



Eastern Media International Corporation

2020 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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I. Letter to Shareholders

Looking back at the domestic and international economic situation in 2020, the whole year was affected by Covid-19, countries adopted different control measures according to their degree of impact of the pandemic. However, due to the proper control of the epidemic in Taiwan, Taiwanese businesses continued to return to Taiwan, and international companies also strengthened their supply chain deployment with the domestic industries. With the electronics industry benefiting from the booming demand for semiconductors driven by remote businesses, 5G communications, automotive electronics, and the traditional industries benefiting from the rapid recovery of profits in shipping, steel, and plastics industries driven by the stabilization of international demand and prices for crude oil and raw materials in 2020. Taiwan's economic growth rate was still positive at 3.11% in 2020, compared to 2.71% in 2019. Looking ahead to 2021, thanks to the stimulation factors such as the successive vaccination in various countries, the provision of fiscal bailout programs, and the elimination of political uncertainties in Europe and the United States, the Taiwan Institute of Economic Research forecasts that the domestic economy will grow at a rate of 5.03% in 2021, higher than that of 2020.

Looking back at the performance of the three major business units of the Eastern Group, namely warehousing, trading and new media in the past year (2020); for the warehousing business, despite the decline in the operating volume due to the COVID-19 pandemic, the Group's warehousing division still achieved a 4.5% growth in revenue in 2020 compared to 2019, providing a stable source of profit for the Group, owing to the effective management of the warehousing division in replacing old pneumatic un-loaders, upgrading machinery and equipment, and improving operational efficiency. In respect of trading business, by end of 2020, ET Pet had 107 pet stores national wise, making it the largest offline pet distributor in Taiwan. In the future, it will continue to pursue greater growth through active store expansion, development of its own products, integration and mergers with the Group's online media and e-commerce; for the new media business, Eastern New Media has continued to strengthen its audiovisual (AV) services, and has significantly increased its digital advertising revenue by enhancing the production, broadcasting, traffic flow and adherence to fans of young talent shows, as well as the recognition and honors from various external awards. Coupled with obtaining the media agency rights of Taipei Metro, New Taipei City Circular Line Metro, Taiwan High Speed Rail, Taoyuan Airport MRT and bus shelter advertising, the New Media Group has become the largest transportation advertising media in Taiwan in 2020. Together with other strategic DOOH partners, we can provide one-stop exclusive media projects that complete the deployment of media. The New Media Business Group will continue to challenge the peak of revenue in the future.

In 2020, the Eastern Group established Eastern Assent Co., Ltd. and won the bid for the

development of Linkou International Media Park in New Taipei City. In the future, the Eastern Group will integrate the retail, media, hotel, fitness and beauty spa industries, and take full advantage of its proximity to the Linkou New Innovation Park and the new innovation industry clusters in the industrial zone to invest in the construction of the East Group headquarters in Linkou. The Company will lead New Taipei City and Linkou toward a smart city and jointly build a new landmark as the City of Cannes in Taiwan and Southeast Asia's AI talent center in Linkou.

The following reports on the operating results of each business in 2020 and the outlook for 2021:

Warehousing business:

The sole source of revenue for the Group's warehousing division is the Company's silo operating business.

2020 Business Report:

In recent years, the overall grain imports of Taiwan has been steady and worldwide grain harvests has been abundant. Therefore, prices of grain futures in the first half of 2020 followed the long-term trend in recent years to be at a relatively low level. However, due to the global outbreak of COVID-19, the abnormal climate of the area of origin and strong demand in mainland China, prices began to climb all the way up from the low end in the second half.

In 2020, the actual national imported grains were 8.528 million tons, and the bulk/container ratio of imported grains was 76/24. Among them, the silo operating volume was 6.495 million tons, which showed a decrease of 391,000 tons from the 6.886 million tons in 2019 (a decrease of 5.7%); performance of silo operation in 2020 continued to maintain a positive development.

2021 Business Plan Summary:

- (1) As for the increase of international grain prices in 2020, soybeans rose by nearly 40% while corn by nearly 25% and wheat by more than 15%. The prices of agricultural commodities continue to rise, due to China's increase in imports of soybeans, corn and wheat, lower crop yields in the United States, drought in the main farmland of Argentina, and the world's largest wheat exporter, Russia's consideration of adjusting its export duty. All put the market in facing the risk of crop supply.
- (2) Due to the impact of US-China trade disputes, the growth of the global economy and oil demand slowed down at the end of 2019. In early 2020, the outbreak of the COVID-19 pandemic caused chaos in the global economy, shutdown of business activities, and a dramatic drop in international oil prices. Fortunately, as the pandemic slowed after May 2020, countries have resumed from lockdown, and oil-producing countries have

successively reached agreements to reduce production, oil prices have quickly rebounded; However, since the pandemic has not yet completely ended, and the second wave of pandemic occurred in winter, the recovery schedule of economic activities in various countries have been impacted again; as many countries have started vaccination since December, if the vaccine delivery can be accelerated and widely applied, it is expected to gradually eliminate the threat of COVID-19 in the second half of 2021 at soonest, which can help restore the economic activities such as resuming consumption momentum, releasing travel bans, and driving transportation demand.

- (3) In early 2020, COVID-19 pandemic trapped global container ocean shipping market and forced the carriers to cut shifts, reduce cabins or remodel vessels. Market supply suddenly dropped. However, as the epidemic in Asia slowed down in the second half, the US entered into holiday peak season, and the operation chaos and congestion in the ports, the market was buzzing with price raising, lack of ships, lack of container, lack of labor at the docks, lack of vehicles, lack of container chassis, delays in rail and road transportation, which greatly increased the uncertainty of the arrival and shipping schedules of the container loading grains. To alleviate the imbalance between demand and supply of the grains, grain importers have been increasing the purchase of bulk grains since January 2021. The lack of containers is expected to last to the second quarter, and this is also good to our business.
- (4) Benefited from the appropriate prevention of the pandemic, the overall economic activities in Taiwan are less impacted than other countries; in addition, after 23 years of efforts, Taiwan was finally announced by the World Organization for Animal Health (OIE) in June 2020 to officially become a foot-and-mouth disease free area, which allowing pork to return to the international market, and the domestic live stock farming industry generally still has the willingness to raise livestock due to its good product margins and profitable space at present. However, due to diseases such as African swine fever and avian influenza, as well as environmental regulations, such as sewage charges, raising the feeding cost, coupled with the opening of the import of ractopamine-containing pork from January 1, 2021, all will cause hidden worries for the future development of live stock farming industry.
- (5) Due to the impact of the COVID-19 pandemic on the economy this year (2021) remains uncertain, our operating volume should be carefully and conservatively assessed. Forecast of the grain import for this year (2021) will be revised down to 8.4 million tons. Silo operating volume is estimated to be 6.7 million tons and the bulk/container ratio of imported grains at 80/20. The Company therefore is expected to maintain stable operating income and profitability.

Future development strategies of the Company, and the impact of external competition,

regulations, and the overall operating environment:

Taiwan's imported grains are mainly used by the domestic oil, feed, and flour industries for processing and domestic needs. Grain imports will not easily see breakthrough growth, but they are not likely to decline rapidly. In addition to bulk grains in silo operations, imported grains also encompass container-shipped grains that have a market share of about 20%-30%.

Silo operations face competitively-priced container-shipped grains and a saturated mature market for imported grains. It has to replace old equipment in a timely manner and improve service quality in order to obtain more bulk grain supplies.

Media Business:

The following is a brief description of the current operating conditions and future prospects of the Group's media business group ET New Media Holdings Co., Ltd., as well as Dung Sen Shin Wen Yun Co., Ltd., Dung Sen Shin Guang Yun Co., Ltd., Dung Sen Dian Jing Yun Co., Ltd. , and Dung Sen Min Diao Yun Co., Ltd. :

2020 Business Report:

According to The Oxford Digital News Report in 2018, 2019, and 2020, ETtoday News is the most used, and most trusted digital news brand in Taiwan for three consecutive years. Furthermore, ETtoday's social performance was much higher than its media competitors. With a total of nearly 190 million interactions volume, ETtoday was ranked first in Tag Analysis's Social Signals Statistic for two consecutive years.

At the same time, ETtoday has won a number of awards in the latter year, including the Golden Peak Award in "Honored Cooperation" and "Outstanding Business Leaders", the first Taiwan news media to ranked first in the National Brand Yu-Shan Award's "Honored Cooperation" and "Most Popular Brand," and more. Among these, the "Jungle Voice" talent show program sponsored by ETtoday News was nominated again as "Best Variety Program" in the 54th annual Television Golden Bell Awards.

With the efforts of all our colleagues, revenue has also grown substantially as it increased 25.5% in 2019 compared to the same period in 2018. Performance growth has been mainly attributable to ETtoday News since its establishment in 2011. Traffic is growing at an exponential rate, with average daily page views in 2020 attaining 17 million. At the same time, we have stepped into offline advertising and currently account for more than 90% of the Taipei Metro advertising market. By combining online and offline marketing activities, we have successfully set forth a new model of integrated marketing and enhanced customer willingness to place advertisements.

2021 Business Plan Summary:

In response to the advent of the broadband mobile era and new media trends such as "mobilization", "audio visualization" and "communization," the new media business has

shifted from “traffic to e-commerce,” “video content,” “fans to membership,” “online and offline integration,” “content e-commerce,” and other directions. This represents a comprehensive transformation in response to changes and challenges in the external environment, from the early 1.0 “text and graphic news” to the 2.0 “video and live broadcast” content, and then towards a 3.0 “all-round digital content platform.”

The foundation for the development of ET New Media comes from 17 million average daily page views (PV), 15 million monthly active users (MAU), and more than 20 million fans on Facebook. In the future, we will continue to cultivate and work hard in the following directions:

- (1) Content: Actively invest in the production of online audio and video content; invest in the mega talent show “Jungle Voice;” “CooKing,” enhance brand value by establishing IP to maintain position as the No. 1 brand of Chinese entertainment. The company has established itself as the leading brand of Asian entertainment and is actively seeking opportunities to develop self-products to increase revenue.
- (2) E-commerce: Actively develop the “Her” platform; advance on the “her” economy through content marketing.
- (3) Business operations: Combine online new media and offline physical access using the operational resources and advantages of new media at the same time supplemented by offline physical channels and activities. These include pet shops, picnic days, Taipei Metro, High Speed Rail, Taoyuan Metro, bus shelter advertising, and so on, and are aimed at promoting cross-platform advertising and integrated marketing business. With integrated marketing, ETtoday can meet customers’ diversified needs and various budgeting.
- (4) Membership management: Continue to develop mobile apps, expand the user base, and optimize the user experience, turn fans and readers into members and strengthening the connection and interaction with ET New Media.
- (5) Technology: continue to optimize mobile app’s user interface, network stability, information security, and the implementation of big data for product and news algorithm.

Future development strategies of the Company, and the impact of external competition, regulations, and the overall operating environment:

With the advent of the 5G and AI eras, there is bound to be more video browsing and better experience. Therefore, news or content must be upgraded from “graphics” to “videos” as we strengthen the upstream mastery of original IP, Internet celebrities, etc., and use new communication technologies to enhance the user experience.

2020’s pandemic has devastated the advertising industry. According to the data released by Nielsen in 2020, Taiwan's five major traditional advertising markets in 2020 is valued around NT\$26.6 billion, which shows a decline of 12.3% compared to the overall advertising

of NT\$30.3 billion in the previous year. Key points are as follows:

- (a) Broadcast media: terrestrial TV \$2.553 billion (-9.5%), cable TV \$15.31 billion (-7.5%), broadcast \$1.637 billion (-11.7%).
- (b) Print media: Newspapers: \$1.84 billion (-40.0%), magazines: \$1.291 billion (-23.2%).
- (c) Out-of-home media: Out-of-home media 2.973 billion (-9.3%).

Although the pandemic promoted longer device consumption time and remote communication, it is still expected digital advertising will still drop in accordance with the trend. With the main share of voice monopolized by major company such as Google and Facebook, 2020 is indeed a challenging time for the media industry.

It is worth noting that the general expectation is the emergence of a great economic recovery as soon as the epidemic subsides. Therefore, as global economy returns to its normal, ETtoday's future business operations will work in multiple directions to create media value and expand revenue. These include audiovisual production, cross-screen marketing, social media management, and so on.

Trading Business:

Regarding the Group's ET Pet Co., Ltd. subsidiary, a brief description of the current operating conditions and future prospects is as follows:

2020 Business Report:

Since the establishment of ET Pet Co., Ltd. in January 2019, with the joint efforts of all colleagues, it has quickly opened new physical stores and, at the same time, implemented the strategy of integrating the pet market to continuously integrate the top five chain pet companies in the pet industry, in terms of number of stores and revenue scale, and thus has rapidly grown to be the number one pet chain channel (with 91 stores) at the end of 2019, with services covering 15 counties in Taiwan. In 2020, the world suffered from the COVID-19 pandemic. In the first half of the year, the Company slowed down its pace of store expansion and focused on strengthening the operation of the stores. Until the second half of the year, the pace of the store expansion was restarted, and 16 stores were opened within six months (reached 107 stores by end of 2020), expanded the operation scale, and continued to widen the lead gap with competitors.

The Company's operating revenue in 2020 reached NTD 1,840 million. Out of this, pet product revenue was NTD 1,655 million and accounted for 89.99% of revenue. Pet grooming revenue was NTD 181 million, accounting for 9.84%. The overall gross profit margin was approximately 37.82%.

2021 Business Plan Summary:

The annual growth rate of the global pet market is estimated to be about 5.03% according to the Taiwan Institute of Economic Research Biotechnology Industry Research

Center. The growth rate of the Asian market is slightly higher than the global average at approximately 5.1%. In addition, Taiwan's pet market is estimated to reach NT\$50.7 billion. The main channels are professional pet shops, online e-commerce and animal hospitals. Among them, there are about 1,400 specialized pet stores. The total revenue scale is approximately NTD 19 billion to NTD 20 billion.

Pet market in Taiwan has experienced rapid growth in the past, and the current market size is no longer in double-digit growth as the same as in the past. However, the industry has gradually upgraded, with continuous improvement of service quality, focusing on consumer experience, and the service content provided is almost the same as the items serving humanity. The industry thus is becoming more and more refined.

ET Pet's business plan of 2021 focuses on integrating online and offline, including actively conducting the membership management and community activities, developing own products, providing convenient pet medical services, and accelerating stores expansion to enlarge the operating scale, described as follows:

- (1) Online and offline integration: Guide 1.75 million ET Pet fans on ETtoday to visit ET Pet physical stores for consumption through marketing activities; improve consumers' loyalty and dependence on physical stores via online content and services that are closer to consumer needs and that solve consumer pain points. In short, introduce media expertise and resources to assist the operation of pet chain channel. Create a new retail channel for the pet industry.
- (2) Membership management and community activities: in addition to accumulating member consumption points, the Company also provides many member-exclusive services and organizes community activities to enhance the sense of value of members and to differentiate operations from other competitors.
- (3) Development of proprietary products: Continue to develop proprietary products in response to market trends, providing consumers with high-CP products and bringing a win-win situation.
- (4) Convenient veterinary services: Create an ET Pet mobile veterinary team to provide personal veterinary services for ET Pet members' pets to visit the hospital and be vaccinated. We expect to build an online veterinary consultation platform, whether online or offline, all providing a full range of veterinary services for ET Pet owners.
- (5) Accelerating stores expansion to enlarge the operating scale: continue to setup physical stores in areas where there is still market space to expand the operating scale, and to provide consumers with high-quality goods and services at a lower cost.

Future development strategies of the Company, and the impact of external competition, regulations, and the overall operating environment:

The future development strategy of ET Pet is to integrate the highly fragmented pet retail

market. Through the corporatized management and the introduction of resources and advantages of the media industry, we will create a new form of pet chain business different from traditional pet shops, and provide consumers with high-quality goods and services at a lower cost through economies of scale, so as to create a win-win situation.

In terms of external competition, online shopping is in the ascendant. Virtual channels without the burden of physical channel rent and related costs are particularly competitive in price. This even affects the life cycle of some products. The prevalence of virtual channels will inevitably change the business appearance of physical chain channels. If physical distributors fail to adjust their operational efficiency, they will face severe challenges.

From a regulatory standpoint, the laws and regulations related to the sale of living organisms are becoming stricter and will continue to bring additional costs to related operating channels. However, this crisis represents a turning point. Manufacturers that could only externalize internal costs in the past will be eliminated as a result. Manufacturers that continue to transform and upgrade will usher in a new round of growth.

In terms of the overall business environment, the global economy will remain facing severe challenges in the first quarter of 2021 from the second wave of the COVID-19 pandemic. Physical channels must inevitably face the negative impact of consumers reducing going out for shopping. Meanwhile, ET Pet will actively develop its online e-commerce and expand stores, and its 2021 revenue budget will still be growing, in comparison of 2020.

Future Direction:

In the coming year, the Company will continue to optimize the operational efficiency of the warehousing business, create a working environment with zero occupational hazard, and actively cultivate future talents to lay the foundation for the future profitability of the warehousing business; in terms of the reinvestment businesses, the Group will continue to actively expand its online and offline presence and connect with the markets of young generation.

In response to the coming of mobile broadband era, the New Media Business Group will continue to promote the development of the IP of digital audiovisual content, social media, internet celebrity economy and multi-screen advertising, and to integrate the advertising and experience services of multiple platforms such as "online new media" and "offline physical channels" to continue to extend its user base and optimize user experiences. In addition, with the application of big data, the Group is transforming towards "audiovisual content", "cross-screen marketing", "content e-commerce", "social media management", "online and offline integration", "fans to members" and "traffic monetization" so that to cope with the changes and challenges of the external environment and further create the value and revenue of the media industry.

After the rapid growth in the past, the pet business will, in the future, focus on "developing self-owned products", "convenient medical services", "accelerating store expansion", "online and offline integration", and "membership management and social activities" to continue to upgrade the quality of service and consumer experience through the advancement of the industry. Moreover, it will introduce the expertise and strengths of the Group's media to support the operation of the pet chain through enterprise management and the resources, which will create a new type of pet chain and enterprise and provide consumers with better quality products and services at a lower cost through economy of scale. Meanwhile, utilizing big data analysis to provide customers with differentiated and accurate products and services. From online to offline, it will build a one-stop service model for the pet business and provide a full range of daily life services to consumers and drive the business growth to achieve a win-win situation.

Over the years, the Group's professional team has kept a hard work on the business operation. With the core value of acting fast, breaking the routines, constantly transcending itself, and turning the impossible into the possible of corporate development, and through the integration of the Group's resources and the spirit of innovative management, the Group has continued to perform outstandingly in the innovative businesses and maximize the common interests of the Group's stakeholders; despite of the global epidemic and the harsh international political and economic situation in the past year (2020), the Group has continued to uphold the spirit of rigorous corporate governance, prioritizing the protection and creation of shareholders' rights and interests, and has been actively engaged in social welfare. We are committed to the spirit of giving back what we take from society, to society, to win the trust of the public, and to achieve the ultimate goal of delighting shareholders, reassuring employees and satisfying consumers. Finally, I would like to express my deep gratitude to all shareholders for their support and to all colleagues for their contributions and hard work.

With my sincerest wishes
for your good health and good luck

Chairman **Shang-Wen Liao**

II. Company Profile

2.1 Company Establishment

Date of Establishment May 14, 1975

2.2 Company History

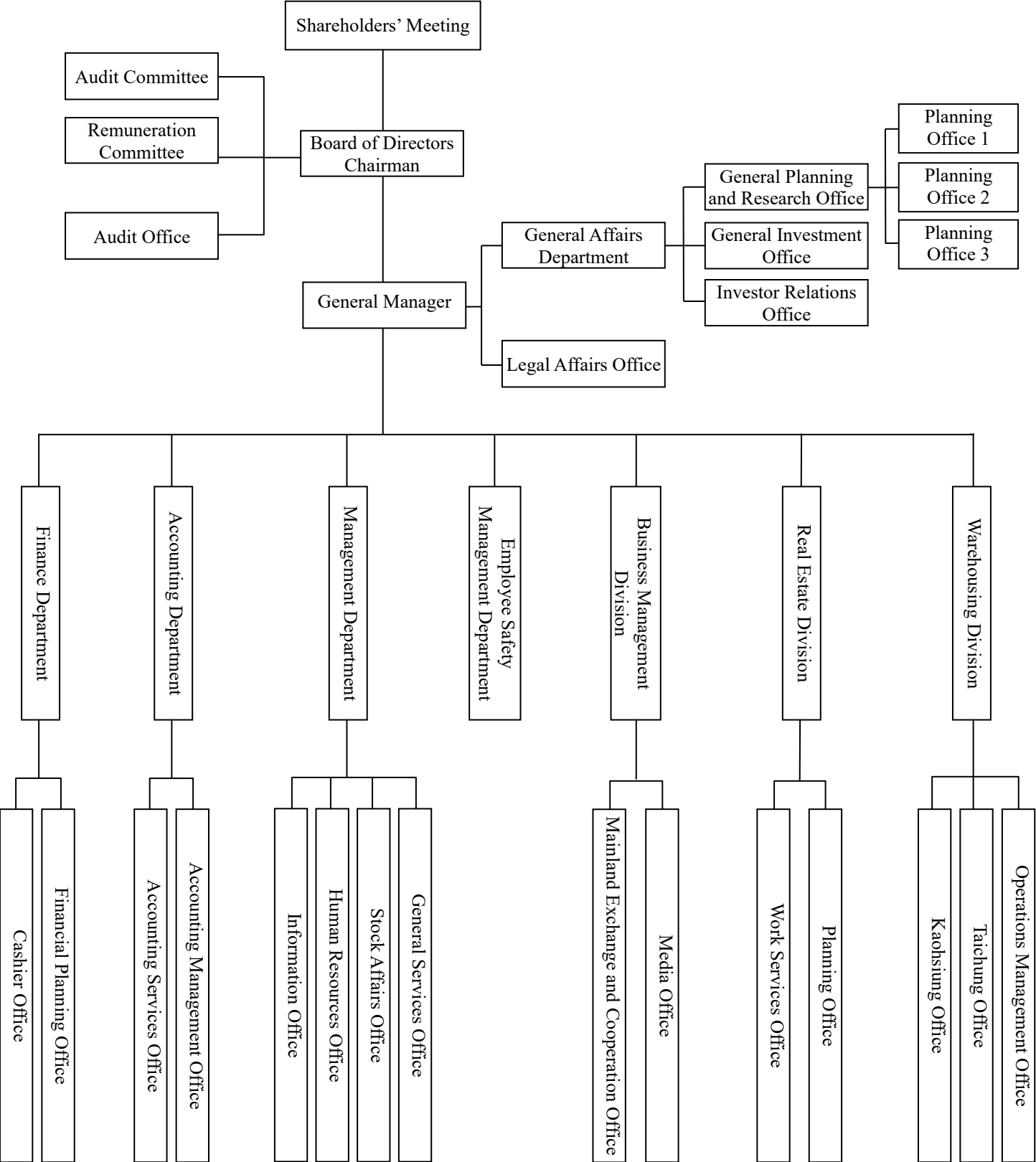
1973-1979 Period of setup and warehouse construction	<p>The Taiwan Grains & Feeds Development Foundation successively promoted the establishment of a Privatization Preparation Silo Planning Team and a Private Kaohsiung Port Bulk Silo Preparatory Committee to be responsible for advancement of warehouse construction work. Far East Warehousing Co., Ltd. was formally established in 1975 in preparation to build bulk silos of 80,000 tons and 60,000 tons respectively at Pier 71 of the Port of Kaohsiung and Pier 1 of the Port of Taichung. Mr. Chang-Shu Chao was the first Chairman of the Board of Directors.</p>
1980-1994 Period of silo and shipping business operation	<p>Silos officially began operations at Pier 71 of the Port of Kaohsiung and at Pier 1 of the Port of Taichung in 1980 and 1981 respectively. At the same time, the Company stepped into the operation of the bulk ocean shipping business. Later, a lease began for a 60,000 ton silo operation at Pier 3 of the Port of Taichung. In 1994, a lease then began for an 80,000 ton silo operation at Pier 72 of the Port of Kaohsiung.</p> <p>History of changes in the Company's Chairman position: Mr. Chong-Wei Yuan was appointed Chairman in 1983; Mr. Kun-Chong Lin was appointed Chairman in 1986; Ling-Lin Wang was appointed Chairman in 1992.</p>
1995-2004 Period of stock listing and of prototype development of business diversification	<p>The Company's shares listed on the Taiwan stock exchange on September 23, 1995 under the shipping industry category. In line with the development of its business diversification, the Company was renamed in 2000 as ET Internet Technology Corporation. Furthermore, it successfully set up new divisions or engage in reinvestment to establish companies stepping into Media (operating period: 1995 - present), mainland China logistics (operating period: 1995 - present), land development (operating period: 1997 - present),</p>

	<p>coal unloading pier operations at Keelung Port 32 (operating period: 1998 - 2008), retail shopping (1999 - present), grain trading (operating period: 2000 - 2013), and leisure tourism business (2004 to present).</p>
<p>2005-2013 Period of development for the expansion of three major undertakings in cross-Strait retail, media, and leisure tourism</p>	<p>Renamed in 2005 as Eastern Media International Corporation With the improvement of the economic and trade environment between the two sides of the Taiwan Strait, we began to deploy the mainland domestic market and stepped into its retail trade, home shopping, e-commerce and media sectors. At the same time, we have also increased our investment in Taiwan’s e-commerce, leisure and tourist hotel, and online news markets. In 2013, Mr. Shang-Wen Liao Shang-Wen Liao was appointed as Chairman.</p>
<p>2014-2021 Period of focus on the development of new retail and new media businesses</p>	<p>In 2014, the listed industry category was adjusted to the trading and department store classification. Faced with the era of Big Data, mobile devices, cloud technology, and communication technology that have successively changed industrial business models, we have carried out various investments and M&A activity with a focus on the application of new retail and new media industries. Furthermore, this has been combined with the development of various new forms of community business, live video and O2O for consumers and audiences in all aspects of food, clothing, housing, transportation and entertainment. In this way, we create a new cross-industry, cross-platform experience that integrates the physical and the virtual. With the transformation of social patterns, pet business opportunities have emerged. We have become the largest offline pet channel in Taiwan through exhibition stores and M&A strategies.</p>

III. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Functions

Department	Principal work assignments
General Affairs Department	<ol style="list-style-type: none"> 1. General Planning and Research Office: Related functions such as business performance analysis, strategic planning, economic and market information collection and analysis, project management and knowledge management. 2. General Investment Office: Responsible for the control and management of the reinvestment business and the development and evaluation of various new investment opportunities; business analysis of various industries and operation process establishment management functions. 3. Investor Relations Office: Spokesperson system and operation, investor relations activities and opinion processing, external information disclosure and media release and communication and other related functions.
Warehousing Division	<ol style="list-style-type: none"> 1. Operations Management Office: Storage operation planning, contract management, operations control, storage equipment management and maintenance, engineering planning and major mechanical and electrical equipment procurement and other related functions. 2. Operations Office: Functions related to port operations of the Taichung and Kaohsiung Operations Offices.
Real Estate Division	<ol style="list-style-type: none"> 1. Planning Office: Responsible for overall real estate market research, new project development, group real estate operation and disposal management, headquarters building project planning acquisition and related administrative tasks, and other real estate related functions. 2. Work Services Office: Responsible for the group's real estate project planning and contracting and construction management related functions, headquarters building project planning and construction management operations, and other real estate project related functions.
Business Management Division	<ol style="list-style-type: none"> 1. Mainland Exchange and Cooperation Office : Coordinate cross-Strait business contacts, exchanges, and promotions. 2. Media Office : Related functions such as audio-visual planning, shooting and production.
Audit Office	Audit-related functions such as the establishment, implementation and improvement of the Company's internal control system and internal audit system.
Legal Affairs Office	Contract drafting and review, provision of legal opinions, interpretation of relevant laws and regulations, litigation cases, revision of regulations and intellectual property rights of patents and trademarks, and other legal related functions.

Department	Principal work assignments
Finance Department	<ol style="list-style-type: none"> 1. Cashier Office: Responsible for collection and cashier operations, the custody of cash bills and securities, bank transactions, bank deposit transfers, short-term bill transactions and other related functions. 2. Financial Planning Office: Responsible for capital market financing, bank financing transactions, foreign exchange transactions, financial securities investment, external guarantees and capital loans, cash income and expenditure estimation and other related operations.
Accounting Department	<ol style="list-style-type: none"> 1. Accounting Services Office: Responsible for related functions such as voucher certificate review, accounting processing, accounts receivable and payable management, financial and tax report review, financial statement preparation, business tax and income tax declaration, accounting manual preparation, consolidated statement and notes preparation, supplementary explanations by the competent authority and tax administrative relief. 2. Accounting Management Office: Responsible for related functions such as annual budget preparation, long-term and short-term financial forecasts, tax planning, business analysis, and accounting management of overseas subsidiaries.
Management Department	<ol style="list-style-type: none"> 1. Human Resources Department: Personnel system, appointment, leave attendance, salary and welfare, assessment, training and other related functions. 2. Stock Affairs Office: Company registration and license management, Board of Directors/shareholders meeting, stock/corporate bond issuance management, dividend distribution and other stock affairs related functions. 3. General Services Office: Seal management, sending and receiving, petty cash, asset management, equipment and supplies procurement, vehicle management, environmental maintenance and other related functions. 4. Information Office: Information related functions such as information system planning and development, computer software and hardware equipment procurement management.
Employee Safety Management Department	Comprehensively manage various labor safety management functions.

3.2 Directors, General Managers, Deputy General Managers, Associate Managers, Directors of Various Departments and Branches

3.2.1 Directors

Director Information (1)

April 20, 2021

Title	Nationality or Place of Registration	Name	Gender	Elected (Took Office) Date	Term of Office	First Election Appointment Date	Shares Held at Time of Appointment		Number of Shares Currently Held		Spouse and Minor Children Shares Held Currently		Under Name(s) of Others Shares Held		Principal Experience (Education)	Concurrent Position with the Company and with Other Companies	Spouse or relatives within the second degree of kinship or closer acting as other department heads or directors			Note
							Shares	Shareholding Percentage %	Shares	Shareholding Percentage %	Shares	Shareholding Percentage %	Shares	Shareholding Percentage %			Job Title	Name	Relationship with the Company	
Chairman	Republic of China	Far Rich International Corporation Representative: Shang-Wen Liao	Male	2020.06.29	3 years	1998.04.15 1998.04.15	23,978,293 99,877	4.307 0.018	23,978,293 99,877	4.307 0.018	0 0	0.000 0.000	0 0	0.000 0.000	Ph.D., Textile Industry, University of Leeds, United Kingdom Technician, Commodity Inspection Bureau of the Ministry of Economic Affairs Deputy Head, Industrial Development Bureau of the Ministry of Economic Affairs	Chairman/General Manager of Eastern Media International Corporation Chairman/General Manager of Far Eastern Investment Co., Ltd. Chairman, RICHNESS TRADING (SHANGHAI) CO.,LTD. Chairman, Eastern Communication Technology (Hong Kong) Ltd. Chairman, Enlighten Innovative Transformation Co., Ltd. Chairman, Eastern Assent Co., Ltd. Chairman, Huiyue Investment Co., Ltd. Chairman, Natural Beauty bio-technology Co., Ltd. Chairman, Ray-Sen Medical Cosmetics Co., Ltd. Chairman, Dung Sen Shin Wen Yun Co., Ltd. Chairman, Grand Richness Trading (Hong Kong) Ltd. Chairman, Eastern Biotechnology (Shanghai) (Eastern Food (Shanghai) Ltd. Chairman, Shanghai Natural Beauty Bio-technology Company Limited Chairman, Shanghai Natural Beauty Bio-Med Company Limited Chairman, Shanghai Natural Beauty Fuli Cosmetics Company Limited Chairman, Shanghai Natural Beauty Sanlian Cosmetics Co., Ltd. Director, Eastern Home Shopping & Leisure Co., Ltd Director, Tung Kai Lease-Finance Co., Ltd Director, Eastern International Lease Finance Co., Ltd. Director, ET New Media Holdings Co., Ltd. Director, HER Hotels & Resorts Group Yilan Director, ET Pet Co., Ltd. Director, Oscar Pet Co., Ltd. Director, Pet Kingdom Co., Ltd. Director, Kaou Sin Trading Co., Ltd. Director, Eastern Enterprise Development (Shanghai) Ltd. Director, Grand Scene Trading (Hong Kong) Ltd. Director, Nanjing Yun Fu Trading Ltd. Director, Jiangsu Sen Fu Da Media Technology Co., Ltd. Director, Shanghai Yongli Cosmetics Co.,	None	None	None	It is reasonable and necessary for the Chairman and General Manager to be the same person because it meets the business needs of the Company. Operating efficiency is therefore increased and decision-making execution is faster and smoother. The future response measures will be adjusted in time in line with laws and regulations.

Title	Nationality or Place of Registration	Name	Gender	Elected (Took Office) Date	Term of Office	First Election Appointment Date	Shares Held at Time of Appointment		Number of Shares Currently Held		Spouse and Minor Children Shares Held Currently		Under Name(s) of Others Shares Held		Principal Experience (Education)	Concurrent Position with the Company and with Other Companies	Spouse or relatives within the second degree of kinship or closer acting as other department heads or directors			Note
							Shares	Shareholding Percentage %	Shares	Shareholding Percentage %	Shares	Shareholding Percentage %	Shares	Shareholding Percentage %			Job Title	Name	Relationship with the Company	
																Ltd. Director, Shanghai Natural Beauty Haili Cosmetics Co., Ltd. Director, Shanghai Lixin Medical Beauty Clinic Co., Ltd. Director, Beijing Jiayun Medical Beauty Clinic Co., Ltd. Director & President, Far Eastern Silo & Shipping (Panama) S.A. Director & President, Far Eastern Silo & Shipping International (Bermuda) Limited Director, Grand Scene Media Co. Director, Fortune Investment Global Limited (BVI) Director, Billion Synergy Sdn. Bhd. Director, Next Success International Limited (BVI) Director, Great Glamour Company Limited (BVI) Vice Chairman, Taipei Eastern Cultural Foundation Vice Chairman, Taipei City Private Eastern Social Welfare Charity Foundation Director General, Chinese Non Store Retailer Association Managing Director, Taiwan Food Safety and Industry Development Strategy Conference Managing Supervisor, Taiwan Information and Communication Association Managing Director, Chungghwa New Media Industry Development Association				
Director	Republic of China	Far Rich International Corporation Representative: Chao-Hsin Chiu	Male	2020.06.29	3 years	1998.04.15 2004.03.29	23,978,293 22,465	4.307 0.004	23,978,293 22,465	4.307 0.004	0 0	0.000 0.000	0 0	0.000 0.000	National Chengchi University Master of Business Administration Secretary General of the National Chamber of Commerce	Special Assistant to the Chairman of Eastern Media International Corporation Chairman, Nanjing Yun Fu Trading Ltd. Supervisor, Tung Kai Lease Finance Co., Ltd. Supervisor, Eastern International Lease Finance Co., Ltd. Director, Eastern Media Communication (Hong Kong) Limited Director, RICHNESS TRADING (SHANGHAI) CO.,LTD Director, Grand Richness Trading (Hong Kong) Ltd. Director, Grand Scene Trading (Hong Kong) Ltd. Director, Jiangsu Sen Fu Da Media Technology Co., Ltd. Grand Scene Media Co. Director Far Eastern Silo & Shipping (Panama) S.A.- Director & Secretary Far Eastern Silo & Shipping International (Bermuda) Limited – Director & V.P.	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender	Elected (Took Office) Date	Term of Office	First Election Appointment Date	Shares Held at Time of Appointment		Number of Shares Currently Held		Spouse and Minor Children Shares Held Currently		Under Name(s) of Others Shares Held		Principal Experience (Education)	Concurrent Position with the Company and with Other Companies	Spouse or relatives within the second degree of kinship or closer acting as other department heads or directors			Note
							Shares	Shareholding Percentage %	Shares	Shareholding Percentage %	Shares	Shareholding Percentage %	Shares	Shareholding Percentage %			Job Title	Name	Relationship with the Company	
Director	Republic of China	Ding-Fong Broadcasting Co., Ltd. Representative: Kao-Ming Tsai	Male	2020.06.29	3 years	2009.06.19 2007.01.08	6,966,179 0	1.251 0.000	6,966,179 0	1.251 0.000	0 0	0 0.000	0 0	0 0.000	Graduated from Department of Social Sciences, National Cheng Kung University General Manager, China Bills Finance Corporation	Chairman, Eastern Realty Co., Ltd. Chairman, Eastern International Lease Finance Co., Ltd. Chairman, Tung Kai Lease Finance Co., Ltd. Chairman, Eastern Enterprise Development (Shanghai) Ltd. Chairman, Eastern Enterprise Custom Broker Ltd. Director, Eastern Assent Co., Ltd. Director, RICHNESS TRADING (SHANGHAI) CO.,LTD Director, Nanjing Yun Fu Trading Ltd. Director, Grand Scene Trading (Hong Kong) Ltd Director, HER Hotels & Resorts Group Yilan Chairman, Viking Tech Corporation Independent Director, Opto Tech Corporation Independent Director, United Radiant Technology Corp. Grand Scene Media Co. Director Far Eastern Silo & Shipping (Panama) S.A.- Director & Treasurer Far Eastern Silo & Shipping International (Bermuda) Limited- Director	None	None	None	None
Director	Republic of China	Dingfeng Communication Co., Ltd. Representative: Ching-Chi Chen	Male	2020.06.29	3 years	2009.06.19 1983.07.30 (Supervisor)	6,966,179 0	1.251 0.000	6,966,179 0	1.251 0.000	181	0.000	0	0.000	Department of Diplomacy, National Chengchi University Chief Executive Officer, Taiwan Grains & Feeds Development Foundation	Chairman, HER Hotels & Resorts Group Yilan Director, Kaohsiung Port Shipping Co., Ltd. Director, Taiwan Grains & Feeds Development Foundation	None	None	None	None
Independent Director	Republic of China	Kuen-Chang Lee	Male	2020.06.29	3 years	2017.05.11	0	0.000	0	0.000	0	0.000	0	0.000	PhD, Corporate Management Finance Management Group, Central University CEO, Universe Think Tank Management Consulting Co., Ltd. Dean of Accounting Department, Soochow University	Remuneration Committee Member, Yeqiang Technology Co., Ltd. Independent Director, Tatung Fine Chemicals Co. Audit Committee Member, Tatung Fine Chemicals Co. Remuneration Committee Member, Tatung Fine Chemicals Co. Independent Director, Myson Century Inc. Audit Committee Member, Myson Century Inc. Remuneration Committee Member, Myson Century Inc. Remuneration Committee Member, United Orthopedic Equipment Co., Ltd. Audit Committee Member, United Orthopedic Co. Independent Director, United Orthopedic Co. Member, Remuneration Committee of the Company Member, Audit Committee of the Company	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender	Elected (Took Office) Date	Term of Office	First Election Appointment Date	Shares Held at Time of Appointment		Number of Shares Currently Held		Spouse and Minor Children Shares Held Currently		Under Name(s) of Others Shares Held		Principal Experience (Education)	Concurrent Position with the Company and with Other Companies	Spouse or relatives within the second degree of kinship or closer acting as other department heads or directors			Note
							Shares	Shareholding Percentage %	Shares	Shareholding Percentage %	Shares	Shareholding Percentage %	Shares	Shareholding Percentage %			Job Title	Name	Relationship with the Company	
Independent Director	Republic of China	Su-Chang Chen	Male	2020.06.29	3 years	2017.05.11	235	0.000	235	0.000	0	0.000	0	0.000	Ph.D, Department of Industrial Education, National Changhua Normal University Dean of National Penghu University of Science and Technology, Chief Secretary, Director of Technical Research Division, Head of Department of Marketing and Logistics Management	Full-time Professor, Department of Marketing and Logistics Management, National Penghu University of Science and Technology Member, Remuneration Committee of the Company Member, Audit Committee of the Company	None	None	None	None
Independent Director	Republic of China	Tien-Wei Shih	Male	2020.06.29	3 years	2017.05.11	9,692	0.002	9,692	0.002	0	0.000	0	0.000	Ph.D., Textile Industry, University of Leeds, United Kingdom Director of R&D, Feng Chia University Professor, Department of Fiber and Composite Materials, Feng Chia University	Remuneration Committee Member , Eclat Textile Co., Ltd. Member, Remuneration Committee of the Company Member, Audit Committee of the Company	None	None	None	None
Total shares held by directors							30,954,399	5.559	30,954,399	5.559										
Total							30,954,399	5.559	30,954,399	5.559	181	0.000	0	0.000						

Table 1: Major shareholders of corporate shareholders

April 20, 2021

Name of corporate shareholder	Major shareholders of corporate shareholders	Percentage of ownership %
Far Rich International Corporation	Ding-Fong Broadcasting Co., Ltd.	89.66
	Dong sen Non-life Insurance Agent Co. Ltd.	10.34
Ding-Fong Broadcasting Co., Ltd.	Far Rich International Corporation	40.00
	Dong sen Personal Insurance Agent Co., Ltd.	60.00

Table 2: Names of major shareholders of major owners listed in Table 1 above

Far Rich International Corporation

April 20, 2021

Corporation Name	Corporation Principal Shareholder	Percentage of ownership %
Ding-Fong Broadcasting Co., Ltd.	Far Rich International Corporation	40.00
	Dongsen Personal Insurance Agent Co., Ltd.	60.00
Dongsen Non-life Insurance Agent Co. Ltd.	Sen Feng International Co., Ltd.	100.00

Dong sen Non-life Insurance Agent Co. Ltd.

April 20, 2021

Corporation Name	Corporation Principal Shareholder	Percentage of ownership %
Sen Feng International Co., Ltd.	Ding-Fong Broadcasting Co., Ltd.	16.17
	Bai Hang Co., Ltd.	83.71
	Yue-Fong Industrial Co., Ltd.	0.12

Ding-Fong Broadcasting Co., Ltd.

April 20, 2021

Corporation Name	Corporation Principal Shareholder	Percentage of ownership %
Far Rich International Corporation	Ding-Fong Broadcasting Co., Ltd.	89.66
	Dong sen Non-life Insurance Agent Co. Ltd.	10.34
Dongsen Personal Insurance Agent Co., Ltd.	Far Rich International Corporation	62.50
	Sen Feng International Co., Ltd.	27.78
	Dong sen Non-life Insurance Agent Co. Ltd.	9.72

Dong sen Personal Insurance Agent Co., Ltd.

April 20, 2021

Corporation Name	Corporation Principal Shareholder	Percentage of ownership %
Far Rich International Corporation	Ding-Fong Broadcasting Co., Ltd.	89.66
	Dong sen Non-life Insurance Agent Co. Ltd.	10.34
Sen Feng International Co., Ltd.	Ding-Fong Broadcasting Co., Ltd.	16.17
	Bai Hang Co., Ltd.	83.71
	Yue-Fong Industrial Co., Ltd.	0.12
Dong sen Non-life Insurance Agent Co. Ltd.	Sen Feng International Co., Ltd.	100.00

Director Information (2)

Terms Name	Has at least five years of relevant working experience and the following professional qualifications			Conform to the status of independence (Note 1)												Number of other public companies where he/she/it concurrently serves as an independent director
	Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private college/university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Shang-Wen Liao			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chao-Hsin Chiu			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Kao-Ming Tsai			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Ching-Chi Chen			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Kuen-Chang Lee	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Su-Chang Chen	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Tien-Wei Shih	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note: If the Directors met the following conditions in the period of 2 years prior to the assumption of office and within the term of office, put a "✓" in the appropriate box representing the specific condition.

- (1) He/she is not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the Company or its affiliates. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation must not apply.)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of outstanding shares of the Company or ranking in the top ten in holdings.
- (4) Not a manager of those listed in (1), or someone having a relationship with those listed in (2) or (3) including a spousal relationship, a second-degree kinship or closer, or an immediate blood relative within three degrees of kinship.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings, or is designated as a representative in accordance with Article 27, Paragraph 1 or 2 of the Company Act. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation must not apply.)
- (6) Not a director, supervisor, or employee of another company controlled by the same person with more than half of the shares with voting rights on the Company's Board of Directors. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation must not apply.)
- (7) Not a director, supervisor, or employee of another company or institution whose chairman, general manager, or equivalent position is the same person as that of the Company, or the spouse thereof. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation must not apply.)
- (8) Not a director, supervisor, or manager of a specific company or institution having financial or business dealings with the Company, or a shareholder holding 5% or more of shares. (However, if a specific company or institution holds more than 20% of the total issued shares of the Company but not more than 50%, and the established independent director concurrently serves in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation must not apply.)
- (9) Not a partner, director, supervisor, manager, or spouse thereof of a company or institution that provides commercial, legal, financial, financial, accounting services or consultation to the Company or any affiliate of the Company for amounts exceeding NT\$500,000 in the past two years. However, for members of the Remuneration Committee, Public Acquisitions Review Committee, or M&A Special Committee who perform their functions and powers in accordance with the relevant laws and regulations of the Securities and Exchange Act or the Corporate Mergers & Acquisitions Act, this limitation must not apply.
- (10) No relationship with other directors falling within a spousal relationship or second degree of kinship.
- (11) Not exhibiting any of the circumstances specified under Article 30 of the Company Act.
- (12) No provision to be elected by a government or juristic person or their representative under Article 27 of the Company Act.

3.2.2 General Manager, Deputy General Managers, Associate Managers, Heads of Departments and Branches

Information on General Manager, Deputy General Managers, Associate Managers, Heads of Departments and Branches

April 20, 2021

Job Title	Nationality	Name	Gender	Date assumed office	Shares held		Spouse and minor children shares held		Shares held in the name(s) of others		Principal Experience (Education)	Current positions concurrently held in other companies	Spouse or relatives within the second degree of kinship or closer acting as managerial officers			Note
					Shares	Shareholding Percentage %	Shares	Shareholding Percentage %	Shares	Shareholding Percentage %			Job Title	Name	Relationship with the Company	
General Manager	Republic of China	Shang-Wen Liao	Male	1994.08.15	99,877	0.018	0	0.000	0	0.000	Ph.D., Textile Industry, University of Leeds, United Kingdom Technician, Commodity Inspection Bureau of the Ministry of Economic Affairs Deputy Head, Industrial Development Bureau of the Ministry of Economic Affairs	Chairman/General Manager of Eastern Media International Corporation Chairman/General Manager of Far Eastern Investment Co., Ltd. Chairman, RICHNESS TRADING (SHANGHAI) CO.,LTD. Chairman, Eastern Communication Technology (Hong Kong) Ltd. Chairman, Enlighten Innovative Transformation Co., Ltd. Chairman, Eastern Assent Co., Ltd. Chairman, Huiyue Investment Co., Ltd. Chairman, Natural Beauty bio-technology Co., Ltd. Chairman, Ray-Sen Medical Cosmetics Co., Ltd. Chairman, Dung Sen Shin Wen Yun Co., Ltd. Chairman, Grand Richness Trading (Hong Kong) Ltd. Chairman, Eastern Biotechnology (Shanghai) (Eastern Food (Shanghai) Ltd. Chairman, Shanghai Natural Beauty Bio-technology Company Limited Chairman, Shanghai Natural Beauty Bio-Med Company Limited Chairman, Shanghai Natural Beauty Fuli Cosmetics Company Limited Chairman, Shanghai Natural Beauty Sanlian Cosmetics Co., Ltd. Director, Eastern Home Shopping & Leisure Co., Ltd Director, Tung Kai Lease-Finance Co., Ltd Director, Eastern International Lease Finance Co., Ltd. Director, ET New Media Holdings Co., Ltd. Director, HER Hotels & Resorts Group Yilan Director, ET Pet Co., Ltd. Director, Oscar Pet Co., Ltd. Director, Pet Kingdom Co., Ltd. Director, Kaou Sin Trading Co., Ltd. Director, Eastern Enterprise Development (Shanghai) Ltd. Director, Grand Scene Trading (Hong Kong) Ltd. Director, Nanjing Yun Fu Trading Ltd. Director, Jiangsu Sen Fu Da Media Technology Co., Ltd. Director, Shanghai Yongli Cosmetics Co., Ltd. Director, Shanghai Natural Beauty Haili Cosmetics Co., Ltd. Director, Shanghai Lixin Medical Beauty Clinic Co., Ltd. Director, Beijing Jiayun Medical Beauty Clinic Co., Ltd. Director & President, Far Eastern Silo & Shipping (Panama) S.A. Director & President, Far Eastern Silo & Shipping	None	None	None	It is reasonable and necessary for the Chairman and General Manager to be the same person because it meets the business needs of the Company. Operating efficiency is therefore increased and decision-making execution is faster and smoother. Future response measures will be adjusted in due course in accordance with laws and regulations.

