

Stock Code: 2605

Sincere Navigation Corporation Shareholders Meeting of 2021

Handbook

June 17, 2021

Handbook Website: <http://mops.twse.com.tw>

<http://www.snc.com.tw>

For the convenience of readers and information purpose only, this English-version handbook is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese version, the Chinese version shall prevail.

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Sincere Navigation Corporation Agenda of the 2021 Annual Shareholders Meeting

Time: 09:00 a.m., June 17, 2021 (Thursday)

Venue: Howard Plaza Hotel, B2 Level Banquet Hall; No.160, Sec. 3, Ren Ai Road,
Taipei City

Agenda:

Chapter 1. Opening of the meeting (report total shares represented by shareholders present)

Chapter 2. Chairman's address

Chapter 3. Reports

- I. Annual Business and Financial Report of 2020.
- II. Audit Committee's Review Report.
- III. Report on the Distribution of Remuneration to Directors and Employees in 2020.
- IV. Report on the Distribution of Cash Dividends from Earnings of 2020.
- V. Report on Amendments of the Company's "Codes of Ethical Conduct".
- VI. Other Reports.

Chapter 4. Proposals

- I. Adoption of the Company's Annual Business Report and Financial Statement of 2020.
- II. Adoption of the Company's annual earnings distribution table of 2020.

Chapter 5. Discussions

- I. Proposal to amend the Company's "Rules of Procedure for Shareholders' Meetings".
- II. Proposal to amend the Company's "Procedures for Election of Directors".

Chapter 6. Extempore Motions.

Chapter 7. Adjournment of the meeting.

Reports

I. Business and Financial Reports

Sincere Navigation Corporation Business Report

Report to the Shareholders:

Introduction:

In 2020, the global economic activity screeched to a halt as the COVID-19 pandemic ravaged the world. The volume of worldwide maritime trade shrank by 4.0% in 2020, almost similar to the 4.1% decline after the financial crisis of 2009. Except for a few countries whose GDP growth remained in positive, the overall global economy reported negative growth in 2020. COVID-19 has put an indelible stamp on human history. To secure the economy from a downward tendency, central banks around the world have adopted quantitative easing, in an attempt to boost economic activity and reduce unemployment. As a variety of COVID-19 vaccines have been successfully developed at the end of 2020, people are expecting that the global economy will pick up soon in 2021.

To prevent the COVID-19 pandemic from spreading, countries around the world have adopted various levels of lockdown since March 2020, making it extremely difficult for shipping companies to replace the crew members. At the beginning of the outbreak, the maritime authorities of flag states exempted the crew members from the expiration of on-board service contracts; some developed countries later opened up and approved the replacement of the crew members, enabling the Company to successfully make replacements of the crew members despite a string of unforeseen situations such as flight schedules and special port requirements and to avoid the expiration of the crew's on-board service contracts.

Apart from and preceding the COVID-19 pandemic, the global economy had been in a state of suspension due to the China-U.S. trade war and Brexit. However, with the uncertainty of Brexit now behind us, and the Joe Biden's presidency ushering in the China-U.S. trade war 2.0, we adjust our focus on their global economic impact into the future. In addition, the deterioration of the political relationship between China and Australia has affected Australian exports into China, including lobster, coal, red wine, and wheat. By the end of December 2020, an estimate of more than 70 bulk vessels carrying Australian coal mines were held up at the ports in China.

In 2020, the overall bulk carrier fleet grew by 3.6% while the global dry bulk trade growth in ton-miles demand remained flat. Although freight rates rebounded briefly in June and September 2020 respectively, the overall bulk carrier market was oversupplied. Of particular relevance to us, the Capesize market grew by 112 vessels in 2020, equivalent 24,995,040 dwt, which represents about a 40% increase, when compared to 80 vessels growth in 2019. The number of Capesize vessels in the global market totaled 1,700 with 346,996,000 dwt. In 2020, scrapping activity remained gloomy with only 46 Capesize vessels taken out of the market.

On the part of the crude carrier market, the large demand for low sulphur fuel drove more and more fuel suppliers to charter in very large fuel carriers (VLCC) as floating tanks to store low sulphur fuel. In addition, many VLCCs continued to berth at the shipyards to install scrubbers, causing the supply of VLCC to decrease and the charter hire climbed to a record high in nearly a decade in the fourth quarter of 2019. Then market share battle between Saudi Arabia and Russia toward end Q1 then lead to a perfect storm of VLCC demand tightness through shippers securing tankers as floating storage, thus sending spot rates skyward. The rapid spread of the COVID-19 pandemic hit the global economy badly in 2020, causing the demand for crude oil to plummet. Eventually the crude carrier market declined from the second half of 2020 onward, and still remains at bottom until now.

In response to the need to protect the global environment, the International Maritime Organization (IMO) enforced relevant regulations in accordance with established protocols. One of those regulations, which is considered the biggest change ever in marine fuel standards, is the 2020 sulfur cap regulation, which stipulates that all marine fuels onboard and in use must contain less than 0.5% sulfur by 1 January 2020. With the exception of vessels which have installed exhaust gas cleaning systems (known as scrubbers), most vessels will burn the required low-sulfur compliant fuel. Meantime, for each grade of oil supply in our group vessels, we submit bunker samples to onshore laboratories for testing. As the low sulphur content of marine fuel has less lubricity to the vessel main engine, the Company has adopted the use of chemical protection additives combined into the fuel oil to reduce wear and tear on the main engine. In addition, to prevent the low sulphur fuel oil (LSFO) to be out of specific to damage the vessels, vessels are supplied with an adequate amount of low sulphur marine gas oil (LSMGO) as a contingency measure. This is the Company's consistent approach to risk management.

The fluctuations in the maritime freight market are closely linked to the demand supply dynamics of the global macroeconomic climate. How national governments and authorities respond (or fail to respond) to the ongoing COVID-19 pandemic developments, especially in relation to the more virulent mutated variants, and the efficacy of the existing COVID-19 vaccines, and the entirety of the consequences of the foregoing, will be the key focal points for 2021, in terms of the trends that will impact global macroeconomic growth.

Annual Results of 2020

For 2020, the Company maintained our current fleet size of 17 vessels, composed of 3 very large crude carriers (VLCC) and 14 dry bulk carriers of various tonnages (including 1 very large ore carrier (VLOC), 9 Capesize carriers, 2 Kamsarmax carriers, and 2 Handysize carriers). Our dry bulk ownership days were fixed on timecharter or trip timecharter contracts, and we also carried cargoes on freight. The Company has managed its fleet steadily in order to maximize profitability. Due to the freight rate rebound in September 2020, the Group disposed of a Capesize vessel built in 2003 in early November.

The consolidated revenue (including discontinued operations) for 2020 was reported at NT\$4,182,306 thousand, down 3.13% from the previous year; the net profit attributable to the parent company was NT\$141,296 thousand, with EPS reported at NT\$0.24.

