

# Sincere Navigation Corporation Shareholders Meeting of 2022

## Handbook

June 10, 2022

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

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

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

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# Sincere Navigation Corporation Agenda of the 2022 Annual Shareholders Meeting

Time: 09:00 a.m., June 10, 2022 (Friday)

Means of Shareholders' Meeting: Physical

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

## Agenda:

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

Chapter 2 Chairman's Address

Chapter 3 Reports

- I. Annual Business and Financial Report of 2021.
- II. Audit Committee's Review Report.
- III. Report on the Distribution of Remuneration to Directors and Employees in 2021.
- IV. Report on the Distribution of Cash Dividends from Earnings of 2021.
- V. Other Reports.

Chapter 4 Proposals

- I. Adoption of the Company's Annual Business Report and Financial Statement of 2021.
- II. Adoption of the Company's annual earnings distribution table of 2021.

Chapter 5 Discussions

- I. Proposal to amend the Company's Articles of Incorporation.
- II. Proposal to amend the Operational Procedures for Acquisition and Disposal of Assets by the Company and its Subsidiaries.

Chapter 6 Elections

Election of the the company's 19th Board of Directors.

Chapter 7 Other Motions

Proposal for Release the Prohibition on Directors for participation in Competitive Business.

Chapter 8 Extempore Motions.

Chapter 9 Adjournment of the meeting.

# Reports

## I. Business and Financial Reports

### Sincere Navigation Corporation

#### Business Report

##### I. Introduction

Looking back over the Covid-19 pandemic in 2021, the world eagerly anticipated that the Covid vaccines developed at the end of 2020 would put an end to the pandemic. Nevertheless, the Delta variant was named a Variant of Interest (VOI) by the World Health Organization (WHO) in April 2021. By May, it had become a Variant of Concern (VOC), and by the end of June it was the dominant Covid variant throughout the world. Subsequently, the Omicron variant, first discovered in South Africa in November, spread even more quickly and was named a VOC in that same month. At this point, Omicron has become the dominant variant globally.

The effects of Covid continued to be felt throughout 2021. In particular, the stay-at-home economy, encouraged by the adoption of partial/full work from home policies, along with disruptions in ground transportation and port operations, have combined to create persistent port congestion. Countries have continued to ease monetary policy to keep their economies afloat and unemployment rates down. In 2021, the global gross domestic product (GDP) grew by 5.9%, while the volume of global maritime trade rose by 3.6%. This is a remarkable performance given the circumstances.

As Delta gave way to the Omicron variant, both mortality rates and the severity of illness fell, however the rate of transmission and number of breakthrough infections rose dramatically. In response, countries imposed various levels of lockdown. Restrictions imposed by local authorities in port countries, combined with ship operators' own scheduling limitations have made crew changes extremely difficult, with crew changeover costs more than doubling. These delays take a massive toll on the mental health of crew members, as does docking in high-risk countries where dock workers may not observe adequate Covid safety measures. As a result, increased crew wages and hardship pay have contributed to higher operating costs. China continued its ban on Australian coal, opting instead to import coal from Indonesia, South Africa, Russia, and other countries, thus extending overall transportation routes. With demand from South Korea, India, and Europe increasing, coal remains a profitable market for bulk shipment in the short run.

2021 saw recovery in the maritime dry bulk goods shipping market. Not only did confidence return to the market, but trade volume also rebounded. In addition to the US\$1.2 trillion infrastructure bill passed by the US Senate under the Biden administration, numerous other countries have invested in infrastructure and economic stimulus policies. Nonetheless, strict quarantine measures imposed on vessels arriving from high-risk areas created substantial congestion at ports. As the growth in demand for vessels has eased, the BDI reached a 12-year high in the third quarter (Q3). Overall bulk carrier fleet tonnage grew by 3.6% in 2021, while the global bulk trade in ton-miles grew by 4.0%. Though the dry bulk carrier market has experienced slower growth and less fanfare than the container shipping market, it has nevertheless proven

stable and profitable.

The crude carrier market, in contrast, suffered a major blow when Covid's rapid spread in 2020 caused the demand for crude oil to plummet. The market has been in decline since the second half of 2020 and has yet to recover as of the end of 2021.

In response to the need for environmental protection and to reduce carbon dioxide and greenhouse gas emissions, the International Maritime Organization (IMO) has enforced new Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII) regulations, which will come into force beginning January 1, 2023. In response, the Company has conducted a preliminary calculation of energy efficiency index and assessment for all vessels owned by the fleet of the Company with technical support from various vessels' Classification Societies. In addition to drafting plans to achieve compliance, the Company has also disposed of vessels with lower energy efficiency during 2021 to take advantage of the period when secondhand vessels are relatively higher-priced and to optimize the overall fleet's energy efficiency.

Although global vaccination rates continue to increase, case numbers have not seen a corresponding decline. Covid has proven an evasive foe by evolving into variants with higher transmission rates. While the competing approaches of 'zero covid' and 'endemic coexistence' continue to be debated by public health experts, the actual course of the pandemic will be the ultimate arbiter.

## II. Annual Results of 2021

In 2021, the Company maintained a fleet of 17 vessels, including 4 very large crude carriers (VLCC) and 13 dry bulk carriers of various tonnages (including 1 very large ore carrier (VLOC), 8 Capesize carriers, 2 Kamsarmax carriers, and 2 Handysize carriers). Our dry bulk ownership days were fixed on time charter or trip time charter contracts, and we also carried cargo on freight, with our fleet managed so as to maximize profitability. As the price for secondhand vessels was relatively higher in 2021, the Group disposed of a Handysize carrier in May and August each, respectively.

The consolidated revenue for 2021 (incl. discontinued operations) was reported at NT\$4,342,995 thousand, a 3.84% growth from the previous year of 2020. The net profit attributable to the parent company was NT\$704,189 thousand, with EPS of NT\$1.20.

## III. Summary Business Plan for 2022

In 2022, the Company will continue to maintain a prudent approach to asset management and cash flow generation while aiming to achieve the following operation plans and objectives:

- (I) Strict control of the cost and quality of our services, executing contracts with prudence and leveraging technology to remove costs from vessel operations, dry docking, procurement, and other overhead expenses.

- (II) Closely monitor the international shipping market dynamics and trends, and carefully select quality clients, pursuing flexible strategies of spot and period contracts of short, medium and long terms to optimize fleet utilization and profitability.
- (III) Remain attuned to developments in shipping technology and regulation, including monitoring the quality of very low sulfur fuel oil (VLSFO), scrubbers, ballast water treatment systems (BWTS), and similar fuel and engine technologies.
- (IV) Identify suitable opportunities to trade secondhand vessels, dispose of older vessels, and explore acquiring new vessels to continue replenishing and expanding the fleet.
- (V) Collaborate with industry organizations for research and training to improve efficiency, build skills, and better connect onshore and onboard operations.

As a whole, the shipping market has been through times of plenty and times of want. The Company taken advantage of the lean periods, leveraging its years of experience to develop tools and insights to improve operational efficiency, generate additional revenue, manage vessels more effectively, update plans for medium-term, short-term and spot contracts, as well as implement strict controls over costs. Taken collectively, this has been the Company's most important strategic priority this year, which puts shareholders in a favorable position to both weather downturns and profit from market rebounds.

#### IV. Market Variables and Their Impacts

- (I) The new tonnage of vessels in the bulk shipping market in 2022 is expected to be 3.1%, a slightly lower figure than the 3.6% growth seen in 2021. Ever since the 2008 global financial crisis, the bulk shipping market has been sluggish. During this period, vessel owners have accelerated the scrapping of their aged vessels to improve their cost structures. Currently, the average age of vessels in the bulk shipping market has fallen to less than 20 years. The tonnage of aged vessels scrapped in 2021 was merely one-third that of the previous year. Whether the reduction in scrapping will affect the momentum of the shipping market's recovery remains to be seen. In addition, whether the long-term 'net-zero emissions' trend will reduce coal cargo volume also remains a point of concern.
- (II) The maritime shipping industry is currently facing many challenges. In addition to the market's overall rapid pace of change, the industry also needs to fulfill its responsibilities and obligations in reducing the environmental pollution. Currently, the focus of the maritime shipping industry is on the new energy efficiency regulations, namely the Energy Efficiency Existing Ship Index (EEXI) and Carbon

Intensity Indicator (CII) regulations from the International Maritime Organization (IMO), which will come into effect as of January 1, 2023. These will have a critical impact on the maritime shipping market over the next few years.

## V. Future Direction and Strategy

In the past, we have used a strategy of fixing medium and long-term time charters with first class charterers, which has produced solid, stable profits over the years. However as the industry dynamics change, a business model based on long-term contracts is no longer viable. The Company faces numerous challenges in the dry bulk shipping market in 2022, and must keep pace with these challenges as well as the opportunities they present. In order to improve the operational agility of our fleet, the Company transferred the self-owned ROC vessel to fly the convenience flag, and the ROC Vessel Permit was revoked per the Shipping Act. Diversification of the fleet to include VLCC and VLOCs is the first step to avoid excessive concentration of market risk. In addition to diversifying the fleet to reduce risk and expand the business, the Company will continue exploring other types of vessels to maintain business growth. With the management team's leadership, first-rate vessel management, and new technologies, we are confident that we can maintain a competitive advantage in a volatile shipping market and deliver optimal long-term profits for the Company and its shareholders.

## VI. Conclusion

Shipping for a new world means following our corporate principles of credibility, decisiveness, diligence, prudence, and continuous improvement. Sincere Navigation Corporation remains committed to the highest standards of international shipping safety, environmental protection, and excellence in the marketplace. The Company innovates, nurtures its customer relationships across the globe, and continuously improve the quality of our team's services through technological know-how and training. In addition to the excellent reputation enjoyed by the Company, we also are trusted by our customers and we strive to maximize the profit for all shareholders. Regardless of future economic cycles and their impact on the maritime shipping market, we are deeply confident in our ability to tackle the challenges ahead.

Sincere Navigation Corporation

Chairman                      Hsu, Chi-Kao

Manager                      Hsu, Chi-Kao

Accounting Officer      Fan, Hsiao-Ting

## II. Audit Committee's Review Report

### Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 financial statements including consolidated financial statements and individual financial statements which were audited by CPAs and Lin, Yi-Fan and Liao, Fu-Ming of PricewaterhouseCoopers, Taiwan. The statements, Business Report, and earnings distribution proposal were reviewed and determined to be accurate by the Audit Committee. The Review Report is therefore prepared in accordance with the Securities and Exchange Act and the Company Act and filed for your perusal.

Sincerely,

Shareholders Meeting of 2022

Sincere Navigation Corporation

Audit Committee Convener: LEE, YEN-SUNG

March 15, 2022



### III. Report on the Distribution of Remuneration to Directors and Employees in 2021 :

The Company's proposal for the distribution of compensation for Directors and employees for 2021 was approved by the Board on March 15, 2022. In accordance with Article 30 of the Articles of Incorporation, 1% of the pre-tax profit was distributed to the Directors and employees respectively. The Directors received NT\$7,303,500, while employees (including managers) received compensation of NT\$7,303,500.

#### IV. Report on the Distribution of Cash Dividends from Earnings of 2021:

- (I.) The earnings distribution is adopted by the Board in accordance with Article 240, Paragraph 5 of the Company Act and Article 30 of the Company's Articles of Incorporation. A total of NT\$585,353,297 in cash dividends is distributed and NT\$1.0 is distributed for each share.
- (II.) The cash dividends are calculated pursuant to distribution ratio and rounded down to the whole dollar amounts; the fractional amounts less than NT\$1 shall be aggregated and recorded as other income of the Company.
- (III.) In the event that the number of shares outstanding are affected by changes in the Company's share capital, making it necessary to revise the shareholder's cash dividend rate as a result, the Chairman is authorized to handle such revision at his full discretion.
- (IV.) The Board of Directors is authorized to set a dividend reference date and issuance date.

## V. Other Reports:

The acceptance period for shareholders' proposals and nomination for Directors (including Independent Directors) was from March 28, 2022 to April 7, 2022. This is to certify that, by the deadline, shareholders had not put forward any proposals or nomination for Directors.

## Proposals

- I. Subject: Adoption of the Company's Annual Business Report and Financial Statements of 2021 (proposed by the Board).