Job Title	Nationality	Name	Gender	Date assumed office	Shares held		Spouse and minor children shares held		Shares held in the name(s) of others		Principal Experience (Education)	Current positions concurrently held in other companies	Spouse or relatives within the second degree of kinship or closer acting as managerial officers			Note
					Shares	Shareholding Percentage %	Shares	Shareholding Percentage %	Shares	Shareholding Percentage %			Job Title	Name	Relationship with the Company	
												International (Bermuda) Limited Director, Grand Scene Media Co. Director, Fortune Investment Global Limited (BVI) Director, Billion Synergy Sdn. Bhd. Director, Next Success International Limited (BVI) Director, Great Glamour Company Limited (BVI) Vice Chairman, Taipei Eastern Cultural Foundation Vice Chairman, Taipei City Private Eastern Social Welfare Charity Foundation Director General, Chinese Non Store Retailer Association Managing Director, Taiwan Food Safety and Industry Development Strategy Conference Managing Supervisor, Taiwan Information and Communication Association Managing Director, Chungghwa New Media Industry Development Association				
Deputy General Manager of Mainland Division Deputy General Manager of Media Division (Resigned on 2020.01.31)	Republic of China	Yung-Jui Ma	Male	2018.01.18	0	0.000	0	0.000	0	0.000	Master's degree, Graphic Communication Institute, National Taiwan Normal University	Director, Far Eastern Investment Co., Ltd. Director, ET New Media Holdings Co., Ltd.	None	None	None	None
Deputy General Manager, Accounting Department	Republic of China	Ying-Na Cheng	Female	2007.07.01	591	0.000	0	0.000	0	0.000	Department of Business Management, Feng Chia University	Director, Tung Kai Lease Finance Co., Ltd. Director, Eastern International Lease Finance Co., Ltd. Director, Huiyue Investment Co., Ltd. Director, Natural Beauty Bio-technology Limited Director, Ray-Sen Medical Cosmetics Co., Ltd. Director, Shanghai Natural Beauty Biotechnology Co., Ltd. Director, Shanghai Natural Beauty Bio-Med Company Limited Director, Shanghai Natural Beauty Fuli Cosmetics Company Limited Director, Shanghai Natural Beauty Sanlian Cosmetics Co., Ltd. Supervisor, ET New Media Holdings Co., Ltd. Supervisor, HER Hotels & Resorts Group Yilan Supervisor, Mohist Web Technology Co., Ltd. Supervisor, ET Pet Co., Ltd. Supervisor, Eastern Assent Co., Ltd. Supervisor, Want Want Broadband Media Co., Ltd. Director, Nanjing Yun Fu Trading Ltd. Supervisor, Shanghai Yongli Cosmetics Co., Ltd. Supervisor, Shanghai Natural Beauty Haili Cosmetics Co., Ltd. Supervisor, Shanghai Lixin Medical Beauty Clinic Co., Ltd. Supervisor, Beijing Jiayun Medical Beauty Clinic Co., Ltd. Deputy General Manager, Far Eastern Investment Co., Ltd. Deputy General Manager, ET New Media Holdings Co., Ltd. Deputy General Manager, Grand Richness Trading (Hong Kong) Ltd.	None	None	None	None

Job Title	Nationality	Name	Gender	Date assumed office	Shares held		Spouse and minor children shares held		Shares held in the name(s) of others		Principal Experience (Education)	Current positions concurrently held in other companies	Spouse or relatives within the second degree of kinship or closer acting as managerial officers			Note
					Shares	Shareholding Percentage %	Shares	Shareholding Percentage %	Shares	Shareholding Percentage %			Job Title	Name	Relationship with the Company	
												Deputy General Manager, Grand Scene Trading (Hong Kong) Ltd. Deputy General Manager, Far Eastern Silo & Shipping (Panama) S.A. Deputy General Manager, Far Eastern Silo & Shipping International (Bermuda) Limited Deputy General Manager, Grand Scene Media Co.				
Deputy General Manager, Warehousing Division	Republic of China	Ching-Tze He	Male	2008.08.21	28	0.000	236	0.000	0	0.000	Master of Management, Chiayi University Research Institute	Deputy General Manager, Far Eastern Silo & Shipping (Panama) S.A.	None	None	None	None
Deputy General Manager, General Affairs Department	Republic of China	Sheng-Chong Hsu	Male	2011.09.01	289	0.000	0	0.000	0	0.000	Department of Business Administration, Tunghai University	Director of Dongsen Non-Life Insurance Agent Co. Ltd.	None	None	None	None
Deputy General Manager, General Affairs Department	Republic of China	Kuang-Wu Chen	Male	2019.12.19	0	0.000	0	0.000	0	0.000	PhD candidate in Biomedical Engineering, Johns Hopkins University, USA Master of Electronic Science, Ohio State University Master of Computer Science, University of Maryland	None	None	None	None	None
Deputy General Manager, General Affairs Department	Republic of China	Hsiang-Jui Wo	Male	2019.01.01	0	0.000	128	0.000	0	0.000	Kaohsiung Vocational College of Navigation	Supervisor, Far Eastern Investment Co, Ltd.	None	None	None	None
Deputy General Manager, General Affairs Department	Republic of China	Hsiao-Ching Hu	Female	2014.08.13	0	0.000	0	0.000	0	0.000	Ming Chuan University Institute of Biography Master's degree	None	None	None	None	None
Deputy General Manager, Management Department Deputy General Manager, Employee Safety Management Department (Retired on 2020.12.31)	Republic of China	Shu-Chen Tang	Female	2016.11.01	21,558	0.004	0	0.000	0	0.000	Department of Accounting, Soochow University	None	None	None	None	None
Real Estate Division Department Deputy General Manager	Republic of China	Tsong-Yi Lin	Male	2017.08.01	0	0.000	0	0.000	0	0.000	Master of Business Administration, University of Wales, UK Master of Transportation Engineering, University of Leeds	None	None	None	None	None
Planning R&D Office, General Affairs Department Deputy General Manager	Republic of China	Lan-Ying Feng	Female	2018.03.22	0	0.000	0	0.000	0	0.000	Department of Journalism, Shih Hsin University	None	None	None	None	None
Deputy General Manager, Finance Department	Republic of China	Cheng-Kuo Lu	Male	2019.12.19	27,279	0.005	0	0.000	0	0.000	Tamsui Technical College Bank Management Department	Director, Far Eastern Investment Co., Ltd. Deputy General Manager, ET New Media Holdings Co., Ltd. Deputy General Manager, ET Pet Co., Ltd. Deputy General Manager, Oscar Pet Co., Ltd.	None	None	None	None

Job Title	Nationality	Name	Gender	Date assumed office	Shares held		Spouse and minor children shares held		Shares held in the name(s) of others		Principal Experience (Education)	Current positions concurrently held in other companies	Spouse or relatives within the second degree of kinship or closer acting as managerial officers			Note
					Shares	Shareholding Percentage %	Shares	Shareholding Percentage %	Shares	Shareholding Percentage %			Job Title	Name	Relationship with the Company	
												Deputy General Manager, Eastern Assent Co., Ltd. Deputy General Manager, Grand Richness Trading (Hong Kong) Ltd. Deputy General Manager, Grand Scene Trading (Hong Kong) Ltd. Deputy General Manager, Eastern Media Communication (Hong Kong) Limited Deputy General Manager, Far Eastern Silo & Shipping (Panama) S.A. Deputy General Manager, Far Eastern Silo & Shipping International (Bermuda) Limited Deputy General Manager, Grand Scene Media Co.				
Deputy General Manager of Legal Affairs Department and Chief Corporate Governance Officer	Republic of China	Hui-Ying Chou	Female	2020.04.01	142	0.0000	43,326	0.008	0	0.000	Law Department, Chinese Cultural University Lawyer, WTW Zhongtian International Law Firm Lawyer, Yang Siqin Law Firm	None	None	None	None	None
Investment Office, General Affairs Department Deputy General Manager	Republic of China	Chia-Wei Lin	Male	2020.04.01	0	0.000	0	0.000	0	0.000	Bachelor of Economics, National Chengchi University Master of Business Administration, Tunghai University	None	None	None	None	None
Associate Manager, Accounting Services Office, Accounting Department (Retired on 2020.06.30)	Republic of China	Min-Hui Liu	Female	2013.05.01	24	0.000	0	0.000	0	0.000	Department of Accounting, Tamkang University	Supervisor, RICHNESS TRADING (SHANGHAI) CO.,LTD.	None	None	None	None
Associate Manager, Warehousing Division	Republic of China	Hua-Lou Sun	Male	2017.04.01	0	0.000	0	0.000	0	0.000	Law Department, National Taiwan University	None	None	None	None	None
Associate Manager, Warehousing Division	Republic of China	Kun-Yu Chang	Female	2019.04.01	0	0.000	0	0.000	0	0.000	Home Economics Research Institute, Chinese Cultural University	None	None	None	None	None
Work Services Office, Real Estate Division Associate Manager	Republic of China	Feng-Wen Chen	Male	2018.03.22	0	0.000	0	0.000	0	0.000	Mingxin Engineering College	None	None	None	None	None
Associate Manager, General Affairs Department	Republic of China	Ping-Yu Su	Female	2019.01.22	0	0.000	3,000	0.001	0	0.000	Department of Sociology, Chung Hsing University Institute of Social Work, Soochow University	None	None	None	None	None
Associate Manager, General Affairs Department (Resigned on 2020.09.30)	Republic of China	Cheng-Hui Hsieh	Male	2019.12.19	0	0.000	0	0.000	0	0.000	Accounting Department, Business School, Hsing Wu University EMBA, Shanghai University	None	None	None	None	None

Job Title	Nationality	Name	Gender	Date assumed office	Shares held		Spouse and minor children shares held		Shares held in the name(s) of others		Principal Experience (Education)	Current positions concurrently held in other companies	Spouse or relatives within the second degree of kinship or closer acting as managerial officers			Note
					Shares	Shareholding Percentage %	Shares	Shareholding Percentage %	Shares	Shareholding Percentage %			Job Title	Name	Relationship with the Company	
Associate Manager, Legal Affairs Department and General Administration Department	Republic of China	Kui-Ting Kao	Male	2020.04.01	0	0.000	0	0.000	0	0.000	Law Department, Chinese Cultural University	Associate Manager, Far Eastern Investment Co., Ltd. Associate Manager, Eastern Assent Co., Ltd. Associate Manager, ET New Media Holdings Co., Ltd. Associate Manager, ET Pet Co., Ltd. Associate Manager, Dung Sen Dian Jing Yun Co., Ltd. Associate Manager, Dung Sen Shin Guang Yun Co., Ltd. Associate Manager, Dung Sen Shin Wen Yun Co., Ltd. Associate Manager, Oscar Pet Co., Ltd.	None	None	None	None
Associate Manager of Accounting Department	Republic of China	Yao-Tsu Shen	Male	2020.09.24	10,000	0.002	20,000	0.004	0	0.000	Accounting Research Institute, Chinese Cultural University	Supervisor, Huiyue Investment Co., Ltd. Supervisor, Natural Beauty Bio-Technology Supervisor, Ruisheng Medical Beauty Technology Co., Ltd. Supervisor, Shanghai Natural Beauty Biotechnology Co., Ltd. Supervisor, Shanghai Natural Beauty Bio-Med Company Limited Supervisor, Shanghai Natural Beauty Fuli Cosmetics Company Limited Supervisor, Shanghai Natural Beauty Sanlian Cosmetics Co., Ltd. Associate Manager, Far Eastern Investment Co., Ltd. Associate Manager, Mohist Web Technology Co. Ltd. Associate Manager, Grand Richness Trading (Hong Kong) Ltd. Associate Manager, Grand Scene Trading (Hong Kong) Ltd. Associate Manager, Eastern Media Communication (Hong Kong) Limited Associate Manager, Far Eastern Silo & Shipping International (Bermuda) Limited Associate Manager, Grand Scene Media Co.	None	None	None	None
Associate Manager of Investment Office, General Administration Department	Republic of China	Yu-Ling Ye	Female	2021.02.17	0	0.000	0	0.000	0	0.000	MBA, University of Texas at Arlington	None	None	None	None	
Taichung Office Manager, Warehousing Division	Republic of China	Chang-Yi Huang	Male	2017.04.01	104	0.000	285	0.000	0	0.000	Business School, Ling Tung University	None	None	None	None	
Kaohsiung Office Manager, Warehousing Division	Republic of China	Po-Liang Chen	Male	2016.05.01	437	0.000	0	0.000	0	0.000	Department of Electrical Engineering, Ocean University	None	None	None	None	
Manager, Audit Office	Republic of China	Hui-Hui Li	Female	2016.11.11	4,756	0.001	735	0.000	0	0.000	Department of Business Administration, Tunghai University	None	None	None	None	

3.3 Remuneration Paid to Directors, General Manager, and Deputy General Manager(s) in the Most Recent Year

3.3.1 Remuneration to directors (including independent directors)

Job Title	Name	Directors' Remuneration								Sum of A, B, C, and D as percentage of income after tax (%)		Remuneration from concurrently serving as employee								Sum of A, B, C, D, E, F and G as percentage of income after tax (%)		Remuneration received from investee companies outside of subsidiaries or from the parent company
		Remuneration (A)		Retirement pension (B)		Director's remuneration (C)		Business execution expenses (D)				Wages, rewards, special allowances, etc. (E)		Pension upon retirement (F)		Employee bonuses (G)						
		The Company	All companies in these financial reports	The Company	All companies in these financial reports	The Company	All companies in these financial reports	The Company	All companies in these financial reports	The Company	All companies in these financial reports	The Company	All companies in these financial reports	The Company	All companies in these financial reports	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in these financial reports	
Far Rich International Corporation Representative:																						
Chairman	Shang-Wen Liao	89	1,287	0	0	0	0	320	479	0.08%	0.34%	3,372	13,400	0	0	209	0	209	0	0.77%	2.95%	4,014
Director	Chao-Hsin Chiu	0	0	0	0	0	0	260	305	0.05%	0.06%	1,020	3,036	0	0	59	0	59	0	0.26%	0.65%	0
Ding-Fong Broadcasting Co., Ltd. Representative:																						
Director	Kao-Ming Tsai	0	4,375	0	0	0	0	260	317	0.05%	0.90%	0	0	0	0	0	0	0	0	0.05%	0.90%	0
Director	Ching-Chi Chen	0	485	0	0	0	0	260	266	0.05%	0.14%	0	0	0	0	0	0	0	0	0.05%	0.14%	0
Independent Director	Kuen-Chang Lee	600	600	0	0	0	0	260	260	0.17%	0.17%	0	0	0	0	0	0	0	0	0.17%	0.17%	0
Independent Director	Su-Chang Chen	600	600	0	0	0	0	260	260	0.17%	0.17%	0	0	0	0	0	0	0	0	0.17%	0.17%	0
Independent Director	Tien-Wei Shih	600	600	0	0	0	0	260	260	0.17%	0.17%	0	0	0	0	0	0	0	0	0.17%	0.17%	0

1. Please specify the policy, system, standards and structure for the remuneration to independent directors, and the linkage of the amount of remuneration to the responsibilities, risk exposure and time commitment of the directors: Please refer to page 30.

2. In addition to the disclosure in the above table, the remuneration received by the directors of the Company for providing services to all companies in the financial report (such as serving as a consultant for non-employees, etc.) in the most recent year: 0

3.3.2 Remuneration Paid to General Manager and Deputy General Manager(s)

Unit: NTD Thousand

Job Title	Name	Salary (A)		Retirement pension (B)		Rewards and Special expenses etc. (C)		Employee bonuses amount (D)				Sum of A, B, C, and D as percentage of income after tax (%)		Remuneration from investee companies outside of subsidiaries or from the parent company
		The Company	All companies in these financial reports	The Company	All companies in these financial reports	The Company	All companies in these financial reports	The Company		All companies in these financial reports		The Company	All companies in these financial reports	
								Cash Amount	Stock Amount	Cash on hand Amount	Stock Amount			
General Manager (Concurrent)	Shang-Wen Liao	27,141	32,445	1,424	1,424	19,040	31,160	1,388	0	1,388	0	9.41%	12.75%	4,612
Deputy General Manager	Ching-Tze He													
Deputy General Manager	Ying-Na Cheng													
Deputy General Manager	Sheng-Chong Hsu													
Deputy General Manager	Hsiang-Jui Wo													
Deputy General Manager	Hsiao-Ching Hu													
Deputy General Manager	Shu-Chen Tang(Note2)													
Deputy General Manager	Tsong-Yi Lin													
Deputy General Manager	Lan-Ying Feng													
Deputy General Manager	Yung-Jui Ma(Note3)													
Deputy General Manager	Kuang-Wu Chen													
Deputy General Manager	Cheng-Kuo Lu													
Deputy General Manager	Hui-Ying Chou(Note1)													
Deputy General Manager	Chia-Wei Lin(Note1)													

Note: 1. Deputy General Manager Hui-Ying Chou & Chia-Wei Lin took office on April 1, 2020.

2. Deputy General Manager Shu-Chen Tang retired on December 31, 2020.

3. Deputy General Manager Yung-Jui Ma resigned on January 31, 2021.

Table of Remuneration Scales

Range of remunerations paid to general manager(s) and deputy general manager(s)	Name of General Manager and Deputy General Manager(s)	
	The Company	Parent company and all reinvested businesses E
Lower than NTD 1,000,000	None	None
NTD 1,000,000 (inclusive) - NTD 2,000,000 (exclusive)	Hui-Ying Chou	Hui-Ying Chou
NTD 2,000,000 (inclusive) - NTD 3,500,000 (exclusive)	Ying-Na Cheng , Sheng-Chong Hsu , Lan-Ying Feng , Yung-Jui Ma , Cheng-Kuo Lu , Chia-Wei Lin	Sheng-Chong Hsu , Lan-Ying Feng , Chia-Wei Lin
NTD 3,500,000 (inclusive) - NTD 5,000,000 (exclusive)	Shang-Wen Liao , Ching-Tze He , Hsiang-Jui Wo , Hsiao-Ching Hu , Shu-Chen Tang , Tsong-Yi Lin	Ying-Na Cheng , Hsiang-Jui Wo , Hsiao-Ching Hu , Shu-Chen Tang , Tsong-Yi Lin , Yung-Jui Ma , Cheng-Kuo Lu
NTD 5,000,000 (inclusive) - NTD 10,000,000 (exclusive)	Kuang-Wu Chen	Ching-Tze He , Kuang-Wu Chen
NTD 10,000,000 (inclusive) - NTD 15,000,000 (exclusive)	None	None
NTD 15,000,000 (inclusive) - NTD 30,000,000 (exclusive)	None	Shang-Wen Liao
NTD 30,000,000 (inclusive) - NTD 50,000,000 (exclusive)	None	None
NTD 50,000,000 (inclusive) - NTD 100,000,000 (exclusive)	None	None
Over NTD 100,000,000	None	None
Total	14 individuals	14 individuals

3.3.3 Names of managerial officers entitled to employee bonuses and amounts entitled

Unit: NTD Thousand

	Job Title	Name	Stock amount	Cash amount	Total	As percentage of income after tax (%)
Manager	General Manager (Concurrent)	Shang-Wen Liao	0	2,153	2,153	0.41%
	Deputy General Manager	Ying-Na Cheng				
	Deputy General Manager	Ching-Tze He				
	Deputy General Manager	Shu-Chen Tang				
	Deputy General Manager	Sheng-Chong Hsu				
	Deputy General Manager	Hsiao-Ching Hu				
	Deputy General Manager	Hsiang-Jui Wo				
	Deputy General Manager	Tsong-Yi Lin				
	Deputy General Manager	Lan-Ying Feng				
	Deputy General Manager	Yung-Jui Ma				
	Deputy General Manager	Cheng-Kuo Lu				
	Deputy General Manager	Kuang-Wu Chen				
	Deputy General Manager	Hui-Ying Chou				
	Deputy General Manager	Chia-Wei Lin				
	Associate Manager	Hua-Lou Sun				
	Associate Manager	Min-Hui Liu				
	Associate Manager	Feng-Wen Chen				
	Associate Manager	Kun-Yu Chang				
	Associate Manager	Ping-Yu Su				
	Associate Manager	Cheng-Hui Hsieh				
	Associate Manager	Kui-Ting Kao				
	Associate Manager	Yao-Tsu Shen				
	Manager	Chang-Yi Huang				
Manager	Po-Liang Chen					
Manager	Hui-Hui Li					

3.3.4 Amount of compensation paid in the last two years by the Company and all companies included in the consolidated financial statements to the Company’s directors, general manager, and deputy general managers, and the respective proportion of such compensation to the income after tax, as well as the policies, standards, and packages by which it was paid, the procedures through which the compensation was determined, and its association with business performance.

1. Analysis table for the proportion to net profits after tax of the total of the remuneration paid to directors, general managers and deputy general managers by the Company and all companies in the consolidated financial statements in the most recent two years.

Job Title	2019 Proportion of total remuneration to net profit after tax		2020 Proportion of total remuneration to net profit after tax	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Directors (Note) (Including concurrent employees receiving related remuneration)	2.57%	7.50%	1.62%	5.14%
General Manager and deputy general managers	11.52%	15.05%	9.41%	12.75%
Note: (1) The second section of the remuneration declaration of 2019 is the actual amount of employee bonuses. (2) The first section of the 2020 remuneration declaration is the proposed number for employee bonuses.				

2. The Company’s remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance:

(1) Director

Item	Director (including Independent Director)
Remuneration Policies	<ol style="list-style-type: none"> 1. Director is not paid. 2. Salaries of independent directors are determined by the Board of Directors with reference to industry standards.
Remuneration standards and packages	<ol style="list-style-type: none"> 1. Directors are only paid the professional practice allowance and attendance fees for attending Board meetings. 2. In addition to a fixed monthly salary, an independent director also receives the professional practice allowance and attendance fees for attending Board meetings.
Procedures for determining the remuneration	In accordance with Article 18 of the Company's Articles of Incorporation, “Remuneration to the Directors”, the Board of Directors is authorized to

Item	Director (including Independent Director)
	determine the remuneration of directors based on the extent of their engagement in and contribution to the Company's operations and with reference to industry standards.
The relevance between the remuneration and business operating performance	In accordance with Article 26 of the Company's Articles of Incorporation, the Company's profits (if any) shall not be distributed to directors (including independent directors) as their remuneration.

(2) Managers

Item	Managers
Remuneration Policies	Follow the Company's "Salary Management Measures," with responsibilities, position, seniority, personal ability, experience, and reference to the market salary level as the basis for salary evaluation.
Remuneration standards and packages	Managers' remuneration items and the standards thereof: 1. Fixed monthly salary. 2. Employee remuneration: If the Company earns a profit (refers to the profit before income tax prior to deducting employee remuneration), it shall offset the accumulated losses, and then set aside 3.5% of the balance as employee compensation. 3. Year-end bonus: It is allocated based on the results reflecting the company's annual operating performance, profit and loss status, and personal performance.
Procedures for determining the remuneration	The salary adjustment at the time of appointment or salary adjustment after appointment are submitted for approval in accordance with the internal approval authority, and also refers to individual performance and contribution to company performance. Relevant performance appraisal and salary reasonableness are reviewed by the Remuneration Committee and afterward proposed to the Board of Directors for resolution.
The relevance between the remuneration and business operating performance	The Company has established a performance appraisal system to evaluate the performance of managers and determine the appropriation of employee remuneration and year-end bonuses based on the performance appraisal results, so as to determine the variable compensation based on the business operating performance.

3.4. Corporate Governance Status

3.4.1 Operation of the Board of Directors

A. There were 14 meetings (A) of the Board of Directors held in the most recent year- the 16th term of Board of Directors hold 7 meetings (A)during January to June, and the 17th term of the Board of Directors hold 7 meetings (A) during July to December in 2020. The attendance of directors is as follows:

16th term of Directors, 17th term of Directors (re-elected on June 29, 2020)

Job Title	Name	Number of times actually attending (observing) (B)	Frequency of attendance	Actual attendance (observation) rate (%) (B/A)	Note
Chairman	Far Rich International Corporation Representative: Shang-Wen Liao	13	1	92%	Re-elected on June 29, 2020 Re-elected
Director	Far Rich International Corporation Representative: Chao-Hsin Chiu	14	0	100%	Re-elected on June 29, 2020 Re-elected
Director	Ding-Fong Broadcasting Co., Ltd. Representative: Kao-Ming Tsai	14	0	100%	Re-elected on June 29, 2020 Re-elected
Director	Ding-Fong Broadcasting Co., Ltd. Representative: Ching-Chi Chen	14	0	100%	Re-elected on June 29, 2020 Re-elected
Independent Director	Kuen-Chang Lee	14	0	100%	Re-elected on June 29, 2020 Re-elected
Independent Director	Su-Chang Chen	14	0	100%	Re-elected on June 29, 2020 Re-elected
Independent Director	Tien-Wei Shih	14	0	100%	Re-elected on June 29, 2020 Re-elected

Other matters to be recorded:

- If any of the following occurs in the operation of the Board, specify the date, the session, the content of the motion, the opinions of the Independent Directors, and the response of the Company to the opinions of the Independent Directors:
 - The circumstances referred to in Article 14-3 of the Securities and Exchange Act: Detailed in "Other matters to be recorded" in Operation of the Audit Committee on page 39 of the Annual Report.
 - Further to the aforementioned matters, any adverse opinion or qualified opinion of the Independent Directors against the resolutions of the Board: None.
- For recusal of directors from motions due to conflicts of interest, specify the names of the Directors, the content of the motions, the reasons for recusal, and the participation in voting: Please refer to page 33.
- TWSE/TPEX-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors, and to fill out "Implementation Status of Board Evaluations." : Please refer to page 38.
- The objective for fortifying the function of the Board in the current year and the most recent year (e.g., setting up an Audit Committee, improving information transparency, etc.) and the assessment of the status of implementation: The Company set up an Audit Committee to replace supervisors on May 11, 2017; it re-elected 7 directors in 2020 (including 3 independent directors). In accordance with relevant laws and regulations, an Audit Committee and a Remuneration Committee have been composed of three independent directors in order to perform supervisory duties and strengthen the functions of the Board of Directors, for the sake of enhancing enhance information transparency.

Implementation status of directors' recusals from proposals due to conflicts of interest

Meeting date and session	Implementation status of directors' recusals due to conflicts of interest
<p>January 2, 2020 The 26th session of the 16th term Board of Directors</p>	<p>Discussion 6 Proposal: Approval of the Company's NTD 1 million donation to the Chunghwa New Media Industry Development Association. Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse the Managing Director of Chunghwa New Media Industry Development Association, Mr. Liao Shang-Wen. The proposal was proceeded by Director Chiu Chao-Hsin who acted the chairman to discuss. Resolution: Except for one director who should be recused, other directors presented passed the proposal without objection.</p>
<p>March 26, 2020 The 29th session of the 16th term Board of Directors</p>	<p>Discussion 6 Proposal: Approval of the Company's NTD 2 million donation to the Taiwan Information and Communication Association. Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse the Managing Supervisor of Taiwan Communication Association, Mr. Liao. The proposal was proceeded by Director Chiu Chao-Hsin who acted the chairman to discuss. Resolution: Except for one director who should be recused, other directors presented passed the proposal without objection.</p>
<p>April 29, 2020 The 30th session of the 16th term Board of Directors</p>	<p>Adoptions Proposal: Adoption of the provision of guarantee for the participation of its subsidiary Eastern Assent Co., Ltd. in the "Linkou International Media Park Investment Promotion Project." Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse the Chairman and the director of Eastern Assent Co., Ltd., Mr. Liao Shang-Wen and Mr Tsai Kao-Ming. The proposal was proceeded by Director Chiu Chao-Hsin who acted the chairman to discuss. Resolution: Except for two directors who should be recused, other directors presented passed the proposal without objection.</p> <p>Discussion 6 Proposal: Approval of providing NT\$50 million endorsement guarantee for the application for financing from the Taiwan Small and Medium Enterprise Bank Fuhsin Branch of Company's subsidiary ET Pet Co., Ltd. . Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse Director of ET Pet Co., Ltd., Mr. Liao Shang-Wen. The proposal was proceeded by Director Chiu Chao-Hsin who acted the chairman to discuss. Resolution: Except for one director who should be recused, other directors presented passed the proposal without objection.</p>
<p>May 14, 2020 The 31st session of the 16th term Board of Directors</p>	<p>Discussion 2 Proposal: Approval of the list of candidates for directors and independent directors nominated by shareholders holding more than 1% of the Company's shares. Resolution: 1. Each of the nominated directors recused from the review of his/her nomination. When reviewing the nominator of Director, Liao Shang-Wen, except for one director who should be recused, other directors presented passed the proposal without objection. When reviewing the nominator of Director, Chiu Chao-Hsin, except for one director who should be recused, other directors presented passed the proposal without objection. When reviewing the nominator of Director, Tsai Kao-Ming, except for one director who should be recused, other directors presented passed the proposal without objection. When reviewing the nominator of Director, Chen Ching-Chi, except for one director who should be recused, other directors presented passed the proposal without objection. When reviewing the nominator of Independent Director, Li Kun-Chang, except</p>

	<p>for one director who should be recused, other directors presented passed the proposal without objection.</p> <p>When reviewing the nominator of Independent Director, Chen Su-Chang, except for one director who should be recused, other directors presented passed the proposal without objection.</p> <p>When reviewing the nominator of Independent Director, Shih Tien-Wei, except for one director who should be recused, other directors presented passed the proposal without objection.</p> <p>2. Review result: the above-mentioned list of candidates for the four Directors and three Independent Directors meets the relevant provisions of Article 192-1 of the Company Act, and will be submitted as the list of candidates for the 17th term of the Company's Directors and Independent Directors to the general meeting of shareholders of the year for election.</p>
<p>June 18, 2020 The 32nd session of the 16th term Board of Directors</p>	<p>Discussion 1</p> <p>Proposal: Approval of providing NT\$50 million endorsement guarantee for the participation of the Company's subsidiary Eastern Assent Co., Ltd. in the "Linkou International Media Park Investment Promotion Project." .</p> <p>Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse the Chairman and the director of Eastern Assent Co., Ltd., Mr. Liao Shang-Wen and Mr Tsai Kao-Ming. The proposal was proceeded by Director Chiu Chao-Hsin who acted the chairman to discuss.</p> <p>Resolution: Except for two directors who should be recused, other directors presented passed the proposal without objection.</p> <p>Discussion 2</p> <p>Proposal: Approval of the Company's acquisition of capital increase shares of Eastern Assent Co., Ltd.</p> <p>Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse the Chairman and the director of Eastern Assent Co., Ltd., Mr. Liao Shang-Wen and Mr Tsai Kao-Ming. The proposal was proceeded by Director Chiu Chao-Hsin who acted the chairman to discuss.</p> <p>Resolution: Except for two directors who should be recused, other directors presented passed the proposal without objection.</p> <p>Discussion 3</p> <p>Proposal: Approval for the Company's subsidiary " RICHNESS TRADING (SHANGHAI) CO.,LTD." investing in "Shanghai Rich Industry Ltd." at an amount exceeding the investment limit.</p> <p>Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse Chairman Liao Shang-Wen, Director Chiu Chao-Hsin, and Director Tsai Kao-Ming of RICHNESS TRADING (SHANGHAI) CO.,LTD. and Shanghai Rich Industry Ltd. The proposal was proceeded by Director Chen Ching-Chi who acted the chairman to discuss.</p> <p>Resolution: Except for three directors who should be recused, other directors present passed the proposal without objection.</p> <p>Discussion 4</p> <p>Proposal: Approval of providing NT\$120 million endorsement guarantee for the application for financing from the Bank SinoPac of Company's subsidiary Oscar Pet Co., Ltd. .</p> <p>Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse Director of Oscar Pet Co., Ltd., Mr. Liao Shang-Wen. The proposal was proceeded by Director Chiu Chao-Hsin who acted the chairman to discuss.</p> <p>Resolution: Except for one director who should be recused, other directors presented passed the proposal without objection.</p> <p>Discussion 5</p> <p>Proposal: Approval of providing NT\$15 million endorsement guarantee for the application for financing from the Bank SinoPac of Company's subsidiary Pet Kingdom Co., Ltd. .</p> <p>Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse Director of Pet Kingdom Co., Ltd., Mr. Liao</p>

	<p>Shang-Wen. The proposal was proceeded by Director Chiu Chao-Hsin who acted the chairman to discuss.</p> <p>Resolution: Except for one director who should be recused, other directors presented passed the proposal without objection.</p> <p>Discussion 6</p> <p>Proposal: Approval of providing NT\$5 million endorsement guarantee for the application for financing from Bank SinoPac of the Company's subsidiary Kaou Sin Trading Co., Ltd.</p> <p>Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse Director of Kaou Sin Trading Co., Ltd., Mr. Liao Shang-Wen. The proposal was proceeded by Director Chiu Chao-Hsin who acted the chairman to discuss.</p> <p>Resolution: Except for one director who should be recused, other directors presented passed the proposal without objection.</p>
<p>June 29, 2020</p> <p>The 1st session of the 17th term Board of Directors</p>	<p>Discussions</p> <p>Proposal: Approval of the Company's manager appointment.</p> <p>Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse Director Liao Shang-Wen. The proposal was proceeded by Director Chiu Chao-Hsin who acted the chairman to discuss.</p> <p>Resolution: Except for one director who should be recused, other directors presented passed the proposal without objection.</p>
<p>August 6, 2020</p> <p>The 2nd session of the 17th term Board of Directors</p>	<p>Discussion 4</p> <p>Proposal: Approval of providing NT\$200 million limit for loan to ET New Media Holdings Co., Ltd.</p> <p>Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse Director of ET New Media (ETtoday) Holdings Co., Ltd. Mr. Liao Shang-Wen. The proposal was proceeded by Director Chiu Chao-Hsin who acted the chairman to discuss.</p> <p>Resolution: Except for one director who should be recused, other directors presented passed the proposal without objection.</p> <p>Discussion 5</p> <p>Proposal: Approval of providing NT\$100 million limit for loan to ET Pet Co., Ltd.</p> <p>Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse Director of ET Pet Co., Ltd., Mr. Liao Shang-Wen. The proposal was proceeded by Director Chiu Chao-Hsin who acted the chairman to discuss.</p> <p>Resolution: Except for one director who should be recused, other directors presented passed the proposal without objection.</p> <p>Discussion 6</p> <p>Proposal: Approval of the appointment of members of the Company's 4th remuneration committee.</p> <p>Chairman: Please recuse stakeholders, Independent Director Li Kun-Chang, Chen Su-Chang and Shih Tien-Way.</p> <p>Resolution: Resolution: Except for three independent directors who should be recused, other directors presented passed the proposal without objection. The three committee members then elected Chen Su-Chang as the convener of the committee.</p>
<p>September 24, 2020</p> <p>The 3rd session of the 17th term Board of Directors</p>	<p>Discussion 1</p> <p>Proposal: Approval of providing NT\$100 million limit for loan to ET New Media Holdings Co., Ltd. a capital loan and credit limit of NT\$100 million.</p> <p>Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse Director of ET New Media (ETtoday) Holdings Co., Ltd. Mr. Liao Shang-Wen. The proposal was proceeded by Director Chiu Chao-Hsin who acted the chairman to discuss.</p> <p>Resolution: Except for one director who should be recused, other directors presented passed the proposal without objection.</p> <p>Discussion 2</p> <p>Proposal: Approval of providing an endorsement guarantee of NT\$100 million for the application for leasing finance credit from Hotai Finance Corporation Co., Ltd. of subsidiary ET Pet Co., Ltd.</p>

	<p>Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse Director of ET Pet Co., Ltd., Mr. Liao Shang-Wen. The proposal was proceeded by Director Chiu Chao-Hsin who acted the chairman to discuss.</p> <p>Resolution: Except for one director who should be recused, other directors presented passed the proposal without objection.</p> <p>Discussion 3</p> <p>Proposal: Approval of providing an endorsement guarantee of NT\$30 million for the application for financing from Mega Commercial Bank of subsidiary ET Pet Co., Ltd.</p> <p>Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse Director of ET Pet Co., Ltd., Mr. Liao Shang-Wen. The proposal was proceeded by Director Chiu Chao-Hsin who acted the chairman to discuss.</p> <p>Resolution: Except for one director who should be recused, other directors presented passed the proposal without objection.</p> <p>Discussion 4</p> <p>Proposal: Approval of providing NT\$80 million endorsement guarantee for the application for financing from Hua Nan International Leasing Co., Ltd. of Company's subsidiary ET Pet Co., Ltd.</p> <p>Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse Director of ET Pet Co., Ltd., Mr. Liao Shang-Wen. The proposal was proceeded by Director Chiu Chao-Hsin who acted the chairman to discuss.</p> <p>Resolution: Except for one director who should be recused, other directors presented passed the proposal without objection.</p>
October 22, 2020 The 4th session of the 17th term Board of Directors	<p>Discussion 1</p> <p>Proposal: Approval of providing an endorsement guarantee of NT\$100 million for the application for financing from SinoPac Leasing Co., Ltd. of subsidiary ET Pet Co., Ltd.</p> <p>Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse Director of ET Pet Co., Ltd., Mr. Liao Shang-Wen. The proposal was proceeded by Director Chiu Chao-Hsin who acted the chairman to discuss.</p> <p>Resolution: Except for one director who should be recused, other directors presented passed the proposal without objection.</p>
November 5, 2020 The 5th session of the 17th term Board of Directors	<p>Discussion 1</p> <p>Proposal: Adoption of revising the endorsement guarantee amount from NT\$100 million to NT\$120 million for the application for leasing finance credit from Hotai Finance Corporation Co., Ltd. of subsidiary ET Pet Co., Ltd.</p> <p>Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse Director of ET Pet Co., Ltd., Mr. Liao Shang-Wen. The proposal was proceeded by Director Chiu Chao-Hsin who acted the chairman to discuss.</p> <p>Resolution: Except for one director who should be recused, other directors presented passed the proposal without objection.</p> <p>Discussion 2</p> <p>Proposal: Adoption of revising the endorsement guarantee amount from NT\$80 million to NT\$96 million for the application for leasing finance credit from Hua Nan International Leasing Co., Ltd. of subsidiary ET Pet Co., Ltd.</p> <p>Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse Director of ET Pet Co., Ltd., Mr. Liao Shang-Wen. The proposal was proceeded by Director Chiu Chao-Hsin who acted the chairman to discuss.</p> <p>Resolution: Except for one director who should be recused, other directors presented passed the proposal without objection.</p> <p>Discussion 2</p> <p>Proposal: Approval of providing NT\$400 million limit for loan to “HER Hotels & Resorts Group Yilan”.</p>

	<p>Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse the Chairman and the directors of HER Hotels & Resorts Group Yilan, Mr. Chen Ching-Chi, Director Liao Shang-Wen, and Director Tsai Kao-Ming. The proposal was proceeded by Director Chiu Chao-Hsin who acted the chairman to discuss.</p> <p>Resolution: Except for three directors who should be recused, other directors present passed the proposal without objection.</p>
<p>December 10, 2020 The 6th session of the 17th term Board of Directors</p>	<p>Discussion 1</p> <p>Proposal: Approval of providing NT\$50 million endorsement guarantee for the application for commercial paper guarantee from International Bills Finance Corporation Hsinchu Branch of the Company's subsidiary Oscar Pet Co., Ltd.</p> <p>Chairman: Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse Director of Oscar Pet Co., Ltd., Mr. Liao Shang-Wen. The proposal was proceeded by Director Chiu Chao-Hsin who acted the chairman to discuss.</p> <p>Resolution: Except for one director who should be recused, other directors presented passed the proposal without objection.</p>
<p>December 24, 2020 The 7th session of the 17th term Board of Directors</p>	<p>Discussion 1</p> <p>Proposal: Approval of the Company's application for US\$1.6 million loan limit from Far Eastern Silo & Shipping (Panama) S.A.</p> <p>Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse Chairman Mr. Liao Shang-Wen, Director Chiu Chao-Hsin, and Director Tsai Kao-Ming of Far Eastern Silo & Shipping (Panama) S.A. The proposal was proceeded by Director Chen Ching-Chi who acted the chairman to discuss.</p> <p>Resolution: Except for three directors who should be recused, other directors present passed the proposal without objection.</p> <p>Discussion 2</p> <p>Proposal: Approval of the Company's application for US\$2.06 million loan limit from Grand Richness Trading (Hong Kong) Limited.</p> <p>Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse the Chairman and the director of Grand Richness Trading (Hong Kong) Limited, Mr. Liao Shang-Wen and Mr Tsai Kao-Ming. The proposal was proceeded by Director Chen Ching-Chi who acted the chairman to discuss.</p> <p>Resolution: Except for two directors who should be recused, other directors presented passed the proposal without objection.</p> <p>Discussion 3</p> <p>Proposal: Approval of the Company's application for US\$1.92 million loan limit from Grand Scene Trading (Hong Kong) Limited.</p> <p>Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse the Chairman and the directors of Grand Scene Trading (Hong Kong) Limited, Mr. Chiu Chao-Hsin, Mr. Liao Shang-Wen and Mr Tsai Kao-Ming. The proposal was proceeded by Director Chen Ching-Chi who acted the chairman to discuss.</p> <p>Resolution: Except for three directors who should be recused, other directors present passed the proposal without objection.</p> <p>Discussion 4</p> <p>Proposal: Approval of the Company's application for US\$1.49 million loan limit from Eastern Media Communication (Hong Kong) Limited.</p> <p>Chairman: In accordance with Article 17 of the Rules of Procedure of the Board of Directors: please recuse the Chairman and the director of Grand Richness Trading (Hong Kong) Limited, Mr. Liao Shang-Wen and Mr Chiu Chao-Hsin. The proposal was proceeded by Director Chen Ching-Chi who acted the chairman to discuss.</p> <p>Resolution: Except for two directors who should be recused, other directors presented passed the proposal without objection.</p>

B. The Board of Directors status of evaluation and implementation:

Evaluation cycle : Executed once a year

Evaluation period : January 1 to December 31, 2020

Scope of evaluation : Board of Directors, individual Board members and functional committees

Evaluation method : Board of Directors self-evaluation, Board members self-evaluation, peers evaluation

Evaluation items :

- a. The criteria for evaluating the performance of the Board of Directors includes five major aspects: "engagement in business operations", "improvement of the quality of Board decision making", "Board composition and structure", "election and continuing education of directors", and "internal control". The evaluation result was excellent, which indicated that the Company's Board of Directors operated well overall, respected professionalism, and was in compliance with corporate governance.
- b. The criteria for evaluating the performance of individual Board members includes the following six aspects: "alignment of the goals and missions of the company", "awareness of the duties of a director", "participation in the operation of the company", "management of internal relationship and communication", "the director's professionalism and continuing education" and "internal control". The evaluation result was excellent, which indicated that the Board members of the Company are professional responsible, good at communication, and the meetings run smoothly.
- c. The criteria for evaluating the performance of functional committees includes five aspects: "participation in the operation of the company", "awareness of the duties of the functional committee", "improvement of quality of decisions made by the functional committee", "makeup of the functional committee and election of its members" and "internal control". The evaluation result was excellent, which indicated that the functional committee members of the Company are independent and effective in their operations.

3.4.2 Operation of the Audit Committee

1. There are 3 people in the Audit Committee of the Company.

The current (second) term of members: June 30, 2020 to June 29, 2023; the Audit Committee met 13 times (A) in the most recent year (2020) and member attendance is as follows :

Job Title	Name	Actual number of attendances (B)	Frequency of attendance	Actual attendance rate (%) (B/A)	Note
Independent Director	Kuen-Chang Lee	13	0	100%	Convener
Independent Director	Su-Chang Chen	13	0	100%	
Independent Director	Tien-Wei Shih	13	0	100%	

2. Matters considered mainly included:

- (1) Establishing or amending the internal control system in accordance with Article 14 of the Securities and Exchange Act.
- (2) Evaluation of the effectiveness of the internal control system.
- (3) In accordance with the provisions of Article 36-1 of the Securities and Exchange Act, formulating or modifying the processing procedures for major financial business activities that acquire or dispose of assets, engage in derivative commodity transactions, loan funds to others, endorse or provide guarantees for others.
- (4) Matters involving director self-interest.
- (5) Significant asset or derivative commodity transactions.
- (6) Significant capital loans, endorsements or guarantees.
- (7) Raising, issuing or private placement of equity securities.
- (8) Appointment, dismissal or remuneration of certified public accountants.
- (9) Appointment and removal of financial, accounting or internal audit supervisors.
- (10) Annual financial reports and semi-annual financial reports.
- (11) Other important matters specified by the Company or the competent authority.
- (12) Questionnaire of Self-Evaluation of Performance of the Audit Committee.

■ Reviewing financial reports

The Board of Directors prepared the Company's 2020 annual business report, financial statements and earnings distribution proposal. Among them, the financial statements have been checked by KPMG Taiwan and an audit report has been issued. The above-mentioned business report, financial statements and earnings distribution proposal have been reviewed by this Audit Committee which regards them as having no discrepancies.

■ Assessing the effectiveness of the internal control system

The Audit Committee evaluates the effectiveness of the Company's internal control system policies and procedures (including control measures such as finance, operations, risk management, information security, outsourcing, and compliance with laws and regulations).

Furthermore, it reviews the Company’s Audit Department and its certified public accountants as well as periodic reports from management including risk management and legal compliance. In reference to the “Internal Control — Integrated Framework” published in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the Audit Committee believes that the Company’s risk management and internal control systems are effective. The Company has adopted the necessary control mechanisms to monitor and correct violations.

■ Appointing a certified public accountant

The Audit Committee is given the responsibility of supervising the independence of certified public accountant firms to ensure the fairness of financial statements. Generally speaking, except for tax-related services or specially approved items, the certified public accountant firm must not provide other services of the Company. All services provided by certified public accountant transactions must be approved by the Audit Committee.

To ensure the independence of CPA firms, the Audit Committee is based on Article 47 of the Accounting Act and the Content Development Independence Evaluation Form of the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10, “Integrity, Objectivity and Independence.” Regarding the accountants’ independence, professionalism and competency assessment, it evaluates whether the firm is a related person, business, or party to a financial interest relationship with the Company. The 29th session of the first Audit Committee on March 26, 2020 and the 29th session of the 16th Board of Directors on March 26, 2020 reviewed and approved CPA Shin-Chin Chih and CPA Chung-Che Chen, both of KPMG Taiwan, as meeting the independence assessment standards. This is sufficient for them to serve as the Company’s financial and tax certified public accountants.

■ Other matters to be recorded:

1. If the operation of the Audit Committee falls into one of the circumstances, the date and duration of the meeting of the Board, details of proposals, resolutions of the Audit Committee, and how the Company deals with the opinions of the Audit Committee must be stated.

(1) Matters listed in Article 14-5 of the Securities and Exchange Act:

Board of Directors term and session	Date	Proposal content	Audit Committee Resolution result	The Company’s handling of the Audit Committee’s opinions
The 26th session of the 16th Board of Directors	2020/01/02	For the Company’s purchase of pneumatic un-loaders for Taichung and Kaohsiung Silos, it was proposed to approve the reserve price so as to process the price negotiation matters.	Approved as proposed	Approved by the BOD
The 28th session of the 16th Board of Directors	2020/02/20	1. Adoption of the Company's 2019 business report and financial statements.	Approved as proposed	Approved by the BOD

Board of Directors term and session	Date	Proposal content	Audit Committee Resolution result	The Company's handling of the Audit Committee's opinions
		2. Amendments to the Company's Procedures for Acquiring or Disposing of Assets.		
The 29th session of the 16th Board of Directors	2020/03/26	<ol style="list-style-type: none"> 1. Proposal for the application to the competent authority for the extension of announcing and filing the 2019 financial report. 2. Proposal for Company's regular assessment of the independence of certified public accountant in 2020. 3. Proposal for appointing CPA Chih Shih-Chin and Chen Chung-Che of KPMG Taiwan to audit the 2020 financial and tax statements of the Company. 4. Proposal for the issuance of the Company's 2019 "Internal Control System Statement." 	Approved as proposed	Approved by the BOD
The 30th session of the 16th Board of Directors	2020/04/29	<ol style="list-style-type: none"> 1. Employee bonuses for 2019. 2. Adoption of the Company's 2019 business report and financial statements. 3. Approval of the Company's 2019 earnings distribution proposal. 4. Proposal for approving to the results of the third procurement price negotiation meeting on April 9, 2020 for the purchase of the pneumatic un-loaders at Pier 1 of Taichung Port and Pier 71 at Kaohsiung Port at a foreign cost of 1,912,500 Euros per unit, and a domestic installation fee of NTD 13,596,000 per unit. One pneumatic un-loader (500 tons/hour) for each. 5. Proposal for providing NT\$50 million limit for loan to Mohist Web Technology Co., Ltd. 6. Proposal for providing NT\$50 million endorsement guarantee for the application for financing from the Taiwan Small and Medium Enterprise Bank Fu Hsin 	Approved as proposed	Approved by the BOD

Board of Directors term and session	Date	Proposal content	Audit Committee Resolution result	The Company's handling of the Audit Committee's opinions
		Branch of the Company's subsidiary ET Pet Co., Ltd.		
The 31st session of the 16th Board of Directors	2020/05/14	Adoption of the Company's consolidated financial statements for January-March, 2020.	Approved as proposed	Approved by the BOD
The 32nd session of the 16th Board of Directors	2020/06/18	<ol style="list-style-type: none"> 1. Proposal for providing NT\$50 million endorsement guarantee for the participation of the Company's subsidiary Eastern Assent Co., Ltd. in the "Linkou International Media Park Investment Promotion Project." 2. Proposal for the Company's acquisition of capital increase shares of Eastern Assent Co., Ltd. 3. Proposal for the Company's subsidiary " RICHNESS TRADING (SHANGHAI) CO.,LTD." investing in "Shanghai Rich Industry Ltd." at an amount exceeding the investment limit. 4. Proposal for providing NT\$120 million endorsement guarantee for the application for financing from the Bank SinoPac of Company's subsidiary Oscar Pet Co., Ltd. . 5. Proposal for providing NT\$15 million endorsement guarantee for the application for financing from the Bank SinoPac of Company's subsidiary Pet Kingdom Co., Ltd.. 6. Proposal of providing NT\$5 million endorsement guarantee for the application for financing from Bank SinoPac of the Company's subsidiary Kaou Sin Trading Co., Ltd. 	Approved as proposed	Approved by the BOD
The 2nd session of the 17th Board of Directors	2020/08/06	<ol style="list-style-type: none"> 1. Adoption of the Company's consolidated financial report for January-June 2020. 2. Proposal for providing NT\$200 million limit for loan to ET New 	Approved as proposed	Approved by the BOD

Board of Directors term and session	Date	Proposal content	Audit Committee Resolution result	The Company's handling of the Audit Committee's opinions
		Media Holdings Co., Ltd. 3. Proposal for providing NT\$100 million limit for loan to ET Pet Co., Ltd.		
The 3rd session of the 17th Board of Directors	2020/09/24	1. Proposal for providing NT\$100 million limit for loan to ET New Media Holdings Co., Ltd. 2. Proposal for providing an endorsement guarantee of NT\$100 million for the application for leasing finance credit from Hotai Finance Corporation Co., Ltd. of subsidiary ET Pet Co., Ltd. 3. Proposal for providing an endorsement guarantee of NT\$30 million for the application for financing from Mega Commercial Bank of subsidiary ET Pet Co., Ltd. 4. Proposal for providing NT\$80 million in endorsement guarantee for the application for financing from Hua Nan International Leasing Co., Ltd. of Company's subsidiary ET Pet Co., Ltd. 5. Proposal for amending the Company's "Internal Control System" and "Internal Audit Implementation Rules".	Approved as proposed	Approved by the BOD
The 5th session of the 17th Board of Directors	2020/11/05	1. Adoption of the Company's consolidated financial report for January-September 2020. 2. Proposal for providing NT\$400 million limit for loan to "HER Hotels & Resorts Group Yilan".	Approved as proposed	Approved by the BOD

(2) Further to the aforementioned matters, motions rejected by the Auditing Committee but passed by the Board at the consent of more than 2/3 of the Directors: None.

2. Implementation status of independent directors' recusals due to conflicts of interest, including the name of the independent director, the content of the proposal, the reasons for recusal and voting status: None.
3. The communication between the Independent Directors and the Chief Internal Auditor

and the CPAs (materiality, means, and result of communication on the financial position and operation of the Company should be covered):

- a. In addition to the Audit Office’s submission of audit reports to independent directors on a monthly basis, the audit supervisor also reports to the independent directors on the execution of the audit business in the Audit Committee at least once a quarter.
- b. Every audit report needs to track its internal control deficiencies and the improvement of abnormal matters. It also prepares quarterly tracking reports and submits them to independent directors.
- c. When the Audit Committee of the Company is meeting on matters such as communication and discussion about the Company’s financial reports and accountants’ audit certification and other related matters, all accountants are invited to attend.
- d. Independent directors and accountants have regular meetings at least twice a year. The accountant reports to the independent directors on the financial status of the Company, the financial and overall operation status of the subsidiaries at home and abroad, and the internal control review situation, and fully communicate whether there are major adjustment entries or legal revisions that affect the accounting situation.
- e. Usually, the audit supervisor and accountants directly communicate with independent directors as needed.
- f. Meeting communication status is as follows:

Meeting name and date of convening	Internal audit communication matters and communication results
Communication meeting among independent directors, auditors and the audited units	
2020/02/20	Report of the improvement of audit findings for subsidiary, ETtoday Co., Ltd.
Audit Committee	
2020/03/26	1.2019 Internal Audit Deficiency Improvement Report 2.2019 “Statement of Internal Control System”
2020/04/29	January 2020 Internal Audit Implementation Report
2020/05/14	February-March 2020 Internal Audit Implementation Report
2020/06/18	April 2020 Internal Audit Implementation Report
2020/08/06	May 2020 Internal Audit Implementation Report
2020/09/24	1.June 2020 Internal Audit Implementation Report 2.Amendments to the internal control and internal audit system
2020/10/22	July 2020 Internal Audit Implementation Report
2020/11/05	August 2020 Internal Audit Implementation Report
2020/12/10	1.September 2020 Internal Audit Implementation Report 2.2021 Audit Plan
2020/12/24	October 2020 Internal Audit Implementation Report
2021/01/27	November 2020 Internal Audit Implementation Report

Meeting name and date of convening	Internal audit communication matters and communication results
Audit Committee 2021/03/25	1.December 2020 Internal Audit Implementation Report 2.2020 “Statement of Internal Control System”
Attendees of the aforementioned meeting: Independent directors Kuen-Chang Li, Su-Chang Chen and Tien-Wei Shih, chief auditor Hui-Hui Li.	
Communication results of the above matters: After consultation / review and approval, the Board of Directors report resolution will be submitted.	

Meeting name and date of convening	Accountant communication matters and communication results
Audit Committee 2020/08/06	<ol style="list-style-type: none"> 1. Discussion the arrangements and the scope of financial reports of audit responding to COVID-19. 2. Discussion the financial analysis and operating performance for the first half year of 2020. 3. The influence on profits with regard to accounting standards amended due to COVID-19. 4. Explanation recent concerning issues of the authorities, such as impairment of assets, reinforcing audit matters, preparing financial statements, etc. 5. Reviewing regulatory developments. 6. Discussion and communication of questions raised by accountants for the attention of meeting participants.
2021/03/25	<ol style="list-style-type: none"> 1. Reviewing any audit problems or difficulties and management’s response in connection with 2020 annual financial statements. 2. Reviewing regulatory developments.
Attendees of the aforementioned meeting: Independent directors Kuen-Chang Li, Su-Chang Chen and Tien-Wei Shih, chief accounting officer Ying-Na Cheng.	
Communication results of the above matters: After consultation / review and approval, the Board of Directors report resolution will be submitted.	

