

**INTERNATIONAL COOPERATION AND
DEVELOPMENT FUND
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT
DECEMBER 31, 2021 AND 2020**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.



資誠

INDEPENDENT AUDITOR'S REPORT TRANSLATED FROM CHINESE

PWCR21000307

To the INTERNATIONAL COOPERATION AND DEVELOPMENT FUND

Opinion

We have audited the accompanying balance sheets of International Cooperation and Development Fund (TaiwanICDF) as at December 31, 2021 and 2020, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the TaiwanICDF as at December 31, 2021 and 2020, and its results of operations and its cash flows for the years then ended in accordance with the requirements of Regulations Governing Accounting Handling and Preparation of Financial Reports of Foundations established and approved by the Ministry of Foreign Affairs, accounting policies of TaiwanICDF, Enterprise Accounting Standards (“EAS”) and related interpretations.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the TaiwanICDF in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter-custodianship of certain assets

As described in Note 11 to the financial statements, certain assets were placed under the custodianship of TaiwanICDF at the request of the owners and these assets are not reflected in the financial statements. The details of these assets are disclosed for reference purposes only.

~2~



Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of Regulations Governing Accounting Handling and Preparation of Financial Reports of Foundations established and approved by the Ministry of Foreign Affairs, accounting standards of TaiwanICDF, “EAS” and related interpretations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the TaiwanICDF’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 TaiwanICDF or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

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

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

We also:

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



資誠

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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.



資誠

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.

Chou, Hsiao-Tzu

For and on behalf of PricewaterhouseCoopers, Taiwan

March 30, 2022

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditor's report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

INTERNATIONAL COOPERATION AND DEVELOPMENT FUND
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in New Taiwan dollars)

ASSETS	Notes	2021		2020	
		AMOUNT	%	AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	\$ 4,765,303,484	23	\$ 4,776,629,530	24
Other receivables	6(4)	1,027,168,779	5	277,088,546	2
Prepayments		106,562,140	1	61,450,930	-
Held-to-maturity financial assets - current	6(3)	578,257,837	3	664,085,055	4
Other current assets		41,791,842	-	60,431,042	-
Current portion of long-term loans receivable	6(5) and 9	238,565,573	1	190,045,613	1
Total current assets		<u>6,757,649,655</u>	<u>33</u>	<u>6,029,730,716</u>	<u>31</u>
Long-term loans and investment					
Available-for-sale financial assets - non-current	6(2)	114,508,500	1	96,210,750	-
Held-to-maturity financial assets - non-current	6(3)	2,709,776,440	13	3,204,359,519	16
Financial assets carried at cost - non-current	6(6) and 9	2,499,588,521	12	2,499,588,521	13
Long-term loans receivable	6(5) and 9	8,243,048,873	41	7,760,335,723	40
Total long-term loans and investment		<u>13,566,922,334</u>	<u>67</u>	<u>13,560,494,513</u>	<u>69</u>
Property, plant and equipment	6(7)				
Machinery and equipment		13,378,822	-	14,449,337	-
Transportation equipment		1,299,666	-	1,002,568	-
Miscellaneous equipment		1,383,568	-	1,538,717	-
Leasehold improvements		642,842	-	642,842	-
Net property, plant and equipment		<u>16,704,898</u>	<u>-</u>	<u>17,633,464</u>	<u>-</u>
Other assets					
Deposits-out		322,942	-	321,003	-
Deferred expenses		12,799,320	-	8,249,806	-
Total other assets		<u>13,122,262</u>	<u>-</u>	<u>8,570,809</u>	<u>-</u>
TOTAL ASSETS		<u>\$ 20,354,399,149</u>	<u>100</u>	<u>\$ 19,616,429,502</u>	<u>100</u>
LIABILITIES AND FUND BALANCES					
Current liabilities					
Payables	6(8)	\$ 1,240,911,290	6	\$ 376,419,577	2
Unearned receipts		35,090	-	-	-
Collections payable		13,954,907	-	2,296,972	-
Other current liabilities		67,200	-	67,200	-
Total current liabilities		<u>1,254,968,487</u>	<u>6</u>	<u>378,783,749</u>	<u>2</u>
Long-Term Liabilities					
Long-Term Liabilities	6(9)	3,747,900,000	19	3,747,900,000	19
Total Long-Term Liabilities		<u>3,747,900,000</u>	<u>19</u>	<u>3,747,900,000</u>	<u>19</u>
Other liabilities					
Other liabilities		13,476,420	-	15,609,420	-
Total other liabilities		<u>13,476,420</u>	<u>-</u>	<u>15,609,420</u>	<u>-</u>
TOTAL LIABILITIES		<u>5,016,344,907</u>	<u>25</u>	<u>4,142,293,169</u>	<u>21</u>
Fund balances					
Funds	6(11)				
Funds		12,468,838,072	61	12,468,838,072	64
Accumulated earnings	6(12)				
Accumulated earnings		2,813,390,246	14	2,967,770,087	15
Adjustment for other fund balances					
Other accumulated earnings	6(2)	55,825,924	-	37,528,174	-
TOTAL FUND BALANCES		<u>15,338,054,242</u>	<u>75</u>	<u>15,474,136,333</u>	<u>79</u>
SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS	9				
TOTAL LIABILITIES AND FUND BALANCES		<u>\$ 20,354,399,149</u>	<u>100</u>	<u>\$ 19,616,429,502</u>	<u>100</u>

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL COOPERATION AND DEVELOPMENT FUND
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in New Taiwan dollars)

