

**SINCERE NAVIGATION CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 2020 AND 2019**

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.

INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors and Shareholders of Sincere Navigation Corporation and Subsidiaries

Introduction

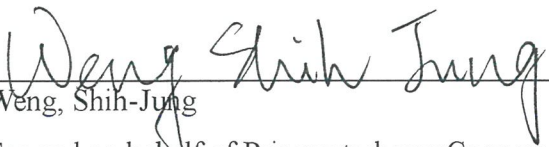
We have reviewed the accompanying consolidated balance sheets of Sincere Navigation Corporation and subsidiaries (the “Group”) as at June 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2020 and 2019, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month periods then ended in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.


Weng, Shih-Jung

For and on behalf of PricewaterhouseCoopers, Taiwan

August 12, 2020


Lin, Yi-Fan

The accompanying consolidated 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 consolidated financial statements and report of independent accountants 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.

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(The balance sheets as of June 30, 2020 and 2019 are reviewed, not audited)

Assets			June 30, 2020		December 31, 2019		June 30, 2019				
			Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%		
Current assets											
1100	Cash and cash equivalents	6(1)	\$	4,344,170	19	\$	3,945,656	17	\$	4,145,729	17
1136	Current financial assets at	6(2)									
	amortised cost			434	-		1,409	-		-	-
1140	Current contract assets	6(12)		40,248	-		99,113	1		65,335	-
1170	Accounts receivable			502,679	2		453,453	2		300,629	1
1200	Other receivables			129,599	1		41,750	-		181,325	1
1210	Other receivables - related	7									
	parties			6,125	-		509	-		-	-
1220	Current tax assets			125	-		106	-		-	-
130X	Bunker inventories			112,363	1		254,486	1		95,829	1
1410	Prepayments			29,669	-		56,946	-		35,700	-
1470	Other current assets	8		278,520	1		430,333	2		439,788	2
11XX	Total current assets			5,443,932	24		5,283,761	23		5,264,335	22
Non-current assets											
1600	Property, plant and equipment	6(3)(5)(7) and									
		8		17,076,623	76		17,919,541	77		18,997,140	78
1755	Right-of-use assets	6(4)		17,880	-		21,828	-		32,752	-
1840	Deferred income tax assets			11,100	-		11,087	-		43,353	-
1900	Other non-current assets	8		90,181	-		66,668	-		95,087	-
15XX	Total non-current assets			17,195,784	76		18,019,124	77		19,168,332	78
1XXX	Total assets		\$	22,639,716	100	\$	23,302,885	100	\$	24,432,667	100

(Continued)

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(The balance sheets as of June 30, 2020 and 2019 are reviewed, not audited)

Liabilities and Equity		Notes	June 30, 2020		December 31, 2019		June 30, 2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(5)	\$ 800,000	4	\$ 800,000	4	\$ 800,000	3
2130	Current contract liabilities	6(12)	58,941	-	35,616	-	67,007	-
2200	Other payables	6(6)	474,051	2	273,920	1	336,282	2
2220	Other payables - related parties	7	13,137	-	22,940	-	18,594	-
2230	Current income tax liabilities		116	-	104	-	-	-
2280	Current lease liabilities		5,808	-	5,881	-	6,695	-
2320	Long-term liabilities, current portion	6(7)	869,181	4	938,996	4	1,136,613	5
21XX	Total current liabilities		2,221,234	10	2,077,457	9	2,365,191	10
Non-current liabilities								
2540	Long-term borrowings	6(7)	3,920,306	18	4,406,634	19	5,020,636	21
2570	Deferred income tax liabilities		61,185	-	66,617	-	44,237	-
2580	Non-current lease liabilities		13,151	-	16,913	-	27,003	-
2600	Other non-current liabilities		32,631	-	32,567	-	31,568	-
25XX	Total non-current liabilities		4,027,273	18	4,522,731	19	5,123,444	21
2XXX	Total liabilities		6,248,507	28	6,600,188	28	7,488,635	31
Equity attributable to owners of parent								
	Share capital	6(9)						
3110	Share capital - common stock		5,853,533	26	5,853,533	25	5,683,042	23
3150	Stock dividend to be distributed		-	-	-	-	170,491	1
	Capital surplus	6(10)						
3200	Capital surplus		242,611	1	241,989	1	241,989	1
	Retained earnings	6(11)						
3310	Legal reserve		3,171,779	14	3,163,018	14	3,163,018	13
3320	Special reserve		1,349,931	6	924,270	4	924,270	4
3350	Unappropriated retained earnings		6,152,851	27	6,664,957	29	6,254,978	25
	Other equity interest							
3400	Other equity interest		(1,555,501)	(7)	(1,349,931)	(6)	(729,845)	(3)
31XX	Equity attributable to owners of the parent		15,215,204	67	15,497,836	67	15,707,943	64
36XX	Non-controlling interest	4(3)	1,176,005	5	1,204,861	5	1,236,089	5
3XXX	Total equity		16,391,209	72	16,702,697	72	16,944,032	69
	Significant contingent liabilities and unrecognised contractual commitments	9						
3X2X	Total liabilities and equity		\$ 22,639,716	100	\$ 23,302,885	100	\$ 24,432,667	100

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)
(UNAUDITED)

	Items	Notes	Three months ended June 30				Six months ended June 30			
			2020		2019		2020		2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(12), 7	\$ 1,050,587	100	\$ 793,786	100	\$ 2,241,564	100	\$ 1,713,222	100
5000	Operating costs	6(17)(18) and 7	(802,065)	(76)	(897,199)	(113)	(1,841,597)	(82)	(1,804,326)	(106)
5900	Net operating margin		248,522	24	(103,413)	(13)	399,967	18	(91,104)	(6)
	Operating expenses	6(17)(18)								
6200	General and administrative expenses		(52,298)	(5)	(54,129)	(7)	(98,590)	(4)	(124,247)	(7)
6900	Operating profit (loss)		196,224	19	(157,542)	(20)	301,377	14	(215,351)	(13)
	Non-operating income and expenses									
7100	Interest income	6(13)	4,033	-	16,384	2	13,343	-	31,345	2
7010	Other income	6(14)	95	-	442	-	186	-	1,484	-
7020	Other gains and losses	6(15)	29,631	3	(10,405)	(1)	17,760	1	(15,543)	(1)
7050	Finance costs	6(16)	(43,799)	(4)	(72,898)	(9)	(96,026)	(4)	(141,227)	(8)
7000	Total non-operating income and expenses		(10,040)	(1)	(66,477)	(8)	(64,737)	(3)	(123,941)	(7)
7900	Profit (loss) before income tax		186,184	18	(224,019)	(28)	236,640	11	(339,292)	(20)
7950	Income tax expense	6(19)	3,017	-	13,034	1	5,183	-	21,800	2
8200	Profit (loss) for the period		<u>\$ 189,201</u>	<u>18</u>	<u>(\$ 210,985)</u>	<u>(27)</u>	<u>\$ 241,823</u>	<u>11</u>	<u>(\$ 317,492)</u>	<u>(18)</u>
	Other comprehensive income									
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations		(\$ 373,916)	(36)	\$ 147,083	19	(\$ 219,775)	(10)	\$ 209,285	12
8500	Total comprehensive income (loss) for the period		<u>(\$ 184,715)</u>	<u>(18)</u>	<u>(\$ 63,902)</u>	<u>(8)</u>	<u>\$ 22,048</u>	<u>1</u>	<u>(\$ 108,207)</u>	<u>(6)</u>
	Profit (loss) attributable to:									
8610	Owners of the parent		\$ 172,738	16	(\$ 204,660)	(26)	\$ 214,993	10	(\$ 322,369)	(18)
8620	Non-controlling interest		16,463	2	(6,325)	(1)	26,830	1	4,877	-
			<u>\$ 189,201</u>	<u>18</u>	<u>(\$ 210,985)</u>	<u>(27)</u>	<u>\$ 241,823</u>	<u>11</u>	<u>(\$ 317,492)</u>	<u>(18)</u>
	Comprehensive income (loss) attributable to:									
8710	Owners of the parent		(\$ 176,884)	(17)	(\$ 67,107)	(8)	\$ 9,423	-	(\$ 127,944)	(7)
8720	Non-controlling interest		(7,831)	(1)	3,205	-	12,625	1	19,737	1
			<u>(\$ 184,715)</u>	<u>(18)</u>	<u>(\$ 63,902)</u>	<u>(8)</u>	<u>\$ 22,048</u>	<u>1</u>	<u>(\$ 108,207)</u>	<u>(6)</u>
	Earnings (loss) per share	6(20)								
9750	Basic earnings(loss) per share (in dollars)		<u>\$ 0.30</u>		<u>(\$ 0.35)</u>		<u>\$ 0.37</u>		<u>(\$ 0.55)</u>	
	Diluted (loss) earnings per share	6(20)								
9850	Diluted earnings (loss) per share (in dollars)		<u>\$ 0.30</u>		<u>(\$ 0.35)</u>		<u>\$ 0.37</u>		<u>(\$ 0.55)</u>	

