

**SINCERE NAVIGATION CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 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' REPORT

Opinion

We have audited the accompanying consolidated balance sheets of Sincere Navigation Corporation and subsidiaries (the “Group”) as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

Key audit matters for the Group's 2020 consolidated financial statements are as follows:

Impairment of vessels and equipment

Description

Refer to Notes 4(14), 5(2) and 6(3), for the accounting policy, accounting estimates and assumptions applied on impairment of property, plant and equipment and related impairment explanation.

The Group engages in bulk and crude oil shipping service. Vessels are the Group's significant operating assets. Bulk shipping service is closely related with demand of bulk commodities, and significantly affected by global economy. Therefore, the impairment of vessels is the Group's material risk. The valuation of impairment is assessed by management by comparing the book value to the recoverable amount based on the analysis of industry dynamics and the Group's operating plan. As of December 31, 2020, vessel equipment amounted to NT\$15,443,096 thousand, constituting 73% of total assets.

The main assumptions adopted in measuring the recoverable amount are subject to management's judgements, which includes the estimation of residual value, useful life, future freight rate and the rate used to discount projected future cash flows. The results of accounting estimates have a significant effect in determining the recoverable amount. Therefore, we considered the impairment of vessels and equipment as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained the information that management used to assess whether there was an indication that the assets were impaired. Inspected the accuracy of the information which was obtained from internal and external sources, and assessed the reasonableness of the assessment result.
2. Obtained the valuation information used by management in determining recoverable amount. Discussed the operating plan with management about the income and expenses that may occur in the future and reviewed performance conditions of previous operating plan to assess management's performance intention and ability. Obtained the subsequent information within certain period to compare with the original plan.
3. Compared the discount rate used in the valuation model with the rate of return on assets of similar assets in the market, and checked the assumptions used in calculating weighted average cost of capital (WACC) with actual proportion of equity capital, industrial risk coefficient and market risk premium.



4. Checked the parameters and the formula used in the valuation model.

Reasonableness of V/C (voyage charterer) revenue recognition timing

Description

Refer to Notes 4(22) and 6(14), for the accounting policy on revenue recognition and related details of revenue.

The Group's operating revenue is derived from two types of contracts which are T/C (time charter) and V/C (voyage charter). For T/C revenue, the Group calculates and recognises revenue based on daily freight rate and voyage information recorded on the contract and as such, the recognition cut-off point is explicit at the end of the reporting period. For V/C revenue, the Group recognised revenue based on the percentage of completion of services rendered. There are many factors involved in determining the progress of revenue recognition, such as, the length of the negotiated period of contracts, conditions of vessels and equipment, the changes of port of discharge and loading and so on.

Given that the Group's V/C revenue recognition involves manual judgement, a significant amount of resources is required in conducting the audit. Thus, we considered the cut-off of V/C revenue as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of the procedures of management in recognising V/C revenue, and confirmed the evidence of revenue recognition and the appropriateness of approval procedures.
2. Checked the contracts for V/C around the period of balance sheet date, and based on our understanding of the client's operating conditions, assessed the reasonableness of voyage planning developed by management.
3. Obtained the location information reported by the crew of each vessel on the balance sheet date, and compared it with management's voyage planning to verify whether revenue has been recognised properly in accordance with the completion of voyage.
4. Obtained the related settlement vouchers in subsequent period to evaluate the reasonableness of revenue recognition.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Sincere Navigation Corporation as at and for the years ended December 31, 2020 and 2019.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group’s financial reporting process.

Auditors’ responsibilities for the audit of the consolidated financial statements

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



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

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

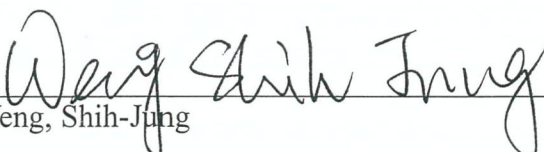
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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

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


Weng, Shih-Jung


Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 23, 2021

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
DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 4,665,858	22	\$ 3,945,656	17
1136	Current financial assets at amortised cost	6(2)	1,300	-	1,409	-
1140	Current contract assets	6(14)	81,626	-	99,113	1
1170	Accounts receivable		180,524	1	453,453	2
1200	Other receivables		166,967	1	41,750	-
1210	Other receivables - related parties	7	233	-	509	-
1220	Current tax assets		251	-	106	-
130X	Bunker inventories		99,810	-	254,486	1
1410	Prepayments		37,739	-	56,946	-
1470	Other current assets	8	335,100	2	430,333	2
11XX	Total current assets		<u>5,569,408</u>	<u>26</u>	<u>5,283,761</u>	<u>23</u>
Non-current assets						
1600	Property, plant and equipment	6(3)(5)(6)(7)(9) and 8	15,545,535	74	17,919,541	77
1755	Right-of-use assets	6(4)	15,181	-	21,828	-
1840	Deferred income tax assets	6(21)	6,858	-	11,087	-
1900	Other non-current assets	8	8,581	-	66,668	-
15XX	Total non-current assets		<u>15,576,155</u>	<u>74</u>	<u>18,019,124</u>	<u>77</u>
1XXX	Total assets		<u>\$ 21,145,563</u>	<u>100</u>	<u>\$ 23,302,885</u>	<u>100</u>

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SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(7)	\$ 840,000	4	\$ 800,000	4
2130	Current contract liabilities	6(14)	92,144	-	35,616	-
2200	Other payables	6(8)	198,589	1	273,920	1
2220	Other payables - related parties	7	22,246	-	22,940	-
2230	Current income tax liabilities		541	-	104	-
2280	Current lease liabilities		5,746	-	5,881	-
2320	Long-term liabilities, current portion	6(9)	839,469	4	938,996	4
21XX	Total current liabilities		<u>1,998,735</u>	<u>9</u>	<u>2,077,457</u>	<u>9</u>
Non-current liabilities						
2540	Long-term borrowings	6(9)	3,346,686	16	4,406,634	19
2570	Deferred income tax liabilities	6(21)	118,233	1	66,617	-
2580	Non-current lease liabilities		10,631	-	16,913	-
2600	Other non-current liabilities	6(10)	32,853	-	32,567	-
25XX	Total non-current liabilities		<u>3,508,403</u>	<u>17</u>	<u>4,522,731</u>	<u>19</u>
2XXX	Total liabilities		<u>5,507,138</u>	<u>26</u>	<u>6,600,188</u>	<u>28</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(11)	5,853,533	28	5,853,533	25
Capital surplus						
3200	Capital surplus	6(12)	242,611	1	241,989	1
Retained earnings						
3310	Legal reserve	6(13)	3,171,779	15	3,163,018	14
3320	Special reserve		1,349,931	6	924,270	4
3350	Unappropriated retained earnings		6,079,037	29	6,664,957	29
Other equity interest						
3400	Other equity interest		(2,216,073)	(10)	(1,349,931)	(6)
31XX	Equity attributable to owners of the parent		<u>14,480,818</u>	<u>69</u>	<u>15,497,836</u>	<u>67</u>
36XX	Non-controlling interest	4(3)	<u>1,157,607</u>	<u>5</u>	<u>1,204,861</u>	<u>5</u>
3XXX	Total equity		<u>15,638,425</u>	<u>74</u>	<u>16,702,697</u>	<u>72</u>
Significant contingent liabilities and unrecognised contractual commitments						
Significant events after balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 21,145,563</u>	<u>100</u>	<u>\$ 23,302,885</u>	<u>100</u>

