

**SINCERE NAVIGATION CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
December 31, 2021 and 2020**

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



資誠

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the accompanying consolidated balance sheets of Sincere Navigation Corporation and subsidiaries (the “Group”) as at December 31, 2021 and 2020, 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, 2021 and 2020, 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. 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 Group’s 2021 consolidated financial statements. 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 2021 consolidated financial statements are as follows:

Impairment of vessels and equipment

Description

Refer to Notes 4(14), 5(2) and 6(5), 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 the demand for 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 at December 31, 2021, vessel equipment amounted to NT\$13,286,890 thousand, constituting 62% 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 recognises 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, etc.

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, 2021 and 2020.

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

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

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

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

Auditors’ responsibilities for the audit of the consolidated financial statements

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



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

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

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



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

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

Lin, Yi-Fan

Liao, Fu-Ming

For and on behalf of PricewaterhouseCoopers, Taiwan

March 15, 2022

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 independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 5,423,323	25	\$ 4,665,858	22
1136	Current financial assets at amortised cost	6(2)	114,326	1	1,300	-
1140	Current contract assets	6(14)	134,702	1	81,626	-
1170	Accounts receivable		280,224	1	180,524	1
1200	Other receivables		123,458	1	166,967	1
1210	Other receivables - related parties	7	62	-	233	-
1220	Current tax assets		-	-	251	-
130X	Bunker inventories		209,319	1	99,810	-
1410	Prepayments		32,231	-	37,739	-
1470	Other current assets	8	258,300	1	335,100	2
11XX	Total current assets		<u>6,575,945</u>	<u>31</u>	<u>5,569,408</u>	<u>26</u>
Non-current assets						
1535	Non-current financial assets at amortised cost	6(2)	1,520,262	7	-	-
1600	Property, plant and equipment	6(3)(5)(6)(7)(9) and 8	13,389,543	62	15,545,535	74
1755	Right-of-use assets	6(4)	11,298	-	15,181	-
1840	Deferred income tax assets	6(22)	5,028	-	6,858	-
1900	Other non-current assets	8	32,842	-	8,581	-
15XX	Total non-current assets		<u>14,958,973</u>	<u>69</u>	<u>15,576,155</u>	<u>74</u>
1XXX	Total assets		<u>\$ 21,534,918</u>	<u>100</u>	<u>\$ 21,145,563</u>	<u>100</u>

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SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(7)	\$ 850,000	4	\$ 840,000	4
2130	Current contract liabilities	6(14)	72,949	-	92,144	-
2200	Other payables	6(8)	213,825	1	198,589	1
2220	Other payables - related parties	7	16,801	-	22,246	-
2230	Current income tax liabilities		92,040	-	541	-
2280	Current lease liabilities		5,562	-	5,746	-
2320	Long-term liabilities, current portion	6(9)	1,245,089	6	839,469	4
21XX	Total current liabilities		<u>2,496,266</u>	<u>11</u>	<u>1,998,735</u>	<u>9</u>
Non-current liabilities						
2540	Long-term borrowings	6(9)	3,105,585	15	3,346,686	16
2570	Deferred income tax liabilities	6(22)	35,658	-	118,233	1
2580	Non-current lease liabilities		6,802	-	10,631	-
2600	Other non-current liabilities	6(10)	23,598	-	32,853	-
25XX	Total non-current liabilities		<u>3,171,643</u>	<u>15</u>	<u>3,508,403</u>	<u>17</u>
2XXX	Total liabilities		<u>5,667,909</u>	<u>26</u>	<u>5,507,138</u>	<u>26</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(11)	5,853,533	27	5,853,533	28
Capital surplus						
3200	Capital surplus	6(12)	243,203	1	242,611	1
Retained earnings						
3310	Legal reserve	6(13)	3,185,897	15	3,171,779	15
3320	Special reserve		2,216,073	10	1,349,931	6
3350	Unappropriated retained earnings		5,610,398	26	6,079,037	29
Other equity interest						
3400	Other equity interest		(2,684,372)	(12)	(2,216,073)	(10)
31XX	Equity attributable to owners of the parent		<u>14,424,732</u>	<u>67</u>	<u>14,480,818</u>	<u>69</u>
36XX	Non-controlling interest	4(3)	1,442,277	7	1,157,607	5
3XXX	Total equity		<u>15,867,009</u>	<u>74</u>	<u>15,638,425</u>	<u>74</u>
Significant contingent liabilities and unrecognised contractual commitments						
Significant events after balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 21,534,918</u>	<u>100</u>	<u>\$ 21,145,563</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, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Items	Notes	Year ended December 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(14) and 7	\$ 4,297,446	100	\$ 3,929,127	100
5000	Operating costs	6(20)(21) and 7	(3,004,673)	(70)	(2,967,116)	(75)
5900	Net operating margin		<u>1,292,773</u>	<u>30</u>	<u>962,011</u>	<u>25</u>
	Operating expenses	6(20)(21)				
6200	General and administrative expenses		(219,513)	(5)	(185,921)	(5)
6450	Impairment loss determined in accordance with IFRS 9		(477)	-	-	-
6000	Total operating expenses		(219,990)	(5)	(185,921)	(5)
6500	Other losses	6(15)	(8,403)	-	-	-
6900	Operating profit		<u>1,064,380</u>	<u>25</u>	<u>776,090</u>	<u>20</u>
	Non-operating income and expenses					
7100	Interest income	6(16)	61,366	1	15,993	-
7010	Other income	6(17)	23,453	-	39,901	1
7020	Other gains and losses	6(18)	(260,436)	(6)	74,053	2
7050	Finance costs	6(19)	(103,864)	(2)	(158,644)	(4)
7000	Total non-operating income and expenses		(279,481)	(7)	(28,697)	(1)
7900	Profit before income tax		<u>784,899</u>	<u>18</u>	<u>747,393</u>	<u>19</u>
7950	Income tax expense	6(22)	(11,554)	-	(57,020)	(1)
8000	Profit for the year from continuing operations		<u>773,345</u>	<u>18</u>	<u>690,373</u>	<u>18</u>
8100	Profit (loss) for the year from discontinued operations	6(6)	<u>84,453</u>	<u>2</u>	(435,281)	(11)
8200	Profit for the year		<u>\$ 857,798</u>	<u>20</u>	<u>\$ 255,092</u>	<u>7</u>

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SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Items	Notes	Year ended December 31				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Actuarial gain (loss) on defined benefit plans	6(10)	\$ 136	-	(\$ 146)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	(27)	-	29	-
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations		(504,229)	(12)	(928,171)	(24)
8500	Total comprehensive income (loss) for the year		<u>\$ 353,678</u>	<u>8</u>	<u>(\$ 673,196)</u>	<u>(17)</u>
Profit attributable to:						
8610	Owners of the parent		\$ 704,189	16	\$ 141,296	4
8620	Non-controlling interest		153,609	4	113,796	3
			<u>\$ 857,798</u>	<u>20</u>	<u>\$ 255,092</u>	<u>7</u>
Comprehensive income (loss) attributable to:						
8710	Owners of the parent		\$ 235,999	5	(\$ 724,963)	(18)
8720	Non-controlling interest		117,679	3	51,767	1
			<u>\$ 353,678</u>	<u>8</u>	<u>(\$ 673,196)</u>	<u>(17)</u>
Earnings per share (in dollars)						
9710	Basic earnings per share from continuing operations	6(23)	\$ 1.06	\$ 0.98		
9720	Basic earnings (loss) per share from discontinued operations		0.14	(0.74)		
9750	Total basic earnings per share		<u>\$ 1.20</u>	<u>\$ 0.24</u>		
Diluted earnings per share (in dollars)						
9810	Diluted earnings per share from continuing operations	6(23)	\$ 1.06	\$ 0.98		
9820	Diluted earnings (loss) per share from discontinued operations		0.14	(0.74)		
9850	Total diluted earnings per share		<u>\$ 1.20</u>	<u>\$ 0.24</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, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent										
		Capital Reserves				Retained Earnings						
				Difference between consideration and carrying amount of subsidiaries acquired				Unappropriated retained earnings	Financial statements translation differences of foreign operations		Non-controlling interest	Total equity
Notes	Share capital - common stock	Treasury stock transactions	Others	Legal reserve	Special reserve	Total	Total	Total	Total	Total	Total	Total
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)											
Legal reserve	-	-	-	8,761	-	-	(8,761)	-	-	-	-	
Special reserve	-	-	-	-	425,661	-	(425,661)	-	-	-	-	
Cash dividends	-	-	-	-	-	-	(292,677)	-	(292,677)	-	(292,677)	
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	(99,021)	(99,021)	
Overdue unclaimed cash dividends	-	-	-	622	-	-	-	-	622	-	622	
Balance at December 31, 2020	<u>\$ 5,853,533</u>	<u>\$ 39,243</u>	<u>\$ 199,339</u>	<u>\$ 4,029</u>	<u>\$ 3,171,779</u>	<u>\$ 1,349,931</u>	<u>\$ 6,079,037</u>	<u>(\$ 2,216,073)</u>	<u>\$ 14,480,818</u>	<u>\$ 1,157,607</u>	<u>\$ 15,638,425</u>	
For the year ended December 31, 2021												
	\$ 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	
	-	-	-	-	-	-	704,189	-	704,189	153,609	857,798	
	-	-	-	-	-	-	109	(468,299)	(468,190)	(35,930)	(504,120)	
	-	-	-	-	-	-	704,298	(468,299)	235,999	117,679	353,678	
Appropriations of 2020 earnings:	6(13)											
Legal reserve	-	-	-	14,118	-	-	(14,118)	-	-	-	-	
Special reserve	-	-	-	-	866,142	-	(866,142)	-	-	-	-	
Cash dividends	-	-	-	-	-	-	(292,677)	-	(292,677)	-	(292,677)	
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	166,991	166,991	
Overdue unclaimed cash dividends	-	-	-	592	-	-	-	-	592	-	592	
Balance at December 31, 2021	<u>\$ 5,853,533</u>	<u>\$ 39,243</u>	<u>\$ 199,339</u>	<u>\$ 4,621</u>	<u>\$ 3,185,897</u>	<u>\$ 2,216,073</u>	<u>\$ 5,610,398</u>	<u>(\$ 2,684,372)</u>	<u>\$ 14,424,732</u>	<u>\$ 1,442,277</u>	<u>\$ 15,867,009</u>	