Summary Business Plan for 2021

In 2021, the Company will continue to maintain its prudent approach to asset management and cash flow generation while striving to achieve the following objectives:

- (1) Strictly control the quality and cost of our services, while using technology to achieve better visibility on our average daily operating expense per vessel, dry docking budgets, procurement procedures, and other overhead costs.
- (2) Analyze data, dynamics and trends in the international shipping market, and carefully select quality clients and pursue flexible strategies of spot and period contracts of varying terms to optimize fleet utilization and profitability.
- (3) Closely monitor developments in marine technologies, including implementations of very low sulphur fuel oil (VLSFO), scrubbers, ballast water treatment systems (BWTS), new fuel & engine technologies, and others.
- (4) Identify opportunities for asset acquisition, disposal, or replacement, including new sectors and areas that may provide long-term stable cash flow generation. Through a more active engagement with a broader industry network, we believe we are in a position to better leverage our resources for future investments.
- (5) Improve engagement throughout our offices through better collaboration and internal training, breakdown silos of data and internal knowledge, and improve onboard/onshore connectivity.

As the Company weathers a downward cycle and historical lows being reported in the Baltic Indices, the ability of the Company to transition and develop better tools and insights to achieve more efficient operations will be critical in its preparation for when the cycles resume its recovery. In a cyclical industry like international deep see shipping, it is important to have sufficient financial resources and strong balance sheet to survive a downturn, as the Company will use this adversity to enhance and further create value for all our stakeholders.

Market Variables and Their Impacts

1. In 2021, the overall trading fleet is forecast to grow by 1.8%, about a half of the 3.6% growth rate seen in 2020. This will improve the balance between supply and demand and bolster vessel owners' confidence. Since the financial tsunami in 2008, the bulk shipping market has been sluggish. During this period, vessel owners have expanded and accelerated the scrapping of their aged vessels to improve their cost structures. Currently, the average age of vessels in the bulk shipping market has fallen to less than 20 years. In the foreseeable future, there will be fewer aged vessels to be scrapped. How this will impact the recovery momentum of the shipping market remains to be seen.
2. The maritime shipping industry is currently facing many challenges. In addition to facing the usual changes in the maritime shipping market, the industry also needs to fulfill its responsibilities and obligations to reduce environmental pollution. The International Maritime Organization (IMO) implemented environmental regulations for vessel ballast water treatment systems September 2019, which had originally scheduled for September 2017. Also, the requirement that vessels must use low-sulfur fuel (less than 0.5% sulfur) will take worldwide effect in 2020. The installation of these ballast water treatment systems and fuel flue gas desulfurization equipment will be costly. And last but not least, IMO regulations are increasingly taking aim at green-house gas (ie: CO₂) emissions, which need to be reduced with ambitious aspirational targets set for 2030 and 2050. The industry is now at an important cross roads into new alternative fuels, however the

direction is still very unclear. In short, these factors not only impact the cost of daily operation, maintenance, and repair, but also require more careful planning for future growth and re-investment into our fleet.

Future Development and Strategy

We have used a strategy of fixing medium and long-term time charters with first class charterers, which enabled us to produce stable and good profits over the years. However, as the industry dynamics change, we are no longer in a position to be able to fix those long-term profitable contracts. Numerous challenges facing the dry bulk shipping market are expected in 2021. As opportunities for transformation often coexist alongside crises, the Company must change with the times. Diversification of the fleet, to include VLCC and VLOCs, is the first step to avoid excessive concentration of market risks. In addition to diversifying the fleet, the Company will continue exploring other types of vessels to maintain the steady development of business. With professional leadership from the management team, outstanding vessel management, and new technologies, we are confident that we will maintain a competitive advantage in a fluctuating shipping market and deliver long-term and optimal profits for the Company and its shareholders.

Conclusion

Adhering to our corporate principles of credibility, decisiveness, diligence, prudence, and continuous improvement, we remain committed to our role as the first-class owner/operator of maritime assets and ship management services. With increased regulatory changes, our compliance and adherence to the highest standards of international shipping safety and marine environmental protection regulations is core to our value proposition. By providing quality operations and continually improving our people, our assets, and our relationship with major customers around the world, we strive to maximize the profit for all shareholders. Although an unforeseen economic cycle awaits the marine market, we are confident of tackling the challenges facing us.

II. Audit Committee's Report

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 financial statements including consolidated financial statements and individual financial statements which were audited by CPAs Weng, Shih-Jung and Lin, Yi-Fan of PricewaterhouseCoopers, Taiwan. The statements, Business Report, and earnings distribution proposal were reviewed and determined to be accurate by the Audit Committee. The Review Report is therefore prepared in accordance with the Securities and Exchange Act and the Company Act and filed for your perusal.

Sincerely,

Shareholders Meeting of 2021

Sincere Navigation Corporation

Audit Committee Convener: LEE, YEN-SUNG

March 23, 2021

III. Report on the Distribution of Remuneration to Directors and Employees in 2020:

The Company's proposal for the distribution of compensation for Directors and employees for 2020 was approved by the Board on March 23, 2021. In accordance with Article 30 of the Articles of Incorporation, 2.45% of the pre-tax profit was distributed to the Directors and employees respectively. The Directors received NT\$5,117,207 while employees (including managers) received compensation of NT\$5,117,207.

IV. Report on the Distribution of Cash Dividends from Earnings of 2020:

- (I) The earnings distribution is adopted by the Board in accordance with Article 240, Paragraph 5 of the Company Act and Article 30 of the Company's Articles of Incorporation. A total of NT\$292,676,649 in cash dividends is distributed and NT\$0.5 is distributed for each share.
- (II) The cash dividends are calculated pursuant to distribution ratio and rounded down to the whole dollar amounts; the fractional amounts less than NT\$1 shall be aggregated and recorded as other income of the Company.
- (III) In the event that the number of shares outstanding are affected by changes in the Company's share capital, making it necessary to revise the shareholder's cash dividend rate as a result, the Chairman is authorized to handle such revision at its full discretion.
- (IV) After the proposal is passed in the Shareholders' Meeting, the Board of Directors is authorized to set a dividend reference date and issuance date.

V. Report on Amendments of the Company's "Codes of Ethical Conduct":

The Company's Codes of Ethical Conduct has been amended (refer to page 10 of the Handbook) in line with the Company's set up of the Audit Committee to replace the functionalities of the Supervisor on June 28, 2019.

Codes of Ethical Conduct of Sincere Navigation Corporation Amendment Comparison Table

Article	After the Amendment	Before the Amendment	Reasons for Amendment
Article 1	In recognition of the necessity to assist the Company in its establishment of codes of ethical conduct, these Guidelines are adopted for the purpose of encouraging directors, managerial officers, and other employees to act in line with ethical standards, and to help interested parties better understand the ethical standards of the Company.	In recognition of the necessity to assist the Company in its establishment of codes of ethical conduct, these Guidelines are adopted for the purpose of encouraging directors, <u>supervisors</u> , managerial officers, and other employees to act in line with ethical standards, and to help interested parties better understand the ethical standards of the Company.	After the election of the members of the 18th term of the Board of Directors in the Shareholders Meeting in 2019, the Company canceled the role of Supervisors and established the Audit Committee in accordance with laws.
Article 2	These Codes apply to the directors, managers, and other employees of the Company. The aforementioned applicable objects are hereinafter referred to as "personnel of the Company".	These Codes apply to the directors, <u>supervisors</u> , managers, and other employees of the Company. The aforementioned applicable objects are hereinafter referred to as "personnel of the Company".	
Article 10	The Company shall promote these Guidelines as needed to raise awareness of ethics internally. The Company personnel shall report to a company managerial officer, internal audit officer, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the codes of ethical conduct, and provide the detailed information to the Company for handling the follow-up matters. Such reports shall be investigated independently and in confidentiality, and the Company will use the best efforts to ensure the safety of informants and protect them from reprisals.	The Company shall promote these Guidelines as needed to raise awareness of ethics internally. The Company personnel shall report to a company <u>supervisor</u> , managerial officer, internal audit officer, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the codes of ethical conduct, and provide the detailed information to the Company for handling the follow-up matters. Such reports shall be investigated independently and in confidentiality, and the Company will use the best efforts to ensure the safety of informants and protect them from reprisals.	
Article 13	These Codes, and any amendments to them, shall enter into force after the approval of the Board of Directors and submitted to the Shareholders' Meeting.	These Codes, and any amendments to them, shall enter into force after the approval of the Board of Directors, <u>deliver to each supervisor</u> , and submitted to the Shareholders' Meeting.	