Items	Notes	Year ended December 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
Operating revenues					
Revenues from banking and finance operations		\$ 133,356,680	6	\$ 90,859,720	7
Revenues from contracted projects	7	2,012,235,383	94	1,203,270,129	93
Other revenues from contracted projects		1,761,634	-	1,029,324	-
Total operating revenues		<u>2,147,353,697</u>	<u>100</u>	<u>1,295,159,173</u>	<u>100</u>
Operating expenses					
Humanitarian assistance expenses		(21,273,871)	(1)	(20,820,899)	(1)
Banking and finance operations		(1,553,853)	-	(38,067,066)	(3)
International human resources		(81,698,915)	(4)	(68,277,500)	(5)
Technical cooperation expenses		(22,773,915)	(1)	(21,664,682)	(2)
General and administrative expenses		(129,337,616)	(6)	(141,167,013)	(11)
Contracted project expenses	6(13)	(2,012,235,383)	(94)	(1,203,270,129)	(93)
Other contracted project expenses		(1,747,516)	-	(936,771)	-
Total operating expenses		<u>(2,270,621,069)</u>	<u>(106)</u>	<u>(1,494,204,060)</u>	<u>(115)</u>
Net operating losses		<u>(123,267,372)</u>	<u>(6)</u>	<u>(199,044,887)</u>	<u>(15)</u>
Non-operating income and gains					
Financial income	6(15)	106,812,873	5	153,050,020	12
Other non-operating income	6(16)	9,617,811	1	6,222,533	-
Total non-operating income and gains		<u>116,430,684</u>	<u>6</u>	<u>159,272,553</u>	<u>12</u>
Non-operating expenses and losses					
Financial expenses		(146,790,822)	(7)	(78,468,290)	(6)
Other non-operating expenses		(752,331)	-	(874,101)	-
Total non-operating expenses and losses		<u>(147,543,153)</u>	<u>(7)</u>	<u>(79,342,391)</u>	<u>(6)</u>
Deficiency of revenues over expenses		<u>(\$ 154,379,841)</u>	<u>(7)</u>	<u>(\$ 119,114,725)</u>	<u>(9)</u>
Other comprehensive income					
Unrealized valuation gains from available-for-sale financial assets	6(2)	\$ 18,297,750	1	\$ 30,730,242	2
Total comprehensive losses		<u>(\$ 136,082,091)</u>	<u>(6)</u>	<u>(\$ 88,384,483)</u>	<u>(7)</u>

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL COOPERATION AND DEVELOPMENT FUND
STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in New Taiwan dollars)

	<u>Fund</u>								
	Notes	Founding fund	Endowment fund	Accumulated earnings	Unrealized valuation gains from available-for-sale financial assets	Accumulated other comprehensive income	Total		
<u>2020</u>									
Balance at January 1, 2020		\$ 11,614,338,576	\$ 854,499,496	\$ 3,086,884,812	\$ 6,797,932	\$ 15,562,520,816			
Deficiency of revenues over expenses for 2020		-	-	(119,114,725)	-	(119,114,725)			
Other comprehensive income for 2020	6(2)	-	-	-	30,730,242	30,730,242			
Balance at December 31, 2020		<u>\$ 11,614,338,576</u>	<u>\$ 854,499,496</u>	<u>\$ 2,967,770,087</u>	<u>\$ 37,528,174</u>	<u>\$ 15,474,136,333</u>			
<u>2021</u>									
Balance at January 1, 2021		\$ 11,614,338,576	\$ 854,499,496	\$ 2,967,770,087	\$ 37,528,174	\$ 15,474,136,333			
Deficiency of revenues over expenses for 2021		-	-	(154,379,841)	-	(154,379,841)			
Other comprehensive income for 2021	6(2)	-	-	-	18,297,750	18,297,750			
Balance at December 31, 2021		<u>\$ 11,614,338,576</u>	<u>\$ 854,499,496</u>	<u>\$ 2,813,390,246</u>	<u>\$ 55,825,924</u>	<u>\$ 15,338,054,242</u>			

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL COOPERATION AND DEVELOPMENT FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 154,379,841)	(\$ 119,114,725)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(14)	3,499,319	3,853,888
Amortization	6(14)	3,408,408	2,433,932
Bad debt expense		-	35,797,564
Reversal of allowance for bad debts	6(16)	(4,829,101)	-
Held-to-maturity financial assets - interest amortization		6,420,087	8,345,087
Loss on disposal of fixed assets	6(7)	385,176	848,855
Gain on disposal of investment	6(15)	-	(18,090,721)
Changes in assets and liabilities			
Receivables		11,305,281	9,699,414
Prepayments		(7,763,983)	4,446,742
Other current assets		18,639,200	(3,441,321)
Accrued expenses		65,127	6,169,294
Other payables		67,192,292	(54,099,327)
Unearned receipts		35,090	-
Collections payable		11,657,935	(12,964,371)
Other current liabilities		-	(1,030,224)
Other liabilities		-	(40,474)
Net cash flows used in operating activities		(44,365,010)	(137,186,387)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in long-term loans receivable	6(5)	(1,160,045,987)	(4,544,351,784)
Proceeds from long-term loans receivable	6(5)	633,548,621	265,138,339
Increase in available-for-sale financial assets		-	(83,197,837)
Proceeds from disposal of available-for-sale financial assets		-	78,369,100
Increase in held-to-maturity financial assets		(180,279,760)	(148,200,000)
Proceeds upon maturity of held-to-maturity financial assets		752,864,880	670,854,998
Increase in financial assets carried at cost		-	210,245,000
Increase in property, plant and equipment	6(7)	(2,955,929)	(4,776,929)
Increase in deposits-out		(1,939)	(1,659)
Increase in deferred assets		(7,957,922)	(4,012,789)
Net cash flows from (used in) investing activities		35,171,964	(3,980,423,561)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from long-term debt		-	3,747,900,000
Increase in deposits-in		(2,133,000)	2,803,000
Net cash flows (used in) from financing activities		(2,133,000)	3,750,703,000
Net decrease in cash and cash equivalents		(11,326,046)	(366,906,948)
Cash and cash equivalents at beginning of year		4,776,629,530	5,143,536,478
Cash and cash equivalents at end of year		\$ 4,765,303,484	\$ 4,776,629,530

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL COOPERATION AND DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

(Expressed in New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

In accordance with the Statute for the Establishment of the International Cooperation and Development Fund, promulgated by the President of the Republic of China, the International Cooperation and Development Fund (TaiwanICDF) was formed and approved by the Ministry of Foreign Affairs (MOFA) on June 29, 1996. TaiwanICDF was formed to succeed the International Economic Cooperation Development Fund (IECDF) management committee on June 30, 1996.

The mission of TaiwanICDF is to provide assistance to developing countries to promote economic growth, strengthening international cooperation, developing foreign relations with allies and friendly countries, and advancing social progress.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These financial statements were authorised for issuance by the Board of Directors on March 30, 2022.

3. CHANGES IN ACCOUNTING POLICIES

None.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all reporting periods, unless otherwise stated.