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

		Equity attributable to owners of the parent										
		Capital Surplus				Retained Earnings			Financial statements translation differences of foreign operations	Total	Non-controlling interest	Total equity
Notes	Share capital - common stock	Treasury stock transactions	Difference between consideration and carrying amount of subsidiaries acquired	Others	Legal reserve	Special reserve	Unappropriated retained earnings					
<u>For the six-month period ended June 30, 2019</u>												
		\$ 5,683,042	\$ 39,243	\$ 10,350	\$ 2,654	\$ 3,156,840	\$ 1,479,609	\$ 6,312,338	(\$ 924,270)	\$ 15,759,806	\$ 1,743,645	\$ 17,503,451
		-	-	-	-	-	-	(322,369)	-	(322,369)	4,877	(317,492)
		-	-	-	-	-	-	-	194,425	194,425	14,860	209,285
		-	-	-	-	-	-	(322,369)	194,425	(127,944)	19,737	(108,207)
Appropriations of 2018 earnings:	6(11)											
Legal reserve		-	-	-	-	6,178	-	(6,178)	-	-	-	-
Special reserve		-	-	-	-	-	(555,339)	555,339	-	-	-	-
Cash dividends		-	-	-	-	-	-	(113,661)	-	(113,661)	-	(113,661)
Stock dividends		170,491	-	-	-	-	-	(170,491)	-	-	-	-
Change in non-controlling interest		-	-	-	-	-	-	-	-	-	-	-
Overdue unclaimed cash dividends		-	-	-	753	-	-	-	-	753	(338,304)	(338,304)
Difference between consideration and carrying amount of subsidiaries acquired	6(21)	-	-	188,989	-	-	-	-	-	188,989	(188,989)	-
Balance at June 30, 2019		\$ 5,853,533	\$ 39,243	\$ 199,339	\$ 3,407	\$ 3,163,018	\$ 924,270	\$ 6,254,978	(\$ 729,845)	\$ 15,707,943	\$ 1,236,089	\$ 16,944,032
<u>For the six-month period ended June 30, 2020</u>												
		\$ 5,853,533	\$ 39,243	\$ 199,339	\$ 3,407	\$ 3,163,018	\$ 924,270	\$ 6,664,957	(\$ 1,349,931)	\$ 15,497,836	\$ 1,204,861	\$ 16,702,697
		-	-	-	-	-	-	214,993	-	214,993	26,830	241,823
		-	-	-	-	-	-	-	(205,570)	(205,570)	(14,205)	(219,775)
		-	-	-	-	-	-	214,993	(205,570)	9,423	12,625	22,048
Appropriations of 2019 earnings:	6(11)											
Legal reserve		-	-	-	-	8,761	-	(8,761)	-	-	-	-
Special reserve		-	-	-	-	-	425,661	(425,661)	-	-	-	-
Cash dividends		-	-	-	-	-	-	(292,677)	-	(292,677)	-	(292,677)
Change in non-controlling interest		-	-	-	-	-	-	-	-	-	(41,481)	(41,481)
Overdue unclaimed cash dividends		-	-	-	622	-	-	-	-	622	-	622
Balance at June 30, 2020		\$ 5,853,533	\$ 39,243	\$ 199,339	\$ 4,029	\$ 3,171,779	\$ 1,349,931	\$ 6,152,851	(\$ 1,555,501)	\$ 15,215,204	\$ 1,176,005	\$ 16,391,209

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

		For the six-month periods ended June 30,	
	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		\$ 236,640	(\$ 339,292)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(17)	672,979	679,214
Amortisation	6(17)	51	51
Interest income	6(13)	(13,343)	(31,345)
Interest expense	6(16)	96,026	141,227
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		58,865	80,920
Accounts receivable	(	49,226)	105,898
Other receivables	(	89,134)	(94,648)
Other receivables - related parties	(	5,616)	9,551
Bunker inventories		142,123	191,564
Prepayments		27,277	13,732
Changes in operating liabilities			
Current contract liabilities		23,325	39,354
Other payables	(	83,370)	(27,271)
Other payables - related parties	(	9,803)	2,765
Accrued pension liabilities		64	60
Cash inflow generated from operations		1,006,858	771,780
Interest received		14,522	30,233
Income tax paid	(	162)	(92,901)
Net cash flows from operating activities		1,021,218	709,112
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in current financial assets at amortised cost		975	-
Decrease in other current assets		151,813	178,615
Acquisition of property, plant and equipment	6(3)	(22,549)	(9,147)
Business combination		-	(359)
Increase in non-current assets	(	24,633)	(48,744)
Decrease in refundable deposits		60	-
Net cash flows from investing activities		105,666	120,365
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of principal of lease liability	6(23)	(2,817)	(1,066)
Proceeds from long-term borrowings	6(23)	-	1,835,528
Repayment of long-term borrowings	6(23)	(499,901)	(1,333,461)
Interest paid	(	104,997)	(154,718)
Change in non-controlling interests	(	41,481)	-
Net cash flow from acquisition of subsidiaries	6(21)	-	(338,304)
Overdue unclaimed cash dividends		622	753
Net cash flows (used in) from financing activities	(	648,574)	(8,732)
Effect of changes in foreign exchange rate	(	79,796)	(6,647)
Net increase in cash and cash equivalents		398,514	844,856
Cash and cash equivalents at beginning of period		3,945,656	3,300,873
Cash and cash equivalents at end of period		\$ 4,344,170	\$ 4,145,729

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)
(UNAUDITED)

1. HISTORY AND ORGANISATION

Sincere Navigation Corporation (the “Company”) was incorporated in 1968 with an original capital of \$1,000. On December 31, 1988, the Company was the surviving company in the merger with Karson and Tai Hsing Navigation Corporation to meet operating demands and further improve capital structure. The Company’s shares have been listed on the Taiwan Stock Exchange since December 8, 1989. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in bulk shipping, tug and barge services, and operating a shipping agency.

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

These consolidated financial statements were reported to the Board of Directors on August 12, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2019, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.

These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2019.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements is consistent with those of the year ended December 31, 2019.

B. Subsidiaries included in the consolidated financial statements:

(a) Norley Corporation Inc. (Norley)

Norley (established in Liberia), a wholly-owned subsidiary of Sincere Navigation Corporation, is engaged in investment holdings. The following are the subsidiaries of Norley:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2020	December 31, 2019	June 30, 2019	
Norley	Poseidon Marine Ltd	Shipping	100%	100%	100%	
"	Kenmore Shipping Inc.	Oil tanker	100%	100%	100%	
"	Maxson Shipping Inc.	Shipping	100%	100%	100%	
"	Ocean Wise Limited	Shipping	100%	100%	100%	Note 1
"	Kingswood Co., Ltd. (Kingswood)	Investment holdings	-	50%	50%	Note 2, 3
"	Winnington Limited (Winnington)	Investment holdings	100%	100%	100%	
"	Jetwall Co. Ltd. (Jetwall)	Investment holdings	80%	80%	80%	
"	Victory Navigation Inc. (Victory)	Investment holdings	55%	55%	55%	
"	Pacifica Maritime Limited	Oil tanker	100%	100%	100%	
"	Sky Sea Maritime Limited (Sky Sea)	Shipping	55%	55%	55%	
"	Elroy Maritime Services Inc.	Maritime service	100%	100%	100%	
Kingswood	Seven Seas Shipping Ltd.	Oil tanker	-	100%	100%	Note 3
Winnington	Peg Shipping Company Limited	Shipping	100%	100%	100%	
Jetwall	Everwin Maritime Limited	Oil tanker	100%	100%	100%	
Victory	Everprime Shipping Limited	Shipping	100%	100%	100%	
Sky Sea	Ocean Grace Limited	Shipping	100%	100%	100%	
Elroy	Oak Maritime (Canada) Inc.	Maritime service	100%	100%	100%	Note 4

Note 1: On January 9, 2019, the Group acquired an additional 49% of shares of its subsidiary- Ocean Wise Limited (originally held 51% of its shares) for a consideration of \$338,304 (USD \$10,984 thousand). The carrying amount of non-controlling interest was \$527,293 (USD \$17,119 thousand) at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$527,293 (USD \$17,119 thousand) and increase in the equity attributable to owners of the parent by \$188,989 (USD \$6,135 thousand) and all payments were made on March 6, 2019. Details are provided in Note 6(21).

Note 2: Although the shareholding ratio of the Group's directly or indirectly held shares is less than 50%, as the Group has control over the investees, the investees are included in the consolidated entities

Note 3: Kingswood Co., Ltd. and Seven Seas Shipping Ltd. ceased operations and were liquidated on April 20, 2020.

Note 4: On January 1, 2019, the Group acquired 100% shares of Oak Maritime (Canada) Inc. (Oak Canada) from Universal Mariners S.A. (U.M.S.A) for a consideration of \$3,948 (USD \$128 thousand). The carrying amount of Oak Canada was \$3,948 (USD \$128 thousand) at the acquisition date and all payments were made on February 22, 2019. Please refer to Note 6(24).

