. The Group's debt-to-equity ratios at the balance sheet dates were as follows:

| | | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Total liabilities | $ | 9,477,951 | 8,455,608 |
| Less: cash and cash equivalents | | (1,855,653) | (1,829,578) |
| Net debt | | 7,622,298 | 6,626,030 |
| Total Equity | | 6,745,523 | 6,450,179 |
| Total capital | $ | **14,367,821** | **13,076,209** |
| Net Debt-to-equity ratio | | **53.05%** | **50.67%** |

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

The Group's investing activities which did not affect the current cash flow for the years ended December 31, 2020 and 2019, were as follows:

| | | For the years ended December 31 | |
|---|---|---|---|
| | | 2020 | 2019 |
| Acquisition of property, plant and equipment | $ | 420,679 | 221,106 |
| Add: Other payables January 1 | | 23,448 | 7,650 |
| Less: Interest and depreciation capitalization | | (33,839) | - |
| Notes payable December 31 | | (2,752) | - |
| Other payables December 31 | | (36,489) | (23,448) |
| Cash paid in this period | $ | **371,047** | **205,308** |

(Continued)

**EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES**
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| | For the years ended December 31 | |
|---|---|---|
| | **2020** | **2019** |
| Acquisition of intangible assets | $ 18,486 | 423,961 |
| Less: Acquisition from the combination | - | (399,393) |
| Notes payable December 31 | (178) | - |
| Other payables December 31 | (14) | - |
| Cash paid in this period | **$ 18,294** | **24,568** |

The Group's financing activities which did not affect the current cash flow for the years ended December 31, 2020 and 2019, were as follows:

| | | | Non-cash changes | | | |
|---|---|---|---|---|---|---|
| | **January 1, 2020** | **Cash flows** | **Acquisition** | **Loss of control** | **Amortization of financing use commitment fees** | **December 31, 2020** |
| Long-term borrowings | **$ 405,789** | **404,522** | **-** | **-** | **2,200** | **812,511** |

| | | | Non-cash changes | | | |
|---|---|---|---|---|---|---|
| | **January 1, 2019** | **Cash flows** | **Acquisition** | **Loss of control** | **Amortization of financing use commitment fees** | **December 31, 2019** |
| Long-term borrowings | $ 2,854,253 | (311,491) | 51,269 | (2,190,442) | 2,200 | 405,789 |
| Short-term borrowings | 307,079 | (2,633) | 60,633 | (307,079) | - | 58,000 |
| Short-term notes and bills payable | - | 20,000 | - | - | - | 20,000 |
| **Total** | **$ 3,161,332** | **(294,124)** | **111,902** | **(2,497,521)** | **2,200** | **483,789** |

## (7) Related-party transactions:

(a) Names and relationship with related parties

| Name of related party | Relationship with the Group |
|---|---|
| Eastern Home Shopping & Leisure Co., Ltd. (EHS) | An associate (Note 1) |
| Dongsen D'Amour SPA (Dongsen D'Amour) | An associate (Note 1) |
| Natural Beauty Bio-technology Co., Ltd. (Natural Beauty) | An associate |
| Strawberry Cosmetics Holding Limited | An associate (Note 1) |
| Eastern New Retail Department (EIM) Co., Ltd. (ET New Retail Department) | An associate (Note 2) |
| Eastern Insurance Agent Co., Ltd. (Eastern Insurance) | Key management personnel |
| Mori International Co., Ltd. (Mori Internation) | Key management personnel |
| Taiwan Gift Card Co., Ltd. (Taiwan Gift Card) | Other related parties |

(Continued)

**EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES**
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| Name of related party | Relationship with the Group |
|---|---|
| Enlighten Innovative Transformation Co., Ltd (Enlighten Innovative) | Other related parties |
| Eastern Property & Casualty Insurance Agency Co., Ltd. (Eastern Property & Casualty Insurance) | Other related parties |
| Dongsen Health Life Co., Ltd. (Dongsen Health Life) | Other related parties |
| Eastern Bio Corportation (Eastern Bio) | Other related parties |
| Eastern Realty Co., Ltd. | Other related parties |
| Jinxin Trading Co., Ltd. | Other related parties (Note 3) |
| Good pay Web Financial Technology Co., Ltd. (Good pay) | Other related parties |
| Eastern E-Commerce Co., Ltd. (Eastern E-Commerce) | Other related parties (Note 4) |
| Quantum Entertainment Production Co., Ltd. (Quantum Entertainment) | Other related parties |
| Dongsen Fashion Media Co., Ltd. (Dongsen Fashion) | Other related parties (Note 3) |
| Chinese Non-Store Retailer Association (Non-Store) | Other related parties |
| Xing Kai Media Co., Ltd. (Xing Kai Media) | Other related parties |
| EIP TV Co., Ltd. (EIP) | Other related parties |
| Taiwan Information and Communication Association | Other related parties |
| Dongsen Culture Foundation (Dongsen Culture) | Other related parties |
| Chunghwa New Media Industry Development Association (Chunghwa New Media) | Other related parties |
| Hong Yang Foundation (Hong Yang) | Other related parties |
| Eastern Enterprise Development (Shanghai) Ltd. | Other related parties |
| Inforcharge Co., Ltd.(Inforcharge) | Other related parties |
| Fangcheng Su | Other related parties (Note 5) |
| Taiwan Huangjue Trading Co., Ltd. (Huangjue) | Other related parties (Note 5) |
| All Directors and Supervisors of the Group | Key management personnel general manager and vice personnel general |

Note 1: Since January 1, 2019, due to loss of control of the subsidiary, EHS became an associate instead of the subsidiary of the merger company. Please refer to Note 6(k).

Note 2: Since April, 2019, Eastern Integrated Marketing Co., Ltd. was renamed as Eastern New Retail Department Co., Ltd.. Due to disposal of Eastern New Retail Department Co., Ltd., it became an associate as from March, 2019.

Note 3: Since January, 2019, it was not a related party.

Note 4: Since December, 2019, Eastern Tenmax Direct Selling Co., Ltd. was renamed as Eastern E-Commerce Co., Ltd.

Note 5: Since October 2019, ET Pet obtained control over Oscar Pet Co., Ltd., Pet Kingdom Co., Ltd. and Kaou Sin Trading Co., Ltd., by acquiring 80% of its shares, these parties became other related parties of the Group.

(Continued)

(b) Significant transactions with related parties

(i) Sale of goods and services

1) The amounts of significant sales transactions between the Group and related parties were as follows:

| | For the years ended December 31 | |
|---|---|---|
| | **2020** | **2019** |
| Associates | $ 45,039 | 30,520 |
| Key management personnel | 1,809 | 2,158 |
| Other related parties | 24,760 | 18,094 |
| | **$ 71,608** | **50,772** |

The above revenues consist of program production revenue and project planning service revenue.

Transaction terms for the above are the same as those for ordinary transactions.