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, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from continuing operations before tax		\$ 784,899	\$ 747,393
Profit (loss) from discontinued operations before tax	6(6)	84,453	(435,281)
Profit before tax		869,352	312,112
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(20)	1,217,848	1,331,465
Amortisation	6(20)	59	102
Impairment loss determined in accordance with IFRS 9	12(2)	477	-
Interest income		(61,383)	(16,058)
Interest expense		103,869	158,675
(Gain) loss on disposal of non-current assets classified as held for sale	6(6)	(56,858)	3,518
Gain on disposal of property, plant and equipment		(6,997)	-
Impairment loss recognised in profit or loss, property, plant and equipment	6(5)	304,882	340,017
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		(53,111)	17,487
Accounts receivable		(99,700)	272,929
Other receivables		43,136	(127,350)
Other receivables - related parties		171	276
Bunker inventories		(109,509)	139,937
Prepayments		5,508	19,207
Changes in operating liabilities			
Current contract liabilities		(19,195)	56,528
Other payables		42,474	(89,363)
Other payables - related parties		(5,445)	(694)
Accrued pension liabilities		(9,119)	140
Cash inflow generated from operations		2,166,459	2,418,928
Interest received		61,312	18,055
Income tax paid		(827)	(749)
Refund of income tax		251	-
Net cash flows from operating activities		2,227,195	2,436,234

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SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortised cost		(\$ 1,727,320)	\$ -
Repayment of principal of financial assets at amortised cost		83,817	-
Decrease in other current assets		76,800	95,233
Proceeds from disposal of non-current assets classified as held for sale	6(6)	274,361	296,460
Acquisition of property, plant, and equipment	6(24)	(355,927)	(303,159)
Proceeds from disposal of property, plant and equipment		327,722	-
Acquisition of intangible assets		(206)	-
Decrease in refundable deposits		-	59
Net cash flows (used in) from investing activities		(1,320,753)	88,593
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(25)	10,000	40,000
Repayment of principal of lease liability	6(25)	(5,777)	(5,700)
Proceeds from long-term borrowings	6(25)	1,293,630	-
Repayment of long-term borrowings	6(25)	(1,016,994)	(925,528)
Interest paid		(99,694)	(174,953)
Cash dividends paid	6(13)	(292,677)	(292,677)
Change in non-controlling interests		166,991	(99,021)
Overdue unclaimed cash dividends		592	622
Net cash flows from (used in) financing activities		56,071	(1,457,257)
Effect of changes in foreign exchange rate		(205,048)	(347,368)
Net increase in cash and cash equivalents		757,465	720,202
Cash and cash equivalents at beginning of year		4,665,858	3,945,656
Cash and cash equivalents at end of year		\$ 5,423,323	\$ 4,665,858

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 15, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

B. Subsidiaries included in the consolidated financial statements:

(a) Norley Corporation Inc. (Norley)

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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Norley	Poseidon Marine Ltd.	Shipping	100%	100%	
"	Kenmore Shipping Inc.	Oil tanker	100%	100%	
"	Maxson Shipping Inc.	Shipping	100%	100%	
"	Ocean Wise Limited	Shipping	100%	100%	
"	Winnington Limited (Winnington)	Investment holdings	-	100%	Note 1
"	Jetwall Co. Ltd. (Jetwall)	Investment holdings	80%	80%	
"	Victory Navigation Inc. (Victory)	Investment holdings	55%	55%	
"	Pacifica Maritime Limited	Oil tanker	100%	100%	
"	Sky Sea Maritime Limited (Sky Sea)	Shipping	55%	55%	
"	Elroy Maritime Services Inc. (Elroy)	Maritime service	100%	100%	
"	Glory Selah Limited (Glory)	Investment holdings	55%	-	Note 2
Winnington	Peg Shipping Company Limited	Shipping	-	100%	Note 1
Jetwall	Everwin Maritime Limited	Oil tanker	100%	100%	
Victory	Everprime Shipping Limited	Shipping	100%	100%	
Sky Sea	Ocean Grace Limited	Shipping	100%	100%	
Elroy	Oak Maritime (Canada) Inc.	Maritime service	100%	100%	
Glory	Bridge Poiema Limited	Shipping	100%	-	Note 2

Note 1: Winnington Limited. and Peg Shipping Company Limited. ceased operations and were liquidated on June 18, 2021.

Note 2: Glory Selah Limited and Bridge Poiema Limited were established in Marshall Islands on April 21, 2021.

(b) Heywood Limited (Heywood)

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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Heywood	Clifford Navigation Corporation	Shipping	100%	100%	
"	Brighton Shipping Inc.	Shipping	100%	100%	
"	Rockwell Shipping Limited	Shipping	100%	100%	
"	Howells Shipping Inc.	Shipping	100%	100%	
"	Crimson Marine Company	Shipping	-	100%	Note
"	Helmsman Navigation Co. Ltd.	Shipping	100%	100%	
"	Keystone Shipping Co. Ltd.	Shipping	100%	100%	
"	Century Shipping Limited (Centutry)	Investment holdings	100%	100%	
Century	Haihu Maritime Service (Shanghai) Co., Ltd.	Maritime service	100%	100%	

Note : Crimson Marine Company ceased operations and was liquidated on December 9, 2021.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2021 and 2020, the non-controlling interest amounted to \$1,442,277 and \$1,157,607, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2021		December 31, 2020	
		Amount	Ownership (%)	Amount	Ownership (%)
Jetwall Co. Ltd.	Marshall Islands	\$ 294,818	20	\$ 382,653	20
Victory Navigation Inc.	Marshall Islands	355,930	45	321,121	45
Sky Sea Maritime Limited	Marshall Islands	580,847	45	453,833	45
Glory Selah Limited	Marshall Islands	210,682	45	-	-

Summarised financial information of the subsidiaries:

Balance sheets

	<u>Jetwall Co. Ltd.</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 226,305	\$ 429,631
Non-current assets	1,564,519	1,945,086
Current liabilities	(107,861)	(139,085)
Non-current liabilities	(208,873)	(322,365)
Total net assets	<u>\$ 1,474,090</u>	<u>\$ 1,913,267</u>

	<u>Victory Navigation Inc.</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 300,523	\$ 240,859
Non-current assets	510,258	497,625
Current liabilities	(19,826)	(24,881)
Non-current liabilities	-	-
Total net assets	<u>\$ 790,955</u>	<u>\$ 713,603</u>

	<u>Sky Sea Maritime Limited</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 385,488	\$ 118,922
Non-current assets	1,686,984	1,816,601
Current liabilities	(142,292)	(149,502)
Non-current liabilities	(639,408)	(777,504)
Total net assets	<u>\$ 1,290,772</u>	<u>\$ 1,008,517</u>

	<u>Glory Selah Limited</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 47,912	\$ -
Non-current assets	1,678,150	-
Current liabilities	(131,649)	-
Non-current liabilities	(1,126,230)	-
Total net assets	<u>\$ 468,183</u>	<u>\$ -</u>

Statements of comprehensive income

	<u>Jetwall Co. Ltd.</u>	
	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Revenue	\$ 255,747	\$ 889,419
(Loss) Profit before income tax	(249,979)	586,571
Income tax expense	-	-
(Loss) Profit for the year	(249,979)	586,571
Other comprehensive income, net of tax	-	-
Total comprehensive (loss) income for the year	<u>(\$ 249,979)</u>	<u>\$ 586,571</u>
Comprehensive (loss) income attributable to non-controlling interest	<u>(\$ 49,996)</u>	<u>\$ 117,314</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>
	<u>Victory Navigation Inc.</u>	
	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Revenue	\$ 362,352	\$ 212,227
Profit (loss) before income tax	98,559	(20,900)
Income tax expense	-	-
Profit (loss) for the year	98,559	(20,900)
Other comprehensive income, net of tax	-	-
Total comprehensive income (loss) for the year	<u>\$ 98,559</u>	<u>(\$ 20,900)</u>
Comprehensive income (loss) attributable to non-controlling interest	<u>\$ 44,352</u>	<u>(\$ 9,405)</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>
	<u>Sky Sea Maritime Limited</u>	
	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Revenue	\$ 691,731	\$ 351,208
Profit before income tax	314,287	13,126
Income tax expense	-	-
Profit for the year	314,287	13,126
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	<u>\$ 314,287</u>	<u>\$ 13,126</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 141,429</u>	<u>\$ 5,907</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

Glory Selah Limited		
For the years ended December 31,		
	2021	2020
Revenue	\$ -	\$ -
Profit before income tax	39,609	-
Income tax expense	-	-
Profit for the year	39,609	-
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	<u>\$ 39,609</u>	<u>\$ -</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 17,824</u>	<u>\$ -</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