(b) Heywood Limited (Heywood)

Heywood (established in Marshall Islands), a wholly-owned subsidiary of Sincere Navigation Corporation, is engaged in investment holdings. The following are the subsidiaries of Heywood:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2020	December 31, 2019	June 30, 2019	
Heywood	Newton Navigation Limited	Shipping	-	-	100%	Note
"	Clifford Navigation Corporation	Shipping	100%	100%	100%	
"	Brighton Shipping Inc.	Shipping	100%	100%	100%	
"	Rockwell Shipping Limited	Shipping	100%	100%	100%	
"	Howells Shipping Inc.	Shipping	100%	100%	100%	
"	Crimson Marine Company	Shipping	100%	100%	100%	
"	Helmsman Navigation Co. Ltd.	Shipping	100%	100%	100%	
"	Keystone Shipping Co. Ltd.	Shipping	100%	100%	100%	
"	Century Shipping Limited (Centutry)	Investment holdings	100%	100%	100%	
Century	Haihu Maritime Service (Shanghai) Co., Ltd.	Maritime service	100%	100%	100%	

Note: The liquidation of Newton Navigation Limited was completed on July 30, 2019.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of June 30, 2020, December 31, 2019 and June 30, 2019, the non-controlling interest amounted to \$1,176,005, \$1,204,861 and \$1,236,089, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest					
		June 30, 2020		December 31, 2019		June 30, 2019	
		Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)
Jetwall Co. Ltd.	Marshall Islands	\$ 393,189	20	\$ 373,726	20	\$ 380,143	20
Victory Navigation Inc.	Marshall Islands	330,130	45	347,576	45	348,761	45
Sky Sea Maritime Limited	Marshall Islands	452,686	45	471,743	45	495,007	45

Summarised financial information of the subsidiaries:

Balance sheets

Jetwall Co. Ltd.			
	June 30, 2020	December 31, 2019	June 30, 2019
Current assets	\$ 408,722	\$ 225,767	\$ 243,749
Non-current assets	2,097,030	2,218,399	2,310,555
Current liabilities	(148,529)	(123,079)	(126,234)
Non-current liabilities	(391,279)	(452,458)	(527,352)
Total net assets	<u>\$ 1,965,944</u>	<u>\$ 1,868,629</u>	<u>\$ 1,900,718</u>

Victory Navigation Inc.			
	June 30, 2020	December 31, 2019	June 30, 2019
Current assets	\$ 192,612	\$ 217,536	\$ 148,010
Non-current assets	546,912	582,912	634,514
Current liabilities	(5,901)	(28,057)	(7,499)
Non-current liabilities	-	-	-
Total net assets	<u>\$ 733,623</u>	<u>\$ 772,391</u>	<u>\$ 775,025</u>

Sky Sea Maritime Limited			
	June 30, 2020	December 31, 2019	June 30, 2019
Current assets	\$ 188,408	\$ 211,370	\$ 303,937
Non-current assets	1,841,906	1,925,135	1,988,351
Current liabilities	(153,223)	(143,818)	(148,656)
Non-current liabilities	(871,122)	(944,370)	(1,043,616)
Total net assets	<u>\$ 1,005,969</u>	<u>\$ 1,048,317</u>	<u>\$ 1,100,016</u>

Statements of comprehensive income

Jetwall Co. Ltd.		
For the three-month periods ended June 30,		
	2020	2019
Revenue	\$ 226,667	\$ 67,609
Profit before income tax	152,998	954
Income tax expense	-	-
Profit for the period	152,998	954
Other comprehensive income, net of tax	-	-
Total comprehensive income for the period	<u>\$ 152,998</u>	<u>\$ 954</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 30,600</u>	<u>\$ 190</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

Jetwall Co. Ltd		
For the six-month periods ended June 30,		
	2020	2019
Revenue	\$ 427,522	\$ 156,094
Profit before income tax	270,619	23,312
Income tax expense	-	-
Profit for the period	270,619	23,312
Other comprehensive income, net of tax	-	-
Total comprehensive income for the period	<u>\$ 270,619</u>	<u>\$ 23,312</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 54,124</u>	<u>\$ 4,662</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

Victory Navigation Inc.		
For the three-month periods ended June 30,		
	2020	2019
Revenue	\$ 28,776	\$ 34,877
Loss before income tax	(5,256)	(13,063)
Income tax expense	-	-
Loss for the period	(5,256)	(13,063)
Other comprehensive loss, net of tax	-	-
Total comprehensive loss for the period	<u>(\$ 5,256)</u>	<u>(\$ 13,063)</u>
Comprehensive loss attributable to non-controlling interest	<u>(\$ 2,365)</u>	<u>(\$ 5,879)</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

Victory Navigation Inc.		
For the six-month periods ended June 30,		
	2020	2019
Revenue	\$ 88,550	\$ 77,552
Loss before income tax	(30,123)	(15,899)
Income tax expense	-	-
Loss for the period	(30,123)	(15,899)
Other comprehensive loss, net of tax	-	-
Total comprehensive loss for the period	(\$ 30,123)	(\$ 15,899)
Comprehensive loss attributable to non-controlling interest	(\$ 13,555)	(\$ 7,155)
Dividends paid to non-controlling interest	\$ -	\$ -

Sky Sea Maritime Limited		
For the three-month periods ended June 30,		
	2020	2019
Revenue	\$ 62,005	\$ 89,283
Loss before income tax	(26,160)	(1,410)
Income tax expense	-	-
Loss for the period	(26,160)	(1,410)
Other comprehensive loss, net of tax	-	-
Total comprehensive loss for the period	(\$ 26,160)	(\$ 1,410)
Comprehensive loss attributable to non-controlling interest	(\$ 11,772)	(\$ 635)
Dividends paid to non-controlling interest	\$ -	\$ -

Sky Sea Maritime Limited		
For the six-month periods ended June 30,		
	2020	2019
Revenue	\$ 169,410	\$ 201,307
(Loss) profit before income tax	(30,486)	10,789
Income tax expense	-	-
(Loss) profit for the period	(30,486)	10,789
Other comprehensive loss, net of tax	-	-
Total comprehensive (loss) income for the period	(\$ 30,486)	\$ 10,789
Comprehensive (loss) income attributable to non-controlling interest	(\$ 13,719)	\$ 4,855
Dividends paid to non-controlling interest	\$ -	\$ -

Statements of cash flows

Jetwall Co. Ltd		
For the six-month periods ended June 30,		
	2020	2019
Net cash provided by operating activities	\$ 494,568	\$ 91,722
Net cash used in investing activities	(1,233)	(28,083)
Net cash used in financing activities	(216,635)	(74,399)
Effect of exchange rates on cash and cash equivalents	(4,021)	894
Increase (decrease) in cash and cash equivalents	272,679	(9,866)
Cash and cash equivalents, beginning of the period	52,062	83,317
Cash and cash equivalents, end of the period	<u>\$ 324,741</u>	<u>\$ 73,451</u>

Victory Navigation Inc.		
For the six-month periods ended June 30,		
	2020	2019
Net cash (used in) provided by operating activities	(\$ 35,309)	\$ 9,289
Net cash provided by investing activities	-	-
Net cash used in financing activities	-	-
Effect of exchange rates on cash and cash equivalents	(1,284)	784
(Decrease) increase in cash and cash equivalents	(36,593)	10,073
Cash and cash equivalents, beginning of the period	147,301	68,738
Cash and cash equivalents, end of the period	<u>\$ 110,708</u>	<u>\$ 78,811</u>

Sky Sea Maritime Limited		
For the six-month periods ended June 30,		
	2020	2019
Net cash provided by operating activities	\$ 19,672	\$ 43,632
Net cash provided by investing activities	-	-
Net cash used in financing activities	(80,224)	(91,456)
Effect of exchange rates on cash and cash equivalents	(996)	2,615
Decrease in cash and cash equivalents	(61,548)	(45,209)
Cash and cash equivalents, beginning of the period	149,278	247,407
Cash and cash equivalents, end of the period	<u>\$ 87,730</u>	<u>\$ 202,198</u>

(4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(5) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There was no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2019.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2020	December 31, 2019	June 30, 2019
Checking accounts and demand deposits	\$ 2,203,024	\$ 1,764,272	\$ 2,405,186
Time deposit	2,141,146	2,181,384	1,740,543
	<u>\$ 4,344,170</u>	<u>\$ 3,945,656</u>	<u>\$ 4,145,729</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group's cash and cash equivalents pledged to others as collateral were classified as other current assets. Related information is provided in Note 8.

(2) Financial assets at amortised cost

Items	June 30, 2020	December 31, 2019	June 30, 2019
Current items:			
Time deposits with maturity over three months	<u>\$ 434</u>	<u>\$ 1,409</u>	<u>\$ -</u>

The Group has no financial assets at amortised cost pledged to others as collateral.

(3) Property, plant and equipment

	Land	Buildings and structures	Vessels and equipment	Office equipment	Total
<u>At January 1, 2020</u>					
Cost	\$ 90,215	\$ 28,191	\$ 29,685,272	\$ 8,421	\$ 29,812,099
Accumulated depreciation	- (	16,609) (	11,628,689) (	7,420) (	11,652,718)
Accumulated impairment	-	-	(239,840)	-	(239,840)
	<u>\$ 90,215</u>	<u>\$ 11,582</u>	<u>\$ 17,816,743</u>	<u>\$ 1,001</u>	<u>\$ 17,919,541</u>
<u>2020</u>					
Opening net book amount as at January 1	\$ 90,215	\$ 11,582	\$ 17,816,743	\$ 1,001	\$ 17,919,541
Additions	-	-	22,017	532	22,549
Retirement - cost	-	-	(33,493)	-	(33,493)
Retirement - accumulated depreciation	-	-	33,493	-	33,493
Depreciation	- (	328) (	669,498) (	160) (	669,986)
Net exchange differences	-	-	(195,457)	(24)	(195,481)
Closing net book amount	<u>\$ 90,215</u>	<u>\$ 11,254</u>	<u>\$ 16,973,805</u>	<u>\$ 1,349</u>	<u>\$ 17,076,623</u>
<u>At June 30, 2020</u>					
Cost	\$ 90,215	\$ 28,191	\$ 29,338,087	\$ 8,590	\$ 29,465,083
Accumulated depreciation	- (	16,937) (	12,127,242) (	7,241) (	12,151,420)
Accumulated impairment	-	-	(237,040)	-	(237,040)
	<u>\$ 90,215</u>	<u>\$ 11,254</u>	<u>\$ 16,973,805</u>	<u>\$ 1,349</u>	<u>\$ 17,076,623</u>

