

**SINCERE NAVIGATION CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
June 30, 2022 and 2021**

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

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Sincere Navigation Corporation and subsidiaries (the “Group”) as at June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2022 and 2021, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month periods then ended in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.



Lin, Yi-Fan



Liao, Fu-Ming

For and on behalf of PricewaterhouseCoopers, Taiwan

August 10, 2022

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE BALANCE SHEETS AS OF JUNE 30, 2022 AND 2021 ARE REVIEWED , NOT AUDITED)

| Assets | Notes | June 30, 2022 | | December 31, 2021 | | June 30, 2021 | | |
|---------------------------|---|------------------------|----------------------|-------------------|----------------------|---------------|----------------------|------------|
| | | AMOUNT | % | AMOUNT | % | AMOUNT | % | |
| Current assets | | | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 4,614,939 | 22 | \$ 5,423,323 | 25 | \$ 4,584,410 | 21 |
| 1136 | Current financial assets at amortised cost | 6(2) | 113,205 | - | 114,326 | 1 | 126,426 | 1 |
| 1140 | Current contract assets | 6(14) | 179,406 | 1 | 134,702 | 1 | 204,023 | 1 |
| 1170 | Accounts receivable | | 295,265 | 1 | 280,224 | 1 | 238,205 | 1 |
| 1200 | Other receivables | | 91,985 | - | 123,458 | 1 | 102,438 | - |
| 1210 | Other receivables - related parties | 7 | - | - | 62 | - | - | - |
| 1220 | Current tax assets | | - | - | - | - | 106 | - |
| 130X | Bunker inventories | | 373,351 | 2 | 209,319 | 1 | 172,133 | 1 |
| 1410 | Prepayments | | 34,652 | - | 32,231 | - | 25,177 | - |
| 1470 | Other current assets | 8 | 146,743 | 1 | 258,300 | 1 | 206,091 | 1 |
| 11XX | Total current assets | | <u>5,849,546</u> | <u>27</u> | <u>6,575,945</u> | <u>31</u> | <u>5,659,009</u> | <u>26</u> |
| Non-current assets | | | | | | | | |
| 1535 | Non-current financial assets at amortised cost | 6(2) | 1,576,349 | 8 | 1,520,262 | 7 | 1,582,560 | 7 |
| 1600 | Property, plant and equipment | 6(3)(5)(6)(9) and 8 | 13,877,333 | 65 | 13,389,543 | 62 | 14,465,863 | 67 |
| 1755 | Right-of-use assets | 6(4) | 8,970 | - | 11,298 | - | 12,356 | - |
| 1840 | Deferred income tax assets | | 3,350 | - | 5,028 | - | 11,819 | - |
| 1900 | Other non-current assets | 8 | 12,057 | - | 32,842 | - | 16,731 | - |
| 15XX | Total non-current assets | | <u>15,478,059</u> | <u>73</u> | <u>14,958,973</u> | <u>69</u> | <u>16,089,329</u> | <u>74</u> |
| 1XXX | Total assets | | <u>\$ 21,327,605</u> | <u>100</u> | <u>\$ 21,534,918</u> | <u>100</u> | <u>\$ 21,748,338</u> | <u>100</u> |

(Continued)

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE BALANCE SHEETS AS OF JUNE 30, 2022 AND 2021 ARE REVIEWED , NOT AUDITED)

| Liabilities and Equity | Notes | June 30, 2022 | | December 31, 2021 | | June 30, 2021 | | |
|--|--|---------------|----------------------|-------------------|----------------------|---------------|----------------------|------------|
| | | AMOUNT | % | AMOUNT | % | AMOUNT | % | |
| Current liabilities | | | | | | | | |
| 2100 | Short-term borrowings | 6(7) | \$ 850,000 | 4 | \$ 850,000 | 4 | \$ 1,462,920 | 7 |
| 2130 | Current contract liabilities | 6(14) | 13,777 | - | 72,949 | - | 28,744 | - |
| 2200 | Other payables | 6(8) | 899,903 | 4 | 213,825 | 1 | 525,324 | 3 |
| 2220 | Other payables - related parties | 7 | 23,249 | - | 16,801 | - | 20,197 | - |
| 2230 | Current income tax liabilities | | 1,178 | - | 92,040 | - | 85,933 | - |
| 2280 | Current lease liabilities | | 5,315 | - | 5,562 | - | 5,672 | - |
| 2320 | Long-term liabilities, current portion | 6(9) | 772,200 | 4 | 1,245,089 | 6 | 1,087,748 | 5 |
| 21XX | Total current liabilities | | <u>2,565,622</u> | <u>12</u> | <u>2,496,266</u> | <u>11</u> | <u>3,216,538</u> | <u>15</u> |
| Non-current liabilities | | | | | | | | |
| 2540 | Long-term borrowings | 6(9) | 2,029,505 | 10 | 3,105,585 | 15 | 2,364,130 | 11 |
| 2570 | Deferred income tax liabilities | | 12,593 | - | 35,658 | - | 85,009 | - |
| 2580 | Non-current lease liabilities | | 4,631 | - | 6,802 | - | 7,906 | - |
| 2600 | Other non-current liabilities | | 15,234 | - | 23,598 | - | 32,872 | - |
| 25XX | Total non-current liabilities | | <u>2,061,963</u> | <u>10</u> | <u>3,171,643</u> | <u>15</u> | <u>2,489,917</u> | <u>11</u> |
| 2XXX | Total liabilities | | <u>4,627,585</u> | <u>22</u> | <u>5,667,909</u> | <u>26</u> | <u>5,706,455</u> | <u>26</u> |
| Equity attributable to owners of parent | | | | | | | | |
| Share capital | | | | | | | | |
| 3110 | Share capital - common stock | 6(11) | 5,853,533 | 28 | 5,853,533 | 27 | 5,853,533 | 27 |
| Capital surplus | | | | | | | | |
| 3200 | Capital surplus | 6(12) | 243,785 | 1 | 243,203 | 1 | 243,203 | 1 |
| Retained earnings | | | | | | | | |
| 3310 | Legal reserve | 6(13) | 3,256,327 | 15 | 3,185,897 | 15 | 3,171,779 | 15 |
| 3320 | Special reserve | | 2,684,372 | 13 | 2,216,073 | 10 | 1,349,931 | 6 |
| 3350 | Unappropriated retained earnings | | 4,539,353 | 21 | 5,610,398 | 26 | 6,050,827 | 28 |
| Other equity interest | | | | | | | | |
| 3400 | Other equity interest | | (1,484,574) | (7) | (2,684,372) | (12) | (2,578,878) | (12) |
| 31XX | Equity attributable to owners of the parent | | <u>15,092,796</u> | <u>71</u> | <u>14,424,732</u> | <u>67</u> | <u>14,090,395</u> | <u>65</u> |
| 36XX | Non-controlling interest | 4(3) | <u>1,607,224</u> | <u>7</u> | <u>1,442,277</u> | <u>7</u> | <u>1,951,488</u> | <u>9</u> |
| 3XXX | Total equity | | <u>16,700,020</u> | <u>78</u> | <u>15,867,009</u> | <u>74</u> | <u>16,041,883</u> | <u>74</u> |
| Significant contingent liabilities and unrecognised contract commitments | | | | | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 21,327,605</u> | <u>100</u> | <u>\$ 21,534,918</u> | <u>100</u> | <u>\$ 21,748,338</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
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNT)
(UNAUDITED)