Explanation:

- (I.) The Company's Annual Business Report and Financial Statements of 2021 including consolidated financial statements and individual financial statements (including the balance sheets, comprehensive income statements, statements of changes in equity, and cash flow statements) have been audited by CPAs Lin, Yi-Fan and Liao, Fu-Ming of PricewaterhouseCoopers, Taiwan. They have also been reviewed by the Audit Committee which found them to be compliant with regulations and adopted by the Board. They are hereby filed for ratification in accordance with laws.
- (II.) Please refer to pages 2-5 and pages 11-32 of the Handbook for the aforementioned Business Report, Auditor's Report, and Financial Statements.

Resolution:

## INDEPENDENT AUDITORS' REPORT

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Sincere Navigation Corporation and subsidiaries (the “Group”) as at December 31, 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.



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

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

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

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

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

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Lin, Yi-Fan

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Liao, Fu-Ming

For and on Behalf of PricewaterhouseCoopers, Taiwan

May 15, 2022

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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		6,575,945	31	5,569,408	26
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		14,958,973	69	15,576,155	74
1XXX	Total assets		\$ 21,534,918	100	\$ 21,145,563	100

(Continued)

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

Liabilities and Equity			December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
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	<b>Total current liabilities</b>		<u>2,496,266</u>	<u>11</u>	<u>1,998,735</u>	<u>9</u>
<b>Non-current liabilities</b>						
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	<b>Total non-current liabilities</b>		<u>3,171,643</u>	<u>15</u>	<u>3,508,403</u>	<u>17</u>
2XXX	<b>Total liabilities</b>		<u>5,667,909</u>	<u>26</u>	<u>5,507,138</u>	<u>26</u>
<b>Equity attributable to owners of parent</b>						
	Share capital	6(11)				
3110	Share capital - common stock		5,853,533	27	5,853,533	28
	Capital surplus	6(12)				
3200	Capital surplus		243,203	1	242,611	1
	Retained earnings	6(13)				
3310	Legal reserve		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	<b>Equity attributable to owners of the parent</b>		<u>14,424,732</u>	<u>67</u>	<u>14,480,818</u>	<u>69</u>
36XX	Non-controlling interest	4(3)	<u>1,442,277</u>	<u>7</u>	<u>1,157,607</u>	<u>5</u>
3XXX	<b>Total equity</b>		<u>15,867,009</u>	<u>74</u>	<u>15,638,425</u>	<u>74</u>
	Significant contingent liabilities and unrecognised contractual commitments	9				
	Significant events after balance sheet date	11				
3X2X	<b>Total liabilities and equity</b>		<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)

			Year ended December 31			
			2021		2020	
Items		Notes	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		\$ 857,798	20	\$ 255,092	7

(Continued)

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

		Year ended December 31			
		2021		2020	
Items	Notes	AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
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
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations				
		(	504,229)	(	12)
8500	<b>Total comprehensive income (loss) for the year</b>			(	928,171)
		\$	353,678	8	(\$ 673,196)
Profit attributable to:					
8610	Owners of the parent				
		\$	704,189	16	\$ 141,296
8620	Non-controlling interest				
			153,609	4	113,796
		\$	857,798	20	\$ 255,092
Comprehensive income (loss) attributable to:					
8710	Owners of the parent				
		\$	235,999	5	(\$ 724,963)
8720	Non-controlling interest				
			117,679	3	51,767
		\$	353,678	8	(\$ 673,196)
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				
		\$		1.20	\$ 0.24
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				
		\$		1.20	\$ 0.24

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			Financial statements translation differences of foreign operations	Total	Non-controlling interest	Total equity
		Share capital – common stock	Treasury stock transactions	Difference between consideration and carrying amount of subsidiaries acquired	Others	Legal reserve	Special reserve	Unappropriated retained earnings				
Notes												
<u>For the year ended December 31, 2020</u>												
		\$ 5,853,533	\$ 39,243	\$ 199,339	\$ 3,407	\$ 3,163,018	\$ 924,270	\$ 6,664,957	(\$ 1,349,931 )	\$ 15,497,836	\$ 1,204,861	\$ 16,702,697
		-	-	-	-	-	-	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 )
	6(13)											
		-	-	-	-	8,761	-	( 8,761 )	-	-	-	-
		-	-	-	-	-	425,661	( 425,661 )	-	-	-	-
		-	-	-	-	-	-	( 292,677 )	-	( 292,677 )	-	( 292,677 )
		-	-	-	-	-	-	-	-	-	( 99,021 )	( 99,021 )
		-	-	-	622	-	-	-	-	622	-	622
		\$ 5,853,533	\$ 39,243	\$ 199,339	\$ 4,029	\$ 3,171,779	\$ 1,349,931	\$ 6,079,037	(\$ 2,216,073 )	\$ 14,480,818	\$ 1,157,607	\$ 15,638,425
<u>For the year ended December 31, 2021</u>												
		\$ 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
	6(13)											
		-	-	-	-	14,118	-	( 14,118 )	-	-	-	-
		-	-	-	-	-	866,142	( 866,142 )	-	-	-	-
		-	-	-	-	-	-	( 292,677 )	-	( 292,677 )	-	( 292,677 )
		-	-	-	-	-	-	-	-	-	166,991	166,991
		-	-	-	592	-	-	-	-	592	-	592
		\$ 5,853,533	\$ 39,243	\$ 199,339	\$ 4,621	\$ 3,185,897	\$ 2,216,073	\$ 5,610,398	(\$ 2,684,372 )	\$ 14,424,732	\$ 1,442,277	\$ 15,867,009

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
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
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

(Continued)



**CASH FLOWS FROM INVESTING ACTIVITIES**

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

**CASH FLOWS FROM FINANCING ACTIVITIES**

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

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Sincere Navigation Corporation

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Sincere Navigation Corporation (the “Company”) as at December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2021 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2021 parent company only financial statements are as follows:

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

Description

As of December 31, 2021, the Company's subsidiaries recorded as investments accounted for using equity method amounted to NT\$16,224,007 thousand, constituting 93% of the Company's total assets, while the share of profit of the investments constituted 91% of the Company's profit before tax for the year then ended. Given that the investments significantly affect the Company's financial performance, we considered the reasonableness of V/C revenue recognition timing as a key audit matter.

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

Subsidiaries' V/C revenue is recognised as revenue based on the percentage of completion of service rendered. Many factors are involved in the progress of revenue recognition, such as the length of the negotiated period of contracts, conditions of vessels and equipment, the changes of port of discharge and loading and so on.

How our audit addressed the matter

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

5. 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.
6. Checked the contracts for V/C around the period of the balance sheet date, and based on our understanding of the client's operating conditions, assessed the reasonableness of voyage planning developed by management.
7. 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.
8. Obtained the related settlement vouchers in subsequent period to evaluate the reasonableness of revenue recognition.

## **Impairment of vessels and equipment**

### Description

For accounting policy, accounting estimates and assumptions applied on impairment of property, plant and equipment and related impairment explanation, refer to Notes 4(11) and 5(2) of parent company only financial statements and Notes 4(14), 5(2) and 6(5) of consolidated financial statements.

The Group engages in bulk shipping service. Vessels are the Company's significant operating assets. Bulk shipping service is closely related with the demand for bulk commodities, and is significantly affected by global economy. Therefore, the impairment of vessels is the Company's material risk. The valuation of impairment is evaluated by the management by comparing the book value to the recoverable amounts based on the analysis of industry dynamics and the Company's operating plan. As at December 31, 2021, the Group's 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 on evaluating 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:

5. 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.
6. Obtained the valuation information used by management in determining recoverable amount. Discussed the operating plan with management about the income and expenses that may occur in the future and reviewed performance conditions of previous operating plan to assess management's performance intention and ability. Obtained subsequent information within a certain period and compared with the original plan.
7. 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.
8. Checked the parameters and the formula used in the valuation model.

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

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

misstatement, whether due to fraud or error.

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

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

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

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

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

7. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
8. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
10. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
11. Evaluate the overall presentation, structure and content of the parent company only financial

statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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Lin, Yi-Fan

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Liao, Fu-Ming

For and on behalf of PricewaterhouseCoopers, Taiwan  
March 15, 2022

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

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

**SINCERE NAVIGATION CORPORATION**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**

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

Assets		Notes	December 31, 2021		December 31, 2020			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	217,931	1	\$	63,943	1
1140	Current contract assets	6(10)		133,402	1		26,106	-
1170	Accounts receivable, net			63,021	1		726	-
1200	Other receivables			25,201	-		13,473	-
1210	Other receivables - related parties	7		3,675	-		2,776	-
1220	Current income tax assets			-	-		106	-
1410	Prepayments	7		16,869	-		3,378	-
11XX	Total current assets			460,099	3		110,508	1
Non-current assets								
1550	Investments accounted for under equity method	6(2)		16,224,007	93		16,485,718	96
1600	Property, plant and equipment	6(3)(4) and 8		659,873	4		484,460	3
1755	Right-of-use assets			508	-		-	-
1780	Intangible assets			249	-		102	-
1840	Deferred income tax assets	6(17)		5,028	-		6,858	-
1900	Other non-current assets	8		6,922	-		6,922	-
15XX	Total non-current assets			16,896,587	97		16,984,060	99
1XXX	Total assets		\$	17,356,686	100	\$	17,094,568	100
Liabilities and Equity								
Current liabilities								
2100	Short-term borrowings	6(5) and 8	\$	850,000	5	\$	840,000	5
2130	Current contract liabilities	6(10)		49,455	-		1,077	-
2200	Other payables			29,863	-		27,222	-
2220	Other payables - related parties	7		190,070	1		27,424	-
2230	Current income tax liabilities			92,040	1		541	-
2280	Current lease liabilities			470	-		-	-
21XX	Total current liabilities			1,211,898	7		896,264	5
Non-current liabilities								
2570	Deferred income tax liabilities	6(17)		35,658	-		118,233	1
2620	Long-term notes and accounts payable - related parties	7		1,660,800	10		1,566,400	9
2640	Net defined benefit liability, non-current	6(6)		23,598	-		32,853	-
25XX	Total non-current liabilities			1,720,056	10		1,717,486	10
2XXX	Total liabilities			2,931,954	17		2,613,750	15
Equity								
	Share capital	6(7)						
3110	Common stock			5,853,533	34		5,853,533	34
	Capital surplus	6(8)						
3200	Capital surplus			243,203	1		242,611	1
	Retained earnings	6(9)						
3310	Legal reserve			3,185,897	18		3,171,779	19
3320	Special reserve			2,216,073	13		1,349,931	8
3350	Unappropriated retained earnings			5,610,398	32		6,079,037	36
	Other equity interest							
3400	Other equity interest		(	2,684,372)	( 15)	(	2,216,073)	( 13)
3XXX	Total equity			14,424,732	83		14,480,818	85
	Significant contingent liabilities and unrecognised contractual commitments	9						
	Significant events after balance sheet date	11						
3X2X	Total liabilities and equity		\$	17,356,686	100	\$	17,094,568	100

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

**SINCERE NAVIGATION CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Year ended December 31			
			2021		2020	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(10) and 7	\$ 261,512	100	\$ 48,255	100
5000	Operating costs	6(15)(16) and 7	( 123,731)	( 47)	( 157,725)	( 327)
5900	Net operating profit (loss)		<u>137,781</u>	<u>53</u>	<u>( 109,470)</u>	<u>( 227)</u>
	Operating expenses	6(15)(16)				
6200	General and administrative expenses		( 94,611)	( 37)	( 85,993)	( 178)
6450	Impairment loss determined in accordance with IFRS 9		( 477)	-	-	-
6000	Total operating expenses		<u>( 95,088)</u>	<u>( 37)</u>	<u>( 85,993)</u>	<u>( 178)</u>
6900	Operating profit (loss)		<u>42,693</u>	<u>16</u>	<u>( 195,463)</u>	<u>( 405)</u>
	Non-operating income and expenses					
7100	Interest income	6(11)	108	-	246	-
7010	Other income	6(12) and 7	5,453	2	4,635	10
7020	Other gains and losses	6(13)	25,868	10	74,686	155
7050	Finance costs	6(14)	( 10,167)	( 4)	( 10,080)	( 21)
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(2)	<u>651,788</u>	<u>250</u>	<u>324,292</u>	<u>672</u>
7000	Total non-operating income and expenses		<u>673,050</u>	<u>258</u>	<u>393,779</u>	<u>816</u>
7900	Profit before income tax		<u>715,743</u>	<u>274</u>	<u>198,316</u>	<u>411</u>
7950	Income tax expense	6(17)	( 11,554)	( 5)	( 57,020)	( 118)
8200	Profit for the year		<u>\$ 704,189</u>	<u>269</u>	<u>\$ 141,296</u>	<u>293</u>
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gain (loss) on defined benefit plan	6(6)	\$ 136	-	( \$ 146)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(17)	( 27)	-	29	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		( 468,299)	( 179)	( 866,142)	( 1795)
8500	Total comprehensive income (loss) for the year		<u>\$ 235,999</u>	<u>90</u>	<u>( \$ 724,963)</u>	<u>( 1502)</u>
	Earnings per share					
9750	Basic earnings per share (in dollars)	6(18)	<u>\$ 1.20</u>		<u>\$ 0.24</u>	
9850	Diluted earnings per share (in dollars)	6(18)	<u>\$ 1.20</u>		<u>\$ 0.24</u>	