3.4.3 Status of corporate governance, and deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof

Evaluation item	Status		Summary	Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No		
1. Has the Company prepared and disclosed the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies?		⊙	The Company has not formulated a code of practice for corporate governance.	The Company effectively operates corporate governance in accordance with current relevant laws and regulations
2. The equity structure and shareholders' equity of the Company				
(1) Does the Company have internal operating procedures in place to deal with shareholder recommendations, doubts, disputes and litigation matters according to the procedures?		⊙	(1) The Company has a spokesperson and a unit responsible for investor relations to deal with shareholder suggestions and doubts and other related matters, and it regularly consolidates shareholder opinions and conveys them to management.	As shown at left
(2) Does the Company have a list of the major shareholders who actually control the Company, and the ultimate controllers of the major shareholders?	⊙		(2) The Company keeps track of the shareholding status of directors, managers, and major shareholders holding more than 10% of shares. Furthermore, it reports changes in accordance with the regulations stipulated by Provisions on the Procedures for Information Reporting of Listed Companies.	None
(3) Has the Company established and implemented the risk	⊙		(3) The Company has established relevant mechanisms in the internal control system in	None

Evaluation item	Status		Summary	Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No		
management, control and prevention mechanisms for affiliated companies? (4) Has the Company established internal regulations that prohibit insiders from using unpublished information in the market to buy and sell securities?	◎		adherence with the law. The management of assets and finances is clearly divided according to internal control rights and responsibilities; risk items are regularly evaluated by the investment department. (4) The Company has set up procedures for handling material inside information (pages 77-80). Company insiders are prohibited from buying and selling securities using undisclosed information on the market.	None
3. Composition and Duties of the Board of Directors (1) Has the Board developed its policies in diversity relevant to the composition of the members and has it properly pursued these policies? (2) Does the Company voluntarily set up other functional committees other than the Remuneration Committee and the Audit Committee according to law? (3) Has the Company formulated the Board's performance evaluation method and evaluation method, conducted performance evaluation annually and regularly,	◎ ◎ ◎		(1) The Company currently has 7 Board members possessing knowledge, skills and accomplishments necessary for business, finance, or business in different professional functions. (2) The Company established the Remuneration and Audit Committees in 2011 and 2017. All operate in accordance with its organizational rules. (3) The Company passed the Board of Directors Performance Evaluation Measures in December 2019, carrying out performance evaluations according to the law.	None Other functional committees will be set up gradually. None

Evaluation item	Status		Summary	Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No		
<p>and reported the results of the performance evaluation to the Board of Directors, and applied it to individual directors' remuneration and nomination renewal?</p> <p>(4) Has the Company assessed the independence status of the CPAs at regular intervals?</p>	<p>◎</p>		<p>(4) Authorizing the Audit Committee to comply with the professional ethics bulletin and the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, the projects and procedures for evaluating the independence of accountants regularly each year are as follows:</p> <p>(a) Did not act as a director, supervisor or manager of the Company and its subsidiaries, or had significant influence positions or conflicts of interest.</p> <p>(b) The same certified public accountant has not been appointed for seven consecutive years.</p> <p>(c) The accountant has issued a statement of independence.</p> <p>(d) No major lawsuits or cases corrected by the competent authority.</p> <p>(e) The scale and reputation of the accounting firm.</p>	<p>None</p>

Evaluation item	Status		Summary	Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No		
			(f) Effectively interacted with management and internal audit supervisors. In the last two years, the Company has assessed that it meets the independence standards. The latest evaluation was approved by the Audit Committee on March 25, 2021 and submitted to the Board of Directors for approval on March 25, 2021.	
4. Is the TWSE / TPEX listed company equipped with qualified and appropriate number of corporate governance personnel, and appoint a corporate governance director responsible for corporate governance related matters (including but not limited to providing information needed by directors and supervisors to carry out business, assisting directors and supervisors to comply with laws and regulations, handling matters related to meetings of the Board of Directors and shareholders' meeting in accordance with the law, and producing minutes	◎		On March 25, 2021, the Board of Directors approved the appointment of Chou,Hui-Ying, Vice President of Legal Affairs, as the Head of Corporate Governance, and the establishment of the Stock Affairs Office as a dedicated unit for corporate governance to assist Directors in taking office as well as their continuing education. There are also providing notes and related laws for directors' attention at any time.	None

Evaluation item	Status		Summary	Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No		
of board meetings and shareholders' meetings)?				
5. Has the Company established channels for the communications with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), and the section for the shareholders on the official website of the Company to respond to all concerns of the stakeholders on corporate social responsibility?	◎		The Company sets up a stakeholder's section on its official website, listing the dedicated units and personnel in charge of each stakeholder's interest, and regularly reports the communication results to the Board of Directors.	None
6. Has the Company appointed a professional share registration and investors service agent for handling matters pertaining to the Shareholders Meeting?	◎		The Company entrusts the Stock Agency Department of President Securities Corporation to handle matters connected to the Shareholders Meeting	None
7. Disclosure of Information				
(1) Has the Company established a website for the disclosure of information on financial position and operation, as well as corporate governance?	◎		(1) The Company has set up a dedicated person to maintain the website with detailed and immediate disclosure of relevant information.	None
(2) Has the Company adopted other means for disclosure (such as	◎		(2) The information disclosure methods on the left are all adopted by the Company.	None

Evaluation item	Status		Summary	Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No		
<p>the installation of a website in the English language, appointment of designated persons for the collection and disclosure of information on the Company, the implementation of a spokesman system, and videotaping institutional investor conferences)?</p> <p>(3) Does the Company announce and declare its annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation as early as possible within the prescribed time limit?</p>		⊙	<p>(3) The Company announces and declares its annual financial reports within three months after the end of the fiscal year, and announces and reports quarterly financial reports and monthly operating conditions within the specified period.</p>	None
<p>8. Is there any other essential information that would help understand the pursuit of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, the</p>	⊙		<p>(1) Please refer to this Annual Report for descriptions of social responsibility performance (pages 58-69) and related environmental information, employee rights, and labor relations (pages 135-141).</p> <p>(2) Directors' training: The directors of the Company participate in related courses at</p>	None

Evaluation item	Status		Summary	Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No		
continuing education of the Directors, the pursuit of a risk management policy and standard of risk assessment, the pursuit of a customer policy, and professional liability insurance coverage for the Directors)?			<p>occasional intervals in compliance with the “Main Points of Advanced Training Implementation for Directors of Listed Companies.” See Table 1 for details of advanced training for each director (page 53). In addition, manager training status is detailed in Table 2 (page 54).</p> <p>(3) The Company provides notes and related laws for directors’ attention at any time and regularly makes financial business and other related reports to the directors.</p> <p>(4) The Company has established various internal regulations in accordance with the law to conduct various risk management and assessments. Please also refer to the descriptions of risks on pages 160 to 167.</p> <p>(5) In addition to the investor relations department responsible for external affairs of the Company, each B2C business subsidiary also has a customer service unit and a dedicated customer service line to provide consumers with channels for inquiries or complaints.</p> <p>(6) The Company has purchased liability insurance for directors and managers.</p>	

Evaluation item	Status			Summary	Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No			
<p>9. Corrective action taken in response to the result of the Corporate Governance Evaluation conducted by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and the priority of action on issues pending for corrective action in the most recent year. (Not applicable for companies not evaluated by TSEC):</p> <p>(1) The Company has decided to gradually improve the results of corporate governance evaluation via “Board of Directors Performance Evaluation Measures” and the “Reporting system for illegal and unethical behaviors by internal and external personnel.”</p> <p>(2) Projects will be prioritized</p> <p>a. Strengthening the structure and operation of the Board of Directors: Establish a diversity policy for board members; at least two independent directors must serve no more than three consecutive terms; formulate succession plans for board members and important management; fully disclose the reasons for discussions and resolutions of the Remuneration Committee.</p> <p>b. Improving information transparency: Upload the annual financial report disclosed in English 7 days before the General Meeting of Shareholders; disclose clear and specific dividend policies; disclose the link between performance evaluation and remuneration of directors and managers.</p> <p>c. Implementation of corporate social responsibility: formulate policies to protect human rights, specific management plans, and ethical management policy.</p>					

Table 1: Director training in 2020

Job Title	Name	Training hours	Organizer	Training date	Course title
Director	Kao-Ming Tsai	3	Taiwan Corporate Governance Association	06.22	Key financial and tax issues in 2020
		3	Taiwan Corporate Governance Association	06.22	Essentials of the Securities and Exchange Act and analysis of recent cases that directors should understand
		3	Taiwan Investor Relations Institute	08.07	Corporate management and strategies for public opinions and news crisis management
		3	Taiwan Corporate Governance Association	09.10	Employee welfare trust as the guideline for stabilizing corporate business (part 1)
		3	Taiwan Corporate Governance Association	09.10	Employee welfare trust as the guideline for stabilizing corporate business (part 2)
		3	Taiwan Investor Relations Institute	11.05	Corporate crisis case studies and image management
		3	Taiwan Corporate Governance Association	11.06	Trading risks and case studies for disposing real estate equities in China (part 1)
		3	Taiwan Corporate Governance Association	11.06	Trading risks and case studies for disposing real estate equities in China (part 2)
Director	Ching-Chi Chen	3	Taiwan Academy of Banking and Finance	03.25	Corporate governance lecture- Trends of global politics and economy and their risks to business operation
		3	The Business Development	07.01	Corporate governance and intellectual

Job Title	Name	Training hours	Organizer	Training date	Course title
			Foundation of the Chinese Straits		property rights
		3	The Business Development Foundation of the Chinese Straits	07.01	Trade secrets and non-competition
Independent Director	Kuen-Chang Lee	3	Securities & Futures Institute	02.14	Macro view of the global business sustainable development- from 2050 vision to 2020 actions
		3	Taiwan Stock Exchange Corporation & Taipei Exchange	10.20	2020 promotion conference of corporate governance and business integrity to directors and supervisors
Independent Director	Su-Chang Chen	3	Securities & Futures Institute	07.01	Advanced seminar for (independent) directors, supervisors and corporate governance executives' practices- review of the use of employee reward strategies and tools
		3	Securities & Futures Institute	07.16	Advanced seminar for (independent) directors, supervisors and corporate governance executives' practices- review of the use of employee reward strategies and tools
Independent Director	Tien-Wei Shih	3	Taiwan Academy of Banking and Finance	05.12	Corporate governance and the operation of remuneration committee
		3	The Business Development Foundation of the Chinese Straits	07.01	Trade secrets and non-competition
		3	Taiwan Academy of Banking and Finance	11.12	Corporate governance and the operation of audit committee

Table 2: Managers' participation in corporate governance training in 2020

Job Title	Name	Training hours	Organizer	Training date	Course title
Accounting Department Deputy General Manager	Ying-Na Cheng	3	KPMG Education Foundation/ KPMG Academy	01.07	Notes for investing Vietnam- gaps between accounting principles and IFRS, investment and tax laws and regulations
		16	Accounting Research and Development Foundation	11.23-11.24	Continuing training course for accounting supervisors of issuers, securities firms and stock exchanges
Accounting Department Associate Manager	Yao-Tsu Shen	3	KPMG Education Foundation/ KPMG Academy	01.07	Notes for investing Vietnam- gaps between accounting principles and IFRS, investment and tax laws and regulations
		4	Taiwan Alliance for Sustainable Supply (TASS)/ Circular Economy and Innovative Transformation Association	10.14	Business sustainable development series- the key to sustainable success in climate change governance
		4	Taiwan Stock Exchange Corporation	10.27	2020 listed companies seminar
		3.5	Taiwan Stock Exchange Corporation	11.27	2020 promotion seminar of adopting Inline XBRL for business reporting
		3.5	Taiwan Stock Exchange Corporation	12.21	Promotion seminar on promoting the adoption of International Financial Reporting Standards in Q4 2020
Audit Office Manager	Hui-Hui Li	6	Internal Audit Association of the Republic of China	11.10	Policy analysis for corporates to improve the abilities of preparing financial statements and the study of key internal audit and internal control practice
		6	Accounting Research and Development Foundation	12.14	Analysis of the latest corporate governance policies, and audit and compliance practices for establishing corporate governance personnel

3.4.4 The composition, responsibilities and operation of the Remuneration Committee

A. Information of Remuneration Committee Members

ID classification	Name	Has at least five years of relevant working experience and the following professional qualifications			Conform to the status of independence (Note 1)										Number concurrently serving as members of the remuneration committees of other publicly issued companies	Note
		Lecturer or above in a department related to business, legal affairs, finance, accounting or area related to the Company's business at a public or private college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Have work experience required for business, legal affairs, finance, accounting, or Company business	1	2	3	4	5	6	7	8	9	10		
Independent Director	Su-Chang Chen	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	Kuen-Chang Lee	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	4	
Independent Director	Tien-Wei Shih	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	

Note: For members who meet the following conditions during the two years before and during their tenure of office, please mark "✓" in the space below each condition code.

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the Company or its affiliates. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation must not apply.)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of outstanding shares of the Company or ranking in the top ten in holdings.
- (4) Not a manager of those listed in (1), or someone having a relationship with those listed in (2) or (3) including a spousal relationship, a second-degree kinship or closer, or an immediate blood relative within three degrees of kinship.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings, or is designated as a representative in accordance with Article 27, Paragraph 1 or 2 of the Company Act. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation must not apply.)
- (6) Not a director, supervisor, or employee of another company controlled by the same person with more than half of the shares with voting rights on the Company's Board of Directors. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation must not apply.)
- (7) Not a director, supervisor, or employee of another company or institution whose chairman, general manager, or equivalent position is the same person as that of the Company, or the spouse thereof. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation must not apply.)
- (8) Not a director, supervisor, or manager of a specific company or institution having financial or business dealings with the Company, or a shareholder holding 5% or more of shares. (However, if a specific company or institution holds more than 20% of the total issued shares of the Company but not more than 50%, and the established independent director concurrently serves in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation must not apply.)
- (9) Not a partner, director, supervisor, manager, or spouse thereof of a company or institution that provides commercial, legal, financial, financial, accounting services or consultation to the Company or any affiliate of the Company for amounts exceeding NT\$500,000 in the past two years. However, for members of the Remuneration Committee, Public Acquisitions Review Committee, or M&A Special Committee who perform their functions and powers in accordance with the relevant laws and regulations of the Securities and Exchange Act or the Corporate Mergers & Acquisitions Act, this limitation must not apply.
- (10) Not exhibiting any of the circumstances specified under Article 30 of the Company Act.

B. Information on the operation of the Remuneration Committee

- a. There are three people on the Remuneration Committee of the Company.
- b. The current (fourth) term of members: June 29, 2020 to June 28, 2023; the Remuneration Committee met 5 times (A) in the most recent year (2020) and member qualifications and attendance are as follows:

Job Title	Name	Number of times attendance expected	Actual number of attendances (B)	Entrusted attendance Frequency	Actual attendance rate (%) (B/A)	Note
Independent Director	Su-Chang Chen	5	5	0	100%	Convener
Independent Director	Kuen-Chang Lee	5	5	0	100%	
Independent Director	Tien-Wei Shih	5	5	0	100%	

Other matters to be recorded:

1. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, the date and period of the Board of Directors, the content of the proposal, the resolution of the Board of Directors, and the Company's handling of the opinions of the Remuneration Committee should be stated. (If the remuneration approved by the Board of Directors exceeds the recommendation of the Remuneration Committee, the differences and reasons should be stated).
 [Explanation] The Board of Directors of the Company has not adopted or revised the recommendations of the Remuneration Committee. The Remuneration Committee also has no objections or reservations and records or written statements on board resolutions.
2. On resolutions of the Remuneration Committee, if members have objections or reservations and have records or written declarations, the date, period, proposal content, opinions of all members and the handling of the opinions of the members must be stated.
 [Explanation] The Company does not have any objections or reservations made by members of the Remuneration Committee, and there are records or written statements about the resolutions.

C. Responsibilities of the Remuneration Committee

The main powers of the Remuneration Committee are to draft proposals for the following matters:

- a. Formulate and regularly review the policies, systems, standards and structures of directors and managers' performance evaluation and remuneration.
- b. Regularly evaluate and determine the remuneration of directors and managers.

When the Remuneration Committee performs the functions and powers of the preceding article, they should be based on the following principles:

- a. The performance evaluation and remuneration of directors and managers should refer to the usual level of payment in the industry. Furthermore, they should consider the reasonableness of the connection with personal performance, company operating performance and future risks.
- b. Directors and managers should not be incentivized to engage in behaviors that exceed the Company's risk tolerance in pursuit of remuneration.
- c. The ratio of dividends to directors and senior managers' short-term performance and the payment time of part of the variable salary must be determined in consideration of industry characteristics and the nature of the Company's business.
- d. The members of this committee must not participate in discussion and voting on their personal salary and remuneration decisions.

D. Implementations of the Remuneration Committee:

Remuneration Committee session	Date	Proposal content	Remuneration Committee Resolution result	The Company's handling of the opinions of the Remuneration Committee
The 10th session of the 3rd term	2020/01/02	Issuance of the Company's 2019 year-end rewards.	The proposal was passed without objection by all members present and submitted to the Board of Directors for consideration	Submitted to the Board of Directors and approved by all directors present
The 11st session of the 3rd term	2020/03/26	1. The Company's managerial promotions. 2. Proposal for the Company's managerial reappointment.	The proposal was passed without objection by all members present and submitted to the Board of Directors for consideration The proposal was passed without objection by all members present and submitted to the Board of Directors for consideration	Submitted to the Board of Directors and approved by all directors present Submitted to the Board of Directors and approved by all directors present
The 12nd session of the 3rd term	2020/04/29	Employee bonuses for 2019.	The proposal was passed without objection by all members present and submitted to the Board of Directors for consideration	Submitted to the Board of Directors and approved by all directors present
The 1st session of the 4th term	2020/09/24	The Company's managerial promotions.	The proposal was passed without objection by all members present and submitted to the Board of Directors for consideration	Submitted to the Board of Directors and approved by all directors present
The 2nd session of the 4th term	2020/12/10	The Company's managerial appointments after retirement.	The proposal was passed without objection by all members present and submitted to the Board of Directors for consideration	Submitted to the Board of Directors and approved by all directors present

**3.4.5 Social responsibility situation and its differences and causes versus
Corporate Social Responsibility Best Practice Principles for TWSE/GTSM
Listed Companies Differences and the causes thereof**

Evaluation item	Status			Deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
1. Does the Company follow the principle of materiality, conduct risk assessments on environmental, social and corporate governance issues related to company operations, and formulate relevant risk management policies or strategies?		◎	(1) Starting from risk identification, relevant departments such as internal business, operations and management are required to implement risk management procedures when performing related functions. (2) For the control of key risks, the General Affairs Department of each company assists each unit in planning related systems and providing education and training, supervising the implementation of risk control procedures of each unit, and presenting the review results in a timely manner. (3) The Audit Office is responsible for inspections, regularly proposing corrective actions and improvement measures.	None
2. Has the Company established a designated full-time (or part-time) body or position for the advocacy of corporate social responsibility administered by the senior management at the empowerment of the Board and reporting to the	◎		The Company has established a Corporate Social Responsibility committee with the chairman as the convener and the spokesperson as the deputy convener. Business execution is divided into five groups, namely, corporate governance, employee care, social care, environmental	None

Evaluation item	Status		Summary	Deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No		
Board regularly?			sustainability, and customer relations. All are overseen by deputy general managers of the Group and deputy chief executives of the Foundation. In addition, a CSR project management team has been set up to integrate various project matters, and with senior executives in the Group are serving as internal consultants.	
3. Environmental issues				
(1) Has the Company established an appropriate environmental management system relevant with the specific characteristics of its industry?	◎		(1) The Company relies on the characteristics of different factories in formulating appropriate environmental safety and health management codes and operational SOPs.	None
(2) Is the Company committed to improving the utilization efficiency of resources, and using the recycled materials that have a low impact on the environmental load?	◎		(2) The Company actively echoes the government's policy of energy conservation and carbon reduction. We recycle and reuse all recyclable resources and purchase products with energy-saving labels. We also consider the environmental impact of new real estate investment projects and adopt environmentally friendly green building materials and renewable energy facilities.	None

Evaluation item	Status			Deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
(3) Does the Company assess the potential risks and opportunities of climate change for the Company now and in the future, and take measures to deal with climate-related issues?	◎		(3) Extreme weather is bound to increase the difficulty and efficiency of ship unloading at the dock. Except for natural disasters such as typhoons and earthquakes, the actual chance extreme weather impacting operations is extremely small. For the equipment, machinery, and storage goods of the terminal operations (grains) and buildings, the Company has purchased commercial insurance to mitigate damage caused by natural disasters (e.g., typhoons, earthquakes, and floods).	None
(4) Does the Company count greenhouse gas emissions, water consumption and the volume of total waste in the past two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water management or other waste management?	◎		(4) There is no industrial or commercial waste in the industry to which the Company belongs, and for the gas emissions (per 10,000 tons of emissions) and water consumption in the past two years, please refer to the following table; the Company tracks emissions and water consumption annually and use the previous year's volume as a benchmark for optimization and control in order to achieve the goal of energy saving and carbon reduction.	None

Evaluation item	Status			Summary	Deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof									
	Yes	No												
				<table border="1"> <tr> <td>Unit: 10,000 tons; degrees</td> <td>2019</td> <td>2020</td> </tr> <tr> <td>Carbon emissions (Scope I+ Scope II)</td> <td>11,091</td> <td>10,859</td> </tr> <tr> <td>Water consumption</td> <td>27,130</td> <td>21,640</td> </tr> </table> <p>The Taichung and Kaohsiung operations offices adjusted and refurbished system equipment to improve energy conservation management. (Please refer to page 65 of the Company's 2019 Corporate Social Responsibility Report.)</p>	Unit: 10,000 tons; degrees	2019	2020	Carbon emissions (Scope I+ Scope II)	11,091	10,859	Water consumption	27,130	21,640	
Unit: 10,000 tons; degrees	2019	2020												
Carbon emissions (Scope I+ Scope II)	11,091	10,859												
Water consumption	27,130	21,640												
<p>4. Social issues</p> <p>(1) Has the Company established related policies and procedures in accordance with applicable legal rules and the International Convention on Human Rights?</p>	◎		<p>(1) The Company's various management regulations comply with relevant labor laws and regulations, and the Employee Work Rules have been approved and filed by the Labor Bureau of the competent authority. Implemented to protect the legitimate rights and interests of employees, there is no discrimination in employment policies, and the Taipei City Government awarded a designation of "Enterprises' Full Use of Disability Certification Grade A."</p>	None										

Evaluation item	Status			Deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
(2) Has the Company formulated and implemented reasonable employee welfare measures (including salary, vacation and other benefits, etc.), and appropriately reflects business performance or results in employee compensation?	◎		(2) The Company has working rules and related personnel management regulations. The content includes the salary management methods, working hours, vacations, insurance and pensions, welfare measures, safety and health, etc. of the hired workers are in compliance with the relevant provisions of the Labor Standards Act. Establishing an employee welfare committee to handle various welfare matters: The Company's performance appraisal system emphasizes the sense of responsibility of employees to implement corporate social responsibility, and the results of performance appraisal are provided as the basis for employee salary adjustments, bonuses, promotion, training and future development. The above is related to business performance.	None
(3) Has the Company provided a safe and healthy work environment for the employees, and related education on occupational safety and health for the employees at regular intervals?	◎		(3) The Company has an Occupational Safety Management Department and sets up occupational safety and health administration personnel in each operation units, implements Occupational Safety and Health Education and Training for every new employees, and at the same	None

Evaluation item	Status			Deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
(4) Has the Company provided effective training in career planning for employees?	◎		<p>time, conducts regular health checks for employees every year to ensure a safe and healthy working environment for our employees.</p> <p>(4) The Company attaches great importance to employee education and training, and has formulated the “Employee On-the-job Education and Training Measures.” These are carried out by the Human Resources Division of the Management Department perform relevant training programs. Education Training The types are divided into six categories: pre-employment training, professional training, business management training, computer/language training, secondary expertise, and E-learning network learning training. Each department has compiled an annual education and training budget, In addition to participating in the Company’s own training, employees are also encouraged to participate in more field training and self-study to increase competitiveness.</p>	None

Evaluation item	Status			Deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
(5) Regarding customer health and safety, customer privacy, marketing and labeling of products and services, does the Company comply with relevant regulations and international standards, and formulate relevant consumer protection policies and appeal procedures?	◎		(5) The Company's customers of products and services all comply with relevant domestic laws and regulations and international common standards. The privacy rights of consumers are properly protected, and the complaint channels are unimpeded and managed by full-time personnel.	None
(6) Has the Company formulated supplier management policies, where suppliers are required to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor and their implementation?	◎		(6) The Company's dealings with suppliers will evaluate the supplier's social evaluation, brand reputation, and so on. Social responsibility is an important business philosophy of the Company. In the communication with major suppliers, we will emphasize the Company's business philosophy and values to actually implement social responsibility. If the supplier has something illegal and harmful to the public interest, the Company will handle it through reasonable and legal means.	None
5. Does the Company refer to	◎		The Company's corporate social	None

Evaluation item	Status		Summary	Deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No		
the internationally-prepared reporting standards or guidelines, preparation of corporate social responsibility reports and other reports that disclose the Company's non-financial information? Did the preliminary report obtain the confidence or assurance opinion of the third-party verification unit?			responsibility report department committee is determined by the accounting firm in accordance with rules stipulated by Standards Bulletin No. 1, "Assurance Engagements other than Audits or Reviews of Historical Financial Information." In accordance with the international integration reporting framework and GRI Standards (Core option), the 2019 Corporate Social Responsibility Report was prepared with limited assurance.	
6. If the Company has instituted the corporate social responsibility best practice principles in accordance with the "Corporate Social Responsibility Best Practice Principles for the TWSE Listed and TPEX Listed Companies," specify the implementation of these principles and the variation with the Corporate Social Responsibility Best Practice Principles for the TWSE/TPEX-listed Companies: Not applicable.				
7. Other important information helpful for better understanding of the operation of corporate social responsibility: The website of the Company's corporate social responsibility report: https://csr.emic.com.tw/report.php .				

The companies of the Group have long-term and continuous commitment to social welfare activities, organizing various activities mainly through the Dongsen Charity Foundation and the Dongsen Culture Foundation. With actual participation and the implementation of activity goals, the concept of serving the society and giving back to the people is deeply rooted in the heart of every employee and fulfills social responsibilities. The Dongsen Charity Foundation and Dongsen Culture Foundation aim to handle cultural and charitable activities, promote public interest, promote cultural development, and social harmony. Furthermore, they focus on caring for indigenous culture, cultivating talented young people, implementing the popularization of art, promoting cross-Strait cultural exchanges, and promoting ethnic integration as their main work. They are committed to exerting the influence of the media in order to promote and integrate the power of Taiwan's supreme good and build a better society.

In order to prevent the indigenous tribe students from going to school with hungry, the Company has been inviting its staffs to sponsor the meal cost for the after-school tutoring class for students in the Shanxing tribe. As of July 2012, the sponsorship program has been implemented for eight years, and the number of aided children has increased from 20 to 40, so that children whose family are unable to take care of them or who have nowhere to go after school will no longer suffer from starvation. The second foundation continues to invest resources to respond with action to the social needs and cultural missions of Taiwan, the two sides of the Strait, and the international community. The following lists the main key events be held in 2020:

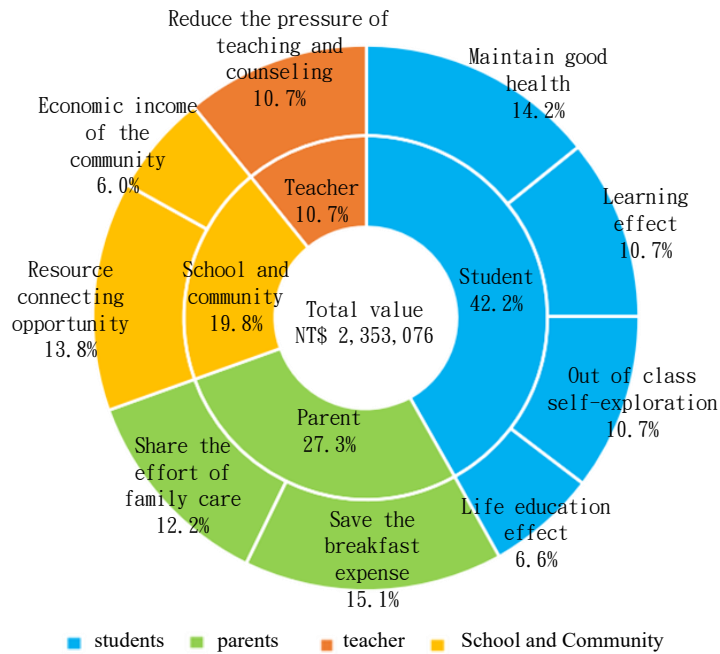
A. Loving Breakfast Enriches Every Day

1. In 2020, we have been handling the Loving Breakfast project for the fourteenth consecutive year and have continued to visit tribal schools to understand the implementation status and improvement directions of the Loving Breakfast project. In addition to allowing school children to have a full meal, their nutrition must also be taken into consideration. In some schools, school nurses serve as nutritionists to arrange the daily breakfast menus.
2. The funding source of this project is the invoice donated by ETMall's customers. The Company publishes charity codes on the ETMall's website, allowing customers to freely choose the recipients to donate their invoices. In 2020, the total revenue from the winning invoices are NT\$9.91 million.
3. In 2020, a total of 26 schools were subsidized, and the total expenditure were NT\$4,991,675. The details are as follows:

No	School	Breakfast fee (dollar)	No	School	Breakfast fee (dollar)
1	Hualien Taiping Elementary School	309,000	14	Hualien Tongchu Elementary School	189,840
2	Hualien Gufeng Elementary School	352,000	15	Hualien Tongli Elementary School	343,000
3	Hualien Yongfeng Elementary School	177,300	16	Hualien Changliang Elementary School	165,000
4	Hualien Lishan Elementary School	199,140	17	Hualien Xinyi Elementary School	91,980
5	Hualien Wujiang Elementary School	142,860	18	Hualien Hongye Elementary School	113,000
6	Hualien Zhuofeng Elementary School	199,280	19	Hualien Wanning Elementary School	140,490
7	Hualien Zhuoxi Elementary School	198,450	20	Taitung Sanxian Elementary School	99,360
8	Hualien Mingli Elementary School	197,730	21	Taitung Chuhu Elementary School	266,330
9	Taitung Chenggong Elementary School	120,000	22	Chiayi Guanghua Elementary School	225,720
10	Taitung Jhong Siao Elementary School	112,050	23	Taichung Dalin Elementary School	57,000
11	Taitung Fengnian Elementary School	90,000	24	Taichung Kunshan Elementary School	176,640
12	Pingtung Timur Elementary School	165,570	25	Taichung Wanfeng Elementary School	236,400
13	Taoyuan Paichi Elementary School	472,290	26	Taichung Fumin Elementary School	151,245

4. Social influence evaluation

We conduct a social influence assessment for the "Breakfast of Love, Success in Ten Years" project. We hope that through the Social Return On Investment (SROI) tool, it will provide a reference for community investment strategies, so that the public who pays attention to activities of ET group will better understand the value of this project.



Through field surveys, interviews, and questionnaire statistics, it is evaluated that the program has affected four types of stakeholders and created nine main results. After including four major adjustment factors and the calculation of the present value of future benefits, the social influence is equivalent to NT \$2,353,076 and the social return on investment (SROI) is 2.2 times. This report have been certified by Social Value International on February 9th, 2021.

5. Chairman of the foundation called for response, and artists proposed to support

Chairman of the foundation went to remote villages on many occasions to interact with children, understand their actual needs locally and rolled up his sleeves to help the school make breakfast for the children. Meanwhile, the "Breakfast of Love" project of this year invited artists to join in calling for respond, emphasizing that "love is to see one's responsibility in others' needs" and "love is the most abundant only when sharing", calling on the public to pay more attention to the issues of "Remote Area", the general public was encouraged to make good use

of the invoice winning bonuses to show care for the children of remote tribes.

B. Silver Hair Care Initiative

In recent years, the Company has extended its caring from disadvantaged families to silver-haired seniors Events are listed as followed:

- a. Before the Double Ninth Festival in October 2020, we went to the Tzweipo New Village Nursing Home in Xizhi, New Taipei City, to donate Chishang rice and to sing with the elderly for celebration.
- b. On Thanksgiving Day in November 2020, we went to Hongdao Nursing Home at Nanao, Yilan, to donate Chihshang rice and to accompany the elderly to dine.

C. Others

1. Emergency Relief

The Chairman of the Foundation donated NTD 2 million to subsidize those who are in trouble due to illness or family emergencies. (From 2017 to 2020, NTD 1.78 million has been spent; this is a priority subsidy for employees of Dongsen Group.)

2. Scholarships

- a. Continued to reward disadvantaged students in school and two tennis players who came from disaster-stricken households following the 921 earthquake.
- b. Awarded a total of NTD 0.8 million for the Qinghan Scholarship to Soochow University and National Penghu University of Science and Technology over March and September 2020 (beginning and final semesters).

3. Caring of rehabilitated persons

Cooperate with the Rehabilitation Protection Association Taipei branch to purchase festive food made by rehabilitated persons, help disadvantaged families celebrate the festival, and assist in the charity sale of inmates' bronze sculpture creations.

4. Society and Culture

Planting and adopting cherry trees in various sections of Yangming Mountain, actively maintaining a sustainable living environment.

3.4.6 Ethical business performance conditions, as well as differences and reasons for differences with Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies

Evaluation Items	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
1. Formulation of ethical management policy and plans				
(1) Has the Company specified its policy and method for the implementation of ethical corporate management in its internal rules and regulations and external documents, and have the Board and the management of the Company promised to pursue the policy of ethical corporate management?		◎	(1) The Company has a Code of Ethical Conduct and upholds operational transparency while fulfilling its responsibility of ethical operations to shareholders. It provides real-time, sufficient and correct financial business information to announce important information on the Company's website, in its annual reports, and on the Market Observation Post System to protect the rights and interests of all shareholders.	None
(2) Has the Company established an assessment mechanism for the risk of dishonesty, regularly analyzing and evaluating business activities with a high risk of dishonesty in the business scope, and formulated a plan to prevent dishonesty, and cover at a minimum the preventive measures for various acts under Article 7, Paragraph 2 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM		◎	(2) The Company adopts the business philosophy of integrity, transparency and responsibility to ensure the implementation of ethical management. It establishes strict rules, accounting systems, and internal control systems and regularly checks various reports and submits them to the Board of Directors.	None

Evaluation Items	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
<p>Listed Companies?"</p> <p>(3) Does the Company specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?</p>	◎		<p>(3) The Company strictly requires employees to abide by ethical principles, and they may not engage in cheating for favoritism, kickbacks, or bribes. In addition, there are Employee Work Rules and an Employee Ethical Code clearly stipulating reward and punishment clauses and compliance with the Code of Conduct. This forms the guidelines and norms for employees to perform business activities.</p>	None
<p>2. Implementation of Ethical Corporate Management</p> <p>(1) Does the Company assess a trading counterpart's ethical management record and expressly state the ethical management clause in the contract to be signed with the trading counterpart?</p> <p>(2) Has the Company set up a special unit under the board of directors to promote corporate ethical management, and regularly reports (at least once a year) to the board of directors on its ethical</p>	◎	◎	<p>(1) The Company has a rigorous audit system and process. Regarding transaction behavior and transaction contracts with customers, it has complete inspection and supervision to implement the principles of ethical management.</p> <p>(2) The Company promotes the operation of corporate ethics by various units or across departments. The Management Department is</p>	<p>None</p> <p>None</p>

Evaluation Items	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
<p>management policies and plans to prevent dishonesty and supervision and implementation?</p> <p>(3) Has the Company developed a policy to prevent conflicts of interest, provided a proper presentation channel, and put such policy in place?</p>	◎		<p>responsible for the formulation of the plan, while the Audit Office is responsible for supervising the execution and regularly reporting implementation status to the Board of Directors.</p> <p>(3) The Rules of Procedure of the Board of Directors of the Company have provisions for directors' recusals due to conflicts of interest. If a director has an interest in the proposed proposal connected to him- or herself or the legal person he or she represents, all should actively inform and avoid discussion and voting before the proposal is discussed.</p>	None
<p>(4) Has the Company established an effective accounting system for the implementation of ethical management, internal control system, and the evaluation result of the risk of dishonesty by the internal audit unit, to formulate relevant audit plans, and check the compliance with the plan to prevent dishonesty, or entrusted an accountant to perform the audit?</p>	◎		<p>(4) The Company has a rigorous accounting system and a dedicated accounting unit, and all financial reports have been verified by a certified public accountant.</p> <p>Furthermore, there is an independent audit department and there is an internal audit plan performing various audit operations according to the audit</p>	None

Evaluation Items	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
(5) Does the Company hold education training in ethical corporate management inside and outside the Company on a regular basis?	◎		plan. The inspection results are reported to the Board of Directors regularly. (5) The Company adheres to a business philosophy of ethical management. The education and training organized by the Company are all based on the Company's mission, vision, and values to implement the consistency of the staff code of conduct and the Company's business philosophy.	None
3. Operation of the Company's reporting system (1) Has the Company put in place the specific whistle-blowing and reward system, established a convenient reporting channel, and assigned appropriate personnel to deal with whistle-blowing?	◎		(1) The Company has a "Reporting system for illegal and unethical behaviors by internal and external personnel" and has established and announce an internal reporting mailbox on the Company website for use by internal and external personnel of the Company. When receiving a report, the management department of the responsible unit will investigate and handle impartially.	None
(2) Has the Company established standard operating procedures for accepting complaints, follow-up measures to be	◎		(2) In regard to handling of reports under the "Reporting system for illegal and unethical	None

Evaluation Items	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
<p>taken after the investigation is completed, and relevant confidentiality mechanisms?</p> <p>(3) Has the Company taken measures to protect whistle-blowers from retaliation due to reporting?</p>	◎		<p>behaviors by internal and external personnel,” under the procedural processing outlined in Article 3, Paragraph 2, the unit responsible for handling the report must keep confidential the identity of the reporter and the content of the report.</p> <p>(3) The Company also promises to protect the informant from being improperly dealt with as a consequence of the report.</p>	None
<p>4. Strengthening information disclosure</p> <p>(1) Has the Company, on its website and on the Market Observation Post System, disclosed the content and promotion effectiveness of its Ethical Corporate Management Best Practice Principles?</p>		◎	<p>The Company has not yet formulated Ethical Corporate Management Best Practice Principles. Relevant regulations and ethical management regulations can be found by inquiring at the Company’s website (http://www.emic.com.tw).</p>	None
<p>5. If the Company has enacted the Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the difference between its operation and the Principles: Not applicable.</p>				
<p>6. Other information that enables a better understanding of the Company’s ethical corporate management (for example, the Company’s review and revision the Ethical Corporate Management Best Practice Principles, etc.): None.</p>				

3.4.7 If the Company has established the Corporate Governance Best Practice Principles and the related regulations, it should disclose how to inquire about such principles.

Code of Ethical Conduct

Article 1 Purpose and basis of setting

To encourage directors and managers of the Company (including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company) to act in line with ethical standards, and to help interested parties better understand the Company's ethical standards, the following standards are developed with reference to the Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies as announced by the Taiwan Stock Exchange.

Article 2 Principle of good faith

The directors and managers of the Company should uphold a proactive, serious and responsible attitude in performing their duties, abandoning standardism, focusing on teamwork, and abiding by the principles of honesty and credibility.

Article 3 Preventing conflicts of interest

The directors or managers of the Company must handle official duties in an objective and efficient manner, and not use their positions in the Company to obtain improper benefits for themselves, their spouses, parents, children, or relatives within the second degree of kinship. In order to prevent conflicts of interest, when the Company and the above-mentioned personnel's affiliated companies have funded loans or provided guarantees, major asset transactions, and purchases (sales) of goods, the relevant directors and managers should take the initiative to explain whether they have any relationship with the Company or potential conflicts of interest.

Article 4 Avoiding opportunities for personal gain

The directors or managers of the Company must not use company property, information or use their positions to obtain personal benefits. Except for those approved by the Company's Board of Directors for lifting of the prohibition on competition, they should not engage in business competition with the Company. When the Company has a profit opportunity, directors or managers have the responsibility to maintain or increase the legitimate interests that the Company can obtain.

Article 5 Duty of confidentiality

The directors or managers of the Company must be obliged to keep confidential the information of the Company itself or its import (sales) customers, unless authorized or disclosed by law. The information that should be kept confidential includes all unpublished information that may be used or leaked by competitors to harm the Company or customers.

Article 6 Fair trading

The directors or managers of the Company should treat the Company's purchase (sales) customers, competitors and employees fairly, and must not manipulate, conceal, or misuse the information they learn based on their duties, make misrepresentations on important matters, or obtain improper

benefits through other unfair transactions.

Article 7 Protection and proper use of Company assets

The directors or managers of the Company are responsible for protecting company assets, and for ensuring that they can be used effectively and legally in official business. Avoidance of directly affecting the profitability of the Company due to theft, negligence or waste.

Article 8 Follow laws and regulations

The directors or managers of the Company should diligently abide by the Company Act, the Securities and Exchange Act and other relevant laws, regulations and policies.

Article 9 Encourage reporting of any illegal or ethical conduct

The Company should strengthen the promotion of ethical concepts and encourage employees to suspect or discover violations of laws, regulations or codes of ethics, reporting to the personnel appraisal committee, internal audit supervisor or other appropriate personnel. The Company will handle the reported case in a confidential manner and let employees know that the Company will do its best to protect the safety of those who report in good faith, protecting them from threats or retaliation.

Article 10 Disciplinary measures

When a director of the Company violates the code of ethical conduct, it should be reported to the Audit Committee for handling. When a manager violates the code of ethical conduct, it should be handled in accordance with the relevant provisions of the Company's Employee Work Rules. When being punished for violating the provisions of this Code, the violator may file an appeal in accordance with relevant regulations.

Article 11 Procedures for exemption

If the Company needs to exempt directors or managers from complying with this Code under special circumstances, this must be approved by the Board of Directors. Information must be disclosed immediately on the Market Observation Post System such as the date of approval by the Board of Directors for the exemption, the objections or reservations of independent directors, the period for which the exemption applies, the reasons for the exemption and the criteria for the exemption. Shareholders must assess whether the resolution made by the Board of Directors is appropriate to protect the Company's rights and interests.

Article 12 Information disclosure methods

This standard must be disclosed on the Company website, annual report, public brochures, and Market Observation Post System. The same applies to amendments.

Article 13 Implementation

This standard must be implemented after approval by the Audit Committee and sent to the Board of Directors for approval, and then submitted to the shareholders meeting; the same applies to amendments.

Relevant regulations can be found on the Company's official website: Investor relations/corporate governance/important regulations
(<https://www.emic.com.tw/regulations.php>) Inquiry

3.4.8 Other important information that is sufficient to enhance the understanding of corporate governance and operational conditions must be disclosed together

The Company's procedures for handling material inside information (revised 2017.05.09)

Chapter 1 General Provisions

Article 1 Purpose of these procedures

In order to establish a good internal major information processing and disclosure mechanism for the Company and avoid improper disclosure of information, and to ensure the consistency and accuracy of the information published by the Company to the outside world, these operating procedures is specially formulated as follows.

Article 2 Material inside information must be carried out according to laws and regulations and these operating procedures

The Company handles the processing and disclosure of material inside information. It must be handled in accordance with relevant laws, orders and regulations of the securities authority and this procedure.

Article 3 Applicable subjects

The applicable subjects of these operating procedures are as follows:

1. The directors, managers and employees of the Company.
2. The largest shareholders holding more than 10% of shares.
3. People who have learned the news based on occupation or control relationship.
4. Those who have lost one of the three aforementioned statuses less than six months ago.
5. A person who has received information from the persons listed in the preceding four items.

The Company must urge the subject to comply with the relevant regulations of these operating procedures.

Article 4 When buying and selling constitutes insider trading

When the personnel listed in Article 3 above actually learn about news that has a significant impact on the Company's stock price, after the news is clear, before or within 18 hours after publishing, it is not allowed to buy or sell the Company's stocks or other securities with the nature of equity by themselves or in the name of others.

When involving major company news, the time of its establishment is the date of fact occurrence, agreement date, signing date, payment date, entrustment date, closing date, transfer date, board resolution date, or other date when specific evidence can be obtained, and the first date must prevail.

Article 5 Coverage of material inside information

The material inside information referred to in these operating procedures refers to the Company's financial, business or securities market supply and demand, and public acquisitions. Its specific content has a significant impact on its stock price, or is news that has an important influence on the investment decision of the legitimate investor. Its scope is as follows:

1. The material information specified in Article 2 of the procedures for verification and disclosure of material information of listed companies by the Taiwan Stock Exchange.
2. The matters stipulated in Article 7 of the Implementation Rules of the Securities and

Exchange Act.

3. News that has a significant impact on the Company's stock price as stated in Article 157-1, Paragraph 1 of the Securities and Exchange Act, or news that has a significant influence on the investment decision of a legitimate investor.
4. The scope of major news and its disclosure method in Article 157-1 of the Securities and Exchange Act, the management method of the management of the Company's finances and businesses mentioned in Article 2 and has a significant impact on the Company's stock price, or is news that has a significant influence on the investment decision of a legitimate investor.
5. The scope of major news and its disclosure method in Article 157-1 of the Securities and Exchange Act, Article 3 of the Measures for the Administration of the Market Supply and Demand of Company Securities, and has a significant impact on the Company's stock price, or is news that has a significant influence on the investment decision of a legitimate investor.
6. The matters stipulated in Article 36, Paragraph 2 of the Securities and Exchange Act.
7. Article 36-1 of the Securities and Exchange Act authorizes the stipulation of matters that should be announced or reported in the relevant sub-laws. That is, Article 30, Article 31, and Article 33 of the Guidelines for the Acquisition or Disposal of Assets by Public Offering Companies; Article 22 and Article 25 of the Guidelines for the Processing of Fund Loans and Endorsement Guarantees for Public Issuance of Companies; and a public issuing company's public financial forecast information processing standards and other requirements must announce and report matters.
8. Significant information referred to in other relevant laws, orders, and relevant regulations of the Taiwan Stock Exchange.

Article 6 The unit responsible for handling material inside information

The Company should set up a unit responsible for handling material inside information. Furthermore, according to company size, business situation and management needs, it should be composed of an appropriate number of competent members. Its powers are as follows:

1. Draft and revise these operating procedures.
2. Responsible for handling relevant internal major information processing operations.
3. Draft all documents related to this operation method, and the preservation system of files and electronic records.
4. Other business related to these operating procedures.

Chapter 2 Confidential operation procedures for material inside information

Article 7 Security firewall operations-personnel

The directors, managers and employees of the Company should take the care and loyalty obligations of good managers, uphold the principle of good faith to execute business, and sign a confidentiality agreement.

Directors, managers and employees who are aware of material inside information of the Company must not disclose material inside information they know to others.

The directors, managers, and employees of the Company must not inquire or collect undisclosed material inside information of the Company that is not related to their personal duties from those who know the material inside information of the Company. It is not allowed to disclose to others the undisclosed material inside information of the Company not connected to business execution.

Article 8 Confidential firewall operations-Things

When material inside information files are delivered in writing, there should be proper protection. When sent by email or other electronic means, it must be handled with appropriate encryption and other security technologies.

The files and documents of the Company's material information should be backed up and kept in a safe place.

For the declaration of material information, it must be handled in accordance with the control regulations of Article 8 of the Company's "Computer Operation Management Standards" for the declaration of public information.

Article 9 Operation of Secrecy Firewalls

The Company must ensure the establishment of the firewall stipulated in the previous two articles and take the following measures:

1. Adopt appropriate firewall control measures and regularly test.
2. Strengthen the custody and confidentiality measures of the Company's undisclosed material inside information files.

Article 10 Confidential operations by external agencies or personnel

Organizations or personnel outside the Company participating in the Company's mergers and acquisitions, important memoranda, strategic alliances, other business cooperation plans or the signing of important contracts should sign a confidentiality agreement and should not disclose material information that is known to the Company to others.

Chapter 3 Processing Procedures for Disclosure of Material Inside Information

Article 11 Methods of Disclosure of Material Information

In addition to the release of major information on the Market Observation Post System as required by laws and regulations, the methods of public disclosure of material inside information, or other methods permitted by laws and regulations.

Article 12 Principles for Disclosure of Material Inside Information

The Company must adhere to the following principles when disclosing material inside information:

1. The disclosure of information should be correct, complete and timely.
2. Information disclosure should have a basis.
3. Information should be disclosed fairly.

Article 13 Implementation of the spokesperson system

In respect to disclosure of material inside information of the Company, unless otherwise provided by laws or statutes, it should be handled by the Company's spokesperson or acting spokesperson, and should confirm the agency order. When necessary, the person in charge of the Company must be directly responsible for handling.

The speech content of the spokesperson and acting spokesperson of the Company must be limited to the scope authorized by the Company. Outside of the Company's principal, spokesperson, and acting spokesperson, the Company's personnel are not authorized to disclose internal material information.

Article 14 Records of disclosure of material inside information

The Company's external information disclosures should keep the following records:

1. Person, date and time of information disclosure.
2. The method of information disclosure.
3. The disclosed information content.

4. The content of the written materials delivered.
5. Other relevant information.

Article 15 Responses to false reports by the media

If the content of media reports does not match the content disclosed by the Company, the Company should immediately clarify on the Market Observation Post System and request corrections from the media.

Chapter 4 Handling of Abnormal Situations

Article 16 Reports of Abnormal Situations

If the directors, managers and employees of the Company become aware of the leakage of material inside information, they should report to the responsible unit and internal audit department as soon as possible.

After receiving the aforementioned report, the responsible unit should invite relevant personnel and internal audit departments to discuss countermeasures and make a record of the processing results for future reference.

Article 17 Violations

In any one of the following situations, the Company must hold relevant personnel accountable and take appropriate legal measures:

1. Personnel of the Company disclose material inside information or violate these operating procedures or other laws and regulations without authorization.
2. The content of the Company's spokesperson or acting spokesperson's external statements exceeds the scope of the Company's authorization or violates these operating procedures or other laws and regulations.
3. If a person outside the Company leaks material information within the Company, causing damage to the Company's property or interests, the Company must pursue the application of legal liabilities through relevant channels.

Chapter 5 Internal control operations and promotion of internal education

Article 18 Internal Control Mechanism

These operating procedures are incorporated into the Company's internal control system. Internal auditors have to learn about their compliance from time to time and prepare audit reports to implement the implementation of procedures for handling material inside information.

Article 19 Education and Advocacy

The Company conducts education and advocacy of these operating procedures and related laws and regulations for directors, managers, and employees at least once a year.

New directors, managers, and employees should be provided with education and advocacy in a timely manner.

Chapter 6 Supplementary Provisions

Article 20

These operating procedures will be implemented after approval by the Board of Directors; the same applies to amendments.

3.4.9 Implementation status of internal control system

A. Statement of Internal Control

Public Company Internal Control System Statement

Indicates that both design and execution are effective

(This statement is applicable when all rules and bylaws are declared in compliance with the laws and regulations)

Eastern Media International Corporation Internal Control System Statement

Date: March 25, 2021

For the Company's Internal Control System of 2020, based on the results of self-assessment, the following is hereby declared:

1. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board and managerial officers of the Company, and that such a system has been implemented within the Company. The purpose of the system is to reasonably ensure that the effectiveness and efficiency of operations (including profits, performance, and protecting the security of assets), reliability, timeliness, transparency, and regulatory compliance of reporting, as well as the compliance with applicable laws, regulations, and bylaws are achieved.
2. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. However, the Company's internal control system has a self-supervision mechanism. Once the missing element is recognized, the Company takes corrective action.
3. The Company evaluates the design and execution of its internal control system based on the criteria specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations") to determine whether the existing system continues to be effective. The criteria defined in "the Regulations" include five elements depending on the management control process: 1. Environment control; 2. risk assessment; 3. control process; 4. information and communication; and 5. supervision. Each element further encompasses several sub-elements. Please refer to "the Regulations" for details.
4. The Company has adopted the said criteria to validate the effectiveness of its internal control system design and execution.
5. Based on the evaluation result of the preceding item, regarding the Company's Internal Control System on December 31, 2020 (encompassing the supervision and management of subsidiaries), and including understanding of the effectiveness of operations and the degree to which the efficiency with which objectives are achieved, it is believed that the reporting is reliable, timely, transparent and in compliance with the relevant specifications and relevant laws and regulations, and the design and execution of the relevant Internal Control System are effective and it can reasonably ensure that the above goals are achieved.
6. The Statement of Declaration will be the major contents of the annual report and prospectus of the Company and to be publicly disclosed. Any illegalities such as misrepresentations or concealments in said published contents will be considered a breach of Articles 20, 32, 171, and 174 of the Securities and Exchange Act and incur legal responsibilities.
7. This statement was approved by the Company's Board of Directors on March 25, 2021. Among the seven directors present, none had objections and all agreed to the content of this statement and hereby declare.

Eastern Media International Co., Ltd.

Chairman: Shang-Wen Liao

General Manager: Shang-Wen Liao

B. If a CPA is retained for the conduct of the internal audit system, disclose the Auditor's Report:

None.

3.4.10 In the most recent year and as of the date of publication of the annual report, whether the Company and its internal personnel have been disciplined according to law, or whether the Company has disciplined its internal personnel for violating the provisions of the Internal Control System. The content of the disciplinary measures should be listed, as well as the main deficiencies and improvements

None.