(1) Compliance statement

The financial statements of the TaiwanICDF have been prepared in accordance with the requirements of Regulations Governing Accounting Handling and Preparation of Financial Reports of Foundations established and approved by the Ministry of Foreign Affairs, accounting policies of TaiwanICDF (including proposed revision), the relevant laws and regulations formulated by the central government, Enterprise Accounting Standards (“EAS”) and related interpretations.

The financial statements have been prepared in accordance with the abovementioned regulations and standards.

(2) Basis of preparation

Government funding are recognised as revenue at current expenses plus accrual reserved fund as total annual expenses based on matching of costs with revenues. Others are accounted at accrual basis. In addition, the financial statements of TaiwanICDF adopted accrual basis, anything accounted at cash basis will be adjusted to accrual basis during closing of accounts.

(3) Foreign currency translation

TaiwanICDF maintains its accounts in New Taiwan (NT) dollars. Transactions denominated in foreign currencies are converted into NT dollars at the spot exchange rates prevailing on the transaction dates. Deposits, receivables and the unreimbursed balance of reserves payable by the Central Bank of the Republic of China due to engaged programmes denominated in foreign currencies are translated at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses are recognised in profit or loss. The other assets denominated in foreign currencies are measured at the historical exchange rate at the date of the transaction.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash or cash equivalents, excluding cash and cash equivalents that are restricted from being exchanged, used to settle liabilities for at least twelve months after the balance sheet date or restricted by other factors.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months after the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be deferred unconditionally for at least twelve months after the balance sheet date.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Impairment of financial asset

- A. The TaiwanICDF assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
- B. The criteria that the TaiwanICDF uses to determine whether there is objective evidence of an impairment loss is as follows:
- (a) Significant financial difficulty of the issuer or debtor ;
 - (b) A breach of contract, such as a default or delinquency in interest or principal payments;
 - (c) For economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;
 - (d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
 - (e) The disappearance of an active market for that financial asset because of financial difficulties;
 - (f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;
 - (g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity

instrument may not be recovered;

(h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the TaiwanICDF assesses that there has been objective evidence of impairment loss of financial assets, the amount of impairment loss is determined as follows according to the category of financial assets:

(a) Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(c) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(7) Accounts receivable

Retained money receivable on completed projects

Any unfunded projects that need to be included in the final accounts due to the government budget, or need to be approved to be retained until next year.

(8) Allowance for uncollectible accounts

The provision of reserve for bad debts is made based on their risk levels in accordance with the Regulation for TaiwanICDF Dealings with Past Due/Non-Performing Loans and Bad Debts.

(9) Held-to-maturity financial assets

A. Held-to-maturity financial assets are non-derivative financial assets with fixed or

determinable payments and fixed maturity date that the TaiwanICDF has the positive intention and ability to hold to maturity other than those designated as at fair value through profit or loss or as available-for-sale on initial recognition and those that meet the definition of loans and receivables.

- B. If the TaiwanICDF has sold or reclassified more than an insignificant amount of held-to-maturity investments before the maturity date during the current or the two preceding financial years, any financial assets should not be classified as held-to-maturity financial assets and all of its remaining held-to-maturity investments must be reclassified as available-for-sale.
- C. On a regular way purchase or sale basis, held-to-maturity financial assets are recognised and derecognised using settlement date accounting.
- D. Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets, and subsequently measured at amortised cost using the effective interest method, less impairment loss. Amortised interest of assets is recognised in profit or loss.

(10) Available-for-sale financial assets

- A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.
- B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.
- C. Available-for-sale financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income.

(11) Financial assets measured at cost

- A. Financial assets measured at cost are equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instrument.
- B. On a regular way purchase or sale basis, financial assets measured at cost are recognised and derecognised using trade date accounting.
- C. Financial assets measured at cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently measured at cost.

(12) Long-term loans receivable

Foreign currency loans are stated at historical exchange rates.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. In case of replacement of one part of the property, plant and equipment, the new part is capitalised to the extent that it is probable that future economic benefits associated with the item will flow to the TaiwanICDF, and the carrying amount of the part replaced is derecognised. All other repairs and maintenance are charged to profit or loss when incurred.
- C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total

cost of the item is depreciated separately, unless it is impracticable. The estimated useful lives of property, plant and equipment are as follows:

Machinery and equipment	3 ~ 10 years
Transportation equipment	2 ~ 10 years
Miscellaneous equipment	3 ~ 10 years
Leasehold improvements	5 years

D. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under EAS 4, 'Accounting policies, estimates and errors', from the date of the change.

(14) Impairment of non-financial assets

A. The TaiwanICDF assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. The impairment loss on revalued assets is recognised in other comprehensive income to the extent of amount of unrealised revaluation surplus; excess is recognised in profit or loss, if any.

B. Where the recoverable amount increases in subsequent period, the book value of the asset is adjusted to its recoverable amount. The carrying amount after reversal should not exceed its book value (less depreciation or amortisation amount) that would have been if the impairment had not been recognised. Reversal of impairment loss is recognised in profit or loss, but gain on reversal of impairment loss on revalued assets is recognised in profit or loss to the extent of impairment loss initially recognised in profit or loss; excess is recognised in other comprehensive income as unrealised revaluation surplus of the asset.

(15) Accounts payable

Retained money payable on completed projects

Any unfunded projects that need to be included in the final accounts due to the government budget, or need to be approved to be retained until next year.

(16) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred at the dates of the transactions and subsequently measured at amortised cost using the effective interest method. Interest amortised using the effective interest method is recognised in profit or loss.

(17) Retirement plan

A. TaiwanICDF had a non-contributory pension plan originally, covering all regular employees, which was defined by the Fund. TaiwanICDF contributed monthly an amount based on 7% of the employees' monthly salaries and wages to the retirement fund deposited with a financial institution. This fund balance was not reflected in the financial statements. Effective September 1, 2009, TaiwanICDF has established a funded defined contribution pension plan (the "New Plan") under the Labor Pension Act. Under the New Plan, TaiwanICDF contributes monthly an amount based on 7% of the payroll grades corresponding to the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. No further contributions are made to TaiwanICDF's retirement fund.

B. Under the defined contribution pension plan, net periodic pension costs are recognized as incurred.

(18) Income tax

Income tax is accounted in accordance with the Standard for Non-profit Organizations Exempt from Income Tax promulgated by the Executive Yuan, and Statement of Financial Accounting Standards. Under- or over-provision of income tax in the previous year is accounted for as an adjustment of income tax expense in the current year.