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Items	Notes	Year ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(14) and 7	\$ 3,985,650	100	\$ 4,116,692	100
5000	Operating costs	6(19)(20) and 7	(3,103,145)	(78)	(3,553,018)	(86)
5900	Net operating margin		<u>882,505</u>	<u>22</u>	<u>563,674</u>	<u>14</u>
	Operating expenses	6(19)(20)				
6200	General and administrative expenses		(186,598)	(5)	(219,389)	(6)
6450	Impairment loss determined in accordance with IFRS 9		<u>-</u>	<u>-</u>	<u>(334)</u>	<u>-</u>
6000	Total operating expenses		<u>(186,598)</u>	<u>(5)</u>	<u>(219,723)</u>	<u>(6)</u>
6900	Operating profit		<u>695,907</u>	<u>17</u>	<u>343,951</u>	<u>8</u>
	Non-operating income and expenses					
7100	Interest income	6(15)	16,001	1	57,344	1
7010	Other income	6(16)	39,901	1	5,647	-
7020	Other gains and losses	6(17)	(229,167)	(6)	34,847	1
7050	Finance costs	6(18)	(158,675)	(4)	(266,551)	(6)
7000	Total non-operating income and expenses		<u>(331,940)</u>	<u>(8)</u>	<u>(168,713)</u>	<u>(4)</u>
7900	Profit before income tax		363,967	9	175,238	4
7950	Income tax expense	6(21)	(57,020)	(2)	(34,036)	(1)
8000	Profit for the year from continuing operations		<u>306,947</u>	<u>7</u>	<u>141,202</u>	<u>3</u>
8100	(Loss) profit for the year from discontinued operations	6(6)	<u>(51,855)</u>	<u>(1)</u>	<u>19,736</u>	<u>1</u>
8200	Profit for the year		<u>\$ 255,092</u>	<u>6</u>	<u>\$ 160,938</u>	<u>4</u>

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SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Items	Notes	Year ended December 31				
		2020		2019		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Actuarial losses on defined benefit plans	6(10)	(\$ 146)	-	(\$ 882)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	29	-	176	-
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations		(928,171)	(23)	(455,027)	(11)
8500	Total comprehensive loss for the year		<u>(\$ 673,196)</u>	<u>(17)</u>	<u>(\$ 294,795)</u>	<u>(7)</u>
Profit attributable to:						
8610	Owners of the parent		\$ 141,296	3	\$ 88,316	2
8620	Non-controlling interest		113,796	3	72,622	2
			<u>\$ 255,092</u>	<u>6</u>	<u>\$ 160,938</u>	<u>4</u>
Comprehensive income (loss) attributable to:						
8710	Owners of the parent		(\$ 724,963)	(18)	(\$ 338,051)	(8)
8720	Non-controlling interest		51,767	1	43,256	1
			<u>(\$ 673,196)</u>	<u>(17)</u>	<u>(\$ 294,795)</u>	<u>(7)</u>
Earnings per share						
9710	Basic earnings per share from continuing operations	6(22)	\$	0.33	\$	0.12
9720	Basic (loss) earnings per share from discontinued operations		(0.09)		0.03	
9750	Total basic earnings per share (in dollars)		<u>\$ 0.24</u>		<u>\$ 0.15</u>	
Diluted earnings per share						
9810	Diluted earnings per share from continuing operations	6(22)	\$	0.33	\$	0.12
9820	Diluted (loss) earnings per share from discontinued operations		(0.09)		0.03	
9850	Total diluted earnings per share (in dollars)		<u>\$ 0.24</u>		<u>\$ 0.15</u>	

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Equity attributable to owners of the parent											
Notes	Share capital - common stock	Capital Reserves			Retained Earnings			Financial statements translation differences of foreign operations	Total	Non-controlling interest	Total equity
		Treasury stock transactions	Difference between consideration and carrying amount of subsidiaries acquired	Others	Legal reserve	Special reserve	Unappropriated retained earnings				
For the year ended December 31, 2019											
	\$ 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
	-	-	-	-	-	-	88,316	-	88,316	72,622	160,938
	-	-	-	-	-	-	(706)	(425,661)	(426,367)	(29,366)	(455,733)
	-	-	-	-	-	-	87,610	(425,661)	(338,051)	43,256	(294,795)
Appropriations of 2018 earnings:											
6(13)	-	-	-	-	6,178	-	(6,178)	-	-	-	-
	-	-	-	-	-	(555,339)	555,339	-	-	-	-
	-	-	-	-	-	-	(113,661)	-	(113,661)	-	(113,661)
	170,491	-	-	-	-	-	(170,491)	-	-	-	-
	-	-	-	-	-	-	-	-	-	(393,051)	(393,051)
	-	-	-	753	-	-	-	-	753	-	753
	-	-	188,989	-	-	-	-	-	188,989	(188,989)	-
	\$ 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
For the year ended December 31, 2020											
	\$ 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
	-	-	-	-	-	-	141,296	-	141,296	113,796	255,092
	-	-	-	-	-	-	(117)	(866,142)	(866,259)	(62,029)	(928,288)
	-	-	-	-	-	-	141,179	(866,142)	(724,963)	51,767	(673,196)
Appropriations of 2019 earnings:											
6(13)	-	-	-	-	8,761	-	(8,761)	-	-	-	-
	-	-	-	-	-	425,661	(425,661)	-	-	-	-
	-	-	-	-	-	-	(292,677)	-	(292,677)	-	(292,677)
	-	-	-	-	-	-	-	-	-	(99,021)	(99,021)
	-	-	-	622	-	-	-	-	622	-	622
	\$ 5,853,533	\$ 39,243	\$ 199,339	\$ 4,029	\$ 3,171,779	\$ 1,349,931	\$ 6,079,037	(\$ 2,216,073)	\$ 14,480,818	\$ 1,157,607	\$ 15,638,425

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the Years ended December 31,	
		2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from continuing operations before tax		\$ 363,967	\$ 175,238
(Loss) profit from discontinued operations before tax	6(6)	(51,855)	19,736
Profit before tax		312,112	194,974
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(19)	1,331,465	1,366,676
Amortisation	6(19)	102	102
Interest income		(16,058)	(57,355)
Interest expense	6(18)	158,675	266,551
Loss on disposal of non-current assets classified as held for sale	6(6)	3,518	-
Impairment loss recognised in profit or loss, property, plant and equipment	6(5)	340,017	-
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		17,487	47,142
Accounts receivable		272,929	(46,926)
Other receivables		(127,350)	43,544
Other receivables - related parties		276	9,042
Bunker inventories		139,937	32,907
Prepayments		19,207	(7,514)
Changes in operating liabilities			
Current contract liabilities		56,528	7,963
Other payables		(89,363)	34,633
Other payables - related parties		(694)	7,111
Accrued pension liabilities		140	177
Cash inflow generated from operations		2,418,928	1,899,027
Interest received		18,055	57,543
Income tax paid		(749)	(93,917)
Net cash flows from operating activities		<u>2,436,234</u>	<u>1,862,653</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortised cost - current		-	(1,409)
Decrease in other current assets		95,233	188,070
Acquisition of property, plant and equipment	6(24)	(302,119)	(247,112)
Proceeds from disposal of non-current assets classified as held for sale	6(6)	296,460	-
Business combination		-	(359)
Increase in non-current assets		(1,079)	(20,242)
Decrease in refundable deposits		59	-
Net cash flows from (used in) investing activities		<u>88,554</u>	<u>(81,052)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	6(25)	40,000	-
Repayment of principal of lease liability	6(25)	(5,700)	(3,204)
Proceeds from long-term borrowings	6(25)	-	1,833,568
Repayment of long-term borrowings	6(25)	(925,528)	(1,945,583)
Interest paid		(174,953)	(289,586)
Cash dividends paid	6(13)	(292,677)	(113,661)
Change in non-controlling interests		(99,021)	(54,747)
Net cash flow from acquisition of subsidiaries		-	(338,304)
Overdue unclaimed cash dividends		622	753
Net cash flows used in financing activities		<u>(1,457,257)</u>	<u>(910,764)</u>
Effect of changes in foreign exchange rate		(347,329)	(226,054)
Net increase in cash and cash equivalents		720,202	644,783
Cash and cash equivalents at beginning of year		3,945,656	3,300,873
Cash and cash equivalents at end of year		<u>\$ 4,665,858</u>	<u>\$ 3,945,656</u>

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

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 authorised for issuance by the Board of Directors on March 23, 2021.