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



SINCERE NAVIGATION CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Capital Reserves		Retained Earnings				
				Difference between consideration and carrying amount of subsidiaries acquired			Unappropriated retained earnings	Financial statements translation differences of foreign operations	
	Notes	Share capital – common stock	Treasury stock transactions	Capital surplus, others	Legal reserve	Special reserve			Total equity
For the year ended December 31, 2020									
Balance at January 1, 2020		\$ 5,853,533	\$ 39,243	\$ 199,339	\$ 3,407	\$ 3,163,018	\$ 924,270	\$ 6,664,957	(\$ 1,349,931 ) \$ 15,497,836
Profit for the year		-	-	-	-	-	-	141,296	- 141,296
Other comprehensive loss for the year		-	-	-	-	-	-	( 117 )	( 866,142 ) ( 866,259 )
Total comprehensive income (loss)		-	-	-	-	-	-	141,179	( 866,142 ) ( 724,963 )
Appropriations of 2019 earnings:	6(9)								
Legal reserve		-	-	-	-	8,761	-	( 8,761 )	- -
Special reserve		-	-	-	-	-	425,661	( 425,661 )	- -
Cash dividends		-	-	-	-	-	-	( 292,677 )	- ( 292,677 )
Overdue unclaimed cash dividends	6(8)	-	-	-	622	-	-	-	- 622
Balance at December 31, 2020		\$ 5,853,533	\$ 39,243	\$ 199,339	\$ 4,029	\$ 3,171,779	\$ 1,349,931	\$ 6,079,037	(\$ 2,216,073 ) \$ 14,480,818
For the year ended December 31, 2021									
Balance at January 1, 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
Profit for the year		-	-	-	-	-	-	704,189	- 704,189
Other comprehensive income (loss) for the year		-	-	-	-	-	-	109	( 468,299 ) ( 468,190 )
Total comprehensive income		-	-	-	-	-	-	704,298	( 468,299 ) 235,999
Appropriations of 2020 earnings:	6(9)								
Legal reserve		-	-	-	-	14,118	-	( 14,118 )	- -
Special reserve		-	-	-	-	-	866,142	( 866,142 )	- -
Cash dividends		-	-	-	-	-	-	( 292,677 )	- ( 292,677 )
Overdue unclaimed cash dividends	6(8)	-	-	-	592	-	-	-	- 592
Balance at December 31, 2021		\$ 5,853,533	\$ 39,243	\$ 199,339	\$ 4,621	\$ 3,185,897	\$ 2,216,073	\$ 5,610,398	(\$ 2,684,372 ) \$ 14,424,732

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

**CASH FLOWS FROM OPERATING ACTIVITIES**

Profit before tax		\$	715,743	\$	198,316
Adjustments					
Adjustments to reconcile profit (loss)					
Depreciation	6(15)		58,424		58,144
Amortisation	6(15)		59		102
Impairment loss determined in accordance with IFRS 9	12(2)		477		-
Interest income	6(11)	(	108 )	(	246 )
Interest expense			10,153		10,080
Investment income accounted for using the equity method	6(2)	(	651,788 )	(	324,292 )
Impairment loss recognised in profit or loss, property, plant and equipment	6(4)(13)		24,782		-
Gain on disposal of property, plant and equipment	6(13)	(	6,997 )		-
Changes in operating assets and liabilities					
Changes in operating assets					
Current contract assets		(	107,331 )		69,916
Accounts receivable		(	62,295 )		29,225
Other receivables		(	12,170 )	(	1,016 )
Other receivables - related party		(	899 )		4,198
Prepayments		(	13,491 )		30,034
Changes in operating liabilities					
Current contract liabilities			48,378	(	23,054 )
Other payables			2,801	(	4,179 )
Other payables - related party			162,617	(	85,029 )
Accrued pension liabilities		(	9,119 )		140
Cash inflow (outflow) generated from operations			159,236	(	37,661 )
Interest received			108		246
Income tax paid		(	827 )	(	605 )
Refund of income tax			106		-
Dividends received	7		445,200		237,040
Net cash flows from operating activities			603,823		199,020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of property, plant and equipment	6(3)	(	578,990 )	(	23,281 )
Proceeds from disposal of property, plant and equipment			327,722		-
Acquisition of intangible assets		(	206 )		-
Net cash flows used in investing activities		(	251,474 )	(	23,281 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Increase in short-term loans	6(19)		10,000		40,000
Interest paid		(	10,313 )	(	9,824 )
Repayment of principal of lease liabilities		(	362 )		-
Increase in loan from related party	6(19)		138,400		-
Cash dividends paid	6(9)	(	292,677 )	(	292,677 )
Overdue unclaimed cash dividends	6(8)		592		622
Net cash flows used in financing activities		(	154,360 )	(	261,879 )
Effect of changes in foreign exchange rate		(	44,001 )	(	82,500 )
Net increase (decrease) in cash and cash equivalents			153,988	(	168,640 )
Cash and cash equivalents at beginning of year			63,943		232,583
Cash and cash equivalents at end of year		\$	217,931	\$	63,943

II. Subject: Adoption of the Company's Annual Earnings Distribution Table of 2021 (proposed by the Board).

Explanation:

(I.) The Company's 2021 earnings distribution has been adopted by the Board in accordance with the Company Act and the Articles of Incorporation for review.

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

Resolution:

Sincere Navigation Corporation  
Annual Earnings Distribution Table of 2021

Unit: NT\$

Summary	Amount	
	Subtotal	Total
Distributable Earnings:		
Unappropriated Retained Earnings at the beginning of the period		
Unappropriated Retained Earnings prior to 1997	359,266,989	
Unappropriated Retained Earnings after 1998	4,546,833,670	4,906,100,659
Plus: Net profit after tax this year		704,188,528
Plus: Retained earnings adjustment this year		108,459
Minus: Legal reserve		( 70,429,699)
Minus: Special reserve		( 468,298,541)
Total distributable earnings		5,071,669,406
Distribution:		
Cash dividends of NT\$1 per share		( 585,353,297)
Retained earnings after distribution:		4,486,316,109

Chairman: HSU, CHI-KAO

Manager: HSU, CHI-KAO

Principal Accounting Officer: FAN, HSIAO-TING

## Discussions

- I. Subject: Proposal to amend the Company's Articles of Incorporation. Please proceed to discuss (proposed by the Board).

Explanation: Pursuant to ROC Presidential Decree Hua-Zong-Yi-Jing No.11000115851 of December 29, 2021 and the adjustment of business, the Company hereby proposes to amend the Company's Articles of Incorporation. Please refer to page 35 for details.

Resolution:

Articles of Incorporation of Sincere Navigation Corporation  
Amendment Comparison Table

Article	After the Amendment	Before the Amendment	Reasons for Amendment
Article 2	<p>The Company's business scope:</p> <p>I. <u>Deleted.</u></p> <p>II. G406041 Harbor barging</p> <p>III. G401011 Shipping agency services</p> <p>IV. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>The Company's business scope:</p> <p>I. <u>G301001 Ship transportation</u></p> <p>II. G406041 Harbor barging</p> <p>III. G401011 Shipping agency services</p> <p>IV. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	Vessel Carrier Permit was revoked in accordance with the regulations of the Shipping Act.
Article 11-1	The shareholders' meeting can be held by means of visual communication or other methods promulgated by the Ministry of Economic Affairs.		<p>I. This article is added.</p> <p>II. Pursuant to ROC Hua-Zong-Yi-Jing No 11000115851 of December 29, 2021.</p>
Article 33	The Articles of Incorporation were adopted on October 24, 1967, (...). The 34th amendment was adopted on June 29, 2016. The 35th amendment was adopted on June 28, 2019. <u>The 36th amendment was adopted on June 10, 2022.</u>	The Articles of Incorporation were adopted on October 24, 1967, (...). <u>The 33rd amendment was adopted on June 16, 2015.</u> The 34th amendment was adopted on June 29, 2016. The 35th amendment was adopted on June 28, 2019.	The date of amendment to the Articles of Incorporation is added.

II. Subject: Proposal to amend the Operational Procedures for Acquisition and Disposal of Assets by the Company and its Subsidiaries. Please proceed to discuss (proposed by the Board).

Explanation: Pursuant to the Financial Supervisory Committee's Order Jin-Guan-Zheng-Fa No. 11103804655 of January 28, 2022, the Company hereby proposes to amend the Operational Procedures for Acquisition and Disposal of Assets of the Company and its Subsidiaries. Please refer to pages 37-48 for details.

Resolution:

Operational Procedures for Asset Acquisition and Disposal of Assets of Sincere Navigation  
Corporation and its Subsidiaries  
Amendment Comparison Table

Article	After the Amendment	Before the Amendment	Reasons for Amendment
Chapter I	These Procedures have been laid down in order to provide specifications and standards for the acquisition and disposal of assets by the Company and its Subsidiaries. They have been amended in accordance with Article 36-1 of the Securities and Exchange Act and Financial Supervisory Commission's Order (Jin-Guan-Zheng-Fa) No. <u>1110380465 of January 28, 2022.</u>	These Procedures have been laid down in order to provide specifications and standards for the acquisition and disposal of assets by the Company and its Subsidiaries. They have been amended in accordance with Article 36-1 of the Securities and Exchange Act and Financial Supervisory Commission's Order (Jin-Guan-Zheng-Zi) No. <u>10703410725 of November 26, 2018.</u>	Pursuant to Financial Supervisory Commission's Order (Jin-Guan-Zheng-Fa) No. 1110380465 of January 28, 2022.
Chapter III Appraisal and Operating Procedures	<p>I. ...(Omitted).</p> <p>II. Transaction of acquisition or disposal of real estate, equipment, or their right-of-use assets</p> <p>(I.) ...(Omitted).</p> <p>(II.) ...(Omitted).</p> <p>(III.)...(Omitted).</p> <p>(IV.)...(Omitted).</p> <p>(V.) Obtaining of a appraisal report</p> <p>With the exception of transactions with government agencies, construction on own land, construction on leased land, or acquisition or disposal of equipment for business use, transactions of acquisition or disposal of real estate or equipment, when exceeding 20% of the Company's paid-up capital or TWD 300 million or more, require an opinion</p>	<p>I. ...(Omitted).</p> <p>II. Transaction of acquisition or disposal of real estate, equipment, or their right-of-use assets</p> <p>(I.) ...(Omitted).</p> <p>(II.) ...(Omitted).</p> <p>(III.)...(Omitted).</p> <p>(IV.)...(Omitted).</p> <p>(V.) Obtaining the appraisal report</p> <p>With the exception of transactions with government agencies, construction on own land, construction on leased land, or acquisition or disposal of equipment for business use, transactions of acquisition or disposal of real estate or equipment, when exceeding 20% of the Company's paid-</p>	