Statements of cash flows

Jetwall Co. Ltd.		
For the years ended December 31,		
	2021	2020
Net cash provided by operating activities	\$ 74,739	\$ 893,535
Net cash used in investing activities	(61,546)	(1,219)
Net cash used in financing activities	(252,590)	(567,136)
Effect of exchange rates on cash and cash equivalents	(7,372)	(14,380)
(Decrease) increase in cash and cash equivalents	(246,769)	310,800
Cash and cash equivalents, beginning of the year	362,862	52,062
Cash and cash equivalents, end of the year	<u>\$ 116,093</u>	<u>\$ 362,862</u>

Victory Navigation Inc.		
For the years ended December 31,		
	2021	2020
Net cash provided by operating activities	\$ 193,568	\$ 7,475
Net cash used in investing activities	(77,637)	-
Net cash used in financing activities	-	-
Effect of exchange rates on cash and cash equivalents	(5,499)	(7,640)
Increase (decrease) in cash and cash equivalents	110,432	(165)
Cash and cash equivalents, beginning of the year	147,136	147,301
Cash and cash equivalents, end of the year	<u>\$ 257,568</u>	<u>\$ 147,136</u>

	Sky Sea Maritime Limited	
	For the years ended December 31,	
	2021	2020
Net cash provided by operating activities	\$ 278,130	\$ 59,255
Net cash used in investing activities	(75)	(36,520)
Net cash used in financing activities	(131,526)	(150,577)
Effect of exchange rates on cash and cash equivalents	(2,249)	(2,839)
Increase (decrease) in cash and cash equivalents	144,280	(130,681)
Cash and cash equivalents, beginning of the year	18,597	149,278
Cash and cash equivalents, end of the year	<u>\$ 162,877</u>	<u>\$ 18,597</u>

	Glory Selah Limited	
	For the years ended December 31,	
	2021	2020
Net cash provided by operating activities	\$ 46,376	\$ -
Net cash used in investing activities	(1,688,545)	-
Net cash provided by financing activities	1,727,942	-
Effect of exchange rates on cash and cash equivalents	(38,410)	-
Increase in cash and cash equivalents	47,363	-
Cash and cash equivalents, beginning of the year	-	-
Cash and cash equivalents, end of the year	<u>\$ 47,363</u>	<u>\$ -</u>

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

B. Translation of foreign operations

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

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

(5) Classification of current and non-current items

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

(6) Cash equivalents

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

(7) Accounts receivable

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

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

(8) Impairment of financial assets

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

(9) Derecognition of financial assets

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

(10) Bunker inventories

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

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

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

(12) Property, plant and equipment

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

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

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

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

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

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

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(14) Impairment of non-financial assets

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

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

(15) Borrowings

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

(16) Accounts payable

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

(17) Derecognition of financial liabilities

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

(18) Employee benefits

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

currency and term of the employment benefit obligations.

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

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

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

(19) Income tax

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

(20) Share capital

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

(21) Dividends

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

(22) Revenue recognition

Revenue recognition of services

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

(23) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of tangible assets

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 432	\$ 485
Checking accounts and demand deposits	2,186,534	1,692,874
Time deposit	3,236,357	2,972,499
	<u>\$ 5,423,323</u>	<u>\$ 4,665,858</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Group's cash and cash equivalents pledged to others as collateral were classified as other current assets and other non-current assets. Related information is provided in Note 8.

(2) Financial assets at amortised cost

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Time deposits with maturity over three months	\$ 1,258	\$ 1,300
Bareboat charter (Note)	113,068	-
	<u>\$ 114,326</u>	<u>\$ 1,300</u>
Non-current items:		
Bareboat charter (Note)	<u>\$ 1,520,262</u>	<u>\$ -</u>

Note: The Group purchased the vessel externally and entered into a bareboat charter agreement with the same counterparty at the same time. In accordance with the agreement, the seller can buy back the vessel at the contract price during the contract period. Under IFRS 15, as the Group did not obtain control over the vessel, the consideration paid shall be recognised as financial assets in accordance with IFRS 9.

- A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Interest income	<u>\$ 57,046</u>	<u>\$ -</u>

- B. The Group has no financial assets at amortised cost pledged to others as collateral.
- C. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$1,634,588 and \$1,300, respectively.

(3) Property, plant and equipment

	Land	Buildings and structures	Vessels and equipment	Office equipment	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2021</u>						
Cost	\$ 90,215	\$ 28,191	\$ 27,459,100	\$ 8,536	\$ -	\$ 27,586,042
Accumulated depreciation	-	(17,264)	(11,495,972)	(7,239)	-	(11,520,475)
Accumulated impairment	-	-	(520,032)	-	-	(520,032)
	<u>\$ 90,215</u>	<u>\$ 10,927</u>	<u>\$ 15,443,096</u>	<u>\$ 1,297</u>	<u>\$ -</u>	<u>\$ 15,545,535</u>
<u>2021</u>						
Opening net book amount	\$ 90,215	\$ 10,927	\$ 15,443,096	\$ 1,297	\$ -	\$ 15,545,535
Additions	-	-	297,512	1,391	1,819	300,722
Disposals	-	-	(320,725)	-	-	(320,725)
Retirement - cost	-	-	(34,287)	-	-	(34,287)
Retirement - accumulated depreciation	-	-	34,287	-	-	34,287
Transfer	-	-	1,819	-	(1,819)	-
Reclassified as non-current assets held for sale (Note)	-	-	(217,503)	-	-	(217,503)
Impairment loss	-	-	(304,882)	-	-	(304,882)
Depreciation	-	(655)	(1,210,995)	(509)	-	(1,212,159)
Net exchange differences	-	-	(401,432)	(13)	-	(401,445)
Closing net book amount	<u>\$ 90,215</u>	<u>\$ 10,272</u>	<u>\$ 13,286,890</u>	<u>\$ 2,166</u>	<u>\$ -</u>	<u>\$ 13,389,543</u>
<u>At December 31, 2021</u>						
Cost	\$ 90,215	\$ 28,191	\$ 24,421,773	\$ 9,589	\$ -	\$ 24,549,768
Accumulated depreciation	-	(17,919)	(10,858,083)	(7,423)	-	(10,883,425)
Accumulated impairment	-	-	(276,800)	-	-	(276,800)
	<u>\$ 90,215</u>	<u>\$ 10,272</u>	<u>\$ 13,286,890</u>	<u>\$ 2,166</u>	<u>\$ -</u>	<u>\$ 13,389,543</u>

	Land	Buildings and structures	Vessels and equipment	Office equipment	Total
<u>At January 1, 2020</u>					
Cost	\$ 90,215	\$ 28,191	\$ 29,685,272	\$ 8,421	\$ 29,812,099
Accumulated depreciation	-	(16,609)	(11,628,689)	(7,420)	(11,652,718)
Accumulated impairment	-	-	(239,840)	-	(239,840)
	<u>\$ 90,215</u>	<u>\$ 11,582</u>	<u>\$ 17,816,743</u>	<u>\$ 1,001</u>	<u>\$ 17,919,541</u>
<u>2020</u>					
Opening net book amount	\$ 90,215	\$ 11,582	\$ 17,816,743	\$ 1,001	\$ 17,919,541
Additions	-	-	391,494	667	392,161
Retirement - cost	-	-	(106,090)	(399)	(106,489)
Retirement - accumulated depreciation	-	-	106,090	399	106,489
Reclassified as non-current assets held for sale (Note)	-	-	(285,239)	-	(285,239)
Impairment loss	-	-	(340,017)	-	(340,017)
Depreciation	-	(655)	(1,324,493)	(362)	(1,325,510)
Net exchange differences	-	-	(815,392)	(9)	(815,401)
Closing net book amount	<u>\$ 90,215</u>	<u>\$ 10,927</u>	<u>\$ 15,443,096</u>	<u>\$ 1,297</u>	<u>\$ 15,545,535</u>
<u>At December 31, 2020</u>					
Cost	\$ 90,215	\$ 28,191	\$ 27,459,100	\$ 8,536	\$ 27,586,042
Accumulated depreciation	-	(17,264)	(11,495,972)	(7,239)	(11,520,475)
Accumulated impairment	-	-	(520,032)	-	(520,032)
	<u>\$ 90,215</u>	<u>\$ 10,927</u>	<u>\$ 15,443,096</u>	<u>\$ 1,297</u>	<u>\$ 15,545,535</u>

Note: Information about the reclassification of non-current assets held for sale is provided in Note 6(6).

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

- (a) Vessel 20 years
- (b) Repairs and dry-dock inspection of vessel 2.5 years

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

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

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

(4) Leasing arrangements – lessee

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 7,970	\$ 11,901
Other equipment	3,328	3,280
	<u>\$ 11,298</u>	<u>\$ 15,181</u>
	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 3,662	\$ 3,613
Other equipment	2,027	2,342
	5,689	5,955
Less: Depreciation charge from discontinued operations	(236)	(744)
	<u>\$ 5,453</u>	<u>\$ 5,211</u>

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$2,148 and \$0, respectively.

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

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 664	\$ 924
Expense on short-term lease contracts	4,326	4,896

E. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were \$10,207 and \$11,520, respectively.