VI. Other Reports:

The acceptance period for shareholders' proposals was 1-12 April, 2021. This is to certify that, by the deadline, shareholders had not put forward any proposals.

Proposals

- I. Subject: Adoption of the Company's Annual Business Report and Financial Statements of 2020 (proposed by the Board).

Explanation: (1) The Company's Annual Business Report and Financial Statements of 2020 including consolidated financial statements and individual financial statements (including the balance sheets, comprehensive income statements, statements of changes in equity, and cash flow statements) have been audited by CPAs Weng, Shih-Jung and Lin, Yi-Fan of PricewaterhouseCoopers, Taiwan. They have also been reviewed by the Audit Committee which found them to be compliant with regulations and adopted by the Board. They are hereby filed for ratification in accordance with laws.

- (2) Please refer to page 2 to 5 and page 13 to 33 of the Handbook for the aforementioned Business Report, Auditor's Report, and Financial Statements.

Resolution:

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.

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.

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>

(Continued)

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)	1,157,607	5	1,204,861	5
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		-	-	(334)	-
6000	Total operating expenses		(186,598)	(5)	(219,723)	(6)
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		(331,940)	(8)	(168,713)	(4)
7900	Profit before income tax		<u>363,967</u>	<u>9</u>	<u>175,238</u>	<u>4</u>
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)	(51,855)	(1)	19,736	1
8200	Profit for the year		<u>\$ 255,092</u>	<u>6</u>	<u>\$ 160,938</u>	<u>4</u>

(Continued)

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										
		Capital Reserves				Retained Earnings			Financial statements translation differences of foreign operations		Non-controlling interest	Total equity
Notes	Share capital - common stock	Treasury stock transactions	Difference between consideration and carrying amount of subsidiaries acquired	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Total	Total	Total	
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		2,436,234	1,862,653
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		88,554	(81,052)
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		(1,457,257)	(910,764)
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		\$ 4,665,858	\$ 3,945,656

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Sincere Navigation Corporation

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with those requirements. 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 Company's 2020 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2020 parent company only financial statements are as follows:

Reasonableness of investments accounted for using equity method — subsidiaries' V/C (voyage charterer) revenue recognition timing

Description

As of December 31, 2020, the Company's subsidiaries recorded as investments accounted for using equity method amounted to NT\$16,485,718 thousand, constituting 96% of the Company's total assets, while the share of profit of the investments constituted 164% of the Company's profit before tax for the year then ended. Given that the investments significantly affect the Company's financial performance, we consider the reasonableness of V/C revenue recognition timing as a key audit matter.

For accounting policy on revenue recognition and related details of revenue, refer to Notes 4(22) and 6(14) in the financial statements.

Subsidiaries' V/C revenue is recognised as revenue based on the percentage of completion of service rendered. Many factors are involved in 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.

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 the 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.

Impairment of vessels and equipment

Description

For accounting policy, accounting estimates and assumptions applied on impairment of property, plant and equipment and related impairment explanation, refer to Notes 4(10) and 5(2) of parent company only financial statements and Notes 4(14), 5(2) and 6(3) of consolidated financial statements.

The Group engages in bulk shipping service. Vessels are the Company's significant operating assets. Bulk shipping service is closely related with demand of bulk commodities, and is significantly affected by global economy. Therefore, the impairment of vessels is the Company's material risk. The valuation of impairment is evaluated by the management by comparing the book value to the recoverable amounts based on the analysis of industry dynamics and the Company's operating plan. As of December 31, 2020, the Group's 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 on evaluating the recoverable amount. Therefore, we consider 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 subsequent information within a certain period and compared 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.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 parent company only financial statements.

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

audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because

the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Weng, Shih-Jung

Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 23, 2021

The accompanying parent company only 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 parent company only 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.

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

SINCERE NAVIGATION CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2020 AMOUNT	December 31, 2019 AMOUNT
Current assets			
1100	Cash and cash equivalents	6(1) \$ 63,943	\$ 232,583
1140	Current contract assets	6(9) 26,106	96,022
1170	Accounts receivable, net	726	29,951
1200	Other receivables	13,473	12,457
1210	Other receivables - related parties	7 2,776	6,974
1220	Current income tax assets	106	106
1410	Prepayments	3,378	33,412
11XX	Total current Assets	<u>110,508</u>	<u>411,505</u>
Non-current assets			
1550	Investments accounted for under equity method	6(2) 16,485,718	17,264,608
1600	Property, plant and equipment	6(3) and 8 484,460	519,323
1780	Intangible assets	102	204
1840	Deferred income tax assets	6(16) 6,858	11,087
1900	Other non-current assets	8 6,922	6,922
15XX	Total non-current assets	<u>16,984,060</u>	<u>17,802,144</u>
1XXX	Total assets	<u>\$ 17,094,568</u>	<u>\$ 18,213,649</u>

(Continued)

SINCERE NAVIGATION CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity		Notes	December 31, 2020 AMOUNT	December 31, 2019 AMOUNT
Current liabilities				
2100	Short-term borrowings	6(4) and 8	\$ 840,000	\$ 800,000
2130	Current contract liabilities	6(9)	1,077	24,131
2200	Other payables		27,222	31,145
2220	Other payables - related parties	7	27,424	1,761,353
2230	Current income tax liabilities		541	-
21XX	Total current liabilities		<u>896,264</u>	<u>2,616,629</u>
Non-current liabilities				
2570	Deferred income tax liabilities	6(16)	118,233	66,617
2620	Long-term notes and accounts payable - related parties	7	1,566,400	-
2640	Net defined benefit liability, non-current	6(5)	32,853	32,567
25XX	Total non-current liabilities		<u>1,717,486</u>	<u>99,184</u>
2XXX	Total liabilities		<u>2,613,750</u>	<u>2,715,813</u>
Equity				
Share capital		6(6)		
3110	Common stock		5,853,533	5,853,533
Capital surplus		6(7)		
3200	Capital surplus		242,611	241,989
Retained earnings		6(8)		
3310	Legal reserve		3,171,779	3,163,018
3320	Special reserve		1,349,931	924,270
3350	Unappropriated retained earnings		6,079,037	6,664,957
Other equity interest				
3400	Other equity interest		(2,216,073)	(1,349,931)
3XXX	Total equity		<u>14,480,818</u>	<u>15,497,836</u>
Significant contingent liabilities and unrecognised contractual commitments		9		
Significant events after balance sheet date		11		
3X2X	Total liabilities and equity		<u>\$ 17,094,568</u>	<u>\$ 18,213,649</u>