	<p>statement from a CPA sttesting to th reasonableness of the transaction price and given before the Date of the Event, and must comply with the following provisions:</p> <p>1. When pricing is constrained due to special reason, a specific price or a special price may be used as a reference basis for the transaction price, and the transaction must first be approved by the Board . The same applies when the transaction conditions are changed.</p> <p>2. If the transaction amount reaches TWD 1 billion or more, more than two professional Appraisers must be engaged to make an appraisal.</p> <p>3. Except when the appraisal resultof acquired assets is higher than the transaction amount, or the appraisal resultof the Appraisers must be handled by a Certified Public Accountant (CPA). The CPA must issue a concrete opinion regarding the reason for the difference and the appropriateness of the transaction price if one of the following circumstances apply:</p>	<p>up capital or TWD 300 million or more, require an opinion statement from a CPA sttesting to th reasonableness of the transaction price and given before the Date of the Event, and must comply with the following provisions:</p> <p>1. When pricing is constrained due to special reason, a specific price or a special price may be used as a reference basis for the transaction price, and the transaction must first be approved by the Board . The same applies when the transaction conditions are changed.</p> <p>2. If the transaction amount reaches TWD 1 billion or more, more than two professional Appraisers must be engaged to make an appraisal.</p> <p>3. Except when the appraisal resultof acquired assets is higher than the transaction amount, or the appraisal resultof the Appraisers must be handled by a Certified Public Accountant (CPA) <u>in accordance with the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation in Taiwan (ARDF)</u>. The CPA must issue a concrete opinion regarding the reason for the difference and the appropriateness of the transaction price if one of</p>	
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	<p>(1) The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.</p> <p>(2) The difference between the appraisal results of the two or more Appraisers is more than 10% of the transaction amount.</p> <p>4. The time between the date of the appraisal report and the contract date must not exceed three months. However, if the publicly announced current value of the same period does not exceed six months, the original Appraiser may issue a written opinion.</p> <p>III. Acquisition and disposal of memberships and intangible assets</p> <p>(I.) With regard to the acquisition and disposal of intangible assets or their right-of-use assets or memberships, the user must take reference from fair market prices to determine the transaction conditions and the transaction price and lay these down in an analysis report. If the amount of the intangible assets is less than TWD 5 million, to the transaction must be approved by the Vice President. If the amount of the intangible assets is more than TWD 5 million, to the transaction must be approved by the President.</p>	<p>the following circumstances apply:</p> <p>(1) The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.</p> <p>(2) The difference between the appraisal results of the two or more Appraisers is more than 10% of the transaction amount.</p> <p>4. The time between the date of the appraisal report and the contract date must not exceed three months. However, if the publicly announced current value of the same period does not exceed six months, the original Appraiser may issue a written opinion.</p> <p>III. Acquisition and disposal of memberships and intangible assets</p> <p>(I.) With regard to the acquisition and disposal of intangible assets or their right-of-use assets or memberships, the user must take reference from fair market prices to determine the transaction conditions and the transaction price and lay these down in an analysis report. If the amount of the intangible assets is less than TWD 5 million, to the transaction must be approved by the Vice President. If the amount of the intangible assets is more than TWD 5 million, to the transaction must be approved by the</p>	
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	<p>(II.) With the exception of transactions with government agencies, transaction to acquire or dispose of intangible assets or their right-of use assets or membership exceeding 20% of the Company's paid-up capital or TWD 300 million require an opinion statement from a CPA attesting to the reasonableness of the transaction price and given before the Date of the othe event.</p> <p>IV. Transaction with Related Parties With the exception of items III.1, 2, and 3 of these Procedures and the provisions below regarding related resolution procedures, the assessment of the reasonableness of transaction conditions and so forth, thansactions between the Company and Related Parties to acquire or dispose of assets with a transaction amount exceeding 10% of the Companyrequire an opinion statement from an Appraiser as referred to in items III.1, 2, and 3 of these Procedures or from a CPA.</p>	<p>President.</p> <p>(II.) With the exception of transactions with government agencies, transaction to acquire or dispose of intangible assets or their right-of use assets or membership exceeding 20% of the Company's paid-up capital or TWD 300 million require an opinion statement from a CPA attesting to the reasonableness of the transaction price and given before the Date of the othe event.<u>The opinion must be in accordance with the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation in Taiwan (ARDF).</u></p> <p>IV. Transaction with Related Parties With the exception of items III.1, 2, and 3 of these Procedures and the provisions below regarding related resolution procedures, the assessment of the reasonableness of transaction conditions and so forth, thansactions between the Company and Related Parties to acquire or dispose of assets with a transaction amount exceeding 10% of the Companyrequire an opinion statement from an Appraiser as referred to in items III.1, 2, and 3 of these Procedures</p>	
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	<p>The calculation of the transaction amount of the preceding paragraph must be made in accordance with item IV.1.7 of these Procedures.</p> <p>In the assessment of whether a transaction party is a Related Party, the substantive relationship must be considered in addition to its legal form.</p> <p>(I.) With the exception of purchasing or selling domestic bonds, bonds under repurchase or resale agreements, currency market funds issued by domestic securities investment trust companies that repurchase or resell them, in the event of a transaction to acquire or dispose of real estate or its right-of-use assets between the Company and a Related Party, or a transaction to acquire or dispose of real estate from or to a Related Party exceeding 20% of the Company's paid-up capital, exceeding 10% of the Company's total assets, or exceeding TWD 300 million, the following must be proposed and adopted by the Board and approved by the Supervisors before the transaction contract may be signed and payment effectuated:</p> <p>1. The purpose, necessity, and expected benefits of the</p>	<p>or from a CPA.</p> <p>The calculation of the transaction amount of the preceding paragraph must be made in accordance with item IV.1.7 of these Procedures.</p> <p>In the assessment of whether a transaction party is a Related Party, the substantive relationship must be considered in addition to its legal form.</p> <p>(I.) With the exception of purchasing or selling domestic bonds, bonds under repurchase or resale agreements, currency market funds issued by domestic securities investment trust companies that repurchase or resell them, in the event of a transaction to acquire or dispose of real estate or its right-of-use assets between the Company and a Related Party, or a transaction to acquire or dispose of real estate from or to a Related Party exceeding 20% of the Company's paid-up capital, exceeding 10% of the Company's total assets, or exceeding TWD 300 million, the following must be proposed and adopted by the Board and approved by the Supervisors before the transaction contract may be signed and payment effectuated:</p> <p>1. The purpose, necessity, and expected benefits of the</p>	
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	<p>acquisition or disposal of the assets concerned.</p> <p>2. Reason for selecting the person as a transaction party.</p> <p>3. Obtain information from the Related Party regarding the reasonableness of the intended transaction conditions for the real estate appraisal.</p> <p>4. Information describing the relationship between the Company and the Related Pparty, such as original acquisition dates, price, transaction parties, and their relationships with the Company.</p> <p>5. A table of estimated monthly cash flow for the year starting from the date of the intended transaction, and and assessment of the necessity of the transaction and the reasonableness of the use of funds.</p> <p>6. An appraisal report issued by a professional Appraiser in accordance with these Procedures or the opinion of an accountant.</p> <p>7. Restrictive conditions and other important matters of this transaction.</p> <p>The calculation of the transaction amount of the preceding paragraph must follow item IV, 1, (7) of these Procedures. The term “within the preceding year” in that item must be understood as calculated retroactively from the Date of the Event. If a calculation has been proposed</p>	<p>acquisition or disposal of the assets concerned.</p> <p>2. Reason for selecting the person as a transaction party.</p> <p>3. Obtain information from the Related Party regarding the reasonableness of the intended transaction conditions for the real estate appraisal.</p> <p>4. Information describing the relationship between the Company and the Related Pparty, such as original acquisition dates, price, transaction parties, and their relationships with the Company.</p> <p>5. A table of estimated monthly cash flow for the year starting from the date of the intended transaction, and and assessment of the necessity of the transaction and the reasonableness of the use of funds.</p> <p>6. An appraisal report issued by a professional Appraiser in accordance with these Procedures or the opinion of an accountant.</p> <p>7. Restrictive conditions and other important matters of this transaction.</p> <p>The calculation of the transaction amount of the preceding paragraph must follow item IV, 1, (7) of these Procedures. The term “within the preceding year” in that item must be understood as calculated retroactively from the Date of the Event. If a calculation</p>	
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	<p>and adopted by the <u>shareholders' meeting</u> and Board and approved by the Supervisors for adoption, this calculation does not need to be made again.</p> <p>The Board may authorize its Chairman to handle the following transactions up to a certain amount between publicly traded company and its Parent Company, subsidiary, of a subsidiary 100% of whose issued shares or all of its capital are held directly or indirectly by its Parent Company and report the transaction at the first Board Meeting held after the transaction for ratification:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of equipment for business use or its right-of-use assets.</li> <li>2. Acquisition or disposal of right-of-use of real estate for business use.</li> </ol> <p>When the Procedures regarding the acquisition or disposal of assets are submitted to the Board for discussion, the opinion of the Independent Director must be taken into full consideration. If an Independent Director objects to or expresses reservations about any matter, it must be recorded in the minutes of the Board Meeting.</p>	<p>has been proposed and adopted by the Board and approved by the Supervisors for adoption, this calculation does not need to be made again.</p> <p>The Board may authorize its Chairman to handle the following transactions up to a certain amount between publicly traded company and its Parent Company, subsidiary, of a subsidiary 100% of whose issued shares or all of its capital are held directly or indirectly by its Parent Company and report the transaction at the first Board Meeting held after the transaction for ratification:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of equipment for business use or its right-of-use assets.</li> <li>2. Acquisition or disposal of right-of-use of real estate for business use.</li> </ol> <p>When the Procedures regarding the acquisition or disposal of assets are submitted to the Board for discussion, the opinion of the Independent Director must be taken into full consideration. If an Independent Director objects to or expresses reservations about any matter, it must be recorded in the minutes of the Board Meeting.</p> <p>When the Company has an</p>	
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	<p>When the Company has an Audit Committee in accordance with the Securities and Exchange Act, the matters that must be adopted by the Supervisors in accordance with the provisions of the first paragraph must be approved by a majority of all members of the Audit Committee and must be submitted to the Board for discussion and resolution.</p> <p>If the preceding paragraph is not approved by a majority of all members of the Audit Committee, more than two-thirds of all Directors may agree to implement it. The resolution of the Audit Committee must be recorded in the minutes of the Board Meeting.</p> <p>“All members of the Audit Committee” and “all members of the Board” referred to in paragraph 3 must be counted as the actual number of persons currently holding those positions.</p> <p><u>If a public company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10% or more of the public company's total assets, the public company shall submit the materials in all the subparagraphs of paragraph</u></p>	<p>Audit Committee in accordance with the Securities and Exchange Act, the matters that must be adopted by the Supervisors in accordance with the provisions of the first paragraph must be approved by a majority of all members of the Audit Committee and must be submitted to the Board for discussion and resolution.</p> <p>If the preceding paragraph is not approved by a majority of all members of the Audit Committee, more than two-thirds of all Directors may agree to implement it. The resolution of the Audit Committee must be recorded in the minutes of the Board Meeting.</p> <p>“All members of the Audit Committee” and “all members of the Board” referred to in paragraph 3 must be counted as the actual number of persons currently holding those positions.</p>	
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	<p><u>1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries. The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Artical IV.17 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting and the Board and recognized by the Supervisors need not be counted toward the transaction amount.</u></p> <p>(II.)...(Omitted).  (III.)...(Omitted).  (IV.)...(Omitted).  V. ...(Omitted).  VI. ...(Omitted).</p>	<p>(II.)...(Omitted).  (III.)...(Omitted).  (IV.)...(Omitted).  V. ...(Omitted).  VI. ...(Omitted).</p>	
Chapter IV Information Disclosure Procedures	<p>I. Matters requiring disclosure and disclosure and reporting standards</p> <p>(I.) ...(Omitted).  (II.) ...(Omitted).  (III.) ...(Omitted).  (IV.) ...(Omitted).  (V.) ...(Omitted).  (VI.) Asset transactions other than those set forth in the preceding five subparagraphsor investments in the Mainland Area, with</p>	<p>I. Matters requiring disclosure and disclosure and reporting standards</p> <p>(I.) ...(Omitted).  (II.) ...(Omitted).  (III.) ...(Omitted).  (IV.) ...(Omitted).  (V.) ...(Omitted).  (VI.) Asset transactions other than those set forth in the preceding five subparagraphsor investments in the Mainland</p>	

	<p>transaction amounts exceeding 20% of the Company's paid-in capital or TWD 300 million. However, these restriction do not apply in the following circumstances:</p> <p>1.<u>Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></p> <p>2.<u>Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds or subscription or redemption of exchange traded notes.</u></p> <p>3....(Omitted) (VII.) ...(Omitted) II. ...(Omitted). III. ...(Omitted).</p>	<p>Area, with transaction amounts exceeding 20% of the Company's paid-in capital or TWD 300 million. However, these restriction do not apply in the following circumstances:</p> <p>1.<u>Purchasing and selling public debt.</u></p> <p>2. <u>Trading in marketable securities on the stock exchange or securities market by investors, or ordinary corporate bonds issued and non-equity-related financial bonds subscribed to in the primary market.</u></p> <p>3....(Omitted) (VII.) ...(Omitted) II. ...(Omitted). III. ...(Omitted).</p>	
Chapter VI Other important matters	<p>I. Appraisal Companies, Law Firms, Securities Underwriting Firms and their Appraisers, Lawyers, and Accountants that issue appraisal reports and opinion statements, must meet the following requirements:</p> <p>(I.) ...(Omitted). (II.) ...(Omitted).</p>	<p>I. Appraisal Companies, Law Firms, Securities Underwriting Firms and their Appraisers, Lawyers, and Accountants that issue appraisal reports and opinion statements, must meet the following requirements:</p> <p>(I.) ...(Omitted). (II.) ...(Omitted).</p>	