3.4.11 In the most recent year and as of the printing date of the annual report, important resolutions of the shareholders meeting and Board of Directors

A. Resolutions and implementations of the General Meeting of Shareholders

Meeting year	Meeting time	Important resolutions	Review of implementation
2020	06/29	<ol style="list-style-type: none"> 1. Acknowledge the Company's 2019 business report and financial statements. 2. Recognition of the Company's 2019 earnings distribution proposal. 3. Amendment of the Company's Articles of Incorporation. 	<p>Approved the Company's 2019 business report and financial statements.</p> <p>Approved the recognition of the Company's 2019 earnings distribution and set July 22, 2020 as the ex-dividend date, to be paid on July 30, 2020 in accordance with the resolution of the shareholders' meeting. (The cash dividend was NT\$1 per common share)</p> <p>It is publicly announced on the Company's website since</p>

Meeting year	Meeting time	Important resolutions	Review of implementation
		<p>4. Amendments to the Company's Procedures for Acquiring or Disposing of Assets.</p> <p>5. Election of the Company's 17th term of directors.</p> <p>6. Lifting the non-competition restriction on the Company's new directors.</p>	<p>June 29, 2020, and the registration of the change of company was approved by letter Jing-Shou-Shang No. 10901129280 on August 21, 2020 of MOEA.</p> <p>It is publicly announced on the Company's website since June 29, 2020.</p> <p>A new term of 7 directors (including 3 independent directors) was elected at the general shareholders' meeting on June 29, 2020. The Company published material information within the same day, and the change registration was approved by letter Jing-Shou-Shang No. 10901129280 of MOEA.</p> <p>The Company published material information on June 29, 2020.</p>

B. Board resolutions in 2020 and through March 25, 2021

Meeting term and session	Meeting time	Important resolutions
The 26th session of the 16th Board of Directors	2020/01/02	<ol style="list-style-type: none"> 1. Approved the 2020 financial forecast. 2. Approved the replacement of the UL102 silo suction machines at Taichung Port No. 1 silo and the UL102 pneumatic un-loaders at No. 71 silo in Kaohsiung Port to maintain operational safety and improve ship unloading efficiency. 3. Approved the Company's intended investment and establishment of Eastern Assent Co., Ltd. 4. Approved amendment to the Company's Articles of Incorporation. 5. Approved the proposed amendment to the Company's Internal Control System. 6. Approved the Company's donation of NT\$1 million to the China New Media Industry Development Association 7. Approved the meeting minutes and resolutions of the 10th meeting of the 3rd Remuneration Committee of the Company.
The 27th session of the 16th Board of Directors	2020/01/15	Approved the Company's purchase of Taichung and Kaohsiung Silo suction machines, with request to check the reserve price to handle price negotiation matters.
The 28th session of the 16th Board of Directors	2020/02/20	<ol style="list-style-type: none"> 1. Approved the Company's 2019 business report and financial statements. 2. Approved to apply for credit financing line from Entie Commercial Bank. 3. Approved amendments to the Company's "Procedures for Acquiring or Disposing of Assets. " 4. Approved amendment of the Company's "Rules of Procedure of the Board of Directors. " 5. Approved proposal to amend the Company's "Director Candidate Nomination Review Standards and Operating Procedures." 6. Approved the convening the Company's 2020 General Meeting of Shareholders. 7. Approved relevant operations for accepting shareholder proposals through the Company's 2020 General Meeting of Shareholders. 8. Approved consultant appointment proposal for the Company.
The 29th session of the 16th Board of Directors	2020/03/26	<ol style="list-style-type: none"> 1. Approved application to the competent authority for extension of announcing and filing the 2019 financial report. 2. Approved the revised date for convening of the Company's 2020 General Meeting of Shareholders. 3. Approved the Company's regular assessment of the independence of certified public accountant in 2020. 4. Proposal for appointing CPA Chih Shih-Chin and Chen Chung-Che of KPMG Taiwan to audit the 2020 financial and tax statements of the Company. 5. Approved the application for a credit line of financing from Taichung Commercial Bank. 6. Approved the Company's donation of NTD 2 million to the

		<p>Taiwan Information Communication Association.</p> <p>7. Approved issuance of the Company's 2019 "Internal Control System Statement."</p> <p>8. Approved the promotion of managers of the Company.</p> <p>9. Approved the Company's managerial reappointment proposal.</p>
The 30th session of the 16th Board of Directors	2020/04/29	<p>1. Adopted the provision of guarantee for the participation of its subsidiary Eastern Assent Co., Ltd. in the "Linkou International Media Park Investment Promotion Project."</p> <p>2. Approved distribution proposal for employee bonuses for 2019.</p> <p>3. Approved the Company's 2019 business report and financial statements.</p> <p>4. Approved the Company's 2019 earnings distribution proposal.</p> <p>5. Approved the agreement to the results of the third procurement price negotiation meeting on April 9, 2020 for the purchase of the pneumatic un-loaders at Pier 1 of Taichung Port and Pier 71 at Kaohsiung Port at a foreign cost of 1,912,500 Euros per unit, and a domestic installation fee of NTD 13,596,000 per unit. One pneumatic un-loader (500 tons/hour) for each.</p> <p>6. Approved to provide NT\$50 million limit for loan to Mohist Web Technology Co., Ltd.</p> <p>7. Approved to provide NT\$50 million endorsement guarantee for the application for financing from the Taiwan Business Bank Fu Hsin Branch of the Company's subsidiary ET Pet Co., Ltd.</p>
The 31th session of the 16th Board of Directors	2020/05/14	<p>1. Approved the Company's business report and consolidated financial statements for January-March 2020.</p> <p>2. Approved the list of candidates for directors and independent directors nominated by shareholders holding more than 1% of the Company's shares.</p> <p>3. Approved the election of the Company's 17th term of directors.</p> <p>4. Approved to Lift the non-competition restriction on the Company's new directors.</p>
The 32th session of the 16th Board of Directors	2020/06/18	<p>1. Approved to provide NT\$50 million endorsement guarantee for the participation of the Company's subsidiary Eastern Assent Co., Ltd. in the "Linkou International Media Park Investment Promotion Project." .</p> <p>2. Approved the Company's acquisition of capital increase shares of Eastern Assent Co., Ltd.</p> <p>3. Approved the Company's subsidiary " RICHNESS TRADING (SHANGHAI) CO.,LTD." to invest in "Shanghai Rich Industry Ltd." at an amount exceeding the investment limit.</p> <p>4. Approved to provide NT\$120 million endorsement guarantee for the application for financing from the Bank SinoPac of Company's subsidiary Oscar Pet Co., Ltd. .</p> <p>5. Approved to provide NT\$15 million endorsement guarantee for the application for financing from the Bank SinoPac of Company's subsidiary Pet Kingdom Co., Ltd. .</p> <p>6. Approved to provide NT\$5 million endorsement guarantee for the application for financing from Bank SinoPac of the Company's subsidiary Kaou Sin Trading Co., Ltd.</p> <p>7. Approved to apply for credit line of financing from Entie</p>

		<p>Commercial Bank.</p> <p>8. Approved the renewal of the liability insurance for directors, supervisors and important employees of the Company.</p> <p>9. Approved consultant appointment proposal for the Company.</p>
The 1st session of the 17th Board of Directors	2020/06/29	<p>1. For the election of the Company's 17th Chairman, director Liao Shang-Wen was elected as the 17th chairman of the company by 7 votes.</p> <p>2. Approved the Company's manager appointment proposal.</p>
The 2nd session of the 17th Board of Directors	2020/08/06	<p>1. Approved the Company's January-June 2020 business report and consolidated financial statements.</p> <p>2. Approved the application for a credit line of financing from CTBC Bank.</p> <p>3. Approved the application for a credit line of financing from the Taiwan Business Bank.</p> <p>4. Approved to provide NT\$200 million limit for loan to ET New Media Holdings Co., Ltd.</p> <p>5. Approved to provide NT\$100 million limit for loan to ET Pet Co., Ltd.</p> <p>6. Approved the appointment of members of the Company's 4th remuneration committee.</p> <p>7. Approved the Company's consultant appointment proposal.</p>
The 3rd session of the 17th Board of Directors	2020/09/24	<p>1. Approved to provide NT\$100 million limit for loan to ET New Media Holdings Co., Ltd.</p> <p>2. Approved to provide an endorsement guarantee of NT\$100 million for the application for leasing finance credit from Hotai Finance Corporation Co., Ltd. of subsidiary ET Pet Co., Ltd.</p> <p>3. Approved to provide an endorsement guarantee of NT\$30 million for the application for financing from Mega Commercial Bank of subsidiary ET Pet Co., Ltd.</p> <p>4. Approved to provide NT\$80 million in endorsement guarantee for the application for financing from Hua Nan International Leasing Co., Ltd. of Company's subsidiary ET Pet Co., Ltd.</p> <p>5. Approved the application for a credit line of financing from Taiwan Cooperative Bank.</p> <p>6. Approved amendment to the Company's accounting system.</p> <p>7. Approved the amendment of the Company's "Internal Control System" and "Internal Audit Implementation Rules".</p> <p>8. Approved the promotion of managers of the Company.</p> <p>9. Approved the meeting minutes and resolutions of the 1st meeting of the 4th Remuneration Committee of the Company.</p>
The 4th session of the 17th Board of Directors	2020/10/22	<p>1. Approved to provide an endorsement guarantee of NT\$100 million for the application for financing from SinoPac Leasing Co., Ltd. of subsidiary ET Pet Co., Ltd.</p> <p>2. Approved to provide an endorsement guarantee of NT\$30 million for the application for financing from the Bank of Panhsin of subsidiary ET Pet Co., Ltd.</p> <p>3. Approved the Company's organizational system adjustment proposal.</p> <p>4. Approved the proposal of adjusting the consultant fee for the Company's consultant Mr. Hsieh Bang-Chang.</p>

The 5th session of the 17th Board of Directors	2020/11/05	<ol style="list-style-type: none"> 1. Adopted to revise the endorsement guarantee amount from NT\$100 million to NT\$120 million for the application for leasing finance credit from Hotai Finance Corporation Co., Ltd. of subsidiary ET Pet Co., Ltd. 2. Adopted to revise the endorsement guarantee amount from NT\$80 million to NT\$96 million for the application for leasing finance credit from Hua Nan International Leasing Co., Ltd. of subsidiary ET Pet Co., Ltd. 3. Approved the Company's January-September 2020 business report and consolidated financial statements. 4. Approved to provide NT\$400 million limit for loan to "HER Hotels & Resorts Group Yilan".
The 6th session of the 17th Board of Directors	2020/12/10	<ol style="list-style-type: none"> 1. Approved to provide NT\$50 million endorsement guarantee for the application for commercial paper guarantee from International Bills Finance Corporation Hsinchu Branch of the Company's subsidiary Oscar Pet Co., Ltd. 2. Approved the Company's "Internal Audit Plan" for 2021. 3. Approved the contract appointment of the Company's managers after their retirement. 4. Approved the Company's consultant appointment proposal. 5. Approved the proposal of donating NT\$50 million to the "Culture and Education Foundation of Promoting Social Ethics".
The 7th session of the 17th Board of Directors	2020/12/24	<ol style="list-style-type: none"> 1. Approved the Company's application for US\$1.6 million loan limit from Far Eastern Silo & Shipping (Panama) S.A. 2. Approved the Company's application for US\$2.06 million loan limit from Grand Richness Trading (Hong Kong) Limited. 3. Approved the Company's application for US\$1.92 million loan limit from Grand Scene Trading (Hong Kong) Limited. 4. Approved the Company's application for US\$1.49 million loan limit from Eastern Media Communication (Hong Kong) Limited.
The 8th session of the 17th Board of Directors	2021/01/27	<ol style="list-style-type: none"> 1. Approved the Company's 2021 financial forecast. 2. Approved to apply for credit line financing from Bank of Panhsin. 3. Approved to provide an endorsement guarantee of NT\$1.925 billion for the application for financing from Mega Commercial Bank of subsidiary ET Pet Co., Ltd. 4. Approved the Company's manager appointment proposal. 5. Approved the meeting minutes and resolutions of the 3rd meeting of the 4th Remuneration Committee of the Company. 6. Approved the Company's consultant appointment proposal. 7. Approved the proposal of the Company's donation of NTD 2 million to the Taiwan Information Communication Association.
The 9th session of the 17th Board of Directors	2021/03/25	<ol style="list-style-type: none"> 1. Approved the Company's 2020 business report and financial statements. 2. Approved the distribution proposal for 2020 employee remuneration. 3. Approved the Company's 2020 earnings distribution proposal. 4. Approved the Company's cash capital reduction proposal. 5. Approved the change of the CPA for the Company's financial

		<p>report.</p> <ol style="list-style-type: none"> 6. Approved the Company's regular assessment of the independence of the CPA in 2021. 7. Proposal for appointing CPA Shih-Chin Chih and Hsin-Ting Huang of KPMG Taiwan to audit the 2021 financial and tax statements of the Company. 8. Approved to apply for a credit facility from International Bills Finance Corporation. 9. Approved to provide an endorsement guarantee of NT\$780 million to subsidiary ET Pet Co., Ltd. for its application for financing facility from King's Town Bank. 10. Approved to provide an endorsement guarantee of NT\$103,062,500 to subsidiary ET Pet Co., Ltd. for its application for financing facility from Co-Operative Asset Management Co., Ltd. 11. Approved to provide NT\$60 million endorsement guarantee to subsidiary Oscar Pet Co., Ltd. for the application for commercial paper guarantee from Mega Bills Finance Corporation Bills Department. 12. Approved to provide NT\$50 million endorsement guarantee to subsidiary Tung Kai Lease Finance Co., Ltd. for the application for financing from the Taiwan Small and Medium Enterprise Bank Fu Hsin Branch. 13. Approved to provide NT\$50 million endorsement guarantee to subsidiary Eastern International Lease Finance Co., Ltd. for the application for financing from the Taiwan Small and Medium Enterprise Bank Fu Hsin Branch. 14. Approved the convening the Company's 2021 General Meeting of Shareholders. 15. Approved relevant operations for accepting shareholder proposals through the Company's 2021 General Meeting of Shareholders. 16. Approved to set up the Company's first Chief Corporate Governance Officer. 17. Approved issuance of the Company's 2020 "Internal Control System Statement." 18. Approved consultant appointment proposal for the Company.
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3.4.12 Directors holding adverse opinions on the resolutions of the Board in the most recent year to the day this report was printed on record or in written declaration, and the summary of the content

None.

3.4.13 Summary of resignation or relief from office of the Chairman, President, Chief Accountant, Chief Financial Officer, Chief Internal Auditor, Chief of Corporate Governance, and Chief R&D Officer of the Company in the most recent year to the day this report was printed

None.

3.5 Information about CPA Professional Fees

Breakdown of information about CPA professional fees

Accounting firm name	Accountant name		Audit period	Remarks
KPMG Taiwan	Shin-Chin Chih	Chung-Che Chen	2020.01.01-2020.12.31	

Currency unit: NTD thousand

Amount range		Fee item	Audit fees	Non-audit fees	Total
1	Less than NTD 2,000 thousand				
2	NTD 2,000 thousand (inclusive) - NTD 4,000 thousand				
3	NTD 4,000 thousand (inclusive) - NTD 6,000 thousand				
4	NTD 6,000 thousand (inclusive) - NTD 8,000 thousand				
5	NTD 8,000 thousand (inclusive) - NTD 10,000 thousand		7,340	822	8,162
6	NTD 10,000 thousand (inclusive) and above				

Note: Non-audit fees were composed of the services of transfer pricing reports and assurance of corporate social responsibility.

Accounting firm name	Accountant name		Audit fees	Non-audit fees					Audit period	Remark
				System Design	Company Registration	Human Resource	Others (Note)	Subtotal		
KPMG Taiwan	Shin-Chin Chih	Chung-Che Chen	7,340				822	822	2020.01.01 2020.12.31	

Note: The components were the services of transfer pricing reports and assurance of corporate social responsibility.

3.6. Changes in Accountant Information

3.6.1 Former Accountant

Date of Change	Approved by Board of Directors on March 25, 2021		
Reasons and Explanation of Changes	In compliance with regulatory requirements on rotation, the co-signing partner Chung-Che Chen was replaced by Hsin-Ting Huang starting from 2021. The engagement partner remains to be Shin-Chin Chih.		
State whether the Appointment is Terminated or Rejected by the Consignor or Accountants	Client	Account	Consignor
	Status	Not available	Not available
	Appointment terminated automatically	Not available	Not available
The Opinions other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions	Appointment rejected (discontinued)	Not available	Not available
	None		
Is there any disagreement in opinion with the issuer	Yes	Accounting principle or practice	
		Disclosure of financial statements	
		Auditing scope or procedures	
		Others	
	No	✓	Explanation
Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Standards)	None		

3.6.2 Successor Accountants

Not available.

3.6.3 The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards:

None.

3.7. The Company's chairman, general manager, or the manager responsible for financing or accounting affairs, who has worked for the accounting firm to which CPAs belong or the affiliated enterprises in the past year : None.

3.8. Shareholding changes of directors, managers and major shareholders

3.8.1 Directors, managers and major shareholders' equity changes

Job Title	Name	2020		The year ending on April 20	
		Number of shares held Number increased (decreased)	Number of pledged shares Number increased (decreased)	Number of shareholding Number increased (decreased)	Number of pledged shares Number increased (decreased)
Director	Far Rich International Corporation	0	0	0	0
Chairman and General Manager	Shang-Wen Liao	0	0	0	0
Director	Chao-Hsin Chiu	0	0	0	0
Director	Ding-Fong Broadcasting Co., Ltd.	0	0	0	0
Director	Kao-Ming Tsai	0	0	0	0
Director	Ching-Chi Chen	0	0	0	0
Independent Director	Kuen-Chang Lee	0	0	0	0
Independent Director	Su-Chang Chen	0	0	0	0
Independent Director	Tien-Wei Shih	0	0	0	0
Deputy General Manager	Yung-Jui Ma (Resigned on January 31, 2021)	0	0	0	0
Deputy General Manager	Ying-Na Cheng	0	0	0	0
Deputy General Manager	Ching-Tze He	0	0	0	0
Deputy General Manager	Sheng-Chong Hsu	0	0	0	0
Deputy General Manager	Hsiang-Jui Wo	0	0	0	0
Deputy General Manager	Hsiao-Ching Hu	0	0	0	0
Deputy General Manager	Shu-Chen Tang (Resigned on December 31, 2020)	0	0	20	0
Deputy General Manager	Tsong-Yi Lin	0	0	0	0
Deputy General Manager	Lan-Ying Feng	0	0	0	0
Deputy General Manager	Cheng-Kuo Lu	0	0	0	0
Deputy General Manager	Kuang-Wu Chen	0	0	0	0
Deputy General Manager	Hui-Ying Chou (Took office on April 1, 2020)	0	0	0	0

Job Title	Name	2020		The year ending on April 20	
		Number of shares held Number increased (decreased)	Number of pledged shares Number increased (decreased)	Number of shareholding Number increased (decreased)	Number of pledged shares Number increased (decreased)
Deputy General Manager	Chia-Wei Lin (Took office on April 1, 2020)	0	0	0	0
Associate Manager	Min-Hui Liu (Resigned on June 30, 2020)	0	0	0	0
Associate Manager	Hua-Lou Sun	0	0	0	0
Associate Manager	Feng-Wen Chen	0	0	0	0
Associate Manager	Ping-Yu Su	0	0	0	0
Associate Manager	Kun-Yu Chang	0	0	0	0
Associate Manager	Cheng-Hui Hsieh (Resigned on September 30, 2020)	0	0	0	0
Associate Manager	Kui-Ting Kao (Took office on April 1, 2020)	0	0	0	0
Associate Manager	Yao-Tsu Shen (Took office on September 24, 2020)	0	0	0	0
Associate Manager	Yu-Ling Ye (Took office on February 17, 2021)	0	0	0	0
Taichung Office Manager	Chang-Yi Huang	0	0	0	0
Kaohsiung Office Manager	Po-Liang Chen	0	0	0	0
Manager	Hui-Hui Li	0	0	0	0
Major shareholders of 10% or above	None	0	0	0	0

3.8.2 Share transfer information

Where the directors, managers and the counterparties of the major shareholders whose shareholding ratio exceeds 10% are related parties: None

3.8.3 Equity pledge information

Where the directors, managers, and the counterparties whose shareholding ratio exceeds 10% of the major shareholders' equity pledge are related parties: None

3.9 Information about the relationship of the ten largest shareholders

April 20, 2021

Name	Self Shares held		Spouse and minor children holding shares		Total holding of shares in the names of others		Where top ten shareholders have a relationship with each other or a relative relationship within the scope of their spouse or relative within the second degree of kinship, the name or designation and the relationship.		Note
	Shares	Shareholding Percentage of ownership	Shares	Shareholding Percentage of ownership	Shares	Shareholding Percentage of ownership	Designation (Or name)	Relationship with the Company	
E-Happy Travel Co., Ltd.	55,056,860	9.888	Not applicable	Not applicable	0	0	None	None	None
Representative: Lin Kao-Ming	0	0.000	0	0	0	0	Jinxin Trading Co., Ltd.	Supervisor	
Jinxin Trading Co., Ltd.	53,621,300	9.630	Not applicable	Not applicable	0	0	None	None	None
Representative: Chen Shih-Chih	0	0.000	0	0	0	0	None	None	
Sen Feng International Co., Ltd.	51,564,628	9.261	Not applicable	Not applicable	0	0	Dongsen Personal Insurance Agent Co., Ltd.	Corporate Supervisor	None
Representative: Lin Teng-Yu	0	0.000	0	0	0	0	Ding-Fong Broadcasting Co., Ltd.	Director (Representative, Far Rich International Corporation)	
							Far Rich International Corporation	Director (Representative, Ding-Fong Broadcasting Co., Ltd.)	
							Dongsen Personal Insurance Agent Co., Ltd.	Chairman (Representative, Far Rich International Corporation)	
Dong sen Personal Insurance Agent Co., Ltd.	24,922,369	4.476	Not applicable	Not applicable	0	0	Far Rich International Corporation	Corporate Supervisor	None
Representative: Lin Teng-Yu	0	0.000	0	0	0	0	Ding-Fong Broadcasting Co., Ltd.	Corporate Supervisor	
							Sen Feng International Co., Ltd.	Chairman (Representative, Ding-Fong Broadcasting Co., Ltd.)	
							Ding-Fong Broadcasting Co., Ltd.	Director (Representative, Far Rich International Corporation)	
							Far Rich International Corporation	Director (Representative, Ding-Fong Broadcasting Co., Ltd.)	

Name	Self Shares held		Spouse and minor children holding shares		Total holding of shares in the names of others		Where top ten shareholders have a relationship with each other or a relative relationship within the scope of their spouse or relative within the second degree of kinship, the name or designation and the relationship.		Note
	Shares	Shareholding Percentage of ownership	Shares	Shareholding Percentage of ownership	Shares	Shareholding Percentage of ownership	Designation (Or name)	Relationship with the Company	
Far Rich International Corporation	23,978,293	4.306	Not applicable	Not applicable	0	0	Ding-Fong Broadcasting Co., Ltd. Dongsen Personal Insurance Agent Co., Ltd.	Corporate Director Corporate Director	
Representative: Chao Shih-Heng	0	0.000	0	0	0	0	Ding-Fong Broadcasting Co., Ltd. Sen Feng International Co., Ltd. Dongsen Personal Insurance Agent Co., Ltd.	Chairman (Representative, Far Rich International Corporation) Director (Representative, Ding-Fong Broadcasting Co., Ltd.) Director (Representative, Far Rich International Corporation)	None
Ding-Fong Broadcasting Co., Ltd.	6,966,179	1.251	Not applicable	Not applicable	0	0	Far Rich International Corporation Sen Feng International Co., Ltd.	Corporate Director Corporate Director	
Representative: Chao Shih-Heng	0	0.000	0	0	0	0	Far Rich International Corporation Sen Feng International Co., Ltd. Dongsen Personal Insurance Agent Co., Ltd.	Chairman (Representative, Ding-Fong Broadcasting Co., Ltd.) Director (Representative, Ding-Fong Broadcasting Co., Ltd.) Director (Representative, Far Rich International Corporation)	None
Morgan Standley Co. International PLC	5,478,920	0.984	Not applicable	Not applicable	Data not available				None
DFA multiple emerging investment accounts in custody of Citibank (Taiwan)	2,503,616	0.449	Not applicable	Not applicable	Data not available				None
Cai Jin	2,474,000	0.444	Data not available						None
Pai Yao-Chia	2,365,000	0.424	Data not available						None

3.10. Comprehensive Shareholding Ratios

December 31, 2020

Units: Shares; %

Reinvestment business (Note)	The Company's investment		Directors, supervisors, managers and direct or indirect control of investment in the business		Comprehensive investment	
	Shares	Percentage of shareholding	Shares	Percentage of shareholding	Shares	Percentage of shareholding
FESS-Bermuda	600,000	100.00	0	0	600,000	100.00
FESS-Panama	71,700	100.00	0	0	71,700	100.00
Eastern Home Shopping & Leisure Co., Ltd (EHS)	6,637,500	6.51	19,726,660	19.36	26,364,160	25.87
Mohist Web Technology Co., Ltd. (MWT)	510,000	51.00	0	0	510,000	51.00
Far Eastern Investment Co., Ltd.	67,641,445	97.90	0	0	67,641,445	97.90
Eastern International Lease Finance Co., Ltd. (EILF)	40,690,330	53.77	34,840,500	46.00	75,530,830	99.77
Tung Kai Lease Finance Co., Ltd.	40,847,294	53.76	34,948,500	46.00	75,795,794	99.76
HER Hotels & Resorts Group Yilan	20,893,086	60.40	13,698,114	39.60	34,591,200	100.00
Grand Richness Trading (Hong Kong) Ltd.	16,214,616	100.00	0	0	16,214,616	100.00
ET New Media Holdings Co., Ltd.	53,522,508	89.20	627,492	1.05	54,150,000	90.25

Note: This table shows the Company's long-term equity investments using the equity method.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

Units: Thousand shares/NTD thousand

Year month	Issued Price	Approved share capital		Paid-in capital		Note		
		Number of shares	Amount	Number of shares	Amount	Capital stock Source	Property other than cash contributed as equity capital	Other
May 1975	50,000	200	200,000	50	50,000	Cash on hand		
July 1978	350,000	700	700,000	400	400,000	Cash on hand		
March 1980	200,000	700	700,000	600	600,000	Cash on hand		
October 1982	258,317	85,832	858,317	85,832	858,317	Cash on hand		1982.09.30 (71)
June 1989	238,422	133,516	1,335,161	109,674	1,096,739	Cash on hand		Taiwan-Finance-Securities (I) No. 1776 1989.05.05 (78)
November 1989	504,500	160,124	1,601,239	160,124	1,601,239	Cash and earnings		Taiwan-Finance-Securities (I) No. 00983 1989.09.13 (78)
August 1990	205,761	180,700	1,807,000	180,700	1,807,000	Cash on hand		Taiwan-Finance-Securities (I) No. 01905 1990.03.09 (79)
February 1991	234,910	204,191	2,041,910	204,191	2,041,910	Surplus		Taiwan-Finance-Securities (I) No. 00397 1990.11.30 (79)
September 1991	367,544	240,945	2,409,454	240,945	2,409,454	Earnings and Additional paid-in capital		Taiwan-Finance-Securities (I) No. 03349 1991.07.19 (80)
November 1992	96,378	250,583	2,505,832	250,583	2,505,832	Capital surplus		Taiwan-Finance-Securities (I) No. 01610 1992.10.14 (81)
June 1995	425,991	293,182	2,931,823	293,182	2,931,823	Earnings		Taiwan-Finance-Securities (I) No. 02657 1995.05.19 (84)
July 1996	478,665	484,000	4,840,000	341,049	3,410,488	Earnings		Taiwan-Finance-Securities (I) No. 29249 1996.07.01 (85)
June 1997	1,102,412	600,000	6,000,000	451,290	4,512,900	Cash and earnings		Taiwan-Finance-Securities (I) No. 41050 1997.05.17 (86)
January 1998	316,281	600,000	6,000,000	482,918	4,829,181	Conversion of corporate bonds		Taiwan-Finance-Securities (I) No. 35656 1998.01.16 (87)
August 1998	1,762,667	960,000	9,600,000	659,185	6,591,848	Surplus, additional paid-in capital, and conversion of corporate bonds		Taiwan-Finance-Securities (I) No. 11377 1998.07.09 (87)
October 1999	1,450,206	1,100,000	11,000,000	804,205	8,042,054	Capital surplus		Taiwan-Finance-Securities (I) No. 58507 1999.06.25 (87)
December 1999	15,000	1,100,000	11,000,000	805,705	8,057,054	Conversion of corporate bonds		Taiwan-Finance-Securities (I) No. 58251
December 1999	484,944	1,100,000	11,000,000	854,200	8,541,998	Conversion of corporate bonds		
February 2001	(25,090)	1,100,000	11,000,000	851,691	8,516,908	Purchases of treasury shares to reduce capital		2001 Shangzi No. 006506-1

Units: Thousand shares/NTD thousand

Year month	Issued Price	Approved share capital		Paid-in capital		Note		
		Number of shares	Amount	Number of shares	Amount	Capital stock Source	Property other than cash contributed as equity capital	Other
August 2003	(2,912,782)	1,100,000	11,000,000	560,413	5,604,126	Capital reduction		2003.7.28 Taiwan-Finance-Securities No. 0920130473
June 2004	757,129	1,100,000	11,000,000	636,125	6,361,254	Earnings		2004.4.12 Taiwan-Finance-Securities Yizi No. 0930112793
October 2004	1,329,158	1,100,000	11,000,000	769,041	7,690,413	Conversion of corporate bonds		2004.5.19 Taiwan-Finance-Securities Yizi No. 0930118370
December 2004	162,352	1,100,000	11,000,000	785,277	7,852,765	Conversion of corporate bonds		
March 2005	327,585	1,100,000	11,000,000	818,035	8,180,350	Conversion of corporate bonds		2004.11.19 SFB Yizi No. 0930151508
August 2005	1,814,702	1,500,000	15,000,000	999,505	9,995,052	Earnings and capitalization of capital reserves		2005.7.15 FSC Yizi No. 0940128962
October 2005	134,059	1,500,000	15,000,000	1,012,911	10,129,111	Conversion of corporate bonds		
April 2006	3,815	1,500,000	15,000,000	1,013,293	10,132,926	Conversion of corporate bonds		
August 2006	1,552,819	1,500,000	15,000,000	1,168,575	11,685,745	Profit transfer and capital transfer		2006.7.17 FSC Yizi No. 0950130972
August 2006	11,626	1,500,000	15,000,000	1,169,737	11,697,371	Conversion of corporate bonds		
September 2006	6,116	1,500,000	15,000,000	1,170,349	11,703,487	Conversion of corporate bonds		
December 2006	469,318	1,500,000	15,000,000	1,217,281	12,172,805	Conversion of corporate bonds		
March 2007	30,680	1,500,000	15,000,000	1,220,349	12,203,485	Conversion of corporate bonds		
June 2007	629	1,500,000	15,000,000	1,220,411	12,204,114	Conversion of corporate bonds		
September 2007	3,769	1,500,000	15,000,000	1,220,788	12,207,883	Conversion of corporate bonds		
December 2007	167,434	1,500,000	15,000,000	1,237,532	12,375,317	Conversion of corporate bonds		
March 2008	35,393	1,500,000	15,000,000	1,241,071	12,410,710	Conversion of corporate bonds		
June 2008	172,983	1,500,000	15,000,000	1,258,369	12,583,694	Conversion of corporate bonds		
September 2008	2,301,612	1,500,000	15,000,000	1,488,531	14,885,306	Earnings, additional paid-in capital, and conversion of corporate bonds		2008.8.20 FSC Yizi No. 0970042408
April 2009	(700,000)	1,500,000	15,000,000	1,418,531	14,185,306	Treasury shares to reduce capital		2009.3.30 FSC San Zi No. 0980012457
September 2013	(7,225,433)	1,500,000	15,000,000	695,987	6,959,874	Capital reduction		2013.9.5 SFB Fa Zi No. 1020032568
June 2018	(1,391,974)	1,500,000	15,000,000	556,790	5,567,899	Cash capital reduction		2018.6.4 FSC Fa Zi No. 1070319751

Unit: Thousand shares

Shares Type	Approved share capital			Note
	Outstanding shares (Note)	Unissued shares	Total	
Listed common stock	556,790	943,210	1,500,000	None

Note: The Company does not raise and issue securities under the collective reporting system.

4.1.2 Status of Shareholders

April 20, 2021

Shareholder structure	Government agency	Financial institution	Other institution	Individual	Foreign institutions and foreign individuals	Total
Quantity						
Number of individuals	0	0	253	72,275	94	72,622
Number of shares held	0	0	228,204,155	306,350,613	22,235,121	556,789,889
Shareholding ratio	0.000	0.000	40.986	55.020	3.994	100.000

4.1.3 Distribution of Shareholding

April 20, 2021

Shareholding class	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	44,834	8,359,734	1.501
1,000 to 5,000	19,398	43,957,287	7.895
5,001 - 10,000	4,012	32,201,382	5.783
10,001 - 15,000	1,207	15,383,634	2.763
15,001 - 20,000	940	17,334,195	3.113
20,001 - 30,000	717	18,282,297	3.284
30,001 - 40,000	363	13,122,412	2.357
40,001 - 50,000	276	12,991,077	2.333
50,001 - 100,000	440	32,575,389	5.851
100,001 - 200,000	218	31,217,725	5.607
200,001 - 400,000	123	34,352,388	6.170
400,001 - 600,000	35	16,970,080	3.048
600,001 - 800,000	18	12,502,109	2.245
800,001 to 1,000,000	11	10,269,848	1.844
1,000,001 or more	30	257,270,332	46.206
Total	72,622	556,789,889	100.000

Note: The Company has not issued preferred shares.

4.1.4 List of major shareholders

April 20, 2021

Name of major shareholder	Shares	Number of shares held	Shareholding ratio %
1. Happy Travel Agency Co., Ltd.		55,056,860	9.888
2. Jinxin Trading Co., Ltd.		53,621,300	9.630
3. Sen Feng International Co., Ltd.		51,564,628	9.261
4. Dongsen Personal Insurance Agent Co., Ltd.		24,922,369	4.476
5. Far Rich International Corporation		23,978,293	4.306
6. Ding-Fong Broadcasting Co., Ltd.		6,966,179	1.251
7. Morgan Standley Co. International PLC		5,478,920	0.984
8. DFA multiple emerging investment accounts in custody of Citibank (Taiwan)		2,503,616	0.449
9. Cai Jin		2,747,000	0.444
10. Pai Yao-Chia		2,365,000	0.424

4.1.5 Information about market value per share, net value per share, earnings per share, and dividends per share in the most recent two years

Item		Year	2020	2019
Per share Market price	Highest		19.1	13.55
	Lowest		9.18	9.7
	Average		14.77	11.48
Net value per share	Before distribution		11.27	11.42
	After distribution		10.47(Note)	10.42
Earnings per share	Weighted average number of shares		556,789,889	556,789,889
	Earnings per share		0.94	0.70
Per share Dividends	Cash dividends		0.8	1
	Stock dividends	Stock dividends from capitalization of retained earnings	0(Note)	0
		Additional paid in capital	0 (Note)	0
	Accumulated unpaid dividends		0	0
Return on investment analysis	P/E ratio		15.71	16.40
	Price to dividend ratio		18.46(Note)	11.48
	Cash dividend yield		5.42%(Note)	8.71%

Note: The dividend distribution for 2020 was authorized by the Board of Directors on March 25, 2021. The distribution date will be at May 7, 2021.

4.1.6 Company dividend policy and implementation status

A. Dividend policy of the Company

The Company's business environment is a mature and stable industry. In order to consider the Company's medium and long-term business development needs and bear the risks of future operations, the Company must have a safe cash level, maintain a stable level of dividends, and comply with the Company's Articles of Incorporation, and take into account factors such as long-term shareholders' equity and the Company's long-term financial planning while setting forth the Company's dividend distribution plan. Dividends are distributed in cash or stocks. Cash dividends must be allocated by the Board of Directors, and will be submitted to the shareholders meeting.

The distribution of dividends has a bearing on the interests of shareholders. To clarify the dividend policy, the Articles of Incorporation stipulate as follows:

In respect to the Company's dividend policy, in order to cope with the Company's diversified operations and the capital expenditure required for future expansion of the scope of operations and long-term financial planning, it can be based on the needs of the business climate and industry changes and take into account the interests of shareholders, making appropriate assignments or reservations. Shareholders' dividends are allocated with distributable earnings. They should not be less than 15% of the current year's distributable earnings and the cash dividend is not to be less than 10%.

B. The plan for dividends payment for presenting to the Shareholders' Meeting of this year

The total cash dividends to be distributed to shareholders this year amount to NT\$445,431,911. Ordinary shareholders intend to hold shares in accordance with the shareholders' register on the ex-dividend base date, A cash dividend of NT\$0.8 per share will be distributed.

4.1.7 The influence of stock dividends planned to be paid in the Shareholders Meeting of this year on the operation performance and earnings per share of the Company:

The shareholders meeting did not propose a stock dividend this time (2021).

4.1.8 Remuneration of employees and directors

A. The percentage or scope of compensation for employees and directors as set out in the Articles of Incorporation:

If the Company makes a profit for the year, the pre-tax benefits must be deducted from the benefits before the distribution of employee bonuses and then the

accumulated losses must be deducted. Then 3.5% of the balance must be allocated as employee compensation and the amount allocated must be used as the current year's expense. Employees' remuneration is based on stocks or cash, subject to resolution of the Board of Directors and reporting to the General Meeting of Shareholders.

The Company's Articles of Incorporation do not provide for directors' compensation.

B. The accounting of the difference between the amounts calculated on the basis of the estimation of the remuneration to the employees and the Directors, the calculation of shares for paying stock dividends to the employees as remuneration and the actual amount of payment:

The Company estimates employee bonuses on a prorated basis based on the net profit before tax before deduction of employee bonuses in the current year. If there is any change in the amount after the publication of the annual financial report, then according to the changes in accounting estimates it will be adjusted and recorded in the next year.

C. Remuneration distribution approved by the Board of Directors:

- (A) The amount of employee bonuses and directors' bonuses paid in cash or stocks. If there is a discrepancy with the annual estimated amount of recognized expenses, the number of discrepancies, reasons and handling circumstances should be disclosed: Employee bonuses in 2020 were approved by the Board of Directors on March 25, 2021 to be paid in cash. There is no difference in conformity with the estimates.

Unit: New Taiwan Dollars

Item	Amount
Net profit before tax-before deduction of employee bonuses	\$ 332, 488, 946
Provision ratio	3. 5%
Employee bonuses for the period	\$ 11, 637, 113

- (B) The amount of employee bonuses distributed by stocks and its proportion to the total after-tax net profit and total employee bonuses in the parent company only financial report for the current period: None.

D. The actual payment of remuneration to the employees and the Directors in the previous year (including the number of distributed shares, amounts, and stock price). If there is a difference with the recognized amount of remuneration for employees and directors, the number of differences, the reasons and the

handling circumstances should be stated:

There is no difference between the actual distribution of employee bonuses in 2020 and the recognized amount.

4.4.9 Repurchases of shares by the Company

In 2020 and as of the printing date of the annual report: None.

4.2 Handling of corporate bonds

None.

4.3 Disposal of preferred shares

None.

4.4 Circumstances of handling overseas depositary receipts

None.

4.5 Employee stock options and new restricted employee shares

None.

4.6 M&A or transfer of shares of other companies to issue new shares

None.

4.7 Implementation status of fund utilization plan

None.

V. Operational Highlights

5.1 The business content, market, production and sales of the warehousing business

5.1.1 Business content

A. Business scope

The storage business is mainly engaged in importing bulk grains (soy, corn, wheat), and automated operations such as unloading into warehouses, storing warehouses and trucks, and train loading and unloading.

B. Industry overview

The Company's warehousing business is engaged in dock loading, unloading, storage and transfer of bulk grain bulk grain ships. It is a purely port warehousing and loading and unloading service industry. Its main function is to use the automatic grain unloading machine with high unloading rate to take the grain imported by the cargo owner, quickly unloading from the cabin into the silo for storage and transfer, loading and unloading from the warehouse for suppliers of domestic bulk materials (such as: feed mills, salad oil mills, flour mills and import traders, etc.) with safe and fast raw material entry, storage and transfer, and exit requirements.

C. Technology and R&D Overview: In 2020 and as of the publication date of the annual report, there was no investment in related functions research and development expenses.

D. Long and short term business development plan

1. Short-term business development plan:

Give full play to the advantages of terminal silo automation equipment. Speed up the efficiency of ship unloading in and out of the warehouse. Significantly reduce the probability of slow unloading fines for customers of bulk imported grains, and increase the quick unloading bonus income to reduce import costs. Strengthen customer momentum.

2. Long-term business development plan:

- (1) Expand the niche of silo operations. Grasp the advantages of port silos. Provide more convenient value-added services, and give full play to the best synergies.
- (2) Diversified management.

5.1.2 Market and production and sales overview

A. Market analysis

1. Main product (service) sales (provision) areas

- (1) Most feed mills, salad oil mills, and flour mills in Taiwan are concentrated in the central and southern regions. Their raw materials are imported from Taichung Port and Kaohsiung Port. The Company's four terminal silos are also distributed in these two ports. They are adequate to provide services for unloading, storage and transfer of imported bulk grains.
- (2) Taiwan's livestock breeding areas are concentrated in the central and southern regions. Therefore, imported grains are stored, transferred and sold in Taichung Port and Kaohsiung Port due to geographical factors.

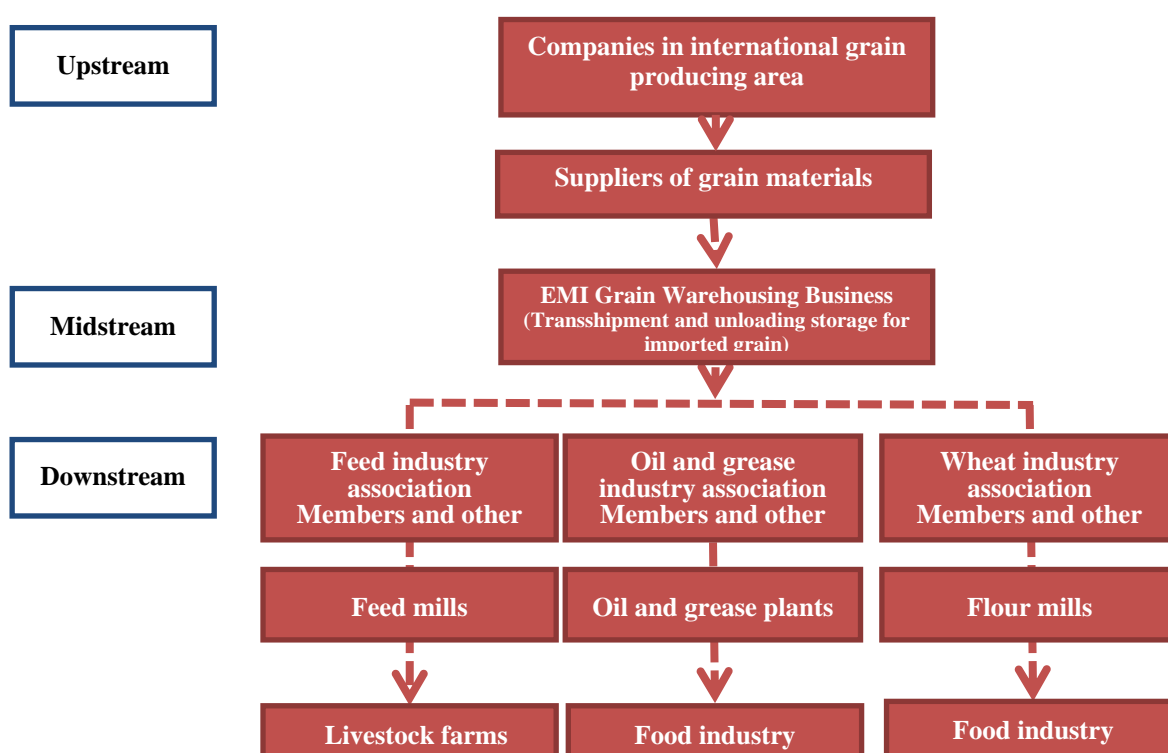
2. Market share

The statistics of actual unloading of imported bulk grains in the past three years are detailed in the table below.

The Company's grain unloading market share Unit: Ten thousand metric tons

Year \ Silos	Unloading volume at Taichung		Unloading volume at Kaohsiung		The Company Unloaded amount	Nationwide bulk		Nationwide total imports (including containers)	
	#1	#3	#71	#72		Import volume	The Company Market share	Import volume	The Company Market share
2018	186.1	133.8	102.5	100.3	522.7	522.7	100.0%	816.1	64.0%
2019	221.5	163.8	159.5	143.8	688.6	688.6	100.0%	893.8	77.0%
2020	204.8	163.0	148.2	133.5	649.5	649.5	100.0%	852.8	76.2%

3. Relevance between the upstream, midstream and downstream of the industry



4. Competitive niche

- (1) The Company has been operating terminal silos for 45 years. At present, there are four deep-water terminals in Taichung and Kaohsiung, #1, #3, and No. #71, #72. Equipped with hardware facilities such as fully automatic grain unloading, in and out of warehouse equipment and 330,000 tons of silo warehouse capacity, and combined with the accumulated silo operating experience to cultivate a professional operating team and core capabilities, this is the biggest competitive niche for the Company's warehousing business.
- (2) The main raw materials of animal feed such as corn, soybeans, etc., all have to rely on imported supplies from abroad. The Company has deep-water silo terminals in Taichung and Kaohsiung ports, operating bulk grain loading and unloading storage. With a good understanding of surrounding industries, it can provide more direct services for domestic animal husbandry related industries.

5. Advantages and disadvantages of development prospects

(1) Favorable factors:

- a. The Company has been operating terminal silo for a long time and has accumulated rich practical experience and has a skilled and dedicated team. It must be able to provide the industry with the best service quickly, accurately, and efficiently.
- b. The Company has fully automated computer program-controlled warehouse access equipment and four deep-water wharfs with a total storage capacity of 330,000 tons that can simultaneously unload two Panamax grain carriers at Taichung Port and Kaohsiung Port. It can quickly unload grain boats and store and transfer grain functions.
- c. Silos have a high operating market share and can ensure a competitive advantage.

The management of terminal silos is restricted by laws and regulations; only the right to lease operation is required, and a huge fixed rent and port fees must be paid every year. It accounts for more than 40% of fixed costs. Therefore, only by establishing economic scale and increasing market share can we ensure business advantages. Relying on a steady, firm and down-to-earth corporate attitude, we are committed to the development of terminal silo loading and unloading and warehousing services.

- d. With high efficiency silo operations and improving loading and unloading efficiency, relieving port congestion is the original purpose of the Company. Facing the impact of changes in the

business environment, market participants can accurately grasp real-time market information, connect with the international trends, and develop flexible management strategies. This is positively beneficial to the sustainable operation of port silos.

- e. The low-end international bulk freight rates will help grain imports in bulk.
- f. Since the foot-and-mouth disease outbreak in 1997 hit the pig farming industry, after 23 years of efforts, Taiwan was finally announced by the World Organization for Animal Health (OIE) in June 2020 to officially become a foot-and-mouth disease free area, got rid of the haze of foot-and-mouth disease, returned to the international pork market which benefits the transformation and upgrading of the industry and the expansion of the supply chain.

(2) Disadvantages:

- a. At present, the domestic animal husbandry industry is still profitable due to product prices. Therefore, there is still a willingness to raise livestock. However, due to diseases such as African swine fever and avian flu, as well as environmental protection restrictions such as sewage charges, may cause hidden concerns for the future development of the animal husbandry industry.
- b. In recent years, importers of grain properties have used a large number of return containers to ship grain, causing the Company to lose millions of tons of grain unloaded; if the international crude oil price rises above US\$60/barrel, it may not be conducive to the competitiveness of bulk grain shipping. Moreover, returning containers on U.S. lines still have the advantages of being short, light, and flexible in purchasing operations. They are not likely to disappear in the short term.
- c. The opening of the import of ractopamine-containing pork from January 1, 2021 may restrain the domestic scale of pig farming, and the subsequent impact remains to be observed.
- d. Total grain imports were 8.528 million tons in 2020. Due to the declining birthrate domestically and depopulation (work abroad or emigration), if the export of pork cannot be increased in the future, the future grain import volume will not grow easily.
- e. In response to rising environmental awareness and domestic environmental pollution improvement standards, the Executive Yuan has revised relevant laws and regulations, significantly increasing corporate fines and regulatory criminal liabilities. Therefore, it will

also cause companies to significantly increase the cost of setting up environmental protection facilities.

B. Important use of main products

Provide bulk materials port warehousing, loading and unloading, storage and transfer services.

C. Supply status of main raw materials

Not applicable for non-production manufacturing.

D. List of main purchase and sales customers

2019				2020			
Name (Note)	Amount (NTD thousand)	Percentage of total annual net sales (%)	Relationship with issuer	Name	Amount (NTD thousand)	Percentage of total annual net sales (%)	Relationship with issuer
2	163,565	12.8%	None	2	153,512	11.5%	None
Others	1,116,663	87.2%	None	Others	1,184,492	88.5%	None
Warehousing Net income	1,280,228	100.0%		Warehousing Net income	1,338,004	100.0%	

Note: List names of customers accounting for more than 10% of total sales in the last two years, and their sales amounts and proportions. However, code names are permitted if disclosure of the customer name or transaction counterparty is not allowed due to contractual obligations or if the transaction counterparty is an individual and a non-related person.

E. Recent production value

Not applicable for non-production manufacturing.

F. Sales volume in the last two years

Operating volume and amount of warehousing services

Grain category	2019		2020	
	Quantity (ten thousand metric tons)	Amount (NTD thousand)	Quantity (ten thousand metric tons)	Amount (NTD thousand)
Grain	688.66	1,280,228	649.56	1,338,004

G. Industry-specific key performance indicators (KPIs):

Because the port warehousing business is a special industry, each ton of revenue is handled in accordance with the regulations of the loading, unloading and warehousing rates of each port branch company. Therefore, “key performance indicators with industry specificity” are not applicable.

5.2 Media Business: Business content, markets, and production and sales conditions

5.2.1 Business content

A. Business scope:

1. The main scope of operations of the Company's media business originally encompassed ETtoday's news website management, advertising business sales, and audio-visual content production.
2. ETtoday started operating offline advertising for Taipei Metro in October 2018 and ET Pet Co. stores in November of that year, expanding its business scale by means of online and offline integration.
3. Building on the past foundations laid by ETtoday, ETtoday was renamed ET New Media Holding Co., Ltd. in December 2018 to oversee five limited corporations; namely, Dung Sen Shin Wen Yun Co., Ltd., Dung Sen Shin Guang Yun Co., Ltd., Dung Sen Dian Jing Yun Co., Ltd. , and Dung Sen Min Diau Yun Co., Ltd.. Based on its original huge traffic and fan base, it thus created a new business model for diversified business development. In addition to its news, audiovisual, and advertising businesses, ETtoday also stated that it would deepen its future efforts in the pet, entertainment, and e-sports industries as it moves toward diversified O2O operations.

B. Industry overview:

1. Description of development status:

- (1) Since its launch on November 1, 2011, the ETtoday News website operated by the Company's media business has deepened social interaction and integrated news, information, knowledge, and entertainment information platforms while presenting warm news content. With our business philosophy of sincere trust, we have joined netizens in creating a new media advancing the idea of "sharing is happiness; loving cloud technology." The Company's main operating focus and operating model are to actively make good use of various community operations to deepen networks, allowing "community interaction" to be deeply integrated with "news," "online marketing," and "shopping." In 2014, Business Next magazine announced the top 100 Internet sites in Taiwan and ETtoday News won 9th place; it was also recognized as the number one news website in Taiwan. In 2016, ETtoday ranked 15th in the "2016 Top 100 Internet Service Traffic sites" announced that year and was 1st in Taiwan's media category. In 2018, Trip Advisor (the world's largest travel

website) announced that ETtoday Travel was Taiwan's most popular news travel website. In the same year, ETtoday Co. won the China News Association "2018 Cultural and Creative Industry News Reporting Award" and Google's Annual Innovation Award. In 2019, "Jungle Voice" won "Best Variety Programme" in the 54th annual Television Golden Bell Awards. Meanwhile, the Oxford Digital News Report cited ETtoday Co. as the most used digital news brand in Taiwan for three consecutive years in 2018, 2019, and 2020. Meanwhile, ETtoday was also honored with the Golden Peak Award in "Honored Cooperation" and "Outstanding Business Leaders" and became the first Taiwan news media to ranked first in the National Brand Yu-Shan Award's "Honored Cooperation" and "Most Popular Brand".

- (2) In 2020, ETtoday News had 33 Facebook fan groups, 17 Instagram account, 26 YouTube channels. It also established six independently operated media accounts on Toutiao, NetEase, Baijia, Penguin, and iQIYI. Its total number of fans exceeded 20 million as of the end of December 2020. ETtoday's social performance was much higher than its media competitors. With a total of nearly 190 million interactions volume, it was ranked first in Tag Analysis's Social Signals Statistic for two consecutive years.
 - (3) From the perspective of website traffic results, social traffic accounted for the largest proportion at about 51% by the end of 2020, while direct traffic has accounted for 23% (including apps) by the end of 2020. This reflects that own traffic has grown incrementally and mobile app development has gradually achieved results.
2. Relevance between the upstream, midstream and downstream of the industry
- (1) Upstream: Mainly are content providers. The source of content includes: foreign news agencies, User Generated Content (UGC), purchase of foreign shows (such as: "Street Dance of China", "Chuang", etc), which can enrich the breadth of content of ETtoday New Media.
 - (2) Midstream: ETtoday New Media organizes physical events, produces large-scale IP shows or commissions outsourced vendors to assist in events and the production of shows, etc. For example, the "Jungle Voice" and "CooKing" of ETtoday New Media are both produced by QT Entertainment, which, by its unique audiovisual content, enhances ETtoday New

Media's content depth and differentiate it from the competitors.

- (3) Downstream: The content produced by News Cloud mainly reaches consumers through the following 2 platforms:
 - A. Self-owned platform: Including news website, APP, M-site.
 - B. External platform: Build up fan groups on social media platforms such as FB, IG, YT, etc.
3. ETtoday News development trends and competitive status:
 - (1) Real-time news: The top five news media outlets as currently ranked by Alexa (ETtoday, UDN, Apple Daily, Liberty Times, China Times) with each company actively developing real-time news. At present, the main competitors of ETtoday News are UDN and Apple Daily, and these two competitors are supported by their parent newspaper companies. The operational focus and news content of both the Apple Daily and ETtoday News are quite close, and they also have similar processes of community development and mobile app development. At the same time, all news websites are geared towards directional developments including youth, liveliness, high-click news content, and so on. With print newspapers turning to real-time online news, competition in the online media market has gradually intensified. Recently, LINE TODAY has also taken advantage of its communications background to storm into the new media segment. Future trends will closely monitor the development of this new media in response to market changes.
 - (2) Community operations: Various news media have shown a recent dedication toward community operations as they focus on the development of community fan group management as a key strategy. ETtoday News made early investments in this area and currently has over one million fans in six fan groups covering ETtoday Co., ETtoday Star, ETtoday Pet Co., Beauty, Sharing, and Instant News. In 2020, the total number of fans on Facebook has exceeded 20 million. The focus in the future will be to create new business opportunities by transforming “fans” into “members” and then “members” into “consumers.”
 - (3) Mobile network: The proportion of news readership via mobile devices (phones, tablets) has been increasing gradually, and consumer usage habits have changed as they become accustomed to using a single device and the time that readers use mobile devices keeps growing. The

development of Mobile Web and mobile apps is crucial. ETtoday Co.'s flagship app continues to be revised to strengthen live video and audio, real-time, audiovisual content, and activity functions. At the same time, we are adding to the app membership achievement system with personalized layouts and recommendations plus accumulated points for gifts in order to better meet the needs of readers. Since app users are relatively loyal readers, they easily turn into frequent users once they get used to an app. This in turn can increase ETtoday's autonomous traffic. Therefore, ETtoday News will continue to optimize the mobile web for more readers to use. By the end of 2020, the app's own traffic accounted for 23% of overall traffic, thereby reducing dependence on social media.

(4) Audiovisual content:

a. News video: Internet news media has officially entered its golden age. It is estimated that the size of the market will continue to grow, and "Internet audio and video" appears to have become an online star. When various media outlets operate their online social media, they add audiovisual news and distribute them to their official websites and social media. On the one hand, this attracts increasingly scarce online views. On the other hand, this practice can also garner profit sharing benefits. ETtoday News is the leader of community developed home media, and it follows audio and video trends to produce audiovisual news content such as "Instant News" and "Play News" to enhance the visibility of its online news.

b. Entertainment video:

(a) **CooKing**: The **CooKing** program, the mega reality show for cooking, was produced and broadcasted in 2020. In addition to the host Lulu, the program also invited Jason Wang (Master Chef's first runner up), "Truffle Chef" Fred, and the cooking genius delayed by table tennis Fukuhara Ai, as their chief mentors. The program was met with favorable reviews and invited its viewers to vote on the contestants' creative dishes. Since the start of the poll, the total number of votes has exceeded one million. It is expected **CooKing 2** will arrive in 2021, bringing new viewing options to the public.