(ii) Purchase of goods

1) The amounts of significant purchase transactions between the Group and related parties were as follows:

| | For the years ended December 31 | |
|---|---|---|
| | **2020** | **2019** |
| Associates | $ 15,836 | 2,723 |
| Other related parties | 58,383 | 10,018 |
| | **$ 74,219** | **12,741** |

2) The amount of programs production and other between the Group and related parties were as follows:

| | For the years ended December 31 | |
|---|---|---|
| | **2020** | **2019** |
| Associates | $ 1,440 | 4,480 |
| Key management personnel | 64 | 63 |
| Other related parties | 58,070 | 111,034 |
| | **$ 59,574** | **115,577** |

Transaction terms for the above are the same as those for ordinary transactions.

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(iii) Receivables

| Accounts | Related parties | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Notes receivable | EIP | $ 54,568 | - |
| Accounts receivable | Associates | 1,211 | 1,184 |
| Accounts receivable | EHS | 13,802 | 16,842 |
| Accounts receivable | Key Management personnel | 315 | 191 |
| Accounts receivable | Other related parties | 1,532 | 3,582 |
| Accounts receivable | Eastern E-Commerce | 5,713 | - |
| Other receivable | Key Management personnel | 26 | 82 |
| Other receivable | Other related parties | 156 | 233 |
| Other receivable | Eastern E-Commerce | 1,734 | - |
| Other receivable | Associates | 47 | 831 |
| Other receivable | Natural Beauty | 1,547 | - |
| Other receivable | EHS | 3,882 | 1,661 |
| | | $ 84,533 | 24,606 |

The Group took installment sale with EIP and collecting installment notes receivable at an annual interest rate of 4.5% plus interest. For the year ended December 31, 2020, the interest income from EIP was $683.

(iv) Payables

| Accounts | Related parties | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Accounts payable | EHS | $ 4,084 | 563 |
| Accounts payable | Quantum Entertainment | 1,977 | 579 |
| Accounts payable | Huangjue | 5,148 | 4,918 |
| Accounts payable | EIP | - | 2,407 |
| Accounts payable | Other related parties | 274 | - |
| Other payable | Key Management personnel | 140 | 73 |
| Other payable | Other related parties | 306 | 194 |
| Other payable | EIP | 6,377 | - |
| Other payable | Xing Kai Media | 2,756 | - |
| Other payable | EHS | 7,049 | 3,331 |
| Other payable | Associates | 32 | 376 |
| Receipts under custody | Associates | 196 | 98 |
| | | $ 28,339 | 12,539 |

(Continued)

(v) Prepayments, Advance receipts and Contract liabilities

Details of prepayments and advance receipts from related parties were as follow:

| Accounts | Related parties | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Prepayments | Other related parties | $ 140 | - |
| Prepayments | Associates | 15 | - |
| | | $ 155 | - |
| Advance receipts | Quantum Entertainment | $ 4,114 | - |
| Contract liabilities | Other related parties | - | 173 |
| Contract liabilities | Associates | 16 | 14 |
| | | $ 4,130 | 187 |

(vi) Loans to Related Parties

The actual usage amount the Group loaned to ET New Retail as of December 31, 2020 and 2019 was all $0.

Loans to related parties are unsecured loans. The interest charged by the Group to related parties is based on the average interest rate charged by financial institutions on the Group's short-term borrowings. Interest receivables of the Group as of December 31, 2019 was $0. The interest received by the Group in 2019 was $411.

(vii) Borrowings from related parties

The amount of borrowings from related parties were as follow:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Fangcheng Su | $ - | 80,000 |
| EHS | - | 100,000 |
| | $ - | 180,000 |

Interest expense:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Fangcheng Su | $ 1,582 | 400 |
| EHS | 5,387 | 1,008 |
| | $ 6,969 | 1,408 |

Interest which results from the unsecured borrowings by the Group from related parties would be calculated based on the average rates in the current year obtained from financial institutions. As of December 31, 2020 and 2019, the Group's interest payable amounted $0 and $555, respectively.

(Continued)

(viii) Endorsement / Guarantee provided

For the years ended December 31, 2020 and 2019, the remuneration paid to related parties for providing guarantees on the loans taken out by the Group was amounted $284 and $45 respectively.

(ix) Leases

1) The Group rents out part of its office space and equipment to fulfill related parties' business requirements. Rental revenues for the years ended December 31, 2020 and 2019 amounted $368 and $1,849, respectively.

2) As the Group applied on the remission of short-term lease contract of IFRS 16, the rental expenses for the years ended December 31, 2020 and 2019 were amounted $744 and $603, respectively.

(x) Other

1) For the years ended December 31, 2020 and 2019, the Group paid operating fees to associates, key management, and other related parties to fulfill its business requirements amounting to $15,063 and $14,868, respectively.

2) In order to follow its operating plan, the Group donated $3,500 and $5,000 to related parties in related industries for the years ended December 31, 2020 and 2019, respectively.

3) For the years ended December 31, 2020 and 2019, the Group received non-operating revenue from related parties amounting to $3,050 and $5,061, respectively.

4) For the years ended December 31, 2020 and 2019, the Group paid non-operating expenses to related parties amounted $464 and $589, respectively.

5) For the years ended December 31, 2020 and 2019, the Group obtained assets from other related parties and associates amounted $2,075 and $180, respectively.

6) For the years ended December 31, 2020 and 2019, the Group obtained intangible assets from associates amounted $901 and $1,137, respectively,

7) For the years ended December 31, 2020 and 2019, the Group sold assets to associates amounted $0 and $44 and the gains on sales of assets were $0 and $15, respectively, which had already been fully received.

8) In March 2019, the Group sold 100% of ET New Retail to EHS at the amount of $997 and recognized gain on disposal of $4,666. The transaction price had been fully received.

9) In June, 2019, the Group sold 100% of Eastern En to EED (Shanghai) at the amount $10,795 (CNY$2,476), and it had been fully received on August 15, 2019.

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10) In January 2020, the Group sold the shares of Eastern Biotechnology (Shanghai) to EHS at the amount of $734 (CNY$200) and recognized gain on disposal of $81, the transaction price had been fully received.

(c) Key management personnel compensation

| | For the years ended December 31 | |
|---|---|---|
| | 2020 | 2019 |
| Short-term employee benefits | $ 101,840 | 87,951 |

**(8) Pledged assets:**

As of December 31, 2020 and 2019, the pledged assets were as follows:

| Assets | Purpose of pledge | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Property, plant and equipment | Short-term and long-term loans | $ 937,374 | 906,227 |
| Other financial assets－current- demand deposits | Reserve account and its interest | 14,169 | 72,491 |
| 〃 | Letter of credit | 14,503 | 4,967 |
| 〃 | Security for issuance of travel vouchers at travel fair | 12,984 | 7,795 |
| Refundable deposits | Bid bonds, performance bonds and security deposits | 491,006 | 234,757 |
| Other financial assets－non current-reserve account | Deposit in long-term loan | 33,760 | 750 |
| Investments accounted for using equity method for subsidiary's stocks (Note) | Long-term loan | 28,133 | 83,229 |
| | | $ 1,531,929 | 1,310,216 |

Note: The investments accounted for using equity method for subsidiary’s stocks have been written off in the preparation of consolidated financial statement.

**(9) Significant commitments and contingencies:**

(a) Major commitments were as follows:

(i) Unused standby letters of credit

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Unused standby letters of credit | $ 101,604 | 49,965 |

(ii) The subsidiary- Mohist had signed a contract with Sunny Bank Co., Ltd., and the bank provided guarantee with sufficient performance guarantee according to the contract. As of December 31, 2020, the unused the e-voucher guaranteed by the bank was $$12,984.