| Items | Notes | Three months ended June 30 | | | | Six months ended June 30 | | | | |
|-------|---|----------------------------|------------|--------|------------|--------------------------|--------------|--------|--------------|-------|
| | | 2022 | | 2021 | | 2022 | | 2021 | | |
| | | AMOUNT | % | AMOUNT | % | AMOUNT | % | AMOUNT | % | |
| 4000 | Operating revenue | 6(14) and 7 | \$ 995,348 | 100 | \$ 999,245 | 100 | \$ 1,866,809 | 100 | \$ 1,761,464 | 100 |
| 5000 | Operating costs | 6(19)(20) and 7 | (806,003) | (81) | (729,010) | (73) | (1,561,041) | (84) | (1,336,391) | (76) |
| 5900 | Net operating margin | | 189,345 | 19 | 270,235 | 27 | 305,768 | 16 | 425,073 | 24 |
| | Operating expenses | 6(19)(20) | | | | | | | | |
| 6200 | General and administrative expenses | | (46,767) | (4) | (55,343) | (5) | (96,728) | (5) | (102,139) | (6) |
| 6450 | Impairment loss determined in accordance with IFRS 9 | 12(2) | 69 | - | - | - | (18,752) | (1) | - | - |
| 6000 | Total operating expenses | | (46,698) | (4) | (55,343) | (5) | (115,480) | (6) | (102,139) | (6) |
| 6900 | Operating profit | | 142,647 | 15 | 214,892 | 22 | 190,288 | 10 | 322,934 | 18 |
| | Non-operating income and expenses | | | | | | | | | |
| 7100 | Interest income | 6(15) | 33,827 | 3 | 1,155 | - | 62,969 | 4 | 2,346 | - |
| 7010 | Other income | 6(16) | 6,434 | 1 | 20,190 | 2 | 22,978 | 1 | 20,281 | 1 |
| 7020 | Other gains and losses | 6(17) | (85,549) | (9) | 7,493 | 1 | (135,602) | (7) | 4,439 | 1 |
| 7050 | Finance costs | 6(18) | (24,979) | (2) | (24,662) | (3) | (50,565) | (3) | (51,246) | (3) |
| 7000 | Total non-operating income and expenses | | (70,267) | (7) | 4,176 | - | (100,220) | (5) | (24,180) | (1) |
| 7900 | Profit before income tax | | 72,380 | 8 | 219,068 | 22 | 90,068 | 5 | 298,754 | 17 |
| 7950 | Income tax benefit (expense) | 6(21) | 11,911 | 1 | (48,270) | (5) | 19,648 | 1 | (47,749) | (3) |
| 8000 | Profit for the period from continuing operations | | 84,291 | 9 | 170,798 | 17 | 109,716 | 6 | 251,005 | 14 |
| 8100 | Profit for the period from discontinued operations | 6(6) | - | - | 69,649 | 7 | - | - | 83,885 | 5 |
| 8200 | Profit for the period | | \$ 84,291 | 9 | \$ 240,447 | 24 | \$ 109,716 | 6 | \$ 334,890 | 19 |

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

| Items | Notes | Three months ended June 30 | | | | Six months ended June 30 | | | |
|---|--|----------------------------|-------------|---------------------|--------------|--------------------------|-------------|--------------------|-------------|
| | | 2022 | | 2021 | | 2022 | | 2021 | |
| | | AMOUNT | % | AMOUNT | % | AMOUNT | % | AMOUNT | % |
| Other comprehensive income | | | | | | | | | |
| Components of other comprehensive income that will be reclassified to profit or loss | | | | | | | | | |
| 8361 | Financial statements translation differences of foreign operations | \$ 700,514 | 70 | (\$ 427,088) | (43) | \$ 1,308,066 | 70 | (\$ 389,308) | (22) |
| 8500 | Total comprehensive income (loss) for the period | <u>\$ 784,805</u> | <u>79</u> | <u>(\$ 186,641)</u> | <u>(19)</u> | <u>\$ 1,417,782</u> | <u>76</u> | <u>(\$ 54,418)</u> | <u>(3)</u> |
| Profit attributable to: | | | | | | | | | |
| 8610 | Owners of the parent | \$ 56,162 | 6 | \$ 202,076 | 20 | \$ 53,037 | 3 | \$ 264,467 | 15 |
| 8620 | Non-controlling interest | <u>28,129</u> | <u>3</u> | <u>38,371</u> | <u>4</u> | <u>56,679</u> | <u>3</u> | <u>70,423</u> | <u>4</u> |
| | | <u>\$ 84,291</u> | <u>9</u> | <u>\$ 240,447</u> | <u>24</u> | <u>\$ 109,716</u> | <u>6</u> | <u>\$ 334,890</u> | <u>19</u> |
| Comprehensive income (loss) attributable to: | | | | | | | | | |
| 8710 | Owners of the parent | \$ 698,561 | 70 | (\$ 195,969) | (20) | \$ 1,252,835 | 67 | (\$ 98,338) | (5) |
| 8720 | Non-controlling interest | <u>86,244</u> | <u>9</u> | <u>9,328</u> | <u>1</u> | <u>164,947</u> | <u>9</u> | <u>43,920</u> | <u>2</u> |
| | | <u>\$ 784,805</u> | <u>79</u> | <u>(\$ 186,641)</u> | <u>(19)</u> | <u>\$ 1,417,782</u> | <u>76</u> | <u>(\$ 54,418)</u> | <u>(3)</u> |
| Earnings per share (in dollars) 6(22) | | | | | | | | | |
| 9710 | Basic earnings per share from continuing operations | \$ | 0.10 | \$ | 0.23 | \$ | 0.09 | \$ | 0.31 |
| 9720 | Basic earnings per share from discontinued operations | | - | | 0.12 | | - | | 0.14 |
| 9750 | Total basic earnings per share | <u>\$</u> | <u>0.10</u> | <u>\$</u> | <u>0.35</u> | <u>\$</u> | <u>0.09</u> | <u>\$</u> | <u>0.45</u> |
| Diluted earnings per share (in dollars) 6(22) | | | | | | | | | |
| 9810 | Diluted earnings per share from continuing operations | \$ | 0.10 | \$ | 0.23 | \$ | 0.09 | \$ | 0.31 |
| 9820 | Diluted earnings per share from discontinued operations | | - | | 0.12 | | - | | 0.14 |
| 9850 | Total diluted earnings per share | <u>\$</u> | <u>0.10</u> | <u>\$</u> | <u>0.35</u> | <u>\$</u> | <u>0.09</u> | <u>\$</u> | <u>0.45</u> |

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

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

| | | Equity attributable to owners of the parent | | | | | | | | | | |
|---|---------------------------------|---|-------------------|--|---------------------|-------------------------------------|---------------------|-----------------------|--|-----------------------------|----------------------|--|
| | | Capital Reserves | | | | Retained Earnings | | | | | | |
| | | | | Difference between consideration and carrying amount of subsidiaries acquired | | | | | Financial statements translation differences of foreign operations | | | |
| Notes | Share capital - common stock | Treasury stock transactions | Others | Legal reserve | Special reserve | Unappropriated retained earnings | | | Total | Non-controlling interest | Total equity | |
| <u>For the six-month period ended June 30, 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 | |
| | - | - | - | - | - | - | 264,467 | - | 264,467 | 70,423 | 334,890 | |
| | - | - | - | - | - | - | - | (362,805) | (362,805) | (26,503) | (389,308) | |
| | - | - | - | - | - | - | 264,467 | (362,805) | (98,338) | 43,920 | (54,418) | |
| | - | - | - | - | - | - | (292,677) | - | (292,677) | - | (292,677) | |
| | - | - | - | - | - | - | - | - | - | 749,961 | 749,961 | |
| | - | - | - | 592 | - | - | - | - | 592 | - | 592 | |
| | <u>\$ 5,853,533</u> | <u>\$ 39,243</u> | <u>\$ 199,339</u> | <u>\$ 4,621</u> | <u>\$ 3,171,779</u> | <u>\$ 1,349,931</u> | <u>\$ 6,050,827</u> | <u>(\$ 2,578,878)</u> | <u>\$ 14,090,395</u> | <u>\$ 1,951,488</u> | <u>\$ 16,041,883</u> | |
| <u>For the six-month period ended June 30, 2022</u> | | | | | | | | | | | | |
| | \$ 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 | |
| | - | - | - | - | - | - | 53,037 | - | 53,037 | 56,679 | 109,716 | |
| | - | - | - | - | - | - | - | 1,199,798 | 1,199,798 | 108,268 | 1,308,066 | |
| | - | - | - | - | - | - | 53,037 | 1,199,798 | 1,252,835 | 164,947 | 1,417,782 | |
| | - | - | - | - | 70,430 | - | (70,430) | - | - | - | - | |
| | - | - | - | - | - | 468,299 | (468,299) | - | - | - | - | |
| | - | - | - | - | - | - | (585,353) | - | (585,353) | - | (585,353) | |
| | - | - | - | 582 | - | - | - | - | 582 | - | 582 | |
| | <u>\$ 5,853,533</u> | <u>\$ 39,243</u> | <u>\$ 199,339</u> | <u>\$ 5,203</u> | <u>\$ 3,256,327</u> | <u>\$ 2,684,372</u> | <u>\$ 4,539,353</u> | <u>(\$ 1,484,574)</u> | <u>\$ 15,092,796</u> | <u>\$ 1,607,224</u> | <u>\$ 16,700,020</u> | |