	<p>(III.) ...(Omitted).</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:</p> <p>(I.) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>(II.) When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>(III.) They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data, the parameters, and information, as the basis for issuance of the appraisal report or the opinion.</p> <p>(IV.) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is</p>	<p>(III.) ...(Omitted).</p> <p>When issuing an appraisal report or opinion, the staff of the preceding paragraph must observe the following:</p> <p>(I.) Before undertaking a case, the staff must carefully assess their own professional competence, practical experience, and independence.</p> <p>(II.) When reviewing a case, the operational procedures must be properly planned and followed in order to reach conclusions to be included in a report or opinion. The procedures followed, data collected, and conclusions drawn must all be detailed in the working notes of the case.</p> <p>(III.) The materials sources, parameters, and information must be evaluated item by item for their integrity, accuracy, and reasonableness in order to serve as the basis of the appraisal report or opinion to be issued.</p> <p>(IV.) The statement must declare the professionalism and independence of the staff involved and state that the information used for the appraisal is reasonable, correct and in compliance with laws and regulations.</p>	
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	<p>appropriate and reasonable, and that they have complied with applicable laws and regulations.</p> <p>II. ...(Omitted).</p> <p>III. ...(Omitted).</p> <p>IV. ...(Omitted).</p> <p>V. ...(Omitted).</p>	<p>II. ...(Omitted).</p> <p>III. ...(Omitted).</p> <p>IV. ...(Omitted).</p> <p>V. ...(Omitted).</p>	
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## Elections

Subject: Election of the Company's 19th Board of Directors (proposed by the Board).

Explanation:

- (I.) The term of office of the Company's directors expires on June 27, 2022. Pursuant to Article 16 of the Company's Articles of Incorporation, elections must be held for a new Board. The Board's proposal is to elect three (3) Directors and four (4) Independent Directors to form the 19th Board of Directors with their term of office for three years, starting on June 10, 2022 and end on June 9, 2025.
- (II.) Based on Article 192-1 of the Company Act, a candidate's nomination system is adopted by the Company for election of the directors ; the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. The education and career background, and other information of candidates are as following:

List of Candidates for the Directors (including Independent Directors) for the 19th Board

Title	Name	Shares Held	Major Education and Career Background	Explanation
Director	HSU, CHI-KAO	515,000	<ul style="list-style-type: none"> <li>● B.S., Biology and Economy, Claremont McKenna College</li> <li>● Vice Chairman of Sincere Navigation Corporation</li> <li>● Chairman of Sincere Navigation Corporation</li> </ul>	None
Director	Solar Shipping Agency Ltd	18,363,398	N/A	Account Name: CTBC Bank Co., Ltd in custody of Solar Shipping Agency Co., Ltd.
Director	Orient Dynasty Ltd	9,539,761	N/A	Account Name: CTBC Bank Co., Ltd in custody for Orient Dynasty Ltd
Independent Director	LEE, YEN-SUNG	0	<ul style="list-style-type: none"> <li>● Master, Accounting, Soochow University</li> <li>● Deputy Chairman of PwC Taiwan</li> <li>● Chairman of Taipei CPA Association</li> <li>● Director of Accounting Research and Development</li> </ul>	None

			<p>Foundation</p> <ul style="list-style-type: none"> <li>● Director Taiwan Accountant Association</li> <li>● Vice Chairman of the National Federation of CPA Associations of the R.O.C.</li> <li>● Supervisors Convener of the Real Estate Agents Transaction Guaranty Foundation</li> <li>● Independent Director of FamilyMart, Charoen Pokphand Enterprise (Taiwan) Co., Ltd., Chicony Electronics Co., Ltd., Qunguang Electronics Co., Ltd., and Sincere Navigation Corporation</li> </ul>	
Independent Director	CHENG, FU-KWOK	0	<ul style="list-style-type: none"> <li>● BS., Social Sciences, University of Hong Kong</li> <li>● Senior Advisor to the Global Shipping Head of CA CIB Honorary Chairman and Director of Credit Agricole Asia Shipfinance Limited</li> <li>● Honorary Treasurer of the Hong Kong Maritime Museum</li> <li>● Member of the Maritime and Port Board (MPB) and Chairman of the Promotion and External Relations Committee under the MPB</li> <li>● Independent Non-Executive Director of Singamas Container Holdings Limited, Grandland Shipping Limited, TCC Group and Miricor Enterprises Holdings Limited</li> </ul>	None
Independent Director	KOO, TSE-	0	<ul style="list-style-type: none"> <li>● BS., Business Administration, Boston University</li> </ul>	None

	HAU		<ul style="list-style-type: none"> <li>● Member of HKMPB Promotion and External Relations Committee and Manpower Development Committee</li> <li>● Chairman of ClassNK Hong Kong Committee</li> <li>● Executive Director of Valles Steamship Company Limited</li> <li>● Chairman of Hong Kong Shipowners Association</li> </ul>	
Independent Director	TSENG, KUO-CHENG		<ul style="list-style-type: none"> <li>● Master, Naval Architecture, National Taiwan University</li> <li>● President of CSBC Corporation, Taiwan</li> <li>● Chairman of CSBC-DEME Wind Engineering Co. , Ltd.</li> <li>● Advisor of Ship and Ocean Industries R&amp;D Center (SOIC)</li> <li>● Advisor of Metal Industries Research &amp; Development Center</li> <li>● Chairman and President of High Tien Offshore Co., Ltd.</li> <li>● Director of Asia Renewable Energy (Cayman) Ltd.</li> <li>● Adjunct Professor Rank Specialist at National Cheng Kung University</li> </ul>	None

Election results:

## Other Motions

Subject: Proposal for Release the Prohibition on Directors from Participation in Competitive Business (proposed by the Board).

Explanation: The Board suggests to the Shareholders Meeting to allow, in the light of Article 209 of the Company Act, to release the prohibition from participation in competitive business for the Company's Directors (including their representatives), Independent Directors, and Directors of Subsidiaries of which the Company holds less than 100% of shares; Directors of companies that are reinvested by Subsidiaries; Company Directors that invest in or manage other companies with identical or similar scopes of business; Directors that have previously served [the Company] as experts or consultants.

### Director Candidate of the 19<sup>th</sup> Board

#### List of Release the Prohibition on Director from Participation in Competitive Business

Title	Name	Serving as Director in Other Companies with Similar Business
Director	HSU, CHI-KAO	Bridge Poima Limited, Director Everprime Shipping Limited, Director Everwin Maritime Limited, Director Glory Selah Limited, Director Jetwall Co., Ltd., Director Ocean Grace Limited, Director Sky Sea Maritime Limited, Director Vitvory Navigation Inc., Director
Independent Director	KOO, TSE-HAU	Valles Steamship Company Limited, Director

Resolution:

Extempore Motions

Adjournment of the meeting

**Rules of Procedure for Shareholders Meeting**

June 29, 2016

Amended by the Shareholders Meeting

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

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



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

Articles of Incorporation of Sincere Navigation Corporation

Chapter 1. General Principles

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

Chapter 2. Shares

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

### Chapter 3. Shareholders Meeting

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

#### Chapter 4. Directors and Supervisors

Article 16. The Company has seven to nine (7-9) Directors. Among the Directors there must be no fewer than two Independent Directors, who must make up no fewer than one-fifth of the Board.

The Directors are elected by the shareholders from among able persons. Their term of office is three (3) years. They may be re-elected. The Shareholders Meeting elects and appoints the Directors from a list of nominated candidates. This process follows the requirements of the Company Act and regulations from the competent authority of the securities industry.

The total number of shares held by the Directors referred to in the preceding paragraph is determined in accordance with the standards stipulated in the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies promulgated by the competent authority in charge of the securities industry.

Article 17. Under the Board, there are functional committees, whose qualifications, powers, and remunerations are decided by the Board.

In accordance with the provisions of Article 14-4 of the Securities and Exchange Act, the Company has an Audit Committee responsible for the implementation of the Company Act, Securities and Exchange Act, and other relevant laws and regulations concerning the supervisors' powers. The Audit Committee consists of all Independent Directors and at least three (3) members in total.

Article 18. The Board consists of the Directors. The Chairman and Vice Chairman shall be elected by a majority voting of the Directors present at a meeting of its Board of Directors attended by two thirds or more of the Directors. The Chairman shall execute all matters of the Company in accordance with laws, regulations, the Articles of Incorporation, and resolutions of the Shareholders Meeting and the Board of Directors.

Article 19. The Board is convened by the Chairman of the Board. If the Chairman of the Board is unable to exercise his functions and powers, he is represented by the Deputy Chairman. Alternatively, if the Deputy Chairman is unable to exercise his functions and powers, the Chairman designates a Director to represent him. In the absence of such designations, the Directors designate one person from their midst to represent the Chairman.

In the event of a video conference, Directors attending the meeting by video are deemed to be attending in person.

Board meetings must be convened once every quarter. The meeting notice must state the agenda items. The Directors must be notified seven (7) days in advance, but in case of emergency, a Board Meeting may be convened on a short notice.

The Board Meeting notices in the preceding paragraph may be sent in writing, by fax, or e-mail.

Article 20. The Board decides by resolutions on the Company's operating direction; construction, sale, and purchase of its operating vessels; transportation and lease contracts for more than three (3) years for its vessels; investment in other enterprises; capital loans made to others; guarantees made to others; authorizations to others; and other important matters.

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

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

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

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

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

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

Article 24. (Deleted).

Article 25. (Deleted).

#### Chapter 5. The President and Vice Presidents Articles

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

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

#### Chapter 6. Accounting

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

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

I. Business report.

II. Financial statements.

III. Proposal for profit distribution or loss appropriation.

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

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

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

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

#### Chapter 7. Supplemental Provisions

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

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

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

Sincere Navigation Corporation

Chairman HSU, CHI-KAO

Operational Procedures for Acquisition and Disposal of Assets  
by Sincere Navigation Corporation and its Subsidiaries

June 28, 2019

Amendment adopted by the  
Shareholders Meeting

- i. These Procedures have been laid down in order to provide specifications and standards for the acquisition and disposal of assets by the Company and its Subsidiaries. They have been amended in accordance with Article 36-1 of the Securities and Exchange Act and the Financial Supervisory Commission's Order (Jin-Guan-Zheng-Zi) No. 100703410725 of November 26, 2018.
- ii. Definitions:
  - 1. The term "assets" as used in these Regulations includes the following:
    - (1) Stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call/put warrants, beneficial interest securities, and asset-backed securities.
    - (2) Real estate (including land, houses and buildings, investment property) and equipment.
    - (3) Memberships.
    - (4) Intangible assets such as patent rights, copyrights, trademark rights, and concessions.
    - (5) Usability assets.
    - (6) Derivatives.
    - (7) Assets acquired or disposed of by legal merger, demerger, acquisition, or transfer of shares.
    - (8) Other important assets.
  - 2. The terms used in these Procedures are defined as follows:
    - (1) "Derivatives" refers to forward contracts, option contracts, futures contracts, leveraged guarantee contracts, swap contracts involving such commodities as assets, interest rates, exchange rates, indices or other benefits, and combinations of such commodities. "Forward contracts" here does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term import/sales contracts.
    - (2) "Assets acquired or disposed of by legal merger, demerger, acquisition, or transfer of shares" refers to assets acquired or disposed of through mergers, demergers, or acquisitions in accordance with the Business Mergers and Acquisitions Act and the Financial Holding Company Act, or shares transferred to another company in accordance with Article 156-3 of the Company Act ("share transfer").
    - (3) Relationships and Subsidiaries: These must be determined in accordance with the standards provided in the issuer's financial report.
    - (4) Professional Appraiser: refers to the real estate Appraisers or other persons who are engaged in real estate and other fixed assets appraisal in accordance with the law.
    - (5) "Date of the Event" refers to the day of signing a contract, the day of payment, the day

of a board resolution, or another date on which a capital loan, beneficiary, and amount are fully determined, and so forth. However, in the case of investments subject to the approval of the competent authority, the foregoing dates are the dates when the approval was given by the competent authority.