(5) Impairment of non-financial assets

A. The Group recognised impairment loss amounting to \$304,882 and \$340,017 for the years ended December 31, 2021 and 2020, respectively. Details of the loss are as follows:

	<u>For the year ended December 31, 2021</u>	
	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>
Impairment loss-Vessels and equipment-net	\$ 304,882	\$ -

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

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

	<u>For the year ended December 31, 2021</u>		<u>For the year ended December 31, 2020</u>	
	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>
Bulk carrier	\$ 24,782	\$ -	\$ -	\$ -
Oil tanker	280,100	-	-	-
Discontinued operations	-	-	340,017	-
	<u>\$ 304,882</u>	<u>\$ -</u>	<u>\$ 340,017</u>	<u>\$ -</u>

C. A vessel "Mineral Antwerpen" held by the Group's third-tier subsidiary "Peg Shipping Company Limited" was sold at the price of \$281,979 (USD\$9,690), and its recoverable amount was lower than the book value, resulting in the recognition of impairment loss of the Group's property, plant and equipment. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of \$36,847 (USD 1,247 thousand) in the third quarter

of 2020. The recoverable amount is the property's fair value less costs of capital, evaluated by reference to the transaction price of a property in similar type in accordance with the market approach. The fair value is classified as a level 3 fair value. The Group had completed the sale of the vessel in the fourth quarter of 2020.

- D. An impairment loss was recognised on the vessel "Georgiana" held by the Group's second subsidiary "Crimson Marine Company", whose recoverable amount was lower than the book value. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of \$303,170 (USD 10,260 thousand) for the year ended December 31, 2020. The recoverable amount is the property's fair value less costs of capital, estimated by reference to the transaction price of a property in similar type in accordance with the market approach. The fair value is classified as a level 3 fair value. The Group had completed the sale of the vessel in the second quarter of 2021.
- E. An impairment loss was recognised on the vessel "Madonna III" held by the Group, whose recoverable amount was lower than the book value. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of \$24,782 in the second quarter of 2021. The recoverable amount is the property's fair value less costs of capital, evaluated by reference to the transaction price of a property in similar type in accordance with the market approach. The fair value is classified as a level 3 fair value. The Group had completed the sale of the vessel in the third quarter of 2021.
- F. An impairment loss was recognised on the vessel "Kondor" held by the Group's second subsidiary "Kenmore Shipping Inc.", whose recoverable amount was lower than the book value. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of \$67,224 (USD 2,400 thousand) for the year ended December 31, 2021. The recoverable amount is the value-in-use of the cash-generating unit, which is estimated by discounted cash flow method. The discount rate for measurement is 8.15%.
- G. An impairment loss was recognised on the vessel "Maxim" held by the Group's third-tier subsidiary "Everwin Maritime Limited.", whose recoverable amount was lower than the book value. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of \$212,876 (USD 7,600 thousand) for the year ended December 31, 2021. The recoverable amount is the value-in-use of the cash-generating unit, which is estimated by discounted cash flow method. The discount rate for measurement is 8.8%.

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

- A. On March 25, 2021, the Board of Directors of the second-tier subsidiary, Crimson Marine Company, resolved to sell the vessel named "Georgiana" and entered into a sale agreement with the buyer – VANHUI RESOURCES (HK) CO., LIMITED or nominee. On May 4, 2021, the disposal of the vessel met the definition of discontinued operations and was classified as a discontinued operation. On May 10, 2021, the vessel was sold, and the transaction was settled.

(a) The cash flow information of the discontinued operation, Georgiana, is as follows:

	For the years ended December 31,	
	2021	2020
Operating cash flows	\$ 41,042	(\$ 15,858)
Investing cash flows	274,361	-
Financing cash flows	(519)	146,970
Total cash flows	<u>\$ 314,884</u>	<u>\$ 131,112</u>

(b) The financial performance information of the discontinued operation, Georgiana, is as follows:

	For the years ended December 31,	
	2021	2020
Profit or loss for the year from discontinued operations		
Revenue	\$ 45,549	\$ 56,523
Cost	(18,372)	(136,029)
Gross profit (loss) from discontinued operations	27,177	(79,506)
Operating expenses	(476)	(677)
Operating profit (loss) from discontinued operations	26,701	(80,183)
Interest income	17	8
Other income	926	-
Impairment loss	-	(303,170)
Other losses	(44)	(50)
Interest expense	(5)	(31)
Profit (loss) for the year from discontinued operations	27,595	(383,426)
Gain on disposal of assets from discontinued operations		
Gain on disposal of assets from discontinued operations	<u>56,858</u>	<u>-</u>
Total profit (loss) from discontinued operations	<u>\$ 84,453</u>	<u>(\$ 383,426)</u>
Profit (loss) attributable to:		
Owners of the parent	\$ 84,453	(\$ 383,426)
Non-controlling interest	<u>-</u>	<u>-</u>
	<u>\$ 84,453</u>	<u>(\$ 383,426)</u>

B. On October 8, 2020, the Board of Directors of the third-tier subsidiary, Peg Shipping Company Limited, resolved to sell the vessel named “Mineral Antwerpen” and entered into a sale agreement

with the buyer – Nicholas G. Moundreas Shipping SA or nominee. On November 6, 2020, the disposal of the vessel met the definition of discontinued operations and was classified as a discontinued operation. On November 10, 2020, the vessel was sold, and the transaction was settled. The Company had completed the liquidation and was dissolved on June 18, 2021.

(a) The cash flow information of the discontinued operation, Mineral Antwerpen, is as follows:

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

(b) The financial performance information of the discontinued operation, Mineral Antwerpen, is as follows:

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

C. Profit and earnings per share from continuing and discontinued operations attributable to owners of the parent: Please refer to Note 6(23).

(7) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 120,000	1.20%~1.22%	Land, buildings and structures, and promissory notes
Unsecured borrowings	<u>730,000</u>	1.10%~1.44%	Promissory notes
	<u>\$ 850,000</u>		

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>Footnote</u>
Jack Hsu	<u>\$ 1,100,000</u>	<u>\$ 900,000</u>	Promissory notes/ Guarantee

(8) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Wages and salaries payable	\$ 26,678	\$ 30,222
Fuel expense payable	60,498	29,381
Commissions payable	13,819	7,791
Interest payable	14,138	10,564
Insurance expense payable	20,498	15,506
Employees' compensation and directors' and supervisors' remuneration payable	14,606	10,234
Payable on machinery and equipment	-	31,081
Others	<u>63,588</u>	<u>63,810</u>
	<u>\$ 213,825</u>	<u>\$ 198,589</u>

(9) Long-term borrowings

<u>Bank</u>	<u>Collateral</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Mega Bank	Vessel-Maxim	\$ 313,310 (USD 11,319 thousand)	\$ 429,820 (USD 15,092 thousand)
ING Bank	Vessel-Kondor	508,620 (USD 18,375 thousand)	623,000 (USD 21,875 thousand)
Mega Bank (and syndicate)	Vessel-Tai Shan	-	102,118 (USD 3,586 thousand)
Mega Bank (and syndicate)	Vessel-Oceana	156,945 (USD 5,670 thousand)	215,309 (USD 7,560 thousand)
Mega Bank (and syndicate)	Vessel-Palona	-	215,309 (USD 7,560 thousand)
Mega Bank (and syndicate)	Vessel-Elbhoff	879,186 (USD 31,763 thousand)	1,069,068 (USD 37,538 thousand)
Mega Bank (and syndicate)	Vessel-Tien Shan	755,664 (USD 27,300 thousand)	897,120 (USD 31,500 thousand)
Sea 86 Leasing Co. Limited (Note 1)	Vessel-Chou Shan	236,321 (USD 8,538 thousand)	313,924 (USD 11,023 thousand)
Sea 87 Leasing Co. Limited (Note 1)	Vessel-Chin Shan	245,686 (USD 8,876 thousand)	320,487 (USD 11,253 thousand)
Mega Bank	(Note 2)	1,254,942 (USD 45,388 thousand)	- (USD 0 thousand)
		<u>4,350,674</u>	<u>4,186,155</u>
Less: Current portion-due within one year (shown as other current liabilities)		(<u>1,245,089</u>)	(<u>839,469</u>)
		<u>\$ 3,105,585</u>	<u>\$ 3,346,686</u>
Interest rates		<u>1.33% ~ 6.23%</u>	<u>1.41% ~ 6.23%</u>

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

Note 1: The Group sold and leased back the vessel and has a right to buy back the vessel at a consideration stipulated in the contract at the end of the lease period. According to IFRS 15, such right is a part of sale and leaseback transactions and the entity should continue to recognise the asset in the balance sheet. The entity should account for proceeds as a financial liability in accordance with IFRS 9.

Note 2: The Group purchased the vessel externally and entered into a bareboat charter agreement with the same counterparty at the same time. The Group pledged the vessel to the bank as collateral and borrowed long-term borrowings.

(10) Pensions

A. Defined benefit pension plan

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

6 months prior to retirement. The Company contributes an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	(\$ 50,361)	(\$ 58,762)
Fair value of plan assets	<u>26,763</u>	<u>25,909</u>
Net defined benefit liability	<u>(\$ 23,598)</u>	<u>(\$ 32,853)</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Year ended December 31, 2021			
Balance at January 1	(\$ 58,762)	\$ 25,909	(\$ 32,853)
Current service cost	(319)	-	(319)
Interest (expense) income	(176)	<u>78</u>	(98)
	<u>(59,257)</u>	<u>25,987</u>	<u>(33,270)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	420	420
Change in demographic assumptions	(30)	-	(30)
Change in financial assumptions	1,412	-	1,412
Experience adjustments	<u>(1,666)</u>	<u>-</u>	<u>(1,666)</u>
	<u>(284)</u>	<u>420</u>	<u>136</u>
Pension fund contribution	-	356	356
Paid pension	<u>9,180</u>	<u>-</u>	<u>9,180</u>
Balance at December 31	<u>(\$ 50,361)</u>	<u>\$ 26,763</u>	<u>(\$ 23,598)</u>

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

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	For the years ended December 31,	
	2021	2020
Discount rate	0.70%	0.30%
Future salary increases	3.25%	3.25%

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

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ <u>832</u>)	<u>\$ 856</u>	<u>\$ 708</u>	(<u>\$ 693</u>)
December 31, 2020				
Effect on present value of defined benefit obligation	(\$ <u>958</u>)	<u>\$ 986</u>	<u>\$ 811</u>	(<u>\$ 793</u>)

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

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

- (f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2022 amount to \$334.