	Land	Buildings and structures	Vessels and equipment	Office equipment	Total
<u>At January 1, 2019</u>					
Cost	\$ 90,215	\$ 28,191	\$ 30,209,579	\$ 3,214	\$ 30,331,199
Accumulated depreciation	- (	15,953) (	10,609,695) (	2,357) (	10,628,005) (
Accumulated impairment	-	-	(245,760)	-	(245,760)
	<u>\$ 90,215</u>	<u>\$ 12,238</u>	<u>\$ 19,354,124</u>	<u>\$ 857</u>	<u>\$ 19,457,434</u>
<u>2019</u>					
Opening net book amount as at January 1	\$ 90,215	\$ 12,238	\$ 19,354,124	\$ 857	\$ 19,457,434
Acquired from business combination-Cost	-	-	-	6,109	6,109
Acquired from business combination-Accumulated depreciation	-	-	- (	5,612) (	5,612) (
Additions	-	-	9,117	30	9,147
Retirement - cost	-	- (	52,751)	- (	52,751) (
Retirement - accumulated depreciation	-	-	52,751	-	52,751
Depreciation	- (	328) (	676,706) (	191) (	677,225) (
Net exchange differences	-	-	207,284	3	207,287
Closing net book amount	<u>\$ 90,215</u>	<u>\$ 11,910</u>	<u>\$ 18,893,819</u>	<u>\$ 1,196</u>	<u>\$ 18,997,140</u>
<u>At June 30, 2019</u>					
Cost	\$ 90,215	\$ 28,191	\$ 30,489,873	\$ 9,409	\$ 30,617,688
Accumulated depreciation	- (	16,281) (	11,347,574) (	8,213) (	11,372,068) (
Accumulated impairment	-	-	(248,480)	-	(248,480)
	<u>\$ 90,215</u>	<u>\$ 11,910</u>	<u>\$ 18,893,819</u>	<u>\$ 1,196</u>	<u>\$ 18,997,140</u>

A. The estimated useful lives of the Group's significant components of vessels and equipment are as follows:

(a) Vessel 20 years

(b) Repairs and dry-dock inspection of vessel 2.5 years

B. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation: None.

C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(4) Leasing arrangements – lessee

A. The Group leases various assets including buildings and ship communications equipment. Rental contracts are typically made for approximately 3~5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
	Carrying amount	Carrying amount	Carrying amount
Buildings	\$ 13,320	\$ 16,007	\$ 31,022
Other equipment	4,560	5,821	1,730
	<u>\$ 17,880</u>	<u>\$ 21,828</u>	<u>\$ 32,752</u>

	For the three-month periods ended June 30,	
	2020	2019
	Depreciation charge	Depreciation charge
Buildings	\$ 883	\$ 1,599
Other equipment	593	196
	<u>\$ 1,476</u>	<u>\$ 1,795</u>

	For the six-month periods ended June 30,	
	2020	2019
	Depreciation charge	Depreciation charge
Buildings	\$ 1,804	\$ 1,599
Other equipment	1,189	390
	<u>\$ 2,993</u>	<u>\$ 1,989</u>

C. For the six-month periods ended June 30, 2020 and 2019, the addition to right-of-use assets was \$0 and \$31, 580, respectively.

D. Except for the depreciation, other information on income and expense accounts relating to lease contracts is as follows:

	<u>For the three-month periods ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 235	\$ 414
Expense on short-term lease contracts	1,200	351
	<u>For the six-month periods ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 495	\$ 431
Expense on short-term lease contracts	2,441	2,806

E. For the six-month periods ended June 30, 2020 and 2019, the Group's total cash outflow for leases was \$5,753 and \$4,303, respectively.

(5) Short-term borrowings

<u>Type of borrowings</u>	<u>June 30, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 120,000	1.20%	Land, buildings and structures, and promissory notes
Unsecured borrowings	680,000	1.10%~1.30%	Promissory notes
	<u>\$ 800,000</u>		
<u>Type of borrowings</u>	<u>December 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 120,000	1.20%	Land, buildings and structures, and promissory notes
Unsecured borrowings	680,000	1.20%~1.30%	Promissory notes
	<u>\$ 800,000</u>		
<u>Type of borrowings</u>	<u>June 30, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 120,000	1.20%	Land, buildings and structures, and promissory notes
Unsecured borrowings	680,000	1.17%~1.30%	Promissory notes
	<u>\$ 800,000</u>		

Guarantee for credit line of the Company's short-term borrowings provided by related parties are as follows :

	June 30, 2020	December 31, 2019	June 30, 2019	Footnote
Fred Tsai	\$ -	\$ 200,000	\$ 1,074,000	Promissory notes
Jack Hsu	900,000	700,000	-	Promissory notes/Guarantee
	<u>\$ 900,000</u>	<u>\$ 900,000</u>	<u>\$ 1,074,000</u>	

(6) Other payables

	June 30, 2020	December 31, 2019	June 30, 2019
Dividends payable	\$ 292,677	\$ -	\$ 113,661
Wages and salaries payable	33,279	34,967	31,949
Fuel expense payable	32,208	98,601	38,544
Commissions payable	10,307	14,200	9,126
Interest payable	18,436	27,612	38,219
Insurance expense payable	27,561	21,318	26,392
Port expense payable	8,928	6,730	10,997
Employees' compensation and directors' and supervisors' remuneration payable	4,276	7,810	-
Others	46,379	62,682	67,394
	<u>\$ 474,051</u>	<u>\$ 273,920</u>	<u>\$ 336,282</u>

(7) Long-term borrowings

Bank	Collateral	June 30, 2020	December 31, 2019	June 30, 2019
Mega Bank	Vessel-Maxim	\$ 503,073 (USD16,979thousand)	\$ 565,573 (USD18,865thousand)	\$ 644,542 (USD20,752thousand)
Mega Bank (and syndicate)	Vessel-Yue Shan	-	-	102,498 (USD3,300thousand)
ING Bank	Vessel-Kondor	700,009 (USD23,625thousand)	760,742 (USD25,375thousand)	842,503 (USD27,125thousand)
Mega Bank (and syndicate)	Vessel-Mineral Oak	-	63,168 (USD2,107thousand)	130,887 (USD4,214thousand)
Mega Bank (and syndicate)	Vessel-Tai Shan	159,363 (USD5,378thousand)	214,994 (USD7,171thousand)	278,423 (USD8,964thousand)
Mega Bank (and syndicate)	Vessel-Oceana	252,003 (USD8,505thousand)	283,311 (USD9,450thousand)	322,869 (USD10,395thousand)
Mega Bank (and syndicate)	Vessel-Palona	252,003 (USD8,505thousand)	283,311 (USD9,450thousand)	322,869 (USD10,395thousand)
Mega Bank (and syndicate)	Vessel-Elbhoff	1,197,793 (USD40,425thousand)	1,298,509 (USD43,313thousand)	1,434,972 (USD46,200thousand)
Mega Bank (and syndicate)	Vessel-Tien Shan	995,568 (USD33,600thousand)	1,070,286 (USD35,700thousand)	1,174,068 (USD37,800thousand)
Sea 86 Leasing Co. Limited (Note)	Vessel-Chou Shan	362,270 (USD12,226thousand)	401,151 (USD13,381thousand)	450,972 (USD14,519thousand)
Sea 87 Leasing Co. Limited (Note)	Vessel-Chin Shan	367,405 (USD12,400thousand)	404,585 (USD13,495thousand)	452,646 (USD14,573thousand)
		4,789,487	5,345,630	6,157,249
Less: Current portion-due within one year (shown as other current liabilities)		(869,181)	(938,996)	(1,136,613)
		\$ 3,920,306	\$ 4,406,634	\$ 5,020,636
Interest rates		1.98% ~ 6.23%	3.14% ~ 6.23%	3.78% ~ 6.23%

The collaterals were shown as ‘property, plant and equipment’. Please refer to Note 8.

Note: The Group sold and leased back the vessel and has a right to buy back the vessel at a consideration stipulated in the contract at the end of the lease period. According to IFRS 15, such right is a part of sale and leaseback transactions and the entity should continue to recognise the asset on the balance sheet. The entity should account for proceeds as a financial liability in accordance with IFRS 9.

(8) Pensions

A. Defined benefit pension plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes an amount equal to 2% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan,

the trustee, under the name of the independent retirement fund committee.

Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

- (b) For the aforementioned pension plan, the Group recognised pension costs of \$154, \$192, \$309 and \$385 for the three-month and six-month periods ended June 30, 2020 and 2019, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2021 amount to \$537.

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Company for the three-month and six-month periods ended June 30, 2020 and 2019 were \$620, \$622, \$1,276 and \$1,252, respectively.
- (b) The Company’s mainland China subsidiary, Haihu Maritime Service (Shanghai) Co., Ltd., has a defined contribution retirement plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on the employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations. The pension costs for the three-month and six-month periods ended June 30, 2020 and 2019 were \$207, \$364, \$524 and \$731, respectively.

(9) Share capital/Stock dividend to be distributed

- A. As of June 30, 2020, the Company’s authorised capital was \$7,000,000 and the paid-in capital was \$5,853,533, consisting of 585,353,297 common shares with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. On June 28, 2019, the shareholders of the Company resolved to issue 17,049,126 shares at a price of \$10 (in dollars) per share through capitalisation of unappropriated retained earnings of \$170,491. The capital increase was approved by the Financial Supervisory Commission, Securities and Futures Bureau on August 22, 2019. The effective date for the issuance of shares was set on September 28, 2019 and the registration has been completed.

(10) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(11) Retained earnings

A. Based on the Company's Articles of Incorporation, the Company's net income (less income taxes and prior years' losses, if any) is appropriated in the following order:

(a) 10% for legal reserve.

(b) Special reserve.

(c) Appropriation of remaining earnings according to the decision of the Board of Directors and Stockholders.