(b) Contingent liabilities were as follows:

(i) On October 27, 2008, the Securities and Futures Investors Protection Center (the SFIPC) filed a lawsuit to the Taipei District Court against the ex-chairman and the general manager of the Company, together with all the previous directors and supervisors, alleging the offense of gaining an illegal benefit for Chia Hsin and Synthetic Fiber Co., Ltd. as well as for the family members of the ex-chairman. The prosecution is based on the alleged ill-gotten assets from the Company by means of false commodity transactions and capital increment in the name of Eastern International Lease Finance Co., Ltd. and Tung Kai Lease Finance Co., Ltd. (both are subsidiaries of the Company). The SFIPC also demanded the compensation of $41,038. The Taipei District Court ruled that the Company violated the Commercial Company Act. However, both the ex-chairman and the general manager were acquitted, and not only did the Company did not bear any losses from the said transaction above, but on the contrary, it gained a profit amounting to $6,894, plus an additional 5% interest arising from the delayed payment amounting to $6,884 with a total amount around $13,000. In other words, the transaction did not do any damage to the Company and its shareholders. As a result, the appeal filed against the Company was denied by the Taipei District Court on December 5, 2012. However, the SFIPC was not satisfied with the decision made by the court. Therefore, it filed another appeal, this time with the Taiwan High Court, demanding compensation amounting to $22,664. The appeal was denied on December 3, 2013. Nevertheless, the SFIPC filed an appeal once more with the Taiwan High Court on December 24, 2013. The case was transferred from the Supreme Court to the High Court on April 23, 2015, for further investigation. On May 10, 2017, the Taiwan High Court ruled against SFIPC. Therefore, SFIPC filed an appeal to the Supreme Court on June 6, 2017. On February 23, 2021, the Taiwan High Court still ruled against SFIPC. However, SFIPC filed an appeal and the Supreme Court retimed to the High Court for a second trial. Currently, the arbitration process is still in progress and the results have yet to be determined.

(ii) The leader of subsidiary— MWT and plaintiff Liao Yucheng jointly invested in the establishment of Jia tian shia shiou shian shr ya Co., Ltd. in 1999 and jointly developed patents. However, the plaintiff claimed that he did not know while registering the patents, the leader of MWT was the only inventor and patentee. Therefore, on October 3, 2018, the plaintiff filed a lawsuit against the subsidiary— MWT, requesting confirmation of the patents and request compensation for damages of $2,000. On January 25, 2019, the Intellectual Property Court sentenced that the subsidiary— MWT should pay $200 in compensation ( recognized in other gains and losses). As the group refused to accept the sentence, and filed a second appeal to the Intellectual Property Court on March 5, 2019. The appeal was denied the Intellectual Property Court on December 19, 2019, conviction affirmed by the Intellectual Property Court.

(iii) The Company and its subsidiary, FESS Panama, jointly chartered and returned the ship to South Korea's Sammok Shipping .,Co.Ltd (hereinafter referred to as Sammok), at Kaohsiung Port in accordance with the contract signed on August 10, 2018. Sammok believed that the ship still has many defects due to its usual operation and negligence of maintenance; hence, submitted an arbitration to the London Maritime Arbitration Association. The company also filed a statement of defense to the arbitral tribunal in July 2019. Currently, the arbitration process is still in progress and the results have yet to be determined.

(iv) The Group established a legal affair department and hired external counselors to handle its legal affairs. As of December 31, 2020 and 2019, all unsettled lawsuits had no impact on its financial and business operation.

(c) Unrecognized contractual commitments:

The Group's unrecognized contractual commitments are as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Total contract price | $ 712,178 | 91,136 |
| Payout amount | $ 237,869 | 27,781 |

**(10) Losses Due to Major Disasters: None.**

**(11) Subsequent Events:**

On March 25, 2021, a resolution was passed in the board meeting of the Company for the capital reduction please refer to Note 6(x).

**(12) Other:**

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

| | For the years ended December 31 | | | | | |
|---|---|---|---|---|---|---|
| | 2020 | | | 2019 | | |
| By funtion<br>Categorized by nature | Operating cost | Operating expense | Total | Operating cost | Operating expense | Total |
| Employee benefits | | | | | | |
| Salary | 562,669 | 591,784 | 1,154,453 | 574,649 | 364,127 | 938,776 |
| Health and labor insurance | 50,704 | 51,372 | 102,076 | 48,338 | 30,916 | 79,254 |
| Pension | 26,213 | 26,973 | 53,186 | 24,464 | 18,020 | 42,484 |
| Remuneration of directors | - | 30,812 | 30,812 | - | 29,179 | 29,179 |
| Others | 39,359 | 69,544 | 108,903 | 29,341 | 22,842 | 52,183 |
| Depreciation | 917,876 | 319,587 | 1,237,463 | 648,819 | 183,524 | 832,343 |
| Amortization | 12,918 | 21,098 | 34,016 | 6,205 | 9,355 | 15,560 |

(b) Discontinued operation

The shipping segment from the Group terminated all leases of shipping equipment in advance in June 2019. As of the reporting date, the shipping segment has no actual operation, and the Group has no intention to continue its operations; hence, the Group classified the segment as discontinued operation.

Profit and loss, and cash flows from (used in) discontinued operations are summarized as follows:

| | For the years ended December 31 2019 |
|---|---|
| Results from operating activities: | |
| Operating revenue | $ 149,717 |
| Operating costs | 192,302 |
| Operating income | (42,585) |
| Operating Expenses | 29,697 |
| Operating loss | (72,282) |
| Non-operating income and expenses | |
| Other income | 1,565 |
| Other gains and losses | (94,883) |
| Finance costs | (2,530) |
| Total non-operating income and expenses | (95,848) |
| Operating income before tax | (168,130) |
| Income tax expense | - |
| Operating income, net of tax | **$ (168,130)** |
| Cash flows from (used in) discontinued operation: | |
| Net cash from operating activities | (154,547) |
| Net cash from operating activities | 1,565 |
| Net cash from financing activities | - |
| Net cash outflow | **$ (152,982)** |

**(13) Other disclosures:**

(a) Information on significant transactions:

The following is the information on significant transactions required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers for the Group for the year ended December 31, 2020.

(i) Please refer to Table 1 for the loans to other parties.

(ii) Please refer to Table 2 for the guarantees and endorsements for other parties.

(iii) Please refer to Table 3 for the securities held as of December 31, 2020.

(iv) Please refer to Table 4 for the individual securities acquired or disposed of at costs or prices of at least $300 million or 20% of the paid-in capital.

(v) Acquisition of individual real estate at costs of at least $300 million or 20% of the paid-in capital: None.

(Continued)

(vi) Disposal of individual real estate at prices of at least $300 million or 20% of the paid-in capital: None.

(vii) Total purchases from or sales to related parties of at least $100 million or 20% of the paid-in capital: None

(viii) Please refer to Table 5 for the receivables from related parties of at least $100 million or 20% of the paid-in capital.

(ix) Trading in derivative instruments: None

(x) Please refer to Table 6 for the business relationships and significant intercompany transactions.