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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 (Note)

Note: Earlier application from January 1, 2020 is allowed by the FSC.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 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 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

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

(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 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 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	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 applied in the preparation of these consolidated financial statements 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 the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(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:

(a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.

- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

B. Subsidiaries included in the consolidated financial statements:

(a) Norley Corporation Inc. (Norley)

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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
Norley	Poseidon Marine Ltd.	Shipping	100%	100%	
"	Kenmore Shipping Inc.	Oil tanker	100%	100%	
"	Maxson Shipping Inc.	Shipping	100%	100%	
"	Ocean Wise Limited	Shipping	100%	100%	Note 1
"	Kingswood Co., Ltd. (Kingswood)	Investment holdings	-	50%	Note 2, 3
"	Winnington Limited (Winnington)	Investment holdings	100%	100%	
"	Jetwall Co. Ltd. (Jetwall)	Investment holdings	80%	80%	
"	Victory Navigation Inc. (Victory)	Investment holdings	55%	55%	
"	Pacifica Maritime Limited	Oil tanker	100%	100%	
"	Sky Sea Maritime Limited (Sky Sea)	Shipping	55%	55%	
"	Elroy Maritime Services Inc.	Maritime service	100%	100%	
Kingswood	Seven Seas Shipping Ltd.	Oil tanker	-	100%	Note 3
Winnington	Peg Shipping Company Limited	Shipping	100%	100%	
Jetwall	Everwin Maritime Limited	Oil tanker	100%	100%	
Victory	Everprime Shipping Limited	Shipping	100%	100%	
Sky Sea	Ocean Grace Limited	Shipping	100%	100%	
Elroy	Oak Maritime (Canada) Inc.	Maritime service	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(23).

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(26).

(b) Heywood Limited (Heywood)

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

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

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 December 31, 2020 and 2019, the non-controlling interest amounted to \$1,157,607 and \$1,204,861, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2020		December 31, 2019	
		Amount	Ownership (%)	Amount	Ownership (%)
Jetwall Co. Ltd.	Marshall Islands	\$ 382,653	20	\$ 373,726	20
Victory Navigation Inc.	Marshall Islands	321,121	45	347,576	45
Sky Sea Maritime Limited	Marshall Islands	453,833	45	471,743	45

Summarised financial information of the subsidiaries:

Balance sheets

	Jetwall Co. Ltd.	
	December 31, 2020	December 31, 2019
Current assets	\$ 429,631	\$ 225,767
Non-current assets	1,945,086	2,218,399
Current liabilities	(139,085)	(123,079)
Non-current liabilities	(322,365)	(452,458)
Total net assets	<u>\$ 1,913,267</u>	<u>\$ 1,868,629</u>

	Victory Navigation Inc.	
	December 31, 2020	December 31, 2019
Current assets	\$ 240,859	\$ 217,536
Non-current assets	497,625	582,912
Current liabilities	(24,881)	(28,057)
Non-current liabilities	-	-
Total net assets	<u>\$ 713,603</u>	<u>\$ 772,391</u>

	Sky Sea Maritime Limited	
	December 31, 2020	December 31, 2019
Current assets	\$ 118,922	\$ 211,370
Non-current assets	1,816,601	1,925,135
Current liabilities	(149,502)	(143,818)
Non-current liabilities	(777,504)	(944,370)
Total net assets	<u>\$ 1,008,517</u>	<u>\$ 1,048,317</u>

Statements of comprehensive income

	Jetwall Co. Ltd	
	For the years ended December 31,	
	2020	2019
Revenue	\$ 889,419	\$ 330,885
Profit before income tax	586,571	58,316
Income tax expense	-	-
Profit for the year	586,571	58,316
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	<u>\$ 586,571</u>	<u>\$ 58,316</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 117,314</u>	<u>\$ 11,663</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

Victory Navigation Inc.		
For the years ended December 31,		
	2020	2019
Revenue	\$ 212,227	\$ 212,119
(Loss) profit before income tax	(20,900)	9,205
Income tax expense	-	-
(Loss) profit for the year	(20,900)	9,205
Other comprehensive income, net of tax	-	-
Total comprehensive (loss) income for the year	(\$ 20,900)	\$ 9,205
Comprehensive (loss) income attributable to non-controlling interest	(\$ 9,405)	\$ 4,142
Dividends paid to non-controlling interest	\$ -	\$ -

Sky Sea Maritime Limited		
For the years ended December 31,		
	2020	2019
Revenue	\$ 351,208	\$ 518,240
Profit before income tax	13,126	120,537
Income tax expense	-	-
Profit for the year	13,126	120,537
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	\$ 13,126	\$ 120,537
Comprehensive income attributable to non-controlling interest	\$ 5,907	\$ 54,242
Dividends paid to non-controlling interest	\$ -	\$ -

Statements of cash flows

Jetwall Co. Ltd		
For the years ended December 31,		
	2020	2019
Net cash provided by operating activities	\$ 893,535	\$ 225,058
Net cash used in investing activities	(1,219)	(109,856)
Net cash used in financing activities	(567,136)	(145,357)
Effect of exchange rates on cash and cash equivalents	(14,380)	(1,100)
Increase (decrease) in cash and cash equivalents	310,800	(31,255)
Cash and cash equivalents, beginning of the year	52,062	83,317
Cash and cash equivalents, end of the year	\$ 362,862	\$ 52,062

		Victory Navigation Inc.	
		For the years ended December 31,	
		2020	2019
Net cash provided by operating activities	\$	7,475	\$ 80,719
Net cash provided by investing activities		-	-
Net cash provided by financing activities		-	1,989
Effect of exchange rates on cash and cash equivalents	(	7,640)	(4,145)
(Decrease) increase in cash and cash equivalents	(	165)	78,563
Cash and cash equivalents, beginning of the year		147,301	68,738
Cash and cash equivalents, end of the year	\$	147,136	\$ 147,301

		Sky Sea Maritime Limited	
		For the years ended December 31,	
		2020	2019
Net cash provided by operating activities	\$	59,255	\$ 204,924
Net cash used in investing activities	(	36,520)	-
Net cash used in financing activities	(	150,577)	(299,952)
Effect of exchange rates on cash and cash equivalents	(	2,839)	(3,101)
Decrease in cash and cash equivalents	(	130,681)	(98,129)
Cash and cash equivalents, beginning of the year		149,278	247,407
Cash and cash equivalents, end of the year	\$	18,597	\$ 149,278

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Group's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Accounts receivable

A. Accounts receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For debt instruments measured at financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Bunker inventories

Inventories are bunker inventories remaining on the vessel at year end. The bunker inventories are determined using the first-in, first-out (FIFO) method.

(11) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	42 years
Vessels and equipment	2.5 ~ 20 years
Office equipment	3 ~ 7 years

(13) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments.
- The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- The amount of the initial measurement of lease liability; and
 - Any lease payments made at or before the commencement date.
- The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(14) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment

loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(15) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(16) Accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(17) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(18) Employee benefits

- A. Short-term employee benefits
Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.
- B. Pensions
 - (a) Defined contribution plans
For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.
 - (b) Defined benefit plans
 - i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(19) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(20) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(21) Dividends

Dividends are recorded in the Group's financial statements in the period in which they are resolved by the Board of Directors.

(22) Revenue recognition

A. Revenue recognition of services

Revenue from providing services is recognised in the accounting period in which the services are rendered. For contract, revenue is recognised based on the percentage of completion of service rendered. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(23) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of tangible assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and revolving funds	\$ 485	\$ 308
Checking accounts and demand deposits	1,692,874	1,763,964
Time deposit	<u>2,972,499</u>	<u>2,181,384</u>
	<u>\$ 4,665,858</u>	<u>\$ 3,945,656</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 and other non-current assets. Related information is provided in Note 8.