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

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

| | Notes | For the six-month periods ended June 30, | |
|---|---------|--|-------------|
| | | 2022 | 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit from continuing operations before tax | | \$ 90,068 | \$ 298,754 |
| Profit from discontinued operations before tax | 6(6) | - | 83,885 |
| Profit before tax | | 90,068 | 382,639 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation | 6(19) | 605,100 | 614,938 |
| Amortisation | 6(19) | 50 | 25 |
| Impairment loss determined in accordance with IFRS 9 | 12(2) | 18,752 | - |
| Interest income | 6(15) | (6,680) | (2,362) |
| Interest expense | 6(18) | 50,565 | 51,251 |
| Loss (gain) on disposal of property, plant and equipment | 6(3)(6) | 9 | (57,183) |
| Impairment loss recognised in profit or loss, property, plant and equipment | 6(5) | 28,720 | 24,782 |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Current contract assets | | (44,704) | (122,397) |
| Accounts receivable | | (34,444) | (57,681) |
| Other receivables | | 33,399 | 64,474 |
| Other receivables - related parties | | 62 | 233 |
| Bunker inventories | | (164,032) | (72,323) |
| Prepayments | | (2,421) | 12,562 |
| Changes in operating liabilities | | | |
| Current contract liabilities | | (59,172) | (63,400) |
| Other payables | | 97,770 | 51,441 |
| Other payables - related parties | | 6,448 | (2,049) |
| Accrued pension liabilities | | (8,364) | 19 |
| Cash inflow generated from operations | | 611,126 | 824,969 |
| Interest received | | 4,833 | 2,415 |
| Income tax paid | | (92,601) | (394) |
| Net cash flows from operating activities | | 523,358 | 826,990 |

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

| | Notes | For the six-month periods ended June 30, | |
|--|-------|--|----------------------|
| | | 2022 | 2021 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Increase in financial assets at amortised cost | | \$ - | (\$ 1,707,679) |
| Repayment of principal of financial assets at amortised cost | | 63,287 | - |
| Decrease in other current assets | | 111,557 | 129,009 |
| Acquisition of property, plant, and equipment | 6(23) | (166,784) | (117,451) |
| Proceeds from disposal of property, plant and equipment | 6(6) | - | 275,929 |
| Increase in refundable deposits | | (214) | - |
| Net cash flows from (used in) investing activities | | <u>7,846</u> | (<u>1,420,192</u>) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Proceeds from short-term borrowings | 6(24) | - | 629,740 |
| Repayment of principal of lease liability | 6(24) | (3,144) | (2,833) |
| Repayment of long-term borrowings | 6(24) | (1,806,704) | (650,303) |
| Interest paid | | (55,791) | (53,242) |
| Change in non-controlling interests | | - | 749,961 |
| Overdue unclaimed cash dividends | | <u>582</u> | <u>592</u> |
| Net cash flows (used in) from financing activities | | (<u>1,865,057</u>) | <u>673,915</u> |
| Effect of changes in foreign exchange rate | | <u>525,469</u> | (<u>162,161</u>) |
| Net decrease in cash and cash equivalents | | (808,384) | (81,448) |
| Cash and cash equivalents at beginning of period | | <u>5,423,323</u> | <u>4,665,858</u> |
| Cash and cash equivalents at end of period | | <u>\$ 4,614,939</u> | <u>\$ 4,584,410</u> |

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

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

1. HISTORY AND ORGANISATION

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

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

These consolidated financial statements were reported to the Board of Directors on August 10, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as

follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|--|--|
| Amendments to IAS 1, ‘Disclosure of accounting policies’ | January 1, 2023 |
| Amendments to IAS 8, ‘Definition of accounting estimates’ | January 1, 2023 |
| Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’ | January 1, 2023 |

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

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

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

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|--|
| Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’ | To be determined by International Accounting Standards Board |
| IFRS 17, ‘Insurance contracts’ | January 1, 2023 |
| Amendments to IFRS 17, ‘Insurance contracts’ | January 1, 2023 |
| Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 - comparative information’ | January 1, 2023 |
| Amendments to IAS 1, ‘Classification of liabilities as current or non-current’ | January 1, 2023 |

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2021, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

B. These consolidated financial statements are to be read in conjunction with the consolidated

financial statements for the year ended December 31, 2021.

(2) Basis of preparation

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements is consistent with that for the year ended December 31, 2021.

B. Subsidiaries included in the consolidated financial statements:

(a) Norley Corporation Inc. (Norley)

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

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | | Description |
|------------------|--------------------------------------|--------------------------|---------------|-------------------|---------------|-------------|
| | | | June 30, 2022 | December 31, 2021 | June 30, 2021 | |
| Norley | Poseidon Marine Ltd. | Shipping | 100% | 100% | 100% | |
| " | Kenmore Shipping Inc. | Oil tanker | 100% | 100% | 100% | |
| " | Maxson Shipping Inc. | Shipping | 100% | 100% | 100% | |
| " | Ocean Wise Limited | Shipping | 100% | 100% | 100% | |
| " | Winnington Limited (Winnington) | Investment holdings | - | - | - | Note 1 |
| " | Jetwall Co. Ltd. (Jetwall) | Investment holdings | 80% | 80% | 80% | |
| " | Victory Navigation Inc. (Victory) | Investment holdings | 55% | 55% | 55% | |
| " | Pacifica Maritime Limited | Oil tanker | 100% | 100% | 100% | |
| " | Sky Sea Maritime Limited (Sky Sea) | Shipping | 55% | 55% | 55% | |
| " | Elroy Maritime Services Inc. (Elroy) | Maritime service | 100% | 100% | 100% | |
| " | Glory Selah Limited (Glory) | Investment holdings | 55% | 55% | 55% | Note 2 |
| " | Steady Way Limited (Steady) | Shipping | 100% | - | - | Note 3 |
| Winnington | Peg Shipping Company Limited | Shipping | - | - | - | Note 1 |
| Jetwall | Everwin Maritime Limited | Oil tanker | 100% | 100% | 100% | |
| Victory | Everprime Shipping Limited | Shipping | 100% | 100% | 100% | |
| Sky Sea | Ocean Grace Limited | Shipping | 100% | 100% | 100% | |
| Elroy | Oak Maritime (Canada) Inc. | Maritime service | 100% | 100% | 100% | |
| Glory | Bridge Poiema Limited | Shipping | 100% | 100% | 100% | Note 2 |

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

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

Note 3: Steady Way Limited was established in Marshall Islands on April 26, 2022.