(b) Information on investees

Please refer to Table 7 for the information on investees for the year ended December 31, 2020.

(c) Information on investment in Mainland China

(i) Please refer to Table 8 for the relevant information such as the name and main business items of the investee company in Mainland China.

(ii) Please refer to Table 8 for the limitation on investment in Mainland China

(iii) Please refer to Table 8 for the significant transactions with investee companies in Mainland China.

(d) Major shareholders:Table 9

Please refer to Table 9 for the major shareholders for year ended December 31, 2020.

**(14) Segment information:**

(a) General Information

The Group's reportable segments are warehousing, trading, media, and tourism. The warehousing segment operates a cargo storage business; the trading segment operates a retail business; the media segment operates a channel agency and advertising business; the tourism segment operates a hotel and catering business.

(b) Reportable segment profit or loss, segment assets, segment liabilities, and their measurement and reconciliation

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, excluding any extraordinary activity and foreign exchange gain or losses, because taxation, extraordinary activity, and foreign exchange gains or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

(Continued)

**EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

Except for the recognition and measurement of pension cost, which is on a cash basis, there was no material inconsistency between the accounting policies of the operating segments and the accounting policies described in Note 4. The intercompany transaction price was the same as that with other customers, and the price was based on the market value.

The department information reported below does not include the amount of any discontinued operation. Please refer to Note 12(b) for details of discontinued operation.

The Group's operating segment information and reconciliation are as follows:

| | For the year ended December 31, 2020 | | | | | |
|---|---|---|---|---|---|---|
| | Warehousing | Trading | Media | Tourism | Others | Total |
| Revenue | | | | | | |
| Revenue from external customers | $ 1,338,004 | 1,839,727 | 1,434,819 | - | 115,464 | 4,728,014 |
| Interest revenue | - | 693 | 801 | 2 | 13,457 | 14,953 |
| Total revenue | **$ 1,338,004** | **1,840,420** | **1,435,620** | **2** | **128,921** | **4,742,967** |
| Interest expense | $ 115,658 | 33,968 | 65,808 | 7,560 | 2,751 | 225,745 |
| Depreciation and amortization | 243,153 | 220,830 | 741,469 | 61,993 | 4,034 | 1,271,479 |
| Share of profit of associates and joint ventures accounted for using equity method | - | 366,418 | - | - | (16,643) | 349,775 |
| **Reportable segment profit or loss before tax** | **$ 498,574** | **345,745** | **(365,908)** | **(95,969)** | **(72,723)** | **309,719** |

| | For the year ended December 31, 2019 | | | | | |
|---|---|---|---|---|---|---|
| | Warehousing | Trading | Media | Tourism | Others | Total |
| Revenue | | | | | | |
| Revenue from external customers | $ 1,280,228 | 584,418 | 1,143,584 | - | 121,130 | 3,129,360 |
| Interest revenue | - | 1,791 | 3,101 | 91 | 17,473 | 22,456 |
| Total revenue | **$ 1,280,228** | **586,209** | **1,146,685** | **91** | **138,603** | **3,151,816** |
| Interest expense | $ 92,169 | 9,474 | 39,341 | 3,791 | 1,303 | 146,078 |
| Depreciation and amortization | 236,906 | 69,666 | 408,829 | 64,325 | 15,245 | 794,971 |
| Share of profit of associates and joint ventures accounted for using equity method | - | 145,015 | - | - | (27,227) | 117,788 |
| **Reportable segment profit or loss before tax** | **$ 530,063** | **90,933** | **(282,025)** | **(93,033)** | **114,782** | **360,720** |

Information on the Group's reportable segment assets and liabilities were not provided to the chief operating decision maker, so the related information is not disclosed.

(c) Information about products and services

Information on the Group' s reportable segments (excluding discontinued operation amount) is classified by different products and services, and the relevant information is disclosed in the revenue from external customers. Therefore, the Group would not make any additional disclosure regarding the revenue from external customers by products and services.

**EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(d) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

| Region | | For the years ended December 31 2020 | 2019 |
|---|---|---|---|
| External revenue: | | | |
| Taiwan | $ | 4,728,014 | 3,128,958 |
| China | | - | 402 |
| | **$** | **4,728,014** | **3,129,360** |
| Non-current assets | | | |
| Taiwan | **$** | **9,480,730** | **8,666,434** |

Non-current assets include property, plant and equipment, intangible assets, Right-of-use assets, and other non-current assets, excluding financial instruments, deferred tax assets and pension fund assets.

(e) Information about major customers

The Group does not concentrate on a single customer; therefore, there is no need to disclose any information.

**EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES**

**Loans to other parties**

**For the year ended December 31, 2020**

**Table 1**

**(Experssed in Thousands of New Taiwan Dollars, Except for the Noted Items)**

| No. | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other parties during the period | Ending balance | Actual usage amount during the period | Range of interest rates during the period % | Purposes of fund financing for the borrower (Note 1) | Transaction amount for business between two parties | Reasons for short-term financing | Allowance for bad debt | Collateral | | Individual funding loan limits | Maximum limit of fund financing |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | The Company | ET New Media | Other receivables - related parties | Yes | $ 300,000 | $ 300,000 | $ 200,000 | 3 | 2 | - | Operation requirements | - | | $ - | $ 2,510,646 (Note2) | $ 3,765,970 (Note2) |
| 0 | 〃 | EHR | 〃 | Yes | 670,000 | 400,000 | 340,000 | 3 | 2 | - | 〃 | - | | - | 2,510,646 (Note2) | 3,765,970 (Note2) |
| 0 | 〃 | MWT | 〃 | Yes | 50,000 | 50,000 | 16,500 | 4 | 2 | - | 〃 | - | | - | 2,510,646 (Note2) | 3,765,970 (Note2) |
| 0 | 〃 | ET Pet | 〃 | Yes | 100,000 | 100,000 | 60,000 | 3 | 2 | - | 〃 | - | | - | 2,510,646 (Note2) | 3,765,970 (Note2) |
| 1 | EIC | ET New Media | 〃 | Yes | 270,000 | 270,000 | 270,000 | 3 | 2 | - | 〃 | - | | - | 395,132 (Note3) | 592,698 (Note3) |
| 1 | 〃 | Oscar | 〃 | Yes | 40,000 | - | - | 3 | 2 | - | 〃 | - | | - | 395,132 (Note3) | 592,698 (Note3) |
| 2 | TKLF | ET New Media | 〃 | Yes | 190,000 | 150,000 | 150,000 | 3 | 2 | - | 〃 | - | | - | 269,123 (Note4) | 403,684 (Note4) |
| 2 | 〃 | Cheng Kuang Resource Exploration Co., Ltd. | Other receivables | No | 15,000 | - | - | 8 | 2 | - | 〃 | - | | - | 33,640 (Note4) | 403,684 (Note4) |
| 2 | 〃 | Sunflower leisure | 〃 | No | 30,000 | 30,000 | 30,000 | 8 | 2 | - | 〃 | - | Tucheng land mortgage | 38,108 | 33,640 (Note4) | 403,684 (Note4) |
| 2 | 〃 | Lido International Consultant | 〃 | No | 20,000 | - | - | 8 | 2 | - | 〃 | - | | - | 33,640 (Note4) | 403,684 (Note4) |
| 3 | EILF | ET New Media | Other receivables - related parties | Yes | 150,000 | 150,000 | 150,000 | 3 | 2 | - | 〃 | - | | - | 248,031 (Note5) | 372,046 (Note5) |
| 3 | 〃 | Cheng Kuang Resource Exploration Co., Ltd. | Other receivables | No | 15,000 | - | - | 8 | 2 | - | 〃 | - | | - | 31,004 (Note5) | 372,046 (Note5) |
| 3 | 〃 | Lido International Managerment | 〃 | No | 20,000 | - | - | 8 | 2 | - | 〃 | - | | - | 31,004 (Note5) | 372,046 (Note5) |