Provided that full or part of the distributable dividends and bonus, capital surplus or legal reserve are distributed in the form of cash, the regulation in relation to approval from the shareholders for the above is not applicable.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. Appropriation of earnings

The appropriations of 2019 and 2018 earnings had been resolved at the stockholders' meeting on June 19, 2020 and June 28, 2019, respectively. Details are summarised below:

	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 8,761		\$ 6,178	
Special reserve	425,661		-	
Cash dividends	292,677	\$ 0.50	113,661	\$ 0.20
Stock dividends	-	-	170,491	0.30
	<u>\$ 727,099</u>		<u>\$ 290,330</u>	
Reversal of special reserve			<u>(\$ 555,339)</u>	

E. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(18).

(12) Operating revenue

	For the three-month periods ended June 30,	
	2020	2019
Revenue from contracts with customers	<u>\$ 1,050,587</u>	<u>\$ 793,786</u>
	For the six-month periods ended June 30,	
	2020	2019
Revenue from contracts with customers	<u>\$ 2,241,564</u>	<u>\$ 1,713,222</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of services over time in the following major categories:

For the three-month period ended June 30, 2020	Bulk carrier	Oil tanker	Management service	Total
Revenue from external customer contracts	<u>\$ 422,542</u>	<u>\$ 622,676</u>	<u>\$ 5,369</u>	<u>\$ 1,050,587</u>
Timing of revenue recognition Over time	<u>\$ 422,542</u>	<u>\$ 622,676</u>	<u>\$ 5,369</u>	<u>\$ 1,050,587</u>

For the three-month period ended June 30, 2019	<u>Bulk carrier</u>	<u>Oil tanker</u>	<u>Management service</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 612,389</u>	<u>\$ 175,820</u>	<u>\$ 5,577</u>	<u>\$ 793,786</u>
Timing of revenue recognition Over time	<u>\$ 612,389</u>	<u>\$ 175,820</u>	<u>\$ 5,577</u>	<u>\$ 793,786</u>
For the six-month period ended June 30, 2020	<u>Bulk carrier</u>	<u>Oil tanker</u>	<u>Management service</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 1,093,422</u>	<u>\$ 1,137,375</u>	<u>\$ 10,767</u>	<u>\$ 2,241,564</u>
Timing of revenue recognition Over time	<u>\$ 1,093,422</u>	<u>\$ 1,137,375</u>	<u>\$ 10,767</u>	<u>\$ 2,241,564</u>
For the six-month period ended June 30, 2019	<u>Bulk carrier</u>	<u>Oil tanker</u>	<u>Management service</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 1,250,749</u>	<u>\$ 451,367</u>	<u>\$ 11,106</u>	<u>\$ 1,713,222</u>
Timing of revenue recognition Over time	<u>\$ 1,250,749</u>	<u>\$ 451,367</u>	<u>\$ 11,106</u>	<u>\$ 1,713,222</u>

B. Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>	<u>January 1, 2019</u>
Contract assets				
- bulk carrier	<u>\$ 40,248</u>	<u>\$ 99,113</u>	<u>\$ 65,335</u>	<u>\$ 146,255</u>
Contract liabilities				
- bulk carrier	<u>\$ 58,941</u>	<u>\$ 35,616</u>	<u>\$ 67,007</u>	<u>\$ 27,653</u>

C. Contract liabilities at the beginning of 2020 and 2019 amounting to \$35,616 and \$27,653, respectively, were all recognised as operating revenue for the six-month periods ended June 30, 2020 and 2019, respectively.

(13) Interest income

	<u>For the three-month periods ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Interest income from bank deposits	<u>\$ 4,033</u>	<u>\$ 16,384</u>
	<u>For the six-month periods ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Interest income from bank deposits	<u>\$ 13,343</u>	<u>\$ 31,345</u>

(14) Other income

		For the three-month periods ended June 30,	
		2020	2019
Rent income	\$	92	\$ 92
Others		3	350
	\$	95	\$ 442

		For the six-month periods ended June 30,	
		2020	2019
Rent income	\$	183	\$ 183
Others		3	1,301
	\$	186	\$ 1,484

(15) Other gains and losses

		For the three-month periods ended June 30,	
		2020	2019
Net currency exchange gains (losses)	\$	29,633	(\$ 10,299)
Other losses	(	2)	(106)
	\$	29,631	(\$ 10,405)

		For the six-month periods ended June 30,	
		2020	2019
Net currency exchange gains (losses)	\$	17,762	(\$ 14,986)
Other losses	(	2)	(557)
	\$	17,760	(\$ 15,543)

(16) Finance costs

		For the three-month periods ended June 30,	
		2020	2019
Interest expense			
Long-term borrowings	\$	43,564	\$ 72,484
Lease liabilities		235	414
	\$	43,799	\$ 72,898

		For the six-month periods ended June 30,	
		2020	2019
Interest expense			
Long-term borrowings	\$	95,531	\$ 140,796
Lease liabilities		495	431
	\$	96,026	\$ 141,227

(17) Expenses by nature

Function Nature	For the three-month periods ended June 30,					
	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 125,921	\$ 30,503	\$ 156,424	\$ 136,926	\$ 26,722	\$ 163,648
Depreciation	333,509	1,153	334,662	338,687	1,857	340,544
Amortisation	-	26	26	-	26	26

Function Nature	For the six-month periods ended June 30,					
	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 255,585	\$ 59,931	\$ 315,516	\$ 269,793	\$ 54,843	\$ 324,636
Depreciation	670,643	2,336	672,979	677,096	2,118	679,214
Amortisation	-	51	51	-	51	51

(18) Employee benefit expense

Function Nature	For the three month periods ended June 30,					
	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Wages and salaries	\$ 105,517	\$ 27,235	\$ 132,752	\$ 109,599	\$ 23,489	\$ 133,088
Labor and health insurance fees	728	794	1,522	601	794	1,395
Pension costs	303	678	981	291	887	1,178
Other personnel expenses	19,373	1,796	21,169	26,435	1,552	27,987
Total	\$ 125,921	\$ 30,503	\$ 156,424	\$ 136,926	\$ 26,722	\$ 163,648

Function Nature	For the six-month periods ended June 30,					
	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Wages and salaries	\$ 211,159	\$ 52,768	\$ 263,927	\$ 217,093	\$ 47,548	\$ 264,641
Labor and health insurance fees	1,332	1,572	2,904	1,310	1,538	2,848
Pension costs	620	1,489	2,109	601	1,767	2,368
Other personnel expenses	42,474	4,102	46,576	50,789	3,990	54,779
Total	\$ 255,585	\$ 59,931	\$ 315,516	\$ 269,793	\$ 54,843	\$ 324,636

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.
- B. For the six-month periods ended June 30, 2020 and 2019, employees' compensation was accrued at \$2,138 and \$0, respectively; while directors' and supervisors' remuneration was accrued at \$2,138 and \$0, respectively. The aforementioned amounts were recognised in salary expenses.

Employees' compensation and directors' and supervisors' remuneration for 2019 were both \$3,905 as resolved by the Board of Directors and were in agreement with those amounts recognised in the 2019 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(19) Income tax

A. Income tax expense

Components of income tax expense:

	For the three-month periods ended June 30,	
	2020	2019
Current tax:		
Current tax on profits for the period	\$ 262	\$ -
Prior year income tax overestimation	-	(8)
Total current tax	262	(8)
Deferred tax:		
Origination and reversal of temporary differences	(\$ 3,279)	(\$ 13,026)
Total deferred tax	(3,279)	(13,026)
Income tax benefit	(\$ 3,017)	(\$ 13,034)

	For the six-month periods ended June 30,	
	2020	2019
Current tax:		
Current tax on profits for the period	\$ 262	\$ -
Prior year income tax overestimation	-	(8)
Total current tax	<u>262</u>	<u>(8)</u>
Deferred tax:		
Origination and reversal of temporary differences	(\$ 5,445)	(\$ 21,792)
Total deferred tax	<u>(5,445)</u>	<u>(21,792)</u>
Income tax benefit	<u>(\$ 5,183)</u>	<u>(\$ 21,800)</u>

B. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(20) Earnings/(loss) per share

	For the three-month period ended June 30, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders of the parent	<u>\$ 172,738</u>	<u>585,353</u>	<u>\$ 0.30</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	172,738	-	0.30
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	<u>-</u>	<u>114</u>	<u>-</u>
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 172,738</u>	<u>585,467</u>	<u>\$ 0.30</u>

For the three-month period ended June 30, 2019			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss from continuing operations attributable to ordinary shareholders of the parent	(\$ 204,660)	585,353	(\$ 0.35)
<u>Diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(204,660)	-	(0.35)
Assumed conversion of all dilutive potential ordinary shares			
- employees' compensation	-	-	-
Loss attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	(\$ 204,660)	585,353	(\$ 0.35)
For the six-month period ended June 30, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders of the parent	\$ 214,993	585,353	\$ 0.37
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	214,993	-	0.37
Assumed conversion of all dilutive potential ordinary shares			
- employees' compensation	-	146	-
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 214,993	585,499	\$ 0.37

	For the six-month period ended June 30, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss from continuing operations attributable to ordinary shareholders of the parent	(\$ <u>322,369</u>)	<u>585,353</u>	(\$ <u>0.55</u>)
<u>Diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(322,369)	-	(0.55)
Assumed conversion of all dilutive potential ordinary shares			
- employees' compensation	-	-	-
Loss attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	(\$ <u>322,369</u>)	<u>585,353</u>	(\$ <u>0.55</u>)

(21) Transactions with non-controlling interest - acquisition of additional equity interest in a subsidiary

On January 9, 2019, the Group acquired an additional 49% of shares of its subsidiary-Ocean Wise Limited (originally held 51% of its shares) for a consideration of \$338,304 (USD \$10,984 thousand). The carrying amount of non-controlling interest was \$527,293 (USD \$17,119 thousand) at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$527,293 (USD \$17,119 thousand) and increase in the equity attributable to owners of the parent by \$188,989 (USD \$6,135 thousand) and all payments were made on March 6, 2019.