(2) Financial assets at amortised cost

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current items:		
Time deposits with maturity over three months	<u>\$ 1,300</u>	<u>\$ 1,409</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	\$ 90,215	\$ 11,582	\$ 17,816,743	\$ 1,001	\$ 17,919,541
Additions	-	-	391,494	667	392,161
Disposals (Note)	-	-	(285,239)	-	(285,239)
Retirement - cost	-	-	(106,090)	(399)	(106,489)
Retirement - accumulated depreciation	-	-	106,090	399	106,489
Impairment loss	-	-	(340,017)	-	(340,017)
Depreciation	-	(655)	(1,324,493)	(362)	(1,325,510)
Net exchange differences	-	-	(815,392)	(9)	(815,401)
Closing net book amount	<u>\$ 90,215</u>	<u>\$ 10,927</u>	<u>\$ 15,443,096</u>	<u>\$ 1,297</u>	<u>\$ 15,545,535</u>
<u>At December 31, 2020</u>					
Cost	\$ 90,215	\$ 28,191	\$ 27,459,100	\$ 8,536	\$ 27,586,042
Accumulated depreciation	-	(17,264)	(11,495,972)	(7,239)	(11,520,475)
Accumulated impairment	-	-	(520,032)	-	(520,032)
	<u>\$ 90,215</u>	<u>\$ 10,927</u>	<u>\$ 15,443,096</u>	<u>\$ 1,297</u>	<u>\$ 15,545,535</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	\$ 90,215	\$ 12,238	\$ 19,354,124	\$ 857	\$ 19,457,434
Acquired from business combination	-	-	-	-	-
Cost	-	-	-	6,109	6,109
Accumulated depreciation	-	-	-	(5,612)	(5,612)
Additions	-	-	247,069	43	247,112
Retirement - cost	-	-	(60,496)	(750)	(61,246)
Retirement - accumulated depreciation	-	-	60,496	750	61,246
Depreciation	-	(656)	(1,361,454)	(389)	(1,362,499)
Net exchange differences	-	-	(422,996)	(7)	(423,003)
Closing net book amount	<u>\$ 90,215</u>	<u>\$ 11,582</u>	<u>\$ 17,816,743</u>	<u>\$ 1,001</u>	<u>\$ 17,919,541</u>
<u>At December 31, 2019</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>

Note: Information about the disposal of the property, plant and equipment is provided in Note 6(6).

- 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. Impairment information about the property, plant and equipment is provided in Note 6(5).
- D. 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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	Carrying amount	Carrying amount
Buildings	\$ 11,901	\$ 16,007
Other equipment	3,280	5,821
	<u>\$ 15,181</u>	<u>\$ 21,828</u>

	<u>For the years ended December 31,</u>	
	2020	2019
	Depreciation charge	Depreciation charge
Buildings	\$ 3,613	\$ 2,862
Other equipment	2,342	1,315
	<u>\$ 5,955</u>	<u>\$ 4,177</u>

- C. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were \$0 and \$24,041, respectively.
- D. Except for the depreciation, other information on income and expense accounts relating to lease contracts is as follows:

	<u>For the years ended December 31,</u>	
	2020	2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 924	\$ 815
Expense on short-term lease contracts	4,896	6,458

- E. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases were \$11,520 and \$10,477, respectively.

(5) Impairment of non-financial assets

A. The Group recognised impairment loss amounting to \$340,017 for the year ended December 31, 2020. Details of the loss are as follows:

	<u>For the year ended December 31, 2020</u>	
	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>
Impairment loss-Vessels and equipment-net	<u>\$ 340,017</u>	<u>\$ -</u>

B. The impairment loss reported by operating segments is as follows:

	<u>For the year ended December 31, 2020</u>	
	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>
Bulk carrier	<u>\$ 303,170</u>	<u>\$ -</u>
Discontinued operations	<u>36,847</u>	<u>-</u>
	<u>\$ 340,017</u>	<u>\$ -</u>

C. A vessel “Mineral Antwerpen” held by the Group’s third-tier subsidiary “Peg Shipping Company Limited”, whose recoverable amount was lower than the book value, resulted in the recognition of impairment loss of the Group’s property, plant and equipment. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of \$36,847 (USD 1,247 thousand) in the third quarter of 2020. The Group had completed the sale of the vessel in the fourth quarter of 2020.

D. A vessel “Georgiana” held by the Group’s second subsidiary “Crimson Marine Company”, whose recoverable amount was lower than the book value, resulted in impairment in the Group’s property, plant and equipment. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of \$303,170 (USD 10,260 thousand) in the fourth quarter of 2020.

(6) Non-current assets held for sale and discontinued operations

A. On October 8, 2020, the Board of Directors of the fourth-tier subsidiary, Peg Shipping Company Limited, resolved to sell the vessel named “Mineral Antwerpen” and entered into a sale agreement with the buyer – Nicholas G. Moundreas Shipping SA or nominee. On November 6, 2020, the disposal of the vessel met the definition of discontinued operations and was classified as a discontinued operation. On November 10, 2020, the vessel was sold, and the transaction was settled.

B. The cash flow information of the discontinued operation, Mineral Antwerpen, is as follows:

	For the years ended December 31,	
	2020	2019
Operating cash flows	\$ 25,223	\$ 108,680
Investing cash flows	296,460	-
Financing cash flows	-	-
Total cash flows	<u>\$ 321,683</u>	<u>\$ 108,680</u>

C. The financial performance information of the discontinued operation, Mineral Antwerpen, is as follows:

	For the years ended December 31,	
	2020	2019
Profit or loss for the year from discontinued operations		
Revenue	\$ 196,656	\$ 200,549
Cost	(202,831)	(175,273)
Gross (loss) profit from discontinued operations	(6,175)	25,276
Operating expenses	(5,372)	(5,551)
Operating (loss) profit from discontinued operations	(11,547)	19,725
Interest income	57	11
Impairment loss	(36,847)	-
(Loss) profit for the year from discontinued operations	<u>(\$ 48,337)</u>	<u>\$ 19,736</u>
Gain (loss) on disposal of assets from discontinued operations		
Loss on disposal of assets from discontinued operations	(3,518)	-
Total (loss) profit from discontinued operations	<u>(\$ 51,855)</u>	<u>\$ 19,736</u>
(Loss) profit attributable to:		
Owners of the parent	(51,855)	19,736
Non-controlling interest	-	-
	<u>(\$ 51,855)</u>	<u>\$ 19,736</u>

D. Profit and earnings per share from continuing and discontinued operations attributable to owners of the parent: Please refer to Note 6(22).

(7) Short-term borrowings

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 120,000	1.20%	Land, buildings and structures, and promissory notes
Unsecured borrowings	720,000	1.10%~1.30%	Promissory notes
	<u>\$ 840,000</u>		

Type of borrowings	December 31, 2019	Interest rate range	Collateral
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>		

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

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

(8) Other payables

	December 31, 2020	December 31, 2019
Wages and salaries payable	\$ 30,222	\$ 34,967
Fuel expense payable	29,381	98,601
Commissions payable	7,791	14,200
Interest payable	10,564	27,612
Insurance expense payable	15,506	21,318
Accrued despatch payable	-	6,542
Employees' compensation and directors' and supervisors' remuneration payable	10,234	7,810
Others	31,081	-
	<u>63,810</u>	<u>62,870</u>
	<u>\$ 198,589</u>	<u>\$ 273,920</u>