(b) **Jungle Voice**: The "Jungle Voice" program was produced and broadcasted in 2018 and 2019 and was met with a wave of favorable reviews. "Jungle Voice 3" is currently expected to be

produced and broadcast in 2021. On the one hand, it provides high-quality entertainment programming and brings high-quality content to audiences. On the other hand, it is also drafting fresh talent and bringing new blood to the Taiwanese entertainment industry. Meanwhile, the online voting mechanism for the talent show increases the autonomous traffic of the app's live broadcasts.

- (c) Live shows: ET New Media produces and broadcasts “Cloud Frontline,” a lunchtime political talk show; “Rebecca’s Eye on the World,” a Saturday news magazine show; and “Cloud is Richest,” a financial investment program. Through these productions, it introduces the latest domestic and foreign developments and important political leaders and talented individuals from a variety of countries as well as financial trends. They have become influential benchmark programming to attract viewership among the educated and middle class both domestically and overseas.
 - (d) Short videos: Videos that are short and light in content are very suitable for watching on mobile devices. The program “Wage Slave,” produced and broadcast by ET New Media, is immensely popular among netizens for its satirical, vivid, and realistic expression of the lives of office workers. At the same time, the “Fred’s Eating Addiction” gourmet show is also welcomed by gluttons and its number of fans has grown rapidly. All these shows have small and beautiful skit programs.
- (5) Advertising business:
- a. According to the data released by Nielsen in 2020, Taiwan's five major traditional advertising markets in 2020 is valued around NT\$26.6 billion, which shows a decline of 12.3% compared to the overall advertising of NT\$30.3 billion in the previous year. Key points are as follows:
 - (a) Broadcast media: terrestrial TV \$2.553 billion (-9.5%), cable TV \$15.31 billion (-7.5%), broadcast \$1.637 billion (-11.7%).
 - (b) Print media: Newspapers: \$1.84 billion (-40.0%), magazines: \$1.291 billion (-23.2%).
 - (c) Out-of-home media: Out-of-home media 2.973 billion (-9.3%).
 - b. Taipei Metro advertising: The pandemic has greatly declined public's willingness to go out, causing a reduction in the number of people on the Taipei regions's MRT, High Speed Rail, and Taoyuan's MRT,

causing a drop in out-of-home advertising. According to Nielsen's data in 2020, there was a 9.3% decline in out-of-home advertising compared to previous year. In order to mitigate the impact, ETtoday has applied to the Taipei City Government for subsidizes, hoping to reduce cost in operation and rent. The company will make every effort to increase its differentiation and market influence through diversified advertising business sales in 2021.

C. Overview of technology and R&D:

Currently, ET New Media has obtained patents for the four technologies. These technologies address mobile app applications required for the development of new media, content e-commerce derived from the high traffic created by various fan groups, and the development of new technologies such as online audio and video streaming.

D. Long-term and short-term business development plans:

1. Short-term business development plan

- (1) ETtoday has 4 technologies patented for both long-term and short-term business development plan, ranging from mobile app required for the new media operation, content e-commerce generated by fan's high visiting traffic, and the development of new technologies in online audio and video streaming.

News products and content :

a. Real-time news:

ETtoday News emphasizes immediate and fast reporting, as well as the social sharing concept of "sharing is happiness; loving cloud technology." In addition to not reading newspapers, TV viewing time has also been drastically reduced among young people in recent years and they get information from the Internet instead.

Secondly, Under the long-term management of ET New Media, it is deeply loved by netizens. Average daily page views were 17 million in 2020, compared to the average daily page views of 14.98 million in 2019, The growth rate reached 13%. At the same time, every time there is a major event, through real-time news reports, it creates high traffic. For example: In the presidential election on January 11, 2020, the network traffic was 25,022,336. Exclusive disclosure of the news on Alien Huang's death, a famous star in Taiwan, has led to a total traffic of 34,215,724. ET New Media thus became Taiwan's No. 1

digital media.

Not only elections create high traffic; some major social news events are also highly influential and generate high traffic as well including: On May 22, 2014, for the murder case of Zheng Jie in Taipei Metro, the network traffic set a new record of 23,168,375 for the year. On February 13, 2017, the tour bus of Dielianhua Travel Agency on National Highway 3 overturned and caused 33 deaths in a major social incident. The entire network traffic also reached 18,079,589. It means that in major news, the news cloud is not absent, bringing readers the most immediate and correct news, which is affirmed by netizens.

In news operations, we maintain a certain amount of press releases. In addition to enhancing the accuracy of subtitles to meet the tonality of online news, we drive high flow simultaneously through fast and accurate news community push efforts. The action center was established in 2015 to actively operate the news cloud app. Using “Live Video” with “Unique news content and views” is a bonus for netizens, making the most effective dissemination of news, striving for more exposure, and bringing more business opportunities. The production of live audio and video content started at the end of 2016, fully jumping into audio and video content and sales. Aside from promoting the app live video broadcast, and in addition to attracting netizens to download “ETtoday News app” through the difference in audio-visual content and live broadcasts, it also increases autonomous traffic. In addition, we strengthen live broadcast of sports events and meet the passionate spirit of sports fans. From March 23, 2019, 240 Chinese professional baseball games were to be broadcast. According to the usage profile of intercity sports websites, in the statistics of the number of unique people in July 2019, the sports website “ETtoday Sports Cloud” under the native news media “ETtoday News Cloud” reached 2.137 million monthly users. It topped the list on behalf of the news cloud under the continuous cultivation of content and has been deeply loved by the people of Taiwan.

b. Innovative products

(a) Focus content: The ETtoday Star Cloud was newly revised in 2015, and we added Health Cloud and Real Estate Cloud in 2016, In 2017, ET Car Cloud, Poll Cloud and Grace Cloud were

launched. Boss Cloud and Legal Cloud has opened in 2019. In addition to satisfying the needs of various netizens through various niche content, these offerings can more flexibly meet the needs of different customers at the same time in terms of advertiser sales.

(b) 4G live broadcast car: In addition to grasping important news and event information, and meeting the needs of advertisers, we push the product locally to increase the overall advertising budget.

(c) Customized audio and video: In addition to the original news content, we simultaneously increase the sales of audio-visual advertising and strengthen the page planning of the mobile version to improve overall performance.

c. Community operations

In 2016, in addition to the three major operating strategies of the community based on “focus”, “interaction” and “real-time”, in 2017, it has moved towards the “video and audio” of the community to attract more viewers more quickly. This has opened up new battlefields in the “mobile social” and “cross-Strait communities”. In the future, cross-Strait community activities will also be launched to attract more mainland netizens to participate and increase the popularity of ETtoday News.

d. Action strategy

Mobile traffic is growing fast, and the trend of using smartphones and mobile devices to browse has formed. ETtoday News responds to market changes by actively launching its app and mobile version optimization. The current mobile version of the webpage continues to be optimized after the news cloud flagship app was launched in February 2015. It also continues to strengthen the functions of audiovisual, live broadcast, social interaction and personalization. Since 2017, the app membership system has been implemented to prepare for personalized services, continuously passing user experience tests, and strengthening user experience design. The version is updated and optimized once a month on average. Furthermore, it continuously optimizes the essence of the product through data analysis, achieving product market fit while increasing user stickiness and the number of app downloads. The ultimate goal is to become the leader of Mobile TV.

e. Deepening audio and video

Since the launch of “BOBA” in November 2016, it has gathered various forms of audio and video content from news, programs, live broadcasts, and short videos, and established a viewing environment suitable for netizens to view audio and video content. In 2017, there was a strong push on video and audio optimization, letting all netizens have a faster and more convenient video viewing experience, and increasing the video and audio chat room mechanism and a simplified video and audio search interface, so that netizens can grasp all the audio and video content at any time. It is expected that the increase in traffic in the future will bring in more revenue.

f. Overseas development and cooperation

(a) Cooperation with the mainland: The news of “ETtoday News” is not partisan. In the political spectrum of Blue versus Green in Taiwan, ETtoday land in the neutral zone. We get the most favorite of the middle class and young people, and it is conducive to cooperation with mainland media and market development. ETtoday News cooperates with Beijing Sina, People’s Daily Online, Xinhua News Agency, Tencent Weibo, Baidu, and so on for mutual supply of content, expanding the popularity among mainland netizens. Simultaneously, we have opened two Weibo and two WeChat accounts respectively, and self-media accounts such as Toutiao, NetEase, Baijia, etc., to strengthen the management of mainland netizens.

(b) Set up news America, Hong Kong and Macau, Southeast Asia and New Zealand and Australia editions: To serve the global Chinese audience, we start from the editorial desk in recruiting professional Chinese talent from various regions. According to the news content of overseas Chinese communities, we have established sub-sections for North America, Hong Kong, Macau, Southeast Asia, New Zealand and Australia, with content suitable for local Chinese viewing as we actively explore overseas markets. In addition, we established the mainland version of the ETtoday Star Cloud app and the News Cloud app from Q4 2018 in order to actively expand the mainland market, thus providing news more in line with the needs of overseas regions.

g. Big Data precision marketing

In order to increase the reading volume, stickiness and staying time of ET New Media, News Cloud actively builds a reader news recommendation system, and a personalized push system to provide advertisers with precise marketing services while fully integrating the advertising and reader markets.

(2) New media career development

a. Audiovisual business:

At the same time as the establishment of an audio-visual platform, an audio-visual production team has also been established to enrich the production content. The current live video content covers five major series. Gourmet cooking: “Crazy About Cuisine.” Beauty and make-up: “Not Pretty Not Allowed.” Life category-”Cloud is Richest” and “Action Court.” Entertainment topics: “ETtoday Star Run News,” “ETtoday Star Choices.” News and current affairs: “Cloud Frontline” and “Rebecca’s Eye on the World.”

At the same time, in order to seize the fragmentary viewing time of the general public through mobile phones, in addition to live broadcasts, short videos are produced, including: Wage Slave, Huayang Journey, Fred’s Food Addiction, and meet the needs and popularity of different netizens. We produce audio-visual content such as current affairs to enhance business needs.

In addition, “Jungle Voice” has been widely acclaimed by the society after its launch, and won the 54th TV Golden Bell Awards “Variety Show Award” in 2019. Therefore, the third season of “Jungle Voice” will continue to be produced and broadcast in 2021, benefiting the audience with better programs.

b. Social media:

Following the trend of community audio visualization, ETtoday is a “community audiovisual” that combines “audiovisual news” and “community operations”. Reporters and editors who master the characteristics and preferences of each community are used to instigate audiovisual production content, to evolve graphic news into “video news”, spread and interact through the community in the fastest and most immediate way.

In order to quickly enter the community’s audiovisual operations, ETtoday established the “Instant News” FB fan group in September 2015, a fan group set up specifically for audiovisual news, and

established the “Audiovisual News Center” in January 2017. Full-time editing and production of audio-visual news, rapid production of audio-visual news, and at the same time various types of audio-visual, combined with the operation of ETtoday Focus Fan Group, expand the reach of each fan group, increase the number of fans and strengthen fan interaction.

According to internal observations, the main types of social media with “entertainment ETtoday Star” and “soft video” (Internet celebrities, funny, cute pets, warm news, travel, and food) have the most views and interactions. Therefore, “entertainment” will be strengthened in the future, and “soft audio and video” operations will meet the needs of the audience.

C. Podcast:

ET New Media launched its podcast department to seize the opportunities in the emerging podcast craze at the end of 2020. Our podcast has been ranked in the top 100 global podcast and aroused much discussion among netizens. The market response suggests there exist considerable potential for advertising purpose. The key programs and its category are listed as follow:

Item	Program Name	Category
1	Rebecca’s Eye on the World	International Affairs
2	I am on the crime scene	Society
3	Ishan tell the truth	Real Estate
4	Shane’s Car World	Automobile
5	The history time of Tony	Military
6	Wage Slave	Office Life
7	BOBA Talk	Crime
8	Z Generation	Society and culture

(3) Advertising business promotion

- a. Digital advertising: In response to the general trend of the new media advertising market, ETtoday’s business advertising strategy is “industry deepening”, “platform layout” and “diversified advertising and services.” It fully focuses on mobile advertising (M-SITE, APP), content marketing (Content marketing/Native advertising),

audio-visual advertising (including audio-visual advertising space, audio-visual advertising and PRE-ROLL advertising, multi-screen screens) and the large visual high impact of Rich Media in all four of its directions. And for advertisers it has business opportunities, strong cohesion, and distinct audience segments, such as game cloud, car cloud, sports cloud suitable for male audiences, and ETtoday Star cloud/movie and life cloud suitable for female audiences to make in-depth channel revisions. It plans to provide a customer base with clear and accurate advertiser attributes.

- b. Outdoor advertising: The pandemic has reduced public's willingness to go out, causing a great reduction in the number of people taking public transportation (including Taipei MRT, Tao-Yuan MRT, and High-Speed Rail), further causing a negative growth on an out-of-home advertising industry. According to the latest information released by Nielsen, out-of-home advertising declined by 9.3% 2020 compared to the previous year. Within it, traffic media declining by 9.5%. However, as the pandemic curves flatten and the economy returns to normal, the trend of out-of-home advertising will also revive. Starting from October 2019, Taipei Metro advertising operations have reached 90% advertising operations of Taipei Metro. In addition, from January 2020, we increase the advertising operations of the New Taipei Third Ring Road and the third line, High Speed Rail, Taoyuan Metro, Taipei bus shelter. By expanding the scale of advertising operations, we will build a market for out-of-home advertising.

In addition to expanding the scale of market operations, according to the trend of foreign off-home advertising, out of-home advertising is paying more and more attention to creativity, data, and online and offline integration, bringing more viewership and attention. Therefore, from 2019, ET New Media has been actively increasing Taipei Metro's visual creative space and advertising design creativity, beautifying the public space of the Taipei MRT, and expects to bring more advertising benefits.

(4) 2021 outlook

- a. Multiple platforms: ETtoday will become a multi-service platform. In addition to graphic news, there will be more video clicks, live broadcasts, and sharing. In addition to various types of live broadcasts,

more “short video” content that fans love, such as pets, stars, and beauty must be broadcast on multiple platforms to increase the spread of news cloud content and opportunities for profit sharing. In addition, it is also operating on omni-media platforms, including news sites, Chunghwa Telecom MOD, and planning the development of audio and video in the direction of short videos, focusing on Mobile only, making all audio and video content more suitable for viewing on various platforms, such as YouTube and Facebook. The platform thus conducts program content sharing and accounting. By the end of 2020, about 50 million were directed from external platforms, such as Google and Facebook. The account will be used to maintain both internal and external social media communities and diversifying ETtoday’s revenue model. The ultimate ideal is to become an all-round entertainment information platform. By combining multimedia audio and video, new media interactive functions and mobile phone anytime and anywhere viewing experience it will let users get the information or entertainment they want anytime, anywhere, and at will.

- b. Online and offline integration: In the past, the media and the general public mostly came into contact online, as the news cloud spread its branches and leaves. In the future, physical activities will become an important interface for contact with consumers, such as picnic days, physical storefronts via ET Pet Co., and offline advertising via Taipei Metro. Through the integration of “online” and “offline”, we can get close to consumers, optimize consumer experience, and increase brand loyalty.
- c. Fans to membership: Currently ET New Media currently has over 20 million fans on Facebook. In order to provide fans with a better consumption experience, “fans” will be transformed into “members”, and “members” will then become “consumers”. This will not only provide “content”, but also establish a deep interaction with fans.
- d. Content Marketing: ET New Media formally established the e-business platform “Her” in August 2019. With the high popularity of the past traffic and fans in the ETtoday Star Cloud, we combine “commodity” with “content” in selling food, cosmetics, supplies, etc., and creating a new business model.

2. Medium and long-term business development plan:

- (1) Community operations: Move towards “News 3.0” concept development, establishing the concept of community operations and UGC(User-Generated Content) to encourage everyone contributing to diverse ideas and content. In addition to the Facebook fan group, we also develop various social media and apply various community new technologies. In response to the advent of the personal self-media era, we will also cooperate with each other outside fan groups to expand the sharing of energy. In addition, we will also plan “Community Big Data” applications. With big data and personal recommendation systems, we can predict the news that readers need more accurately.
- (2) Video: With the continuous evolution of social media and the rapid progress of audio-visual technology, social media will combine new technology research and development new tool applications, optimizing and evolving audio-visual news.
- (3) Big Data: We will continue to use the application of big data tools to monitor the trend of the social community, the trend of video and audio and the dynamics of frequency competition, to find out the audio and video content that readers are most interested in, and to strengthen the relevance of the production of audio and video news and the interaction between readers.
- (4) Internet celebrity economy: We will invite multiple artists and Internet celebrities to work together on online programs, short videos, and events, to share traffic, create commercial modules, and create more business cooperation and benefits. The main projects include: super talent show “Jungle Voice,” life financial management programs, beauty shopping guide programs, and large-scale physical events. It will be centered on Taiwan, connecting the Asian Chinese area, with ETtoday’s self-made programs, short videos, and various large-scale projects cooperating with artists and Internet celebrities. The packaging will be assembled and put on shelves in China, Malaysia, Singapore, Thailand, the Philippines, Vietnam and other related digital platforms do commercial profit sharing, thereby creating greater commercial benefits.
- (5) Multi-screen ads: In order to provide more cross-media advertising marketing services, we will go beyond deep cultivation of download traffic in the future to actively expand the “non-download” advertising business, including program placement, short video shooting, news

broadcasting and other services to diversify business opportunity. Furthermore, in terms of content focus, we can also create a win-win cooperation situation through cross-industry or peer-industry alliances. At the same time, we will also cooperate with the entity channels of affiliated companies (including Focus and Solmate), combined with Internet celebrity and community operations, from online network platforms to offline entities and readers, through horizontal and vertical diversified industries Integrated marketing, in addition to facilitating and satisfying the diverse marketing needs of advertisers, and strengthening ETtoday Cloud's advertising services.

- (6) Seeking new business models:
 - a. Poll Cloud: In previous election surveys, the accuracy of the polls has been high and has attracted attention from all walks of life. In addition to political investigations, many social and life issues can be investigated. At the same time, it integrates group telemarketing resources and has a competitive edge. The unique advantages of the partition.
 - b. ET Pet: Based on the about 1.75 million fans of ET Pet, we can guide the pet industry ecology and expand pet business opportunities based on media and membership.
 - c. ETtoday Star Cloud: With the traffic and popularity of ETtoday Star Cloud, and the momentum of the super large talent show "Jungle Voice," it leads the trend and topics. At the same time, it cultivates the singers of Jungle Voice to become next generation stars.
 - d. Her Female Platform: Based on the traffic and fans of ETtoday Star Cloud, the Her Female Platform opened in August 2019 and quickly gained attention in the market. In the future, the platform will continue to strengthen its product power, price power, marketing power, and content power. It will integrate "content" with "commodity" and create a new business model for ETtoday.
 - e. ETtoday Game Cloud: The main development strategy is support government's gaming project and events. It is expected there will be self-organized gaming competition at the company's Linkou headquarters in 2024.

5.2.2 Overview of market and of production and sales

A. Market analysis

1. Overview of market development

- (1) Online news market: The main competing media for ETtoday News are Apple Daily, UDN, China Times Electronic News, and Liberty Times. Looking at the development trend of competitors, at present, there are three main resources/markets for competing industries: content, audience and advertising, and they mainly rely on “Instant News” and “Video content” to rush to attack the aforementioned three markets. ET New Media is actively adjusting its strategy. At present, including traffic and advertising, it has far exceeded other local competitors.
- (2) Online advertising market: According to the DMA’s data, the overall market size reached 48.256 billion in 2020, compared with 45.8 billion in 2019, a growth rate of 5.4%, this is the first time it lower than two digits in recent 10 years. Amongst them, the total amount of social media platforms is NT\$ 18.207 billion, a 7.9% growth; in terms of advertising categories, the display advertising remains the top volume, with a total amount of NT\$17.007 billion. However, what worth to be noted is that display advertising in general media have shown a decline while that in social media platform have been growing, increased by 10.4%.

Taiwan Digital Advertising Type and Platform Statistics in 2020

(in NTD 100mn)

Media Type		Traditional Media (in NTD100mn)		Social Media (in NTD100mn)			
Ad Type		Mobile Device	PC	Mobile Device	PC	Category Total	Category Ratio
Display advertising		34.67	12.36	108.99	14.06	170.07	35.24%
Keyword advertising		65.69	52.81	0	0	118.39	24.53%
Multimedia	outstream	10.05	5.04	0.91	0	16	3.21%
	intstream	55.27	26.42	21.41	2.55	105.66	21.90%
Word-of-Mouth	Placement advertising	16.06	4.82	7.19	1.25	29.31	6.07%
	Celebrity Livestreaming	9.42	2.24	22.31	1.05	35.02	7.26%
	Word-of-Mouth Marketing	1.91	2.11	2.01	0.35	6.37	1.32%
others		1.53	0.21	0	0	1.74	0.36%
total		194.49	106	162.82	19.26	482.56	100.00%

- (3) Out-of-home advertising market: According to data released by Nielsen in 2020, Taiwan's top five traditional advertising markets in 2020 account for NTD 26.6 billion. In comparison with the data from the previous year, which was around NTD30.3 billion, the trend highlights a significant decline of 12.3%. The Key points are as followed:

- a. Broadcast media: terrestrial TV \$2.553 billion (-9.5%), cable TV \$15.31 billion (-7.5%), broadcast \$1.637 billion (-11.7%).
- b. Print media: Newspapers: \$1.84 billion (-40.0%), magazines: \$1.291 billion (-23.2%).
- c. Out-of-home media: Out-of-home media 2.973 billion (-9.3%).

2. Product development and competitive niches

- (1) Socialization: As social sites such as Facebook mature and mobile devices become more popular, sharing and diversion of content through social media is a must for all news media. On the social networking site, at present, the community operation is still outside the main battlefield of Facebook. Simultaneously, emerging social media including IG and YT are also battlegrounds. At present, various media have also imitated ETtoday News and its development of a concept of "Focus Community." Outside of Facebook, ETtoday News constantly develops various community tools, dispersing the risk of excessive reliance on Facebook. In addition, in mainland community operations, it currently operates mainly on websites such as Sina Weibo, WeChat, and Meipai, and has developed independent account on Toutiao, WangYi, Baijia, Qiyi, and iQIYI on six trending social media.
- (2) Real-time news: In addition to increasing manpower to increase manuscript volume in the future we will also actively invite readers to contribute to enhance the richness of the content of "ETtoday News." We will also invite more famous external writers to write columns, thereby increasing the click rate. And with the aid of technology, we will increase the volume of news to create traffic. The large number of competitors in the contemporary media market leads to fierce competition. The value of news comes mainly from timeliness. Therefore, when there is a major news event, the first report and promotion become the core of creating click-through and traffic. In order to create real-time and high traffic, the news department uses daily monitoring and competition analysis to understand other competitive industry profiles. We will thus optimize news operations on the premise of knowing yourself and the enemy. Simultaneously, we will use text content audio visualization to make news content more eye-catching and more diffuse.
- (3) Audio visualization: Next Digital, China Times, UDN, and others all have parent newspapers or TV stations that provide audio-visual content. In response to the development of video and audio of competitors, ETtoday

News actively develops audio and video, providing self-made video and audio news content such as news, instant news, live news, and UGC news. At the same time, the “BOBA” interactive audio-visual news platform was formally established in November 2016, and self-made programs such as news, lifestyle, health, entertainment, etc. were launched. At the same time, Chongsheng Studio was used to broadcast “Cloud Frontline,” “Rebecca’s Eye on the World” and other political and news programs, increasing the richness of audiovisual programs and using this to create new business models.

- (4) Mobility: In terms of trends in news sites, Internet news has been “mobile” and “audio-visual.” The current mobile version of the ETtoday News webpage and flagship version of the app continue to optimize. The Information Department and the Marketing and Public Relations Office of the General Management Office are responsible for optimizing product design, and actively promoting the ETtoday News flagship app. In 2020, ETtoday News’s flagship app reached 3.66 million average daily page views, a 60.5% increase from 2019. As of the end of 2020, it had accumulated more than 4.18 million downloads.
- (5) Foreign Cooperation: To increase the richness of content, ETtoday News has cooperated with many famous artists and magazines. In 2020, in addition to cooperation with political, economic, military, diplomatic and other famous figures, it has more actively developed famous people on soft topics such as pets and film and television, joining a celebrity forum, providing diverse perspectives, and strengthening the free market of opinions.
- (6) Project activities:
 - a. Online activities: Activities can attract the attention of netizens. In addition to allowing the fan group to grow they can also become a stable source of traffic. In response to the 2020 presidential election, the election page and related activities were planned, virtually combined with physical entities, and more than 25 million PVs were attracted on the day of voting. ETtoday Sports Cloud has become the most prominent sports website in Taiwan since it began broadcasting ball games in 2017, including the WBC World Baseball Classic and the Jones Cup Basketball Tournament. The site even broadcasted the CPBL in 2019.
 - b. Offline activities: Organization of ET friendship picnic days, Senior

High School graduation songs, and other activities, have gotten considerable responses. At the same time, the ETtoday News app download has been promoted through these events. We have significantly enhanced brand awareness and influence through project activities!

- c. Campus sponsored activities: ETtoday News has gone deep into campuses to actively sponsor campus activities including dance, singing, audio-visual competitions, and other activities at Soochow University, National Taiwan University of Arts, and National Chengchi University. By participating in these events, we actively promote brand awareness and push app downloads locally.

- B. Important uses and production processes of main products
Not applicable.

- C. Supply conditions of primary raw materials
Not applicable.

- D. Information on major sales customers in the last two years

2019				2020			
Designation (Note)	Amount (NTD thousand)	Percentage of total annual net sales (%)	Relationship with issuer	Designation	Amount (NTD thousand)	Percentage of total annual net sales (%)	Relationship with issuer
E-001G	108,694	9.5%	None	E-002G	110,398	7.7%	None
Others	1,034,890	90.5%	None	Others	1,324,421	92.3%	None
Net sales	1,143,584	100.0%		Net sales	1,434,819	100.0%	

Note: List names of customers accounting for more than 10% of total sales in the last two years, and their sales amounts and proportions. However, code names are permitted if disclosure of the customer name or transaction counterparty is not allowed due to contractual obligations or if the transaction counterparty is an individual and a non-related person.

- E. Production value in the last two years
Not applicable for non-production manufacturing.

- F. Sales value in the last two years
Operating income in 2019 was NTD 1,143.58 million. Operating income in 2020 was NTD 1,434.82 million.

- G. Industry-specific key performance indicators
None.

5.3 The business content, market, production and sales of the trading business

5.3.1 Business Content

A. Business Scope:

1. Main content

The main content of the business is ET Pet's physical store pet product sales and services and pet product e-commerce.

2. Current service items

ET Pet's current service items include pet food sales, pet supplies sales, pet grooming services, pet accommodation services, and pet veterinary services.

3. When ET Pet officially opened in November 2018, there were 12 stores and the service scope only covered four counties and cities in northern Taiwan. As of end of 2019 there were 91 stores in total, and the service scope covered 15 counties and cities in Taiwan; by end of 2020, number of stores grew to 107. In the future, we will continue to integrate pet industry players and cultivate a huge fan base as we move toward online and offline integration.

B. Industry Overview:

1. Current Status and Development

(1) General overview of the pet industry

According to the Council of Agriculture, there are more than 2.3 million dogs and cats in Taiwan. Combining with the custom import and export statistics for pet products, the market size of pet industry is estimated as NT\$50 billion. According to consumer surveys and internal estimates of ETtoday Poll Cloud, Taiwan's pet market scale of 50 billion encompasses channels distributed as shown in the following table:

No.	Channel type	Percentage	Market size (NTD 100 million)	Estimated number of channels
1	Professional pet shops	40%	200	1,800
2	Professional pet grooming shops	6%	30	1,000
3	Animal hospitals	24%	120	1,850
4	Online shopping	10%	50	NA
5	Supermarkets/hypermarkets	20%	100	NA
6	Total	100%	500	

(2) Development trends

Taiwan's pet industry is undergoing transformation, and the future of the pet industry will be very different from currently. In addition to the trend of declining birthrates and pets becoming "furbabies," the rate of cat ownership in metropolitan areas is gradually increasing. Factors such as the aging of domestic dogs will change the consumption patterns of owners and consumers. In addition, important trends in business development and innovative business opportunities are brought by advanced technology, and these may become an opportunity for the pet industry to upgrade:

a. Major trends in business development: A new retail wave of online and offline integration

A "real and virtual integration" channel type has already become a trend, such that businesses must provide a seamless online and offline shopping experience. Take PetSmart, the leading pet retailer in the United States, for example. In 2018, it invested heavily in the acquisition of pet e-commerce platform Chewy. Combined with vast physical storefronts, it provides customers with online ordering and offline pickup services, thus improving its e-commerce capabilities.

b. Advanced technology brings innovative business opportunities

The progress of technology is expected to bring consumers a more innovative consumption experience. At the same time, it helps companies to eliminate the unmet expectations of consumers in the current shopping journey, and provides a more comprehensive and in-depth consumer demand experience. For example, this includes smart feeders that use cloud technology to record a furbaby's eating history. In addition to reminding the owner or even automatically placing an order to buy pet food, it can also actively monitor the furbaby's health. Through auxiliary preventive medicine, it can take the consumer experience to the next level.

2. Relevance between the upstream, midstream and downstream of the industry

- (1) Upstream: Product manufacturers, such as FWUSOW and DogCatStar, which emphasize that the raw materials and manufacturing processes of their products are all made in Taiwan.
- (2) Midstream: Agents and distributors.
- (3) Downstream: Retail channels; including professional pet stores, online stores, wholesale stores, etc.

3. Competition

ET Pet is a professional pet channel. Therefore, the competitive situation of the top five professional pet chain companies in Taiwan can be explained as follows:

No.	Operator	Number of stores	Features
1	ET Pet	107	High brand awareness Wide distribution of stores
2	Pet parks	66	Uniform decoration style High proportion of proprietary products
3	Petsmall	35	Large store Highly professional aquariums
4	Cat and dog kennels	29	Rapid expansion of low-price promotions
5	Jinjingli	19	Traditional business model going deep into the community

C. Technology and R&D Overview

Not applicable as there is no entry into production manufacturing.

D. Long-term and short-term business development plan:

1. Short-term business development plan

(1) Offline retail physical channels

Continue to add or merge offline physical channels to enhance the effects and economies of scale brought about by network effects.

(2) Focus on consumer needs

Through the interaction between stores and consumers and engaging in focus group interviews, find the real pain points of pet owners, and provide related services based on the real needs of consumers so that ET Pet becomes the first target for consultation or help when consumers encounter problems.

(3) Differentiated service content

Continue to hold pet health examination activities, and regularly tour all stores in Taiwan to provide free pet health examinations and teach pet health methods to distinguish from other chain pet channels.

2. Medium and long-term development plan

- (1) Technology upgrades
Raise the threshold, including big data, AI technology and consumer behavior, deepen daily operations and make good use of technical tools, dig a moat for ET Pet and widen the gap with other competitors.
- (2) Diversified proprietary products
Develop multiple proprietary products according to commodity development trends to differentiate from other competitors in the industry.
- (3) Deeply cultivate the channel brand
Through contact with consumers time and time again, we continue to strengthen consumers' trust in us with innovative activities, affordable prices, and value-for-money services and become the leading channel brand in the pet industry.

5.3.2. Overview of market and of production and sales

A. Market analysis

1. Main service provider area

The main sales area of ET Pet is Taiwan.

2. Market share

The estimated number of stores accounts for about 8%, and the estimated number of stores is about 12%.

3. Future supply and demand status and growth of the market

Taiwan has now entered a stage of being an “aging” and “single” society, with furbabies gradually replacing children and partners. This is also changing the appearance of the pet market. With the evolution of the industry, the growth of traditional pet food and supplies has slowed down. However, the market demand for professional services such as pet care and training is growing rapidly. In addition, there is also huge market demand for furbaby health care services.

Taiwan's pet professional retail channels are estimated to reach 1,400 and the intensity of market competition is high. In some areas, excessive supply has led to severe price competition. It is estimated that the professional retail channel of pets will continue to move towards horizontal integration in the future. Retail channels that can provide consumers with a good experience, value-added services and solve pain points will win.

4. Competitive niche

(1) Economies of scale

The largest number of stores in Taiwan and the most widely distributed among counties and cities.

(2) Marketing resources

The ET Pet fan page has 1.75 million fans.

(3) Multiple services

Retail stores, professional beauty, professional veterinary services, etc.

5. Favorable and unfavorable factors of development prospects and countermeasures

(1) Favorable factors

a. Corporate management

Taiwan's pet industry does not yet have a mature corporate management system. ET Pet is the first company to enter the pet industry by means of disciplined and formal corporate operations.

b. High brand awareness of the Group

The Eastern Media group's brands have high brand awareness and trust in Taiwan. Therefore, in the process of establishing the channel brand of ET Pet, it has advantages compared with other peers.

c. E-commerce and online marketing

ET Pet is in the field of e-commerce and online marketing. It can be assisted by all group colleagues boasting profound experience. Soft content service aspects also have strong logistical support from the ET Pet fan club, which has accumulated more than 1.75 million fans.

(2) Disadvantages and countermeasures

a. Disadvantages:

Excessive competition in physical stores and serious price cuts in online shopping. During the period of rapid market expansion, the speed of physical channel exhibitions is faster than the market growth rate. This leads to excessive competition in physical channels. With the rise of online shopping, those who don't have to bear store rent and related expenses use extremely deep discounts to attract consumers. As a result, profits are not enough to support good service quality.

b. Countermeasures:

By establishing a channel brand, it also provides differentiated services and brings consumers a consumption experience that is

different from other chain pet channels. In addition, it provides additional value-added services for consumers who value service quality and have a high degree of profit contribution.

B. Important uses and production processes of main products

ET Pet is mainly engaged in general wholesale and retail business and has not entered into production manufacturing.

C. Supply conditions of primary raw materials

Not applicable as ET Pet has not entered into production manufacturing.

D. Major customers in the last two years

ET Pet is mainly engaged in general wholesale and retail business with no specific sales target; this is not applicable.

E. Recent production value

Not applicable as ET Pet has not entered into production manufacturing.

F. Sales volume in the last two years

2019		2020	
Sales volume (Items)	Amount (NTD thousand)	Sales volume (Items)	Amount (NTD thousand)
5,915,459	584,418	18,583,414	1,839,727

G. Industry-specific key performance indicators (KPIs)

None.

5.4 Employees

5.4.1 The Company:

March 31, 2021

Unit: Number of people

Year		2019	2020	March 31, 2021
Personnel Number	Management personnel	163	160	158
	Technical personnel	96	102	103
	Total	259	262	261
Average age		46.00	45.4	45.41
Average years of service		15.00	10.1	9.8
Educational distribution proportion	Ph.D.	1	1	1
	Master's degree	30	31	32
	Junior college	165	169	165
	High school	56	55	57
	Below high school	7	6	6

5.4.2 Related companies:

March 31, 2021

Unit: Number of people

Year		2019	2020	March 31, 2021
Personnel Number	Management personnel	135	130	134
	Technical personnel	835	902	898
	Total	970	1,032	1,032
Average age		32.67	33.47	33.77
Average years of service		2.74	3.12	3.26
Educational distribution proportion	Ph.D.	3	3	3
	Master's degree	73	73	71
	Junior college	728	791	788
	High school	127	133	139
	Below high school	39	32	31

5.5 Information on environmental protection expenditures

5.5.1 In the most recent year and as of the date of publication of the annual report, losses due to environmental pollution (including compensation and environmental protection audit results that violate environmental protection laws and regulations, the date of punishment, the scope of the punishment, the violation of the provisions of the regulations, the content of the violation of the regulations, the content of the punishment), and disclose the current and future estimated amount and corresponding measures; if it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be stated:

None.

5.5.2 Warehousing business:

A. According to the law, for those who should apply for a pollution facility permit or a pollution discharge permit, or should pay pollution prevention and control fees or set up personnel in an environmental protection unit, explanation of their application, payment or establishment:

Due to the nature of the industry, the terminal silo does not need to apply for pollution facilities or discharge permits, or pay pollution prevention fees or set up special environmental protection personnel.

B. In reference to the Greenhouse Gas Reduction and Management Act (the “Reduction and Management Act”) issued on 2015.07.01 by the Environmental Protection Administration, at present, the four silos are not included in the emission source inventory. There is no impact on the terminal silo operations.

C. To effectively reduce the fine suspended particles in the air (PM2.5), the Environmental Protection Administration of the Executive Yuan will levy air pollution fees including those for PM2.5 starting from July 2018. In response to laws and regulations, in the four silos in Taichung and Kaohsiung, we persuade the trucking industry to cut off the truck support rails to facilitate the extension of the unloading pipe to reduce dust when loading grain. When the truck is loaded, it must be covered with canvas. And we also persuade truck drivers to turn off the engine while waiting to reduce the exhaust gas generated by idling. Sprinklers, dust-proof rubber strips and dust screens are equipped at truck discharging ports to suppress the dust. In addition, we are also actively enhancing the functions of the dust collection equipment in the factory, including strengthening the cleaning of dust filter bags and increasing the replacement frequency, renewing dust collectors and pipelines, etc.

5.6 Labor Relations

5.6.1 Working environment and personal safety

A. All employees

- (1) The Company prepares employee health check services with a budget of NTD 6,000 per employee every year, and it adopts the method of hospital inspection. In addition to the general statutory inspection items, the physical examination content also includes ultrasound, X-ray, blood and urine tests, various cardiovascular examinations, computer tomography and cancer index testing of various parts of the body. In addition, family members of employees can participate in employee health check at their own expense at the same preferential price, placing great emphasis on maintaining the health of employees and their families.
- (2) In addition to statutory protections such as labor insurance and health insurance for employees of the Company, the Company will add group insurance for each employee. Group insurance includes items such as critical illness insurance, life insurance, accidental injury insurance, occupational injury insurance, accidental medical insurance, hospitalization medical insurance, cancer medical insurance, and so on. Furthermore, many of the above insurance items also cover spouses and children. It is a comprehensive welfare guarantee that can take care of employees and take care of their families.

B. Storage business

In view of the fact that the silos are mainly used for unloading of bulk grain ships and loading of grain out of the warehouse, the working environment is very different from that of general production sites. The environmental aspect mainly encompasses dust and noise, which directly affect the health of the workers. The wild pigeons near the silo are occasionally the subject of complaints by neighbors. In the industrial safety aspect, fire, dust explosions, hanging, and falling are more likely to occur.

The Company's current environmental and industrial safety management measures are summarized as follows:

- (1) Environmental aspect:
 - a. The dust collection equipment keeps normal operation at any time and there is regular inspection, cleaning, and updating of the filter bag to make sure that exhaust gas is free of dust.

- b. The indoor and outdoor environmental cleaning committee cleans grain on the ground at any time by using a professional labor service company to keep the environment clean at all times.
 - c. Set up a sprinkler and spray device at the discharge port of the truck to reduce dust from loading
 - d. The silo factory area is equipped with a pigeon-blocking net to reduce the roosting and foraging of wild pigeons, so as to inhibit the proliferation of these animals.
 - e. Allocate dust masks and noise-proof earplugs to protect employees' health.
 - f. During the COVID-19 pandemic, in line with the government's prevention measures, we strengthened the wearing of personal protective equipment for the operators and implemented workplace and workflow diversion.
 - g. Conduct regular health checks on employees every year.
- (2) Work safety aspect:
- a. Follow the fire regulations and regulations. Every six months, the Taichung and Kaohsiung operations offices hold fire drills. Every employee must be familiar with actions such as evacuation and firefighting.
 - b. Hanging appliances must obtain a license for use in accordance with the labor inspection regulations, and apply for re-inspection every year to obtain qualified use license.
 - c. During the Spring Festival period every year, we cooperate with port management units to handle drills and carry out Spring Festival work.
 - d. The two operations offices at Taichung and Kaohsiung have established emergency response teams and implement drills every year to make sure that every employee is familiar with disaster response operations and tasks.
 - e. Keep the fire and alarm system facilities within the qualified period and can operate at any time, and in accordance with the requirements of fire protection regulations, every year, professional fire-fighting manufacturers are invited to inspect and repair damaged facilities.
 - f. Operators of rigging and hoisting equipment must be trained and qualified to obtain an operation certificate before they are allowed to operate, and regularly return to training in accordance with regulations.
 - g. Conveying equipment (chain conveyors, bucket lifts) are equipped with monitoring instruments. The signals are sent to the control center to monitor to get facility operation information at any time and facilitate immediate handling of abnormal conditions.

(3) Self-supervision and inspection measures:

- a. Set up electrical administrators in accordance with power regulations, perform self-inspection, repair and replacement in accordance with regulations and make a register to the area (Taichung City, Kaohsiung City); the Construction Bureau reports the results.
- b. The four silos in Taichung and Kaohsiung conduct regular and comprehensive inspections on high and low voltage equipment and circuit commissions by professional electrical engineering consulting companies, replacing unqualified equipment and lines.
- c. The two operating offices in Taichung and Kaohsiung have established environmental protection and industrial safety management personnel respectively. They regularly inspect the factory area. If it is found that there is a violation of environmental protection, industrial safety regulations, or that affects the well-being of employees, they immediately make corrections and improvements and accept irregular inspections from the head office's storage division.
- d. The warehousing division of the head office collects the latest regulations or new knowledge of environmental protection and industrial safety, and according to the relevant education and training courses for on-site employees.

5.6.2 Welfare system:

- A. The Company has established a complete welfare system in addition to the various welfare projects, facilities and activities provided by the Company. Furthermore, the law provides for the establishment of a consortium legal person employee welfare committee responsible for formulating employee welfare measures and promoting related activities. The Company and the welfare committee have compiled annual budgets and implemented them as planned.
- B. The main welfare items include group insurance, weddings and funerals and celebration subsidies, continuing education subsidies, travel subsidies, and new year gifts (gift money), birthday gifts, and so on.

5.6.3 Education and training:

- A. The Company attaches great importance to employee education and training. It has formulated the "Employee On-the-job Education and Training Measures," and the Human Resources Office of the Management Department is responsible for implementing relevant training programs.
- B. The Company's education and training types are divided into six categories: pre-employment training, professional training, business management training,

computer/language training, secondary expertise, and E-learning network learning training. Each department has compiled an annual education and training budget, In addition to participating in the Company's own training, employees are also encouraged to participate in more field training and self-study to increase competitiveness.

C. The Company's education and training in 2020 are aimed at training employees' operational management capabilities, strengthening awareness of current labor laws and regulations, and enhancing employees' information and computer operation skills, actively promoting it through the Company's internal lecturers and external professional teachers.

D. The Company's 2020 education and training related statistics are as follows:

(A): Total internal training hours: 5,400.5H

(B): Total training hours dispatched: 1,269.5H

(C): Total training hours: 6,670.0H

(D): Total cost of education and training: NTD 1,178,430

5.6.4 Retirement system

A. The Company has established comprehensive employee retirement measures and established a labor retirement reserve supervision committee to allocate monthly retirement reserves and deposit them in a special bank account in Taiwan for safekeeping; all operations are handled in accordance with laws and regulations and reported to the competent authority for review.

B. In accordance with the implementation of the Labor Pension Regulations on July 1, 1995, for those who choose to apply the new system, 6% of their retirement pensions must be paid in accordance with the law and deposited in the individual account of the Labor Insurance Bureau.

5.6.5 Employee complaints

In line with the implementation of the Act of Gender Equality in Employment, the Company has revised the relevant internal leave regulations and formulated the "Sexual Harassment Prevention Measures, Appeals and Disciplinary Measures in the Workplace." If the rights and interests of employees are violated, they can file a complaint according to the regulations.

5.6.6 Staff Service Code

A. Employees should abide by all regulations and loyal services of the Company.

B. Employees should abide by their positions, be responsible for their duties, supervise and direct the timely completion of supervisory matters, and be responsible for handling matters properly and promptly.

C. Employees have the obligation to obey the command and dispatch of their

superiors within the scope of their duties, and must not disobey, evade or leave their duties without authorization. Supervisors at all levels should also be fair and generous to their staff, guide the work, and must not use violence, coercion or other illegal methods to force work.

- D. Employees should be courteous and sincere and maintain the Company's reputation.
- E. Employees should wear modest and dignified clothes during office hours, do not eat snacks or gather people to chat, pay attention to the surrounding environment is clean, try to avoid private calls, and make a long story short if necessary.
- F. Employees should work together and cooperate with each other, exert team spirit, and achieve work goals. If there are disagreements on the matters to be handled, they should be reported to the superior for arbitration, and quarrels, fights, or disturbing order must not be allowed.
- G. Employees are not allowed to harm the interests of the Company, and must not use their positions (rights) to illegally profit themselves or others.
- H. Employees should take good care of the documents and articles under management, and should cherish maintenance of the Company's financial equipment, and must not waste, damage, or alter them for private use.
- I. Employees must not exploit or extract benefits from the remuneration of others for their work.
- J. Employees are not allowed to misappropriate loans from the Company or the vendors with which the Company has a relationship, or guarantee others in the name of their duties.
- K. Employees must not forge vouchers, report expenses to the Company, and must not deduct or collect commissions from the payable expenses.
- L. Regarding the undertakings and the Company's confidential information and business secrets, the obligation to keep confidential must be strictly observed during the employment period and after termination of employment.
- M. Employees should abide by the regulations on salary confidentiality.
- N. The intellectual property of the employee's invention, creation or work related to his or her duties during the service period must be reported to the Company and belong to the Company.
- O. Employees are not allowed to hold any positions other than the Company's duties without the Company's prior approval.
- P. Employees working in the port area should wear uniforms when attending work and abide by the port area regulations.

Q. When an employee violates the provisions of each article in this chapter, the Company may, in accordance with the seriousness of the circumstances, negotiate according to the rewards and punishments, and the Company has the right to demand compensation within a reasonable range if the behavior causes loss or damage to the Company.

5.6.7 There is an “employee service immediate center” service that adopts on-demand, deadline processing, immediate response and closing control and other operating standards. Employees can apply directly in writing, employee suggestion box, online application, etc.

5.6.8 Please list the losses suffered due to labor disputes in the most recent year and as of the publication date of the annual report, and disclose the estimated amount and corresponding measures that may occur at present and in the future. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated must be stated: None.

5.6.9 Won the 2013 Taipei City Workforce Reconstruction and Utilization Office Certification Mark A.

5.6.10 Yang Chia-Shou from the Company’s Kaohsiung storage division was selected as the 2016 National Model Worker of the Republic of China.

5.6.11 The Company’s Kaohsiung Department of Warehousing Division was awarded the 2020 Annual Fortune Enterprise Golden Award in Kaohsiung City - Wage category.

5.6.12 The Company's personnel involved in the transparency of financial information have obtained the relevant licenses as follows:

License	Number of people
Accountant of the Republic of China	2
American accountant	1
Internal auditor	2
Lawyer	1
Public issuance of the professional certification certificate of the Company’s accounting supervisor	2

5.7 Important contracts

5.7.1 Storage business

Nature of contract	Involved party	Contract start and end date	Principal content	Restrictive clauses
Kaohsiung Pier 71, 80,000 tons And 20,000 tons of silo lease contract	1. Eastern Media International Corporation 2. Taiwan International Ports Corporation, Ltd.-Kaohsiung Port Branch	2019-2028	1. Lease of 100,000 tons of silo space and ancillary equipment at Pier 71, with a lease term of ten years.	It is not allowed to request the establishment of superficies or the guarantee of mortgage rights in this contract.
Kaohsiung Pier 71, 80,000 tons And 20,000 tons of silo lease contract revision agreement	1. Eastern Media International Corporation 2. Taiwan International Ports Corporation, Ltd.-Kaohsiung Port Branch	2019-2028	2. If it is intended to continue the lease, rent will be continued for ten years under no less than the original contract conditions.	
Kaohsiung Pier 72, 80,000 tons silo lease contract	1. Eastern Media International Corporation 2. Taiwan International Ports Corporation, Ltd.-Kaohsiung Port Branch	2019-2028	1. Lease 80,000 tons of silos and ancillary equipment at Pier 72; the lease term is ten years.	Same as above
Kaohsiung Pier 72, 80,000 tons Silo lease agreement revision agreement	1. Eastern Media International Corporation 2. Taiwan International Ports Corporation, Ltd.-Kaohsiung Port Branch	2019-2028	2. If it is intended to continue the lease, rent will be continued for ten years under no less than the original contract conditions.	
Taichung Port No. 1, No. 3 terminal land and silo facilities lease contract	1. Eastern Media International Corporation 2. Taiwan International Ports Corporation, Ltd.-Taichung Port Branch	2019-2028	1. Lease of 90,000 tons of silos and ancillary equipment at Pier 1; the lease term is ten years. 2. Lease of 60,000 tons of silos and ancillary equipment at Pier 3; the lease term is ten years. 3. If there is intention to continue the lease, continue to rent for ten years with no less than the original contract.	Same as above

5.7.2 Media Business

Nature of contract	Involved party	Contract start and end date	Principal content	Restrictive clauses
Revenue contract	Taipei Rapid Transit Corporation	2018.10.8 ~ 2024.1.16 (Lease period: 2~4 years)	Advertising billboards in MRT stations (Advertising space, Electronic Multimedia Display System, etc.)	It may not be subleased or assigned to others for operation.
Service procurement contract	Taipei City Public Transportation Office	2020.12.8 ~ 2023.9.30 (Lease period: about 3 years)	The operational management of street furniture advertising in Taipei City	May not assign the contract to others in part or in whole.
Advertising media entrusted operation agreement	Taiwan High Speed Rail Corporation	2020.9.1 ~ 2021.8.31 (Lease period: 1 year)	Ad media entrusted management for Taiwan High Speed Rail (Responsible for the production of advertising materials resulting from the entrusted management of the subject advertising space.)	It may not be assigned to a third party or exercised by a third party on proxy.
Lease contract	New Taipei Metro Corporation	2020.12.1 ~ 2024.4.20 (Lease period: 3 months to 4 years)	Advertising spaces of Danhai LRT (Advertising spaces on piers, station outer wall and the connecting channel of Danhai LRT)	May not, in whole or in part, sublease, lend or assign the leasehold to others or allow others to use in lieu.
Lease contract	TAOYUAN METRO CORPORATION	2020.7.1 ~ 2024.6.30 (Lease period: 4 years)	Lease of advertising spaces in Taoyuan Airport MRT A2 to A21 stations, in train cars and on car bodies.	May not assign the leasehold to others in part or in whole.

5.7.3 Long-term loan contracts

Nature of contract	Involved party	Contract start and end date	Principal content	Restrictive clauses
Long term borrowings	1.HER Hotels & Resorts Group Yilan 2.King's Town Bank	2017-2022	The credit line is NTD 800 million.	None

5.7.4 Others

Nature of contract	Involved party	Contract start and end date	Principal content	Restrictive clauses
Contract for establishment of superficies	Economic Development Department, New Taipei City Government (On behalf of) Northern Region Branch, National Property Administration, MOF	2020.4.13 ~ 2070.4.12	<ol style="list-style-type: none"> The Company pays annual lease to the National Property Administration at a rate of 1.1% (current annual interest rate of the announced land value)+2.4% (the annual interest rate of the announced land value when contract) every year. After formal operation, the Company has to pay additional operating royalty for about 2% of net operating revenue each year. 	Upon expiration of the lease, the buildings and relevant facilities and equipment shall be transferred for free to the National Property Administration or its designatee. Any buildings on the ground and relevant facilities and equipment, that are deemed to have no use value by the National Property Administration, must be demolished, cleaned up and vacated per instructions of the National Property Administration, and then the land shall be returned.

VI. Financial Overview

6.1 Concise balance sheet, profit and loss statement and accountant's audit opinions for the most recent five years

6.1.1 Condensed Balance Sheet and Comprehensive Income Statement-International Financial Reporting Standards Condensed Balance Sheet-Consolidated

Unit: NTD Thousand

Year		Financial information				
		2020	2019	2018	2017	2016
Item						
Current assets		3,280,987	3,208,576	7,493,535	8,342,682	5,512,122
Property, plant and equipment		1,669,684	1,439,296	2,436,902	2,443,910	1,958,162
Right of use assets		7,210,677	6,762,163	0	0	0
Intangible assets		467,334	490,834	3,949,728	3,632,439	94,241
Other assets		3,594,792	3,004,918	2,811,171	683,805	1,749,223
Total assets		16,223,474	14,905,787	16,691,336	15,102,836	9,313,748
Current liabilities:	Before distribution	2,581,251	2,204,163	5,499,967	4,997,177	3,876,967
	After distribution (Note)	3,026,683	2,760,953	6,056,757	4,997,177	3,876,967
Non-current liabilities:		6,896,700	6,251,445	2,978,133	1,849,969	401,258
Total liabilities	Before distribution	9,477,951	8,455,608	8,478,100	6,847,146	4,278,225
	After distribution (Note)	9,923,383	9,012,398	9,034,890	6,847,146	4,278,225
Attributable to parent company Owners' equity		6,276,616	6,361,140	6,572,662	7,052,056	4,914,754
Share capital		5,567,899	5,567,899	5,567,899	6,959,874	6,959,874
Capital surplus		20,769	20,769	5,165	5,165	9,757
Retained Earnings	Before distribution	983,904	1,000,273	1,182,831	126,338	(2,047,964)
	After distribution (Note)	538,472	443,483	626,041	126,338	(2,047,964)
Other equity interest		(295,956)	(227,801)	(183,222)	(39,310)	(6,913)
Treasury shares		0	0	(11)	(11)	0
Non-controlling interests		468,907	89,039	1,640,574	1,203,634	120,769
Equity Total amount	Before distribution	6,745,523	6,450,179	8,213,236	8,255,690	5,035,523
	After distribution (Note)	6,300,091	5,893,389	7,656,446	8,255,690	5,035,523

Note: The dividend distribution for 2020 was authorized by the Board of Directors on March 25, 2021. The distribution date will be at May 7, 2021.