(b) Heywood Limited (Heywood)

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

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | | Description |
|------------------|---|--------------------------|---------------|-------------------|---------------|-------------|
| | | | June 30, 2022 | December 31, 2021 | June 30, 2021 | |
| Heywood | Clifford Navigation Corporation | Shipping | 100% | 100% | 100% | |
| " | Brighton Shipping Inc. | Shipping | 100% | 100% | 100% | |
| " | Rockwell Shipping Limited | Shipping | 100% | 100% | 100% | |
| " | Howells Shipping Inc. | Shipping | 100% | 100% | 100% | |
| " | Crimson Marine Company | Shipping | - | - | 100% | Note |
| " | Helmsman Navigation Co. Ltd. | Shipping | 100% | 100% | 100% | |
| " | Keystone Shipping Co. Ltd. | Shipping | 100% | 100% | 100% | |
| " | Century Shipping Limited (Century) | Investment holdings | 100% | 100% | 100% | |
| Century | Haihu Maritime Service (Shanghai) Co., Ltd. | Maritime service | 100% | 100% | 100% | |

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

(c) Sincere Navigation Corporation (Singapore) Pte. Ltd. (Singapore Company)

Singapore Company (Sincere Navigation Corporation (Singapore) Pte. Ltd.) was incorporated in Singapore on June 9, 2022. The Company holds 100% of shares in Sincere Navigation Corporation (Singapore) Pte. Ltd. which is primarily engaged in shipping services.

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

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

E. Significant restrictions: None.

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

As of June 30, 2022, December 31, 2021 and June 30, 2021, the non-controlling interest amounted to \$1,607,224, \$1,442,277 and \$1,951,488, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

| Name of subsidiary | Principal place of business | Non-controlling interest | | | | | |
|--------------------------|-----------------------------|--------------------------|---------------|-------------------|---------------|---------------|---------------|
| | | June 30, 2022 | | December 31, 2021 | | June 30, 2021 | |
| | | Amount | Ownership (%) | Amount | Ownership (%) | Amount | Ownership (%) |
| Jetwall Co. Ltd. | Marshall Islands | \$ 299,347 | 20 | \$ 294,818 | 20 | \$ 360,819 | 20 |
| Victory Navigation Inc. | Marshall Islands | 403,042 | 45 | 355,930 | 45 | 331,920 | 45 |
| Sky Sea Maritime Limited | Marshall Islands | 658,468 | 45 | 580,847 | 45 | 481,630 | 45 |
| Glory Selah Limited | Marshall Islands | 246,367 | 45 | 210,682 | 45 | 777,119 | 45 |

Summarised financial information of the subsidiaries:

Balance sheets

| | Jetwall Co. Ltd. | | |
|-------------------------|---------------------|---------------------|---------------------|
| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
| Current assets | \$ 183,930 | \$ 226,305 | \$ 318,966 |
| Non-current assets | 1,598,475 | 1,564,519 | 1,879,187 |
| Current liabilities | (285,670) | (107,861) | (131,269) |
| Non-current liabilities | - | (208,873) | (262,789) |
| Total net assets | <u>\$ 1,496,735</u> | <u>\$ 1,474,090</u> | <u>\$ 1,804,095</u> |

| | Victory Navigation Inc. | | |
|-------------------------|-------------------------|-------------------|-------------------|
| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
| Current assets | \$ 392,031 | \$ 300,523 | \$ 293,928 |
| Non-current assets | 509,617 | 510,258 | 467,506 |
| Current liabilities | (5,999) | (19,826) | (23,834) |
| Non-current liabilities | - | - | - |
| Total net assets | <u>\$ 895,649</u> | <u>\$ 790,955</u> | <u>\$ 737,600</u> |

| | Sky Sea Maritime Limited | | |
|-------------------------|--------------------------|---------------------|---------------------|
| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
| Current assets | \$ 520,091 | \$ 385,488 | \$ 192,591 |
| Non-current assets | 1,769,940 | 1,686,984 | 1,736,904 |
| Current liabilities | (327,473) | (142,292) | (157,133) |
| Non-current liabilities | (499,296) | (639,408) | (702,072) |
| Total net assets | <u>\$ 1,463,262</u> | <u>\$ 1,290,772</u> | <u>\$ 1,070,290</u> |

| | Glory Selah Limited | | |
|-------------------------|---------------------|-------------------|---------------------|
| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
| Current assets | \$ 88,355 | \$ 47,912 | \$ 1,727,006 |
| Non-current assets | 1,742,588 | 1,678,150 | - |
| Current liabilities | (143,326) | (131,649) | (74) |
| Non-current liabilities | (1,140,134) | (1,126,230) | - |
| Total net assets | <u>\$ 547,483</u> | <u>\$ 468,183</u> | <u>\$ 1,726,932</u> |

Statements of comprehensive income

| | Jetwall Co. Ltd. | |
|---|--|-------------|
| | For the three-month periods ended June 30, | |
| | 2022 | 2021 |
| Revenue | \$ 25,345 | \$ 25,115 |
| Loss before income tax | (38,220) | (57,704) |
| Income tax expense | - | - |
| Loss for the period | (38,220) | (57,704) |
| Other comprehensive income, net of tax | - | - |
| Total comprehensive loss for the period | (\$ 38,220) | (\$ 57,704) |
| Comprehensive loss attributable to non-controlling interest | (\$ 7,644) | (\$ 11,541) |
| Dividends paid to non-controlling interest | \$ - | \$ - |

| | Jetwall Co. Ltd. | |
|--|--|------------|
| | For the six-month periods ended June 30, | |
| | 2022 | 2021 |
| Revenue | \$ 52,675 | \$ 223,007 |
| (Loss) profit before income tax | (83,101) | 72,579 |
| Income tax expense | - | - |
| (Loss) profit for the period | (83,101) | 72,579 |
| Other comprehensive income, net of tax | - | - |
| Total comprehensive (loss) income for the period | (\$ 83,101) | \$ 72,579 |
| Comprehensive (loss) income attributable to non-controlling interest | (\$ 16,620) | \$ 14,516 |
| Dividends paid to non-controlling interest | \$ - | \$ - |

| | Victory Navigation Inc. | |
|---|--|------------|
| | For the three-month periods ended June 30, | |
| | 2022 | 2021 |
| Revenue | \$ 54,499 | \$ 110,559 |
| Profit before income tax | 16,117 | 30,842 |
| Income tax expense | - | - |
| Profit for the period | 16,117 | 30,842 |
| Other comprehensive income, net of tax | - | - |
| Total comprehensive income for the period | \$ 16,117 | \$ 30,842 |
| Comprehensive income attributable to non-controlling interest | \$ 7,253 | \$ 13,878 |
| Dividends paid to non-controlling interest | \$ - | \$ - |

| | Victory Navigation Inc. | |
|---|--|------------------|
| | For the six-month periods ended June 30, | |
| | 2022 | 2021 |
| Revenue | \$ 118,687 | \$ 149,496 |
| Profit before income tax | 44,839 | 39,972 |
| Income tax expense | - | - |
| Profit for the period | 44,839 | 39,972 |
| Other comprehensive income, net of tax | - | - |
| Total comprehensive income for the period | <u>\$ 44,839</u> | <u>\$ 39,972</u> |
| Comprehensive income attributable to non-controlling interest | <u>\$ 20,178</u> | <u>\$ 17,987</u> |
| Dividends paid to non-controlling interest | <u>\$ -</u> | <u>\$ -</u> |

| | Sky Sea Maritime Limited | |
|---|--|------------------|
| | For the three-month periods ended June 30, | |
| | 2022 | 2021 |
| Revenue | \$ 151,099 | \$ 171,963 |
| Profit before income tax | 42,394 | 80,468 |
| Income tax expense | - | - |
| Profit for the period | 42,394 | 80,468 |
| Other comprehensive income, net of tax | - | - |
| Total comprehensive income for the period | <u>\$ 42,394</u> | <u>\$ 80,468</u> |
| Comprehensive income attributable to non-controlling interest | <u>\$ 19,077</u> | <u>\$ 36,210</u> |
| Dividends paid to non-controlling interest | <u>\$ -</u> | <u>\$ -</u> |

| | Sky Sea Maritime Limited | |
|---|--|------------------|
| | For the six-month periods ended June 30, | |
| | 2022 | 2021 |
| Revenue | \$ 275,873 | \$ 254,637 |
| Profit before income tax | 74,758 | 84,659 |
| Income tax expense | - | - |
| Profit for the period | 74,758 | 84,659 |
| Other comprehensive income, net of tax | - | - |
| Total comprehensive income for the period | <u>\$ 74,758</u> | <u>\$ 84,659</u> |
| Comprehensive income attributable to non-controlling interest | <u>\$ 33,641</u> | <u>\$ 38,096</u> |
| Dividends paid to non-controlling interest | <u>\$ -</u> | <u>\$ -</u> |