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

SINCERE NAVIGATION CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

Items	Notes	Year ended December 31	
		2020	2019
		AMOUNT	AMOUNT
4000 Operating revenue	6(9) and 7	\$ 48,255	\$ 78,976
5000 Operating costs	6(14)(15) and 7	(157,725)	(140,291)
5900 Net operating loss		(109,470)	(61,315)
Operating expenses	6(14)(15)		
6200 General and administrative expenses		(85,993)	(93,010)
6450 Impairment loss determined in accordance with IFRS 9		-	(334)
6000 Total operating expenses		(85,993)	(93,344)
6900 Operating loss		(195,463)	(154,659)
Non-operating income and expenses			
7100 Interest income	6(10)	246	1,081
7010 Other income	6(11) and 7	4,635	5,382
7020 Other gains and losses	6(12)	74,686	36,193
7050 Finance costs	6(13)	(10,080)	(10,106)
7070 Share of profit of associates and joint ventures accounted for using equity method, net	6(2)	324,292	244,357
7000 Total non-operating income and expenses		393,779	276,907
7900 Profit before income tax		198,316	122,248
7950 Income tax expense	6(16)	(57,020)	(33,932)
8200 Profit for the year		<u>\$ 141,296</u>	<u>\$ 88,316</u>
Other comprehensive income			
Components of other comprehensive income that will not be reclassified to profit or loss			
8311 Actuarial loss on defined benefit plan	6(5)	(\$ 146)	(\$ 882)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(16)	29	176
Components of other comprehensive income that will be reclassified to profit or loss			
8361 Financial statements translation differences of foreign operations		(866,142)	(425,661)
8500 Total comprehensive loss for the year		<u>(\$ 724,963)</u>	<u>(\$ 338,051)</u>
Earnings per share			
9750 Basic earnings per share (in dollars)	6(17)	<u>\$ 0.24</u>	<u>\$ 0.15</u>
9850 Diluted earnings per share (in dollars)	6(17)	<u>\$ 0.24</u>	<u>\$ 0.15</u>

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

SINCERE NAVIGATION CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Share capital - common stock	Capital surplus	Retained Earnings		Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total equity
				Legal reserve	Special reserve			
<u>For the year ended December 31, 2019</u>								
Balance at January 1, 2019		\$ 5,683,042	\$ 52,247	\$ 3,156,840	\$ 1,479,609	\$ 6,312,338	(\$ 924,270)	\$ 15,759,806
Profit for the year		-	-	-	-	88,316	-	88,316
Other comprehensive loss for the year		-	-	-	-	(706)	(425,661)	(426,367)
Total comprehensive income (loss)		-	-	-	-	87,610	(425,661)	(338,051)
Appropriations of 2018 earnings:	6(8)							
Legal reserve		-	-	6,178	-	(6,178)	-	-
Special reserve		-	-	-	(555,339)	555,339	-	-
Cash dividends		-	-	-	-	(113,661)	-	(113,661)
Stock dividends		170,491	-	-	-	(170,491)	-	-
Overdue unclaimed cash dividends	6(7)	-	753	-	-	-	-	753
Difference between consideration and carrying amount of subsidiaries acquired	6(7)	-	188,989	-	-	-	-	188,989
Balance at December 31, 2019		\$ 5,853,533	\$ 241,989	\$ 3,163,018	\$ 924,270	\$ 6,664,957	(\$ 1,349,931)	\$ 15,497,836
<u>For the year ended December 31, 2020</u>								
Balance at January 1, 2020		\$ 5,853,533	\$ 241,989	\$ 3,163,018	\$ 924,270	\$ 6,664,957	(\$ 1,349,931)	\$ 15,497,836
Profit for the year		-	-	-	-	141,296	-	141,296
Other comprehensive loss for the year		-	-	-	-	(117)	(866,142)	(866,259)
Total comprehensive income (loss)		-	-	-	-	141,179	(866,142)	(724,963)
Appropriations of 2019 earnings:	6(8)							
Legal reserve		-	-	8,761	-	(8,761)	-	-
Special reserve		-	-	-	425,661	(425,661)	-	-
Cash dividends		-	-	-	-	(292,677)	-	(292,677)
Overdue unclaimed cash dividends	6(7)	-	622	-	-	-	-	622
Balance at December 31, 2020		\$ 5,853,533	\$ 242,611	\$ 3,171,779	\$ 1,349,931	\$ 6,079,037	(\$ 2,216,073)	\$ 14,480,818

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

SINCERE NAVIGATION CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31,	
		2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 198,316	\$ 122,248
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(3)(14)	58,144	60,140
Amortisation	6(14)	102	102
Interest income	6(10)	(246)	(1,081)
Interest expense	6(13)	10,080	10,106
Investment income accounted for using the equity method	6(2)	(324,292)	(244,357)
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		69,916	(72,917)
Accounts receivable		29,225	(9,275)
Other receivables		(1,016)	2,551
Other receivables - related party		4,198	(790)
Prepayment		30,034	(30,149)
Changes in operating liabilities			
Current contract liabilities		(23,054)	23,964
Other payables		(4,179)	2,323
Other payables - related party		(85,029)	42,378
Accrued pension liabilities		140	177
Cash outflow generated from operations		(37,661)	(94,580)
Interest received		246	1,081
Income tax paid		(605)	(93,917)
Dividends received	7	237,040	223,632
Net cash flows from operating activities		199,020	36,216
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(3)	(23,281)	-
Net cash flows used in investing activities		(23,281)	-
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(18)	40,000	-
Increase in other payables - related party		-	149,900
Interest paid		(9,824)	(10,135)
Cash dividends paid	6(8)	(292,677)	(113,661)
Overdue unclaimed cash dividends		622	753
Net cash flows (used in) from financing activities		(261,879)	26,857
Effect of change in foreign exchange rate		(82,500)	(37,000)
Net (decrease) increase in cash and cash equivalents		(168,640)	26,073
Cash and cash equivalents at beginning of year		232,583	206,510
Cash and cash equivalents at end of year		\$ 63,943	\$ 232,583

II. Subject: Adoption of the Company's Annual Earnings Distribution Table of 2020 (proposed by the Board).

Explanation: (1) The Company's 2020 earnings distribution has been adopted by the Board in accordance with the Company Act and the Articles of Incorporation for review.

(2) The proposed Annual Earnings Distribution Table is as follows:

Resolution:

Sincere Navigation Corporation
Annual Earnings Distribution Table of 2020

Unit: NT\$

Summary	Amount	
	Subtotal	Total
Distributable Earnings:		
Unappropriated Retained Earnings at the beginning of the period		
Unappropriated Retained Earnings prior to 1997	359,266,989	
Unappropriated Retained Earnings after 1998	5,578,591,237	5,937,858,226
Plus: net profit after tax this year		141,295,985
Minus: retained earnings adjustment this year		(116,811)
Minus: legal reserve		(14,117,917)
Minus: special reserve		(866,142,175)
Total distributable earnings		5,198,777,308
Distribution:		
Cash dividends of NT\$0.5 per share		(292,676,649)
Retained earnings after distribution:		4,906,100,659

Chairman: HSU, CHI-KAO

Manager: HSU, CHI-KAO

Principal Accounting Officer:
FAN, HSIAO-TING

Discussions

- I. Subject: Proposal to amend the Company's "Rules of Procedure for Shareholders' Meetings". Please proceed to discuss (proposed by the Board).