Condensed Comprehensive Income Statement-Consolidated

Unit: NTD Thousand
Earnings per share unit: NTD

Year Item	Financial information				
	2020	2019	2018	2017	2016
Operating income	4,728,014	3,129,360	18,617,973	14,210,657	10,533,185
Operating margin	1,444,933	942,657	5,583,200	3,494,946	3,470,083
Operating profit and loss	(10,155)	(23,227)	394,444	(342,270)	(116,407)
Non-operating income and expenses	319,874	383,947	2,288,287	3,210,927	205,245
Net profit before tax	309,719	360,720	2,682,731	2,868,657	88,838
Continuing operations Profit after tax for the current period	493,106	544,725	2,294,673	2,673,984	42,457
Profit or loss from discontinued operations	0	(168,130)	(785,541)	0	0
Profit (loss) for the period	493,106	376,595	1,509,132	2,673,984	42,457
Other comprehensive income, net of tax, for the period (Net of tax)	(48,743)	(60,899)	(135,820)	(36,742)	(90,031)
Total comprehensive income for the period	444,363	315,696	1,373,312	2,637,242	(47,574)
Net profit attributable to Owners of parent	520,859	390,531	1,070,989	2,528,545	241,758
Net profit attributable to non-controlling interest	(27,753)	(13,936)	483,143	145,439	(199,301)
Total comprehensive income attributable to owner of the parent company	472,266	329,653	912,603	2,495,325	150,015
Total comprehensive profit and loss attributable to non-controlling interests	(27,903)	(13,957)	460,709	141,917	(197,589)
Earnings per share	0.94	0.70	1.74	3.63	0.35

Concise balance sheet-parent company only

Unit: NTD Thousand

		Year	Financial information				
		2020	2019	2018	2017	2016	
Item							
Current assets		1,813,349	2,229,749	2,453,126	4,108,712	1,611,920	
Property, plant and equipment		387,257	285,395	147,442	200,623	255,861	
Right of use assets		3,709,212	3,925,459	0	0	0	
Intangible assets		817	538	1,915	725	821	
Other assets		5,051,122	4,205,078	4,459,174	3,648,889	4,429,297	
Total assets		10,961,757	10,646,219	7,061,657	7,958,949	6,297,899	
Current liabilities:	Before distribution	554,574	343,995	362,804	693,090	731,409	
	After distribution	1,000,006 (Note)	900,785	919,594	693,090	731,409	
Non-current liabilities:		4,130,567	3,941,084	126,191	213,803	651,736	
Total liabilities	Before distribution	4,685,141	4,285,079	488,995	906,893	1,383,145	
	After distribution	5,130,573 (Note)	4,841,869	1,045,785	906,893	1,383,145	
Attributable to parent company Owners' equity		6,276,616	6,361,140	6,572,662	7,052,056	4,914,754	
Share capital		5,567,899	5,567,899	5,567,899	6,959,874	6,959,874	
Capital surplus		20,769	20,769	5,165	5,165	9,757	
Retained Earnings	Before distribution	983,904	1,000,273	1,182,831	126,338	(2,047,964)	
	After distribution	538,472 (Note)	443,483	626,041	126,338	(2,047,964)	
Other equity interest		(295,956)	(227,801)	(183,222)	(39,310)	(6,913)	
Treasury shares		0	0	(11)	(11)	0	
Non-controlling interests		0	0	0	0	0	
Equity Total amount	Before distribution	6,276,616	6,361,140	6,572,662	7,052,056	4,914,754	
	After distribution	5,831,184 (Note)	5,804,350	6,015,872	7,052,056	4,914,754	

Note: The dividend distribution for 2020 was authorized by the Board of Directors on March 25, 2021. The distribution date will be at May 7, 2021.

Concise comprehensive income statement-parent company only

Unit: NTD Thousand
Earnings per share unit: NTD

Item \ Year	Financial information				
	2020	2019	2018	2017	2016
Operating income	1,338,004	1,282,112	1,004,574	1,190,417	1,511,590
Operating margin	728,733	665,722	330,297	482,099	251,471
Operating profit and loss	428,709	430,177	(70,729)	72,184	(155,978)
Non-operating income and expenses	(107,857)	(236,499)	1,221,463	2,612,866	410,264
Net profit before tax	320,852	193,678	1,150,734	2,685,050	254,286
Continuing operations					
Profit after tax for the current period	520,859	390,531	1,070,989	2,528,545	241,758
Profit or loss from discontinued operations	0	0	0	0	0
Profit (loss) for the period	520,859	390,531	1,070,989	2,528,545	241,758
Other comprehensive income, net of tax, for the period (Net of tax)	(48,593)	(60,878)	(158,386)	(33,220)	(91,743)
Total comprehensive income for the period	472,266	329,653	912,603	2,495,325	150,015
Net profit attributable to Owners of parent	520,859	390,531	1,070,989	2,528,545	241,758
Net profit attributable to non-controlling interest	0	0	0	0	0
Total comprehensive income attributable to owner of the parent company	472,266	329,653	912,603	2,495,325	150,015
Total comprehensive profit and loss attributable to non-controlling interests	0	0	0	0	0
Earnings per share	0.94	0.70	1.74	3.63	0.35

6.1.2 CPA audit opinion

Year	Certified public accountant	Audit opinion
2016	Shu-Ling Lien, Ti-Nuan Chien	Unqualified opinion
2017	Shih-Chin Chih, Shu-Ling Lien	Unqualified opinion
2018	Shih-Chin Chih, Chung-Che Chen	Unqualified opinion plus paragraph on other matters
2019	Shih-Chin Chih, Chung-Che Chen	Unqualified opinion plus paragraph on matters for attention and paragraph on other matters
2020	Shih-Chin Chih, Chung-Che Chen	Unqualified opinion plus paragraph on other matters

6.2 Financial analysis for the last five years

Financial Analysis-International Financial Reporting Standards

Consolidated

		Year	Financial analysis				
		2020	2019	2018	2017	2016	
Analysis item							
Finance Structure (%)	Debt to asset ratio	58.42	56.73	50.79	45.34	45.93	
	Ratio of long-term funds to property, plant, and equipment	817.05	882.49	459.25	413.50	277.65	
Debt service ability %	Current ratio	127.11	145.57	136.25	166.95	142.18	
	Quick ratio	108.45	120.43	96.02	120.93	126.56	
	Interest coverage ratio	237.19	346.93	4,331.24	2,560.06	123.39	
Operating ability	Accounts receivable turnover (times)	10.64	5.52	33.14	34.83	22.05	
	Average cash collection days	34.30	66.12	11.01	10.47	16.55	
	Inventory turnover (times)	3.75	0.49	12.98	80.59	49.30	
	Payables turnover (times)	11.66	1.71	6.88	8.25	6.02	
	Average sales days	97.33	744.89	28.12	4.53	7.40	
	Property, plant, and equipment turnover rate (times)	3.04	1.61	7.63	6.46	4.29	
	Total asset turnover (times)	0.30	0.20	1.17	1.16	0.78	
Profit ability	Return on assets (%)	4.33	3.12	9.81	22.69	2.65	
	Return on equity (%)	7.47	5.14	18.33	40.23	0.82	
	Net profit before tax to paid-in capital ratio (%)	5.56	6.48	48.18	41.21	1.28	
	Net profit rate (%)	10.43	12.03	8.11	18.81	0.40	
	Earnings per share (NTD)	0.94	0.70	1.74	3.63	0.35	
Cash on hand Flow	Cash flow adequacy ratio (%)	36.39	58.83	1.70	(43.92)	166.18	
	Cash flow ratio (%)	293.20	357.31	351.34	143.85	150.37	
	Cash reinvestment ratio (%)	5.41	11.78	0	(27.40)	94.73	
Leverage	Operating leverage	(279.14)	(89.57)	16.34	(14.69)	(39.35)	
	Financial leverage	0.04	0.14	1.19	0.7	0.23	

Changes in financial ratios of up to 20% in the last two years are explained as follows:

- (1) Interest coverage ratio was reduced by 31.63% due to a decrease in profit this year as well as an increase in interest expenses on lease liabilities.
- (2) The turnover rate of accounts receivable increased by 92.75% and the average collection days decreased by 32 days. This was due to the expansion of pet stores and the increase of its revenue in 2020. Since the loss of control of Eastern Home Shopping & Leisure Co. Ltd. in 2019, and most of the transactions in pet stores using cash, the beginning accounts receivable in 2020 were significant decreased.
- (3) The inventory turnover rate increased by 665.31% and the average sales days decreased by 648 days. This was due to the expansion of pet stores and the increase of its revenue in 2020. Also, the expansion speeded up the sales of inventories and increased the amount of cost of goods sold. Since the loss of control of Eastern Home Shopping & Leisure Co. Ltd. in 2019, the beginning inventory in 2020 were significant decreased.
- (4) The turnover rate of property, plant, and equipment increased by 88.82%. This is due to the acquisition of pet subsidiaries in October 2019, and the expansion of pet stores increased its revenue in 2020 significantly.
- (5) All profitability showed an upward trend. This was due to the acquisition of pet subsidiaries in October 2019. In 2020, the subsidiaries continually expanded pet stores and increased their revenue, which resulted the growth of all profitability.
- (6) All cash flow adequacy ratio items exhibited a downward trend. This was due to the increase of all assets, which caused the decrease of net cash inflow from operating activities.
- (7) All levels of leverage are showing a downward trend. This is due to the acquisition of pet subsidiaries in October 2019, and the expansion of pet stores increased its income in 2020 significantly.

Parent company only

Analysis item		Financial analysis					
		2020	2019	2018	2017	2016	
Finance structure (%)	Debt to asset ratio	42.74	40.25	6.92	11.39	21.96	
	Ratio of long-term funds to property, plant, and equipment	2,687.41	3,609.81	4,543.38	3,261.65	2,175.59	
Debt service ability (%)	Current ratio	326.98	648.19	676.16	592.81	220.39	
	Quick ratio	317.73	608.83	609.03	551.01	208.64	
	Interest coverage ratio	371.52	307.53	196,470.99	8,467.24	217.13	
Operating ability	Accounts receivable turnover (times)	107.64	90.60	52.17	64.74	52.45	
	Average cash collection days	3.39	4.03	7.00	5.64	6.96	
	Inventory turnover (times)	0	0	0	1.94	1.21	
	Payables turnover (times)	1,978.15	474.88	135.74	73.60	104.36	
	Average sales days	0	0	0	188	301.65	
	Property, plant, and equipment turnover rate (times)	3.98	5.92	5.77	5.22	4.25	
	Total asset turnover (times)	0.12	0.14	0.13	0.17	0.17	
Profit ability	Return on assets (%)	5.70	5.25	14.27	35.84	4.64	
	Return on equity (%)	8.24	6.04	15.72	42.26	4.95	
	Percentage of paid-in capital (%)	Operating profit	7.70	7.73	(1.27)	1.04	(2.24)
		Net profit before tax	5.76	3.48	20.67	38.58	3.65
	Net profit rate (%)	38.93	30.46	106.61	212.41	17	
	Earnings per share (NTD)	0.94	0.70	1.74	3.63	0.35	
Cash on hand Flow	Cash flow adequacy ratio (%)	137.85	344.16	0	18.94	(83.69)	
	Cash flow ratio (%)	149.70	151.50	42.63	(639.44)	(879.03)	
	Cash reinvestment ratio (%)	3.05	9.70	0	1.74	(10.64)	
Leverage	Operating leverage	2.48	2.37	(9.53)	11.27	(8.50)	
	Financial leverage	1.38	1.28	0.99	1.80	0.42	

Changes in financial ratios of up to 20% in the last two years are explained as follows:

- (1) The ratio of long-term funds to property, plant, and equipment decreased by 25.55% and the turnover ratio decreased by 32.77%. This was due to the purchase of land, house and operating equipment this year, leading to a substantial increase in property, plant, and equipment.
- (2) Current ratio decreased by 49.55% and quick ratio decreased by 47.81%. The Company borrowed money from subsidiaries which led a significant increase in current liabilities this

year. Also the decrease of the amount the Company lent to subsidiaries led a significant decrease in current assets.

- (3) Interest coverage ratio was increased by 20.81%. This was due to an increase in profit this year as well as an increase in interest expenses on lease liabilities.
- (4) The turnover rate of payables increased by 316.56%. Because the shipping segment was closed in 2019, the amount of accounts payable would decline continually.
- (5) All profitability showed an upward trend. Since the shipping segment was closed in 2019, the profit of this year would not be influenced by the shipping segment; therefore, the profit of this year increased.
- (6) All cash flow adequacy ratio items exhibited a downward trend. This was due to a significant decrease in net cash inflow from operating activities of financial assets designated as at fair value through profit or loss in 2020.

Note: The calculation formula of this Table is as follows:

1. Financial structure

- (1) Liabilities to assets ratio = total liabilities/total assets.
- (2) The ratio of long-term funds to property, plant, and equipment = (total equity + non-current liabilities) / net property, plant, and equipment.

2. Solvency

- (1) Current ratio = current assets/current liabilities.
- (2) Quick ratio = (current assets-inventory-prepaid expenses) / current liabilities.
- (3) Interest coverage ratio = net profit before income tax and interest expense/interest expense in the current period.

3. Operating ability

- (1) Accounts receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales / average receivables in each period (including accounts receivable and notes receivable due to business) balance.
- (2) Average cash collection days=365/receivable turnover rate.
- (3) Inventory turnover rate = cost of goods sold / average inventory value.
- (4) Payables (including accounts payable and bills payable due to business) turnover rate = cost of goods sold / average payables in each period (including accounts payable and bills payable due to business) balance.
- (5) Average sales days = 365 / inventory turnover rate.
- (6) Turnover rate of property, plant, and equipment = net sales/average net property, plant, and equipment.
- (7) Total asset turnover ratio = net sales/average total assets.

4. Profitability

- (1) Return on assets = (after-tax profit and loss + interest expense × (1-tax rate)]/average total assets.
- (2) Return on equity = profit and loss after tax/average total equity.
- (3) Net profit rate = after-tax profit and loss/net sales.
- (4) Earnings per share = (profit and loss attributable to owners of the parent company-preferred share dividends) / weighted average number of issued shares.

5. Cash flow

- (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
- (2) Net cash flow ratio = net cash flow from operating activities in the last five years / the last five years (capital expenditure + inventory increase + cash dividend)
- (3) Cash reinvestment ratio = (net cash flow from operating activities-cash dividends) / (gross property, plant, and equipment + long-term investment + other non-current assets + working capital)

6. Leverage:

- (1) Operating leverage = (net operating income-variable operating costs and expenses) / business interests.
- (2) Financial leverage = operating profit / (business profit-interest expense)

6.3 The Audit Committee review report of the most recent financial report

Audit Committee Report

March 25, 2021

The Board of Directors has prepared EMI's 2020 Business Report, Financial Statements, and proposal for allocation of earnings. The CPAs Shih-Chin Chih and Chung-Che Chen from KPMG were retained to audit EMI's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Eastern Media International Corporation. According to relevant requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Sincerely yours,

Eastern Media International Co., Ltd.

2021 Annual general meeting

A handwritten signature in black ink that reads "Kuen-Chang Lee". The signature is written in a cursive style with a large, sweeping 'L' at the end.

Chairman of the Audit Committee: Kuen-Chang Lee

6.4 The most recent annual financial reports

Please refer to Appendix 1.

6.5 Parent company only financial report of the Company that has been checked by an accountant in the most recent year

Please refer to Appendix 2.

6.6 Financial difficulties faced by the Company and its affiliated companies

None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Financial status

Review and analysis table of consolidated financial status

Unit: NTD Thousand

Item \ Year	2020	2019	Difference	
			Amount	%
Current assets	3,280,987	3,208,576	72,411	2.26
Property, plant and equipment	1,669,684	1,439,296	230,388	16.01
Right of use assets	7,210,677	6,762,163	448,514	6.63
Intangible assets	467,334	490,834	(23,500)	(4.79)
Other assets	3,594,792	3,004,918	589,874	19.63
Total assets	16,223,474	14,905,787	1,317,687	8.84
Current liabilities:	2,581,251	2,204,163	377,088	17.11
Non-current liabilities:	6,896,700	6,251,445	645,255	10.32
Total liabilities	9,477,951	8,455,608	1,022,343	12.09
Capital stock	5,567,899	5,567,899	0	0
Capital surplus	20,769	20,769	0	0
Retained earnings	983,904	1,000,273	(16,369)	(1.64)
Other equity interest	(295,956)	(227,801)	(68,155)	(29.92)
Equity attributable to the parent company	6,276,616	6,361,140	(84,524)	(1.33)
Total equity	6,745,523	6,450,179	295,344	4.58

Analysis and explanation of increases and decreases in ratios:

The decrease of other equity was due to fluctuations in the exchange rates of USD, HKD and RMB this year. This led to a decrease in the exchange differences of financial statements of organizations with foreign operations.

Review and analysis of parent company only financial status

Unit: NTD Thousand

Item \ Year	2020	2019	Difference	
			Amount	%
Current assets	1,813,349	2,229,749	(416,400)	(18.67)
Property, plant and equipment	387,257	285,395	101,862	35.69
Right of use assets	3,709,212	3,925,459	(216,247)	(5.51)
Intangible assets	817	538	279	51.86
Other assets	5,051,122	4,205,078	846,044	20.12
Total assets	10,961,757	10,646,219	315,538	2.96
Current liabilities:	554,574	343,995	210,579	61.22
Non-current liabilities:	4,130,567	3,941,084	189,483	4.81
Total liabilities	4,685,141	4,285,079	400,062	9.34
Capital stock	5,567,899	5,567,899	0	0.00
Capital surplus	20,769	20,769	0	0.00
Retained earnings	983,904	1,000,273	(16,369)	(1.64)
Other equity interest	(295,956)	(227,801)	(68,155)	(29.92)
Total equity	6,276,616	6,361,140	(84,524)	(1.33)

Analysis and explanation of increases and decreases in ratios:

- (1) Property, plant, and equipment increased this year. This was due to the increase of silo equipment in the storage division this year.
- (2) Other assets increased this year. This was due to the increase of investments accounted for using equity method.
- (3) Current liabilities increased this year. The Group made an arrangement of funds and a plan concerning rates. Therefore, the Company borrowed idle funds from its subsidiaries abroad.

7.2 Financial performance

Review and analysis table of consolidated financial performance

Unit: NTD Thousand
Earnings per share unit: NTD

Item \ Year	2020	2019	Increase (decrease) amount	Change Percent %
Operating income	4,728,014	3,129,360	1,598,654	51.09
Operating costs	3,283,081	2,186,703	1,096,378	50.14
General and administrative expense	1,455,088	965,884	489,204	50.65
Non-operating income and expenses	319,874	383,947	(64,073)	(16.69)
Net profit before tax	309,719	360,720	(51,001)	(14.14)
Profit or loss from discontinued operations	0	(168,130)	168,130	100.00
Profit (loss) for the period	493,106	376,595	116,511	30.94
Other comprehensive income, net of tax, for the period (Net of tax)	(48,743)	(60,899)	12,156	19.96
Total comprehensive income for the period	444,363	315,696	128,667	40.76
Net profit attributable to Owners of parent	520,859	390,531	130,328	33.37
Total comprehensive income Attributable to owner of the parent company	472,266	329,653	142,613	43.26
Earnings per share	0.94	0.70	0.24	34.29

Analysis and explanation of increases and decreases in ratios:

- (1) Various profit and loss items increased this year. This was due to the acquisition of pet subsidiaries in October 2019, and the expansion of pet stores increased its profit and loss in 2020 significantly.
- (2) The loss from discontinued operations decreased since the shipping segment was closed last June which led a decline in financial loss.

Review and analysis table of financial performance of parent company only

Unit: NTD Thousand
Earnings per share unit: NTD

Year Item	2020	2019	Increase (decrease) amount	Change Percent %
Operating income	1,338,004	1,282,112	55,892	4.36
Operating costs	609,271	616,390	(7,119)	(1.15)
General and administrative expense	300,024	236,870	63,154	9.47
Non-operating income and expenses	(107,857)	(236,499)	128,642	54.39
Net profit before tax	320,852	193,678	127,174	65.66
Profit (loss) for the period	520,859	390,531	130,328	33.37
Other comprehensive income, net of tax, for the period (Net of tax)	(48,593)	(60,878)	12,285	20.18
Total comprehensive income for the period	472,266	329,653	142,613	43.26
Earnings per share	0.94	0.70	0.24	34.29

Analysis and explanation of increases and decreases in ratios:

- (1) Operating expenses increased this year. This was due to the increase in profit this year, the expenditure relating personnel increased as well.
- (2) Non-operating income and expenses increased this year. Since the shipping segment was closed last June, leading a decline in investment loss. As well, the profit of financial instruments, reversal of provision for onerous contract and other income presented a significant decline this year.
- (3) Losses were reduced in other comprehensive profit and loss for the period (net after tax). This was because of gains on financial assets measured at fair value through other comprehensive income from the companies the Company invested.

Revenue outlook, key assumptions, potential impact on the Company's business and corresponding proposal :

Please refer to "I. Letter to Shareholders".

7.3 Cash flows

7.3.1 Analysis and explanation of changes in combined cash flow of parent and subsidiary companies in recent years

Unit: NTD Thousand

Item \ Year	2020 Cash increase (decrease)	2019 Cash increase (decrease)	Change in increase (decrease)	
			Amount	%
Operating activity	1,169,417	1,296,778	(127,361)	(9.82)
Investment activity	(207,835)	(1,488,161)	1,280,326	86.03
Financing activity	(930,937)	(1,593,928)	662,991	41.59

Analysis and explanation of increases and decreases in ratios:

(1) Decrease in net cash outflow from investing activities: The main reason was the loss of control on Eastern Home Shopping & Leisure Co. Ltd. in 2019. This resulted in a net cash outflow of NTD 1,271,295 thousand for the period.

(2) Decrease in net cash outflow from financing activities: This was due to the application of funds in the Group. The cash inflow in loans increased to an amount of NTD 682,941 thousand in 2020.

Item \ Year	2020	2019	Ratio of increase (decrease) (%)
Cash Flow Ratio (%)	36.39	58.83	(38.14)
Cash Flow Adequacy Ratio (%)	293.20	357.31	(17.94)
Cash Reinvestment Ratio (%)	5.41	11.78	(54.07)

Analysis and explanation of the increase and decrease ratio: Please explain the consolidated financial analysis.

7.3.2 Improvement plan for insufficient liquidity: The Company does not have insufficient cash liquidity.

7.3.3 Analysis of cash liquidity in the coming year-parent company only

Unit: NTD Thousand

Beginning cash balance (1)	Estimated net cash flow from proprietary business activities throughout the year (2)	Estimated annual cash outflow (3)	Estimated cash surplus (insufficiency) amount (1)+(2)-(3)	Remedial measures for expected cash shortage	
				Investment plan	Financing plan
889,244	350,850	850,227	389,867	0	0

Note:

- (1) The estimated net cash inflow of the year from operating activities is NT\$350,850 thousand: It includes net cash inflow from warehousing business of NT\$681,360 thousand and interest and other income of NT\$62,810 thousand, and should be sufficient to cover the expenses of NT\$ 393,320 thousand, such as management fee, etc.
- (2) The estimated annual cash outflow is NT\$850,227 thousand (cash outflow generated from non-operating activities): It includes capital expenditure of NT\$126,400 thousand, cash dividends of NT\$445,432 thousand and cash capital reduction of NT\$278,395 thousand.

7.4 The impact of major capital expenditures in recent years on financial operations

None.

7.5 Reinvestment policy in the most recent year, main reasons for its profit or loss, improvement plan and investment plan for the next year

Unit: NTD Thousand

Description Item	Investment amount	Policy	Profit or loss Primary reasons	Improvement program	Other future items Investment plan
Natural Beauty Bio-Technology Limited (Natural Beauty Biotechnology Co., Ltd., Hong Kong listed company)	2,060,871	Long-term investments	While the company remained profitable in 2020, it showed a significant decline in profitability compared to 2019, primarily due to: 1. Impacted by the COVID-19 epidemic, many franchised stores in China suspended their business in the first half of the year, and the launch of e-commerce, which was supposed to start in early 2020, was delayed until May 2020. 2. In addition, there incurred substantial additional expenses related to audits, forensic reviews and	None	The Company will carefully evaluate its investment plans from a long-term strategic perspective to respond to future market changes and continue to strengthen its competitiveness.

Description Item	Investment amount	Policy	Profit or loss Primary reasons	Improvement program	Other future items Investment plan
			internal control reviews in order to apply for resumption of trading of shares.		
Eastern Home Shopping & Leisure Co., Ltd (EHS)	325,772	Long-term investments	The profit is mainly due to its multi-channel operation. Multi-channel balanced development from TV, MOD, Internet, telephone marketing to catalogues, especially with proprietary products and the Internet market's outstanding performance and actively expanding overseas markets, and competitive price, reflecting the stable development of the scale of operations.	None	The Company will carefully evaluate its investment plans from a long-term strategic perspective to respond to future market changes and continue to strengthen its competitiveness.

7.6 Risk Management

Analyze and evaluate the following matters in the most recent year and up to the publication date of the annual report:

7.6.1 The impact of interest rate, exchange rate changes, and inflation on the Company's profit and loss and future countermeasures

A. The impact of interest rates on the Company's profit and loss and future measures:

The Group held bank deposits and cash equivalents on December 31, 2020 totaling NT\$1,855,653 thousand. Therefore, for every 1% increase in interest rates in the financial market, it would increase the Group's interest income in the next year by approximately NT\$18,556 thousand.

As for the borrowing rate, the Group's account has a loan amount of NT\$874,806 thousand from financial institutions. The borrowings of its financial institutions are calculated based on the benchmark or advertised interest rate plus or minus. It is a debt with a floating interest rate. Changes in market interest rates will cause the Group's borrowing rates to change accordingly. As a result, its interest expenses fluctuate. Therefore, every 1% increase in the borrowing interest rate will increase the Group's interest expense in the next year by approximately NT\$8,748 thousand. Response measures for future interest rate changes: (1) The Group manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates. (2) The Company regularly evaluates hedging activities, aligning them with the interest rate view and established risk tolerance to ensure that the most cost-effective hedging strategy is adopted.

B. The impact of exchange rates on the Company's profit and loss and future measures:

1. The impact of exchange gains and losses on the account:

The Group's exchange rate risk mainly comes from foreign currency denominated cash and cash equivalents, accounts receivable and other receivables, financial assets available for sale, loans, accounts payable and other payables, etc. Foreign currency exchange gains and losses occur during the conversion. When the New Taiwan Dollar depreciates or appreciates 1 NTD relative to the U.S. dollar and all other factors remain unchanged, the net profit after tax would increase or decrease by NTD 263 thousand.

2. Countermeasures for future exchange rate changes:

The Group is exposed to exchange rate risks arising from sales, purchases and borrowing transactions that are not denominated in the functional currency of each Group company. The functional currencies of Group companies are mainly New Taiwan Dollars, as well as US Dollars and RMB. The main currencies for these transactions are New Taiwan Dollars, Euros and US Dollars. Loan interest is priced in the currency of the principal of the loan. Generally speaking, the currency of the loan is the same as the currency of the cash flow generated by the Group's operations, mainly in New Taiwan Dollars. In this case, it provides economic hedging without the need to use derivatives. Therefore, hedging accounting is not used. For monetary assets and liabilities

denominated in other foreign currencies, when short-term imbalances occur, the Group buys or sells foreign currencies at real-time exchange rates to ensure that the net risk exposure remains at an acceptable level.

C. The impact of inflation on the Company's profit and loss and future countermeasures:

Inflation has no significant impact on the Group's profit and loss.

7.6.2 The policy of engagement in high risk and high leverage investment, loaning to a third party, guarantee/endorsement, and derivative trade, the main reason for profit or loss, and the response in the future

A. High-risk investment, high-leverage investments: None.

B. Loans of funds to others: As of December 31, 2020, the balance approved by the Board of Directors of the Group's capital loans to others is NT\$1,651,000 thousand, and the actual amount of expenditure is NT\$1,418,208 thousand. The Group engages in the above transactions based on applicable rules under the Company's "Procedures for Loaning Funds to Others."

C. Derivative commodity trading: None.

D. Endorsement guarantees: As of December 31, 2020, the Group's approved balance of the Board of Directors endorsed by others is NT\$6,486,000 thousand, and the actual amount of expenditure is NT\$1,120,682 thousand. All endorsement guarantees are determined by applicable rules under each company's "Endorsement Guarantee Operation Procedures."

7.6.3 Future R&D plans and estimated R&D expenses

None.

7.6.4 The impact of important domestic and foreign policies and legal changes on the Company's financial business and corresponding measures

None.

7.6.5 The impact of technological changes and industrial changes on the Company's financial business and corresponding measures

A. In order to restore operations as soon as possible when the information system damage occurs and reduce possible losses and risks, a backup mechanism has been established for important data and remote backups

are regularly performed.

- B. We formulate key points of system recovery operations and recovery procedures for important information equipment. After encountering natural disasters or man-made disasters, the information system can be restored to normal operation in the shortest time through the system recovery mechanism team.

The Information Office conducts parallel testing of ERP system recovery with ERP system users every year. After the relevant test report is confirmed to be correct, it issues “Recovery Test Drill Results Report”.

- C. All the Company’s personal computers are equipped with endpoint protection software, and all internal and Internet gateways are protected by firewalls. This avoids malicious attacks on the Company’s computer systems from the Internet.

7.6.6 The impact of corporate image change on corporate crisis management and countermeasures

None.

7.6.7 Expected benefits and possible risks of mergers and acquisitions and countermeasures

ET Pet Co., Ltd., a subsidiary of ET New Media Holdings (shares), was established in January 2019. It acquired pet shops such as Animal Kingdom, Baoluo, Yuanta and Oscar through business transfer and mergers and acquisitions. By end of 2020, ET Pet had 107 pet stores national wise, making it the largest offline pet channel in Taiwan. With the transformation of social patterns, business opportunities for pets to become family members gradually emerge. We are optimistic about the development potential of pet market. The Company will continue to extend its market scale and supply chain through M&A to shorten the time to develop loyal customers and reduce costs. However, it may face the risk that the local market has shrunk or the original management team has been operating poorly for a period of time. In order to avoid the internal and external risks that may be faced after a takeover, ET Pet confirms the profit potential of the market environment with a comprehensive evaluation method, and then operates the taken over pet shop in a consistent operation model.

7.6.8 Expected benefits and possible risks of plant expansion and countermeasures

None.

7.6.9 Risks and countermeasures faced by purchase or sales concentration

None.

7.6.10 The influence and risk of the massive transfer of shares or the replacement of the Directors or major shareholders holding more than 10% of the shares issued by the Company, and the response

None.

7.6.11 The impact, risks and countermeasures of a change of management rights on the Company

None.

7.6.12 Litigation or non-litigation events

A. Regarding the Company's previous application to the Carlisle Group to withdraw the Ripley Cable Holdings II, L.P. Fund's investment case, the net return of investment funds is NTD 597,135 thousand (USD 18,526 thousand). It has been remitted to the account opened by the Company in CTBC Bank. However, the Company received a notice from CTBC bank on December 3, 2007 because the bank received a criminal ruling from the Taipei District Court that a portion of the investment totaling NTD 410,320 thousand (USD 12,525 thousand) it is related to the case of violation of the Securities and Exchange Act involving the former head of the Company Wang Ling-Lin that is currently being heard by the Taipei District Court, and that it should be seized and asked the bank to take care of it. Waiting for court's instructions to deal with it again, the investment and withdrawal of this investigation has been filed by the Company's Board of Directors according to law, and all investment funds are also paid by the Company. There are remittance orders and related certificates to be audited. The previous ruling was detained in connection with the case involving the former person in charge of the Company and has nothing to do with the withdrawal of funds from the Company. After the Company's protest and re-complaint, the Supreme Court has sent it back to the Taiwan High Court for a retrial and the original detention ruling has been revoked. So far, there has been no seizure order. The Company filed an application

to the Taipei District Court for the refund of the seized money according to law. The court ruled on October 27, 2013 that in addition to NT\$30,106,432, the rest of the money was to be repaid to the Company, Dongsen Tesco, and Manhan. However, after this case was tried by the Taiwan High Court and Supreme Court, although the Supreme Court rejected the Company's appeal recently, however, this case is not restricted by the disregard of the matter. The Company still has the right to appeal again, not to mention the fact that this case was a criminal ruling of the Taipei District Court at that time, with NTD 410,320 thousand based on part of the investment (USD 12,525 thousand) from sale of Asia Pacific Telecom Co., Ltd. with Wang Linglin, the former head of the Company, and others (hereinafter referred to as Asia Pacific Telecom) of its cable modem business, on the grounds of raising the sale price of ET Media Co. Ltd. shares to Carlisle Group and should be seized. Although Asia-Pacific Telecom Company filed a criminal and ancillary civil lawsuit with the Taiwan High Court on September 4, 2009, however, the Asia-Pacific Telecom Corporation has withdrawn its lawsuit against the Company on October 26, 2015. Now, Asia-Pacific Telecom's request to others is pending in the Supreme Court and remains uncertain. The Company will discuss relevant legal channels after the court's decision is confirmed, protecting the Company's rights and interests.

- B. On October 27, 2008, the Securities and Futures Investors Protection Center (the SFIPC) filed a lawsuit to the Taipei District Court against more than 20 individuals including 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 Wang Ling-Lin. 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. to conduct fake transactions and to use the bank to swindle loans. The SFIPC also filed a civil lawsuit against the Taipei District Court for bank fraud and other circumstances, requesting joint compensation of NTD 41,038 thousand. However, the facts of the prosecution's prosecution are revealed before the investigation. The Criminal Court of the same court and the High Court of Taiwan have determined that, except for the purchase and

sale of bulk materials between related companies of Chia Hsin, which violates the Commercial Accounting Law, the rest were found not guilty. The Criminal Court of the same court and the High Court of Taiwan have determined that, except for the purchase and sale of bulk materials between related companies of Chia Hsin, which violates the Commercial Accounting Law, the rest were found not guilty. Although the court held that there was a violation of the Commercial Accounting Law, it also determined that the Company was not only unharmed, but also profitable. Therefore, it is clear that there is no breach of trust and damage to shareholders' rights and interests, so there is no reason for the SFIPC to initiate this lawsuit. The Taipei District Court has ruled on December 5, 2012, and the SFIPC lost the lawsuit. The SFIPC filed an appeal, and the amount of the appeal was reduced to NTD 22,664 thousand. The High Court of Taiwan also lost the case. After the third instance appealed by the SFIPC, the Supreme Court has rejected and sent it back to the High Court for retrial. The Taiwan High Court still ruled that the SFIPC lost the case. The SFIPC filed an appeal again, and the Supreme Court has rejected it and sent it back to the High Court for the second instance. The High Court still decided against the SFIPC on February 23, 2021, and the SFIPC has filed an appeal. While the case has not yet been determined, the amount claimed has been reduced to NTD 22,664 thousand. Even if the judgment is unfavorable to the Company, it has minimal impact on the Company.

- C. The Company and sub-investment company Far Eastern Silo & Shipping (Panama) S.A. forwards to South Korea Sammok Shipping., Co. Ltd. (Hereinafter referred to as Sammok) a joint charter of the MV SM AURORA ship. The Company is equivalent to 6 years after the expiration of the lease in accordance with the agreement in 2018. The ship was returned to Sammok at Kaohsiung Port on August 10. However, Sammok believes that the ship has many deficiencies in use and maintenance. Therefore, it cannot accept the return of the ship by the Company. Sammok filed with the London Maritime Arbitration Association on March 5, 2019 in accordance with the dispute settlement agreement of the bareboat contract signed by both parties (LMAA), lodging an arbitration claim against the Company, and so on. It advocated that the charterer failed to fulfill the charterer's responsibilities during the charter period. Therefore, the charterer is required to bear the maintenance costs, etc. Because the Company has purchased FD&D insurance from Britannia

Club for ships, therefore, the insurance company must bear two-thirds of the relevant legal expenses incurred in this arbitration. As for Sammok's claim, it may be caused by natural wear and tear or the negligence of the shipowner's crew, or the shipowner's ship improvement project for the benefit of his future operations. It has nothing to do with the Company. Therefore, there are still many disputes to be clarified in this article and the case is still undergoing arbitration proceedings. The result has not yet been determined.

7.6.13 Risk management organization structure

In order to prevent various risks or crisis events that the Company may face and minimize damage, the Company has established a risk management and crisis management organization structure. A brief description is as follows:

Group Convener: President

Deputy Convener: Vice President

There are nine groups under it, and the directors/deputy directors of relevant departments are organized to serve as the responsible directors

1. Customer relations team
2. Development and investment team
3. Financial investment team
4. Mainland investment team
5. Accounting related team
6. Public relations team
7. Labor disputes and Occupational safety team
8. Legal litigation team
9. Environmental sustainability team

7.7 Other important matters

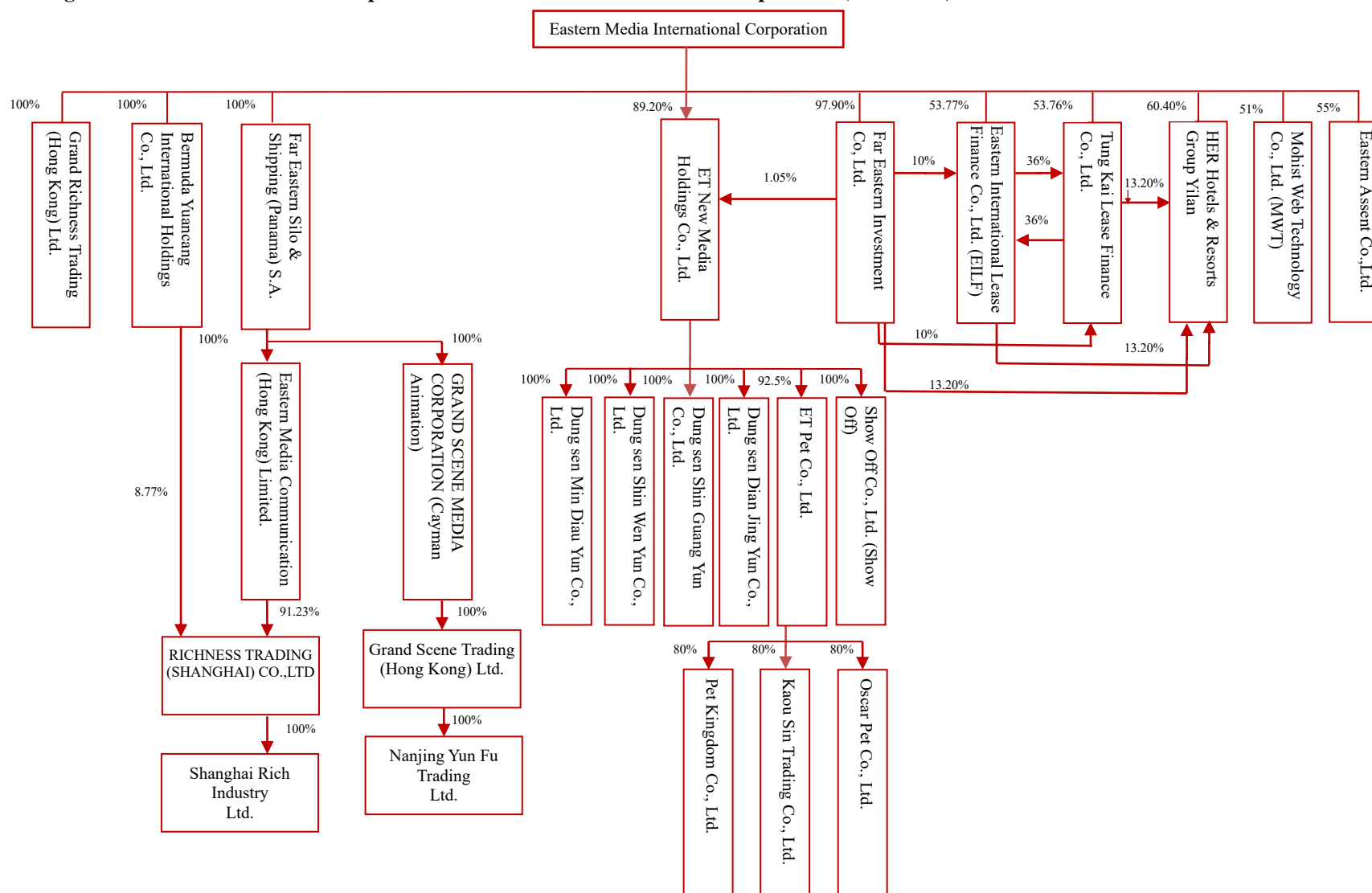
None.

VIII. Special Disclosures

8.1. Related information of affiliated companies

8.1.1 Affiliated business merger report

A. Organization chart of affiliated companies of Eastern Media International Corporation (2020.12.31)



B. Basic information of each affiliated company

Units: NTD thousand/USD thousand/RMB thousand/HKD thousand

Enterprise Name	Date Established	Address	Paid-in capital amount	Main business or production items
FESS—Bermuda Bermuda Yuancang International Holdings Co., Ltd.	1994.05	Clarendon House, 2 Church Street, Hamilton HM11, Bermuda	US 600	Investment holdings
FESS—Panama Far Eastern Silo & Shipping (Panama) S.A.	1996.01	East 53rd Street, Marbella Swiss Bank Building, 2nd follr, Panama	US 71,700	Investment holdings
Grand Scene Trading (Hong Kong) Ltd.	2010.06	17th Floor, Siu Ying Commercial Building, 151-155 Queen’s Road Central, Hong Kong	HK 31,980	Investment holdings
Nanjing Yun Fu Trading Ltd.	2010.09	Room 303, Commercial Office Building, Nanjing High-tech Development Zone	RMB 10,389	Paper products, clothing, shoes & hats, entertainment products, toys import and export Support services and management consultancy
Grand Scene Media Corporation (Cayman Anime)	2010.05	Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands	US 4,500	Investment holdings
Eastern Media Communication (Hong Kong) Ltd.	2008.12	Room D, 8/F., Wing Cheong Commercial Building, 19-25 Jervois Street, Sheung Wan, Hong Kong.	HK 285,698	Investment holdings
RICHNESS TRADING	2006.04	Building 6, No. 2222 Gangcheng Road,	RMB	Cosmetics, jewelry, and household sundries

Enterprise Name	Date Established	Address	Paid-in capital amount	Main business or production items
(SHANGHAI) CO.,LTD.		Pudong New Area, Shanghai (Building) Room 303	250,774	wholesaling and support services
Shanghai Rich Industry Ltd.	2009.09	Area A, No. 817 Yingchun Road, Pudong New Area, Shanghai, China	RMB 130,000	Producing and broadcasting TV programs, wholesale and retail groceries business
Grand Richness Trading (Hong Kong) Limited	2009.11	17th Floor, Siu Ying Commercial Building, 151-155 Queen's Road Central, Hong Kong	HK 162,146	Investment holdings
Far Eastern Investment Co., Ltd.	1997.09	8F., No. 368, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City 106, Taiwan	690,924	General investing
Eastern International Lease Finance Co., Ltd.	1998.06	5F., No. 368, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City 106, Taiwan	756,750	Leasing service
Tung Kai Lease Finance Co., Ltd.	1998.07	5F., No. 368, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City 106, Taiwan	759,750	Leasing service
ET New Media Holdings Co., Ltd.	2009.03	8F., No. 368, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City 106, Taiwan	600,000	General advertising services
Show Off Co., Ltd. (Note)	2018.08	8F., No. 368, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City 106, Taiwan	100,000	Video advertising service
Dung Sen Shin Guang Yun Co., Ltd.	2019.01	5F., No. 368, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City 106, Taiwan	100	Audiovisual and singing, information leisure
Dung Sen Dian Jing Yun Co., Ltd.	2019.01	No. 72, Chongyang Rd., Nangang Dist., Taipei City 115023, Taiwan	100	Amusement park information leisure
Dung Sen Shin Wen Yun Co.,	2019.08	No. 72, Chongyang Rd., Nangang Dist.,	5,000	Video advertising service

Enterprise Name	Date Established	Address	Paid-in capital amount	Main business or production items
Ltd.		Taipei City 115023, Taiwan		
Dung Sen Min Diao Yun Co., Ltd.	2020.09	No. 72, Chongyang Rd., Nangang Dist., Taipei City 115023, Taiwan	1,000	Management consultant, market research and public opinion polling
ET Pet Co., Ltd	2019.01	5F., No. 368, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City 106, Taiwan	200,000	Pet food and supplies and providing pet beauty service
Oscar Pet Co., Ltd.	2007.12	425 Lanchang Road, Nanzi District, Kaohsiung City	60,915	Pet food and supplies and providing pet beauty service
Pet Kingdom Co., Ltd.	2007.10	870-1, Gaonan Highway, Nanzi District, Kaohsiung City	43,000	Pet food and supplies and providing pet beauty service
Kaou Sin Trading Co., Ltd.	2008.05	1st Floor, No. 811, Houchang Road, Nanzi District, Kaohsiung City	1,000	Pet food and supplies and providing pet beauty service
HER Hotels & Resorts Group Yilan (HER)	2011.04	5th Floor, No. 368, Section 1, Fuxing South Road, Da'an District, Taipei City	345,912	Leisure site management, catering business
Mohist Web Technology Co., Ltd.	2009.10	4th Floor-3, No. 343, Section 5, Nanjing East Road, Songshan District, Taipei City	10,000	Internet Information Service Industry
Eastern Assent Co., Ltd.	2020.02	8F., No. 368, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City 106, Taiwan	900,000	Real estate leasing
Note: Show Off Co., Ltd. is in liquidation, therefore the Board of Directors no longer exists.				

C. Information of the same shareholders who are presumed to have control and affiliation

December 31, 2020

Unit: NTD thousand, Shares, %

Presumed cause	Name or designation	Shares held		Date Established	Address	Paid-in capital amount	Main business items
		Shares	Percentage of shareholding				
Not applicable							

D. The industries covered by the business of the overall related company

The industries covered by the business of the overall related company mainly include:

- (1) Industry: Warehousing and trading.
- (2) General investment industry.
- (3) Management consulting services and catering business.
- (4) Other: Real estate leasing, wholesale, retail sale, general advertisement service and market research and public opinion polling, etc.

For details of the main business or production projects of each affiliated company, please refer to the list of basic information of each affiliated company in the previous disclosure.