| Glory Selah Limited | | |
|--|------------------|-----------------|
| For the three-month periods ended June 30, | | |
| | 2022 | 2021 |
| Revenue | \$ - | \$ - |
| Profit (loss) before income tax | 20,985 | (392) |
| Income tax expense | - | - |
| Profit (loss) for the period | 20,985 | (392) |
| Other comprehensive income, net of tax | - | - |
| Total comprehensive income (loss) for the period | <u>\$ 20,985</u> | <u>(\$ 392)</u> |
| Comprehensive income (loss) attributable to non-controlling interest | <u>\$ 9,443</u> | <u>(\$ 176)</u> |
| Dividends paid to non-controlling interest | <u>\$ -</u> | <u>\$ -</u> |

| Glory Selah Limited | | |
|--|------------------|-----------------|
| For the six-month periods ended June 30, | | |
| | 2022 | 2021 |
| Revenue | \$ - | \$ - |
| Profit (loss) before income tax | 43,290 | (392) |
| Income tax expense | - | - |
| Profit (loss) for the period | 43,290 | (392) |
| Other comprehensive income, net of tax | - | - |
| Total comprehensive income (loss) for the period | <u>\$ 43,290</u> | <u>(\$ 392)</u> |
| Comprehensive income (loss) attributable to non-controlling interest | <u>\$ 19,480</u> | <u>(\$ 176)</u> |
| Dividends paid to non-controlling interest | <u>\$ -</u> | <u>\$ -</u> |

Statements of cash flows

| Jetwall Co. Ltd. | | |
|---|------------------|-------------------|
| For the six-month periods ended June 30, | | |
| | 2022 | 2021 |
| Net cash provided by operating activities | \$ 2,972 | \$ 92,080 |
| Net cash provided by (used in) investing activities | 1,695 | (60,687) |
| Net cash used in financing activities | (57,119) | (197,761) |
| Effect of exchange rates on cash and cash equivalents | 6,729 | (6,069) |
| Decrease in cash and cash equivalents | <u>(45,723)</u> | <u>(172,437)</u> |
| Cash and cash equivalents, beginning of the period | 116,093 | 362,862 |
| Cash and cash equivalents, end of the period | <u>\$ 70,370</u> | <u>\$ 190,425</u> |

| Victory Navigation Inc. | | |
|---|-------------------|------------------|
| For the six-month periods ended June 30, | | |
| | 2022 | 2021 |
| Net cash provided by (used in) operating activities | \$ 85,477 | (\$ 43,058) |
| Net cash used in investing activities | - | (3,228) |
| Net cash used in financing activities | - | - |
| Effect of exchange rates on cash and cash equivalents | 21,958 | (2,694) |
| Increase (decrease) in cash and cash equivalents | 107,435 | (48,980) |
| Cash and cash equivalents, beginning of the period | 257,568 | 147,136 |
| Cash and cash equivalents, end of the period | <u>\$ 365,003</u> | <u>\$ 98,156</u> |

| Sky Sea Maritime Limited | | |
|---|-------------------|------------------|
| For the six-month periods ended June 30, | | |
| | 2022 | 2021 |
| Net cash provided by operating activities | \$ 191,115 | \$ 116,878 |
| Net cash (used in) provided by investing activities | (828) | 569 |
| Net cash used in financing activities | (67,453) | (66,562) |
| Effect of exchange rates on cash and cash equivalents | 16,281 | (965) |
| Increase in cash and cash equivalents | 139,115 | 49,920 |
| Cash and cash equivalents, beginning of the period | 162,877 | 18,597 |
| Cash and cash equivalents, end of the period | <u>\$ 301,992</u> | <u>\$ 68,517</u> |

| Glory Selah Limited | | |
|---|------------------|--------------|
| For the six-month periods ended June 30, | | |
| | 2022 | 2021 |
| Net cash provided by (used in) operating activities | \$ 55,235 | (\$ 19,717) |
| Net cash provided by (used in) investing activities | 57,247 | (1,726,680) |
| Net cash (used in) provided by financing activities | (77,116) | 1,746,397 |
| Effect of exchange rates on cash and cash equivalents | 4,681 | - |
| Increase in cash and cash equivalents | 40,047 | - |
| Cash and cash equivalents, beginning of the period | 46,805 | - |
| Cash and cash equivalents, end of the period | <u>\$ 86,852</u> | <u>\$ -</u> |

(4) Employee benefits

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

(5) Income tax

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

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

There was no significant change in the reporting period. Refer to Note 5 in the consolidated financial statements for the year ended December 31, 2021.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | <u>June 30, 2022</u> | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|---------------------------------------|----------------------|--------------------------|----------------------|
| Cash on hand and revolving funds | \$ 482 | \$ 432 | \$ 458 |
| Checking accounts and demand deposits | 2,641,470 | 2,186,534 | 2,164,000 |
| Time deposit | 1,972,987 | 3,236,357 | 2,419,952 |
| | <u>\$ 4,614,939</u> | <u>\$ 5,423,323</u> | <u>\$ 4,584,410</u> |

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

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

(2) Financial assets at amortised cost

| <u>Items</u> | <u>June 30, 2022</u> | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|---|----------------------|--------------------------|----------------------|
| Current items: | | | |
| Time deposits with maturity over three months | \$ 1,338 | \$ 1,258 | \$ 1,307 |
| Bareboat charter (Note) | 111,867 | 113,068 | 125,119 |
| | <u>\$ 113,205</u> | <u>\$ 114,326</u> | <u>\$ 126,426</u> |
| Non-current items: | | | |
| Bareboat charter (Note) | \$ 1,576,349 | \$ 1,520,262 | \$ 1,582,560 |

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

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

| | <u>For the three-month periods ended June 30,</u> | |
|-----------------|---|-------------|
| | <u>2022</u> | <u>2021</u> |
| Interest income | <u>\$ 28,587</u> | <u>\$ -</u> |

| | <u>For the six-month periods ended June 30,</u> | |
|-----------------|---|-------------|
| | <u>2022</u> | <u>2021</u> |
| Interest income | <u>\$ 56,289</u> | <u>\$ -</u> |

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

C. As at June 30, 2022, December 31, 2021 and June 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$1,689,554, \$1,634,588 and \$1,708,986, respectively.

(3) Property, plant and equipment

| | Land | Buildings and structures | Vessels and equipment | Office equipment | Unfinished construction and equipment under acceptance | Total |
|---------------------------------------|------------------|--------------------------|-----------------------|------------------|--|----------------------|
| <u>At January 1, 2022</u> | | | | | | |
| Cost | \$ 90,215 | \$ 28,191 | \$ 24,421,773 | \$ 9,589 | \$ - | \$ 24,549,768 |
| Accumulated depreciation | - | (17,919) | (10,858,083) | (7,423) | - | (10,883,425) |
| Accumulated impairment | - | - | (276,800) | - | - | (276,800) |
| | <u>\$ 90,215</u> | <u>\$ 10,272</u> | <u>\$ 13,286,890</u> | <u>\$ 2,166</u> | <u>\$ -</u> | <u>\$ 13,389,543</u> |
| <u>2022</u> | | | | | | |
| Opening net book amount | \$ 90,215 | \$ 10,272 | \$ 13,286,890 | \$ 2,166 | \$ - | \$ 13,389,543 |
| Additions | - | - | 178,512 | 778 | 15,815 | 195,105 |
| Disposals | - | - | - | (9) | - | (9) |
| Retirement - cost | - | - | (152,489) | - | - | (152,489) |
| Retirement - accumulated depreciation | - | - | 152,489 | - | - | 152,489 |
| Impairment loss | - | - | (28,720) | - | - | (28,720) |
| Depreciation | - | (328) | (601,473) | (311) | - | (602,112) |
| Net exchange differences | - | - | 923,023 | 21 | 482 | 923,526 |
| Closing net book amount | <u>\$ 90,215</u> | <u>\$ 9,944</u> | <u>\$ 13,758,232</u> | <u>\$ 2,645</u> | <u>\$ 16,297</u> | <u>\$ 13,877,333</u> |
| <u>At June 30, 2022</u> | | | | | | |
| Cost | \$ 90,215 | \$ 28,191 | \$ 26,206,149 | \$ 10,705 | \$ 16,297 | \$ 26,351,557 |
| Accumulated depreciation | - | (18,247) | (12,120,997) | (8,060) | - | (12,147,304) |
| Accumulated impairment | - | - | (326,920) | - | - | (326,920) |
| | <u>\$ 90,215</u> | <u>\$ 9,944</u> | <u>\$ 13,758,232</u> | <u>\$ 2,645</u> | <u>\$ 16,297</u> | <u>\$ 13,877,333</u> |