(9) Long-term borrowings

<u>Bank</u>	<u>Collateral</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Mega Bank	Vessel-Maxim	\$ 429,820 (USD15,092 thousand)	\$ 565,573 (USD18,865 thousand)
ING Bank	Vessel-Kondor	623,000 (USD21,875 thousand)	760,742 (USD25,375 thousand)
Mega Bank (and syndicate)	Vessel-Mineral Oak	- -	63,168 (USD2,107 thousand)
Mega Bank (and syndicate)	Vessel-Tai Shan	102,118 (USD3,586 thousand)	214,994 (USD7,171 thousand)
Mega Bank (and syndicate)	Vessel-Oceana	215,309 (USD7,560 thousand)	283,311 (USD9,450 thousand)
Mega Bank (and syndicate)	Vessel-Palona	215,309 (USD7,560 thousand)	283,311 (USD9,450 thousand)
Mega Bank (and syndicate)	Vessel-Elbhoff	1,069,068 (USD37,538 thousand)	1,298,509 (USD43,313 thousand)
Mega Bank (and syndicate)	Vessel-Tien Shan	897,120 (USD31,500 thousand)	1,070,286 (USD35,700 thousand)
Sea 86 Leasing Co. Limited (Note)	Vessel-Chou Shan	313,924 (USD11,023 thousand)	401,151 (USD13,381 thousand)
Sea 87 Leasing Co. Limited (Note)	Vessel-Chin Shan	320,487 (USD11,253 thousand)	404,585 (USD13,495 thousand)
		<u>4,186,155</u>	<u>5,345,630</u>
Less: Current portion-due within one year (shown as other current liabilities)		(<u>839,469</u>)	(<u>938,996</u>)
		<u>\$ 3,346,686</u>	<u>\$ 4,406,634</u>
Interest rates		<u>1.41% ~ 6.23%</u>	<u>3.14% ~ 6.23%</u>

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 in the balance sheet. The entity should account for proceeds as a financial liability in accordance with IFRS 9.

(10) 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) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations	(\$ 58,762)	(\$ 60,177)
Fair value of plan assets	25,909	27,610
Net defined benefit liability	<u>(\$ 32,853)</u>	<u>(\$ 32,567)</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Year ended December 31, 2020			
Balance at January 1	(\$ 60,177)	\$ 27,610	(\$ 32,567)
Current service cost	(391)	-	(391)
Interest (expense) income	<u>(421)</u>	<u>193</u>	<u>(228)</u>
	<u>(60,989)</u>	<u>27,803</u>	<u>(33,186)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	944	944
Change in financial assumptions	(1,519)	-	(1,519)
Experience adjustments	<u>429</u>	<u>-</u>	<u>429</u>
	<u>(1,090)</u>	<u>944</u>	<u>(146)</u>
Pension fund contribution	-	479	479
Paid pension	<u>3,317</u>	<u>(3,317)</u>	<u>-</u>
Balance at December 31	<u>(\$ 58,762)</u>	<u>\$ 25,909</u>	<u>(\$ 32,853)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2019			
Balance at January 1	(\$ 57,287)	\$ 25,779	(\$ 31,508)
Current service cost	(487)	-	(487)
Interest (expense) income	(516)	232	(284)
	<u>(58,290)</u>	<u>26,011</u>	<u>(32,279)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,005	1,005
Change in financial assumptions	(915)	-	(915)
Experience adjustments	(972)	-	(972)
	<u>(1,887)</u>	<u>1,005</u>	<u>(882)</u>
Pension fund contribution	-	594	594
Balance at December 31	<u>(\$ 60,177)</u>	<u>\$ 27,610</u>	<u>(\$ 32,567)</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2020	2019
Discount rate	0.30%	0.70%
Future salary increases	3.25%	3.25%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience

Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2020				
Effect on present value of defined benefit obligation	(\$ 958)	\$ 986	\$ 811	(\$ 793)
December 31, 2019				
Effect on present value of defined benefit obligation	(\$ 1,141)	\$ 1,177	\$ 996	(\$ 972)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2021 amount to \$467.

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 years ended December 31, 2020 and 2019 were \$2,556 and \$2,539, 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 years ended December 31, 2020 and 2019 were \$625 and \$1,377, respectively.

(11) Share capital-common stock

- A. As of December 31, 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.

(12) 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.

(13) 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

- (a) 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>\$ -</u>		<u>(\$ 555,339)</u>	

- (b) Subsequent events: the appropriation of 2020 earnings has been proposed by the Board of Directors on March 23, 2021. Details are summarised below:

	2020	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 14,118	
Special reserve appropriated	866,142	
Cash dividends	292,677	\$ 0.50
	<u>\$ 1,172,937</u>	

As of March 23, 2021, aforementioned appropriation of 2020 earnings has not yet been resolved at the stockholders' meeting, except for cash and stock dividends which had already been decided by the Board of Directors and only need to be reported at the stockholders' meeting.

(14) Operating revenue

	For the years ended December 31,	
	2020	2019
Revenue from contracts with customers	<u>\$ 3,985,650</u>	<u>\$ 4,116,692</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 year ended December 31, 2020	Bulk carrier	Oil tanker	Management service	Total
Revenue from external customer contracts	<u>\$ 2,099,208</u>	<u>\$ 1,865,172</u>	<u>\$ 21,270</u>	<u>\$ 3,985,650</u>
Timing of revenue recognition Over time	<u>\$ 2,099,208</u>	<u>\$ 1,865,172</u>	<u>\$ 21,270</u>	<u>\$ 3,985,650</u>
For the year ended December 31, 2019	Bulk carrier	Oil tanker	Management service	Total
Revenue from external customer contracts	<u>\$ 2,991,291</u>	<u>\$ 1,103,222</u>	<u>\$ 22,179</u>	<u>\$ 4,116,692</u>
Timing of revenue recognition Over time	<u>\$ 2,991,291</u>	<u>\$ 1,103,222</u>	<u>\$ 22,179</u>	<u>\$ 4,116,692</u>

B. Contract assets and liabilities

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

	December 31, 2020	December 31, 2019	January 1, 2019
Contract assets			
- bulk carrier	<u>\$ 81,626</u>	<u>\$ 99,113</u>	<u>\$ 146,255</u>
Contract liabilities			
- bulk carrier	<u>\$ 67,613</u>	<u>\$ 35,616</u>	<u>\$ 27,653</u>
Contract liabilities			
- oil tanker	<u>\$ 24,531</u>	<u>\$ -</u>	<u>\$ -</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 years ended December 31, 2020 and 2019, respectively.

(15) Interest income

	For the years ended December 31,	
	2020	2019
Interest income from bank deposits	<u>\$ 16,001</u>	<u>\$ 57,344</u>

(16) Other income

	For the years ended December 31,	
	2020	2019
Rent income	\$ 366	\$ 366
Insurance claims	38,415	-
Others	1,120	5,281
	<u>\$ 39,901</u>	<u>\$ 5,647</u>

(17) Other gains and losses

	For the years ended December 31,	
	2020	2019
Net currency exchange gains	\$ 74,005	\$ 35,149
Impairment loss recognised in profit or loss, property, plant and equipment	(303,170)	-
Other losses	(2)	(302)
	<u>(\$ 229,167)</u>	<u>\$ 34,847</u>

(18) Finance costs

	For the years ended December 31,	
	2020	2019
Interest expense	\$ 157,751	\$ 265,736
Lease liabilities	924	815
	<u>\$ 158,675</u>	<u>\$ 266,551</u>

(19) Expenses by nature

Function Nature	For the years ended December 31,					
	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 542,576	\$ 121,057	\$ 663,633	\$ 549,509	\$ 119,832	\$ 669,341
Depreciation	1,326,747	4,718	1,331,465	1,362,761	3,915	1,366,676
Amortisation	-	102	102	-	102	102

(20) Employee benefit expense

Function Nature	For the years ended December 31,					
	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Wages and salaries	\$ 433,154	\$ 108,333	\$ 541,487	\$ 444,099	\$ 104,611	\$ 548,710
Labor and health insurance fees	2,507	3,058	5,565	2,604	3,137	5,741
Pension costs	1,254	2,546	3,800	1,217	3,470	4,687
Other personnel expenses	105,661	7,120	112,781	101,589	8,614	110,203
Total	\$ 542,576	\$ 121,057	\$ 663,633	\$ 549,509	\$ 119,832	\$ 669,341

- 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 years ended December 31, 2020 and 2019, employees' compensation was accrued at \$5,117 and \$3,905, respectively; while directors' and supervisors' remuneration was accrued at \$5,117 and \$3,905, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 1% of distributable profit of current year for the year ended December 31, 2020. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were both \$5,117, and the employees' compensation will be distributed in the form of cash.