E. Information on directors, supervisors and general managers of related companies

December 31, 2020

Enterprise Name	Job Title	Name or representative		Shares held	
				Shares	Shareholding Percent
Far Eastern Investment Co, Ltd.	Chairman & General Manager	Eastern Media International Corporation	Representative: Shang-Wen Liao	67,641,445	97.90%
	Director	Eastern Media International Corporation	Representative: Yung-Jui Ma	67,641,445	97.90%
	Director	Eastern Media International Corporation	Representative: Cheng-Kuo Lu	67,641,445	97.90%
	Supervisor	Hsiang-Jui Wo		0	0
Tung Kai Lease Finance Co., Ltd.	Chairman & General Manager	Eastern Media International Corporation	Representative: Kao-Ming Tsai	40,847,294	53.76%
	Director	Eastern Media International Corporation	Representative: Ying-Na Cheng	40,847,294	53.76%
	Director	Eastern Media International Corporation	Representative: Shang-Wen Liao	40,847,294	53.76%
	Supervisor	Far Eastern Investment Co, Ltd.	Representative: Chao-Hsin Chiu	7,597,500	10.00%
Eastern International Lease Finance Co., Ltd. (EILF)	Chairman & General Manager	Eastern Media International Corporation	Representative: Kao-Ming Tsai	40,690,330	53.77%
	Director	Eastern Media International Corporation	Representative: Ying-Na Cheng	40,690,330	53.77%

Enterprise Name	Job Title	Name or representative		Shares held	
				Shares	Shareholding Percent
	Director	Eastern Media International Corporation	Representative: Shang-Wen Liao	40,690,330	53.77%
	Supervisor	Far Eastern Investment Co, Ltd.	Representative: Chao-Hsin Chiu	7,597,500	10.00%
ET New Media Holdings Co., Ltd.	Chairman	Eastern Media International Corporation	Representative: Ling-Lin Wang	53,522,508	89.20%
	Director	Eastern Media International Corporation	Representative: Yung-Jui Ma	53,522,508	89.20%
	Director	Eastern Media International Corporation	Representative: Lei Chien	53,522,508	89.20%
	Director	Eastern Media International Corporation	Representative: Chien-Chiang Wu	53,522,508	89.20%
	Director	Eastern Media International Corporation	Representative: Chi-Chong Cheng	53,522,508	89.20%
	Director	Eastern Media International Corporation	Representative: Ching-He Chen	53,522,508	89.20%
	Director	Eastern Media International Corporation	Representative: Yu Lin	53,522,508	89.20%
	Director	Eastern Media International Corporation	Representative: Pao-Hui Huang	53,522,508	89.20%
	Director & General Manager	Eastern Media International Corporation	Representative: An-Hsiang Chen	53,522,508	89.20%
	Director	Eastern Media International Corporation	Representative: Pei-Lin Chiu	53,522,508	89.20%
	Director	Eastern Media International Corporation	Representative: Shih-Jhih Chen	53,522,508	89.20%
	Director	Eastern Media International	Representative: Shang-Wen Liao	53,522,508	89.20%

Enterprise Name	Job Title	Name or representative		Shares held	
				Shares	Shareholding Percent
		Corporation			
	Director	Eastern Media International Corporation	Representative: Chun-Ying He	53,522,508	89.20%
	Director	Eastern Media International Corporation	Representative: Ching-Hui Tsai	53,522,508	89.20%
	Director	Eastern Media International Corporation	Representative: Huang-Chi Liu	53,522,508	89.20%
	Supervisor	Far Eastern Investment Co, Ltd.	Representative: Ying-Na Cheng	627,492	1.05%
HER Hotels & Resorts Group Yilan (HER)	Chairman	Eastern Media International Corporation	Representative: Ching-Chi Chen	20,893,086	60.40%
	Director	Eastern Media International Corporation	Representative: Shang-Wen Liao	20,893,086	60.40%
	Director	Eastern Media International Corporation	Representative: Kao-Ming Tsai	20,893,086	60.40%
	Supervisor	Far Eastern Investment Co, Ltd.	Representative: Ying-Na Cheng	4,566,038	13.20%
Grand Richness Trading (Hong Kong) Limited	Director	Eastern Media International Corporation	Representative: Shang-Wen Liao	16,214,616	100%
	Director	Eastern Media International Corporation	Representative: Chao-Hsin Chiu	16,214,616	100%
	Director	Eastern Media International Corporation	Representative: Hsiang-Lan Sung	16,214,616	100%
	Director	Eastern Media International Corporation	Representative: Vacancy	16,214,616	100%
FESS—Panama Far Eastern Silo & Shipping (Panama) S.A.	Director & President	Eastern Media International Corporation	Representative: Shang-Wen Liao	71,700	100%
	Director & Secretary	Eastern Media International	Representative: Chao-Hsin Chiu	71,700	100%

Enterprise Name	Job Title	Name or representative		Shares held	
				Shares	Shareholding Percent
		Corporation			
	Director & Treasurer	Eastern Media International Corporation	Representative: Kao-Ming Tsai	71,700	100%
FESS—Bermuda Bermuda Yuancang International Holdings Co., Ltd.	Director & President	Eastern Media International Corporation	Representative: Shang-Wen Liao	600,000	100%
	Director & V.P.	Eastern Media International Corporation	Representative: Chao-Hsin Chiu	600,000	100%
	Director	Eastern Media International Corporation	Representative: Kao-Ming Tsai	600,000	100%
Grand Scene Media Corporation (Cayman Animation)	Director	FESS—Panama	Representative: Shang-Wen Liao	450,000	100%
	Director	FESS—Panama	Representative: Kao-Ming Tsai	450,000	100%
	Director	FESS—Panama	Representative: Chao-Hsin Chiu	450,000	100%
RICHNESS TRADING (SHANGHAI) CO.,LTD.	Chairman	Eastern Media Communication (Hong Kong) Ltd.	Representative: Shang-Wen Liao	0	91.23%
	Director	Eastern Media Communication (Hong Kong) Ltd.	Representative: Kao-Ming Tsai	0	91.23%
	Director	Eastern Media Communication (Hong Kong) Ltd.	Representative: Chao-Hsin Chiu	0	91.23%
	Supervisor	Eastern Media Communication (Hong Kong) Ltd.	Representative: Min-Hui Liu	0	91.23%
Eastern Media Communication (Hong Kong) Ltd.	Chairman	FESS—Panama	Representative: Shang-Wen Liao	28,569,840	100%
	Director	FESS—Panama	Representative: Chao-Hsin Chiu	28,569,840	100%
	Director	FESS—Panama	Representative: Vacancy	28,569,840	100%
Shanghai Rich Industry Ltd.	Chairman	RICHNESS TRADING (SHANGHAI)	Representative: Shang-Wen Liao	0	100%

Enterprise Name	Job Title	Name or representative		Shares held	
				Shares	Shareholding Percent
		CO.,LTD.			
	Vice Chairman	RICHNESS TRADING (SHANGHAI) CO.,LTD	Representative: Chao-Hsin Chiu	0	100%
	Director	RICHNESS TRADING (SHANGHAI) CO.,LTD	Representative: Chen-Tung Peng	0	100%
	Supervisor	RICHNESS TRADING (SHANGHAI) CO.,LTD	Representative: Chang-Chong Hsieh	0	100%
Grand Scene Trading (Hong Kong) Ltd.	Director	Grand Scene Media Corporation	Representative: Shang-Wen Liao	3,198,000	100%
	Director	Grand Scene Media Corporation	Representative: Kao-Ming Tsai	3,198,000	100%
	Director	Grand Scene Media Corporation	Representative: Chao-Hsin Chiu	3,198,000	100%
Nanjing Yun Fu Trading Ltd.	Chairman	Grand Scene Trading (Hong Kong) Ltd.	Representative: Chao-Hsin Chiu	0	100%
	Director	Grand Scene Trading (Hong Kong) Ltd.	Representative: Shang-Wen Liao	0	100%
	Director	Grand Scene Trading (Hong Kong) Ltd.	Representative: Kao-Ming Tsai	0	100%
	Supervisor	Grand Scene Trading (Hong Kong) Ltd.	Representative: Ying-Na Cheng	0	100%
Mohist Web Technology Co., Ltd.	Chairman	Eastern Media International Corporation	Representative: Shao-Feng Huang	510,000	51%
	Director	Eastern Media International Corporation	Representative: Heng-Jhih Guo	510,000	51%
	Director	Eastern Media International Corporation	Representative: Jyun-Yuan Yang	510,000	51%

Enterprise Name	Job Title	Name or representative		Shares held	
				Shares	Shareholding Percent
	Director	Eastern Media International Corporation	Representative: Ji Kun-Jie	510,000	51%
	Director	Sincere Information Company, Ltd.	Representative: Shih-Chong Yang	300,000	30%
	Supervisor	Ying-Na Cheng		0	0
Dung Sen Shin Guang Yun Co., Ltd.	Chairman	ET New Media Holdings Co., Ltd.	Representative: An-Hsiang Chen	10,000	100%
Dung Sen Dian Jing Yun Co., Ltd.	Chairman	ET New Media Holdings Co., Ltd.	Representative: An-Hsiang Chen	10,000	100%
Dung Sen Shin Wen Yun Co., Ltd.	Chairman	ET New Media Holdings Co., Ltd.	Representative: Shang-Wen Liao	500,000	100%
Dung Sen Min Diao Yun Co., Ltd.	Chairman	ET New Media Holdings Co., Ltd.	Representative: Guo-Jyun Chen	100,000	100%
ET Pet Co., Ltd.	Chairman & General Manager	ET New Media Holdings Co., Ltd.	Representative: An-Hsiang Chen	18,500,000	92.50%
	Director	ET New Media Holdings Co., Ltd.	Representative: Shang-Wen Liao	18,500,000	92.50%
	Supervisor	Far Rich International Corporation	Representative: Ying-Na Cheng	1,272,000	6.36%
Oscar Pet Co., Ltd.	Chairman	ET Pet Co., Ltd.	Representative: An-Hsiang Chen	4,873,200	80%
	Vice Chairman & General Manager	Fangcheng Su		1,218,300	20%
	Director	ET Pet Co., Ltd.	Representative: Shang-Wen Liao	4,873,200	80%
	Director	ET Pet Co., Ltd.	Representative: Chia-Wei Lin	4,873,200	80%
	Director	ET Pet Co., Ltd.	Representative: Pu-Chih Wang	4,873,200	80%
	Supervisor	Cheng-Han Sie		0	0
Pet Kingdom Co., Ltd.	Chairman	ET Pet Co., Ltd.	Representative: An-Hsiang Chen	3,440,000	80%
	Vice Chairman & General	Fang-Cheng Su		860,000	20%

Enterprise Name	Job Title	Name or representative		Shares held	
				Shares	Shareholding Percent
	Manager				
	Director	ET Pet Co., Ltd.	Representative: Shang-Wen Liao	3,440,000	80%
	Director	ET Pet Co., Ltd.	Representative: Chia-Wei Lin	3,440,000	80%
	Director	ET Pet Co., Ltd.	Representative: Pu-Chih Wang	3,440,000	80%
	Supervisor	Cheng-Han Sie		0	0
	Kaou Sin Trading Co., Ltd.	Chairman	ET Pet Co., Ltd.	Representative: An-Hsiang Chen	80,000
Vice Chairman & General Manager		Fang-Cheng Su		20,000	20%
Director		ET Pet Co., Ltd.	Representative: Shang-Wen Liao	80,000	80%
Director		ET Pet Co., Ltd.	Representative: Chia-Wei Lin	80,000	80%
Director		ET Pet Co., Ltd.	Representative: Pu-Chih Wang	80,000	80%
Supervisor		Cheng-Han Sie		0	0
Eastern Assent Co., Ltd.	Chairman	Eastern Media International Corporation	Representative: Shang-Wen Liao	49,500,000	55%
	Director	Eastern Media International Corporation	Representative: Shih-Jhih Chen	49,500,000	55%
	Director	Eastern Media International Corporation	Representative: Kao-Ming Tsai	49,500,000	55%
	Supervisor	Ying-Na Cheng		0	0

F. Overview of operations of each affiliated company

December 31, 2020

Unit: NTD Thousand

Company Name	Capital amount	Total assets	Total liabilities	Net worth	Operating income	Operating profit	Profit and loss after tax for the current period	Earnings per share (NTD) (after tax)
FESS—Bermuda	32,161	1,686	48	1,638	0	(555)	(631)	(1.05)
FESS—Panama	2,245,038	2,127,148	142,692	1,984,456	0	(28,579)	(28,050)	(391.21)
Grand Scene Trading (Hong Kong) Ltd.	116,768	76,710	49	76,661	0	(139)	(5,841)	(1.83)
Nanjing Yun Fu Trading Ltd.	42,797	4,217	0	4,217	0	(217)	(5,898)	NA
Eastern Enterprise Shanghai Logistics Ltd.	0	0	0	0	0	(60)	(286)	NA
Grand Scene Media Corporation (Cayman Anime)	128,160	79,491	50	79,441	0	(150)	(5,962)	(13.25)
Eastern Media Communication (Hong Kong) Ltd.	1,045,216	47,453	51	47,402	0	(222)	(1,215)	NA
RICHNESS TRADING (SHANGHAI) CO.,LTD.	1,083,663	19,584	14,833	4,751	0	(875)	(1,178)	NA
Shanghai Rich Industry Ltd.	568,981	8,040	0	8,040	0	(302)	(284)	NA
GRAND RICHNESS TRADING (HONG KONG) LIMITED	672,603	62,944	1,257	61,687	0	(4,355)	31,946	1.97
Far Eastern Investment Co., Ltd.	690,924	1,005,829	17,999	987,830	0	(17,074)	251,577	3.64
Eastern International Lease Finance Co., Ltd.	756,750	622,643	2,566	620,077	3,706	(11,628)	2,861	0.04

Company Name	Capital amount	Total assets	Total liabilities	Net worth	Operating income	Operating profit	Profit and loss after tax for the current period	Earnings per share (NTD) (after tax)
Tung Kai Lease Finance Co., Ltd.	759,750	674,020	1,213	672,807	2,941	(1,949)	4,819	0.06
ET New Media Holdings Co., Ltd.	600,000	2,586,660	3,123,202	(536,542)	1,432,510	(330,499)	(410,922)	(6.85)
Show Off Co., Ltd.	100,000	4,735	0	4,735	0	(157)	1,282	0.13
Dung Sen Shin Guang Yun Co., Ltd.	100	3,395	454	2,941	7,044	2,495	2,415	241.45
Dung Sen dian jing Yun Co., Ltd.	100	26	69	(43)	29	(12)	(12)	(1.21)
Dung Sen shin wen Yun Co., Ltd.	5,000	4,396	88	4,308	0	(681)	(679)	(1.36)
ET Pet Co., Ltd	200,000	1,057,445	962,615	94,830	831,319	(66,097)	(51,218)	(2.56)
Oscar Pet Co., Ltd.	60,915	619,304	584,110	35,194	750,178	59,698	39,316	6.45
Pet Kingdom Co., Ltd.	43,000	139,501	97,607	41,894	191,250	9,253	5,676	1.32
Kaou Sin Trading Co., Ltd.	1,000	54,576	49,734	4,842	87,006	5,691	3,399	33.99
HER Hotels & Resorts Group Yilan (HER)	345,912	788,468	741,891	46,577	0	(67,698)	(91,219)	(2.64)
Mohist Web Technology Co., Ltd.	10,000	100,632	83,216	17,416	109,311	6,857	6,523	6.52
Eastern Assent Co., Ltd.	900,000	1,810,690	911,119	899,571	0	(4,460)	(429)	0
Dung Sen Min Diau Yun Co., Ltd.	1,000	1,085	99	986	0	(14)	(14)	(0.14)

Note:

1. Foreign currency exchange rates are as follows: US Dollar/New Taiwan Dollar=1/28.48 (Balance Sheet) US Dollar/New Taiwan Dollar=1/29.5491 (Comprehensive income statement)
2. Foreign currency exchange rates are as follows: Hong Kong dollar/New Taiwan dollar=1/3.673 (Balance Sheet) Hong Kong dollar/New Taiwan dollar=1/3.8093 (Comprehensive income statement)
3. Foreign currency exchange rates are as follows: USD/HKD=1/7.7539 (Balance Sheet) USD/HKD=1/7.7571 (Comprehensive income statement)
4. Foreign currency exchange rates are as follows: HKD/RMB=1/0.8392 (Balance Sheet) HKD/RMB=1/0.8897 (Comprehensive income statement)
5. Foreign currency exchange rates are as follows: USD/RMB=1/6.5067 (Balance Sheet) USD/RMB=1/6.9014 (Comprehensive income statement)

8.1.2 Consolidated financial statements of related companies

It is the same as the consolidated financial report of Eastern Media International's parent company and subsidiary company for 2020 which should be included in the compilation of parent company only. Therefore, it is not compiled separately. See consolidated financial report.

8.1.3 Relationship report

Not applicable.

8.2 Circumstances of private placement of securities

The implementation of privately placed securities in the most recent year and as of the date of publication of the annual report

In 2020 and 2021 through the printing date of the annual report, the Company did not conduct private placement of securities.

8.3 Status of holding or disposing of the Company's stocks by subsidiaries in the most recent year and as of the date of publication of the annual report

Status of holding or disposing of the Company's stocks by subsidiaries in 2020 and 2021 as of the publication date of the annual report: None.

8.4 Other necessary supplementary explanations

In the most recent year and as of the printing date of the annual report, the occurrence of the matters that have a significant impact on shareholders' equity or securities prices as specified in Article 36 Paragraph 3, Item 2 of the Securities and Exchange Act: None.

**EASTERN MEDIA INTERNATIONAL
CORPORATION AND SUBSIDIARIES**

Consolidated Financial Statements

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

Address: 5F, 8F., No. 368, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City 106, Taiwan
Telephone: 886-2-2755-7565

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



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Report

To the Board of Directors of 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		
	Amount	%	Amount	%	
Assets					
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	-
		<u>3,280,987</u>	<u>20</u>	<u>3,208,576</u>	<u>22</u>
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	-
		<u>12,942,487</u>	<u>80</u>	<u>11,697,211</u>	<u>78</u>
Total assets		\$ <u>16,223,474</u>	<u>100</u>	<u>14,905,787</u>	<u>100</u>

(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	
		Amount	%	Amount	%
Liabilities and Equity					
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	-
		<u>2,581,251</u>	<u>16</u>	<u>2,204,163</u>	<u>15</u>
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	-
		<u>6,896,700</u>	<u>42</u>	<u>6,251,445</u>	<u>42</u>
		<u>9,477,951</u>	<u>58</u>	<u>8,455,608</u>	<u>57</u>
Total liabilities					
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)
		<u>6,276,616</u>	<u>39</u>	<u>6,361,140</u>	<u>42</u>
36XX	Non-controlling interests (Note 6(j))	468,907	3	89,039	1
		<u>6,745,523</u>	<u>42</u>	<u>6,450,179</u>	<u>43</u>
	Total equity				
	Total liabilities and equity	<u>\$ 16,223,474</u>	<u>100</u>	<u>14,905,787</u>	<u>100</u>

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)	<u>3,283,081</u>	<u>69</u>	<u>2,186,703</u>	<u>70</u>
	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))	<u>10,662</u>	<u>-</u>	<u>13,414</u>	<u>-</u>
	Net operating loss	<u>(10,155)</u>	<u>-</u>	<u>(23,227)</u>	<u>(1)</u>
	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))	<u>349,775</u>	<u>7</u>	<u>117,788</u>	<u>4</u>
7900	Profit from continuing operations before tax	309,719	6	360,720	12
7950	Less: Income tax benefits (Note 6(w))	<u>(183,387)</u>	<u>(4)</u>	<u>(184,005)</u>	<u>(6)</u>
8100	Loss from discontinued operations, net of tax (Note 12(b))	<u>-</u>	<u>-</u>	<u>(168,130)</u>	<u>(6)</u>
	Net Profit	<u>493,106</u>	<u>10</u>	<u>376,595</u>	<u>12</u>
8300	Other comprehensive income:				
	Components of other comprehensive income that will not be reclassified to profit or loss				
8310	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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total components of other comprehensive income that will not be reclassified to profit or loss	<u>19,550</u>	<u>-</u>	<u>(5,310)</u>	<u>-</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total components of other comprehensive income that will be reclassified to profit or loss	<u>(68,293)</u>	<u>(1)</u>	<u>(55,589)</u>	<u>(2)</u>
8300	Other comprehensive income, net of tax	<u>(48,743)</u>	<u>(1)</u>	<u>(60,899)</u>	<u>(2)</u>
	Total comprehensive income	<u>\$ 444,363</u>	<u>9</u>	<u>315,696</u>	<u>10</u>
	Profit attributable to:				
8610	Owners of parent	\$ 520,859	11	390,531	12
8620	Non-controlling interests	<u>(27,753)</u>	<u>(1)</u>	<u>(13,936)</u>	<u>-</u>
		<u>\$ 493,106</u>	<u>10</u>	<u>376,595</u>	<u>12</u>
	Comprehensive income attributable to:				
	Owners of parent	\$ 472,266	10	329,653	11
	Non-controlling interests	<u>(27,903)</u>	<u>(1)</u>	<u>(13,957)</u>	<u>(1)</u>
		<u>\$ 444,363</u>	<u>9</u>	<u>315,696</u>	<u>10</u>
	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	<u>-</u>		<u>(0.30)</u>	
	Total basic earnings per share	<u>\$ 0.94</u>		<u>0.70</u>	
9850	Diluted earnings per share				
	Diluted earnings per share from continuing operations	\$	0.93	1.00	
	Diluted loss per share from discontinued operations	<u>-</u>		<u>(0.30)</u>	
	Total diluted earnings per share	<u>\$ 0.93</u>		<u>0.70</u>	

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										Total equity	
	Share capital	Retained earnings				Total other equity interest			Treasury shares	Total equity attributable to owners of parent		Non-controlling interests
		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				
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	<u>5,567,899</u>	<u>20,769</u>	<u>147,303</u>	<u>183,222</u>	<u>669,748</u>	<u>(224,130)</u>	<u>(3,671)</u>	-	<u>6,361,140</u>	<u>89,039</u>	<u>6,450,179</u>	
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	<u>\$ 5,567,899</u>	<u>20,769</u>	<u>184,726</u>	<u>227,801</u>	<u>571,377</u>	<u>(292,290)</u>	<u>(3,666)</u>	-	<u>6,276,616</u>	<u>468,907</u>	<u>6,745,523</u>	

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	<u>309,719</u>	<u>192,590</u>
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	<u>1,058,962</u>	<u>632,453</u>
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	<u>(235,100)</u>	<u>566,170</u>
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	<u>60,646</u>	<u>(92,697)</u>
Net changes in operating assets and liabilities	<u>(174,454)</u>	<u>473,473</u>
Total adjustments	<u>884,508</u>	<u>1,105,926</u>
Cash inflow generated from operations	1,194,227	1,298,516
Income taxes paid	(24,810)	(1,738)
Net cash flows from operating activities	<u>1,169,417</u>	<u>1,296,778</u>

(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).

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

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"

(Continued)

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

(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)

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

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:

Investor	Subsidiary	Nature of business	Shareholding ratio		Notes
			December 31, 2020	December 31, 2019	
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

Investor	Subsidiary	Nature of business	Shareholding ratio		Notes
			December 31, 2020	December 31, 2019	
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 advertsring 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

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

Investor	Subsidiary	Nature of business	Shareholding ratio		Notes
			December 31, 2020	December 31, 2019	
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)

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

Investor	Subsidiary	Nature of business	Shareholding ratio		Notes
			December 31, 2020	December 31, 2019	
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.

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EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
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- 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.

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EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
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(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.

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EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
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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.

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EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
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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.

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EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
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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.

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EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
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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.

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EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
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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.

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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.

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(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 classified 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.

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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.

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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.

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EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
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(ii) As a lessee

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

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

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

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

- fixed payments, 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.

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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.

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EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
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(iii) As a lessor

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. 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.

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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.

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EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
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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.

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(ii) Rendering 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.

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- 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.

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(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:

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EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
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- (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 reverse, 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.

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

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

Information about 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 the investee. Considering the size of the Group's holding of voting rights 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.

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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 execute 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.

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(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.

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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.

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- (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.

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
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	<u>(7,856)</u>	<u>(2,254)</u>
	<u><u>\$ 473,516</u></u>	<u><u>415,507</u></u>

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:

	<u>December 31, 2020</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	<u>\$ 11,148</u>	-%	<u>-</u>
	<u>December 31, 2019</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	<u>\$ 13,712</u>	-%	<u>-</u>

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

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

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EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
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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

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EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
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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.

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EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
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- (e) Other receivables and other notes receivable (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	<u>(1,697)</u>	<u>(28,982)</u>
	<u>\$ 101,008</u>	<u>166,921</u>

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	<u>120</u>	<u>447</u>
	<u>\$ 120</u>	<u>2,226</u>

- (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)	<u>28,046</u>	<u>26,070</u>
	<u>\$ 346,909</u>	<u>274,144</u>

- (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.

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EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
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(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
	<u>\$ 2,443,035</u>	<u>2,459,062</u>

- (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	<u>\$ 1,433,971</u>	<u>1,572,049</u>

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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	<u>\$ 2,245,043</u>	<u>2,249,856</u>
Net assets attributable to investee	<u>\$ 2,245,043</u>	<u>2,249,856</u>
	For the years ended December 31	
	2020	2019
Operating revenue	\$ <u>1,564,377</u>	<u>1,729,186</u>
Net income	\$ 29,431	58,619
Other comprehensive income	136,036	77,653
Total comprehensive income	<u>\$ 165,467</u>	<u>136,272</u>
Comprehensive income (loss) attributable to investee	<u>\$ 165,467</u>	<u>136,272</u>

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EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
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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	<u>\$ 1,951,807</u>	<u>2,032,949</u>

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	<u>\$ 2,192,320</u>	<u>1,792,219</u>
Non-controlling interests, attributable to investee	<u>\$ 293,369</u>	<u>268,866</u>
Net assets attributable to investee	<u>\$ 1,898,951</u>	<u>1,523,353</u>

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

	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	\$ <u>491,228</u>	<u>394,067</u>

- (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	\$ <u>-</u>	<u>32,046</u>

	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	\$ <u>(1,639)</u>	<u>(18,672)</u>

- (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.

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EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
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- (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.

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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		<u>(280,268)</u>
Fair value of identifiable net assets	\$	<u><u>333,516</u></u>

- 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		<u>(333,516)</u>
Goodwill	\$	<u><u>79,165</u></u>

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:

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non-controlling interests</u>	
		<u>December 31, 2020</u>	<u>December 31, 2019</u>
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	<u>(901,924)</u>
Net assets	<u>\$ 899,571</u>
	For the years ended December 31 2020
Operating revenue	<u>\$ -</u>
Net Loss	\$ (429)
Other comprehensive income	<u>-</u>
Total comprehensive income	<u>\$ (429)</u>
Net cash flows from operating activities	\$ (10,387)
Net cash flows from investing activities	(349,560)
Net cash flows from financing activities	<u>670,137</u>
Net increase in cash and cash equivalents	<u>\$ 310,190</u>

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(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	<u>(92,684)</u>
Carrying amount of net assets	<u><u>\$ 2,082,441</u></u>

- (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.

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EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
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(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:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Other equipment</u>	<u>Total</u>
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	<u>\$ 596,742</u>	<u>1,024,477</u>	<u>3,674</u>	<u>41,326</u>	<u>502,263</u>	<u>163,714</u>	<u>347,381</u>	<u>2,679,577</u>
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	<u>\$ 508,791</u>	<u>1,015,005</u>	<u>3,674</u>	<u>34,957</u>	<u>425,579</u>	<u>400</u>	<u>285,974</u>	<u>2,274,380</u>
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	<u>\$ 5,740</u>	<u>654,298</u>	<u>3,674</u>	<u>27,380</u>	<u>105,579</u>	<u>-</u>	<u>213,222</u>	<u>1,009,893</u>
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	<u>\$ 5,740</u>	<u>590,188</u>	<u>3,674</u>	<u>23,928</u>	<u>52,811</u>	<u>-</u>	<u>158,743</u>	<u>835,084</u>
Carrying amounts:								
Balance on December 31, 2020	<u>\$ 591,002</u>	<u>370,179</u>	<u>-</u>	<u>13,946</u>	<u>396,684</u>	<u>163,714</u>	<u>134,159</u>	<u>1,669,684</u>
Balance on January 1, 2019	<u>\$ 1,145,789</u>	<u>944,901</u>	<u>65,381</u>	<u>10,373</u>	<u>102,324</u>	<u>134</u>	<u>168,000</u>	<u>2,436,902</u>
Balance on December 31, 2019	<u>\$ 503,051</u>	<u>424,817</u>	<u>-</u>	<u>11,029</u>	<u>372,768</u>	<u>400</u>	<u>127,231</u>	<u>1,439,296</u>

(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).

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- (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:

	<u>Land and equipment</u>	<u>Buildings</u>	<u>Ships</u>	<u>Outdoor advertising boards</u>	<u>Transportation equipment</u>	<u>Total</u>
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	<u>\$ 5,233,445</u>	<u>1,085,759</u>	<u>-</u>	<u>2,763,333</u>	<u>4,732</u>	<u>9,087,269</u>
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	<u>\$ 4,109,171</u>	<u>882,233</u>	<u>-</u>	<u>2,453,661</u>	<u>-</u>	<u>7,445,065</u>

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	<u>Land and equipment</u>	<u>Buildings</u>	<u>Ships</u>	<u>Outdoor advertising boards</u>	<u>Transportation equipment</u>	<u>Total</u>
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	<u>\$ 441,315</u>	<u>297,986</u>	<u>-</u>	<u>1,136,693</u>	<u>598</u>	<u>1,876,592</u>
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	<u>\$ 220,259</u>	<u>130,528</u>	<u>-</u>	<u>332,115</u>	<u>-</u>	<u>682,902</u>
Carrying amount:						
Balance on December 31, 2020	<u>\$ 4,792,130</u>	<u>787,773</u>	<u>-</u>	<u>1,626,640</u>	<u>4,134</u>	<u>7,210,677</u>
Balance on January 1, 2019	<u>\$ 3,154,258</u>	<u>178,030</u>	<u>190,609</u>	<u>849,003</u>	<u>-</u>	<u>4,371,900</u>
Balance on December 31, 2019	<u>\$ 3,888,912</u>	<u>751,705</u>	<u>-</u>	<u>2,121,546</u>	<u>-</u>	<u>6,762,163</u>

- (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.

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- 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).

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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:

	<u>Goodwill</u>	<u>Trademark</u>	<u>Client rights</u>	<u>Brand values</u>	<u>Supplier contracts</u>	<u>Computer software</u>	<u>Other intangible assets</u>	<u>Total</u>
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	<u>\$ 111,084</u>	<u>271,695</u>	<u>73,169</u>	<u>-</u>	<u>-</u>	<u>53,856</u>	<u>19,290</u>	<u>529,094</u>
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	<u>\$ 160,379</u>	<u>233,229</u>	<u>69,909</u>	<u>-</u>	<u>-</u>	<u>42,053</u>	<u>13,008</u>	<u>518,578</u>
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	<u>\$ -</u>	<u>16,518</u>	<u>9,146</u>	<u>-</u>	<u>-</u>	<u>27,551</u>	<u>8,545</u>	<u>61,760</u>

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	<u>Goodwill</u>	<u>Trademark</u>	<u>Client rights</u>	<u>Brand values</u>	<u>Supplier contracts</u>	<u>Computer software</u>	<u>Other intangible assets</u>	<u>Total</u>
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	<u>\$ -</u>	<u>2,085</u>	<u>4,254</u>	<u>-</u>	<u>-</u>	<u>17,803</u>	<u>3,602</u>	<u>27,744</u>
Carrying amounts:								
Balance on December 31, 2020	<u>\$ 111,084</u>	<u>255,177</u>	<u>64,023</u>	<u>-</u>	<u>-</u>	<u>26,305</u>	<u>10,745</u>	<u>467,334</u>
Balance on January 1, 2019	<u>\$ 3,475,477</u>	<u>26,429</u>	<u>224,135</u>	<u>183,588</u>	<u>8,283</u>	<u>25,796</u>	<u>6,020</u>	<u>3,949,728</u>
Balance on December 31, 2019	<u>\$ 160,379</u>	<u>231,144</u>	<u>65,655</u>	<u>-</u>	<u>-</u>	<u>24,250</u>	<u>9,406</u>	<u>490,834</u>

- (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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Retail business	\$ 79,165	128,460
E-ticket business	31,919	31,919
	<u>\$ 111,084</u>	<u>160,379</u>

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) Trademark, Client rights, brand values and Supplier contracts

The Group measured the fair value of the net assets at acquisition date and evaluated 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).

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EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
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(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	<u>\$ 62,295</u>	<u>58,000</u>
Unused credit lines	<u>\$ 1,005,800</u>	<u>617,215</u>
Interest rates	<u>1.955%~2.25%</u>	<u>1.97%~3.2%</u>

(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	<u>\$ 20,000</u>
Unused credit lines	<u>\$ 10,000</u>
Interest rates	<u>1.878%</u>

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 leasing company. Since there were demands for short-term working capital of the Group, the Group signed a loan contract with leasing 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	-

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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	<u>\$ 1,174,478</u>	<u>954,147</u>
Non-current	<u>\$ 6,167,307</u>	<u>5,874,708</u>

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	<u>\$ 214,902</u>	<u>140,155</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 29,996</u>	<u>30,012</u>
Expenses relating to short-term leases	<u>\$ 80,264</u>	<u>103,296</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 1,814</u>	<u>933</u>
Covid-19 related rent concessions recognized as other income	<u>\$ (174,520)</u>	<u>-</u>

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	<u>\$ 1,306,050</u>	<u>928,690</u>

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.

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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

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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	<u>\$ 122,359</u>	<u>116,161</u>

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)
	<u>\$ 1,692</u>	<u>2,229</u>
Operating cost	\$ 1,086	1,437
General and administrative expense	606	792
	<u>\$ 1,692</u>	<u>2,229</u>

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%

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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	<u>337</u>	<u>(7,833)</u>
	<u>15,879</u>	<u>7,602</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>(199,266)</u>	<u>(191,607)</u>
Income tax benefit from continuing operations	<u>\$ (183,387)</u>	<u>(184,005)</u>

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

	For the years ended December 31	
	2020	2019
Profit before tax	\$ <u>309,719</u>	<u>360,720</u>
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	<u>(87,372)</u>	<u>(131,811)</u>
Total	<u>\$ (183,387)</u>	<u>(184,005)</u>

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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	-
	<u>\$ 1,669,700</u>	<u>1,854,661</u>

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
	<u>\$ 10,358,311</u>	

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

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

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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.

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(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.

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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

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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	<u>\$ (292,290)</u>	<u>(3,666)</u>	<u>(295,956)</u>
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	<u>\$ (224,130)</u>	<u>(3,671)</u>	<u>(227,801)</u>

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(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	\$ <u>520,859</u>	556,790	<u>0.94</u>
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	<u>-</u>	<u>843</u>	
Profit attributable to ordinary shareholders of the Company (Weighted average number of ordinary shares (diluted) at 31 December)	<u>\$ 520,859</u>	<u>557,633</u>	<u>0.93</u>
	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	<u>(168,130)</u>	556,790	<u>(0.30)</u>
Profit attributable to ordinary shareholders of the Company	<u>\$ 390,531</u>	<u>556,790</u>	<u>0.70</u>
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	<u>-</u>	<u>1,370</u>	
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	<u>(168,130)</u>	558,160	<u>(0.30)</u>
Profit attributable to ordinary shareholders of the Company (Weighted average number of ordinary shares (diluted) at 31 December)	<u>\$ 390,531</u>	<u>558,160</u>	<u>0.70</u>

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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
	<u>\$ 1,338,004</u>	<u>1,839,727</u>	<u>1,434,819</u>	<u>115,464</u>	<u>4,728,014</u>
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
	<u>\$ 1,280,228</u>	<u>584,418</u>	<u>1,143,584</u>	<u>121,130</u>	<u>3,129,360</u>

(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	<u>\$ 473,516</u>	<u>415,507</u>	<u>719,317</u>
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	<u>\$ 37,439</u>	<u>24,913</u>	<u>159,811</u>

- 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.

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(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.

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(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 cooperated 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

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(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
<u>Other receivables</u>		
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	<u>\$ 1,697</u>	<u>28,982</u>

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(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.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>More than 5 years</u>
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	<u>7,341,785</u>	<u>9,310,283</u>	<u>1,374,452</u>	<u>1,999,507</u>	<u>805,839</u>	<u>5,130,485</u>
	<u>\$ 9,349,078</u>	<u>11,362,550</u>	<u>2,703,872</u>	<u>2,722,354</u>	<u>805,839</u>	<u>5,130,485</u>
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	<u>6,828,855</u>	<u>8,231,502</u>	<u>1,145,703</u>	<u>2,164,558</u>	<u>1,037,028</u>	<u>3,884,213</u>
	<u>\$ 8,333,554</u>	<u>9,765,373</u>	<u>2,315,751</u>	<u>2,431,875</u>	<u>1,133,534</u>	<u>3,884,213</u>

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:

	<u>December 31, 2020</u>			<u>December 31, 2019</u>			
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>TWD</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>TWD</u>	
<u>Financial assets</u>							
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

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	December 31, 2020			December 31, 2019		
	Foreign Currency	Exchange Rate	TWD	Foreign Currency	Exchange Rate	TWD
<u>Financial liabilities</u>						
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.

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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:

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

(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:

December 31, 2020	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
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				

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<u>December 31, 2020</u>	<u>Book Value</u>	<u>Fair Value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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				
<u>December 31, 2019</u>	<u>Book Value</u>	<u>Fair Value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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				

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<u>December 31, 2019</u>	<u>Book Value</u>	<u>Fair Value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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.

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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:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
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) ·Discount for lack of marketability (20%)	·The higher the multiple, the higher the fair value ·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:

	<u>Inputs</u>	<u>Rate increasing or decreasing</u>	<u>Other comprehensive income</u>	
			<u>Favourable</u>	<u>Unfavourable</u>
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)

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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.

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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.

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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	<u>(1,855,653)</u>	<u>(1,829,578)</u>
Net debt	7,622,298	6,626,030
Total Equity	<u>6,745,523</u>	<u>6,450,179</u>
Total capital	<u>\$ 14,367,821</u>	<u>13,076,209</u>
Net Debt-to-equity ratio	<u>53.05%</u>	<u>50.67%</u>

(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	<u>(36,489)</u>	<u>(23,448)</u>
Cash paid in this period	<u>\$ 371,047</u>	<u>205,308</u>

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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:

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

	January 1, 2019	Cash flows	Non-cash changes			December 31, 2019
			Acquisition	Loss of control	Amortization of financing use commitment fees	
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

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<u>Name of related party</u>	<u>Relationship with the Group</u>
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 Corporation (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.

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(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

<u>Accounts</u>	<u>Related parties</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
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
		<u>\$ 84,533</u>	<u>24,606</u>

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

<u>Accounts</u>	<u>Related parties</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
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
		<u>\$ 28,339</u>	<u>12,539</u>

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(v) Prepayments, Advance receipts and Contract liabilities

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

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

(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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Fangcheng Su	\$ -	80,000
EHS	-	100,000
	<u>\$ -</u>	<u>180,000</u>

Interest expense:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Fangcheng Su	\$ 1,582	400
EHS	5,387	1,008
	<u>\$ 6,969</u>	<u>1,408</u>

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.

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(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.

(Continued)

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

(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.

(Continued)

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

(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	<u>\$ 712,178</u>	<u>91,136</u>
Payout amount	<u>\$ 237,869</u>	<u>27,781</u>

(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:

By function Categorized by nature	For the years ended December 31					
	2020			2019		
	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.

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

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)

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

- (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					
	<u>Warehousing</u>	<u>Trading</u>	<u>Media</u>	<u>Tourism</u>	<u>Others</u>	<u>Total</u>
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	<u>\$ 1,338,004</u>	<u>1,840,420</u>	<u>1,435,620</u>	<u>2</u>	<u>128,921</u>	<u>4,742,967</u>
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	<u>\$ 498,574</u>	<u>345,745</u>	<u>(365,908)</u>	<u>(95,969)</u>	<u>(72,723)</u>	<u>309,719</u>
	For the year ended December 31, 2019					
	<u>Warehousing</u>	<u>Trading</u>	<u>Media</u>	<u>Tourism</u>	<u>Others</u>	<u>Total</u>
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	<u>\$ 1,280,228</u>	<u>586,209</u>	<u>1,146,685</u>	<u>91</u>	<u>138,603</u>	<u>3,151,816</u>
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	<u>\$ 530,063</u>	<u>90,933</u>	<u>(282,025)</u>	<u>(93,033)</u>	<u>114,782</u>	<u>360,720</u>

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.

(Continued)

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

(Expressed 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 Management	"	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

(Expressed 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 1)										
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

(Expressed 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

(Expressed 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

(Expressed 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

(Expressed 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

(Expressed 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 ownership	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 ownership	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:

(Expressed 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 ownership	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 ownership	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

Shareholders name	Shareholding	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 %

**EASTERN MEDIA INTERNATIONAL
CORPORATION**

Parent Company Only Financial Statements

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

Address: 5F、8F., No. 368, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City 106, Taiwan
Telephone: 886-2-2755-7565

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

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安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of Eastern Media International Corporation:

Opinion

We have audited the parent Company only financial statements of Eastern Media International Corporation (“the Company”), which comprise parent Company only the balance sheets as of December 31, 2020 and 2019, the parent Company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent Company only 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 parent Company only financial statements present fairly, in all material respects, the parent Company only financial position of the Company as of December 31, 2020 and 2019, and its parent Company only financial performance and its parent Company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the parent Company only 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 parent Company only 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 Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 parent Company only financial statements of partial companies associates of the Company, which represented investment 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 report of other auditors. The investment in partial companies accounted for using the equity method constituting 17.81% and 0.24% of total assets at December 31, 2020 and 2019, respectively, and the related share of profit of subsidiaries and associates for using the equity method constituting (7.01)% and (8.47)% of total profit before tax for the years then ended, respectively.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent Company only financial statements of the current period. These matters were addressed in the context of our audit of the parent Company only 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(o) "Revenue recognition" for accounting policy related to revenue recognition, and Note 6(r) "Revenue from contracts with customers" to the parent Company only financial statements.

Description of key audit matter:

Major of the operating revenue sources of the Company is the services of warehousing amounted to \$1,338,004 thousand, constituting 100.00% of its Company revenue. 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 of warehousing; 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. The investments accounted of using equity method impairment

Please refer to Note 4(m) "Impairment of non-financial assets" for accounting policy related to the investments accounted of using equity method impairment, and Note 6(g) "Investments accounted for using equity method" to the parent Company only financial statements.

Description of key audit matter:

The investments accounted of using equity method of the Company constituted 40% of its parent Company only assets. The evaluation of the impairment on December 31 is significant to the parent Company only financial statements. There are risks that the assumption of the financial performance and cash flows related to the Company's subsidiaries and 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 Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent Company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent Company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent Company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent Company only 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 parent Company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent Company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent Company only financial statements, including the disclosures, and whether the parent Company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent Company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent Company only 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 parent company only financial statements are intended only to present the parent company only statements 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
EASTERN MEDIA INTERNATIONAL CORPORATION

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019		
	Amount	%	Amount	%	
Assets					
Current assets:					
1100	Cash and cash equivalents (Note 6(a))	\$ 889,244	8	835,973	8
1110	Current financial assets at fair value through profit or loss(Note 6(b))	231,123	2	242,539	2
1170	Accounts receivable, net (Notes 6(d) and 6(r))	11,148	-	13,712	-
1200	Other receivables, net (Note 6(e))	3,009	-	1,139	-
1210	Other receivables due from related parties, net (Note 6(e) and 7)	627,539	6	1,000,972	10
130X	Inventories (Note 6(f))	28,046	-	26,070	-
1410	Prepayments	8,648	-	19,625	-
1476	Other current financial assets (Notes 6(a) and 8)	14,592	-	89,719	1
		<u>1,813,349</u>	<u>16</u>	<u>2,229,749</u>	<u>21</u>
Non-current assets:					
1517	Non-current financial assets at fair value through other comprehensive income (Notes 6(c))	7,500	-	7,500	-
1550	Investments accounted for using equity method, net (Notes 6(g), (h) and 8)	4,397,379	40	3,852,218	36
1600	Property, plant and equipment (Note 6(i) and 8)	387,257	4	285,395	3
1755	Right-of-use assets (Note 6(j))	3,709,212	34	3,925,459	37
1780	Intangible assets	817	-	538	-
1840	Deferred tax assets (Note 6(o))	399,839	4	199,919	2
1920	Refundable deposits (Note 8 and 9)	117,450	1	117,383	1
1990	Other non-current assets, others (Note 9)	128,954	1	28,058	-
		<u>9,148,408</u>	<u>84</u>	<u>8,416,470</u>	<u>79</u>
Total assets		\$ <u>10,961,757</u>	<u>100</u>	<u>10,646,219</u>	<u>100</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
EASTERN MEDIA INTERNATIONAL CORPORATION

Balance Sheets (CONT'D)

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019		
	Amount	%	Amount	%	
Liabilities and Equity					
Current liabilities:					
2150	Notes payable	\$ -	-	616	-
2200	Other payables (Note 6(x))	167,000	2	155,185	1
2220	Other payables to related parties (Note 7)	202,172	2	625	-
2230	Current tax liabilities	4,745	-	11,086	-
2280	Current lease liabilities (Note 6(m))	169,657	2	164,977	2
2310	Advance receipts	-	-	1	-
2399	Other current liabilities, others	11,000	-	11,505	-
		<u>554,574</u>	<u>6</u>	<u>343,995</u>	<u>3</u>
Non-Current liabilities:					
2570	Deferred tax liabilities (Note 6(o))	22	-	-	-
2580	Non-current lease liabilities (Note 6(m))	3,630,042	33	3,801,676	36
2640	Net defined benefit liability, non-current (Note 6(n))	21,525	-	27,349	-
2645	Guarantee deposits received	360	-	-	-
2670	Other non-current liabilities, others (Note 6(g))	478,618	4	112,059	1
		<u>4,130,567</u>	<u>37</u>	<u>3,941,084</u>	<u>37</u>
	Total liabilities	<u>4,685,141</u>	<u>43</u>	<u>4,285,079</u>	<u>40</u>
Equity (Note 6(p)):					
3100	Capital stock	5,567,899	51	5,567,899	52
3200	Capital surplus	20,769	-	20,769	-
3300	Retained earnings	983,904	9	1,000,273	10
3400	Other equity interest	(295,956)	(3)	(227,801)	(2)
	Total equity	<u>6,276,616</u>	<u>57</u>	<u>6,361,140</u>	<u>60</u>
	Total liabilities and equity	<u>\$ 10,961,757</u>	<u>100</u>	<u>10,646,219</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
EASTERN MEDIA INTERNATIONAL CORPORATION

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 (Note 6(r) and 7)	\$ 1,338,004	100	1,282,112	100
5000	Operating costs (Note 6(f), (n) and 7)	<u>609,271</u>	<u>46</u>	<u>616,390</u>	<u>48</u>
	Gross profit from operations	728,733	54	665,722	52
6000	Operating expenses (Note 6(n) and 7)	300,024	22	236,870	18
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9 (Note 6(d))	<u>-</u>	<u>-</u>	<u>(1,325)</u>	<u>-</u>
	Net operating income	<u>428,709</u>	<u>32</u>	<u>430,177</u>	<u>34</u>
	Non-operating income and expenses (Note 6(t)):				
7100	Interest income (Note 7)	28,690	2	34,681	3
7010	Other income (Note 6(c) and 7)	10,727	1	5,182	-
7020	Other gains and losses, net (Note 6(g), (h), (j), (l) and 7)	41,915	3	321,784	25
7050	Finance costs, net (Note 6(m) and 7)	(118,171)	(9)	(93,326)	(7)
7370	Share of loss of subsidiaries and associates accounted for using equity method (Note 6(g))	<u>(71,018)</u>	<u>(5)</u>	<u>(504,820)</u>	<u>(40)</u>
7900	Profit before income tax	320,852	24	193,678	15
7950	Less: Income tax benefits (Note 6(o))	<u>(200,007)</u>	<u>(15)</u>	<u>(196,853)</u>	<u>(15)</u>
	Profit	<u>520,859</u>	<u>39</u>	<u>390,531</u>	<u>30</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	997	-	(4,764)	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	-	-	181	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	<u>18,570</u>	<u>1</u>	<u>(753)</u>	<u>-</u>
	Total components of other comprehensive income that will not be reclassified to profit or loss	<u>19,567</u>	<u>1</u>	<u>(5,336)</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(59,795)	(4)	(52,465)	(4)
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(8,365)	(1)	(3,077)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total components of other comprehensive income that will be reclassified to profit or loss	<u>(68,160)</u>	<u>(5)</u>	<u>(55,542)</u>	<u>(4)</u>
8300	Other comprehensive income, net of tax	<u>(48,593)</u>	<u>(4)</u>	<u>(60,878)</u>	<u>(4)</u>
	Total comprehensive income	<u>\$ 472,266</u>	<u>35</u>	<u>329,653</u>	<u>26</u>
	Earnings per share (Note 6(q))				
9750	Basic earnings per share	<u>\$ 0.94</u>		<u>0.70</u>	
9850	Diluted earnings per share	<u>\$ 0.93</u>		<u>0.70</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
EASTERN MEDIA INTERNATIONAL CORPORATION

Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	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
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
Profit for the year ended December 31, 2019	-	-	-	-	390,531	-	-	-	390,531
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	(5,561)	(55,542)	225	-	(60,878)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	384,970	(55,542)	225	-	329,653
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)
Changes in ownership interests in subsidiaries	-	15,604	-	-	-	-	-	-	15,604
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(10,738)	-	10,738	-	-
Loss of control of subsidiary	-	-	-	-	-	-	-	11	11
Balance at December 31, 2019	5,567,899	20,769	147,303	183,222	669,748	(224,130)	(3,671)	-	6,361,140
Profit for the year ended December 31, 2020	-	-	-	-	520,859	-	-	-	520,859
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	70	(68,160)	19,497	-	(48,593)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	520,929	(68,160)	19,497	-	472,266
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)
Disposal of investments in equity instruments designated at fair value through other comprehensive income by subsidiaries	-	-	-	-	19,492	-	(19,492)	-	-
Balance at December 31, 2020	\$ 5,567,899	20,769	184,726	227,801	571,377	(292,290)	(3,666)	-	6,276,616

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
EASTERN MEDIA INTERNATIONAL CORPORATION

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the year ended December 31	
	2020	2019
Cash flows from operating activities:		
Profit before tax	\$ 320,852	193,678
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	242,734	248,727
Amortization expense	419	831
Net gain on financial assets at fair value through profit or loss	(49,151)	(168,231)
Interest expense	118,171	93,326
Interest income	(28,690)	(34,681)
Dividend income	(1,874)	(1,046)
Share of profit of subsidiaries associates and joint ventures accounted for using equity method	71,018	504,820
Gain on disposal of property, plant and equipment	(53)	(16)
Loss (gain) on disposal of investments	3,806	(4,666)
Reversal of provision for onerous contract	-	(102,741)
Gain from lease modification	-	(59)
Expected credit loss	-	15,985
Total adjustments to reconcile profit	356,380	552,249
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
Decrease in current financial assets at fair value through profit or loss	60,567	587,981
Decrease in notes receivable	-	91
Decrease in accounts receivable	2,564	2,114
Decrease (increase) in other receivable	6,364	(15,103)
(Increase) decrease in inventories	(1,976)	1,192
Decrease (increase) in prepayments	10,977	(9,233)
Decrease (increase) in other current assets	15,461	(28,382)
Total changes in operating assets, net	93,957	538,660
Changes in operating liabilities, net:		
Decrease in contract liabilities	-	(387)
(Decrease) increase in notes payable	(616)	236
Decrease in accounts payable	-	(1,600)
Increase (decrease) in other payable	8,380	(66,635)
Decrease in receipts in advance	(1)	(88)
Decrease in other current liabilities	(505)	(4,305)
Decrease in non-current net defined benefit liability	(4,827)	(27,464)
Total changes in operating liabilities, net	2,431	(100,243)
Net changes in operating assets and liabilities	96,388	438,417
Total adjustments	452,768	990,666
Cash inflow generated from operations	773,620	1,184,344
Income taxes paid	(9,166)	(458)
Net cash flows from operating activities	764,454	1,183,886

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
EASTERN MEDIA INTERNATIONAL CORPORATION

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:		
Acquisition of investments accounted for using equity method	(495,000)	(400,216)
Proceeds from capital reduction of investments accounted for using equity method	11,230	-
Proceeds from disposal of investments accounted for using equity method	24,473	997
Proceeds from capital reduction of non-current financial assets at fair value through other comprehensive income	-	24,799
Proceeds from disposal of financial assets in fair value through other comprehensive income	-	181
Acquisition of property, plant and equipment	(127,332)	(62,190)
Proceeds from disposal of property, plant and equipment	53	16
(Increase) decrease in refundable deposits	(67)	879
Decrease (increase) in other receivables due from related parties	368,000	(657,500)
Acquisition of intangible assets	(698)	-
Decrease in other financial assets	59,666	144,533
Increase in non-current assets	(100,896)	(27,514)
Interest received	28,823	33,758
Dividends received	158,155	248,742
Net cash flows used in from investing activities	<u>(73,593)</u>	<u>(693,515)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	63,000	320,000
Decrease in short-term loans	(63,000)	(320,000)
Increase in other payables to related parties	201,708	-
Payment of lease liabilities	(164,736)	(186,585)
Increase (decrease) in guarantee deposits received	360	(221)
Cash dividends paid	(556,790)	(556,790)
Interest paid	(118,132)	(93,326)
Net cash flows used in financing activities	<u>(637,590)</u>	<u>(836,922)</u>
Net increase (decrease) in cash and cash equivalents	53,271	(346,551)
Cash and cash equivalents at beginning of period	835,973	1,182,524
Cash and cash equivalents at end of period	<u>\$ 889,244</u>	<u>835,973</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
EASTERN MEDIA INTERNATIONAL CORPORATION

Notes to the Parent Company Only 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 include forwarding, loading and unloading cargo onto/from ships, the handling and operation of wharf and transit shed facilities.

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

The financial statements were authorized for issue 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 Company has initially adopted the following new amendments, which do not have a significant impact on its parent company only financial statements, from January 1, 2020:

- 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”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on parent company only 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”

(Continued)

EASTERN MEDIA INTERNATIONAL CORPORATION
Notes to the Parent Company Only Financial Statements

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

The Company 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 parent company only 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 parent company only financial statements are summarized below. Except for Note 3 specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

- (a) Statement of compliance

The parent company only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- (b) Basis of preparation

- (i) Basis of measurement

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

- 1) Financial 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 are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note 4(q),

- (ii) Functional and presentation currency

The functional currency of each Company entities is determined based on the primary economic environment in which the entities operate. The parent company only 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.

(Continued)

EASTERN MEDIA INTERNATIONAL CORPORATION
Notes to the Parent Company Only Financial Statements

(c) Foreign currencies

(i) Foreign currency transactions

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

Exchange differences 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 Company 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 Company 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.

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

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

EASTERN MEDIA INTERNATIONAL CORPORATION
Notes to the Parent Company Only Financial Statements

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

An entity shall classify a liability as current when:

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

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

On initial recognition, 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 Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

(Continued)

EASTERN MEDIA INTERNATIONAL CORPORATION
Notes to the Parent Company Only Financial Statements

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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 Company's right to receive payment is established.

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 Company 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.

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4) Business model assessment

The Company 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 Company'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 Company'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 Company 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 Company 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

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

6) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 90 days past due ;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Company 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 Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

7) Derecognition of financial assets

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

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

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

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

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 Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) 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.

(h) Investment in associates

Associates are those entities in which the Company 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 the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

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

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

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

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

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

(i) **Subsidiaries**

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

The changes in ownership of the subsidiaries are recognized as equity transaction.

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(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

Land is not depreciated.

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

Buildings	1 ~ 55 years
Machinery and equipment	2 ~ 7 years
Transportation equipment	5 ~ 20 years
Leasehold improvements	2 ~ 20 years
Miscellaneous equipment	2 ~ 20 years

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

(k) Leased assets

(i) Identifying a lease

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

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

(ii) As a lessee

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

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

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

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

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

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

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

For sale-and-leaseback transactions, the Company 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 Company 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 Company recognizes only the amount of any gain or loss that relates to the rights transferred to

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the buyer-lessor. For leaseback transaction, the Company 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 Company will be treated as financing.

As a practical expedient, the Company 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.

(iii) As a lessor

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

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

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

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

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(l) 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 Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other 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.

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

Computer software	3 years
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Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Company 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.

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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.

(n) Provisions

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

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company 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 Company recognizes any impairment loss on the assets associated with that contract.

The Company 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.

(o) Revenue recognition

Revenue is recognition measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

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The Company is involved in loading and unloading and warehousing, 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 Company exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

(p) Government subsidies

The Company 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 Company 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 Company 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.

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan 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 Company, 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 Company 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 Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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(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 Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(r) Income taxes

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

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

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

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

Deferred 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 reverse, using tax rates enacted or substantively enacted at the reporting date.

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

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

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- 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.

(s) Business combination

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

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

For each business combination, the Company measures any 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 acquiree'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.

(t) Earnings per share

The Company 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.

(u) Operating segments

Please refer to the consolidated financial report of Eastern Media International Corporation for the years ended December 31, 2020 and 2019 for operating segments information.

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

The preparation of the financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers 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.

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

- (a) Prefer to the consolidated financial statement for the years ended December 31, 2020 and 2019 for judgment regarding control of subsidiaries.
- (b) Lease term

The Company 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 Company considers all relevant facts and circumstances that create an economic incentive for the lessee. The Company 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 Company recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Please refer to Note 6(j) and 6(m).

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) 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(n) for further description of the actuarial assumptions and sensitivity analysis.

- (b) 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 \$399,839 and \$199,919, respectively. As of December 31, 2020 and 2019, no deferred tax assets have been recognized on tax losses of \$1,123,969 and \$1,394,679, 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.

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EASTERN MEDIA INTERNATIONAL CORPORATION
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(c) Impairment of goodwill from investments in subsidiaries

Determining whether the goodwill included in the investments in subsidiaries is impaired requires an estimation of the value in use of the cash-generating units which are expected to benefit from the synergies of the related combination and to which the goodwill has been allocated since the acquisition date. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

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

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

- 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:

Note 6(u), Financial instruments.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	\$ 1,725	1,512
Cash in banks	527,481	314,290
Cash and cash equivalents	<u>360,038</u>	<u>520,171</u>
	<u>\$ 889,244</u>	<u>835,973</u>

The deposit accounts of \$0 and \$59,666, 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.

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

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(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	<u><u>\$ 231,123</u></u>	<u><u>242,539</u></u>

- (i) Please refer to Note 6(u) for the remeasurement of fair value.
- (ii) The Company recognized the dividends of \$1,287 and \$0, related to equity investments at fair value through profit or loss held on December 31, 2020 and 2019, respectively.
- (iii) 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	<u><u>\$ 7,500</u></u>	<u><u>7,500</u></u>

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

The Company 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 Company intends to hold for longterm for strategic purposes.

The Company recognized the dividends of \$587 and \$1,046, related to equity investments at fair value through other comprehensive income held on December 31, 2020 and 2019, respectively.

In 2019, the Company 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 Company has also sold its shares held in Want Want Broadband Co., Ltd. at fair value of \$181. The Company realized a loss of \$10,738, which was recognized as other comprehensive income, and thereafter, was reclassified to retained earnings.

- (ii) For credit risk and market risk; please refer to Note 6(u) and (v).
- (iii) No Financial assets were pledged as collateral on December 31, 2020 and 2019, respectively.

(d) Note and accounts receivable (including related parties)

	December 31, 2020	December 31, 2019
Accounts receivable	<u><u>\$ 11,148</u></u>	<u><u>13,712</u></u>

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The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts 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	<u>\$ 11,148</u>	-	<u>-</u>
	December 31, 2019		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	<u>\$ 13,712</u>	-	<u>-</u>

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

	For the years ended December 31	
	2020	2019
Balance on January 1	\$ -	8,870
Gain on reversal of impairment loss	-	(1,325)
Amounts written off	-	(7,545)
Balance on December 31	<u>\$ -</u>	<u>-</u>

- (i) The Company due to loss of allowance for notes receivable and accounts receivable recognized gain on reversal of impairment loss of \$0 and \$1,325 December 31, 2020 and 2019, respectively.
- (ii) Please refer to Note 6 (u) and (v) for the Company's accounts receivable exposure to credit risk and currency risk.
- (e) Other receivables (including related parties)

	December 31, 2020	December 31, 2019
Other accounts receivable—loans to associates	\$ 616,500	984,500
Other accounts receivable—others	14,048	44,896
Less: Loss allowance	-	(27,285)
	<u>\$ 630,548</u>	<u>1,002,111</u>

- (i) As of December 31, 2020 and 2019, there were no past due but not impaired of other receivables.

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(ii) For credit risk and market risk; please refer to Note 6(u) and Note 6(v).