Explanation: The Company's Rules of Procedure for Shareholders' Meetings will be amended (refer to page 36 of this Handbook) in line with the announcement for amendments to the Rules of Procedure for Shareholders Meeting from the TWSE on January 28, 2021.

Resolution:

Rules of Procedure for Shareholders Meeting of Sincere Navigation Corporation
Amendment Comparison Table

Article	After the Amendment	Before the Amendment	Reasons for Amendment
Article 8	To commence the meeting, the Chairman announces the meeting opened, <u>and at the same time announces the relevant information such as the number of non-voting rights and the number of shares present.</u> However, if the shareholders present represent less than half of the shares (the quorum), the Chairman may announce a postponement of the meeting. The meeting may be postponed no more than twice, each postponement no more than one hour. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.	To commence the meeting, the Chairman announces the meeting opened. However, if the shareholders present represent less than half of the shares (the quorum), the Chairman may announce a postponement of the meeting. The meeting may be postponed no more than twice, each postponement no more than one hour. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.	Amended in accordance with the Directive Letter No. 11000014461 dated January 28, 2021 from the Taiwan Stock Exchange Corporation (TWSE).
Article 17	Motions are voted on and are considered adopted when a majority shareholders present vote in favor, unless the Company Act or the Company's Articles of Incorporation, provide otherwise.	Motions are voted on and are considered adopted when a majority shareholders present vote in favor, unless the Company Act or the Company's Articles of Incorporation, provide otherwise. <u>To vote, the meeting chairman may choose to ask the attending shareholders if there are any objections. If no objections are raised, the motion is considered to have been adopted, with the same validity as a vote by ballots. If a shareholder raises an objection, to which the meeting chairman or a relevant person gives a reply, and the shareholder no longer objects, the original objection is deemed to have ceased to exist.</u>	Amended in line with current electronic voting procedures to enhance corporate governance and to protect the rights and interests of shareholders.

II. Subject: Proposal to amend the Company's "Procedures for Election of Directors".
Please proceed to discuss (proposed by the Board).

Explanation: To enhance corporate governance and to protect the rights and interests of shareholders, the Rules of Procedure for Shareholders' Meetings will be amended (refer to page 38 of this Handbook) in accordance with the announcement for amendments to the Rules of Procedure for Shareholders Meeting from the TWSE on January 28, 2021.

Resolution:

Procedures for Election of Directors of Sincere Navigation Corporation
Amendment Comparison Table

Article	After the Amendment	Before the Amendment	Reasons for Amendment
Article 9	After the vote, the ballots will be counted on the spot and the election results will be announced on the spot by the meeting chairman., <u>including the list of persons elected as directors and the numbers of votes with which they were elected, and the list of persons who were not elected and the numbers of votes they received, shall be announced by the chair on the site.</u>	After the vote, the ballots will be counted on the spot and the election results will be announced on the spot by the meeting chairman.	Amended in accordance with the Directive Letter No. 11000014461 dated January 28, 2021 from the Taiwan Stock Exchange Corporation (TWSE).
Article 12	These Procedures were adopted on May 28, 2002. The 1st amendment was passed on June 29, 2016; the 2nd amendment was passed on June 28, 2019; <u>and the third amendment was passed on June 17, 2021.</u>	These Procedures were adopted on May 28, 2002. The 1st amendment was passed on June 29, 2016; the 2nd amendment was passed on June 28, 2019.	

Extempore motions

Adjournment of the meeting

Rules of Procedure for Shareholders Meeting

June 29, 2016

Amended by the Shareholders Meeting

- I. The Shareholders Meeting of the Company must be proceeded in accordance with the Rules of Procedure for Shareholders Meeting, unless otherwise provided in laws or regulations.
- II. The Company shall provide an attendance log to record attendance of shareholders in attendance; alternatively, attendance cards may be presented to signify their presence at the meeting. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
- III. The attendance and voting of the Shareholders Meeting are based on the shares represented.
- IV. The venue where the Shareholders Meeting is convened must be at the place where the Company is located or another location which is convenient for the shareholders and suitable for a Shareholders Meeting. The meeting must start no earlier than 09:00 hours and no later than 15:00 hours.
- V. If a Shareholders Meeting is convened by the Board, the Chairman chairs the Shareholders Meeting. If the Chairman is on leave or unable to exercise his/her powers, the Deputy Chairman replaces him/her. Alternatively, if the Deputy is on leave or unable to exercise his/her powers, a person designated by the Chairman replaces him/her. If the Chairman has not designated a person to replace himself/herself, the Directors will designate a replacement from their midst. If a Shareholders Meeting is convened by a qualified convener other than the Board, the Shareholders Meeting is chaired by the person convening the Shareholders Meeting.
- VI. The Company may designate lawyers, accountants, or related personnel to attend the Shareholders Meeting. The staff organizing the Shareholders Meeting must wear an identifying card or armband.
- VII. The Company must make sound or audio recordings of the entire proceedings of the Shareholders Meeting and keep it for at least one year.
- VIII. To commence the meeting, the Chairman announces the meeting opened. However, if the shareholders present represent less than half of the shares (the quorum), the Chairman may announce a postponement of the meeting. The meeting may be postponed no more than twice, each postponement no more than one hour. If after the second postponement, the number of shares represented at the meeting still falls short of the quorum but amounts to more than one-third of the shares, a tentative resolution may be passed pursuant to Article 175 of the Company Act. If before adjournment of the meeting, the number of shares represented reaches the quorum after all, the Chairman may propose a tentative resolution to reconvene the meeting at a later date to be voted on by the shareholders present in accordance with Article 174 of the Company Act.