(19) Revenues, costs and expenses

Revenues (including government donations) are recognized when the earning process is substantially completed and is realized or realizable. Costs and expenses are recognized as incurred.

5. CRITICAL ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

None.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31,	
	2021	2020
Petty cash	\$ 110,000	\$ 110,000
Demand deposits	738,526,068	1,611,943,059
Time deposits	4,026,667,416	3,164,576,471
	<u>\$ 4,765,303,484</u>	<u>\$ 4,776,629,530</u>

(2) Available-for-sale financial assets

Items	December 31,	
	2021	2020
Non-current items :		
Exchange traded funds	\$ 58,682,576	\$ 58,682,576
Valuation adjustments	55,825,924	37,528,174
	<u>\$ 114,508,500</u>	<u>\$ 96,210,750</u>

A. For the years ended December 31, 2021 and 2020, the TaiwanICDF recognized \$18,297,750 and \$30,730,242 in other comprehensive income for fair value changes, respectively.

B. The fair values of investment in exchange traded funds are based on the closing price in market on balance sheet date.

(3) Held-to-maturity financial assets

	December 31,	
	2021	2020
<u>Current items</u>		
Government bonds	\$ -	\$ 90,741,404
Corporate bonds	578,257,837	573,343,651
	<u>\$ 578,257,837</u>	<u>\$ 664,085,055</u>
<u>Non-current items</u>		
Government bonds	\$ 388,742,120	\$ 390,952,950
Corporate bonds	2,321,034,320	2,813,406,569
	<u>\$ 2,709,776,440</u>	<u>\$ 3,204,359,519</u>

The TaiwanICDF recognised interest income of \$71,283,813 and \$93,311,969 for the years ended December 31, 2021 and 2020, respectively.

(4) Other receivables

	December 31,	
	2021	2020
Retained money receivable on completed projects	\$ 953,317,694	\$ 193,430,627
Interest receivable	69,627,480	84,259,618
Other receivables	4,731,947	-
	<u>1,027,677,121</u>	<u>277,690,245</u>
Less: Allowance for doubtful accounts	(508,342)	(601,699)
	<u>\$ 1,027,168,779</u>	<u>\$ 277,088,546</u>

(5) Long-term loans receivable

	December 31,	
	2021	2020
<u>Current items</u>		
Current portion of long-term loans receivable	\$ 244,910,031	\$ 197,609,843
Less: Allowance for doubtful accounts	(6,344,458)	(7,564,230)
Net	<u>\$ 238,565,573</u>	<u>\$ 190,045,613</u>
<u>Non-current items</u>		
Long-term loans receivable	8,336,130,729	7,856,933,551
Less: Allowance for doubtful accounts	(93,081,856)	(96,597,828)
Net	<u>8,243,048,873</u>	<u>7,760,335,723</u>
Total	<u>\$ 8,481,614,446</u>	<u>\$ 7,950,381,336</u>

A. TaiwanICDF provides long-term loans in accordance with the Regulations for Loans by the International Cooperation and Development Fund as approved by the Executive Yuan. As of December 31, 2021 and 2020, the total outstanding loans denominated are as follows:

	December 31,	
Total outstanding loans :	2021	2020
USD	209,616,848.51	196,002,181.23
AUD	19,788,244.24	20,227,983.00
EUR	53,148,458.05	47,775,635.62

B. Allowances for doubtful accounts were based on the Regulation for TaiwanICDF Dealings with Past Due/Non-Performing Loans and Bad Debts.

C. As Parque Industrial Oriente S.A. (PIO) defaulted on the loan extended for the Industrial Park Development Project in Paraguay amounting to US\$11,003,488.32, TaiwanICDF filed a legal claim against PIO on September 1, 2003. The court in Ciudad del Este ruled in favor of TaiwanICDF in the first trial on March 26, 2004. PIO filed an appeal, which was rejected. Accordingly, it was proposed that the Industrial Park be auctioned off. Under TaiwanICDF's 51st board resolution, TaiwanICDF has agreed, under a term of 20 years, for MOFA to repay the remaining loan balance. Although the MOFA agreed to pay off the remaining balance annually for 3 years beginning 2012 on December 13, 2012, payments of only US\$3,293,162.77 and US\$400,000 were made in years 2012 and 2013, respectively. The MOFA stated in a letter dated on April 16, 2014 that there were no payments made by MOFA for year 2014 and installments would resume starting

from 2015 through annual budgets, and a payment of US\$500,000 was made in years 2015 to 2020, total US\$3,500,000. As of December 31, 2021, the MOFA had repaid US\$9,293,162.77 and the remaining balance was US\$1,710,325.55.

D. There was no significant past due loan as of December 31, 2021 and 2020.

E. See Appendix 1 for the statement of changes in long-term loans for the year ended December 31, 2021.

(6) Financial assets measured at cost

As of December 31, 2021 and 2020, the details of financial assets at cost are as follows:

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Carrying Amount</u>	<u>Ownership</u>	<u>Carrying Amount</u>	<u>Ownership</u>
	<u>(NT\$)</u>		<u>(NT\$)</u>	
<u>Equity investments accounted for using cost method:</u>				
Overseas Investment & Development Corporation	\$ 175,000,000	19.44%	\$ 175,000,000	19.44%
Less:				
Accumulated Impairment	(6,000,000)		(6,000,000)	
	<u>169,000,000</u>		<u>169,000,000</u>	
Taiwan's Agricultural Development Corporation	20,000,000	8.33%	20,000,000	8.33%
Less:				
Accumulated Impairment	(6,910,615)		(6,910,615)	
	<u>13,089,385</u>		<u>13,089,385</u>	
	<u>182,089,385</u>		<u>182,089,385</u>	
<u>International institution investment fund:</u>				
FIIISF-Small Business Account-Phase III	1,174,490,000		1,174,490,000	
	(=US\$ 38,000,000)		(=US\$ 38,000,000)	
Agribusiness Account	474,630,000		474,630,000	
	(=US\$ 15,000,000)		(=US\$ 15,000,000)	
Innovation and Sustainability in Agribusiness Value Chains Account	210,245,000		210,245,000	
	(=US\$ 7,000,000)		(=US\$ 7,000,000)	
Less:				
Accumulated Impairment	(18,165,864)		(18,165,864)	
	(=US\$ 591,433)		(=US\$ 591,433)	
	<u>1,841,199,136</u>		<u>1,841,199,136</u>	