(Continued)

(to be continued)

| No. | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other parties during the period | Ending balance | Actual usage amount during the period | Range of interest rates during the period % | Purposes of fund financing for the borrower (Note 1) | Transaction amount for business between two parties | Reasons for short-term financing | Allowance for bad debt | Collateral | | Individual funding loan limits | Maximum limit of fund financing |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| 3 | EILF | Sunflower leisure | Other receivables | No | $ 30,000 | $ - | - | 8 | 2 | - | Operation requirements | - | | $ - | $ 31,004 (Note5) | $ 372,046 (Note5) |
| 3 | 〃 | Lido International Consultant | 〃 | No | 20,000 | - | - | 8 | 2 | - | 〃 | - | | - | 31,004 (Note5) | 372,046 (Note5) |
| 4 | Grand Richness (Hong Kong) | The Company | Other receivables-related parties | Yes | 58,772 | 58,772 | 58,772 | 1 | 2 | - | 〃 | - | | - | 61,687 (Note6) | 123,374 (Note6) |
| 5 | GRAND SCENE TRADING (HONG KONG) | The Company | 〃 | Yes | 54,778 | 54,778 | 54,778 | 1 | 2 | - | 〃 | - | | - | 76,661 (Note7) | 153,322 (Note7) |
| 6 | Eastern Media Communication (Hong Kong) | The Company | 〃 | Yes | 42,510 | 42,510 | 42,510 | 1 | 2 | - | 〃 | - | | - | 47,402 (Note8) | 94,804 (Note8) |
| 7 | FESS-Panama | The Company | 〃 | Yes | 45,648 | 45,648 | 45,648 | 1 | 2 | - | 〃 | - | | - | 1,984,456 (Note9) | 3,968,913 (Note9) |

Note 1: Lending of capital has the following two types:
(1) Those with business dealings.
(2) The necessity for short-term financing.

Note 2: The Company's total amount available for lending shall not exceed 60% of its net worth. For subsidiaries where the Company holds more than 50% of the shares, the individual amount available for lending shall not exceed 40% of its net worth in the most recent financial statements. For subsidiaries where the Company holds less than 50% of the shares, the individual amount available for lending shall not exceed 5% of its net worth in the most recent financial statements.

Note 3: For EIC, the aggregate amount available for lending shall not exceed 60% of its net worth in the most recent financial statements. The individual amount available for lending to its parent company, subsidiaries or to its parent company's subsidiary company shall not exceed 40% of its net worth in the most recent financial statements.

Note 4: For TKLF, the aggregate amount available for lending shall not exceed 60% of its net worth in the most recent financial statements. The individual amount available for lending to its parent company or to its parent company's subsidiary company shall not exceed 40% of its net worth in the most recent financial statements. The individual amount available for lending shall not exceed 5% of its net worth in the most recent financial statements.

Note 5: For EILF, the aggregate amount available for lending shall not exceed 60% of its net worth in the most recent financial statements. The individual amount available for lending to its parent company or to its parent company's subsidiary company shall not exceed 40% of its net worth in the most recent financial statements. The individual amount available for lending to other companies short-term financing facility, if necessary, shall not exceed 5% of its net worth in the most recent financial statements.

Note 6: For Grand Richness (Hong Kong), the aggregate amount available for lending shall not exceed 200% of its net worth in the most recent financial statements. The individual amount available for lending to its parent company shall not exceed 100% of its net worth in the most recent financial statements

Note 7: For GRAND SCENE TRADING (HONG KONG), the aggregate amount available for lending shall not exceed 200% of its net worth in the most recent financial statements. The individual amount available for lending to its parent company shall not exceed 100% of its net worth in the most recent financial statements

Note 8: For Eastern Media Communication (Hong Kong), the aggregate amount available for lending shall not exceed 200% of its net worth in the most recent financial statements. The individual amount available for lending to its parent company shall not exceed 100% of its net worth in the most recent financial statements

Note 9: For FESS-Panama, the aggregate amount available for lending shall not exceed 200% of its net worth in the most recent financial statements. The individual amount available for lending to its parent company shall not exceed 100% of its net worth in the most recent financial statements

Note 10: The aforementioned intercompany transactions have been eliminated in the consolidated financial statements.

## EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

### Guarantees and endorsements for other parties

### For the year ended December 31, 2020

**Table 2**

**(Experssed in Thousands of New Taiwan Dollars, Except for the Noted Items)**

| 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 (Note I) | | | | | | | | | | |
| 0 | The Company | ET New Media | 2 | $ 25,106,464 (Note2) | $ 150,000 | $ 150,000 | $ 120,000 | $ - | 2.39% | $ 25,106,464 (Note2) | Y | N | N |
| 0 | The Company | EHR | 2 | 25,106,464 (Note2) | 800,000 | 800,000 | 400,000 | 28,133 | 12.75% | 25,106,464 (Note2) | Y | N | N |
| 0 | The Company | Eastern Asset | 2 | 25,106,464 (Note2) | 3,950,000 | 3,950,000 | - | - | 62.93% | 25,106,464 (Note2) | Y | N | N |
| 0 | The Company | Kaou Sin Trading | 2 | 25,106,464 (Note2) | 5,000 | 5,000 | 5,000 | - | 0.08% | 25,106,464 (Note2) | Y | N | N |
| 0 | The Company | Pet Kingdom | 2 | 25,106,464 (Note2) | 15,000 | 15,000 | 11,500 | - | 0.24% | 25,106,464 (Note2) | Y | N | N |
| 0 | The Company | Oscar | 2 | 25,106,464 (Note2) | 170,000 | 170,000 | 120,000 | - | 2.71% | 25,106,464 (Note2) | Y | N | N |
| 0 | The Company | ET Pet | 2 | 25,106,464 (Note2) | 566,000 | 566,000 | 434,182 | - | 9.02% | 25,106,464 (Note2) | Y | N | N |
| 0 | The Company | MWT | 2 | 25,106,464 (Note2) | 30,000 | 30,000 | 30,000 | - | 0.48% | 25,106,464 (Note2) | Y | N | N |
| 1 | ET New Media | ET Pet | 2 | 7,759,980 (Note3) | 400,000 | 400,000 | - | - | (74.55%) | 7,759,980 (Note3) | N | N | N |
| 2 | ET Pet | ET New Media | 3 | 3,172,336 (Note4) | 400,000 | 400,000 | - | - | 421.81% | 3,172,336 (Note4) | N | N | N |

Note 1: The relationship between the one providing endorsements/guarantees and the one receiving endorsements/guarantees is classified into seven types:

(1) The intercompany business transaction
(2) Companies in which the Company directly and indirectly holds more than 50% of the voting rights.
(3) Companies that directly and indirectly hold more than 50% of the voting shares of the Company.
(4) The Company holds, directly or indirectly, 90% or more of the voting shares of the 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.