- (6) “Investment in the Mainland Area” refers to Mainland China area investment: Refers to investments in the Mainland Area approved by Taiwan’s Ministry of Economic Affairs Investment Commission or conducted in accordance with the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- (7) “Investment companies” refers to financial holding companies, banks, insurance companies, securities financing companies, trust companies, securities dealers engaged in direct or underwriting sales, futures dealers engaged in direct or underwriting sales, securities investment trust companies, securities investment consulting companies, and fund management companies that are legally registered and overseen by the national competent authority in charge of the financial industry.
- (8) “Stock exchange” and “domestic stock exchange” refer to the Taiwan Stock Exchange Co., Ltd. “Foreign stock exchange” refers to any securities trading market organized and managed by the securities authority of another country.
- (9) “Taipei Exchange” and “domestic securities market” refer to the place where the securities dealer counters are located and used for trading in accordance with the Regulations Governing Securities Trading on the Taipei Exchange. “Foreign securities market” refers to the business premises of financial institutions that conduct securities business under the oversight of a foreign competent authority in charge of the securities market.

iii. Appraisal and Operating Procedures:

The acquisition or disposal of assets by the Company and its Subsidiaries must be handled in accordance with the management system including investment cycles and purchase cycles of the internal control system, and must be handled in accordance with the following procedures:

1. Acquisition and disposal of marketable securities investment:

- (1) When trading in marketable securities in places other than the stock exchange market or the over-the-counter trading center, reference must be taken, before the Date of the Event, from a signed accountant’s statement regarding the target company’s most recent financial statements to appraise the value of the transaction. Transactions exceeding TWD 50 million require written approval from the President and must be submitted to the Board for resolution. The price determination method and reference basis must consider the net value per share, profit earning potential, future development potential, market interest rates, bond coupon rates, debtor's debt, etc., and take reference from recent transaction prices.
- (2) When trading in marketable securities in the stock exchange market or the over-the-counter trading center, their prices must be determined with reference taken from then-current prices of share rights or debt bonds. When the amount of a transaction or the cumulative amount of acquisitions or disposals for one type of marketable securities accumulated over a year (with acquisitions and disposals accumulated separately) exceed TWD 300 million, written approval from the President is required, subject to the authorization from the Board.



(3) Obtaining expert opinions

If the transaction amount of acquisition or disposal of securities exceeds 20% of the Company's paid-up capital or TWD 300 million or more, an accountant must be consulted before Date of the Event to express an opinion on the reasonableness of the transaction price. If the accountant needs to use a specialized report, the matter must be handled in accordance with the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation in Taiwan (ARDF), except when there is a public quotation for such marketable securities in the active market or the Financial Supervisory Commission has stipulated otherwise.

2. Transaction of acquisition or disposal of real estate, equipment, or their right-of use assets

(1) General fixed assets purchases must be handled by the General Affairs Department in the form of bidding, price comparison, or price negotiations. Requisitions of an amount exceeding TWD 1 million require, besides approval from department heads, approval from the Vice President. Requisitions of an amount exceeding TWD 50 million require approval from the President.

(2) To purchase a vessel, the Operations Department must first prepare an operation plan, then the Finance Department must draw up a financing plan, which both must be submitted to the Board for discussion and resolution. After the Company has obtained written approval from the Ministry of Transportation and Communications, the Company may sign the vessel construction contract or tender contract.

(3) To dispose of a vessel, the Board must first pass a resolution, then obtain written approval from the Ministry of Transportation and Communications, before the Operations Department executes the disposal process.

(4) To acquire or dispose of buildings, land, or vessels, reference must be taken from publicly announced current value, appraised current value, actual transaction prices or book values of nearby real estate, suppliers' quotations, etc. If these Rules require disclosure or reporting, an Appraisal Company must be engaged to issue an appraisal.

(5) Obtaining the appraisal report

With the exception of transactions with government agencies, construction on own land, construction on leased land, or acquisition or disposal of equipment for business use, transactions of acquisition or disposal of real estate or equipment, when exceeding 20% of the Company's paid-up capital or TWD 300 million or more, require an opinion statement from a CPA attesting to the reasonableness of the transaction price and given before the Date of the Event, and must comply with the following provisions:

1. When pricing is constrained due to special reasons, a specific price or a special price may be used as a reference basis for the transaction price, and the transaction must first be approved by the Board. The same applies when the transaction conditions are changed.
2. If the transaction amount reaches TWD 1 billion or more, more than two professional Appraisers must be engaged to make an appraisal.
3. Except when the appraisal result of the acquired assets is higher than the

transaction amount, or the appraisal result of the disposed assets is lower than the transaction amount, the appraisal result of the Appraisers must be handled by a Certified Public Accountant (CPA) in accordance with the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation in Taiwan (ARDF). This CPA must issue a concrete opinion regarding the reason for the difference and the appropriateness of the transaction price if one of the following circumstances apply:

- (1) The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.
  - (2) The difference between the appraisal results of the two or more Appraisers is more than 10% of the transaction amount.
4. The time between the date of the appraisal report and the contract date must not exceed three months. However, if the publicly announced current value of the same period does not exceed six months, the original Appraiser may issue a written opinion.

### 3. Acquisition and disposal of memberships and intangible assets

- (1) With regard to the acquisition and disposal of intangible assets or their right-to use assets or memberships, the user must take reference from fair market prices to determine the transaction conditions and the transaction price and lay these down in an analysis report. If the amount of the intangible assets is less than TWD 5 million, the transaction must be approved by the Vice President. If the amount of the intangible assets is more than TWD 5 million, the transaction must be approved by the President.
- (2) With the exception of transactions with government agencies, transactions to acquire or dispose of intangible assets or their right-of use assets or membership exceeding 20% of the Company's paid-up capital or TWD 300 million require an opinion statement from a CPA attesting to the reasonableness of the transaction price and given before the Date of the Event. This opinion must be in accordance with the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation in Taiwan (ARDF).

### 4. Transactions with Related Parties

With the exception of items III.1, 2, 3 of these Procedures and the provisions below regarding related resolution procedures, the assessment of the reasonableness of transaction conditions and so forth, transactions between the Company and Related Parties to acquire or dispose of assets with a transaction amount exceeding 10% of the total assets of the Company require an opinion statement from an Appraiser as referred to in items III. 1, 2, 3 of these Procedures or from a CPA.

The calculation of the transaction amount of the preceding paragraph must be handled in accordance with item IV.1.6 of these Procedures.

In the assessment of whether a transaction party is a Related Party, the substantive relationship must be considered in addition to its legal form.

- (1) With the exception of purchasing or selling domestic bonds, bonds under repurchase or resale agreements, currency market funds issued by domestic securities

investment trust companies that repurchase or resell them, in the event of a transaction to acquire or dispose of real estate or its right-of-use assets between the Company and a Related Party, or a transaction to acquire or dispose of real estate from or to a Related Party exceeding 20% of the Company's paid-up capital, exceeding 10% of the Company's total assets, or exceeding TWD 300 million, the following must be proposed and adopted by the Board and approved by the Supervisors before the transaction contract may be signed and payment effectuated:

1. The purpose, necessity, and expected benefits of the acquisition or disposal of the assets concerned.
2. Reasons for selecting the person as a transaction party.
3. Obtain information from the Related Party regarding the reasonableness of the intended transaction conditions for the real estate appraisal.
4. Information describing the relationship between the Company and the Related Party, such as original acquisition dates, prices, transaction parties, and their relationships with the Company.
5. A table of estimated monthly cash flows for the year starting from the date of the intended transaction, and an assessment of the necessity of the transaction and the reasonableness of the use of funds.
6. An appraisal report issued by a professional Appraiser in accordance with these Procedures or the opinion of an accountant.
7. Restrictive conditions and other important matters of this transaction.

The calculation of the transaction amount of the preceding paragraph must follow item IV.1.6 of these Procedures. The term “within the preceding year” in that item must be understood as calculated retroactively from the Date of the Event. If a calculation has been proposed and adopted by the Board and approved by the Supervisors for adoption, this calculation does not need to be made again.

The Board may authorize its Chairman to handle the following transactions up to a certain amount between a publicly traded company and its Parent Company, subsidiary, or a subsidiary 100% of whose issued shares or all of its capital are held directly or indirectly by its Parent Company, and report the transaction at the first Board Meeting held after the transaction for ratification:

1. Acquisition or disposal of equipment for business use or its right-to use assets.
2. Acquisition or disposal of right-of-use of real estate for business use.

When the Procedures regarding the acquisition or disposal of assets are submitted to the Board for discussion, the opinions of the Independent Directors must be taken into full consideration. If an Independent Director objects to or expresses reservations about any matter, it must be recorded in the minutes of the Board Meeting.

When the Company has an Audit Committee in accordance with the Securities and Exchange Act, the matters that must be adopted by the Supervisors in accordance with the provisions of the first paragraph must be approved by a majority of all members of the Audit Committee and must be submitted to the Board for

discussion and resolution.

If the preceding paragraph is not approved by a majority of all members of the Audit Committee, more than two-thirds of all Directors may agree to implement it. The resolution of the Audit Committee must be recorded in the minutes of the Board Meeting.

“All members of the Audit Committee” and “all members of the Board” referred to in paragraphs must be counted as the actual number of persons currently holding those positions.

- (2) When the Company acquires real estate from a Related Party, it must review the reasonableness of the price of the real estate following the points below and an accountant must check the review and issue an opinion statement.
1. Calculate the necessary fund interest and the buyer's cost based on the transaction price of the Related Party. The so-called necessary capital interest cost calculated based on the weighted average interest rate of the Company's borrowings for its purchases over the preceding year must not be higher than the non-financial industry maximum borrowing rate announced by the Ministry of Finance.
  2. If the Related Party pledges a real estate object to a financial institution as collateral for its loan, the financial institution must appraise the total value of the loan for which the real estate object has been pledged, and the cumulative value of the actual loans provided by the financial institution based on the pledged real estate object must be more than 70% of the total value of those loan and the loan term must be longer than a year. This requirement does not apply when the financial institution and the other party are Related Parties to one another.
  3. In the event of joint purchase of land and buildings of the same real estate object, the transaction costs may be appraised separately for the land and the buildings through any of the methods set forth in the two preceding paragraphs.

In any of the following circumstances, the matter may be handled in accordance with the resolution procedures set forth in item III.3.1 of these Procedures, and the preceding provisions on the reasonableness of the transaction costs will not apply:

1. A Related Party acquires the real estate due to inheritance or as a gift.
  2. The time elapsed from the conclusion of the contract until the acquisition of the real estate or its right-to-use assets by the Related Party is more than five years.
  3. The Company signs a contract with a Related Party for joint construction, for commissioned construction by the Related Party on the Company's own land, leased land, or land acquired from the Related Party.
  4. A publicly traded company or its parent company, its subsidiaries, or its subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, acquire the use right-of-use assets of real estate for business use.
- (3) In accordance with item III.4.22 of these Procedures, if the appraisal result is lower than the transaction price, the matter must be handled in accordance with item II.4.4. However, in the following circumstances, or when there is objective

evidence and a specific opinion on the reasonableness [of the transaction price] from a real estate appraiser and accountant, the above requirement does not apply:

1. If a Related Party acquires or leases mere land and then proceeds to construct on it, evidence of which may be one of the following conditions:
  - (1) The land is appraised in accordance with the method stipulated in the preceding article, while the building is appraised based on a reasonable construction profit added to the Related Party's construction cost, and the total amount exceeds the actual transaction price. The so-called reasonable construction profit must be based on the average gross operating profit margin of the Related Party's construction department over the past three years or be lower than the latest construction industry gross profit margin announced by the Ministry of Finance.
  - (2) Other transaction cases with unrelated parties purchasing real estate in the same real estate object (another floor or nearby area) and a similar surface area within the preceding year, and the transaction conditions for such purchases or leases were appraised as reasonable under similar conditions.
  - (3) Other transaction cases with unrelated parties purchasing real estate in the same real estate object (another floor or nearby area) within the preceding year, and the transaction conditions for such leases were appraised were appraised as reasonable when considering the difference in floor levels and other conditions being equal.
2. Other transaction cases with unrelated parties purchasing a real estate object of a similar surface area in a nearby area within the preceding year. "Realized cases in nearby areas" refers to the principle of transactions of real estate in the same or a nearby area not farther away than 500 meters from the intended transaction and of a similar publicly announced present value. "Similar surface area" refers to the principle that the case of the unrelated party should not be less than 50% of the surface area of the intended transaction. "Within the preceding year" refers to the year prior to the Date of the Event of the intended transaction of the acquisition of real estate.
- (4) When acquiring real estate or its right-to-use assets from a Related Party, if the appraisal results in accordance with the provisions of item III.3.2 and 3 of these Procedures are lower than the transaction price, the matter must be handled as follows:
  1. Pursuant to Article 41, paragraph 1, regarding special surplus reserves, of the Securities and Exchange Act, the difference between the transaction price of the real estate and the appraised cost cannot be distributed or transferred as shared to increase the Company's capital. If a publicly traded investment company uses the equity method for its appraisal, it must set aside a special surplus reserve for the proposed amount Article 41, paragraph 1 of the Securities and Exchange Act.
  2. The Supervisors must handle matters in accordance with the provisions of Article 208 of the Company Act. From the date of the establishment of the Audit Committee, the first paragraph of this Article relating to the Supervisors will be amended to apply to the Independent Directors of the Audit Committee.
  3. The handling status pursuant to the first two Articles must be reported to the

Shareholders Meeting and the details of such transactions must be disclosed in the Annual Report and a public announcement.