	June 30, 2019	
Carrying amount of non-controlling interest acquired	\$ 527,293	(USD 17,119 thousand)
Consideration paid to non-controlling interest	(<u>338,304</u>)	(USD 10,984 thousand)
Capital surplus		
- difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	\$ <u>188,989</u>	

(22) Supplemental cash flow information

Financing activities with no cash flow effects

	For the six-month periods ended June 30,	
	2020	2019
Cash dividends payable	\$ 292,677	\$ 113,661
Stock dividends	\$ -	\$ 170,491

(23) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2020	\$ 800,000	\$ 5,345,630	\$ 22,794	\$ 6,168,424
Repayment of borrowings	-	(499,901)	-	(499,901)
Payment of principal	-	-	(2,817)	(2,817)
Impact of changes in foreign exchange rate	-	(56,242)	(1,018)	(57,260)
At June 30, 2020	<u>\$ 800,000</u>	<u>\$ 4,789,487</u>	<u>\$ 18,959</u>	<u>\$ 5,608,446</u>

	Short-term borrowings	Long-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2019	\$ 800,000	\$ 5,651,047	\$ 2,098	\$ 6,453,145
Proceeds from borrowings	-	1,835,528	-	1,835,528
Repayment of borrowings	-	(1,333,461)	-	(1,333,461)
Additions	-	-	31,580	31,580
Payment of principal	-	-	(1,066)	(1,066)
Impact of changes in foreign exchange rate	-	4,135	1,086	5,221
At June 30, 2019	<u>\$ 800,000</u>	<u>\$ 6,157,249</u>	<u>\$ 33,698</u>	<u>\$ 6,990,947</u>

(24) Business combinations

A. On January 1, 2019, the Group acquired 100% of the share capital of Oak Maritime (Canada) Inc. (Oak Canada) from Universal Mariners S.A.(U.M.S.A) for \$3,948 (USD 128 thousand) and obtained the control over Oak Canada.

- B. The following table summarises the consideration paid for Oak Canada and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	<u>January 1, 2019</u>
Purchase consideration	
Cash paid	\$ 3,948
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	3,589
Accounts receivable	307
Prepayments	406
Property, plant and equipment	497
Other non-current assets	160
Accounts payable	(1,011)
Total identifiable net assets	<u>3,948</u>
Goodwill	<u>\$ -</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Oak Maritime (Hong Kong) Inc. Limited (Oak HK)	Other related party
Oak Agencies Limited (OAL)	Other related party
Asia Century Navigation Co., Ltd. (Asia Century)	Other related party
Diamonds Ocean Limited (Diamonds Ocean)	Other related party
World Sea Navigation Limited (World Sea)	Other related party

(2) Significant related party transactions and balances

A. Operating revenue

	<u>For the three-month periods ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Management revenue:		
Other related party	<u>\$ 5,369</u>	<u>\$ 5,577</u>
	<u>For the six-month periods ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Management revenue:		
Other related party	<u>\$ 10,767</u>	<u>\$ 11,106</u>

Management revenue is the agent revenue arising from vessel agent contract. Sales of service are based on the price lists in force and terms that would be available to third parties.

B. Operating costs

		For the three-month periods ended June 30,	
		2020	2019
Commission fee:			
Other related party		\$ 8,033	\$ 8,454
		For the six-month periods ended June 30,	
		2020	2019
Commission fee:			
Other related party		\$ 16,737	\$ 16,167

C. Other receivables

Amounts prepaid on behalf of related parties and agents:

	June 30, 2020	December 31, 2019	June 30, 2019
Other receivables:			
Other related party	\$ 6,125	\$ 509	\$ -

D. Other payables

Advances from related parties and agency payable:

	June 30, 2020	December 31, 2019	June 30, 2019
Other payables:			
Other related party	\$ 13,137	\$ 22,940	\$ 18,594

E. Other guarantee transactions

Please refer to Note 6(5) for details.

(3) Key management compensation

		For the three-month periods ended June 30,	
		2020	2019
Salaries and other short-term employee benefits		\$ 6,051	\$ 6,330
Post-employment benefits		118	144
		\$ 6,169	\$ 6,474
		For the six-month periods ended June 30,	
		2020	2019
Salaries and other short-term employee benefits		\$ 11,561	\$ 10,410
Post-employment benefits		236	232
		\$ 11,797	\$ 10,642

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged assets	Book value			Pledge purpose
	June 30, 2020	December 31, 2019	June 30, 2019	
Bank deposits (shown as "other current assets")	\$ 278,520	\$ 430,333	\$ 439,788	Long-term loans
Guarantee deposits paid (shown as "other non - current assets")	7,426	7,503	7,528	Deposit of golf certificates and others
Property, plant and equipment				
Vessels and equipment-net	11,461,720	13,003,098	15,579,320	Long-term loans
Land and building and structures-net	99,966	100,250	100,534	Credit lines of short-term borrowings
	<u>\$ 11,847,632</u>	<u>\$ 13,541,184</u>	<u>\$ 16,127,170</u>	

9. CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingent liabilities

None.

(2) Commitments

A. The Company has outstanding notes payable for bank financing amounting to \$1,074,000.

B. As of June 30, 2020, outstanding balance amount arising from acquisition of vessel's equipment amounted to \$163,993 (US \$5,535 thousand).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders 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 amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Financial assets</u>			
Financial assets as amortised cost			
Cash and cash equivalents	\$ 4,344,170	\$ 3,945,656	\$ 4,145,729
Financial assets at amortised cost - current	434	1,409	-
Accounts receivable, net	502,679	453,453	300,629
Other receivables	129,599	41,750	181,325
Other receivables - related parties	6,125	509	-
Other financial assets	278,520	430,333	439,788
Guarantee deposits paid (recorded as "other non - current assets")	7,426	7,503	7,528
	<u>\$ 5,268,953</u>	<u>\$ 4,880,613</u>	<u>\$ 5,074,999</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term			
borrows	\$ 800,000	\$ 800,000	\$ 800,000
Other payables	474,051	273,920	336,282
Other payables - related parties	13,137	22,940	18,594
Long-term			
borrows (including current portion)	4,789,487	5,345,630	6,157,249
	<u>\$ 6,076,675</u>	<u>\$ 6,442,490</u>	<u>\$ 7,312,125</u>
Lease liabilities	<u>\$ 18,959</u>	<u>\$ 22,794</u>	<u>\$ 33,698</u>

B. Financial risk management policies

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2019.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

June 30, 2020			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 7,203	29.63	\$ 213,830
NTD : USD	7,596	0.03	7,591
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 55,259	29.63	\$ 1,637,490
December 31, 2019			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 11,995	29.98	\$ 360,074
NTD : USD	9,585	0.03	9,503
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 55,430	29.98	\$ 1,661,773

June 30, 2019			
(Foreign currency: functional currency)	Foreign currency		Book value (NTD)
	amount		
	(In thousands)	Exchange rate	
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 9,928	31.06	\$ 308,341
NTD:USD	6,193	0.03	6,169
CAD:USD	77	23.73	1,838
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 55,043	31.06	\$ 1,709,617

iii. Please refer to the following table for the details of unrealised exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group.

	For the three-month period ended June 30, 2020		
	Exchange gain (loss)		
	Foreign currency		
	amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ -	29.63	(\$ 1,592)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ -	29.63	\$ 33,006

	<u>For the three-month period ended June 30, 2019</u>		
	<u>Exchange gain (loss)</u>		
	Foreign currency		
	amount		Book value
	<u>(In thousands)</u>	<u>Exchange rate</u>	<u>(NTD)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ -	31.06	(\$ 273)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ -	31.06	\$ 76,292
	<u>For the six-month period ended June 30, 2020</u>		
	<u>Exchange gain (loss)</u>		
	Foreign currency		
	amount		Book value
	<u>(In thousands)</u>	<u>Exchange rate</u>	<u>(NTD)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ -	29.63	\$ 1,360
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ -	29.63	\$ 19,251
	<u>For the six-month period ended June 30, 2019</u>		
	<u>Exchange gain (loss)</u>		
	Foreign currency		
	amount		Book value
	<u>(In thousands)</u>	<u>Exchange rate</u>	<u>(NTD)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ -	31.06	(\$ 237)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ -	31.06	\$ 71,291

- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

For the six-month period ended June 30, 2020			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 2,138	\$ -
NTD:USD	1%	76	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 16,375	\$ -
For the six-month period ended June 30, 2019			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 3,083	\$ -
NTD:USD	1%	62	-
CAD:USD	1%	18	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 17,096	\$ -

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the six-month periods ended June 30, 2020 and 2019, the Group's borrowings at variable rate were denominated in United States dollars.