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.

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2020	2019
Current tax:		
Current tax on profits for the year	\$ 562	\$ 104
Prior year income tax underestimation	584	902
Total current tax	<u>1,146</u>	<u>1,006</u>
Deferred tax:		
Origination and reversal of temporary differences	\$ 55,874	\$ 33,030
Total deferred tax	<u>55,874</u>	<u>33,030</u>
Income tax expense	<u>\$ 57,020</u>	<u>\$ 34,036</u>

(b) The income tax credit relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2020	2019
Remeasurement of defined benefit obligations	<u>(\$ 29)</u>	<u>(\$ 176)</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 39,663	\$ 24,553
Expenses disallowed by tax regulation	6	-
Tax exempt income by tax regulation	(64,858)	(48,871)
Effect from loss carryforwards	67	-
Prior year income tax underestimation	584	902
Effects from backward remittance of earnings	81,582	57,452
Effect of different tax rates in countries in which the group operates	(24)	-
Income tax expenses	<u>\$ 57,020</u>	<u>\$ 34,036</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

2020				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Income tax loss	\$ 4,187	(\$ 4,187)	\$ -	\$ -
Unfunded pension expense	6,513	28	29	6,570
Unused compensated absences	387	(99)	-	288
Subtotal	11,087	(4,258)	29	6,858
- Deferred tax liabilities:				
Unrealised investments income	(56,962)	(34,174)	-	(91,136)
Unrealised exchange gain	(9,655)	(17,442)	-	(27,097)
Subtotal	(66,617)	(51,616)	-	(118,233)
Total	(\$ 55,530)	(\$ 55,874)	\$ 29	(\$ 111,375)
2019				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Income tax loss	\$ -	\$ 4,187	\$ -	\$ 4,187
Unrealised exchange loss	14,917	(14,917)	-	-
Unfunded pension expense	6,302	35	176	6,513
Unused compensated absences	342	45	-	387
Subtotal	21,561	(10,650)	176	11,087
- Deferred tax liabilities:				
Unrealised investments income	(44,237)	(12,725)	-	(56,962)
Unrealised exchange gain	-	(9,655)	-	(9,655)
Subtotal	(44,237)	(22,380)	-	(66,617)
Total	(\$ 22,676)	(\$ 33,030)	\$ 176	(\$ 55,530)

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

(22) Earnings per share

	For the year ended December 31, 2020		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders of the parent	\$ 193,151	585,353	\$ 0.33
Loss from discontinued operations attributable to the parent	(51,855)	-	(0.09)
Profit attributable to ordinary shareholders	<u>\$ 141,296</u>	<u>585,353</u>	<u>\$ 0.24</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 193,151	585,353	\$ 0.33
Loss from discontinued operations attributable to the parent	(51,855)	-	(0.09)
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	230	-
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 141,296</u>	<u>585,583</u>	<u>\$ 0.24</u>

	For the year ended December 31, 2019		
	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	\$ 68,580	585,353	\$ 0.12
Profit from discontinued operations attributable to the parent	19,736	-	0.03
Profit attributable to ordinary shareholders	<u>\$ 88,316</u>	<u>585,353</u>	<u>\$ 0.15</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 68,580	585,353	\$ 0.12
Profit from discontinued operations attributable to the parent	19,736	-	0.03
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	232	-
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 88,316</u>	<u>585,585</u>	<u>\$ 0.15</u>

- (23) 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.

	<u>December 31, 2019</u>	
Carrying amount of non-controlling interest acquired	\$ 527,293	(USD 17,119 thousand)
Consideration paid to non-controlling interest	(338,304)	(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>	

(24) Supplemental cash flow information

Investing activities with partial cash payments:

	<u>For the year ended December 31, 2020</u>
Purchase of property, plant and equipment	\$ 392,161
Less: Beginning balance of prepayment on equipment	(58,961)
Less: Ending balance of payable on equipment	(31,081)
Cash paid during the year	<u>\$ 302,119</u>

(25) Changes in liabilities from financing activities

	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities-gross</u>
At January 1, 2020	\$ 800,000	\$ 5,345,630	\$ 22,794	\$ 6,168,424
Proceeds from borrowings	40,000	-	-	40,000
Repayment of borrowings	-	(925,528)	-	(925,528)
Payment of principal	-	-	(5,700)	(5,700)
Impact of changes in foreign exchange rate	-	(233,947)	(717)	(234,664)
At December 31, 2020	<u>\$ 840,000</u>	<u>\$ 4,186,155</u>	<u>\$ 16,377</u>	<u>\$ 5,042,532</u>

	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities-gross</u>
At January 1, 2019	\$ 800,000	\$ 5,651,047	\$ 2,098	\$ 6,453,145
Proceeds from borrowings	-	1,833,568	-	1,833,568
Repayment of borrowings	-	(1,945,583)	-	(1,945,583)
Additions	-	-	24,041	24,041
Payment of principal	-	-	(3,204)	(3,204)
Impact of changes in foreign exchange rate	-	(193,402)	(141)	(193,543)
At December 31, 2019	<u>\$ 800,000</u>	<u>\$ 5,345,630</u>	<u>\$ 22,794</u>	<u>\$ 6,168,424</u>

(26) 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 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 years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Management revenue:		
Other related party	<u>\$ 21,270</u>	<u>\$ 22,179</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

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Commission fee:		
Other related party	\$ 38,116	\$ 41,113

C. Other receivables

Amounts prepaid on behalf of related parties and agents:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	Other receivables:	
Other related party	\$ 233	\$ 509

D. Other payables

Advances from related parties and agency payable:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	Other payables:	
Other related party	\$ 22,246	\$ 22,940

E. The Group was contracted to render transportation services for the year ended December 31, 2020 and executed the contract by sub-contracting it to its other related parties who provides chartered ship service with the same contractual terms. The revenue and costs arising from this transaction are expressed as a consolidated net amount in the financial statements. The details of transactions are as follows:

	<u>For the year ended December 31, 2020</u>
	<u>Amount</u>
Other related parties	\$ 29,435

F. Other guarantee transactions

Please refer to Note 6(7) for details.

(3) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Salaries and other short-term employee benefits	\$ 23,591	\$ 22,847
Post-employment benefits	473	464
	<u>\$ 24,064</u>	<u>\$ 23,311</u>

8. PLEGDED ASSETS

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

<u>Pledged assets</u>	<u>Book value</u>		<u>Pledge purpose</u>
	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	
Bank deposits (shown as "other current assets")	\$ 335,100	\$ 430,333	Long-term loans
Guarantee deposits paid (shown as "other non-current assets")	7,439	7,503	Deposit of golf certificates and others
Property, plant and equipment			
Vessels and equipment-net	10,920,298	13,003,098	Long-term loans
Land and building and structures-net	99,682	100,250	Credit lines of short-term borrowings
	<u>\$ 11,362,519</u>	<u>\$ 13,541,184</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 December 31, 2020, outstanding balance amount arising from acquisition of vessel's equipment amounted to \$10,879 (US \$382 thousand).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

A. The Company's Board of Directors proposed for the appropriation of 2020 earnings. Please refer to Note 6(13)D.

B. The third-tier subsidiary of the Group, Crimson Marine Company, wrote down the carrying amount of Georgiana based on the recoverable amount and recognised an impairment loss of \$303,170 (USD 10,260 thousand) accordingly. Information relating to impairment loss is provided in Note 6(5)D.