If a publicly traded company sets aside a special surplus reserve in accordance with the foregoing provisions, an asset purchased at a high price must be recognized as a loss or penalty, the asset must be restored to its original state Or if the absence of unreasonable circumstances is supported by other evidence, the matter must be approved by the competent authority in charge of the financial sector before the special surplus reserve can be used again.

When a publicly traded company acquires real estate from a Related Party, and other evidence demonstrates that the transaction does not follow normal business practice, the matter must be handled in accordance with the preceding two provisions.

## 5. Acquisition and disposal derivatives

### (1) Trading principles and guidelines

#### 1. Types of transactions

To hedge risks that may occur in its operations, or to invest and manage its assets, the Company may enter into forward contracts, option contracts, futures contracts, interest and currency swap contracts, bond margin trading, and combinations of such commodities.

#### 2. Division of powers and responsibilities

(1) Finance Department: In charge of executing transactions in accordance with these Procedures. The Department also must collect market information on a regular basis, stay abreast with laws and regulations and operational skills in order to provide timely information to the management.

(2) Accounting Department: In charge of confirming, settling, and registering the details of transactions.

#### 3. Transaction quota

(1) Hedging transactions: The total amount of transaction contracts cannot exceed the total amount of the hedged items.

(2) Financial management transactions: These are executed by specially designated and authorized personnel and require the approval of the President. The total transaction amount of this type of contract is limited to 20% of the Company's capital. The loss limit of all contracts and individual contracts is set at 30% of the contract price.

#### 4. Performance appraisal

(1) Earnings targets are set commensurate with the size of the units concerned and are regularly reviewed.

(2) Monthly net earnings are reviewed in the same month, and the findings, future production, and risk hedging are discussed with the units concerned to offer guidance for future operations.

### (2) Operating procedures

## 1. Authorized amounts and management levels

- (1) In line with the Company's turnover and changes in its risk-exposed units, the following table of authorized amounts has been prepared, approved by the Chairman for implementation, and submitted to the Board for approval and archiving. Any amendments must be approved by the Chairman.

<u>Authorized unit</u>	<u>Single transaction amount</u>
Board of Directors	More than USD 5 million
President	Less than USD 5 million
Vice President	Less than USD 1 million

Any transaction amount must be approved by a person authorized for that amount. Amounts in other currencies are converted to USD and handled in accordance with this table.

- (2) To enable our banks to properly supervise our transactions, our authorization limits and operational and risk-hedging strategies must be communicated to our banks, and any changes in them must be immediately communicated to our banks. Besides executing the current agreements with our Company, our banks are expected to manage and control our Company and its departments on the basis of this table.

## 2. Execution: units and procedures

- (1) Execution of transactions: the trading personnel of the Finance Department must conduct transactions with our banks within the limits of their authorized amounts. Immediately after each transaction, a transaction form describing the transaction must be completed, signed for approval by a manager, after which the Statistics Department sends a copy of the transaction form to the Accounting Department.
- (2) Confirmation, execution, and registration of transactions: The Accounting Department must confirm each transaction on the basis of a copy of the transaction order completed by the trading unit, settle the transactions and record their details on the basis of the confirmed numbers, and send an overview table to the trading unit of the Finance Department.

## (3) Internal control system

### 1. Transactions and confirmations

- (1) Continuously monitor the market.
- (2) Each transaction must be confirmed line by line against the transaction form.
- (3) A transaction form must be completed immediately after each transaction and signed for approval by the manager.
- (4) The transaction amount must be in accordance with the provisions regarding the authorized amounts set forth in these Procedures.
- (5) Transactions are confirmed against the transaction forms.

### 2. Risk management

#### (1) Credit risk management

- A. The transaction counterparts are defined as banks with which the Company has business dealings.
- B. After each transaction, registration personnel must register the amount in a

management and control table and regularly compare these with the banks' records.

(2) Market risk management

- A. The registration personnel must check for each transaction whether the total transaction amount is in accordance with the authorization limits set forth in these Procedures.
- B. Each week, the trading unit of the Finance Department and the Accounting Department each carry out market price assessments and pay attention to the potential impact of future market price fluctuations on the units involved in those transactions.

(3) Liquidity risk management

Transaction personnel must adhere to the authorized amounts and bear in mind the Company's cash flow to ensure sufficient cash is available to settle transactions.

(4) Operational risk management

- A. Personnel cannot concurrently fulfill transaction roles and confirmation and settlement roles.
- B. Each operational action must be authorized and supervised by a manager.

(5) Legal risk management

Documents signed with banks must be signed by legal personnel.

3. Regular appraisals

- (1) In accordance with directions from the Board, the President must pay attention to the supervision and control of risks from derivative commodity trading.
- (2) The trading unit of the Finance Department must summarize the content of and units involved in hedging transactions at the middle and end of each month, and evaluate their market prices, earnings status, future risks, units involved, market conditions, and hedging strategies, and compile those into an appraisal report, which must be reviewed by the manager before being sent to the Accounting Department. Wealth management transactions must be evaluated once a week.
- (3) After the Accounting Department has verified the transaction details and market price assessments in the assessment report as correct, the report must be sent to the President together with the earnings statement and the transaction amount management and control table. A copy of the report must be sent to the Auditing Department, and the manager of the Accounting Department must report on it to the President.
- (4) The President must assess, on the basis of the data and the monthly audits by the Auditing Department, whether the currently used risk management procedures are appropriate and ensure handling in accordance with these Procedures. The President must also regularly report to and discuss with the Board whether the performance of the derivatives transactions is in line with the Company's established business strategy and whether the risks assumed are within the scope permitted by the Company.
- (5) If the market price assessment report finds any anomalies (e.g. the unit



involved has exceeded its loss limit), the President must report the situation to the Board and take appropriate countermeasures.

(4) Internal audit system

The internal auditing personnel of the internal auditing system must periodically review the sufficiency of the internal controls, and check on a monthly basis the compliance status of the trading unit's adherence to procedures. It must analyze transaction cycles and compile them into a report. It must also execute the annual internal auditing plan and file a report [on the plan's execution] to the Financial Supervisory Commission (FSC) before the end of February and report progress on improving irregularities to the FSC no later than the end of May.

When the Company has Independent Directors in accordance with the regulations, it must notify the Supervisors in accordance with the preceding paragraph and notify the Independent Directors in writing at the same time.

When the Company has an Audit Committee in accordance with the regulations, the second paragraph regarding Supervisors will apply to the Audit Committee.

6. Acquisition and disposal of assets by legal merger, demerger, acquisition or transfer of shares :

- (1) When handling mergers, demergers, acquisitions or transfers of shares, the Company should consult lawyers, accountants, or securities underwriters to jointly study the estimated timetable of the legally required procedures, implement them in accordance with those procedures, and consult accountants before convening a Board meeting to adopt resolutions on such matters. The lawyers, accountants, or securities underwriters consulted should provide their opinions on the reasonableness of the conversion ratio, the purchase price, and distribution [of the proceeds] to the shareholders in the form of cash or other assets, and submit these opinions to the Board for discussion and approval.

However, mergers between the Company and a Subsidiary 100% of whose issued shares or capital are directly or indirectly held by the Company, and mergers between Subsidiaries 100% of whose issued shares or capital are directly or indirectly held by the Company may be exempted from obtaining opinions on their reasonableness from the foregoing experts.

- (2) The Company must compile the main contractual content and related information regarding such a merger, demerger, or acquisition into a public document and submit it, together with the opinions on their reasonableness from the foregoing experts, to the shareholders before the Shareholders Meeting to serve as a reference for their decision whether or not to agree to the merger, demerger, or acquisition, unless the law provides that the intended merger, demerger, or acquisition does not require a Shareholders Meeting to adopt a resolution on the matter. In addition, if such a Shareholders Meeting cannot be held, due to a lack of attendees, unmet quorum, or other legal constraints, or resolutions or motions are rejected by the Shareholders Meeting, the shareholders of any company that is party to the merger, demerger or acquisition must immediately publicly disclose the reasons for the events, the next steps to be taken, and the expected date of the next Shareholders

Meeting.

(3) Other points of attention

1. Dates of Board meetings and Shareholders Meetings: Unless the law provides otherwise or special reasons necessitate that they immediately notify the FSC to obtain its approval, companies that are party to a merger, demerger, or acquisition must convene a Board Meeting and Shareholders Meeting on the same day to adopt resolutions on matter relating to the merger, demerger, or acquisition. Companies party to a merger, demerger, or acquisition must convene a Board Meeting and Shareholders Meeting on the same day to adopt resolutions on matter relating to the merger, demerger, or acquisition.
2. Confidentiality commitments until the event: All persons involved in or cognizant of the Company's plans for a merger, demerger, acquisition or transfer of shares must issue a written commitment to confidentiality. Until public disclosure, the contents of the plan cannot be leaked. Also, these persons are not allowed to purchase or sell, in their own name or under another person's name, any shares or marketable securities with an equity nature of companies that are party to such a merger, demerger, or acquisition.
3. Principle to determine and adjust share conversion ratios and share purchase prices: The companies that are party to a merger, demerger, or acquisition must, before holding their Board Meetings on the matter, consult lawyers, accountants, or securities underwriters to provide their opinions on the reasonableness of the conversion ratio, the purchase price, and distribution [of the proceeds] to the shareholders in the form of cash or other assets, and submit these opinions to the Shareholders Meeting. In principle, the conversion ratio or the purchase price cannot be changed, unless the contract contains provisions on such changes and any such changes will be publicly disclosed. Conversion ratios and purchase prices may be changed as follows:
  - (1) To increase cash capital, issue converted corporate bonds and stock dividend, issue corporate warrant bonds, special-rights shares, warrants, and other securities of an equity nature.
  - (2) To deal with the Company's major assets and other activities that affect the Company's financial and operational activity.
  - (3) To respond to major disasters, major technological changes, etc. affecting the shareholders' rights, interests, or securities prices.
  - (4) To adjust the legal share buy-back of any company that is party to a merger, demerger, acquisition or transfer of shares.
  - (5) The number of entities or households participating in mergers, divisions, acquisitions or share transfers has increased or decreased.
  - (6) To execute any changes on which a contract contains provisions and which changes will be publicly disclosed.
4. Mandatory content of contracts: Besides what is stipulated by Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act, any contract regarding a merger, demerger, acquisition or transfer of shares must contain the following:
  - (1) The ways in which breach of contract will be handled.

- (2) The principles by which equity-type securities and repurchased treasury shares of a company that is liquidated or divided due to a merger.
  - (3) The principles by which and the quantities in which legally repurchased treasury shares will be handled, based on the standard conversion ratio of shares of companies that are party to a merger, demerger, or acquisition.
  - (4) The ways in which increases, decrease, and changes in the number of companies that are party to a merger, demerger, or acquisition will be handled.
  - (5) The estimated time paths for the execution and completion of the deal.
  - (6) The procedures in case the deal is not completed on schedule, such a scheduled date of a legally required Shareholders Meeting, and the like.
5. The number of entities or households participating in mergers, divisions, acquisitions or share transfers has increased or decreased: After any company that is party to a merger, demerger, acquisition or transfer of shares publicly discloses information such as its interest in discussing a merger, demerger, acquisition or transfer of shares with another company, the number of companies involved in the deal concerned decreases, the companies concerned may need to convene new Shareholders Meetings to discuss and adopt new resolutions, and the remaining companies must go through all completed procedures and legal steps once again.
  6. If a company that is party to a merger, demerger, acquisition or transfer of shares is not a publicly-traded company, the Company must, pursuant to items III.6.3.1, 2, 5 of these Procedures: convene a Board Meeting; commit to confidentiality until the event; and follow the provisions regarding mergers, demergers, acquisitions or share transfers, respectively.
  7. When a company that is listed on the stock exchange or whose shares are traded on the securities market, participates in a merger, demerger, acquisition or transfer of shares, the following matters must be included in written records and kept for five years for verification purposes:
    - (1) Basic personnel information: including all persons who participated in the planning and execution of a merger, demerger, acquisition or transfer of shares from before it was announced as news, including their titles, names, and national identity card number (or passport number in the case of foreigners).
    - (2) Important dates: including the dates of signing a letter or memorandum of intent, of commissioning financial or legal consultants, of signing the contract, and of Board Meetings.
    - (3) Important documents and proceedings: including plans for mergers, divisions, acquisitions or share transfer plans, letters or memoranda of intent, important contracts, and minutes of Board Meetings.