| | Land | Buildings and structures | Vessels and equipment | Office equipment | Unfinished construction and equipment under acceptance | Total |
|---------------------------------------|------------------|-----------------------------|--------------------------|---------------------|---|----------------------|
| <u>At January 1, 2021</u> | | | | | | |
| Cost | \$ 90,215 | \$ 28,191 | \$ 27,459,100 | \$ 8,536 | \$ - | \$ 27,586,042 |
| Accumulated depreciation | - | (17,264) | (11,495,972) | (7,239) | - | (11,520,475) |
| Accumulated impairment | - | - | (520,032) | - | - | (520,032) |
| | <u>\$ 90,215</u> | <u>\$ 10,927</u> | <u>\$ 15,443,096</u> | <u>\$ 1,297</u> | <u>\$ -</u> | <u>\$ 15,545,535</u> |
| <u>2021</u> | | | | | | |
| Opening net book amount | \$ 90,215 | \$ 10,927 | \$ 15,443,096 | \$ 1,297 | \$ - | \$ 15,545,535 |
| Additions | - | - | 91,489 | 756 | 1,830 | 94,075 |
| Disposals (Note) | - | - | (218,746) | - | - | (218,746) |
| Retirement - cost | - | - | (34,483) | - | - | (34,483) |
| Retirement - accumulated depreciation | - | - | 34,483 | - | - | 34,483 |
| Impairment loss | - | - | (24,782) | - | - | (24,782) |
| Depreciation | - | (328) | (611,542) | (218) | - | (612,088) |
| Net exchange differences | - | - | (318,106) | (4) | (21) | (318,131) |
| Closing net book amount | <u>\$ 90,215</u> | <u>\$ 10,599</u> | <u>\$ 14,361,409</u> | <u>\$ 1,831</u> | <u>\$ 1,809</u> | <u>\$ 14,465,863</u> |
| <u>At June 30, 2021</u> | | | | | | |
| Cost | \$ 90,215 | \$ 28,191 | \$ 25,308,513 | \$ 9,314 | \$ 1,809 | \$ 25,438,042 |
| Accumulated depreciation | - | (17,592) | (10,922,322) | (7,483) | - | (10,947,397) |
| Accumulated impairment | - | - | (24,782) | - | - | (24,782) |
| | <u>\$ 90,215</u> | <u>\$ 10,599</u> | <u>\$ 14,361,409</u> | <u>\$ 1,831</u> | <u>\$ 1,809</u> | <u>\$ 14,465,863</u> |

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

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

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

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

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

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

(4) Leasing arrangements – lessee

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

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

| | <u>June 30, 2022</u> | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|-----------------|----------------------|--------------------------|----------------------|
| | Carrying amount | Carrying amount | Carrying amount |
| Buildings | \$ 6,600 | \$ 7,970 | \$ 10,129 |
| Other equipment | 2,370 | 3,328 | 2,227 |
| | <u>\$ 8,970</u> | <u>\$ 11,298</u> | <u>\$ 12,356</u> |

| | <u>For the three-month periods ended June 30,</u> | |
|--|---|---------------------|
| | <u>2022</u> | <u>2021</u> |
| | Depreciation charge | Depreciation charge |
| Buildings | \$ 946 | \$ 932 |
| Other equipment | 578 | 437 |
| | 1,524 | 1,369 |
| Less: Depreciation charge from discontinued operations | - | (57) |
| | <u>\$ 1,524</u> | <u>\$ 1,312</u> |

| | For the six-month periods ended June 30, | |
|--|--|---------------------|
| | 2022 | 2021 |
| | Depreciation charge | Depreciation charge |
| Buildings | \$ 1,851 | \$ 1,850 |
| Other equipment | 1,137 | 1,000 |
| | <u>2,988</u> | <u>2,850</u> |
| Less: Depreciation charge from discontinued operations | - | (236) |
| | <u>\$ 2,988</u> | <u>\$ 2,614</u> |

C. For the six-month periods ended June 30, 2022 and 2021, there were no additions to right-of-use assets.

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

| | For the three-month period ended June 30, | |
|---------------------------------------|---|--------|
| | 2022 | 2021 |
| <u>Items affecting profit or loss</u> | | |
| Interest expense on lease liabilities | \$ 123 | \$ 174 |
| Expense on short-term lease contracts | 1,243 | 710 |
| | | |
| | For the six-month period ended June 30, | |
| | 2022 | 2021 |
| <u>Items affecting profit or loss</u> | | |
| Interest expense on lease liabilities | \$ 255 | \$ 362 |
| Expense on short-term lease contracts | 2,451 | 1,923 |

E. For the six-month periods ended June 30, 2022 and 2021, the Group's total cash outflow for leases were \$5,850 and \$5,123, respectively.

(5) Impairment of non-financial assets

A. The Group recognised impairment loss amounting to \$28,720 and \$24,782 for the six-month periods ended June 30, 2022 and 2021, respectively. Details of the loss are as follows:

| | For the six-month period ended June 30, 2022 | |
|---|--|--|
| | Recognised in profit or loss | Recognised in other comprehensive income |
| Impairment loss-Vessels and equipment-net | \$ 28,720 | \$ - |

| | <u>For the six-month period ended June 30, 2021</u> | |
|---|---|---|
| | <u>Recognised in profit or loss</u> | <u>Recognised in other comprehensive income</u> |
| Impairment loss-Vessels and equipment-net | \$ 24,782 | \$ - |

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

| | <u>For the six-month period ended June 30, 2022</u> | |
|--------------|---|---|
| | <u>Recognised in profit or loss</u> | <u>Recognised in other comprehensive income</u> |
| Bulk carrier | \$ 28,720 | \$ - |

| | <u>For the six-month period ended June 30, 2021</u> | |
|--------------|---|---|
| | <u>Recognised in profit or loss</u> | <u>Recognised in other comprehensive income</u> |
| Bulk carrier | \$ 24,782 | \$ - |

C. An impairment loss was recognised on the vessel “Yue Shan” held by the Group’s second-tier subsidiary “Poseidon Marine Ltd.”, whose recoverable amount was lower than the book value. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of \$28,720 (USD 1,000 thousand) in the second quarter of 2022. The recoverable amount is the value-in-use of the cash-generating unit, which is estimated by discounted cash flow method. The discount rate for measurement is 10.65%

D. A vessel “Madonna III” held by the Group was sold at the price of \$327,722, and its recoverable amount was lower than the book value, resulting in the recognition of impairment loss of the Group’s property, plant and equipment. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of \$24,782 in the second quarter of 2021. The recoverable amount is the property’s fair value less costs of capital, evaluated by reference to the transaction price of a property in similar type in accordance with the market approach. The fair value is classified as a level 3 fair value. The Group had completed the sale of the vessel in the third quarter of 2021.