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Carrying Amount</u>		<u>Carrying Amount</u>	
	<u>(NT\$)</u>	<u>Ownership</u>	<u>(NT\$)</u>	<u>Ownership</u>
EBRD Financial Intermediary and Private Enterprises Investment Special Fund- Agribusiness Account	476,300,000		476,300,000	
	<u>(=US\$ 15,000,000)</u>		<u>(=US\$ 15,000,000)</u>	
	<u>2,317,499,136</u>		<u>2,317,499,136</u>	
Total	<u>\$ 2,499,588,521</u>		<u>\$ 2,499,588,521</u>	

- A. TaiwanICDF and the European Bank for Reconstruction Development (EBRD) entered into a contribution agreement dated May 19, 2011 in respect of the Financial Intermediary and Private Enterprises Investment Special Fund (FIPEISF)-Small Business Account III (SBA III), as amended on April 19, 2017 and March 19, 2019, pursuant to which TaiwanICDF had committed US\$50,000,000. The contribution to SBA III is used to co-finance EBRD lending operations with financial intermediaries for on-lending to micro and small enterprises. TaiwanICDF's accumulated contribution amounted to US\$50,000,000 and US\$38,000,000 as of December 31, 2021 and 2020, respectively.
- B. TaiwanICDF and the Inter-American Development Bank (IDB) entered into an agreement dated March 27, 2006 in respect of the Specialized Financial Intermediary Development Fund (SFIDF), pursuant to which TaiwanICDF had committed US\$15,000,000. The contribution to the SFIDF is used to co-invest in, or co-finance well-performing microfinance institutions with the LAB of IDB Group. TaiwanICDF's accumulated contribution both amounted to US\$15,000,000 as of December 31, 2021 and 2020.
- C. TaiwanICDF and the EBRD entered into a contribution agreement dated November 18, 2015 in respect of the FIPEISF-Agribusiness Account (ABA), pursuant to which TaiwanICDF had committed US\$15,000,000. The contribution to the ABA is mainly used to co-finance EBRD lending operations for the private enterprises operating in agribusiness sector. TaiwanICDF's accumulated contribution both amounted to US\$15,000,000 as of December 31, 2021 and 2020.
- D. TaiwanICDF and the EBRD entered into a contribution agreement dated November 27, 2019 in respect of the FIPEISF- Innovation and Sustainability in Agribusiness Value Chains Account (ISAVCA), pursuant to which TaiwanICDF had committed US\$20,000,000. The contribution to the ISAVCA is mainly used to co-finance EBRD lending operations for the private enterprises operating in agribusiness sector. TaiwanICDF's accumulated contribution both amounted to US\$7,000,000 as of December 31, 2021 and 2020.
- E. The above listed foreign currency investments projects are stated using the historical exchange rate.
- F. See Appendix 2 for the statement of changes in financial assets carried at cost for the year ended December 31, 2021.

(7) Property, plant and equipment

	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Miscellaneous equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
<u>At January 1, 2021</u>					
Cost	\$ 38,932,552	\$ 3,573,396	\$ 5,378,475	\$ 3,857,054	\$51,741,477
Accumulated depreciation	(24,483,215)	(2,570,828)	(3,839,758)	(3,214,212)	(34,108,013)
	<u>\$ 14,449,337</u>	<u>\$ 1,002,568</u>	<u>\$ 1,538,717</u>	<u>\$ 642,842</u>	<u>\$17,633,464</u>
<u>2021</u>					
Opening net book amount as at January 1	\$ 14,449,337	\$ 1,002,568	\$ 1,538,717	\$ 642,842	\$17,633,464
Additions	2,087,041	613,460	255,428	-	2,955,929
Disposals	(177,287)	(114,761)	(93,128)	-	(385,176)
Depreciation charge	(2,980,269)	(201,601)	(317,449)	-	(3,499,319)
Closing net book amount as at December 31	<u>\$ 13,378,822</u>	<u>\$ 1,299,666</u>	<u>\$ 1,383,568</u>	<u>\$ 642,842</u>	<u>\$16,704,898</u>
<u>At December 31, 2021</u>					
Cost	\$ 40,075,941	\$ 2,955,106	\$ 5,025,262	\$ 3,857,054	\$51,913,363
Accumulated depreciation	(26,697,119)	(1,655,440)	(3,641,694)	(3,214,212)	(35,208,465)
	<u>\$ 13,378,822</u>	<u>\$ 1,299,666</u>	<u>\$ 1,383,568</u>	<u>\$ 642,842</u>	<u>\$16,704,898</u>

	Machinery and equipment	Transportation equipment	Miscellaneous equipment	Leasehold improvements	Total
<u>At January 1, 2020</u>					
Cost	\$38,839,514	\$ 3,589,397	\$ 5,247,635	\$ 3,857,054	\$51,533,600
Accumulated depreciation	(24,993,731)	(2,406,060)	(3,454,925)	(3,119,606)	(33,974,322)
	<u>\$13,845,783</u>	<u>\$ 1,183,337</u>	<u>\$ 1,792,710</u>	<u>\$ 737,448</u>	<u>\$17,559,278</u>
<u>2020</u>					
Opening net book amount as at January 1	\$ 13,845,783	\$ 1,183,337	\$ 1,792,710	\$ 737,448	\$17,559,278
Additions	4,599,880	28,999	148,050	-	4,776,929
Disposals	(840,987)	(5,000)	(2,868)	-	(848,855)
Depreciation charge	(3,155,339)	(204,768)	(399,175)	(94,606)	(3,853,888)
Closing net book amount as at December 31	<u>\$14,449,337</u>	<u>\$ 1,002,568</u>	<u>\$ 1,538,717</u>	<u>\$ 642,842</u>	<u>\$17,633,464</u>
<u>At December 31, 2020</u>					
Cost	\$38,932,552	\$ 3,573,396	\$ 5,378,475	\$ 3,857,054	\$51,741,477
Accumulated depreciation	(24,483,215)	(2,570,828)	(3,839,758)	(3,214,212)	(34,108,013)
	<u>\$14,449,337</u>	<u>\$ 1,002,568</u>	<u>\$ 1,538,717</u>	<u>\$ 642,842</u>	<u>\$17,633,464</u>

(8) Payables

	December 31,	
	2021	2020
Interest payable	\$ 1,181,196	\$ 3,378,260
Accrued expenses	43,679,315	41,417,124
Other payables	157,651,974	90,459,682
Retained money payable on completed projects	1,038,398,805	241,164,511
	<u>\$ 1,240,911,290</u>	<u>\$ 376,419,577</u>

(9) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Bank borrowings				
Long-term borrowings	15-Jun-42	0.40%	-	\$ 3,747,900,000
Less: Current portion				<u>-</u>
				<u>\$ 3,747,900,000</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2020</u>
Bank borrowings				
Long-term borrowings	15-Jun-42	0.40%	-	\$ 3,747,900,000
Less: Current portion				-
				<u>\$ 3,747,900,000</u>

Note: The interest rate is calculated at the six-month LIBOR plus 0.4 percentage points for the first two business days.