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2021 and 2020 were \$1,338 and \$2,556, respectively.
- (b) The Company's mainland China subsidiary, Haihu Maritime Service (Shanghai) Co., Ltd., has a defined contribution retirement plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on the employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations. The pension costs for the years ended December 31, 2021 and 2020 were \$1,148 and \$625, respectively.

(11) Share capital-common stock

As of December 31, 2021, the Company's authorised capital was \$7,000,000 and the paid-in capital was \$5,853,533, consisting of 585,353,297 common shares with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(12) Capital surplus

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

(13) Retained earnings

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

(a) 10% for legal reserve.

(b) Special reserve.

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

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

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

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

D. Appropriation of earnings

(a) The appropriations of 2020 and 2019 earnings had been resolved at the stockholders' meeting on August 24, 2021 and June 19, 2020, respectively. Details are summarised below:

	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 14,118		\$ 8,761	
Special reserve	866,142		425,661	
Cash dividends	292,677	\$ 0.50	292,677	\$ 0.50
	\$ 1,172,937		\$ 727,099	

(b) Subsequent events: the appropriation of 2021 earnings has been proposed by the Board of Directors on March 15, 2022. Details are summarised below:

	2021	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 70,430	
Special reserve appropriated	468,299	
Cash dividends	585,353	\$ 1.00
	\$ 1,124,082	

As of March 15, 2022, aforementioned appropriations of 2021 earnings have not yet been resolved at the stockholders' meeting, except for cash dividends which had already been decided by the Board of Directors and only need to be reported at the stockholders' meeting.

(14) Operating revenue

	For the years ended December 31,	
	2021	2020
Revenue from contracts with customers	\$ 4,297,446	\$ 3,929,127

A. Disaggregation of revenue from contracts with customers

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

	For the year ended December 31, 2021			
	Bulk carrier	Oil tanker	Management service	Total
Revenue from external customer contracts	<u>\$ 3,823,547</u>	<u>\$ 453,667</u>	<u>\$ 20,232</u>	<u>\$ 4,297,446</u>
Timing of revenue recognition				
Over time	<u>\$ 3,823,547</u>	<u>\$ 453,667</u>	<u>\$ 20,232</u>	<u>\$ 4,297,446</u>

	For the year ended December 31, 2020			
	Bulk carrier	Oil tanker	Management service	Total
Revenue from external customer contracts	<u>\$ 2,042,685</u>	<u>\$ 1,865,172</u>	<u>\$ 21,270</u>	<u>\$ 3,929,127</u>
Timing of revenue recognition				
Over time	<u>\$ 2,042,685</u>	<u>\$ 1,865,172</u>	<u>\$ 21,270</u>	<u>\$ 3,929,127</u>

B. Contract assets and liabilities

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

	December 31, 2021	December 31, 2020	January 1, 2020
Contract assets			
- bulk carrier	<u>\$ 134,702</u>	<u>\$ 81,626</u>	<u>\$ 99,113</u>
Contract liabilities			
- bulk carrier	<u>\$ 72,949</u>	<u>\$ 67,613</u>	<u>\$ 35,616</u>
Contract liabilities			
- oil tanker	<u>\$ -</u>	<u>\$ 24,531</u>	<u>\$ -</u>

C. Contract liabilities at the beginning of 2021 and 2020 amounting to \$92,144 and \$35,616, respectively, were all recognised as operating revenue for the years ended December 31, 2021 and 2020, respectively.

(15) Other income and expenses - net

	For the years ended December 31,	
	2021	2020
Claims expense	<u>\$ 8,403</u>	<u>\$ -</u>

(16) Interest income

	For the years ended December 31,	
	2021	2020
Interest income from bank deposits	\$ 4,320	\$ 15,993
Interest income from financial assets measured at amortised cost	57,046	-
	<u>\$ 61,366</u>	<u>\$ 15,993</u>

(17) Other income

	For the years ended December 31,	
	2021	2020
Rent income	\$ 366	\$ 366
Insurance claims	18,003	38,415
Others	5,084	1,120
	<u>\$ 23,453</u>	<u>\$ 39,901</u>

(18) Other gains and losses

	For the years ended December 31,	
	2021	2020
Gains on disposals of property, plant and equipment	\$ 6,997	\$ -
Currency exchange gains	43,088	74,055
Impairment loss of property, plant and equipment	(304,882)	-
Other losses	(5,639)	(2)
	<u>(\$ 260,436)</u>	<u>\$ 74,053</u>

(19) Finance costs

	For the years ended December 31,	
	2021	2020
Interest expense		
Interest expense on bank borrowings	\$ 103,200	\$ 157,720
Lease liabilities	664	924
	<u>\$ 103,864</u>	<u>\$ 158,644</u>

(20) Expenses by nature

Function Nature	For the years ended December 31,					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 487,963	\$ 120,816	\$ 608,779	\$ 542,576	\$ 121,057	\$ 663,633
Depreciation	1,212,932	4,916	1,217,848	1,326,747	4,718	1,331,465
Amortisation	-	59	59	-	102	102

(21) Employee benefit expense

Function Nature	For the years ended December 31,					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Wages and salaries	\$ 390,282	\$ 107,986	\$ 498,268	\$ 433,154	\$ 108,333	\$ 541,487
Labor and health insurance fees	868	3,350	4,218	2,507	3,058	5,565
Pension costs	-	2,903	2,903	1,254	2,546	3,800
Other personnel expenses	96,813	6,577	103,390	105,661	7,120	112,781
Total	\$ 487,963	\$ 120,816	\$ 608,779	\$ 542,576	\$ 121,057	\$ 663,633

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' remuneration.
- B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$7,303 and \$5,117, respectively; while directors' remuneration was accrued at \$7,303 and \$5,117, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 1% of distributable profit of current year for the year ended December 31, 2021. The employees' compensation and directors' remuneration resolved by the Board of Directors were both \$7,303, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration for 2020 were both \$5,117 as resolved by the Board of Directors and were in agreement with those amounts recognised in the 2020 financial statements.

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

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2021	2020
Current tax:		
Current tax on profits for the year	\$ 91,467	\$ 562
Prior year income tax underestimation	859	584
Total current tax	<u>92,326</u>	<u>1,146</u>
Deferred tax:		
Origination and reversal of temporary differences	(\$ 80,772)	\$ 55,874
Total deferred tax	<u>(80,772)</u>	<u>55,874</u>
Income tax expense	<u>\$ 11,554</u>	<u>\$ 57,020</u>

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

	2021	2020
Remeasurement of defined benefit obligations	<u>\$ 27</u>	<u>(\$ 29)</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 143,149	\$ 39,663
Income disallowed by tax regulation	(130,358)	(64,852)
Effect from loss carryforwards	-	67
Prior year income tax underestimation	859	584
Effects from backward remittance of earnings	(2,096)	81,582
Others	-	(24)
Income tax expenses	<u>\$ 11,554</u>	<u>\$ 57,020</u>

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

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

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Unfunded pension expense	\$ 6,570	(\$ 1,823)	(\$ 27)	\$ 4,720
Unused compensated absences	288	15	-	303
Others	-	5	-	5
Subtotal	<u>6,858</u>	<u>(1,803)</u>	<u>(27)</u>	<u>5,028</u>
- Deferred tax liabilities:				
Unrealised investments income	(91,136)	91,136	-	-
Unrealised exchange gain	(27,097)	(8,561)	-	(35,658)
Subtotal	<u>(118,233)</u>	<u>82,575</u>	<u>-</u>	<u>(35,658)</u>
Total	<u>(\$ 111,375)</u>	<u>\$ 80,772</u>	<u>(\$ 27)</u>	<u>(\$ 30,630)</u>

	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Income tax loss	\$ 4,187	(\$ 4,187)	\$ -	\$ -
Unfunded pension expense	6,513	28	29	6,570
Unused compensated absences	387	(99)	-	288
Subtotal	<u>11,087</u>	<u>(4,258)</u>	<u>29</u>	<u>6,858</u>
- Deferred tax liabilities:				
Unrealised investments income	(56,962)	(34,174)	-	(91,136)
Unrealised exchange gain	(9,655)	(17,442)	-	(27,097)
Subtotal	<u>(66,617)</u>	<u>(51,616)</u>	<u>-</u>	<u>(118,233)</u>
Total	<u>(\$ 55,530)</u>	<u>(\$ 55,874)</u>	<u>\$ 29</u>	<u>(\$ 111,375)</u>

D. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2021 and 2020, the temporary differences unrecognised as deferred tax liabilities were \$15,959,503 and \$15,754,556, respectively.

E. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(23) Earnings per share

	<u>For the year ended December 31, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders of the parent	\$ 619,736	585,353	\$ 1.06
Profit from discontinued operations attributable to the parent	84,453	-	0.14
Profit attributable to ordinary shareholders	<u>\$ 704,189</u>	<u>585,353</u>	<u>\$ 1.20</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 619,736	585,353	\$ 1.06
Profit from discontinued operations attributable to the parent	84,453	-	0.14
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	259	-
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 704,189</u>	<u>585,612</u>	<u>\$ 1.20</u>

For the year ended December 31, 2020			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders of the parent	\$ 576,577	585,353	\$ 0.98
Loss from discontinued operations attributable to the parent	(435,281)	-	(0.74)
Profit attributable to ordinary shareholders	<u>\$ 141,296</u>	<u>585,353</u>	<u>\$ 0.24</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 576,577	585,353	\$ 0.98
Loss from discontinued operations attributable to the parent	(435,281)	-	(0.74)
Assumed conversion of all dilutive potential ordinary shares			
- employees' compensation	-	230	-
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 141,296</u>	<u>585,583</u>	<u>\$ 0.24</u>

(24) Supplemental cash flow information

Investing activities with partial cash payments:

	For the years ended December 31,	
	2021	2020
Purchase of property, plant and equipment	\$ 300,722	\$ 392,161
Less: Beginning balance of prepayment on equipment (Note 1)	(1,040)	(58,961)
Add: Ending balance of prepayment on equipment (Note 1)	25,164	1,040
Add: Beginning balance of payable on equipment (Note 2)	31,081	-
Less: Ending balance of payable on equipment (Note 2)	-	(31,081)
Cash paid during the year	<u>\$ 355,927</u>	<u>\$ 303,159</u>

Note 1: Shown as other non-current assets.

Note 2: Shown as other payables.

(25) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2021	\$ 840,000	\$ 4,186,155	\$ 16,377	\$ 5,042,532
Proceeds from borrowings	10,000	1,293,630	-	1,303,630
Repayment of borrowings	-	(1,016,994)	-	(1,016,994)
Payment of principal	-	-	(5,777)	(5,777)
Impact of changes in foreign exchange rate	-	(112,117)	1,764	(110,353)
At December 31, 2021	<u>\$ 850,000</u>	<u>\$ 4,350,674</u>	<u>\$ 12,364</u>	<u>\$ 5,213,038</u>

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

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Jack Hsu	Chairman
Oak Agencies Limited (OAL)	Other related party
Asia Century Navigation Co., Ltd. (Asia Century)	Other related party
Diamonds Ocean Limited (Diamonds Ocean)	Other related party
World Sea Navigation Limited (World Sea)	Other related party

(2) Significant related party transactions and balances

A. Operating revenue

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Management revenue:		
Other related party	<u>\$ 20,232</u>	<u>\$ 21,270</u>

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

B. Operating costs

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Commission fee:		
Other related party (Note)	<u>\$ 58,822</u>	<u>\$ 38,116</u>

Note: Commission fee of \$58,822 for the year ended December 31, 2021 includes the deduction item of other gains and losses amounting to \$3,343, and profit from discontinued operations amounting to \$2,800.

C. Other receivables

Amounts prepaid on behalf of related parties and agents:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other receivables:		
Other related party	<u>\$ 62</u>	<u>\$ 233</u>

D. Other payables

Advances from related parties and agency payable:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other payables:		
Other related party	\$ <u>16,801</u>	\$ <u>22,246</u>

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

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

F. For details of the guarantee provided by the Company's chairman to the Company, please refer to Note 6(7).

(3) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Salaries and other short-term employee benefits	\$ 27,571	\$ 23,591
Post-employment benefits	530	473
	<u>\$ 28,101</u>	<u>\$ 24,064</u>

8. PLEDGED ASSETS

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

<u>Pledged assets</u>	<u>Book value</u>		<u>Pledge purpose</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	
Bank deposits (shown as "other current assets")	\$ 258,300	\$ 335,100	Long-term loans
Guarantee deposits paid (shown as "other non-current assets")	7,430	7,439	Deposit of golf certificates and others
Property, plant and equipment			
Vessels and equipment-net	11,904,371	11,061,508	Long-term loans and short-term borrowings
Land and building and structures			Credit lines of short-term borrowings
	<u>99,114</u>	<u>99,682</u>	
	<u>\$ 12,269,215</u>	<u>\$ 11,503,729</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingent liabilities

Oil tanker Elbhoff, owned by Pacifica Maritime Limited which is a 100% owned subsidiary of the Company, joined the Tanker International's pool operation and was assigned to provide charter service to SeaRiver Maritime LLC. Due to its engine failure which caused the delay for loading time, SeaRiver terminated the contract and hired substitute vessels. Subsequently, SeaRiver filed arbitration against Tanker International claiming US\$7,066,097 as substitute rental costs and related port charges. Pacifica, as vessel owner, has potential liability and the claim has been filed for arbitration in New York, USA and the documents were exchanged on January 25, 2022, New York Time. The arbitration case is still in the initial stage of preparation, and the cause of the accident has yet to be clarified, so it is impossible to estimate its financial impact for the time being.

(2) Commitments

- A. The Company has outstanding notes payable for bank financing amounting to \$574,000.
- B. As of December 31, 2021, the outstanding balance arising from the acquisition of vessel's equipment amounted to \$33,393 (US\$1,206 thousand).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Company's Board of Directors proposed for the appropriation of 2021 earnings. Please refer to Note 6(13)D.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 5,423,323	\$ 4,665,858
Financial assets at amortised cost (including current portion)	1,634,588	1,300
Accounts receivable, net	280,224	180,524
Other receivables	123,458	166,967
Other receivables - related parties	62	233
Other financial assets	258,300	335,100
Guarantee deposits paid (shown as "other non-current assets")	7,430	7,439
	<u>\$ 7,727,385</u>	<u>\$ 5,357,421</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 850,000	\$ 840,000
Other payables	213,825	198,589
Other payables - related parties	16,801	22,246
Long-term borrowings (including current portion)	4,350,674	4,186,155
	<u>\$ 5,431,300</u>	<u>\$ 5,246,990</u>
Lease liabilities	<u>\$ 12,364</u>	<u>\$ 16,377</u>

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial

transactions and recognised assets and liabilities

- ii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2021			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 15,780	27.68	\$ 436,887
NTD : USD	4,708	0.04	4,708
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 60,226	27.68	\$ 1,667,181
December 31, 2020			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 3,541	28.48	\$ 100,641
NTD : USD	7,272	0.04	7,307
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 55,214	28.48	\$ 1,572,599

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

For the year ended December 31, 2021			
Exchange gain (loss)			
Foreign currency	amount		Book value
(In thousands)	Exchange rate		(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 15,780	27.68	(\$ 1,617)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 60,226	27.68	\$ 44,428
For the year ended December 31, 2020			
Exchange gain (loss)			
Foreign currency	amount		Book value
(In thousands)	Exchange rate		(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 3,541	28.48	\$ 4,713
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 55,214	28.48	\$ 82,498

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

For the year ended December 31, 2021			
Sensitivity analysis			
Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 4,369	\$ -
NTD:USD	1%	47	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 16,672	\$ -
For the year ended December 31, 2020			
Sensitivity analysis			
Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 1,006	\$ -
NTD:USD	1%	73	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 15,726	\$ -

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the years ended December 31, 2021 and 2020, the Group's borrowings at variable rate were denominated in United States dollars.
- ii. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is

used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

iii. At December 31, 2021 and 2020, if interest rates on USD-denominated borrowings had been 1% higher/lower with all other variables held constant, pre-tax profit (loss) for the years ended December 31, 2021 and 2020 would have been \$38,687 and \$35,517 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the contract cash flows of the accounts receivable based on the agreed terms.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms and obligation completed, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the modified approach using the provision matrix to estimate expected credit loss.

- vii. The Group wrote-off the financial assets, which cannot reasonably be expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2021 and 2020, the Group's written-off financial assets that are still under recourse procedures amounted to \$477 and \$0, respectively.
- viii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable and lease payments receivable. On December 31, 2021 and 2020, the provision matrix is as follows:

<u>December 31, 2021</u>	<u>Not past due</u>	<u>Total</u>
Expected loss rate	Approximately 0.03 %	
Total book value	\$ 280,224	\$ 280,224
Loss allowance	\$ -	\$ -

<u>December 31, 2020</u>	<u>Not past due</u>	<u>Total</u>
Expected loss rate	Approximately 0.03 %	
Total book value	\$ 180,524	\$ 180,524
Loss allowance	\$ -	\$ -

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Not past due	\$ 280,224	\$ 180,524

(c) Liquidity risk

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

- iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities December 31, 2021	Less than one year	Between one and five years	Over five years
Short-term borrowings	\$ 850,000	\$ -	\$ -
Other payables (including related parties)	230,626	-	-
Lease liability	5,982	6,995	-
Long-term borrowings (including current portion)	1,311,427	2,340,006	935,712

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

(3) Fair value information

- A. Financial instruments, which are not measured at fair value, includes cash and cash equivalents, accounts receivable, other receivables, other financial assets, short-term borrowings, and other payables. The carrying amounts of these instruments are approximate to their fair values.
- B. Finance department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of non-financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value. Investment property is evaluated regularly by the Group's financial department based on the valuation methods and assumptions announced by the Finance Supervisory Commission, Securities and Futures Bureau or through outsourced appraisal performed by the external valuer. The Group has no financial assets and liabilities and non-financial assets and liabilities measured by fair value at December 31, 2021 and 2020.