- ii. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.
- iii. At June 30, 2020 and 2019, if interest rates on USD-denominated borrowings had been 1% higher/lower with all other variables held constant, pre-tax (loss) profit for the six-month periods ended June 30, 2020 and 2019 would have been \$20,552 and \$26,268 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the contract cash flows of the accounts receivable based on the agreed terms.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms and obligation completed, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

- (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- vii. The Group wrote-off the financial assets, which cannot reasonably be expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On June 30, 2020, December 31, 2019 and June 30, 2019, the Group's written-off financial assets that are still under recourse procedures amounted to \$0, \$334 and \$334, respectively.
- viii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable and lease payments receivable. On June 30, 2020, December 31, 2019 and June 30, 2019, the provision matrix is as follows:

<u>June 30, 2020</u>	<u>Not past due</u>	<u>Total</u>
Expected loss rate	Approximately 0 %	
Total book value	\$ 502,679	\$ 502,679
Loss allowance	\$ -	\$ -

<u>December 31, 2019</u>	<u>Not past due</u>	<u>Total</u>
Expected loss rate	Approximately 0 %	
Total book value	\$ 453,453	\$ 453,453
Loss allowance	\$ -	\$ -

<u>June 30, 2019</u>	<u>Not past due</u>	<u>Total</u>
Expected loss rate	Approximately 0 %	
Total book value	\$ 300,629	\$ 300,629
Loss allowance	\$ -	\$ -

- ix. The ageing analysis of accounts receivable is as follows:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Not past due	\$ 502,679	\$ 453,453	\$ 300,629

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, external regulatory or legal requirements.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury.
- iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities June 30, 2020	Less than one year	Between one and five years	Over five years
Short-term borrowings	\$ 800,000	\$ -	\$ -
Other payables (including related parties)	487,188	-	-
Lease liability	6,590	14,010	-
Long-term borrowings (including current portion)	1,009,637	3,280,210	942,506

Non-derivative financial liabilities December 31, 2019	Less than one year	Between one and five years	Over five years
Short-term borrowings	\$ 800,000	\$ -	\$ -
Other payables (including related parties)	296,860	-	-
Lease liability	8,184	22,781	-
Long-term borrowings (including current portion)	1,147,498	3,697,373	1,200,630

Non-derivative financial liabilities June 30, 2019	Less than one year	Between one and five years	Over five years
Short-term borrowings	\$ 800,000	\$ -	\$ -
Other payables (including related parties)	354,876	-	-
Lease liability	6,695	27,003	-
Long-term borrowings (including current portion)	1,354,239	4,029,484	1,616,505

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Name, number of shares and shareholding ratio of shareholders whose ownership reached 5%:
Please refer to table 7.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group's Chief Operating Decision-Maker operates businesses by the type of carriers. Under IFRS 8, the reportable segments are bulk carrier segment and oil tanker segment.

There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information in this period.

(2) Measurement of segment information

The Chief Operating Decision-Maker assesses the performance of the operating segments based on the profit or loss before income tax. This measurement basis excludes the effects of non-recurring expenditures from the operating segments.

(3) Information about segment profit or loss

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	For the six-month period ended June 30, 2020			
	Bulk carrier	Oil tanker	Other segments	Total
Revenues from third parties	\$ 1,093,422	\$ 1,137,375	\$ 10,767	\$ 2,241,564
Segment (loss) income	(\$ 500,300)	\$ 708,227	\$ 10,767	\$ 218,694

	For the six-month period ended June 30, 2019			
	Bulk carrier	Oil tanker	Other segments	Total
Revenues from third parties	\$ 1,250,749	\$ 451,367	\$ 11,106	\$ 1,713,222
Segment (loss) income	(\$ 362,300)	\$ 25,508	\$ 11,106	(\$ 325,686)

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

Reconciling profit before income tax and interest expense of reportable segments to profit from continuing operations before income tax is as follows:

	For the six-month periods ended June 30,	
	2020	2019
Reportable segment income (loss)	\$ 207,927	(\$ 336,792)
Other segment income	10,767	11,106
Total operating segment income (loss)	218,694	(325,686)
Others	17,946	(13,606)
Income (loss) from continuing operations before tax	<u>\$ 236,640</u>	<u>(\$ 339,292)</u>

Sincere Navigation Corporation
Loans to others
For the six-month period ended June 30, 2020

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the six-month period ended June 30, 2020	Balance at June 30, 2020	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Value	Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 2)	Footnote
0	Sincere Navigation Corporation	None													\$ 4,564,561	\$ 6,086,082	
1	Norley Corporation Inc.	Sincere Navigation Corporation	Other receivables - related parties	Y	\$ 1,058,750	\$ 1,037,050	\$ 1,037,050	-	2	-	Working capital	-	-	-	12,181,782	12,181,782	The Maximun amount amounted to USD 35,000 thousand for the current period, and the actual amount amounted to USD 35,000 thousand in the end of period.
2	Heywood Limited	Sincere Navigation Corporation	Other receivables - related parties	Y	605,000	592,600	592,600	-	2	-	Working capital	-	-	-	5,185,863	5,185,863	The Maximun amount amounted to USD 20,000 thousand for the current period, and the actual amount amounted to USD 20,000 thousand in the end of period.

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: In accordance with the finance procedures of the Company, for business transaction purposes, maximum financing to each subsidiary and total financing is limited to 30% and 40% of the Company's net value, respectively.

For short-term lending purpose, maximum financing to each subsidiary and total financing is limited 30% to 40% of the Company's net value, respectively. The maximum financing between the subsidiaries which are directly or indirectly 100% owned by the Company or between the subsidiaries which are directly or indirectly 100% owned by the Company and the Company is limited to 100% of the lender's net value.

Note 3: Nature of loans is filled as follows:

(1) Fill in 1 for business transactions.

(2) Fill in 2 for short-term financing.

Sincere Navigation Corporation
Provision of endorsements and guarantees to others
For the six-month period ended June 30, 2020

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of June 30, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at June 30, 2020 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Sincere Navigation Corporation	Helmsman Navigation Co. Ltd.	3	\$ 15,215,204	\$ 428,794	\$ 252,003	\$ 252,003	\$ -	29.53%	\$ 38,038,010	Y	N	N	Guarantee balance is US\$ 8,505 thousand
0	"	Keystone Shipping Co. Ltd.	3	15,215,204	428,794	420,005	252,003	-	29.53%	38,038,010	Y	N	N	Guarantee balance is US\$ 14,175 thousand
0	"	Ocean Wise Limited	3	15,215,204	127,473	-	-	-	29.53%	38,038,010	Y	N	N	Guarantee balance is US\$ 0 thousand
0	"	Maxson Shipping Inc.	3	15,215,204	488,093	478,089	159,363	-	29.53%	38,038,010	Y	N	N	Guarantee balance is US\$ 16,135 thousand
0	"	Everwin Maritime Limited	3	15,215,204	684,800	670,764	503,073	-	29.53%	38,038,010	Y	N	N	Guarantee balance is US\$ 22,638 thousand
0	"	Pacifica Maritime Limited	3	15,215,204	1,310,203	1,283,349	1,197,793	-	29.53%	38,038,010	Y	N	N	Guarantee balance is US\$ 43,313 thousand
0	"	Ocean Grace Limited	3	15,215,204	1,079,925	1,057,791	995,568	-	29.53%	38,038,010	Y	N	N	Guarantee balance is US\$ 35,700 thousand
0	"	Brighton Shipping Inc.	3	15,215,204	218,149	171,113	171,113	-	29.53%	38,038,010	Y	N	N	Guarantee balance is US\$ 5,775 thousand

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on	Maximum	Outstanding	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of	Ceiling on	Provision of	Provision of	Provision of	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)	endorsements/ guarantees provided for a single party (Note 3)	endorsement/ guarantee amount as of June 30, 2020 (Note 4)	endorsement/ guarantee amount at June 30, 2020 (Note 5)			accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	total amount of endorsements/ guarantees provided (Note 3)	endorsements/ guarantees by parent company to subsidiary (Note 7)	endorsements/ guarantees by subsidiary to parent company (Note 7)	endorsements/ guarantees to the party in Mainland China (Note 7)	
0	Sincere Navigation Corporation	Rockwell Shipping Limited	3	15,215,204	207,778	160,432	160,432	-	29.53%	38,038,010	Y	N	N	Guarantee balance is US\$ 5,415 thousand
1	Norley Corporation Inc.	Kenmore Shipping Inc.	3	12,181,782	760,742	700,009	700,009	-	5.75%	30,454,455	Y	N	N	Guarantee balance is US\$ 23,625 thousand

Note 1: The numbers filled in for the endorsements/ guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: According to the Company’s “Procedures for Provision of Endorsements and Guarantees”,

[The Company]

(1) The limit on endorsements and guarantees provided for aan individual party shall not exceed the Company’s net assets value.

Those which are provided for an individual party due to business relationship, shall not exceed the total amount of transactions with the Company in the most recent year.

(2) The ceiling on total endorsements and guarantees shall not exceed 250% of the Company’s net assets value.

[The Company and subsidiaries]

(1) The limit on endorsements and guarantees provided for aan individual party shall not exceed the Company’s net assets value.

(2) The ceiling on total endorsements and guarantees shall not exceed 300% of the Company’s net assets value.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Sincere Navigation Corporation
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
June 30, 2020

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2020	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Sincere Navigation Corporation	None		-	-	\$ -	-	\$ -	-
Norley Corporation Inc. (Norley)	Sincere Navigation Corporation	Norley's parent company	\$ 1,037,050 (USD 35,000 thousand)	-	-	-	-	-
Heywood Limited (Heywood)	Sincere Navigation Corporation	Heywood's parent company	\$ 592,600 (USD 20,000 thousand)	-	-	-	-	-

Table 3

Sincere Navigation Corporation
Significant inter-company transactions during the reporting periods
For the six-month period ended June 30, 2020

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount		
0	Sincere Navigation Corporation	Helmsman Navigation Co. Ltd.	1	Guarantees	\$ 252,003	As per the Company's policy	1.11%
0	"	Keystone Shipping Co. Ltd.	1	"	420,005	"	1.86%
0	"	Everwin Maritime Limited	1	"	670,764	"	2.96%
0	"	Maxson Shipping Inc.	1	"	478,089	"	2.11%
0	"	Pacifica Maritime Limited	1	"	1,283,349	"	5.67%
0	"	Ocean Grace Limited	1	"	1,057,791	"	4.67%
1	Norley Corporation Inc.	Kenmore Shipping Inc.	1	"	700,009	"	3.09%
1	"	Sincere Navigation Corporation	2	Other receivables	1,037,050	"	4.58%
2	Heywood Limited	Sincere Navigation Corporation	2	"	592,600	"	2.62%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1)Parent company to subsidiary is numbered '1'.