TaiwanICDF participated in providing Credit to finance the Public Sector Operations and Financial Sector Support Facility for MSMEs led by the Central American Bank for Economic Integration (CABEI) in 2020, and received loans from the Bank of Taiwan amounting to US\$50,000,000 and US\$80,000,000.

(10) Retirement funds

A. TaiwanICDF contributes monthly an amount based on seven percent of the employees' remuneration and deposits it with a financial institution. This fund balance is not reflected in the financial statements. The fund balance with a financial institution was \$93,485,220 and \$91,527,545 as of December 31, 2021 and 2020, respectively.

B. The details of employees' retirement funds allocated by TaiwanICDF are as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year	\$ 91,527,545	\$ 98,215,436
Interest income	663,833	849,311
Contribution during the year	8,100,000	-
Payments during the year	(6,806,158)	(7,537,202)
Balance at the end of the year	<u>\$ 93,485,220</u>	<u>\$ 91,527,545</u>

C. Effective September 1, 2009, TaiwanICDF has been an entity covered by the Labor Standards Law and has adopted the following two schemes:

Scheme A: the pension and severance obligation are settled and the settled amounts are transferred to TaiwanICDF's retirement fund deposited with the financial institution. The employees may claim pension benefits when they retire or reach 55 years old or upon their death.

Scheme B: the pension and severance obligation are not settled and the old pension plan is extended.

Accordingly, TaiwanICDF recognized an accrued pension reserve of \$16,014,156 for the excess of present value of pension benefits for the past and future service years under the old pension plan over the fair value of the pension fund at the measurement date, September 1, 2009 and contributed the amount to the account in 2010.

D. Effective September 1, 2009, TaiwanICDF has established a funded defined contribution pension plan (the "New Plan") under the Labor Pension Act. Under the New Plan, TaiwanICDF contributes monthly depending on the contribution grades an amount based on 7% of the payroll grades corresponding to the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued in the employees' individual pension accounts could be received in full or in monthly installments when the employees retire. The pension costs under the New Plan for the years ended December 31, 2021 and 2020 amounted to \$11,754,119 and \$10,737,149,

respectively.

(11) Funds

A. The founding fund balance of \$11,614,338,576 (Total assets of \$11,634,131,427 less total liabilities of \$19,792,851) was derived from the closure of the IECDF management committee on June 30, 1996. In the official registration with the court, the total property value filed as \$11,634,131,427 was based on the closing balance of assets of the IECDF management committee. As of December 31, 2021, the total amount of the assets registered with TaiwanICDF was \$15,474,136,333.

B. The donated fund of TaiwanICDF consisted of the following items:

(a) The amount of \$4,423,541 from MOFA's Committee of International Technical Cooperation (CITC) was consolidated in TaiwanICDF on July 1, 1997.

(b) The amount of \$600,000,000 was donated by the MOFA on January 16, 1999.

(c) The MOFA provided the amount of \$250,075,955 on December 31, 2001 under the Regulation for TaiwanICDF in Providing Guarantee for Credit Facilities Extended to Private Enterprises Which Invest in Countries with Formal Diplomatic Relationships.

(12) Accumulated earnings

TaiwanICDF is registered as a consortium juridical person with the aim of strengthening international cooperation and enhancing foreign relations by promoting economic development, social progress and the welfare of the people in partner nations around the world. As TaiwanICDF is a non-profit organization, distribution of income is not permitted in accordance with its Articles of Association.

(13) Contracted project expenses

	For the years ended December 31,	
	2021	2020
Personnel expenses	\$ 411,381,337	\$ 398,833,460
Operating expenses	1,434,766,596	685,155,663
Travel and transportation expense	24,344,955	27,123,126
Equipment investment expense	141,742,495	92,157,880
	<u>\$ 2,012,235,383</u>	<u>\$ 1,203,270,129</u>

(14) Personnel expenses, depreciation and amortization

	For the years ended December 31,	
	2021	2020
Personnel expenses(Note)		
Salaries	\$ 132,611,314	\$ 126,910,603
Labor and health insurance	12,182,972	11,421,473
Pension	11,754,119	10,737,149
Others	5,034,762	5,214,220
	<u>\$ 161,583,167</u>	<u>\$ 154,283,445</u>
Depreciation	<u>\$ 3,499,319</u>	<u>\$ 3,853,888</u>
Amortization	<u>\$ 3,408,408</u>	<u>\$ 2,433,932</u>

Note: Included technical partners.

(15) Financial income

	For the years ended December 31,	
	2021	2020
Interest income	\$ 104,137,073	\$ 132,610,299
Gain on disposal of investments	-	18,090,721
Investment income-non-operating	2,675,800	2,349,000
	<u>\$ 106,812,873</u>	<u>\$ 153,050,020</u>

(16) Other non-operating income

	For the years ended December 31,	
	2021	2020
Reversal of allowance for doubtful accounts	\$ 4,829,101	\$ -
Subsidy and donation income	2,723,623	1,553,881
Others	2,065,087	4,668,652
	<u>\$ 9,617,811</u>	<u>\$ 6,222,533</u>

(17) Income tax

Activities and related expenses of TaiwanICDF are in compliance with "Standard for Non-profit Organizations Exempt from Income Tax". Accordingly, TaiwanICDF is exempt from income tax. The income tax returns through 2019 have been assessed and approved by the Tax Authority.