- IX. If the Shareholders Meeting is convened by the Board, its Agenda is determined by the Board. The meeting must be conducted in accordance with the scheduled Agenda, which cannot be changed without a resolution of the Shareholders Meeting. If the Shareholders Meeting is convened by a qualified convener other than the Board, the provisions of the preceding paragraph apply. The Chairman cannot adjourn the meeting until the entire Agenda referred to in the preceding two paragraphs (including extempore motions) has been dealt with completely. After the adjournment of the meeting, the shareholders cannot elect a new meeting chairman or continue the meeting at the original venue or elsewhere. However, if the Chairman has declared adjournment in violation of the Rules, a majority of the shareholders present may elect a new chairman for the meeting and continue the meeting.
- X. To speak in the meeting, shareholders must complete speaking request form stating their key point, shareholder name, and shareholder number, and the meeting chairman will determine the speaking order.
- Shareholders present that have completed a speaking request form but have not spoken are deemed to have not spoken. If the content of the shareholder's remarks is different from the speaking request form, the content of the remarks prevails. When shareholder is speaking, other shareholders must not interfere with the speech except with the consent of the meeting chairman and the speaking shareholder. The meeting chairman must stop violators.
- XI. Each shareholder cannot not speak more than twice and for no more than five minutes per agenda item, unless the meeting chairman gives consent.
- If a shareholder speaks in violation of the preceding paragraph or strays from the scope of the agenda item, the meeting chairman may order or prevent him/her from speaking.
- XII. A legal person may only dispatch one representative to the Shareholders Meeting.
- When a shareholding legal person dispatches two or more representatives to attend the Shareholders Meeting, the same motion may only be proposed by one person.
- XIII. After a shareholder has spoken, the meeting chairman must reply in person or designate a relevant person to reply.
- XIV. When during the discussion of a motion, the meeting chairman deems the motion is ready to be put to a vote, he/she may order the discussion to be ceased and proceed to voting.
- XV. The meeting chairman designates personnel to observe the voting process and to count the votes. The voting observer must be a shareholder. The voting results must be announced on the spot and recorded in the minutes.
- XVI. During the meeting, the meeting chairman may announce a break at his/her discretion.
- XVII. Motions are voted on and are considered adopted when a majority shareholders present vote in favor, unless the Company Act or the Company's Articles of Incorporation provide otherwise. To vote, the meeting chairman may choose to ask the attending shareholders if there are any objections. If no objections are raised, the motion is considered to have been adopted, with the same validity as a vote by ballots. If a shareholder raises an objection, to which the meeting chairman or a relevant person gives a reply, and the shareholder no longer objects, the original objection is deemed to have ceased to exist.

- XVIII. When there is an amendment or an alternative to the same motion, the meeting chairman places them together with the original motion on the voting list and determines their voting sequence. As soon as one of the motions has been adopted, the other motions are deemed to have been rejected and no further votes will be required.
- XIX. The meeting chairman may direct the proctors (or security staff) to help maintain the order of the venue. While maintaining order in the meeting, all proctors or security staff must wear arm bands with the word "Proctor".
- XX. These Rules take effect after adoption by the Shareholders Meeting. The same applies to amendments.

Articles of Incorporation of Sincere Navigation Corporation

Chapter 1. General Principles

- Article 1. The Company is organized in accordance with the provisions of the Company Act. The Company's Chinese name is "新興航運股份有限公司" and its English name is "Sincere Navigation Corporation".
- Article 2. The Company's business scope:
- I. G301011 Ship transportation.
 - II. G406041 Harbor barging.
 - III. G401011 Shipping agency services.
 - IV. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3. The Company locate its head office in Taipei City. If necessary, the Board of Directors ("Board") may resolve to establish branch offices or other branch organizations at home or abroad, and may also resolve to terminate or relocate those entities.
- Article 4. The Company's reinvestments external investment in other businesses is not subject to the 40% restriction on the transfer of investment in Article 13 of the Company Act, and must be handled after the resolution of the Board.

Chapter 2. Shares

- Article 5. The Company's total capital is NT\$7 billion, divided into 700 million shares of NT\$10 each, which may be issued in separate installments.
- Article 6. The shares issued by the Company are registered and numbered, and the Director represents the Company must affix his/her signature or seal on them. The shares are issued after registration and approval by the competent authority or an institution authorized by it to register and approve share issuances. The shares need not be printed, as long as they are registered with the Taiwan Depository and Clearing Corporation.
- Article 7. The Company's share-related matters are governed by the Company Act and the Regulations Governing the Administration of Shareholder Services of Public Companies, unless other laws and decrees or regulations of the competent authority take precedence.
- Article 8. (Deleted).
- Article 9. (Deleted).
- Article 10. Shares cannot be transferred from sixty (60) days before a General Shareholders Meeting, thirty (30) days before an Extraordinary Shareholders Meeting, or five (5) days before the day when the Company determine the distribution of dividends, bonuses, and other benefits.
- Article 10-1 (Deleted).

Chapter 3. Shareholders Meeting

- Article 11. The Shareholders Meetings of the Company is divided into the following two types:
- I. General Shareholders Meetings are convened once a year within six months after the end of the fiscal year, and the shareholders are notified thirty (30) days beforehand.
 - II. Extraordinary Shareholders Meetings are convened as necessary, and the shareholders are notified fifteen (15) days in advance.
The Shareholders Meeting must be convened by the Board, unless the Company Act provides otherwise.
The Company allows voting by electronic methods, as long as the methods comply with the regulations set by the competent authority.
- Article 12. When a shareholder is unable to attend a Shareholders Meeting for any reason, he/she may issue a power of attorney bearing the company seal and stating the scope of the proxy's authority. However, the voting rights of a person authorized by more than two shareholders at the same time must not exceed three percent (3%) of the total voting rights of issued shares. Voting rights in excess of this limit are not counted.
Shareholders' attendance by proxy is regulated by the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the competent authority in charge of the securities industry, unless the Company Act provides otherwise.
- Article 13. When a Shareholders Meeting is held, the Chairman of the Board will chair the meeting. If the Chairman is on leave or unable to exercise his/her powers, the Deputy Chairman replaces him/her. Alternatively, if the Deputy is on leave or unable to exercise his/her powers, a person designated by the Chairman replaces him/her. If the Chairman has not designated a person to replace himself/herself, the Directors will designate a replacement from their midst.
- Article 14. Each shareholder of the Company has one vote per share. Shares with restricted voting rights or without voting rights do not fall under this restriction pursuant to the Company Act.
- Article 15. Resolutions of the Shareholders Meeting are passed when a majority of shares issued are represented at the meeting and a majority of shares at the meeting vote in favor. For each Shareholders Meeting, minutes must be drawn up that include the year, month, day, venue of the meeting, agenda items discussed and their results, the meeting chairman's name, and the decision-making methods used. The meeting chairman must affix his/her signature or seal to the minutes, which must be sent to all shareholders within twenty (20) days from the meeting.
The distribution of the minutes referred to in the previous paragraph must be handled in accordance with the Company Act.
Meeting minutes must be kept for as long as the Company exists. The sign-in sheets and the powers of attorney must be kept for at least one year. However, if a shareholder files a lawsuit under Article 189 of the Company Act, they must be kept until the end of the lawsuit.