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 4,665,858	\$ 3,945,656
Financial assets at amortised cost - current	1,300	1,409
Accounts receivable, net	180,524	453,453
Other receivables	166,967	41,750
Other receivables - related parties	233	509
Other financial assets	335,100	430,333
Guarantee deposits paid (shown as "other non-current assets")	7,439	7,503
	<u>\$ 5,357,421</u>	<u>\$ 4,880,613</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 840,000	\$ 800,000
Other payables	198,589	273,920
Other payables - related parties	22,246	22,940
Long-term borrowings (including current portion)	4,186,155	5,345,630
	<u>\$ 5,246,990</u>	<u>\$ 6,442,490</u>
Lease liabilities	<u>\$ 16,377</u>	<u>\$ 22,794</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

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:

December 31, 2020			
	Foreign currency amount		Book value (NTD)
	(In thousands)	Exchange rate	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 3,541	28.48	\$ 100,641
NTD : USD	7,272	0.04	7,307
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 55,214	28.48	\$ 1,572,599
December 31, 2019			
	Foreign currency amount		Book value (NTD)
	(In thousands)	Exchange rate	
(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

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.

<u>For the year ended Decemebr 31, 2020</u>			
<u>Exchange gain (loss)</u>			
Foreign currency			
amount	Exchange rate		Book value
(In thousands)			(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$	-	28.48
			\$ 4,713
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$	-	28.48
			\$ 82,498
<u>For the year ended Decemebr 31, 2019</u>			
<u>Exchange gain (loss)</u>			
Foreign currency			
amount	Exchange rate		Book value
(In thousands)			(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$	-	29.98
			(\$ 7,844)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$	-	29.98
			\$ 130,707

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

For the year ended December 31, 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%	\$ 1,006	\$ -
NTD:USD	1%	73	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 15,726	\$ -
For the year ended December 31, 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%	\$ 3,601	\$ -
NTD:USD	1%	95	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 16,618	\$ -

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 years ended December 31, 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 December 31, 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 years ended December 31, 2020 and 2019 would have been \$35,517 and \$45,399 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 the provision matrix to estimate expected credit loss.
- 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 December 31, 2020 and 2019, the Group's written-off financial assets that are still under recourse procedures amounted to \$0 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 December 31, 2020 and 2019, the provision matrix is as follows:

December 31, 2020	Not past due	Total
Expected loss rate	Approximately 0 %	
Total book value	\$ 180,524	\$ 180,524
Loss allowance	\$ -	\$ -

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

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

	December 31, 2020	December 31, 2019
Not past due	\$ 180,524	\$ 453,453

(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 December 31, 2020	Less than one year	Between one and five years	Over five years
Short-term borrowings	\$ 840,000	\$ -	\$ -
Other payables (including related parties)	220,835	-	-
Lease liability	6,410	11,214	-
Long-term borrowings (including current portion)	930,118	2,802,522	679,998

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

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 year ended December 31, 2020			
	Bulk carrier	Oil tanker	Other segments	Total
Revenues from third parties	\$ 2,099,208	\$ 1,865,172	\$ 21,270	\$ 3,985,650
Segment (loss) income	(\$ 843,089)	\$ 1,071,882	\$ 21,270	\$ 250,063

	For the year ended December 31, 2019			
	Bulk carrier	Oil tanker	Other segments	Total
Revenues from third parties	\$ 2,991,291	\$ 1,103,222	\$ 22,179	\$ 4,116,692
Segment (loss) income	(\$ 136,316)	\$ 250,924	\$ 22,179	\$ 136,787

(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 years ended December 31,	
	2020	2019
Reportable segment income (loss)	\$ 228,793	\$ 114,608
Other segment income	21,270	22,179
Total operating segment income (loss)	250,063	136,787
Others	113,904	38,451
Income from continuing operations before tax	<u>\$ 363,967</u>	<u>\$ 175,238</u>

(5) The Group's transportation services are managed transnationally. Operating results from services cannot be meaningfully separated according to specific area, thus, geographical information is not presented.

(6) Major customer information

For the years ended December 31, 2020 and 2019, major customers with revenue representing 10% or above of the Group's total revenue are as follows:

	For the years ended December 31,			
	2020		2019	
	Revenues	Segment	Revenues	Segment
Customer A	\$ 1,200,438	Oil tanker	\$ 1,103,222	Oil tanker
Customer B	702,137	Bulk carrier	771,536	Bulk carrier
Customer C	664,735	Oil tanker	-	-
Customer D	-	-	484,520	Bulk carrier

Sincere Navigation Corporation and Subsidiaries

Loans to others

For the year ended December 31, 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 year ended December 31, 2020	Balance at December 31, 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		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 2)	Footnote	
												Item	Value				
0	Sincere Navigation Corporation	None												\$ 4,344,245	\$ 5,792,327		
1	Norley Corporation Inc.	Sincere Navigation Corporation	Other receivables - related parties	Y	\$ 1,058,750	\$ 996,800	\$ 996,800	-	2	-	Working capital	-	-	-	11,978,770	11,978,770	The Maximum amount amounted to USD 35,000,000 for the current period, and the actual amount was USD 35,000,000 at the end of year.
2	Heywood Limited	Sincere Navigation Corporation	Other receivables - related parties	Y	605,000	569,600	569,600	-	2	-	Working capital	-	-	-	4,506,948	4,506,948	The Maximum amount amounted to USD 20,000,000 for the current period, and the actual amount was USD 20,000,000 at the end of year.

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 and Subsidiaries
Provision of endorsements and guarantees to others
For the year ended December 31, 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 December 31, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 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
		Relationship with the endorser/ guarantor (Note 2)	Company name											
0	Sincere Navigation Corporation	Helmsman Navigation Co. Ltd.	2	\$ 14,480,818	\$ 428,794	\$ 242,223	\$ 215,309	\$ -	27.11%	\$ 36,202,045	Y	N	N	Guarantee balance is US\$ 8,505 thousand
0	"	Keystone Shipping Co. Ltd.	2	14,480,818	428,794	403,704	215,309	-	27.11%	36,202,045	Y	N	N	Guarantee balance is US\$ 14,175 thousand
0	"	Ocean Wise Limited	2	14,480,818	127,473	-	-	-	27.11%	36,202,045	Y	N	N	Guarantee balance is US\$ 0 thousand
0	"	Maxson Shipping Inc.	2	14,480,818	488,093	153,178	102,118	-	27.11%	36,202,045	Y	N	N	Guarantee balance is US\$ 5,378 thousand
0	"	Everwin Maritime Limited	2	14,480,818	684,800	644,730	429,820	-	27.11%	36,202,045	Y	N	N	Guarantee balance is US\$ 22,638 thousand
0	"	Pacifica Maritime Limited	2	14,480,818	1,310,203	1,233,540	1,069,068	-	27.11%	36,202,045	Y	N	N	Guarantee balance is US\$ 43,313 thousand
0	"	Ocean Grace Limited	2	14,480,818	1,079,925	1,016,736	897,120	-	27.11%	36,202,045	Y	N	N	Guarantee balance is US\$ 35,700 thousand
0	"	Brighton Shipping Inc.	2	14,480,818	218,149	121,239	121,239	-	27.11%	36,202,045	Y	N	N	Guarantee balance is US\$ 4,257 thousand

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 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
0	Sincere Navigation Corporation	Rockwell Shipping Limited	2	14,480,818	\$ 207,778	\$ 110,553	\$ 110,553	\$ -	27.11%	\$ 36,202,045	Y	N	N	Guarantee balance is US\$ 3,882 thousand
1	Norley Corporation Inc.	Kenmore Shipping Inc.	2	11,978,770	760,742	623,000	623,000	-	5.20%	29,946,925	Y	N	N	Guarantee balance is US\$ 21,875 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 an individual party shall not exceed the Company's equity.

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 equity.

[The Company and subsidiaries]

(1) The limit on endorsements and guarantees provided for an individual party shall not exceed the Company's equity.

(2) The ceiling on total endorsements and guarantees shall not exceed 300% of the Company's equity.