7. RELATED PARTY TRANSACTIONS

(1) Name of subsidiaries and the relationship with the TaiwanICDF

<u>Name of related party</u>	<u>Relationship with the TaiwanICDF</u>
Ministry of Foreign Affairs	TaiwanICDF is an entity of government relations under its control

(2) Revenues from contracted projects are all the subsidy received from the contracted projects of the Ministry of Foreign Affairs.

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Pursuant to the Regulations for Loans by the International Cooperation and Development Fund, the loan amount in U.S. dollars under the loan agreements entered into by TaiwanICDF amounted to US\$ 360,654,459.41 and US\$324,932,578.92 as of December 31, 2021 and 2020, respectively. The total amount of loans drawn down amounted to US\$ 277,702,459.41 and US\$273,594,578.92, and the undisbursed committed balance amounted to US\$ 82,952,000.00 and US\$51,338,000.00 as of December 31, 2021 and 2020, respectively. Additionally, the loan amount in Euro dollars amounted to € 64,106,165.5 and € 56,553,755.54 as of December 31, 2021 and 2020, respectively. The total amount of loans drawn down amounted to € 64,106,165.55 and € 47,775,635.62, and the undisbursed committed balance amounted to € 0 and € 8,778,119.92 as of December 31, 2021 and 2020, respectively.

(2) Pursuant to the Regulations for Investments by the International Cooperation and Development Fund, the committed amounts denominated in U.S. dollars under the outstanding contracts entered into by TaiwanICDF amounted to US\$ 100,000,000, of which US\$ 75,000,000 had been invested as of December 31, 2021 and 2020, respectively. The undisbursed committed balance amounted to US\$ 25,000,000 as of

December 31, 2021 and 2020, respectively.

- (3) TaiwanICDF had entered into a lease agreement with the MOFA to lease state-owned real estate properties. As per the lease agreement, the lease period is from October 1, 2020 to September 30, 2025 with the rents charged on a monthly basis. The rents are calculated as follows:

A. Land: 3% of the most recent official land price per square meter multiplied by the rental area and divided by 12.

B. Building: 10% of the current taxable building value divided by 12.

10. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

None.

11. PROPERTIES UNDER CUSTODIANSHIP

- (1) The government has placed certain assets under TaiwanICDF's custodianship and management. These properties are entered into memo accounts: "Properties under Custodianship" and "Custodianship Property Payable".

The properties under custodianship were accounted for at cost. Expenditures for major procurement, renewals and improvements were debited to "Properties under Custodianship" and credited to "Custodianship Property Payable". Moreover, the repairs and maintenance expenditures shall be treated as revenues and expenditures of these projects. Upon disposal, the cost was deducted from the book amount. As of December 31, 2021 and 2020, the book value of fixed assets under custodianship was \$274,030,537 and \$290,783,596, respectively. In addition, as of December 31, 2021 and 2020, the reserve for severance pay for personnel stationed abroad in charge of the government's assignments, which were administered by TaiwanICDF on behalf of government and for contracted assistants of TaiwanICDF amounted to \$22,542,841 and \$25,087,868, respectively.

- (2) The MOFA has engaged TaiwanICDF to manage the Central American Economic Development Fund (ROC-CAEDF). As of December 31, 2021 and 2020, the total amount of ROC-CAEDF was \$ 7,375,101,942 and \$ 7,606,614,730, respectively, and the details of the financial assets of the ROC-CAEDF are as follows:

	December 31, 2021	
	US\$	NT\$
Demand deposits	\$ 1,343,064.20	\$ 37,176,017
Time deposits	221,427,246.03	6,129,106,171
Interest receivable	803,447.34	22,239,423
Prepaid expenses	85,256.66	2,373,119
Corporate bonds	39,367,217.44	1,184,207,212
	<u>\$ 263,026,231.67</u>	<u>\$ 7,375,101,942</u>

	December 31, 2020	
	US\$	NT\$
Demand deposits	\$ 921,582.77	\$ 26,246,677
Time deposits	221,806,253.08	6,317,042,089
Interest receivable	2,223,405.26	63,322,582
Prepaid expenses	566,194.41	16,262,225
Corporate bonds	39,352,964.63	1,183,741,157
	<u>\$ 264,870,400.15</u>	<u>\$ 7,606,614,730</u>

International Cooperation and Development Fund
Statement of Changes in Long-term Loans
For the Year Ended December 31, 2021

Item	Beginning Balance	Increase in		Collection of long-term loans	Ending Balance	Collection Term
		long-term loans	long-term loans			
Industrial Park Development Project in Paraguay, reimbursed by the guarantor, MOFA	\$ 74,353,716	\$ -	\$ 17,392,100	\$ 56,961,616	May. 2010~May. 2029 (Note)	
Quimistan Valley Irrigation Project in Honduras	17,928,917	-	17,928,917	-	Nov. 2005 ~ Nov. 2021	
Housing Solidarity Reconstruction Program in Honduras	27,720,000	-	9,240,000	18,480,000	May. 2004 ~ Nov. 2023	
Phase I Solidarity Reconstruction Program in Nicaragua	34,353,465	-	9,828,465	24,525,000	Jul. 2004 ~ Jan. 2024	
Phase II Housing Solidarity Reconstruction Program in Nicaragua	40,637,765	-	8,140,712	32,497,053	Mar. 2006 ~ Sep. 2025	
Guatemala Rio Polorchic Region Recovery Program	20,960,159	-	6,927,300	14,032,859	Jul. 2004 ~ Jan. 2024	
Technical Education Project in Guatemala	26,151,810	-	17,434,540	8,717,270	Aug. 2007 ~ Feb. 2022	
Housing Solidarity Reconstruction Program in El Salvador	23,456,586	-	6,526,220	16,930,366	Nov. 2004 ~ May. 2024	
Program for Environmental Pollution Control in Critical Areas in El Salvador	7,606,358	-	7,606,358	-	Nov. 2006 ~ May. 2021	
Belize Tourism Development Project / Caracol road	23,315,813	-	4,119,551	19,196,262	Nov. 2005 ~ May. 2026	
Program for Modernizing the National Congress and the Office of the Comptroller General in Dominican Republic	35,675,056	-	6,367,176	29,307,880	Nov. 2004 ~ May. 2026	
Drinking Water Distribution Project in Petion-Ville-Lot I in Haiti	18,116,151	-	2,015,138	16,101,013	May. 2007 ~ Nov. 2029	
Rural Credit Project in Burkina Faso	12,071,308	-	4,829,366	7,241,942	Nov. 2005 ~ May. 2023	
Microfinancing and Capacity Building Project in the Gambia	4,270,955	-	1,067,954	3,203,001	Mar. 2010 ~ Sep. 2024	
Agricultural Production Reactivation Phase II in Nicaragua	69,030,422	-	8,196,942	60,833,480	Mar. 2011 ~ Sep. 2028	
Lower Usuthu Smallholder Irrigation Project in Eswatini	48,933,542	-	8,897,010	40,036,532	Jul. 2009 ~ Jan. 2026	
Information Technology School Project	73,880,653	-	7,439,598	66,441,055	Sep. 2014 ~ Mar. 2031	
Technical and Vocational Education and Training Project in the Gambia	40,140,368	-	3,732,470	36,407,898	Jan. 2016~Jul. 2031	
CABEI's Special Fund for the Social Transformation of Central America	90,795,404	-	10,088,378	80,707,026	May. 2012~Nov. 2029	