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

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

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

| | For the six-month period ended June 30, 2021 |
|----------------------|--|
| Operating cash flows | \$ 41,442 |
| Investing cash flows | 275,929 |
| Financing cash flows | (243) |
| Total cash flows | <u>\$ 317,128</u> |

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

| | For the three-month periods ended June 30, 2021 |
|---|---|
| Profit or loss for the period from discontinued operations | |
| Revenue | \$ 18,979 |
| Cost | (6,268) |
| Gross profit from discontinued operations | 12,711 |
| Operating expenses | (220) |
| Operating profit from discontinued operations | 12,491 |
| Interest income | 2 |
| Interest expense | (1) |
| Other losses | (26) |
| Loss for the period from discontinued operations | <u>\$ 12,466</u> |
| Profit or loss on disposal of assets from discontinued operations | |
| Gain on disposal of assets from discontinued operations | <u>57,183</u> |
| Total loss from discontinued operations | <u>\$ 69,649</u> |
| Loss attributable to: | |
| Owners of the parent | \$ 69,649 |
| Non-controlling interest | - |
| | <u>\$ 69,649</u> |

| | For the six-month periods ended June 30, 2021 |
|---|---|
| Profit or loss for the period from discontinued operations | |
| Revenue | \$ 45,809 |
| Cost | (18,666) |
| Gross profit from discontinued operations | 27,143 |
| Operating expenses | (414) |
| Operating profit from discontinued operations | 26,729 |
| Interest income | 16 |
| Interest expense | (5) |
| Other losses | (38) |
| Profit for the period from discontinued operations | <u>\$ 26,702</u> |
| Profit or loss on disposal of assets from discontinued operations | |
| Gain on disposal of assets from discontinued operations | 57,183 |
| Total profit from discontinued operations | <u>\$ 83,885</u> |
| Profit attributable to: | |
| Owners of the parent | \$ 83,885 |
| Non-controlling interest | - |
| | <u>\$ 83,885</u> |

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

(7) Short-term borrowings

| <u>Type of borrowings</u> | <u>June 30, 2022</u> | <u>Interest rate range</u> | <u>Collateral</u> |
|---------------------------|--------------------------|----------------------------|---------------------------------------|
| Bank borrowings | | | |
| Secured borrowings | \$ 120,000 | 1.22%~1.23% | Structures, land and promissory notes |
| Unsecured borrowings | <u>730,000</u> | 1.10%~1.69% | Promissory notes |
| | <u>\$ 850,000</u> | | |
| | | | |
| <u>Type of borrowings</u> | <u>December 31, 2021</u> | <u>Interest rate range</u> | <u>Collateral</u> |
| Bank borrowings | | | |
| Secured borrowings | \$ 120,000 | 1.20%~1.22% | Structures, land and promissory notes |
| Unsecured borrowings | <u>730,000</u> | 1.10%~1.44% | Promissory notes |
| | <u>\$ 850,000</u> | | |

| Type of borrowings | June 30, 2021 | Interest rate range | Collateral |
|----------------------|---------------------|---------------------|---|
| Bank borrowings | | | |
| Secured borrowings | \$ 732,920 | 1.14%~1.24% | Land, buildings and structures, ships, and promissory notes |
| Unsecured borrowings | 730,000 | 1.10%~1.46% | Promissory notes |
| | <u>\$ 1,462,920</u> | | |

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

| | June 30, 2022 | December 31, 2021 | June 30, 2021 | Footnote |
|----------|---------------|-------------------|---------------|--------------------------------|
| Jack Hsu | \$ 1,100,000 | \$ 1,100,000 | \$ 900,000 | Promissory notes/ Guarantee |

(8) Other payables

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|--|-------------------|-------------------|-------------------|
| Dividends payable | \$ 585,353 | \$ - | \$ 292,677 |
| Wages and salaries payable | 32,645 | 26,678 | 31,463 |
| Fuel expense payable | 161,967 | 60,498 | 47,751 |
| Commissions payable | 10,577 | 13,819 | 15,297 |
| Interest payable | 9,741 | 14,138 | 8,375 |
| Insurance expense payable | 24,920 | 20,498 | 20,815 |
| Port expense payable | - | - | 1,509 |
| Employees' compensation and directors' and supervisors' remuneration payable | 684 | 14,606 | 16,604 |
| Payable on machinery and equipment | 7,352 | - | 15,886 |
| Others | 66,664 | 63,588 | 74,947 |
| | <u>\$ 899,903</u> | <u>\$ 213,825</u> | <u>\$ 525,324</u> |

(9) Long-term borrowings

| Bank | Collateral | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|--|------------------|------------------------------------|-------------------------------------|-------------------------------------|
| Mega Bank | Vessel-Maxim | \$ 280,334 (USD 9,433 thousand) | \$ 313,310 (USD 11,319 thousand) | \$ 367,905 (USD 13,206 thousand) |
| ING Bank | Vessel-Kondor | 494,095 (USD 16,625 thousand) | 508,620 (USD 18,375 thousand) | 560,683 (USD 20,125 thousand) |
| Mega Bank (and syndicate) | Vessel-Oceana | - | 156,945 (USD 5,670 thousand) | 184,294 (USD 6,615 thousand) |
| Mega Bank (and syndicate) | Vessel-Elbhoff | - | 879,186 (USD 31,763 thousand) | 965,349 (USD 34,650 thousand) |
| Mega Bank (and syndicate) | Vessel-Tien Shan | 748,944 (USD 25,200 thousand) | 755,664 (USD 27,300 thousand) | 819,084 (USD 29,400 thousand) |
| Sea 86 Leasing Co. Limited (Note 1) | Vessel-Chou Shan | - | 236,321 (USD 8,538 thousand) | 273,307 (USD 9,810 thousand) |
| Sea 87 Leasing Co. Limited (Note 1) | Vessel-Chin Shan | - | 245,686 (USD 8,876 thousand) | 281,256 (USD 10,095 thousand) |
| Mega Bank | (Note 2) | 1,278,332 (USD 43,013 thousand) | 1,254,942 (USD 45,388 thousand) | - |
| | | 2,801,705 | 4,350,674 | 3,451,878 |
| Less: Current portion-due within one year (shown as other current liabilities) | | (772,200) | (1,245,089) | (1,087,748) |
| | | <u>\$ 2,029,505</u> | <u>\$ 3,105,585</u> | <u>\$ 2,364,130</u> |
| Interest rates | | <u>1.33% ~ 3.77%</u> | <u>1.33% ~ 6.23%</u> | <u>1.39% ~ 6.23%</u> |

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

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

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

(10) Pensions

A. Defined benefit pension plan

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

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

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

- (b) For the aforementioned pension plan, the Group recognized pension costs of \$122, \$105, \$245 and \$209 for the three-month and six-month periods ended June 30, 2022 and 2021, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2022 amount to \$334.

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the three-month and six-month periods ended June 30, 2022 and 2021 were \$136, \$319, \$513 and \$573, respectively.
- (b) The Company’s mainland China subsidiary, Haihu Maritime Service (Shanghai) Co., Ltd., has a defined contribution retirement plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on the employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations. The pension costs for the three-month and six-month periods ended June 30, 2022 and 2021 were \$316, \$298, \$630 and \$531, respectively.

(11) Share capital-common stock

As of June 30, 2022, the Company’s authorised capital was \$7,000,000 and the paid-in capital was \$5,853,533, consisting of 585,353,297 common shares with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(12) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that

the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(13) Retained earnings

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

(a) 10% for legal reserve.

(b) Special reserve.