Chapter 4. Directors and Supervisors

- Article 16. The Company has seven to nine (7-9) Directors. Among the Directors there must be no fewer than two Independent Directors, who must make up no fewer than one-fifth of the Board.
- The Directors are elected by the shareholders from among able persons. Their term of office is three (3) years. They may be re-elected. The Shareholders Meeting elects and appoints the Directors from a list of nominated candidates. This process follows the requirements of the Company Act and regulations from the competent authority of the securities industry.
- The total number of shares held by the Directors referred to in the preceding paragraph is determined in accordance with the standards stipulated in the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies promulgated by the competent authority in charge of the securities industry.
- Article 17. Under the Board, there are functional committees, whose qualifications, powers, and remunerations are decided by the Board.
- In accordance with the provisions of Article 14-4 of the Securities and Exchange Act, the Company has an Audit Committee responsible for the implementation of the Company Act, Securities and Exchange Act, and other relevant laws and regulations concerning the supervisors' powers. The Audit Committee consists of all Independent Directors and at least three (3) members in total.
- Article 18. The Board consists of the Directors. The Chairman and Vice Chairman shall be elected by a majority voting of the Directors present at a meeting of its Board of Directors attended by two thirds or more of the Directors. The Chairman shall execute all matters of the Company in accordance with laws, regulations, the Articles of Incorporation, and resolutions of the Shareholders Meeting and the Board of Directors.
- Article 19. The Board is convened by the Chairman of the Board. If the Chairman of the Board is unable to exercise his functions and powers, he is represented by the Deputy Chairman. Alternatively, if the Deputy Chairman is unable to exercise his functions and powers, the Chairman designates a Director to represent him. In the absence of such designations, the Directors designate one person from their midst to represent the Chairman.
- In the event of a video conference, Directors attending the meeting by video are deemed to be attending in person.
- Board meetings must be convened once every quarter. The meeting notice must state the agenda items. The Directors must be notified seven (7) days in advance, but in case of emergency, a Board Meeting may be convened on a short notice.
- The Board Meeting notices in the preceding paragraph may be sent in writing, by fax, or e-mail.
- Article 20. The Board decides by resolutions on the Company's operating direction; construction, sale, and purchase of its operating vessels; transportation and lease contracts for more than three (3) years for its vessels; investment in other enterprises; capital loans made to others; guarantees made to others; authorizations to others; and other important matters.

Article 21. Board resolutions are adopted by consent from the majority of Directors present at a meeting attended by more than half of the Directors, unless the Company Act provides otherwise.

A Director unable to attend may issue with a power of attorney to authorize another Director that will be attending, stating the proxy's scope of authorization. Each Director may only serve as proxy to one (1) other Director.

The deliberations of the Board must be recorded in meeting minutes, to which the meeting chairman must affix his/her signature or seal. The minutes must be sent out within twenty (20) days after the meeting, be archived as important files of the Company, and kept in safe custody for as long as the Company exists. The deliberations must be recorded in meeting minutes in accordance with the Company Act and the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

The production and distribution of the meeting minutes can be completed by e-mail.

Article 22. The Board of Directors is authorized to determine the remuneration of the Directors based on their participation in the Company's affairs and the value of their contributions in accordance with industry standards.

Article 23. The Company may take out liability insurance for its Directors.

Article 24. (Deleted).

Article 25. (Deleted).

Chapter 5. The President and Vice Presidents Articles

Article 26. The Company has one President and several Vice Presidents required depending on the actual operation. The President is appointed and removed by the Board. The Vice Presidents are appointed and removed by the Board after being nominated by the President.

Article 27. The President shall supervise the managers reporting to him/her and manage the Company's matters; the Vice Presidents shall assist the President.

Chapter 6. Accounting

Article 28. The Company's fiscal year runs from January 1 to December 31, and the final accounts must be prepared by the end of the year.

Article 29. At the end of each fiscal year of the Company, the Board must prepare the following statements and submit those to the Audit Committee for review and approval, after which these statements must be submitted to the Annual Shareholders Meeting for discussion and adoption:

- I. Business report.
- II. Financial statements.
- III. Proposal for profit distribution or loss appropriation.

Article 30. After a decision agreed on by a majority of the Directors present at the Board Meeting representing at least two-thirds of the Company's Directors, no less than 1% but no more than 5% of the Company's annual pre-tax benefits (the profits before deduction of remunerations of employees and Directors) must be distributed to the Company's employees, and this must be reported to the Shareholders Meeting. However, if the Company still has accumulated losses, an amount must be retained first to make up for those losses.

If the Company's final accounts result in a surplus, in addition to paying taxes and making up for losses from previous years, 10% of the balance must be retained as a statutory surplus reserve, unless the statutory surplus reserve has already reached the total paid-in capital of the Company. After the surplus reserve has reached the statutory level or there is a special revolving surplus from previous years that was not distributed, the Board must draw up a distribution proposal and submit it to the Shareholders Meeting for discussion and resolution on distribution.

The Board of Directors shall distribute all or part of the dividends, bonuses, statutory surplus reserve, and capital reserve in cash after a resolution by a majority in a meeting attended by two thirds of the Directors. Such resolution shall be submitted to the Shareholders Meeting and the requirement for a resolution in a Shareholders Meeting in the preceding paragraph shall not apply.

Article 30-1. The Company's dividend policy takes reference from the Company's Articles of Incorporation, the Company's earnings status, future capital needs, and the principle of stability, to further the Company's lasting development. A surplus may be set aside as reserve or be distributed as share dividends, cash dividends, or share-and-cash dividends. When a surplus is distributed as share-and-cash dividend, the cash dividends must not be less than thirty percent (30%), so as to promote the sustainability and development of the Company.

Chapter 7. Supplemental Provisions

Article 31. Matters not covered in these Articles of Incorporation shall be processed in accordance with the Company Act and relevant laws and regulations.

Article 32. The Company's organizational regulations and rules of procedure shall be set by resolutions of meetings of the Board of Directors.

Article 33. These Articles of Incorporation were adopted on October 24, 1967, (omitted). The 33rd amendment was adopted on June 16, 2015. The 34th amendment was adopted on June 29, 2016. The 35th amendment was adopted on June 28, 2019.

Sincere Navigation Corporation

Chairman HSU, CHI-KAO

Codes of Ethical Conduct of Sincere Navigation Corporation

Approved by the Board of Directors on March 28, 2018

Reported to the Shareholders' Meeting on June 27, 2018

Article 1 (Purpose and basis for adoption)

In recognition of the necessity to assist the Company in its establishment of codes of ethical conduct, these Guidelines are adopted for the purpose of encouraging directors, supervisors, managerial officers, and other employees to act in line with ethical standards, and to help interested parties better understand the ethical standards of the Company.

Article 2 (Applicable targets)

These Codes apply to the directors, supervisors, managers, and other employees of the Company. The aforementioned applicable objects are hereinafter referred to as "personnel of the Company".

Article 3 (Policy of ethical business management)

The Company and its personnel will comply with ethical standards and uphold the principle of ethical business management, and adhere to the following codes of conduct.

Article 4 (Prevention of conflicts of interest)

Company personnel shall perform their duties in an objective and efficient manner, and shall not take advantage of their position in the Company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship.

When the Company engages in loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which any of the preceding personnel works, the Company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for Company personnel to voluntarily explain whether there is any potential conflict between them and the Company.

Article 5 (Minimizing incentives to pursue personal gain)

The Company's personnel must not:

1. Seek an opportunity to pursue personal gain by using company property or information or taking advantage of their positions.
2. Compete with the Company.
3. Engage in any conduct stipulated by the Company's regulations or other applicable laws.

Article 6 (Confidentiality)

1. Company personnel shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information.
2. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.
3. Company personnel shall perform their fiduciary duties and shall not leak confidential or other relevant business information, and shall not disclose documents or financial statements to others without authorization.

Article 7 (Fair trade)

The Company's personnel shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

Article 8 (Safeguarding and proper use of Company assets)

All Company personnel have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the Company's profitability.

Article 9 (Legal compliance)

Company personnel shall comply with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.

Article 10 (Encouraging reporting on illegal or unethical activities)

The Company shall promote these Guidelines as needed to raise awareness of ethics internally.