Note 2: The Company's aggregate amount allows endorsement or guarantee that does not exceed 400% of its net worth in the most recent financial statements. The individual amount allows endorsement or guarantee to subsidiaries where the Group holds more than 50% of the shares that does not exceed 400% of its net worth in the most recent financial statements.

Note 3: For ET New Media, the aggregate amount allows an endorsement or guarantee that does not exceed 300% of its total assets in the most recent financial statements. The individual amount allows endorsement or guarantee to subsidiaries where the Group holds more than 50% of the shares that does not exceed 300% of its total assets in the most recent financial statements.

Note 4: For ET Pet, the aggregate amount allows an endorsement or guarantee that does not exceed 300% of its total assets in the most recent financial statements. The individual amount allows endorsement or guarantee to subsidiaries where the Group holds more than 50% of the shares that does not exceed 300% of its total assets in the most recent financial statements.

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Securities held

As of December 31, 2020

Table 3

(Experssed in Thousands of New Taiwan Dollars, Except for the Noted Items)

| Name of holder | Category and name of security | Relationship with company | Account title | Ending balance | | | | Highest percentage of Owner ship (%) | Note |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Shares/Units | Carrying value | Percentage of ownership | Fair value | | |
| The Company | China Development Financial Holdings | - | Financial assets at fair value through profit or loss | 1 | $ - | - % | $ - | - % | |
| 〃 | Phoenix New Media Co., Ltd | - | 〃 | 2,000 | 3 | - % | 3 | - % | |
| 〃 | Taiwan Cement Co., Ltd. | - | 〃 | 5,350,000 | 231,120 | 0.09 % | 231,120 | 0.09 % | |
| 〃 | Kaohsiung Harbor Stevedoring Co., Ltd. | - | Non-current financial assets at fair value through other comprehensive income | 750,000 | 7,500 | 15.00 % | 7,500 | 15.00 % | |
| 〃 | Leo Exploitation Co., Ltd. | - | 〃 | 165,663 | - | 11.43 % | - | 11.43 % | |
| EILF | Formosa Plastics | | Financial assets at fair value through profit or loss | 500,000 | 48,200 | 0.01 % | 48,200 | 0.01 % | |
| 〃 | Taiwan Semiconductor Manufacturing Co., Ltd. | - | 〃 | 70,000 | 37,100 | - % | 37,100 | - % | |
| 〃 | Taiwan Cement Co., Ltd. | - | 〃 | 200,000 | 8,640 | - % | 8,640 | 0.02 % | |
| TKLF | Taiwan Cement Co., Ltd. | - | 〃 | 1,309,009 | 56,548 | 0.02 % | 56,548 | 0.02 % | |
| Mohist | Sunny Bank | - | Non-current financial assets at fair value through other comprehensive income | 60,769 | 594 | - % | 594 | - % | |
| Oscar | COTA Commercial Bank, Ltd. | - | 〃 | 1,000 | 10 | - % | 10 | - % | |

**EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES**

**Individual securities acquired or disposed of at costs or prices of at least $300 million or 20% of the paid-in capital**

**For the year ended December 31, 2020**

**Table 4**

**(Experssed in Thousands of New Taiwan Dollars, Except for the Noted Items)**

| Name of the company | Category and name of security | Account name | Name of counter party | Relationship with the company | Beginning Balance | | Purchases | | Sales | | | | Ending balance | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares/ Units | Amount (Note 1) | Shares/ Units | Amount | Shares/ Units | Price (Note 1) | Cost (Note 1) | Gain (loss) on disposal | Shares/ Units | Amount (Note 1) |
| The Company | Taiwan Cement Co., Ltd. | Financial assets at fair value through profit or loss | - | - | 5,550,000 | $ 242,535 | 10,500,000 | $ 442,826 | 10,700,000 | $ 461,274 | $ 461,274 | $ - | 5,350,000 | $ 231,120 |
| The Company | Taiwan Semiconductor Manufacturing Co., Ltd. | 〃 | - | - | - | - | 835,000 | 280,496 | 835,000 | 316,864 | 316,864 | - | - | - |
| The Company | Eastern Asset | Investments accounted for using equity method | Eastern Asset | Subsidiary | - | - | 49,500,000 | 495,000 | - | - | - | - | 49,500,000 | 494,764 |

Note 1: Including exchange differences on financial assets designated at fair value, investments accounted for using equity method, and translation.

**EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES**

**Receivables from related parties of at least $100 million or 20% of the paid-in capital**

**As of December 31, 2020**

**Table 5**

**(Experssed in Thousands of New Taiwan Dollars, Except for the Noted Items)**

| Name of company | Counter party | Nature of relationship | Ending balance | Turnover rate | Overdue | | Amounts received in subsequent period | Allowance for bad debts |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Action taken | | |
| The Company | ET New Media | Subsidiary | $ 203,581 | Not applicable | $ - | - | $ 3,581 | $ - |
| The Company | EHR | Subsidiary | 340,313 | Not applicable | - | - | 313 | - |
| EIC | ET New Media | Subsidiary | 270,664 | Not applicable | - | - | 664 | - |
| EILF | ET New Media | Subsidiary | 150,370 | Not applicable | - | - | 370 | - |
| TKLF | ET New Media | Subsidiary | 150,370 | Not applicable | - | - | 370 | - |

**EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES**

**Business relationships and significant intercompany transactions**

**As of ended December 31, 2020**

**Table 6**

**(Experssed in Thousands of New Taiwan Dollars, Except for the Noted Items)**

| No. | Name of company | Name of counter party | Nature of relationship | Intercompany transactions | | | |
|---|---|---|---|---|---|---|---|
| | | | | Account name | Amount | Trading terms | Percentage of the consolidated net revenue or total assets |
| 0 | The Company | ET New Media | **1** | Other receivables - related parties | $ 203,581 | Refer to contract terms or market price | 1.25% |
| 0 | The Company | EHR | **1** | Other receivables - related parties | 340,313 | Refer to contract terms or market price | 2.10% |
| 1 | EIC | ET New Media | **3** | Other receivables - related parties | 270,664 | Refer to contract terms or market price | 1.67% |
| 2 | EILF | ET New Media | **3** | Other receivables - related parties | 150,370 | Refer to contract terms or market price | 0.93% |
| 3 | TKLF | ET New Media | **3** | Other receivables - related parties | 150,370 | Refer to contract terms or market price | 0.93% |

Note 1：For the inter-company business relationship and transaction condition in the “Number” column, the labeling method is as follows:

1. Parent company - 0.
2. Subsidiaries - in sequence from 1.

Note 2：Relationship is classified into three types:

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2020

Table 7

(Experssed in Thousands of New Taiwan Dollars, Except for the Noted Items)

| Name of investor | Name of investee | Location | Main businesses and products | Original investment amount | | Ending balance | | | Highest percentage of owner ship | Net income (losses) of investee | Share of profits/ losses of investee | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2020 | December 31, 2019 | Shares/Units | Percentage of ownership | Carrying value | | | | |
| The Company | FESS-Bermuda | Bermuda | Holding company | $ 32,161 | $ 43,391 | 600,000 | 100.00% | $ 1,639 | 100.00% | ($ 631) | ($ 631) | Subsidiary |
| The Company | FESS-Panama | Panama | Holding company | 2,245,038 | 2,245,038 | 71,700 | 100.00% | 1,984,456 | 100.00% | ( 28,050) | ( 28,050) | Subsidiary |
| The Company | Grand Richness (Hong Kong) | Hong Kong | Holding company | 672,603 | 672,603 | 16,214,616 | 100.00% | 61,686 | 100.00% | 31,946 | 31,946 | Subsidiary |
| The Company | EIC | Taiwan | General investing | 500,525 | 500,525 | 67,641,445 | 97.90% | 967,085 | 97.90% | 251,577 | 246,294 | Subsidiary |
| The Company | EILF | Taiwan | Planning and design and leasing of cable TV broadcasting system | 391,195 | 391,195 | 40,690,330 | 53.77% | 333,414 | 53.77% | 2,861 | 1,538 | Subsidiary |
| The Company | TKLF | Taiwan | Planning and design and leasing of cable TV broadcasting system | 391,613 | 391,613 | 40,847,294 | 53.76% | 361,729 | 53.76% | 4,819 | 2,591 | Subsidiary |
| The Company | MWT | Taiwan | Application Service | 35,400 | 35,400 | 510,000 | 51.00% | 40,801 | 51.00% | 6,523 | 3,327 | Subsidiary |
| The Company | EHS | Taiwan | Department stores, supermarkets, online stores | 81,978 | 81,978 | 6,637,500 | 6.51% | 123,672 | 6.51% | 1,438,367 | 93,676 | Associates |
| The Company | ET New Media | Taiwan | Advertising, online newspaper, Produce a broadcast program | 535,225 | 535,225 | 53,522,508 | 89.20% | ( 478,618) | 89.20% | ( 410,922) | ( 366,559) | Subsidiary |
| The Company | EHR | Taiwan | Management & consultancy services, leisure site management, catering business, sports training business, catering business | 208,931 | 208,931 | 20,893,086 | 60.40% | 28,133 | 60.40% | ( 91,219) | ( 55,096) | Subsidiary |
| The Company | Eastern Asset | Taiwan | Real estate leasing | 495,000 | - | 49,500,000 | 55.00% | 494,764 | 100.00% | (429) | (236) | Subsidiary |
| The Company | EHK E&S Co., Ltd. | Korea | Use and operation of foreign broadcasting channels, broadcasting of informational advertising on broadcasting channels, sales of products through broadcasting advertisements, and purchase of broadcasting contents | - | 49,019 | - | -% | - | 30.00% | 607 | 182 | Associates |

(Continued)

(to be continued)

| Name of investor | Name of investee | Location | Main businesses and products | Original investment amount | | Ending balance | | | Highest percentage of owner ship | Net income (losses) of investee | Share of profits/ losses of investee | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2020 | December 31, 2019 | Shares/Units | Percentage of ownership | Carrying value | | | | |
| EIC | ET New Media | Taiwan | Advertising, online newspaper, Produce a broadcast program | $ 6,275 | $ 6,275 | 627,492 | 1.05% | ($ 5,611) | 1.05% | ($ 410,922) | Exempt from disclosure | Subsidiary |
| EIC | EHS | Taiwan | Department stores, supermarkets, online stores | 243,794 | 243,794 | 19,726,660 | 19.36% | 367,556 | 19.36% | 1,438,367 | 〃 | Associates |
| EIC | TKLF | Taiwan | Planning and design and leasing of cable TV broadcasting system | 77,115 | 77,115 | 7,597,500 | 10.00% | 67,281 | 10.00% | 4,819 | 〃 | Subsidiary |
| EIC | EILF | Taiwan | Planning and design and leasing of cable TV broadcasting system | 74,464 | 74,464 | 7,567,500 | 10.00% | 62,008 | 10.00% | 2,861 | 〃 | Subsidiary |
| EIC | EHR | Taiwan | Management & consultancy services, leisure site management, catering business, sports training business, catering business | 45,660 | 45,660 | 4,566,038 | 13.20% | 6,148 | 13.20% | ( 91,219) | 〃 | Subsidiary |
| TKLF | EILF | Taiwan | Planning and design and leasing of cable TV broadcasting system | 269,766 | 269,766 | 27,243,000 | 36.00% | 223,228 | 36.00% | 2,861 | 〃 | Subsidiary |
| TKLF | HER | Taiwan | Management & consultancy services, leisure site management, catering business, sports training business, catering business | 45,660 | 45,660 | 4,566,038 | 13.20% | 6,148 | 13.20% | ( 91,219) | 〃 | Subsidiary |
| EILF | TKLF | Taiwan | Planning and design and leasing of cable TV broadcasting system | 278,342 | 278,342 | 27,351,000 | 36.00% | 242,210 | 36.00% | 4,819 | 〃 | Subsidiary |
| EILF | EHR | Taiwan | Management & consultancy services, leisure site management, catering business, sports training business, catering business | 45,660 | 45,660 | 4,566,038 | 13.20% | 6,148 | 13.20% | ( 91,219) | 〃 | Subsidiary |
| FESS-Panama | GSMC-Cayman | Cayman Islands | Holding company | 137,363 | 137,363 | 450,000 | 100.00% | 79,441 | 100.00% | ( 5,962) | 〃 | Subsidiary |
| FESS-Panama | Eastern Media Communication (Hong Kong) | Hong Kong | Holding company | 305 | 305 | 28,569,840 | 100.00% | 47,402 | 100.00% | ( 1,215) | 〃 | Subsidiary |
| FESS-Panama | Natural Beauty | Cayman Islands | Holding company | 2,060,871 | 2,060,871 | 600,630,280 | 30.00% | 1,951,807 | 30.00% | 29,431 | 〃 | Associates |
| GSMC-Cayman | GRAND SCENE TRADING (HONG KONG) | Hong Kong | Holding company | 125,153 | 125,153 | 3,198,000 | 100.00% | 76,661 | 100.00% | ( 5,841) | 〃 | Subsidiary |

(Continued)