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 and Subsidiaries
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
 December 31, 2020

Table 3

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 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	\$ 996,800 (USD 35,000 thousand)	-	-	-	-	-
Heywood Limited (Heywood)	Sincere Navigation Corporation	Heywood's parent company	\$ 569,600 (USD 20,000 thousand)	-	-	-	-	-

Sincere Navigation Corporation and Subsidiaries
 Significant inter-company transactions during the reporting period
 For the year ended December 31, 2020

Table 4

Expressed in thousands of NTD
 (Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Sincere Navigation Corporation	Helmsman Navigation Co. Ltd.	1	Guarantees	\$ 242,223	As per the Company's policy	1.15%
0	"	Keystone Shipping Co. Ltd.	1	"	403,704	"	1.91%
0	"	Everwin Maritime Limited	1	"	644,730	"	3.05%
0	"	Pacifica Maritime Limited	1	"	1,233,540	"	5.83%
0	"	Ocean Grace Limited	1	"	1,016,736	"	4.81%
1	Norley Corporation Inc.	Kenmore Shipping Inc.	1	"	623,000	"	2.95%
1	"	Sincere Navigation Corporation	2	Other receivables	996,800	"	4.71%
2	Heywood Limited	Sincere Navigation Corporation	2	"	569,600	"	2.69%

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 and Subsidiaries
Information on investees
For the year ended December 31, 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 December 31, 2020 (Note 2)			Net profit (loss) of the investee for the year ended December 31, 2020 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Sincere Navigation Corporation	Norley Corporation Inc.	Republic of Liberia	Investment holdings	\$ 28,480 (USD 1,000 thousand)	\$ 29,980 (USD 1,000 thousand)	500	100%	\$ 11,978,770	\$ 747,091	747,091	Subsidiary
"	Heywood Limited	Marshall Islands	"	28,480 (USD 1,000 thousand)	29,980 (USD 1,000 thousand)	500	100%	4,506,948 (	422,799) (	422,799)	Subsidiary
Norley Corporation Inc.	Kenmore Shipping Inc.	Marshall Islands	Oil tanker	1,313,213 (USD 46,110 thousand)	1,382,378 (USD 46,110 thousand)	500	100%	1,979,063	231,263	-	Second-tier subsidiary
"	Winnington Limited	"	Investment holdings	295,548 (USD 10,377 thousand)	311,115 (USD 10,377 thousand)	500	100%	14,027 (	51,951)	-	Second-tier subsidiary
"	Jetwall Co. Ltd.	"	"	882,196 (USD 30,976 thousand)	1,288,420 (USD 42,976 thousand)	400	80%	1,530,614	586,571	-	Second-tier subsidiary
"	Victory Navigation Inc.	"	"	157 (USD 6 thousand)	165 (USD 6 thousand)	275	55%	392,482 (	20,900)	-	Second-tier subsidiary
"	Kingswood Co., Ltd.	"	"	- (USD 0 thousand)	150 (USD 5 thousand)	-	-	- (	39)	-	Second-tier subsidiary
"	Poseidon Marine Ltd	"	Shipping	228,125 (USD 8,010 thousand)	240,140 (USD 8,010 thousand)	500	100%	1,604,008 (	48,004)	-	Second-tier subsidiary
"	Maxson Shipping Inc.	"	"	299,040 (USD 10,500 thousand)	314,790 (USD 10,500 thousand)	500	100%	1,084,173 (	38,687)	-	Second-tier subsidiary
"	Ocean Wise Limited	Republic of Liberia	"	637,097 (USD 22,370 thousand)	610,692 (USD 20,370 thousand)	500	100%	1,030,907 (	61,389)	-	Second-tier subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as at December 31, 2020 (Note 2)			Net profit (loss) of the investee for the year ended December 31, 2020 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Norley Corporation Inc.	Pacifica Maritime Limited	Marshall Islands	Oil tanker	\$ 1,389,539 (USD 48,790 thousand)	\$ 1,462,724 (USD 48,790 thousand)	500	100%	\$ 1,761,990	\$ 254,115	-	Second-tier subsidiary
"	Sky Sea Maritime Limited	"	Investment holdings	455,979 (USD 16,011 thousand)	479,995 (USD 16,011 thousand)	275	55%	554,684	13,126	-	Second-tier subsidiary
"	Elroy Maritime Service Inc.	"	Maritime service	5,696 (USD 200 thousand)	300 (USD 10 thousand)	500	100%	6,238	(36)	-	Second-tier subsidiary
Winnington Limited	Peg Shipping Company Limited	Republic of Liberia	Shipping	285 (USD 10 thousand)	300 (USD 10 thousand)	500	100%	9,341	(51,855)	-	Third-tier subsidiary
Kingswood Co., Ltd.	Seven Seas Shipping Ltd.	Marshall Islands	Oil tanker	- (USD 0 thousand)	300 (USD 10 thousand)	-	-	-	(24)	-	Third-tier subsidiary
Jetwall Co. Ltd.	Everwin Maritime Limited	"	"	1,102,746 (USD 38,720 thousand)	1,610,526 (USD 53,720 thousand)	500	100%	1,913,985	586,670	-	Third-tier subsidiary
Victory Navigation Inc.	Everprime Shipping Limited	"	Shipping	285 (USD 10 thousand)	300 (USD 10 thousand)	500	100%	710,350	(20,876)	-	Third-tier subsidiary
Sky Sea Maritime Limited	Ocean Grace Limited	"	"	829,053 (USD 29,110 thousand)	872,718 (USD 29,110 thousand)	500	100%	1,008,768	13,181	-	Third-tier subsidiary
Elroy Maritime Service Inc.	Oak Maritime (Canada) Inc.	Canada	Maritime service	3,661 (USD 128 thousand)	3,867 (USD 128 thousand)	1,000	100%	3,551	(575)	-	Third-tier subsidiary
Heywood Limited	Clifford Navigation Corporation	Marshall Islands	Shipping	285 (USD 10 thousand)	300 (USD 10 thousand)	500	100%	497,094	49,692	-	Second-tier subsidiary
"	Brighton Shipping Inc.	"	"	285 (USD 10 thousand)	300 (USD 10 thousand)	500	100%	419,524	(30,729)	-	Second-tier subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as at December 31, 2020 (Note 2)			Net profit (loss) of the investee for the year ended December 31, 2020 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Heywood Limited	Rockwell Shipping Limited	Marshall Islands	Shipping	\$ 285 (USD 10 thousand)	\$ 300 (USD 10 thousand)	500	100%	\$ 279,309	(\$ 45,031)	-	Second-tier subsidiary
"	Howells Shipping Inc.	"	"	342,045 (USD 12,010 thousand)	360,060 (USD 12,010 thousand)	500	100%	742,299	11,508	-	Second-tier subsidiary
"	Crimson Marine Company	"	"	1,093,575 (USD 33,398 thousand)	1,001,272 (USD 33,398 thousand)	500	100%	283,812	(383,426)	-	Second-tier subsidiary
"	Century Shipping Limited	HongKong	Investment holdings	14,240 (USD 500 thousand)	14,990 (USD 500 thousand)	50,000	100%	2,407	1,491	-	Second-tier subsidiary
"	Helmsman Navigation Co. Ltd.	Marshall Islands	Shipping	601,213 (USD 21,110 thousand)	512,958 (USD 17,110 thousand)	500	100%	490,868	6,730	-	Second-tier subsidiary
"	Keystone Shipping Co. Ltd.	"	"	558,493 (USD 19,610 thousand)	467,988 (USD 15,610 thousand)	500	100%	465,272	(26,684)	-	Second-tier subsidiary

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

Note 2: The above carrying amounts of shares held as at December 31, 2020 and net profit (loss) of the investee for the year ended December 31, 2020 were translated at the closing exchange rates at the balance sheet and the average exchange rates for the year ended December 31, 2020, respectively.

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

Sincere Navigation Corporation and Subsidiaries
Information on investments in Mainland China
For the year ended December 31, 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 year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 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)	\$ 1,491 (RMB 348 thousand)	100%	\$ 1,491 (RMB 348 thousand)	\$ 2,407 (RMB 551 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 audited by the Company's CPA.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 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	\$ 8,688,491

Table 6

Sincere Navigation Corporation and Subsidiaries
Major shareholders information
December 31,2020

Table 7

Number of major shareholders	Shares	
	Name 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 derived 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 be different from the actual number of shares in dematerialised form due to the difference in 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.