The Company personnel shall report to a company supervisor, managerial officer, internal audit officer, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the codes of ethical conduct, and provide the detailed information to the Company for handling the follow-up matters.

Such reports shall be investigated independently and in confidentiality, and the Company will use the best efforts to ensure the safety of informants and protect them from reprisals.

Article 11 (Disciplinary measures)

When a Company personnel violates the codes of ethical conduct, the Company shall handle the matter in accordance with the applicable laws or its internal rules, and shall without delay disclose on the Market Observation Post System (MOPS).

If any personnel takes advantage of his/her position to seek for personal gains and causes damages to the Company, the person shall be dismissed and shall unconditionally compensate for any loss suffered by the Company.

The Company has formulated relevant complaint system to provide the violator with remedies.

Article 12 (Method of disclosure)

The Company shall disclose the Codes of Ethical Conduct it has adopted, and any amendments to it, on the Company website, in its Annual Reports and prospectuses and on the MOPS.

Article 13 (Enforcement)

These Codes, and any amendments to them, shall enter into force after the approval of the Board of Directors, delivered to each supervisor, and submitted to the Shareholders' Meeting.

Procedures for Election of Directors of Sincere Navigation Corporation

June 28, 2019

Amended by the Shareholders Meeting

1. The elections of the Directors of the Company must be handled in accordance with these Procedures.
2. Except where the Company's Articles of Incorporation provide otherwise, in the elections of the Company's Directors, each share has the same number of voting rights as the number of Directors to be elected.
A share's votes may be concentrated on one candidate or spread over several candidates.
3. The Board must prepare the same number of election ballots as the number of Directors to be elected, and must indicate the shareholder's number of votes and the shareholder's attendance number.
4. Before the election, the Chairman must designate several ballot inspectors and ballot counters to perform their respective duties.
5. At the election of Directors, the Board sets up a ballot box, which is opened and inspected by ballot inspectors before the vote.
6. If the elector is a shareholder, the elector must complete his/her company's name and shareholder number in the "elector" field on the ballot.
If the elector is a not shareholder, the elector must complete his/her name and Government Uniform Invoice number. Government.
If the elector is a government agency, the elector must complete the agency's or legal person's name and the name of its representative; in the case of several representatives, all their names must be listed.
7. A ballot is invalid in the following circumstances:
 - (1) If a ballot is used in a way that violates these Procedures.
 - (2) If a ballot is left blank and cast into the ballot box.
 - (3) If the writing on the ballot is illegible or has been altered.
 - (4) In the case of an elector who is a shareholder: If the shareholder name and shareholder number do not correspond with the shareholder records.
In the case of an elector who is not a shareholder: If the personal name and national ID Card number do not correspond.
 - (5) If additional text has been written in addition to the shareholder/personal name, shareholder number/GUI number, and numbers of votes cast.
 - (6) If the shareholder/personal name, shareholder number/GUI number, and numbers of votes have not been completed.
 - (7) If two or more electors are listed on a single ballot together.
8. The election of Directors of the Company must proceed by a candidate nomination system as stipulated in Article 192 of the Company Act.
The qualifications of the Independent Directors of the Company must comply with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. The Articles of Incorporation set quotas for the passive voting rights of the Company's Independent Directors and non-Independent Directors. Candidates are declared elected in descending order of votes received. If two candidates have received the

same number of votes above the electoral threshold, their electoral ranking is decided by those candidates drawing lots. If any candidate or candidates are absent, the Chairman will draw lots in their stead.

9. After the vote, the ballots will be counted on the spot and the election results will be announced on the spot by the meeting chairman.
10. Matters not arranged in these Procedures must be handled in accordance with the Company Act, the Company's Articles of Incorporation, and relevant laws and regulations.
11. These Procedures take effect after they have been approved by the Shareholders Meeting. The same applies to their amendments.
12. These Election Procedures were adopted on May 28, 2002. The 1st amendment was passed on June 29, 2016; the 2nd amendment was passed on June 28, 2019.

Impact of Stock Dividend Distribution on Company's Business Performance, EPS, and ROI

Item		Year	2020 (Estimate)
Beginning paid-in capital			NT\$5,853,533 thousand
Dividends distribution of the current year	Cash dividend per share		NT\$0.5
	Dividend per share with capital increase by retained earnings		-
	Dividend per share with capital increase by capital surplus		-
Changes in operating performance	Operating profit		Note
	Operating profit increase (decrease) ratio over the same period last year		Note
	Net income after tax		Note
	Ratio of increase (decrease) in net income after tax over the same period last year		Note
	Earnings per share (before retrospectively adjusted)		Note
	Earnings per share increase (decrease) ratio over the same period last year		Note
	Annual average return on investment (reciprocal of the annual average P/E ratio)		Note
Pro forma earnings per share and P/E ratio	If capital increase by retained earnings are redistributed as cash dividend	Pro forma earnings per share	Note
		Pro forma annual average return on investment	Note
	If capital increase by capital surplus is not processed	Pro forma earnings per share	Note
		Pro forma annual average return on investment	Note
	If capital surplus is not processed and capital increase by retained earnings are redistributed as cash dividend	Pro forma earnings per share	Note
		Pro forma annual average return on investment	Note

Note: Not applicable as the company does not publicize financial forecasting.

Chairman: HSU, CHI-KAO

Manager: HSU, CHI-KAO

Principal Accounting Officer:
FAN, HSIAO-TING

Sincere Navigation Corporation

[Appendix VI]

List of Directors:

Reporting date: April 19, 2021

Position	Name	Date of election	Number of shares held at the time of election			Current number of shares			Remarks
			Type	Number of shares	Percentage of shares issued at the time	Type	Number of shares	Percentage of shares issued at the time	
Chairman	HSU, CHI-KAO	2019.06.28	Common shares	500,000	0.09%	Common shares	515,000	0.09%	
Director	HSU, GEE-KING	2019.06.28	Common shares	4,295,120	0.76%	Common shares	4,423,973	0.76%	Based on the actual number of shares held
Director	CTBC BANK CO., LTD IN CUSTODY FOR SOLAR SHIPPING AGENCY LTD	2019.06.28	Common shares	16,007,866	2.82%	Common shares	18,363,398	3.14%	
Director	CTBC BANK CO., LTD IN CUSTODY FOR ORIENT DYNASTY LTD	2019.06.28	Common shares	9,261,904	1.63%	Common shares	9,539,761	1.63%	
Independent Director	LEE, YEN-SUNG	2019.06.28	Common shares	-	0.00%	Common shares	-	0.00%	
Independent Director	CHENG, FU-KUO	2019.06.28	Common shares	-	0.00%	Common shares	-	0.00%	
Independent Director	FAN, KUANG-NAN	2019.06.28	Common shares	9,050	0.00%	Common shares	9,321	0.00%	
Total				30,073,940			32,851,453		

Total shares issued as of June 28, 2019: 568,304,171 shares

Total shares issued as of April 19, 2021: 585,353,297 shares

Remarks:

Shares held by the Directors of the Company in accordance with the law: 18,731,305 shares. As of April 19, 2021, all Directors held: 32,842,132 shares
The company has Audit Committee, so shares held by the Supervisors of the Company in accordance with the law is not applied.

*Shares held by the Independent Directors are not included in the number of shares held by Directors.