(2)Subsidiary to parent company is numbered '2'.

(3)Subsidiary to subsidiary is numbered '3'.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the year to consolidated total operating revenues for income statement accounts.

Note 4: The inter-company transactions below 1% of consolidated assets or revenue are not disclosed.

Sincere Navigation Corporation
Information on investees
For the six-month period ended June 30, 2020

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as at June 30, 2020 (Note 2)			Net profit (loss) of the investee for the six-month period ended June 30, 2020 (Note 2)	Investment income(loss) recognised by the Company for the six-month period ended June 30, 2020	Footnote
				Balance as at June 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Sincere Navigation Corporation	Norley Corporation Inc.	Republic of Liberia	Investment holdings	\$ 29,630 (USD 1,000 thousand)	\$ 29,980 (USD 1,000 thousand)	500	100%	\$ 12,181,782	\$ 474,548	\$ 474,548	Subsidiary
"	Heywood Limited	Marshall Islands	"	29,630 (USD 1,000 thousand)	29,980 (USD 1,000 thousand)	500	100%	5,185,863 (	165,941) (	165,941)	Subsidiary
Norley Corporation Inc.	Kenmore Shipping Inc.	Marshall Islands	Oil tanker	1,366,239 (USD 46,110 thousand)	1,382,378 (USD 46,110 thousand)	500	100%	2,066,079	241,977	-	Indirectly owned subsidiary
"	Winnington Limited	"	Investment holdings	307,483 (USD 10,377 thousand)	311,115 (USD 10,377 thousand)	500	100%	558,650 (	17,892)	-	Indirectly owned subsidiary
"	Jetwall Co. Ltd.	"	"	1,154,859 (USD 38,976 thousand)	1,288,420 (USD 42,976 thousand)	400	80%	1,572,755	270,619	-	Indirectly owned subsidiary
"	Victory Navigation Inc.	"	"	163 (USD 6 thousand)	165 (USD 6 thousand)	275	55%	403,493 (	30,123)	-	Indirectly owned subsidiary
"	Kingswood Co., Ltd.	"	"	- (USD 0 thousand)	150 (USD 5 thousand)	250	50%	- (	40)	-	Indirectly owned subsidiary (Note 3)
"	Poseidon Marine Ltd	"	Shipping	237,336 (USD 8,010 thousand)	240,140 (USD 8,010 thousand)	500	100%	1,678,696 (	38,691)	-	Indirectly owned subsidiary
"	Maxson Shipping Inc.	"	"	311,115 (USD 10,500 thousand)	314,790 (USD 10,500 thousand)	500	100%	1,131,177 (	36,009)	-	Indirectly owned subsidiary
"	Ocean Wise Limited	Republic of Liberia	"	603,563 (USD 20,370 thousand)	610,693 (USD 20,370 thousand)	790,500	100%	1,020,984 (	54,518)	-	Indirectly owned subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2020 (Note 2)			Net profit (loss)	Investment income(loss) recognised by the Company for the six-month period ended June 30, 2020	Footnote
				(Note 1)					of the investee for the six-month period ended June 30, 2020		
				Balance as at June 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value	(Note 2)		
Norley Corporation Inc.	Pacifica Maritime Limited	Marshall Islands	Oil tanker	\$ 1,445,648 (USD 48,790 thousand)	\$ 1,462,724 (USD 48,790 thousand)	500	100%	\$ 1,771,590	\$ 195,668	\$ -	Indirectly owned subsidiary
"	Sky Sea Maritime Limited	"	Investment holdings	474,391 (USD 16,011 thousand)	479,995 (USD 16,011 thousand)	275	55%	553,283	(30,486)	-	Indirectly owned subsidiary
"	Elroy Maritime Service Inc.	"	Maritime service	296 (USD 10 thousand)	300 (USD 10 thousand)	500	100%	1,735	1,115	-	Indirectly owned subsidiary
Winnington Limited	Peg Shipping Company Limited	Republic of Liberia	Shipping	296 (USD 10 thousand)	300 (USD 10 thousand)	500	100%	553,706	(17,863)	-	Indirectly owned subsidiary
Kingswood Co., Ltd.	Seven Seas Shipping Ltd.	Marshall Islands	Oil tanker	- (USD 0 thousand)	300 (USD 10 thousand)	500	100%	-	(25)	-	Indirectly owned subsidiary (Note 3)
Jetwall Co. Ltd.	Everwin Maritime Limited	"	"	1,443,574 (USD 48,720 thousand)	1,610,526 (USD 53,720 thousand)	500	100%	1,966,628	270,655	-	Indirectly owned subsidiary
Victory Navigation Inc.	Everprime Shipping Limited	"	Shipping	296 (USD 10 thousand)	300 (USD 10 thousand)	500	100%	730,250	(30,087)	-	Indirectly owned subsidiary
Sky Sea Maritime Limited	Ocean Grace Limited	"	"	862,529 (USD 29,110 thousand)	872,718 (USD 29,110 thousand)	500	100%	1,006,209	(30,451)	-	Indirectly owned subsidiary
Elroy Maritime Service Inc.	Oak Maritime (Canada) Inc.	Canada	Martime serve	3,822 (USD 128 thousand)	3,867 (USD 128 thousand)	1,000	100%	4,519	517		Indirectly owned subsidiary
Heywood Limited	Clifford Navigation Corporation	Marshall Islands	Shipping	296 (USD 10 thousand)	300 (USD 10 thousand)	500	100%	767,281	33,687	-	Indirectly owned subsidiary
"	Brighton Shipping Inc.	"	"	296 (USD 10 thousand)	300 (USD 10 thousand)	500	100%	424,934	(42,871)	-	Indirectly owned subsidiary

Table 5, Page 2

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2020 (Note 2)			Net profit (loss)	Investment income(loss) recognised by the Company for the six-month period ended June 30, 2020	Footnote
				(Note 1)					of the investee for the six-month period ended June 30, 2020		
				Balance as at June 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value	(Note 2)		
Heywood Limited	Rockwell Shipping Limited	Marshall Islands	Shipping	\$ 296 (USD 10 thousand)	\$ 300 (USD 10 thousand)	500	100%	\$ 282,268	(\$ 54,140)	\$ -	Indirectly owned subsidiary
"	Howells Shipping Inc.	"	"	355,856 (USD 12,010 thousand)	360,060 (USD 12,010 thousand)	500	100%	885,573	6,399	-	Indirectly owned subsidiary
"	Crimson Marine Company	"	"	989,583 (USD 33,398 thousand)	1,001,272 (USD 33,398 thousand)	500	100%	472,824	(59,495)	-	Indirectly owned subsidiary
"	Century Shipping Limited	Hong Kong	Investment holdings	14,815 (USD 500 thousand)	14,990 (USD 500 thousand)	50,000	100%	1,225	381	-	Indirectly owned subsidiary
"	Helmsman Navigation Co. Ltd.	Marshall Islands	Shipping	506,969 (USD 17,110 thousand)	512,958 (USD 17,110 thousand)	500	100%	384,142	(1,294)	-	Indirectly owned subsidiary
"	Keystone Shipping Co. Ltd.	"	"	462,524 (USD 15,610 thousand)	467,988 (USD 15,610 thousand)	500	100%	345,230	(47,654)	-	Indirectly owned subsidiary

Note 1: The above balances of initial investments as at June 30, 2020 and December 31, 2019 were translated at the closing exchange rates at the balance sheet date.

Note 2: The above carrying amounts of shares held as at June 30, 2020 and net profit (loss) of the investee for the six-month period ended June 30, 2020 were translated at the closing exchange rates at the balance sheet and the average exchange rates for the six-month period ended June 30, 2020, respectively.

Note 3: The liquidation of Kingswood Co., Ltd. and Seven Seas Shipping Ltd. was completed on April 20, 2020.

Sincere Navigation Corporation
Information on investments in Mainland China
For the six-month period ended June 30, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six-month period ended June 30, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2020	Net income of investee as of June 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2020 (Note 2)	Book value of investments in Mainland China as of June 30, 2020	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Haihu Maritime Service (Shanghai) Co., Ltd.	Maritime service	\$ 15,855 (USD 500 thousand)	2	\$ 15,855 (USD 500 thousand)	\$ -	\$ -	\$ 15,855 (USD 500 thousand)	\$ 381 (RMB 89 thousand)	100%	\$ 381 (RMB 89 thousand)	\$ 1,225 (RMB 293 thousand)	\$ -	

Note 1: Investment methods are classified into the following three categories.

(1)Directly invest in a company in Mainland China.

(2)Through investing in an existing company in the third area, which then invested in the investee in Mainland China. (The investee in the third area is Century Shipping Limited)

(3)Others.

Note 2: Investment income (loss) recognised during the year was based on financial statements reviewed by the Company's CPA.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Haihu Maritime Service (Shanghai) Co., Ltd.	\$ 15,855	\$ 95,130	\$ 9,129,122

Table 6

Sincere Navigation Corporation and Subsidiaries
Major shareholders information
June 30, 2020

Table 7

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
CTBC BANK CO., LTD IN CUSTODY FOR HO MAO INVESTMENT CORPORATION	58,359,800	9.97%

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may differ from the actual number of shares in dematerialised form due to the difference of calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as a insider whose shareholding ratio greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.