(Expressed in NTS)

Appendix 1

International Cooperation and Development Fund
Statement of Changes in Long-term Loans
For the Year Ended December 31, 2021

(Expressed in NT\$)

Item	Beginning Balance	Increase in long-term loans	Collection of long-term loans	Ending Balance	Collection Term
CABEI's Special Fund for the Social Transformation of Central America Phase II	\$ 195,892,853	\$ -	\$ 17,034,162	\$ 178,858,691	Nov. 2014~May. 2032
Taiwan ICDF-CABEI Technological and Vocational Education and The Green Energy Special Fund	25,040,806	-	6,141,532	18,899,274	Jan. 2015~Jul. 2024
Repair and Upgrade of Bonriki International Airport (Kiribati)	1,771,600,541	562,913,367	377,712,178	1,956,801,730	The period depends on the sub-projects.
Belize City House of Culture and the Downtown Rejuvenation Project	489,421,455	-	11,360,651	478,060,804	Sep. 2021~Mar.2044
Integral Microfinance Project (El Salvador)	142,543,167	-	12,985,679	129,557,488	Mar. 2018 ~ Sep. 2031
National Broadband Plan	72,175,714	-	13,122,857	59,052,857	Jul. 2019~Jan. 2026
The Home Energy Efficiency and Renewable Energy Project In The Republic Of The Marshall Islands	540,920,010	-	29,954,167	510,965,843	Jul. 2021~Jan. 2030
Tuvalu Project Loan	30,840,000	-	-	30,840,000	Nov. 2021~May. 2031
Nevis Small Enterprises Re-lending Project	67,132,800	-	7,459,200	59,673,600	Jan. 2020~Jul. 2029
Marshall Project Loan	21,657,600	5,112,000	-	26,769,600	Jan. 2025~Jul. 2035
Women and Youth Entrepreneurs and MSMEs Re-lending Project (Palau)	88,740,000	89,655,620	-	178,395,620	Sep. 2026~May.2052
Financial Sector Support Facility for MSMEs	87,360,000	-	-	87,360,000	May. 2023~Nov.2040
CABEI Credit to finance Public Sector Operations	2,305,600,000	-	-	2,305,600,000	Nov. 2022~May. 2030
Women's Livelihood Loan Project in Southeast and South Asia	1,440,000,000	-	-	1,440,000,000	Nov. 2025~May. 2042
MSEs Re-lending Project (Paraguay)	86,220,000	-	-	86,220,000	Dec. 2029~Jun. 2038
Special Fund for the High Impact Partnership on Climate Action	-	85,440,000	-	85,440,000	Nov. 2023~May.2035
	-	416,925,000	-	416,925,000	The period depends on the sub-projects.
	8,054,543,394	\$ 1,160,045,987	\$ 633,548,621	8,581,040,760	
Less: Allowance for doubtful accounts	(104,162,058)			(99,426,314)	
	\$ 7,950,381,336			\$ 8,481,614,446	

Appendix 1

International Cooperation and Development Fund
Statement of Changes in Long-term Loans
For the Year Ended December 31, 2021

(Expressed in NT\$)

Note: Although the MOFA agreed to pay off the remaining balance annually for 3 years beginning 2012 on December 13, 2012, payments of only US\$3,293,162.77 and US\$400,000 were made in years 2012 and 2013, respectively. There were no payments made by MOFA for year 2014. The MOFA stated in a letter dated on April 16, 2014 that there were no payments made by MOFA for year 2014 and installments would resume starting from 2015 through annual budgets, and a payment of US\$500,000 was made in year 2015 to 2020, total US\$3,500,000. As of December 31, 2021, the MOFA had repaid US\$9,293,162.77 and the remaining balance was US\$1,710,325.55.

Appendix 2

International Cooperation and Development Fund
Statement of Changes in Long-term Loans
For the Year Ended December 31, 2021

(Expressed in NT\$)

	Beginning Balance		Acquisition of Long-term Investments		Decrease in Long-term Investments		Ending Balance		
	Ownership	Carrying Amount	Ownership	Carrying Amount	Ownership	Carrying Amount	Ownership	Carrying Amount	
Equity investments accounted for using cost method:									
Overseas Investment & Development Corporation	19.44%	\$ 175,000,000	-	\$ -	-	\$ -	19.44%	\$ 175,000,000	None
Less: Accumulated impairment	(6,000,000)	-	-	-	-	(6,000,000)	
		169,000,000						169,000,000	
Taiwan's Agricultural Development Corporation	8.33%	20,000,000	-	-	-	-	8.33%	20,000,000	None
Less: Accumulated impairment	(6,910,615)	-	-	-	-	(6,910,615)	
		13,089,385						13,089,385	
		182,089,385						182,089,385	
International Institution Investment Fund:									
Agribusiness Account		474,630,000	-	-	-	-		474,630,000	None
FIISF-Small Business Account-Phase III		1,174,490,000	-	-	-	-		1,174,490,000	None
Innovation and Sustainability in Agribusiness Value Chains Account		210,245,000	-	-	-	-		210,245,000	None
Less: Accumulated impairment	(18,165,864)	-	-	-	-	(18,165,864)	
		1,841,199,136						1,841,199,136	
Financial Intermediary Development Fund		476,300,000	-	-	-	-		476,300,000	None
		2,317,499,136						2,317,499,136	
	\$	2,499,588,521	\$	-	\$	-	\$	2,499,588,521	