(4) Other matter

The Company is an international sea freight company. Since the global outbreak of the Covid-19 last year, countries around the world have implemented various preventive measures, curtailing port operations and reducing staff movements, making it difficult to deploy crew and bringing global economic activity to a standstill, which resulted to a decline in demand for shipping. Fortunately, with the successful development of the vaccine and its widespread use, the economies of various countries have been unblocked since the second half of last year, and the simultaneous expansion of infrastructure to stimulate economic growth has finally led to a rebound in bulk sea freight prices, which have been in the doldrums for many years and even reached a ten-year high in the third quarter of this year. On the contrary, the supply and demand side of the tanker business is still affected by the frequent incidents of virus strain mutation and contamination, which still depresses the demand for crude oil to a certain extent and makes the market price trend relatively conservative. In 2021, under the domestic epidemic alert policy, the pandemic did not have any significant impact on the Group's operations, except for the implementation of the government's epidemic prevention policy of working from home, stocking up on epidemic prevention equipment, and strengthening the promotion of cleaning and disinfection of the working environment and employee self health management.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 3.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 4.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Name, number of shares and shareholding ratio of shareholders whose ownership reached 5%: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

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

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

(2) Measurement of segment information

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

(3) Information about segment profit or loss

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

	For the year ended December 31, 2021			
	<u>Bulk carrier</u>	<u>Oil tanker</u>	<u>Other segments</u>	<u>Total</u>
Revenues from third parties	\$ 3,823,547	\$ 453,667	\$ 20,232	\$ 4,297,446
Segment income (loss)	\$ 1,286,447	(\$ 284,797)	\$ 20,232	\$ 1,021,882
Depreciation and amortization charge	\$ 733,685	\$ 470,732	\$ -	\$ 1,204,417

For the year ended December 31, 2020				
	Bulk carrier	Oil tanker	Other segments	Total
Revenues from third parties	\$ 2,042,685	\$ 1,865,172	\$ 21,270	\$ 3,929,127
Segment (loss) income	(\$ 459,713)	\$ 1,071,882	\$ 21,270	\$ 633,439
Depreciation and amortization charge	\$ 780,642	\$ 437,569	\$ -	\$ 1,218,211

(4) Reconciliation for segment income (loss)

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

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

	For the years ended December 31,	
	2021	2020
Reportable segment income	\$ 1,001,650	\$ 612,169
Other segment income	20,232	21,270
Total operating segment income	1,021,882	633,439
Others	(236,983)	113,954
Income from continuing operations before tax	\$ 784,899	\$ 747,393

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

(6) Major customer information

For the years ended December 31, 2021 and 2020, major customers with revenue representing 10% or above of the Group's total revenue are as follows:

	For the years ended December 31,			
	2021		2020	
	Revenues	Segment	Revenues	Segment
Customer A	\$ 252,363	Oil tanker	\$ 1,200,438	Oil tanker
Customer B	899,305	Bulk carrier	702,137	Bulk carrier
Customer C	201,303	Oil tanker	664,735	Oil tanker
Customer D	552,612	Bulk carrier	403,258	Bulk carrier

Sincere Navigation Corporation and Subsidiaries

Loans to others

For the year ended December 31, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 2)	Footnote
													Item	Value			
0	Sincere Navigation Corporation	None													\$ 4,327,420	\$ 5,769,893	
1	Norley Corporation Inc.	Sincere Navigation Corporation	Other receivables - related parties	Y	\$ 998,900	\$ 968,800	\$ 968,800	-	2	-	Working capital	-	-	-	11,141,053	11,141,053	The maximum amount amounted to USD 35,000,000 for the current period, and the actual amount was USD 35,000,000 at the end of year.
1	Norley Corporation Inc.	Elroy Maritime Service Inc.	Other receivables - related parties	Y	5,013	4,982	4,982	-	2	-	Working capital	-	-	-	11,141,053	11,141,053	The maximum amount amounted to USD 180,000 for the current period, and the actual amount was USD 180,000 at the end of year.
2	Heywood Limited	Sincere Navigation Corporation	Other receivables - related parties	Y	696,250	692,000	692,000	-	2	-	Working capital	-	-	-	5,082,954	5,082,954	The maximum amount amounted to USD 25,000,000 for the current period, and the actual amount was USD 25,000,000 at the end of year.
3	Elroy Maritime Service Inc.	Oak Maritime (Canada) Inc.	Other receivables - related parties	Y	5,013	4,982	4,982	-	2	-	Working capital	-	-	-	3,102	3,102	The maximum amount amounted to USD 180,000 for the current period, and the actual amount was USD 180,000 at the end of year.

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

(1) The Company is '0'.

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

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

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

Note 3: Nature of loans is filled as follows:

(1) Fill in 1 for business transactions.

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

Sincere Navigation Corporation and Subsidiaries
Provision of endorsements and guarantees to others
For the year ended December 31, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2021 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Relationship with the endorser/ guarantor (Note 2)	Company name											
0	Sincere Navigation Corporation	Helmsman Navigation Co. Ltd.	2	\$ 14,424,732	\$ 242,733	\$ 235,418	\$ 156,946	\$ -	29.01%	\$ 36,061,830	Y	N	N	Guarantee balance is US\$ 8,505 thousand
0	"	Keystone Shipping Co. Ltd.	2	14,424,732	404,554	-	-	-	29.01%	36,061,830	Y	N	N	Guarantee balance is US\$ 0
0	"	Maxson Shipping Inc.	2	14,424,732	153,178	-	-	-	29.01%	36,061,830	Y	N	N	Guarantee balance is US\$ 0
0	"	Everwin Maritime Limited	2	14,424,732	646,088	417,747	313,310	-	29.01%	36,061,830	Y	N	N	Guarantee balance is US\$ 15,092 thousand
0	"	Pacifica Maritime Limited	2	14,424,732	1,236,139	1,198,890	879,186	-	29.01%	36,061,830	Y	N	N	Guarantee balance is US\$ 43,313 thousand
0	"	Ocean Grace Limited	2	14,424,732	1,018,878	988,176	755,664	-	29.01%	36,061,830	Y	N	N	Guarantee balance is US\$ 35,700 thousand
0	"	Brighton Shipping Inc.	2	14,424,732	121,239	34,482	34,482	-	29.01%	36,061,830	Y	N	N	Guarantee balance is US\$ 1,246 thousand
0	"	Rockwell Shipping Limited	2	14,424,732	110,553	23,288	23,288	-	29.01%	36,061,830	Y	N	N	Guarantee balance is US\$ 841 thousand
0	"	Bridge Poiema Limited	2	14,424,732	1,295,025	1,287,120	1,254,942	-	29.01%	36,061,830	Y	N	N	Guarantee balance is US\$ 46,500 thousand
1	Norley Corporation Inc.	Kenmore Shipping Inc.	2	11,141,053	623,000	508,620	508,620	-	4.57%	27,852,633	N	N	N	Guarantee balance is US\$ 18,375 thousand
2	Victory Navigation Inc.	Norley Corporation Inc.	3	790,955	570,800	553,600	-	-	69.99%	1,977,388	N	N	N	Guarantee balance is US\$ 20,000 thousand (Note 8)
3	Everprime Shipping Limited	Norley Corporation Inc.	3	787,868	570,800	553,600	-	-	70.27%	1,969,670	N	N	N	Guarantee balance is US\$ 20,000 thousand (Note 8)

Sincere Navigation Corporation and Subsidiaries
Provision of endorsements and guarantees to others
For the year ended December 31, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2021 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
4	Ocean Wise Limited	Norley Corporation Inc.	3	\$ 1,142,476	\$ 856,200	\$ 830,400	\$ -	-	72.68%	\$ 2,856,190	N	N	N	Guarantee balance is US\$ 30,000 thousand (Note 8)
5	Poseidon Marine Ltd.	Norley Corporation Inc.	3	1,610,433	856,200	830,400	-	-	51.56%	4,026,083	N	N	N	Guarantee balance is US\$ 30,000 thousand (Note 8)
6	Maxson Shipping Inc.	Norley Corporation Inc.	3	1,106,566	856,200	830,400	-	-	75.04%	2,766,415	N	N	N	Guarantee balance is US\$ 30,000 thousand (Note 8)

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

(1) The Company is '0'.

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

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

(1) Having business relationship.

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

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

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

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

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

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

Note 3: According to the Company's "Procedures for Provision of Endorsements and Guarantees":

[The Company]

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

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

(2) The ceiling on total endorsements and guarantees shall not exceed 250% of the Company's equity.

[The Company and subsidiaries]

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

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

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

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

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

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

Note 8: The outstanding endorsement/guarantee amount that Victory Navigation Inc., Everprime Shipping Limited, Ocean Wise Limited, Poseidon Marine Ltd. and Maxson Shipping Inc. jointly provided to Norley Corporation Inc. is US\$ 30 million.

Sincere Navigation Corporation and Subsidiaries
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
For the year ended December 31, 2021

Table 3 Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments	
						Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction				Amount
Sincere Navigation Corporation	Palona	2021.5.11	\$ 577,801	\$ 577,801	Keystone Shipping Co. Ltd.	Parent company	-	-	-	\$ -	Based on mutual agreement	In consideration of overall operation of the Group.	None

Sincere Navigation Corporation and Subsidiaries
Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more
For the year ended December 31, 2021

Table 4 Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate disposed by	Real estate	Transaction date		Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
		or date of the event	Date of acquisition									
Sincere Navigation Corporation	MADONNA III	2021.6.23	2010.8.23	\$ 320,725	\$ 327,722 (US\$ 11,736 thousand)	Collected	\$ 6,997	Vanhui Resources (HK) Co., Limited or nominee	None	Replacement of vessel	Appraisal result	-

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate disposed of should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Sincere Navigation Corporation and Subsidiaries
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
 December 31, 2021

Table 5

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Norley Corporation Inc. (Norley)	Sincere Navigation Corporation	Norley's parent company	\$ 968,800 (USD 35,000 thousand)	-	\$ -	-	\$ -	-
Heywood Limited (Heywood)	Sincere Navigation Corporation	Heywood's parent company	\$ 692,000 (USD 25,000 thousand)	-	-	-	-	-

Sincere Navigation Corporation and Subsidiaries
Significant inter-company transactions during the reporting period
For the year ended December 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Sincere Navigation Corporation	Helmsman Navigation Co. Ltd.	1	Guarantees	\$ 235,418	As per the Company's policy	1.09%
0	"	Everwin Maritime Limited	1	"	417,747	"	1.94%
0	"	Pacifica Maritime Limited	1	"	1,198,890	"	5.57%
0	"	Ocean Grace Limited	1	"	988,176	"	4.59%
0	"	Bridge Poiema Limited	1	"	1,287,120	"	5.98%
1	Norley Corporation Inc.	Kenmore Shipping Inc.	1	"	508,620	"	2.36%
1	"	Sincere Navigation Corporation	2	Other receivables	968,800	"	4.50%
2	Heywood Limited	Sincere Navigation Corporation	2	"	692,000	"	3.21%
3	Victory Navigation Inc.	Norley Corporation Inc.	2	Guarantees (Note 5)	553,600	"	2.57%
4	Everprime Shipping Limited	Norley Corporation Inc.	2	"	553,600	"	2.57%
5	Ocean Wise Limited	Norley Corporation Inc.	2	"	830,400	"	3.86%
6	Poseidon Marine Ltd.	Norley Corporation Inc.	2	"	830,400	"	3.86%
7	Maxson Shipping Inc.	Norley Corporation Inc.	2	"	830,400	"	3.86%

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

(1) Parent company is '0'.