(to be continued)

| Name of investor | Name of investee | Location | Main businesses and products | Original investment amount | | Ending balance | | | Highest percentage of owner ship | Net income (losses) of investee | Share of profits/ losses of investee | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2020 | December 31, 2019 | Shares/Units | Percentage of ownership | Carrying value | | | | |
| ET New Media | Show off | Taiwan | Video advertising service | $ 100,000 | $ 100,000 | 10,000,000 | 100.00% | $ 4,735 | 100.00% | $ 1,282 | Exempt from disclosure | Subsidiary |
| ET New Media | Dung sen shin guang yun | Taiwan | Audiovisual and singing, information leisure | 100 | 100 | 10,000 | 100.00% | 2,941 | 100.00% | 2,415 | 〃 | Subsidiary |
| ET New Media | Dung sen dian jing yun | Taiwan | Amusement park information leisure | 100 | 100 | 10,000 | 100.00% | ( 43) | 100.00% | ( 12) | 〃 | Subsidiary |
| ET New Media | Dung sen shin wen yun | Taiwan | Video advertising service | 5,000 | 5,000 | 500,000 | 100.00% | 4,308 | 100.00% | ( 679) | 〃 | Subsidiary |
| ET New Media | Dung sen min diau yun | Taiwan | Consulting management, market research and opinion poll | 1,000 | - | 100,000 | 100.00% | 986 | 100.00% | ( 14) | 〃 | Subsidiary |
| ET New Media | ET Pet | Taiwan | Pet food and supplies and providing pet beauty service | 185,000 | 185,000 | 18,500,000 | 92.50% | 88,717 | 92.50% | ( 51,218) | 〃 | Subsidiary |
| ET Pet | Oscar | Taiwan | Pet food and supplies and providing pet beauty service | 301,202 | 317,437 | 4,873,200 | 80.00% | 333,488 | 80.00% | 39,316 | 〃 | Subsidiary |
| ET Pet | Pet Kingdom | Taiwan | Pet food and supplies and providing pet beauty service | 36,836 | 36,836 | 3,440,000 | 80.00% | 43,891 | 80.00% | 5,676 | 〃 | Subsidiary |
| ET Pet | Kaou Sin | Taiwan | Pet food and supplies and providing pet beauty service | 7,941 | 7,941 | 80,000 | 80.00% | 9,820 | 80.00% | 3,399 | 〃 | Subsidiary |

**EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES**

**Information on investment in Mainland China**

**For the year ended December 31, 2020**

**Table 8**

1. Relevant information such as the name and main business items of the investee company in Mainland China:

**(Experssed in Thousands of New Taiwan Dollars, Except for the Noted Items)**

| Name of investee. | Main businesses and products | Total amount of paid in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2020 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2020 | Net income (losses) of the investee | Percentage of ownership | Highest percentage of owner ship | Investment income (losses) | Book Value | Accumulated remittance of earnings in current period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | | |
| Eastern Enterprise Development (Shanghai) Ltd | Operating international circulation logistics business, third-party logistics business and container management business | $ - | Note2 | $ 931,296 | - | - | $ 931,296 | $ - | -% | -% | $ - | $ - | $ - |
| Ding Kai (Shanghai) | Wholesale and retail of clothing, garments and accessories, household electrical equipment and supplies, clocks, watches and spectacles, jewelry and precious metals, etc. | - | Note3 | 349,663 | - | - | 349,663 | - | -% | -% | - | - | - |
| Sheng Hang (Shanghai) | Wholesale and retail of clothing, garments and accessories, household electrical equipment and supplies, clocks, watches and spectacles, jewelry and precious metals, food goods, medicines, cosmetics and cleaning products, etc. | - | Note4 | 186,973 | - | - | 186,973 | - | -% | -% | - | - | - |
| RICHNESS TRADING (SHANGHAI) | Wholesale and retail of clothing, garments and accessories, household electrical equipment and supplies, clocks, watches and spectacles, jewelry and precious metals, food goods, medicines, cosmetics and cleaning products, etc. | 1,097,582 | Note5 | 1,097,582 | - | - | 1,097,582 | ( 1,178) | 100.00% | 100.00% | ( 1,178) | 4,751 | - |
| Nanjing Yun Fu | Wholesale trading | 45,470 | Note6 | 86,907 | - | - | 86,907 | ( 5,898) | 100.00% | 100.00% | ( 5,898) | 4,217 | - |
| Jiangsu Sen Fu Da | Research and development of film and television technology; research and development and sales of toys, clothing; planning and implementation of cultural and artistic exchange activities | 43,768 | Note7 | - | - | - | - | - | 34.00% | 34.00% | - | - | - |
| Shanghai Rich | Producing TV programs, wholesale | 568,981 | Note8 | - | - | - | - | ( 284) | 100.00% | 100.00% | ( 284) | 8,040 | - |

(Continued)

(to be continued)

| Name of investee. | Main businesses and products | Total amount of paid in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2020 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2020 | Net income (losses) of the investee | Percentage of ownership | Highest percentage of owner ship | Investment income (losses) | Book Value | Accumulated remittance of earnings in current period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | | |
| Eastern Enterprise Shanghai Logistics | Container transport, domestic road freight agent | $ - | Note9 | $ - | - | - | $ - | ($ 290) | -% | 100.00% | ($ 290) | $ - | $ - |
| Shanghai Natural Beauty Fuli Cosmetics Company Limited | Production and sale of beauty care products and provision of beauty and body care services | 437,323 | Note5 | - | - | - | - | 6,054 | 30.00% | 30.00% | 1,816 | 144,544 | - |
| Shanghai Natural Beauty Bio-Med Company Limited | Sales of health care products | 94,191 | Note5 | - | - | - | - | ( 2,344) | 30.00% | 30.00% | ( 703) | 31,388 | - |
| Shanghai Natural Beauty Bio-Technology Company Limited | Production and sale of beauty care products and provision of beauty | 1,061,237 | Note5 | - | - | - | - | ( 2,042) | 30.00% | 30.00% | ( 613) | 457,422 | - |

Note 1: The investment gain (loss) was recognized based on the investees' audited financial statements.
Note 2: The Group indirectly made the investment through FESS-Panama, and was complete disposal of all shares on April 23, 2018.
Note 3: The Group indirectly made the investment through Grand Richness Hong Kong, and the investment completed cancellation of registration on September 21, 2018.
Note 4: The Group indirectly made the investment through Grand Richness Hong Kong, and the investment completed cancellation of registration on February 21, 2019.
Note 5: The Group indirectly invested through FESS-Panama.
Note 6: The Group indirectly invested through FESS-Panama, and the investment was handling capital reduction and returning shares of CNY $9,467 on February 1, 2018, the amount of the share is remitted back to the GRAND SCENE TRADING (HONG KONG).
Note 7: The Group indirectly invested through Nanjing Ji Cheng on August 30, 2012.
Note 8: The Group indirectly invested through RICHNESS TRADING (SHANGHAI) on March 16, 2015.
Note 9: The Group indirectly invested through GRAND SCENE TRADING (HONG KONG) in January, 2018. In addition, Eastern Enterprise Shanghai Logistics Ltd. has finished liquidation on July 20, 2020.
Note 10: The amount in the table is translated by the spot rate on the financial reporting date and the average rate throughout the year.

(Continued)

(to be continued)

2. Limitation on investment in Mainland China:

| Accumulated Investment in Mainland China as of December 31, 2020 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|---|---|---|
| $ 2,652,421 | 3,840,010 | 4,047,314 |

Note: The upper limit on investment was the greater than 60% of the individual or consolidated total net worth.

3. Significant transactions with investee companies in Mainland China:

For the Group’s significant direct or indirect transactions (eliminated when compiling the consolidated financial statements) with investee companies in Mainland China for the year ended December 31, 2020, please refer to “Information on significant transactions” above.

**EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES**

**Major shareholders**

**As of December 31, 2020**

**Table 9**

| Shareholding / Shareholders name | Shares | Percentage |
|---|---|---|
| E-Happy Travel Co., Ltd. | 55,056,860 | 9.88 % |
| Jinxin Trading Co., Ltd. | 53,621,300 | 9.63% |
| Mori International Co., Ltd. | 51,564,628 | 9.26 % |