(f) Inventories

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Raw materials and others (including fuel)	<u>\$ 28,046</u>	<u>26,070</u>

(i) As of December 31, 2020 and 2019, raw material and others, recognized as cost of sales amounted \$7,365 and \$7,533, respectively.

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

(g) Investments accounted for using equity method

The Company's financial information for investments accounted for using the equity method at the reporting date was as follows:

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Subsidiaries	\$ 3,795,089	3,614,867
Associates		
EHK E&S Co., Ltd.	-	26,081
Eastern Home Shopping&Leisure Co., Ltd.	<u>123,672</u>	<u>99,211</u>
	3,918,761	3,740,159
Add: credit balance of investments accounted for using equity method transferred to non-current liabilities	478,618	112,059
	<u>\$ 4,397,379</u>	<u>3,852,218</u>

(i) Subsidiaries

Expect for the following mentioned, please refer to the consolidated financial statement for the years ended December 31, 2020 and 2019.

- 1) On December 31, 2020 and 2019, wherein the Company invested at an amount proportionate to subsidiaries' previous shareholding, credit balance of investments accounted for using equity method carrying amounts of \$478,618 and \$112,059, respectively, the credit balance of investments accounted for using equity method has been transferred to non-current liabilities.
- 2) On June 3, 2019, its board of directors resolved to participate in FESS- Panama's capital injection by cash with an investment amount of USD\$4,700 (approximately NTD\$146,688), and the transaction was approved by the Investment Commission, MOEA on October 15, 2019.
- 3) On July 5, 2019, the Company did not participate in the ET New Media's capital injection in proportion to the shareholding ratio, with an investment amount of \$253,528, thereby reducing its shareholding from 93.90% to 89.20%.

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- 4) 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.
- 5) On December 16, 2020, a resolution was passed in the Far Eastern Silo & Shipping International (Bermuda) Ltd. board meeting for the capital reduction with the amount of USD\$400 (approximately NTDS\$11,230), and the transaction was approved by the Investment Commission, MOEA on January 27, 2021.

(ii) Associates

- 1) Affiliates which are material to the Company consisted of the followings:

Name of Affiliates	Nature of Relationship with the Company	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights	
			December 31, 2020	December 31, 2019
Eastern Home Shopping & Leisure Co., Ltd.	Sale plenty of merchandise, material and equipment wholesale and retail	Taiwan, Hong Kong and China	6.51 %	6.51 %

On December 27, 2018, EHS reelected the Board of Supervisors. The 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 Company since the new direct came in on January 1, 2019. The detail information please refer to Note 6(h).

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)	(8,163,537)
Net assets	<u>\$ 2,192,320</u>	<u>1,792,220</u>
Non-controlling interests, attributable to investee	<u>\$ 293,369</u>	<u>268,867</u>
Net assets attributable to investee	<u>\$ 1,898,951</u>	<u>1,523,353</u>

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	For the years ended December 31	
	2020	2019
Operating revenue	\$ <u>23,709,345</u>	<u>20,460,741</u>
Net income	\$ 1,454,098	594,820
Other comprehensive income	(46,847)	(19,039)
Total comprehensive income	\$ <u>1,407,251</u>	<u>575,781</u>
Comprehensive income (loss) attributable to non-controlling interests	\$ <u>5,356</u>	<u>(31,247)</u>
Comprehensive income attributable to investee	\$ <u>1,401,895</u>	<u>607,028</u>
	For the years ended December 31	
	2020	2019
Share of net assets attributable to the Company on January 1	\$ 99,211	116,083
Comprehensive income attributable to the Company	91,301	39,536
Dividends received from associates	(66,840)	(56,419)
Transfer from treasury stock	-	11
Share of net assets attributable to the Company on December 31	\$ <u>123,672</u>	<u>99,211</u>

- (iii) The Company'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	\$ <u>-</u>	<u>26,081</u>
	For the years ended December 31	
	2020	2019
Attributable to the Company:		
Profit (loss) from continuing operations	\$ 182	(16,395)
Other comprehensive loss	(1,790)	(2,040)
Comprehensive loss	\$ <u>(1,608)</u>	<u>(18,435)</u>

- (iv) The liquidation of Company 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 Company has processed an impairment test for investment using the equity method, please refer to Note 6(h) of the consolidated financial statements for the year ended December 31, 2020 and 2019.

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EASTERN MEDIA INTERNATIONAL CORPORATION
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(vi) Please refer to Note 8 for investments accounted for using equity method were pledged as collateral on December 31, 2020 and 2019, respectively.

(h) Loss of control of subsidiaries

(i) On December 27, 2018, EHS reelected the Board of Supervisors. The 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 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 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	<u>(92,684)</u>
Carrying amount of net assets	<u><u>\$ 2,082,441</u></u>

(ii) On March 29, 2019, the Company sold all of its shares in ET New Retail Department to EHS, with a consideration of \$997, resulting in 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 Company's subsidiary. For related information, please refer to consolidated financial statements Note 6(n).

(i) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Total</u>
Cost or deemed cost:							
Balance on January 1, 2020	\$ 63,196	51,544	3,674	25,010	203,076	32,631	379,131
Additions	87,951	9,472	-	1,055	27,687	4,402	130,567
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(310)</u>	<u>(6,273)</u>	<u>(721)</u>	<u>(7,304)</u>
Balance on December 31, 2020	<u><u>\$ 151,147</u></u>	<u><u>61,016</u></u>	<u><u>3,674</u></u>	<u><u>25,755</u></u>	<u><u>224,490</u></u>	<u><u>36,312</u></u>	<u><u>502,394</u></u>

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	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Total</u>
Balance on January 1, 2019	\$ 63,196	51,544	3,674	23,745	57,159	31,005	230,323
Additions	-	-	-	1,265	62,791	2,821	66,877
Transfers	-	-	-	-	91,965	-	91,965
Disposals	-	-	-	-	(8,839)	(1,195)	(10,034)
Balance on December 31, 2019	<u>\$ 63,196</u>	<u>51,544</u>	<u>3,674</u>	<u>25,010</u>	<u>203,076</u>	<u>32,631</u>	<u>379,131</u>
Depreciation and impairment loss:							
Balance on January 1, 2020	\$ -	23,912	3,674	20,977	19,924	25,249	93,736
Depreciation	-	1,649	-	1,676	22,863	2,517	28,705
Disposals	-	-	-	(310)	(6,273)	(721)	(7,304)
Balance on December 31, 2020	<u>\$ -</u>	<u>25,561</u>	<u>3,674</u>	<u>22,343</u>	<u>36,514</u>	<u>27,045</u>	<u>115,137</u>
Balance on January 1, 2019	\$ -	22,567	3,674	19,578	12,503	24,559	82,881
Depreciation	-	1,345	-	1,399	16,260	1,885	20,889
Disposals	-	-	-	-	(8,839)	(1,195)	(10,034)
Balance on December 31, 2019	<u>\$ -</u>	<u>23,912</u>	<u>3,674</u>	<u>20,977</u>	<u>19,924</u>	<u>25,249</u>	<u>93,736</u>
Carrying amounts:							
Balance on December 31, 2020	<u>\$ 151,147</u>	<u>35,455</u>	<u>-</u>	<u>3,412</u>	<u>187,976</u>	<u>9,267</u>	<u>387,257</u>
Balance on December 31, 2019	<u>\$ 63,196</u>	<u>27,632</u>	<u>-</u>	<u>4,033</u>	<u>183,152</u>	<u>7,382</u>	<u>285,395</u>
Balance on January 1, 2019	<u>\$ 63,196</u>	<u>28,977</u>	<u>-</u>	<u>4,167</u>	<u>44,656</u>	<u>6,446</u>	<u>147,442</u>

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

(j) Right-of-use assets

- (i) The cost and depreciation and impairment loss of the land and equipments and buildings of the Company were as follows:

	<u>Land and equipment</u>	<u>Buildings</u>	<u>Total</u>
Right of use asset cost:			
Balance on January 1, 2020	\$ 4,107,295	44,685	4,151,980
Write off-lease modification	(2,218)	-	(2,218)
Balance on December 31, 2020	<u>\$ 4,105,077</u>	<u>44,685</u>	<u>4,149,762</u>
Balance on January 1, 2019	\$ 3,154,258	13,236	3,167,494
Additions	953,067	38,326	991,393
Write off-lease modification	(30)	(6,877)	(6,907)
Balance on December 31, 2019	<u>\$ 4,107,295</u>	<u>44,685</u>	<u>4,151,980</u>
Depreciation and impairment loss:			
Balance on January 1, 2020	\$ 220,103	6,418	226,521
Depreciation	204,490	9,539	214,029
Balance on December 31, 2020	<u>\$ 424,593</u>	<u>15,957</u>	<u>440,550</u>

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	<u>Land and equipment</u>	<u>Buildings</u>	<u>Total</u>
Balance on January 1, 2019	\$ -	-	-
Depreciation	220,103	7,735	227,838
Write off-lease modification	<u>-</u>	<u>(1,317)</u>	<u>(1,317)</u>
Balance on December 31, 2019	<u>\$ 220,103</u>	<u>6,418</u>	<u>226,521</u>
Carrying amounts:			
December 31, 2020	<u>\$ 3,680,484</u>	<u>28,728</u>	<u>3,709,212</u>
December 31, 2019	<u>\$ 3,887,192</u>	<u>38,267</u>	<u>3,925,459</u>
January 1, 2019	<u>\$ 3,154,258</u>	<u>13,236</u>	<u>3,167,494</u>

(i) In October 2019, some lease contracts were not renewed in consideration of its operating conditions by the Company, and the right-of-use assets of \$5,590 and lease liabilities of \$5,649 were wrote-off. The Company recognized \$59 in lease modification benefits.

(ii) In February 2020, due to modifications of warehousing lease contract, some lease contracts were terminated by the Company, and the right-of-use assets and the lease liabilities amounted to \$2,218 and \$2,218 were wrote-off.

(k) Short-term loans

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Secured bank loans	<u>\$ -</u>	<u>-</u>
Unused credit lines	<u>\$ 958,491</u>	<u>617,215</u>
Interest rate	<u>-</u>	<u>-</u>

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

(l) Provisions

Balance on January 1, 2019	<u>\$ 102,741</u>
Provisions reversed during the year	<u>(102,759)</u>
Foreign exchange gain/loss	<u>18</u>
Balance on December 31, 2019	<u>\$ -</u>

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company 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.

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(m) Lease liabilities

The Company amounts recognized in lease liabilities was as follows:

	December 31, 2020	December 31, 2019
Current	<u>\$ 169,657</u>	<u>164,977</u>
Non-current	<u>\$ 3,630,042</u>	<u>3,801,676</u>

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

For the years ended December 31, 2020 and 2019, newly added lease liabilities amounted \$0 and \$991,393, respectively, and the interest rate was 3%. Lease period ending dates extend from April 2022 to December 2038. However, for the years ended December 31, 2020 and 2019, the Company negotiated modifications to its contracts in consideration of its operating conditions, thereby reducing lease liabilities by \$2,218 and \$5,649, respectively. The information on modifications of the Company's lease contracts, please refer to Notes 6(j) and (t).

The amounts recognized as profit or loss were as follows:

	For the years ended December 31	
	2020	2019
Interest on lease liabilities	<u>\$ 116,666</u>	<u>93,095</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 29,995</u>	<u>30,012</u>
Expenses relating to short-term leases	<u>\$ 1,892</u>	<u>8,566</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 214</u>	<u>316</u>

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

	For the years ended December 31	
	2020	2019
Total cash outflow for leases	<u>\$ 313,503</u>	<u>318,574</u>

As of December 31, 2020 the Company leased land and equipment and buildings for its warehousing operations and office space. The leases of land typically run for a period of 20 years, and of office space for 3 to 5 years. The leases included 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 contained extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Company and not by the lessors. In which lease is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

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The Company 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 Company had elected not to recognize right-of-use assets and lease liabilities for these leases.

(n) Employee benefits

(i) Defined benefit plans

The Company's defined benefit obligations and fair value of plan assets were as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	\$ 143,876	143,510
Fair value of plan asset	<u>(122,351)</u>	<u>(116,161)</u>
Net defined benefit liabilities	<u>\$ 21,525</u>	<u>27,349</u>

The Company makes defined benefit plans contributions to the pension fund account with Bank of Taiwan that provide pension benefits for employees upon retirement. Plans (covered by the Labor Standard Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for six months prior to retirement.

1) Composition of plan assets

The Company 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 Company's Bank of Taiwan labor pension reserve account balance amounted \$122,351 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.

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2) Movements in present value of the defined benefit obligations

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

	For the years ended December 31	
	2020	2019
Defined benefit obligation at January 1	\$ 143,510	146,266
Current service cost and interest	2,349	2,918
Remeasurements of the net defined benefit liability (asset):		
— Actuarial (losses) gains arising from to experience adjustments	2,986	8,162
Benefits paid by the plan	(4,969)	(13,836)
Defined benefit obligations at December 31	\$ 143,876	143,510

3) Movements in the fair value of plan assets

The movements in the present value of the defined benefit plan assets for the years 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	96,216
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	6,456	29,632
Benefits paid by the plan	(4,969)	(13,836)
Fair value of plan assets at December 31	\$ 122,351	116,161

4) Expenses recognized in profit and loss

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

	For the years ended December 31	
	2020	2019
Current service cost	\$ 1,460	1,777
Net interest on net defined benefit liability	889	1,141
Curtailment or settlement losses	(720)	(751)
	\$ 1,629	2,167

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	For the years ended December 31	
Operating cost	\$ 1,086	1,437
Administration expense	543	730
	\$ 1,629	2,167

5) Actuarial valuations

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

	December 31, 2020	December 31, 2019
Discount rate	0.19%	0.62%
Future salary increase	0.50%	1.00%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$6,456.

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

6) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Company 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 rate of 0.50%	\$ (1,670)	4,574
Future salary increase rate of 0.50%	4,512	(1,349)
December 31, 2019		
Discount rate of 0.50%	(2,039)	5,771
Future salary increase rate 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.

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The analysis is performed on the same basis for prior year.

(ii) Defined contribution plans

The Company allocates 6% of each 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. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The cost of the pension contributions to the Labor Insurance Bureau for the years ended December 31, 2020 and 2019 amounted to \$10,339 and \$9,727, respectively.

(o) Income taxes

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

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Current income tax expense		
Current period	\$ -	-
Undistributed earnings additional tax	-	9,517
Adjustment for prior periods	<u>(109)</u>	<u>(6,451)</u>
	<u>(109)</u>	<u>3,066</u>
Deferred tax expense		
Origination and reversal of temporary differences	(199,898)	(199,919)
Adjustment in tax rate	<u>-</u>	<u>-</u>
	<u>(199,898)</u>	<u>(199,919)</u>
Income tax benefit from continuing operations	<u>\$ (200,007)</u>	<u>(196,853)</u>

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

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Profit before income tax	\$ <u>320,852</u>	<u>193,678</u>
Income tax on pre-tax financial income calculated at the domestic rates applicable to profits in the country concerned	\$ 64,170	38,736
Investment gain or loss from domestic investment accounted for using equity method	14,204	100,964
Undistributed earnings additional tax	-	9,517
Prior years' adjustment	(109)	(6,451)
Other adjustments in accordance with tax laws	(78,374)	(139,700)
Deferred income taxes	<u>(199,898)</u>	<u>(199,919)</u>
Total	<u>\$ (200,007)</u>	<u>(196,853)</u>

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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:

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Tax effect of deductible temporary differences	\$ 2,849	5,470
The carryforward of unused tax losses	<u>1,123,969</u>	<u>1,394,679</u>
	<u><u>\$ 1,126,818</u></u>	<u><u>1,400,149</u></u>

2) Recognized deferred tax assets and liabilities

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

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Deferred Tax Assets:		
Balance, January 1	\$ 199,919	-
Recognized in profit or loss	<u>199,920</u>	<u>199,919</u>
Balance, December 31	<u><u>\$ 399,839</u></u>	<u><u>199,919</u></u>

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.

	<u>For the years ended</u> <u>December 31</u>	
	<u>2020</u>	
Deferred Tax Liabilities:		
Balance, January 1	\$ -	
Recognized in profit or loss		<u>22</u>
Balance, December 31	<u>\$</u>	<u><u>22</u></u>

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- 3) As of December 31, 2020, the information of the Company'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	\$ 1,692,762	2021
2012	1,390,058	2022
2013	1,466,903	2023
2014	1,432,422	2024
2015	1,206,357	2025
2017	142,615	2027
2018	287,921	2028
	\$ 7,619,038	

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

(p) 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.

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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(g) 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

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EASTERN MEDIA INTERNATIONAL CORPORATION
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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:

	<u>Earnings distributions</u>		<u>Dividend per share</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
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:

	<u>Earnings</u>	<u>Dividend per</u>
	<u>distributions</u>	<u>share</u>
Legal reserve	\$ 54,042	-
Special reserve	68,155	-
Cash dividends	445,432	0.8

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 2019, as disposing financial assets at fair value through other comprehensive income, the loss on disposal amounted \$10,738, was transferred from other equity to retained earnings.
 - 5) In 2020, as disposing financial assets at fair value through other comprehensive income by subsidiaries, the loss on disposal amounted \$19,492, was 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 loss control over EHS, resulting in the Company to recognize the amount of \$11 as treasury shares.

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(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	(59,795)	-	(59,795)
Change in other comprehensive income (loss) of associates and subsidiaries accounted for using equity method	(8,365)	19,497	11,132
Disposal of investments in equity instruments designated at fair value through other comprehensive income by subsidiaries	-	(19,492)	(19,492)
Balance at December 31, 2020	<u>\$ (292,290)</u>	<u>(3,666)</u>	<u>(295,956)</u>
Balance on January 1, 2019	\$ (168,588)	(14,634)	(183,222)
Exchange differences on foreign operation	(52,465)	-	(52,465)
Change in other comprehensive income (loss) of associates and subsidiaries accounted for using equity method	(3,077)	44	(3,033)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	181	181
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	10,738	10,738
Balance at December 31, 2019	<u>\$ (224,130)</u>	<u>(3,671)</u>	<u>(227,801)</u>

(q) 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 years ended December 31	
	2020	2019
Basic earnings per share		
Profit attributable to ordinary shareholders	<u>\$ 520,859</u>	<u>390,531</u>
Weighted average number of ordinary shares	<u>556,790</u>	<u>556,790</u>
	<u>\$ 0.94</u>	<u>0.70</u>
Diluted earnings per share		
Profit attributable to ordinary shareholders	<u>\$ 520,859</u>	<u>390,531</u>
Weighted average number of ordinary shares	556,790	556,790
Effect of potentially dilutive ordinary shares		
Employee stock bonus	<u>843</u>	<u>1,370</u>
Weighted average number of ordinary shares (diluted)	<u>557,633</u>	<u>558,160</u>
	<u>\$ 0.93</u>	<u>0.70</u>

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(r) Revenue from contracts with customers

(i) Details of revenue

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Main services:		
Loading and storage revenue	\$ 1,338,004	1,280,228
Other revenue	-	1,884
	<u>\$ 1,338,004</u>	<u>1,282,112</u>

(ii) Contract balances

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>January 1,</u> <u>2019</u>
Notes receivables	\$ -	-	91
Account receivable	11,148	13,712	23,371
Less: allowance for impairment	-	-	(8,870)
Total	<u>\$ 11,148</u>	<u>13,712</u>	<u>14,592</u>
Contract liabilities	<u>\$ -</u>	<u>-</u>	<u>387</u>

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

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.

(s) 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 year 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 compensations 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.

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For the year ended December 31, 2019 and 2018, the amounts of employees' compensation and directors' remuneration, as stated in the parent company only 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.

(t) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2020	2019
Interest income	\$ 28,690	34,681

(ii) Other income

The details of other revenue were as follows:

	For the years ended December 31	
	2020	2019
Dividend income	\$ 1,874	1,046
Rental income	1,323	4,136
Other income	7,530	-
	\$ 10,727	5,182

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2020	2019
Gain on disposal of property, plant and equipment	\$ 53	16
Gain (loss) on disposal of investments	(3,806)	4,666
Net gain on evaluation of financial assets at fair value through profit or loss	49,151	168,231
Foreign exchange loss	(3,406)	(5,055)
Expected credit loss	-	(17,310)
Lease modification benefits	-	59
Other income	-	69,277
Other loss	(77)	(859)
Gain from price recovery of onerous contracts losses	-	102,759
	\$ 41,915	321,784

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(iv) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2020	2019
Interest expenses – lease liabilities	\$ 116,666	93,095
Interest expenses – bank loans	1,389	198
Finance expense	116	33
	\$ 118,171	93,326

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

- a) The carrying amount of financial assets recognized in the balance sheet; and
- b) The amount of liabilities as a result from the Company providing financial guarantees to its customers was \$1,120,682 and \$390,000.

2) Concentration of credit risk

For the years ended December 31, 2020 and 2019, the Company's revenue come from sales to a single customer were 11.47% and 12.78%, respectively.

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

Other amortized cost financial assets included other receivables and certificate of deposit.

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(f).

The loss allowance provision were determined as follows:

	For the years ended December 31	
	2020	2019
<u>Other receivables</u>		
Balance at January 1	\$ 27,285	11,861
Amounts written off	(27,285)	(1,886)
Impairment losses recognized	-	17,310
Balance at December 31	\$ -	27,285

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(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>More than 5 years</u>
December 31, 2020						
Payables	\$ 369,172	369,172	369,172	-	-	-
Guarantee deposits received	3,799,699	4,915,283	281,303	559,359	545,606	3,529,015
Lease liabilities	360	360	360	-	-	-
	<u>\$ 4,169,231</u>	<u>5,284,815</u>	<u>650,835</u>	<u>559,359</u>	<u>545,606</u>	<u>3,529,015</u>
December 31, 2019						
Payables	\$ 156,426	156,426	156,426	-	-	-
Lease liabilities	3,966,653	5,199,123	281,695	562,117	554,634	3,800,677
	<u>\$ 4,123,079</u>	<u>5,355,549</u>	<u>438,121</u>	<u>562,117</u>	<u>554,634</u>	<u>3,800,677</u>

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

	<u>December 31, 2020</u>			<u>December 31, 2019</u>		
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>TWD</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>TWD</u>
<u>Financial assets</u>						
USD:TWD	\$ 60	28.480	1,709	2,846	29.980	85,178
EUR:TWD	2,885	35.020	101,033	1,496	33.590	49,965
<u>Financial liabilities</u>						
USD:TWD	7,071	28.480	201,392	-	-	-

2) Sensitivity analysis

The Company'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, accounts payable, and other payables that are denominated in foreign currency. If the TWD, when compared with USD and EUR, had appreciated or depreciated 1% (with other factors remaining constant on the reporting date), net profit before tax would have increased or decreased by \$987 and \$1,351 for the years ended December 31, 2020 and 2019, respectively. The analysis is performed on the same basis for both periods.

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As the Company 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 losses (including realized and unrealized) amounted \$3,406 and \$5,055, respectively.

(iv) Interest rate analysis

The interest risk exposure of the Company'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 Company'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 1% (with other factors remaining constant on the reporting date), the Company's net profit after tax would remain the same for the years ended December 31, 2020 and 2019, due to the Company's variable rate deposit and borrowing assuming all other variable factors remained constant.

(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:

<u>Price of securities at reporting date</u>	<u>For the years ended December 31</u>			
	<u>2020</u>		<u>2019</u>	
	<u>Other comprehensive income after tax</u>	<u>Net income</u>	<u>Other comprehensive income after tax</u>	<u>Net income</u>
Increasing 3%	\$ <u>225</u>	<u>6,934</u>	<u>225</u>	<u>7,276</u>
Decreasing 3%	\$ <u>(225)</u>	<u>(6,934)</u>	<u>(225)</u>	<u>(7,276)</u>

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(vi) Fair value of financial instruments

1) Fair value hierarchy

The carrying amount and fair value of the Company'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:

<u>December 31, 2020</u>	<u>Book Value</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 231,123	231,123	-	-	231,123
Financial assets at fair value through other comprehensive income	7,500	-	-	7,500	7,500
Financial assets measured at amortized cost					
Cash and cash equivalents	889,244				
Accounts receivable	11,148				
Other receivables (including related parties)	630,548				
Other current financial assets	14,592				
Refundable deposits	117,450				
Financial liabilities measured at amortized cost					
Other payables (including related parties)	369,172				
Lease liabilities (current and non-current)	3,799,699				
Guarantee deposits received	360				

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EASTERN MEDIA INTERNATIONAL CORPORATION
Notes to the Parent Company Only Financial Statements

<u>December 31, 2019</u>	<u>Book Value</u>	<u>Fair Value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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	7,500	-	-	7,500	7,500
Financial assets measured at amortized cost					
Cash and cash equivalents	835,973				
Accounts receivable	13,712				
Other receivables (including related parties)	1,002,111				
Other current financial assets	89,719				
Refundable deposits	117,383				
Financial liabilities measured at amortized cost					
Notes and accounts payable	616				
Other payables (including related parties)	155,810				
Lease liabilities (current and non-current)	3,966,653				

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

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

- a) Financial assets (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. The estimates and assumptions used in the evaluation method shall be the discounted value of cash flows to estimate the fair value.

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.

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EASTERN MEDIA INTERNATIONAL CORPORATION
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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, 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	\$ 7,500	32,299
Total gains and losses recognized:		
In other comprehensive income	-	181
Disposal	-	(181)
Capital reduction and return of shares	-	(24,799)
Ending Balance, December 31	<u>\$ 7,500</u>	<u>7,500</u>

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company'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 Company'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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EASTERN MEDIA INTERNATIONAL CORPORATION
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Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
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) ·Discount for lack of marketability (20%)	·The higher the multiple, the higher the fair value ·The higher the discount, the lower the fair value

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

The Company'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:

	<u>Inputs</u>	<u>Rate increasing or decreasing</u>	<u>Other comprehensive income</u>	
			<u>Favourable</u>	<u>Unfavourable</u>
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.

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EASTERN MEDIA INTERNATIONAL CORPORATION
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(v) Financial risk management

(i) Overview

The Company 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 Company's information concerning risk exposure and the Company'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 Company's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

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

1) Accounts receivable and other receivables

The exposure of the credit risk is depend on each customer of the sales of loading storage and lease. The Company assesses the customers' credit risk based on their basic information, which comprises of the default risk in their industry and country. The Company continuously monitors the exposure to credit risk and counterparty credit ratings, the Company does not require any collateral for trade and other receivables.

The Risk Management Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount with requiring approval from the Risk Management Committee; these limits are reviewed periodically. The Company would not trade with clients who cannot meet the basic credit rating requirement through regular review.

(Continued)

EASTERN MEDIA INTERNATIONAL CORPORATION
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The Company monitored customer credit risk, customers are grouped according to their credit characteristics. Trade and other receivables relate mainly to the Company'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 Company 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 Company 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 Company 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 Company's policy is to provide financial guarantees only to subsidiaries. At December 31, 2020, no other guarantees were outstanding.

(iv) Liquidity risk

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

As of December 31, 2020 and 2019, the Company had unused bank credit lines for short-term borrowings amounting to \$958,491 and \$617,215, respectively. According to the Company's evaluation, the working funds of the Company 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. The Company intends to strengthen the activation and utilization plan of real estate and investment, which is expected to be sufficient to cope with 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 Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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EASTERN MEDIA INTERNATIONAL CORPORATION
Notes to the Parent Company Only Financial Statements

1) Currency risk

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

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company 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 Company's interest rate risk is managed by maintaining an appropriate combination of fixed and floating interest rates. The Company 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 Company 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 Company does not actively trade in these investments since the management of the Company monitors and manages the equity investments by holding different investment portfolios. The Company'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.

(w) Capital management

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

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

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

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

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EASTERN MEDIA INTERNATIONAL CORPORATION
Notes to the Parent Company Only Financial Statements

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total liabilities	\$ 4,685,141	4,285,079
Less: cash and cash equivalents	<u>(889,244)</u>	<u>(835,973)</u>
Net debt	3,795,897	3,449,106
Total Equity	<u>6,276,616</u>	<u>6,361,140</u>
Total capital	<u>\$ 10,072,513</u>	<u>9,810,246</u>
Net Debt-to-equity ratio	<u>37.69%</u>	<u>35.16%</u>

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

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

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Acquisition of property, plant and equipment	\$ 130,567	66,877
Add: other payables January 1	12,337	7,650
Less: other payables December 31	<u>(15,572)</u>	<u>(12,337)</u>
Cash paid in this period	<u>\$ 127,332</u>	<u>62,190</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with related parties and the Company's subsidiaries during the periods covered in the parent company only financial statements.

<u>Name of related party</u>	<u>Relationship with the Company</u>
Far Eastern Silo & Shipping (Panama) S.A (FESS-Panama)	The Company's subsidiary
Far Eastern Silo & Shipping International (Bermuda) Ltd. (FESS-Bermuda)	The Company's subsidiary
Grand Scene Media Corporation (GSMC-Cayman)	The Company's subsidiary
Eastern Media Communication (Hong Kong) Ltd. (Eastern Media Communication Hong Kong)	The Company's subsidiary
RICHNESS TRADING (SHANGHAI) CO., LTD. (RICHNESS TRADING (SHANGHAI))	The Company's subsidiary
Shanghai Rich Industry Ltd.(Shanghai Rich)	The Company's subsidiary
GRAND SCENE TRADING (HONG KONG) LIMITED (GRAND SCENE TRADING (HONG KONG))	The Company's subsidiary
Eastern Enterprise Custom Broker Ltd. (Eastern En)	The Company's subsidiary (Note 1)

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EASTERN MEDIA INTERNATIONAL CORPORATION
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<u>Name of related party</u>	<u>Relationship with the Company</u>
Eastern Biotechnology (Shanghai) (Eastern Food (Shanghai)) Ltd. (Eastern Biotechnology (Shanghai))	The Company's subsidiary (Note 2)
Eastern Enterprise Shanghai Logistics Ltd.	The Company's subsidiary (Note 3)
Nanjing Yun Fu Trading Ltd. (Nanjing Yun Fu)	The Company's subsidiary
Grand Richness Trading (Hong Kong) Co.(Grand Richness (Hong Kong))	The Company's subsidiary
Sheng Hang Trading (Shanghai) Ltd. (Sheng Hang (Shanghai))	The Company's subsidiary (Note 4)
Far Eastern Investment Co., Ltd.(EIC)	The Company's subsidiary
Tung Kai Lease Finance Co., Ltd. (TKLF)	The Company's subsidiary
Eastern International Lease Finance Co., Ltd. (EILF)	The Company's subsidiary
ET New Media (ETtoday) Holdings Co., Ltd.(ET New Media)	The Company's subsidiary (Note 5)
EHR Hotels & Resorts Group Yilan (EHR)	The Company's subsidiary
Mohist Web Technology Co., Ltd. (MWT)	The Company's subsidiary
Show Off Co., Ltd. (Show Off)	The Company's subsidiary (Note 6)
ET Pet Co., Ltd (ET Pet)	The Company's subsidiary (Note 7)
Dung sen dian jing yun Co., Ltd. (Dung sen dian jing yun)	The Company's subsidiary (Note 8)
Dung sen shin guang yun Co., Ltd. (Dung sen shin guang yun)	The Company's subsidiary (Note 9)
Dung sen shin wen yun Co., Ltd. (Dung sen shin wen yun)	The Company's subsidiary (Note 10)
Oscar Pet Co., Ltd. (Oscar)	The Company's subsidiary (Note 11)
Pet Kingdom Co., Ltd.(Pet Kingdom)	The Company's subsidiary (Note 11)
Kaou Sin Trading Co., Ltd.(Kaou Sin)	The Company's subsidiary (Note 11)
Dung sen min diau yun Co., Ltd. (Dung sen min diau yun)	The Company's subsidiary (Note 12)
Eastern Asset Co., Ltd. (Eastern Asset)	The Company's subsidiary (Note 13)
Eastern Home Shopping & Leisure Co., Ltd. (EHS)	An associate (Note 14)
Dongsen D'Amour SPA (Dongsen D'Amour)	An associate (Note 14)
Strawberry Cosmetics Holdings Limited	An associate (Note 14)

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EASTERN MEDIA INTERNATIONAL CORPORATION
Notes to the Parent Company Only Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
Eastern New Retail Department (EIM) Co., Ltd. (ET New Retail Department)	An associate (Note 15)
EHK E&S Co., Ltd.	An associate (Note 16)
Natural Beauty Bio-Technology Co., Ltd. (Natural Beauty)	An associate
Eastern Property & Casualty Insurance Agency Co., Ltd. (Eastern Property & Casualty Insurance)	Key management
Taiwan Gift Card Co. Ltd. (Taiwan Gift Card)	Other related parties
Dongsen Health Life Co., Ltd. (Dongsen Health Life)	Other related parties
Eastern Realty Co., Ltd.	Other related parties
Eastern Bio Corporation (Eastern Bio)	Other related parties
Eastern E-Commerce Co., Ltd. (Eastern E-Commerce)	Other related parties (Note 17)
EIP TV Co., Ltd. (EIP)	Other related parties
Chinese Non-Store Retailer Association (Non-Store)	Other related parties
Taiwan Information and Communication Association	Other related parties
Dongsen Culture Foundation (Dongsen Culture)	Other related parties
Hong Yang Foundation (Hong Yang)	Other related parties
Chunghua New media Industry Development Association (Chunghua New Media)	Other related parties
Inforcharge Co., Ltd. (Inforcharge)	Other related parties
All Directors, Supervisors of the Group	Key management personnel general manager and vice personnel general

Note 1: GRAND SCENE TRADING (Hong Kong) sold 100% of its shares in Eastern En on June 21, 2019, Eastern En was no longer a related party since then.

Note 2: GRAND SCENE TRADING (Hong Kong) disposed all of its shares of Eastern Biotechnology (Shanghai), with the completion of their share transfer registration procedures on January 20, 2020.

Note 3: Eastern Enterprise Shanghai Logistics Ltd. has finished liquidation on July 20, 2020.

Note 4: Sheng Hang Trading (Shanghai) has finished liquidation on February 21, 2019.

Note 5: ETtoday was renamed ET New Media in February 2019.

Note 6: Show Off was dissolved on July 30, 2020. The processure of liquidation has not been finished by the reporting date.

Note 7: ET Pet Co., Ltd was established on January 18, 2019.

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

Note 9: Dung sen shin guang yun was established on January 22, 2019.

Note 10: Dung sen shin wen yun was established on August 22, 2019.

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EASTERN MEDIA INTERNATIONAL CORPORATION
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Note 11: ET Pet decided to acquire 80% shares of Oscar, Pet Kingdom and Kaou Sin on September 11, 2019. The registrations of share transfer of these three companies were completed on October 1, 2019.

Note 12: Dung sen min diau yun was established on September 24, 2020.

Note 13: Eastern Asset was established on February 24, 2020.

Note 14: Since January 1, 2019, the Company lost control of EHS. Please refer to Note 6(h).

Note 15: The Company decided to sale all of its shares of EIM to EHS on November 29, 2018, 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.

Note 16: EHK E&S Co., Ltd. has finished liquidation on June 18, 2020.

Note 17: Since December 10, 2019, Eastern Tenmax Direct Selling Co., Ltd. was renamed as Eastern E-Commerce Co., Ltd.

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales transactions between the Company and related parties were as follows:

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Subsidiaries	<u>\$ -</u>	<u>1,884</u>

(ii) Receivables

<u>Accounts</u>	<u>Related parties</u>	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Other receivable	Subsidiary: Fess-Panama	\$ -	11,616
Other receivable	Subsidiaries	4,271	1,022
Other receivable	Associates	4,390	1,874
Other receivable	Other related parties	1,586	155
Other receivable	Key management	26	18
		<u>\$ 10,273</u>	<u>14,685</u>

(iii) Payables

<u>Accounts</u>	<u>Related parties</u>	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Other payable	Subsidiaries	\$ 159	11
Other payable	Associates	253	593
Other payable	Key management	14	10
Other payable	Other related parties	-	11
		<u>\$ 426</u>	<u>625</u>

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(iv) Loans to Related Parties

The actual amounts of loaned between the Company and related parties were as follows:

<u>Related parties</u>	December 31, 2020	December 31, 2019
ET New Media	\$ 200,000	200,000
MWT	16,500	37,500
EHR	340,000	647,000
ET Pet	<u>60,000</u>	<u>100,000</u>
	<u>\$ 616,500</u>	<u>984,500</u>

Interest revenue

<u>Related parties</u>	December 31, 2020	December 31, 2019
ET New Media	\$ 7,221	9,370
MWT	781	969
EHR	16,481	19,108
ET Pet	2,425	1,102
ET New Retail Department	<u>-</u>	<u>611</u>
	<u>\$ 26,908</u>	<u>31,160</u>

The interest charged by the Company to related parties is based on the average interest rate charged by financial institutions on the Company's short-term borrowings. All loans were unsecured and no need to recognized impairment. Interest receivables of the Company as of December 31, 2020 and 2019 were \$766 and \$1,787, respectively.

(v) Borrowings from related parties

The amount of borrowing from related parties were as follows:

<u>Related parties</u>	December 31, 2020	December 31, 2019
FESS Panama	\$ 45,648	-
GRAND SCENE TRADING (Hong Kong)	54,778	-
Easten Media Communication (Hong Kong)	42,510	-
Grand Richness (Hong Kong)	<u>58,772</u>	<u>-</u>
	<u>\$ 201,708</u>	<u>-</u>

Interest which results from the unsecured borrowings by the Company 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 Company's interest payables were amounted \$38 and \$0. In addition, the interest expenses paid to the related party for the years ended December 31, 2020 and 2019 were \$38 and \$0, respectively.

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(vi) Rendering services

For the years ended December 31, 2020 and 2019, consulting services provided to the subsidiaries were \$380 and \$260, respectively.

(vii) Guarantee

- 1) For the years ended December 31, 2020 and 2019, the Company had provided a guarantee for loans taken out by related parties. The credit limits of the guarantee were \$5,686,000, and \$1,150,000, respectively, and the remuneration charged from related parties (recognized as other income) was \$419 and \$64, respectively.
- 2) For the years ended December 31, 2020 and 2019, the related parties provided a guarantee for loans taken out by the Company. The credit limits of the guarantee were \$705,454, and \$375,578, respectively, and the remuneration paid to related parties providing (recognized as finance expense) amounted to \$94 and \$12, respectively.

(viii) Leases

- 1) The Company 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 \$1,178 and \$3,665, respectively.
- 2) The Company rented parts of office space and equipment from related parties to fulfill its business requirements. Rental expenses for the years ended December 31, 2020 and 2019 amounted \$548 and \$433, respectively.

(ix) Other

- 1) For the years ended December 31, 2020 and 2019, the Company paid operating fees to subsidiaries and other related parties to fulfill its business requirements amounted \$7,126 and \$10,165, respectively.
- 2) For the years ended December 31, 2020 and 2019, the Company charged management fees and miscellaneous income from related parties amounted \$1,034 and \$633, respectively.
- 3) For the years ended December 31, 2020 and 2019, related parties paid the remuneration of directors to the Company was \$3,313 and \$5,192, respectively.
- 4) In order to follow its operating plan, the Company donated \$3,500 and \$5,000 to related parties in related industries for the years ended December 31, 2020 and 2019, respectively.
- 5) In June, 2019, the Company did not participate in the ET New Media's capital injection in proportion to the shareholding ratio, with an investment amount of \$253,528, thereby reducing its shareholding to 89.20%
- 6) In June, 2019, the Company participated in FESS- Panama's capital injection by cash with an investment amount of \$146,688.

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- 7) On March 29, 2019, the Company 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.
- 8) On January 2, 2020, the Company's Board of Directors resolved to invest \$ 100,000 in Eastern Asset with a 100% shareholding. 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%. The latter transaction increased its capital by \$165,000, and all registration procedures had been completed on July 27, 2020.
- 9) In December, 2020, a resolution was passed for the Bermuda's capital reduction with the amount of \$11,230, and had been distributed to the Company on December 17, 2020.

(c) Key management personnel compensation

	December 31, 2020	December 31, 2019
Short-term employee benefits	<u>\$ 48,992</u>	<u>44,997</u>

(8) Pledged assets:

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

<u>Assets</u>	<u>Purpose of pledge</u>	December 31, 2020	December 31, 2019
Property, plant and equipment	Band loans	\$ 164,530	71,098
Refundable deposit-certificate of deposit	Bid bonds, performance bonds and security deposits	112,822	112,779
Other financial assets—current demand deposits	Reserve account and its interest	89	25,086
Other financial assets—time deposit	Letter of credit	14,503	4,967
Investments accounted for using equity method for subsidiary's stocks	Bank loan (guarantee for subsidiaries)	28,133	83,229
		<u>\$ 320,077</u>	<u>297,159</u>

(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	<u>\$ 101,208</u>	<u>49,965</u>

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EASTERN MEDIA INTERNATIONAL CORPORATION
Notes to the Parent Company Only Financial Statements

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

(c) Unrecognized contractual commitments:

The Company's unrecognized contractual commitments are as follows:

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Total contract price	<u>\$ 246,193</u>	<u>91,136</u>
Payout amount	<u>\$ 128,838</u>	<u>27,781</u>

(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(p).

(Continued)

EASTERN MEDIA INTERNATIONAL CORPORATION
Notes to the Parent Company Only Financial Statements

(12) Other:

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

By item	By function	For the years ended December 31					
		2020			2019		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		145,180	167,672	312,852	138,958	127,535	266,493
Labor and health insurance		11,607	10,297	21,904	11,220	9,919	21,139
Pension		5,697	6,271	11,968	5,728	6,166	11,894
Remuneration of directors		-	8,428	8,428	-	9,938	9,938
Others		14,467	8,455	22,922	10,344	6,471	16,815
Depreciation		229,782	12,952	242,734	236,906	11,821	248,727
Amortization		-	419	419	-	831	831

Note: Some of the remuneration received by human support is not excluded from the above employee welfare expenses.

For the years ended December 31, 2020 and 2019, the information on the number of employees and employee benefit expense of the Company is as follows:

	For the years ended December 31	
	2020	2019
Number of employees	<u>267</u>	<u>264</u>
Number of directors (non-employee)	<u>5</u>	<u>5</u>
Average employee benefit expense	<u>\$ 1,411</u>	<u>1,221</u>
Average employee salary expense	<u>\$ 1,194</u>	<u>1,029</u>
Percentage of average employee salary expense	<u>16 %</u>	<u>(15)%</u>
Remuneration for supervisors	<u>\$ -</u>	<u>-</u>

Compensation policies are as follows:

- (a) The remuneration for directors in the Article 18th of the Company's Articles of Incorporation, is determined based on their involvement in the Company's operations, contributions to the Company, and the general pay levels in the industry. Monthly fixed remuneration and transportation allowances paid are based on attendance in board meetings. According to the Company's Articles of Incorporation, there is no remuneration of directors.
- (b) The Company has established the Board Performance Assessment Regulations. The Board performance evaluation is carried out every year in accordance with the evaluation procedures and evaluation indicators of the regulations. The assessment may be performed by an external independent professional institution or a panel of external experts and scholars every three years. An implementation of the evaluation report from the external independent professional institution, submit it to the Board of directors for review, and serve as a reference for selecting or nominating directors.

(Continued)

EASTERN MEDIA INTERNATIONAL CORPORATION
Notes to the Parent Company Only Financial Statements

- (c) Managers' remuneration is based on the company's "Salary Management Regulations" and the responsibilities, positions, seniority, personal abilities, and experience that they are concurrently responsible for, as well as the pay level as the basis for salary evaluation. Remuneration mainly includes three parts: fixed monthly salary, bonus and employee remuneration; remuneration at the time of appointment and salary adjustments after appointment are submitted for approval in accordance with the internal audit authority, and also refer to personal performance evaluation and contribution to the Company. The reports of related performance evaluation and reasonableness of remuneration are reviewed by the Compensation Committee, and then are submitted to the Board of directors for resolution.
- (d) The Company's year-end bonus is issued to reflect the Company's operating performance and profit and loss in the previous year, taking into account a number of internal and external factors, and weighting individual performance appraisal, Then the proposal of year-end bonus is recommended by the general manager, and is reported to the chairman for approval.
- (e) The estimated employee's compensation of the Company is set at the rates of 3.5% of profit before income tax; and after approval by the board of directors, the employee's compensation distributed is determined based on their salaries, contributions to the Company in the previous year, the proportion of service days for the Company and performance for individuals.
- (f) In order to maintain the competitiveness of compensation, the Company evaluates the pay level in the labor market by conducting salary surveys every year. Operational performance and future development are also taken into consideration when determining the compensation policy. Compensation and performance bonuses of employees differ based on the performance of each employee in order to reward the outstanding employees for their contributions to the Company.

(13) Other disclosures:

- (a) Information on significant transactions:
 - (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
 - (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

(Continued)

EASTERN MEDIA INTERNATIONAL CORPORATION
Notes to the Parent Company Only Financial Statements

(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

(b) Information on investees

Please refer to Table 6 for the information on investees for the year ended December 31, 2020.

(c) Information on investment in Mainland China

(i) Please refer to Table 7 for the relevant information such as the name and main business items of the investee company in Mainland China.

(ii) Please refer to Table 7 for the limitation on investment in Mainland China.

(iii) Please refer to Table 7 for the significant transactions with investee companies in Mainland China.

(d) Major shareholders

Please refer to Table 8 for the major shareholders for year ended December 31, 2020.

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2020.

Eastern Media International Corporation

Statement of cash and cash equivalents

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Cash	Cash on hand	\$ <u>1,725</u>	
Bank	Demand deposits	439,270	
	Checking accounts deposits	1,320	
	Foreign currency deposits	<u>86,891</u>	
		<u>527,481</u>	
Cash equivalents		<u>360,038</u>	
		<u>\$ 889,244</u>	

Statement of other receivables

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Loans to other parties (including interests)		\$ 617,266	
Other		<u>13,282</u>	Less than 5% of the total account balance
		<u>\$ 630,548</u>	

Eastern Media International Corporation
Statement of changes in investments accounted for using the equity method
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Addition		Decrease		Remeasurement of defined benefit plans	Investment income or loss	Translation adjustment	Unrealized gain or loss of financial assets at fair value through other comprehensive income	Ending Balance			Net Assets Value	Collateral
	Shares	Amount	Shares	Amount	Shares	Amount					Shares	Percentage of ownership	Amount		
FESS-Bermuda	1,000,000	\$ 14,327	-	-	(400,000)	(11,230)	-	(631)	(827)	-	600,000	100.00	1,639	1,639	None
FESS-Panama	71,700	2,070,867	-	-	-	-	-	(28,050)	(58,361)	-	71,700	100.00	1,984,456	1,984,456	"
Grand Richness (Hong Kong)	16,214,616	32,363	-	-	-	-	-	31,946	(2,623)	-	16,214,616	100.00	61,686	61,686	"
EIC	67,641,445	794,080	-	-	-	(85,871)	(690)	246,294	(6,225)	19,497	67,641,445	97.90	967,085	967,085	"
EILF	40,690,330	331,876	-	-	-	-	-	1,538	-	-	40,690,330	53.77	333,414	333,414	"
TKLF	40,847,294	359,138	-	-	-	-	-	2,591	-	-	40,847,294	53.76	361,729	361,729	"
MWT	510,000	41,046	-	-	-	(3,570)	-	3,327	-	(2)	510,000	51.00	40,801	8,882	"
EHS	6,637,500	99,211	-	-	-	(66,840)	(237)	93,676	(2,140)	2	6,637,500	6.51	123,672	123,672	"
ET New Media	53,522,508	(112,059)	-	-	-	-	-	(366,559)	-	-	53,522,508	89.20	(478,618)	(478,618)	"
EHR	20,893,085	83,229	-	-	-	-	-	(55,096)	-	-	20,893,085	60.40	28,133	28,133	Long-term loans
Eastern Asset	-	-	49,500,000	495,000	-	-	-	(236)	-	-	49,500,000	55.00	494,764	494,764	None
EHK E&S Co., Ltd	36,000	26,081	-	-	(36,000)	(24,473)	-	182	(1,790)	-	-	-	-	-	"
		3,740,159		495,000		(191,984)		(71,018)	(71,966)	19,497			3,918,761		
Add: Classified as other liabilities		112,059											478,618		
		\$ 3,852,218											4,397,379		

Note1: The increase in investments resulted from acquire a subsidiary amounted \$495,000. The decrease in investments resulted from receiving dividends of investees amounting to 156,281, capital reduction of the subsidiary with the amount of \$11,230, and disposal of investees with the amount of \$24,473.

Note2: Translation adjustment \$(68,160) includes the foreign exchange differences recognized with the amount of \$(71,966) of subsidiaries and associates, and the cumulative amount \$3,806 in the translation reserve related to associates reclassified to the loss on disposal.

Eastern Media International Corporation
Statement of changes in right-of-use assets
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(j), for the regarding information.

Statement of lease liabilities
December 31, 2020

<u>Item (subject)</u>	<u>Lease term</u>	<u>Discount rate</u>	<u>Ending Balance Amount</u>
Land and equipment	2019.01~2038.12	3%	\$ 3,770,271
Buildings	2017.05~2024.06	3%	<u>29,428</u>
			<u><u>\$ 3,799,699</u></u>

Eastern Media International Corporation
Statement of operating revenue
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Loading and storage revenue			
	Loading and unloading revenue	\$ 1,040,149	
	Storage revenue	291,822	
	Other revenue	<u>6,033</u>	
	Subtotal	1,338,004	
Less: Sales return			
		<u>-</u>	
		<u><u>\$ 1,338,004</u></u>	

Statement of operating costs

<u>Item</u>	<u>Amount</u>	<u>Note</u>
Storage costs		
Port charges	\$ 29,995	
Commercial cost	552,390	
Maintenance cost	<u>26,886</u>	
Operating cost	<u><u>\$ 609,271</u></u>	

Eastern Media International Corporation
Statement of operating expenses
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Salary and wages expenses		\$ 155,626	
Insurance expense		10,573	
Entertainment expense		41,196	
Depreciation expense		12,952	
Professional service fees		11,736	
Other expenses		<u>67,941</u>	Less than 5% of the total account balance
		<u><u>\$ 300,024</u></u>	

Eastern Media International Corporation
Statement of the net amount of other non-operating
income and expenses
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(t), for the regarding information.

Statement of finance costs

Please refer to Note 6(t), for the regarding information.

EASTERN MEDIA INTERNATIONAL CORPORATION

Loans to other parties

For the year ended December 31, 2020

Table 1

(Expressed 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 Management	"	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

Guarantees and endorsements for other parties

For the year ended December 31, 2020

Table 2

(Expressed 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 1)										
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

Securities held

As of December 31, 2020

Table 3

(Expressed 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				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	
"	Kaohsiung Harbor Stevedoring Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	750,000	7,500	15.00 %	7,500	
"	Leo Exploitation Co., Ltd.	-	"	165,663	-	11.43 %	-	
EILF	Formosa Plastics		Financial assets at fair value through profit or loss	500,000	48,200	0.01 %	48,200	
"	Taiwan Semiconductor Manufacturing Co., Ltd.	-	"	70,000	37,100	- %	37,100	
"	Taiwan Cement Co., Ltd.	-	"	200,000	8,640	- %	8,640	
TKLF	Taiwan Cement Co., Ltd.	-	"	1,309,009	56,548	0.02 %	56,548	
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

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

(Expressed 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
Receivables from related parties of at least \$100 million or 20% of the paid-in capital
As of December 31, 2020

Table 5

(Expressed 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

Information on investees

For the year ended December 31, 2020

Table 6

(Expressed 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			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	(\$ 631)	(\$ 631)	Subsidiary
The Company	FESS-Panama	Panama	Holding company	2,245,038	2,245,038	71,700	100.00%	1,984,456	(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	31,946	31,946	Subsidiary
The Company	EIC	Taiwan	General investing	500,525	500,525	67,641,445	97.90%	967,085	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	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	4,819	2,591	Subsidiary
The Company	MWT	Taiwan	Application Service	35,400	35,400	510,000	51.00%	40,801	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	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)	(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	(91,219)	(55,096)	Subsidiary
The Company	Eastern Asset	Taiwan	Real estate leasing	495,000	-	49,500,000	55.00%	494,764	(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	-	-%	-	607	182	Associates

(Continued)

(to be continued)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending balance			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)	(\$ 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	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	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	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	(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	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	(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	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	(91,219)	"	Subsidiary
FESS-Panama	GSMC-Cayman	Cayman Islands	Holding company	137,363	137,363	450,000	100.00%	79,441	(5,962)	"	Subsidiary
FESS-Panama	Eastern Media Communication (Hong Kong)	Hong Kong	Holding company	305	305	28,569,840	100.00%	47,402	(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	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	(5,841)	"	Subsidiary

(Continued)

(to be continued)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending balance			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	\$ 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	2,415	"	Subsidiary
ET New Media	Dung sen dian jing yun	Taiwan	Amusement park information leisure	100	100	10,000	100.00%	(43)	(12)	"	Subsidiary
ET New Media	Dung sen shin wen yun	Taiwan	Video advertising service	5,000	5,000	500,000	100.00%	4,308	(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	(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	(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	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	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	3,399	"	Subsidiary

EASTERN MEDIA INTERNATIONAL CORPORATION

Information on investment in Mainland China

For the year ended December 31, 2020

Table 7

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

(Expressed 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	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%	(1,178)	4,751	-
Nanjing Yun Fu	Wholesale trading	45,470	Note6	86,907	-	-	86,907	(5,898)	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%	-	-	-
Shanghai Rich	Producing TV programs, wholesale	568,981	Note8	-	-	-	-	(284)	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	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)	-%	(\$ 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%	1,816	144,544	-
Shanghai Natural Beauty Bio-Med Company Limited	Sales of health care products	94,191	Note5	-	-	-	-	(2,344)	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%	(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

Major shareholders

As of December 31, 2020

Table 8

Shareholders name	Shareholding	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 %

Eastern Media International Corporation

Chairman Shang-Wen Liao