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

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

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

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

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

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

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

Note 5: The outstanding endorsement/guarantee amount that Victory Navigation Inc., Everprime Shipping Limited, Ocean Wise Limited, Poseidon Marine Ltd. and Maxson Shipping Inc. jointly provided to Norley Corporation Inc. is US\$ 30 million.

Sincere Navigation Corporation and Subsidiaries
Information on investees
For the year ended December 31, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as at December 31, 2021 (Note 2)			Net profit (loss) of the investee for the year ended December 31, 2021 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Sincere Navigation Corporation	Norley Corporation Inc.	Republic of Liberia	Investment holdings	\$ 27,680 (USD 1,000 thousand)	\$ 28,480 (USD 1,000 thousand)	500	100%	\$ 11,141,053	(\$ 59,102)	(\$ 59,102)	Subsidiary
"	Heywood Limited	Marshall Islands	"	27,680 (USD 1,000 thousand)	28,480 (USD 1,000 thousand)	500	100%	5,082,954	710,890	710,890	Subsidiary
Norley Corporation Inc.	Kenmore Shipping Inc.	Marshall Islands	Oil tanker	1,276,325 (USD 46,110 thousand)	1,313,213 (USD 46,110 thousand)	500	100%	1,711,674	(214,321)	-	Second-tier subsidiary
"	Winnington Limited	"	Investment holdings	- (USD -)	295,548 (USD 10,377 thousand)	-	-	-	416	-	Second-tier subsidiary (Note3)
"	Jetwall Co. Ltd.	"	"	746,696 (USD 26,976 thousand)	882,196 (USD 30,976 thousand)	400	80%	1,179,272	(249,979)	-	Second-tier subsidiary
"	Victory Navigation Inc.	"	"	152 (USD 6 thousand)	157 (USD 6 thousand)	275	55%	435,025	98,559	-	Second-tier subsidiary
"	Poseidon Marine Ltd	"	Shipping	221,717 (USD 8,010 thousand)	228,125 (USD 8,010 thousand)	500	100%	1,610,433	52,095	-	Second-tier subsidiary
"	Maxson Shipping Inc.	"	"	290,640 (USD 10,500 thousand)	299,040 (USD 10,500 thousand)	500	100%	1,106,566	53,478	-	Second-tier subsidiary
"	Ocean Wise Limited	Republic of Liberia	"	619,201 (USD 22,370 thousand)	637,097 (USD 22,370 thousand)	500	100%	1,142,476	142,202	-	Second-tier subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as at December 31, 2021 (Note 2)			Net profit (loss) of the investee for the year ended December 31, 2021 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Norley Corporation Inc.	Pacifica Maritime Limited	Marshall Islands	Oil tanker	\$ 1,461,227 (USD 52,790 thousand)	\$ 1,389,539 (USD 48,790 thousand)	500	100%	\$ 1,702,389	(\$ 122,268)	-	Second-tier subsidiary
"	Sky Sea Maritime Limited	"	Investment holdings	443,171 (USD 16,011 thousand)	455,979 (USD 16,011 thousand)	275	55%	709,925	314,287	-	Second-tier subsidiary
"	Elroy Maritime Service Inc.	"	Maritime service	5,536 (USD 200 thousand)	5,696 (USD 200 thousand)	500	100%	3,102	(3,048)	-	Second-tier subsidiary
"	Glory Selah Limited	"	Investment holdings	235,972 (USD 8,525 thousand)	- (USD -)	275	55%	257,501	39,609	-	Second-tier subsidiary
Winnington Limited	Peg Shipping Company Limited	Republic of Liberia	Shipping	- (USD -)	285 (USD 10 thousand)	-	-	-	425	-	Third-tier subsidiary (Note3)
Jetwall Co. Ltd.	Everwin Maritime Limited	Marshall Islands	"	933,370 (USD 33,720 thousand)	1,102,746 (USD 38,720 thousand)	500	100%	1,474,878	(249,887)	-	Third-tier subsidiary
Victory Navigation Inc.	Everprime Shipping Limited	"	Shipping	277 (USD 10 thousand)	285 (USD 10 thousand)	500	100%	787,868	98,634	-	Third-tier subsidiary
Sky Sea Maritime Limited	Ocean Grace Limited	"	"	805,765 (USD 29,110 thousand)	829,053 (USD 29,110 thousand)	500	100%	1,291,101	314,373	-	Third-tier subsidiary
Elroy Maritime Service Inc.	Oak Maritime (Canada) Inc.	Canada	Maritime service	3,558 (USD 128 thousand)	3,661 (USD 128 thousand)	1,000	100%	331	(3,210)	-	Third-tier subsidiary
Glory Selah Limited	Bridge Poiema Limited	Marshall Islands	Shipping	429,040 (USD 15,500 thousand)	- (USD -)	500	100%	468,280	39,708	-	Second-tier subsidiary
Heywood Limited	Clifford Navigation Corporation	Marshall Islands	Shipping	277 (USD 10 thousand)	285 (USD 10 thousand)	500	100%	606,317	124,656	-	Second-tier subsidiary
"	Brighton Shipping Inc.	"	"	277 (USD 10 thousand)	285 (USD 10 thousand)	500	100%	499,275	92,627	-	Second-tier subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as at December 31, 2021 (Note 2)			Net profit (loss) of the investee for the year ended December 31, 2021 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Heywood Limited	Rockwell Shipping Limited	Marshall Islands	Shipping	\$ 277 (USD 10 thousand)	\$ 285 (USD 10 thousand)	500	100%	\$ 462,206	\$ 193,016	-	Second-tier subsidiary
"	Howells Shipping Inc.	"	"	332,437 (USD 12,010 thousand)	342,045 (USD 12,010 thousand)	500	100%	758,347	37,339	-	Second-tier subsidiary
"	Crimson Marine Company	"	"	- (USD -)	1,093,575 (USD 38,398 thousand)	-	-	-	84,453	-	Second-tier subsidiary (Note4)
"	Century Shipping Limited	HongKong	Investment holdings	13,840 (USD 500 thousand)	14,240 (USD 500 thousand)	50,000	100%	5,475	3,081	-	Second-tier subsidiary
"	Helmsman Navigation Co. Ltd.	Marshall Islands	Shipping	584,325 (USD 21,110 thousand)	601,213 (USD 21,110 thousand)	500	100%	625,803	150,497	-	Second-tier subsidiary
"	Keystone Shipping Co. Ltd.	"	"	83,317 (USD 3,010 thousand)	558,493 (USD 19,610 thousand)	500	100%	37,307	45,124	-	Second-tier subsidiary

Note 1: The above balances of initial investments as at December 31, 2021 and 2020 were translated at the closing exchange rates at the balance sheet date.

Note 2: The above carrying amounts of shares held as at December 31, 2021 and net profit (loss) of the investee for the year ended December 31, 2021 were translated at the closing exchange rates at the balance sheet and the average exchange rates for the year ended December 31, 2021, respectively.

Note 3: The liquidation of Winnington Limited and Peg Shipping Company Ltd. was completed on June 18, 2021.

Note 4: The liquidation of Crimson Marine Company was completed on December 9, 2021.

Sincere Navigation Corporation and Subsidiaries
Information on investments in Mainland China
For the year ended December 31, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Haihu Maritime Service (Shanghai) Co., Ltd.	Maritime service	\$ 15,855 (USD 500 thousand)	2	\$ 15,855 (USD 500 thousand)	\$ -	\$ -	\$ 15,855 (USD 500 thousand)	\$ 3,081 (RMB 710 thousand)	100%	\$ 3,081 (RMB 710 thousand)	\$ 5,475 (RMB1,261 thousand)	\$ -	
<u>Company name</u>	<u>31, 2021</u>	<u>Investment amount approved by the Commission of the Ministry of Economic Affairs (MOEA)</u>	<u>Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA</u>										
Haihu Maritime Service (Shanghai) Co., Ltd.	\$ 15,855	\$ 95,130	\$ 8,654,839										

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

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China. (The investee in the third area is Century Shipping Limited)
- (3) Others.

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

Sincere Navigation Corporation and Subsidiaries
Major shareholders information
December 31, 2021

Table 9

Number of major shareholders	Shares	
	Name of shares held	Ownership (%)
CTBC BANK CO., LTD. IN CUSTODY FOR HO MAO INVESTMENT CORPORATION	57,643,800	9.84%

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

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