When a company that is listed on the stock exchange or whose shares are traded on the securities market, participates in a merger, demerger, acquisition or transfer of shares, the information set forth in subparagraphs 1 and 2 of the preceding paragraph must, within two days from its adoption by the Board, be

reported to the FSC in the prescribed format through the online system, for review purposes.

When a company that is not listed on the stock exchange or whose shares are traded on the securities market, and a company that is listed on the stock exchange or whose shares are traded on the securities market, are parties to a merger, demerger, acquisition or transfer of shares, they must sign an agreement and handle matters in accordance with subparagraph 2.

iv. Information Disclosure Procedures

1. Matters requiring disclosure and disclosure and reporting standards

- (1) A transaction between the Company and a Related Party to acquire or dispose of real estate or its right-of-use assets, or non-real estate assets or their right-of-use assets exceeding 20% of the Company's paid-up capital, exceeding 10% of its total assets, or exceeding TWD 300 million, with the exception of purchasing or selling bonds, bonds under repurchase or resale agreements, currency market funds issued by domestic securities investment trust companies that repurchase or resell them.
- (2) Mergers, demergers, acquisition or transfer of shares.
- (3) Losses from trading in derivatives when those losses reach the maximum amount of losses for all contracts or individual contracts allowed by these Procedures.
- (4) Equipment belonging to the categories of common business use acquired from or disposed of to an unrelated party, if the transaction amount meets any of the following:
  1. The amount of paid-in capital is less than TWD 10 billion, and the transaction amount exceeds TWD 500 million.
  2. The amount of paid-in capital exceeds TWD 10 billion and the transaction amount exceeds TWD 1 billion.
- (5) Real estate acquired under an arrangement of commissioned construction on the Company's own land, commissioned construction on leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction exceeds TWD 500 million.
- (6) Asset transactions other than those set forth in the preceding five subparagraphs or investments in the Mainland Area, with transaction amounts exceeding 20% of the Company's paid-in capital or TWD 300 million. However, these restrictions do not apply in the following circumstances:
  1. Purchasing and selling public debt.
  2. Trading in marketable securities on the stock exchange or securities market by investors, or ordinary corporate bonds issued and non-equity-related financial bonds subscribed to in the primary market.
  3. Currency market funds issued by domestic securities investment trust companies that purchase and sell bonds under repurchase or resale bonds and purchase and sell domestic securities.
- (7) The calculation method for the transaction amounts is as follows. The term "within the preceding year" must be understood as calculated retroactively from the Date of

the Event. If a calculation has been publicized in accordance with the regulations, this calculation does not need to be made again.

1. The amount of each transaction.
  2. Amounts of acquisitions or disposals per counterpart and per type of transaction accumulated over the preceding year.
  3. Amounts of acquisitions or disposals per counterpart and per type of transaction accumulated over the preceding year.
  4. Amounts of acquisitions or disposals per type of marketable securities (with acquisitions and disposals accumulated separately).
2. Time limits for disclosures and reporting:
- If an acquisition or disposal by the Company involves matters requiring disclosure and a transaction amount requiring disclosure, the disclosure and reporting must take place within two days from the Date of the Event.
3. Disclosure and Reporting Procedures:
- (1) The Company must disclose and report the information to the website designated by the Financial Supervisory Commission.
  - (2) Before the 10<sup>th</sup> of each month, the Company must enter, in the required format, into the information reporting website designated by the FSC the status of its derivatives trading between the Company and the domestic non-publicly traded Subsidiaries of the Company during the previous month.
  - (3) The Company must file a completely new disclosure and report from scratch within two (2) days after it has found any omissions or errors.
  - (4) The Company must retain all contracts, meeting minutes, record books, appraisal report, and opinions from accountants, lawyers, or securities underwriters at its offices for five years, unless the law provides otherwise.
  - (5) After disclosure and reporting of its transaction in accordance with the preceding article, the Company must disclose and report additional information within two (2) days after the Date of the Event to the website designated by the Financial Supervisory Commission, if any of the following circumstances arises:
    1. The original transaction contract has been changed, terminated, or dissolved.
    2. The merger, demerger, acquisition or transfer of shares has not completed in accordance with the time schedule.
    3. The content of the original disclosure and report has changed.

v. Investment scopes and amounts

The Company and its Subsidiaries may acquire real estate and marketable securities for non-operating purposes in addition to acquiring assets for business process in accordance with these Procedures, provided that the total amount of such transactions do not exceed 50% of the Company's net value and that investments in individual marketable securities do not exceed 10% of the Company's net value.

vi. Other important matters

1. Appraisal Companies, Law Firms, Securities Underwriting Firms and their Appraisers, Lawyers, And Accountants that issue appraisal reports and opinion statements, must meet the following requirements:

- (1) Has not been in violation of this law, Company Act, Banking Act, Insurance Law, Financial Holding Company Act, Business sEntity Accounting Act, or has been sentenced to at least one year of imprisonment for fraud, breach of trust, embezzlement, forgery of documents or business-related crimes, and the sentence has not been completed or three (3) years have not elapsed since the date of sentence completion, the expiration of probation period, or the pardon of such punishment.
- (2) The professional must not be a Related Party to any party of the trasnsaction and must not have substantive a relationship to the Company.
- (3) If the Company must obtain appraisal reports from more than two Appraisal Companies, and their Appraisers must not be Related Parties to one another and they cannot have substantive relationships with one another.

When issuing an appraisal report or opinion, the staff of the preceding paragraph must observe the following:

- (1) Before undertaking a case, the staff must carefully assess their own professional competence, practical experience, and independence.
  - (2) When reviewing a case, the operational procedures must be properly planned and followed in order to reach conclusions to be included in a report or opinion. The procedures followed, data collected, and conclusions drawn must all be detailed in the working notes of the case.
  - (3) The materials sources, parameters, and information muyst be evaluated item by item for their integrity, accuracy, and reasonableness in order to serve as the basis of the appraisal report or opinion to be issued.
  - (4) The statement must declare the professionalism and independence of the staff involved and state that the information used for the appraisal is reasonable, correct, and in compliance with laws and regulations.
2. If a transaction to acquire or dispose of assets requires approval from the Board in accordance with these Procedures or the law, other legal provisions, and a Director expresses dissent and this is contained in the minutes or a written statement, the Company must submit the Director's dissenting opinion to the Supervisors. When the Company has Independent Directors in accordance with the Securities and Exchange Act, and the matters set forth in the preceding subparagraph are submitted to the Board for discussion, the opinions of the Independent Directors must be taken into full consideration. If an Independent Director objects to or expresses reservations about any matter, it must be recorded in the minutes of the Board Meeting.

When the Company has an Audit Committee in accordance with the Securities and Exchange Act, transactions involving major assets or derivatives must be approved by a majority of all members of the Audit Committee and must be submitted to the Board for discussion and resolution.

If the preceding paragraph is not approved by a majority of all members of the Audit

Committee, more than two-thirds of all Directors may agree to implement it. The resolution of the Audit Committee must be recorded in the minutes of the Board Meeting.

“All members of the Audit Committee” and “all members of the Board” referred to in paragraphs must be counted as the actual number of persons currently holding those positions.

3. Those who obtain or dispose of assets through the court auction procedure can replace the appraisal report or accountant's opinion with the certification documents issued by the court.
4. The Company will disclose and report any acquisition or disposal of an asset by not publicly traded domestic Subsidiary, whenever regulations so require. In the disclosures and reporting regarding such a Subsidiary's acquisition or disposal, the amount of paid-in capital and the total assets of the Company's total assets.
5. Wherever any provisions of these Procedures refer to “10% of the total assets”, the percentage must be calculated based on the total assets in the most recent individual or individual financial reports prepared under the securities issuer's financial reporting standards.  
Whenever a company share has no nominal value or its value is not a multiple of TWD 10, any provisions in these Procedures referring to an amount of 20% of the Company's paid-in capital must be calculated as a 10% interest in the Parent Company.  
Any provisions referring to an amount of paid-in capital amounting to a transaction amount of TWD 100 billion must be calculated as a TWD 200 billion interest in the Parent Company.

vii. Penalty

The employees of the Company who undertake the acquisition and disposal of assets in violation of these Procedures must submit the assessment in accordance with the working rules of the Company and must be punished in accordance with their circumstances.

viii. Execution and amendments

After the Company's Procedures regarding the acquisition or disposal of assets have been approved by the Board, they must be sent to the Supervisors and submitted to the Shareholders Meeting for approval. The same applies to their amendments. If a Director expresses dissent and this is contained in the minutes or a written statement, the Company must submit the Director's dissenting opinion to the Supervisors.

When the Company has Independent Directors, and the Procedures Regarding the Acquisition and Disposal of Assets by the Company and its Subsidiary in accordance with the preceding subparagraph are submitted to the Board for discussion, the opinions of the Independent Directors must be taken into full consideration. If an Independent Director objects to or expresses reservations about any matter, it must be recorded in the minutes of the Board Meeting.

When the Company has an Audit Committee, it must adopt or amend the Procedures

Regarding the Acquisition and Disposal of Assets by the Company and its Subsidiaries, which must be adopted by a majority of all members of the Audit Committee and must be submitted to the Board for discussion and adoption, in which case the preceding subparagraph will no apply.

If the preceding paragraph is not approved by a majority of all members of the Audit Committee, more than two-thirds of all Directors may agree to implement it. The resolution of the Audit Committee must be recorded in the minutes of the Board Meeting.

“All members of the Audit Committee” and “all members of the Board” referred to in the preceding two paragraphs must be counted as the actual number of persons currently holding those positions.

From the date of the establishment of the Audit Committee, the powers of the Supervisors are transferred to the Audit Committee and the provisions in the Articles of Association relating to the Supervisors will be amended to apply to the Audit Committee.

The Audit Committee must be notified in writing of any major violations in the acquisition or disposal of assets, and an improvement plan must also be sent to the Audit Committee.



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

Item		Year	2022 (Estimate)
Beginning paid-in capital			NT\$5,853,533 thousand
Dividends distribution of the current year	Cash dividend per share		NT\$1.00
	Dividend per share with capital increase by retained earnings		-
	Dividend per share with capital increase by capital surplus		-
Changes in operating performance	Operating profit		Note
	Operating profit increase (decrease) ratio over the same period last year		Note
	Net income after tax		Note
	Ratio of increase (decrease) in net income after tax over the same period last year		Note
	Earnings per share (before retrospectively adjusted)		Note
	Earnings per share increase (decrease) ratio over the same period last year		Note
	Annual average return on investment (reciprocal of the annual average P/E ratio)		Note
Pro forma earnings per share and P/E ratio	If capital increase by retained earnings are redistributed as cash dividend	Pro forma earnings per share	Note
		Pro forma annual average return on investment	Note
	If capital increase by capital surplus is not processed	Pro forma earnings per share	Note
		Pro forma annual average return on investment	Note
	If capital surplus is not processed and capital increase by retained earnings are redistributed as cash dividend	Pro forma earnings per share	Note
		Pro forma annual average return on investment	Note

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

Chairman: HSU, CHI-KAO

Manager: HSU, CHI-KAO

Principal Accounting Officer: FAN,  
HSIAO-TING

# Sincere Navigation Corporation

[Appendix V]

List of Directors:

Reporting date: April 12, 2022

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

Total shares issued as of June 28, 2019:

568,304,171 shares

Total shares issued as of April 12, 2022:

585,353,297 shares

Remarks:

Shares held by the Directors of the Company in accordance with the law: 18,731,305 shares. As of April 12, 2022, all Directors held: 32,842,132 shares

The company has Audit Committee, so shares held by the Supervisors of the Company in accordance with the law is not applied.

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