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

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

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

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

D. Appropriation of earnings

The appropriations of 2021 and 2020 earnings had been resolved at the stockholders' meeting on June 10, 2022 and August 24, 2021, respectively. Details are summarised below:

| | 2021 | | 2020 | |
|-----------------|---------------------|--|---------------------|--|
| | Amount | Dividends per share (in dollars) | Amount | Dividends per share (in dollars) |
| Legal reserve | \$ 70,430 | | \$ 14,118 | |
| Special reserve | 468,299 | | 866,142 | |
| Cash dividends | 585,353 | \$ 1.00 | 292,677 | \$ 0.50 |
| | <u>\$ 1,124,082</u> | | <u>\$ 1,172,937</u> | |

(14) Operating revenue

| | For the three-month period ended June 30, | |
|---------------------------------------|---|-------------------|
| | 2022 | 2021 |
| Revenue from contracts with customers | <u>\$ 995,348</u> | <u>\$ 999,245</u> |

| | For the six-month period ended June 30, | |
|---------------------------------------|---|---------------------|
| | 2022 | 2021 |
| Revenue from contracts with customers | <u>\$ 1,866,809</u> | <u>\$ 1,761,464</u> |

A. Disaggregation of revenue from contracts with customers

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

| | For the three-month period ended June 30, 2022 | | | |
|--|--|-------------------|--------------------|-------------------|
| | Bulk carrier | Oil tanker | Management service | Total |
| Revenue from external customer contracts | <u>\$ 883,626</u> | <u>\$ 106,427</u> | <u>\$ 5,295</u> | <u>\$ 995,348</u> |
| Timing of revenue recognition | | | | |
| Over time | <u>\$ 883,626</u> | <u>\$ 106,427</u> | <u>\$ 5,295</u> | <u>\$ 995,348</u> |

| | For the three-month period ended June 30, 2021 | | | |
|--|--|------------------|--------------------|-------------------|
| | Bulk carrier | Oil tanker | Management service | Total |
| Revenue from external customer contracts | <u>\$ 916,292</u> | <u>\$ 77,893</u> | <u>\$ 5,060</u> | <u>\$ 999,245</u> |
| Timing of revenue recognition | | | | |
| Over time | <u>\$ 916,292</u> | <u>\$ 77,893</u> | <u>\$ 5,060</u> | <u>\$ 999,245</u> |

| | For the six-month period ended June 30, 2022 | | | |
|--|--|-------------------|--------------------|---------------------|
| | Bulk carrier | Oil tanker | Management service | Total |
| Revenue from external customer contracts | <u>\$ 1,691,040</u> | <u>\$ 165,430</u> | <u>\$ 10,339</u> | <u>\$ 1,866,809</u> |
| Timing of revenue recognition | | | | |
| Over time | <u>\$ 1,691,040</u> | <u>\$ 165,430</u> | <u>\$ 10,339</u> | <u>\$ 1,866,809</u> |

| | For the six-month period ended June 30, 2021 | | | |
|--|--|------------|-----------------------|--------------|
| | Bulk carrier | Oil tanker | Management service | Total |
| Revenue from external customer contracts | \$ 1,416,331 | \$ 334,951 | \$ 10,182 | \$ 1,761,464 |
| Timing of revenue recognition Over time | \$ 1,416,331 | \$ 334,951 | \$ 10,182 | \$ 1,761,464 |

B. Contract assets and liabilities

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

| | June 30, 2022 | December 31, 2021 | June 30, 2021 | January 1, 2021 |
|----------------------|---------------|-------------------|---------------|-----------------|
| Contract assets | | | | |
| - bulk carrier | \$ 179,406 | \$ 134,702 | \$ 204,023 | \$ 81,626 |
| Contract liabilities | | | | |
| - bulk carrier | \$ 13,777 | \$ 72,949 | \$ 28,744 | \$ 67,613 |
| Contract liabilities | | | | |
| - oil tanker | \$ - | \$ - | \$ - | \$ 24,531 |

C. Contract liabilities at the beginning of 2022 and 2021 amounting to \$72,949 and \$92,144, respectively, were all recognised as operating revenue for the six-month periods ended June 30, 2022 and 2021, respectively.

(15) Interest income

| | For the three-month periods ended June 30, | |
|---|--|----------|
| | 2022 | 2021 |
| Interest income from bank deposits | \$ 5,240 | \$ 1,155 |
| Interest income from financial assets measured at amortised cost | 28,587 | - |
| | \$ 33,827 | \$ 1,155 |

| | For the six-month periods ended June 30, | |
|---|--|----------|
| | 2022 | 2021 |
| Interest income from bank deposits | \$ 6,680 | \$ 2,346 |
| Interest income from financial assets measured at amortised cost | 56,289 | - |
| | \$ 62,969 | \$ 2,346 |

(16) Other income

| | <u>For the three-month periods ended June 30,</u> | |
|------------------|---|------------------|
| | <u>2022</u> | <u>2021</u> |
| Rent income | \$ 92 | \$ 92 |
| Insurance claims | 5,905 | 18,106 |
| Others | 437 | 1,992 |
| | <u>\$ 6,434</u> | <u>\$ 20,190</u> |

| | <u>For the six-month periods ended June 30,</u> | |
|------------------|---|------------------|
| | <u>2022</u> | <u>2021</u> |
| Rent income | \$ 183 | \$ 183 |
| Insurance claims | 5,905 | 18,106 |
| Others | 16,890 | 1,992 |
| | <u>\$ 22,978</u> | <u>\$ 20,281</u> |

(17) Other gains and losses

| | <u>For the three-month periods ended June 30,</u> | |
|--|---|-----------------|
| | <u>2022</u> | <u>2021</u> |
| Losses on disposals of property, plant and equipment | (\$ 9) | \$ - |
| Currency exchange (losses) gains | (56,461) | 37,909 |
| Impairment loss on property, plant and equipment | (28,720) | (24,782) |
| Other losses | (359) | (5,634) |
| | <u>(\$ 85,549)</u> | <u>\$ 7,493</u> |

| | <u>For the six-month periods ended June 30,</u> | |
|--|---|-----------------|
| | <u>2022</u> | <u>2021</u> |
| Losses on disposals of property, plant and equipment | (\$ 9) | \$ - |
| Currency exchange (losses) gains | (106,502) | 34,855 |
| Impairment loss on property, plant and equipment | (28,720) | (24,782) |
| Other losses | (371) | (5,634) |
| | <u>(\$ 135,602)</u> | <u>\$ 4,439</u> |

(18) Finance costs

| | For the three-month periods ended June 30, | |
|-------------------------------------|--|------------------|
| | 2022 | 2021 |
| Interest expense | | |
| Interest expense on bank borrowings | \$ 24,856 | \$ 24,488 |
| Lease liabilities | 123 | 174 |
| | <u>\$ 24,979</u> | <u>\$ 24,662</u> |

| | For the six-month periods ended June 30, | |
|-------------------------------------|--|------------------|
| | 2022 | 2021 |
| Interest expense | | |
| Interest expense on bank borrowings | \$ 50,310 | \$ 50,884 |
| Lease liabilities | 255 | 362 |
| | <u>\$ 50,565</u> | <u>\$ 51,246</u> |

(19) Expenses by nature

| Function \ Nature | For the three-month periods ended June 30, | | | | | |
|--------------------------|--|--------------------|------------|-----------------|--------------------|------------|
| | 2022 | | | 2021 | | |
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefit expense | \$ 144,321 | \$ 24,234 | \$ 168,555 | \$ 123,134 | \$ 29,538 | \$ 152,672 |
| Depreciation | 308,110 | 1,295 | 309,405 | 303,864 | 1,260 | 305,124 |
| Amortisation | - | 25 | 25 | - | 12 | 12 |

| Function \ Nature | For the six-month periods ended June 30, | | | | | |
|--------------------------|--|--------------------|------------|-----------------|--------------------|------------|
| | 2022 | | | 2021 | | |
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefit expense | \$ 286,924 | \$ 51,187 | \$ 338,111 | \$ 240,395 | \$ 57,033 | \$ 297,428 |
| Depreciation | 602,566 | 2,534 | 605,100 | 612,496 | 2,442 | 614,938 |
| Amortisation | - | 50 | 50 | - | 25 | 25 |

(20) Employee benefit expense

| Function \ Nature | For the three-month periods ended June 30, | | | | | |
|---------------------------------|--|--------------------|-------------------|-------------------|--------------------|-------------------|
| | 2022 | | | 2021 | | |
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Wages and salaries | \$ 120,698 | \$ 21,759 | \$ 142,457 | \$ 96,278 | \$ 26,243 | \$ 122,521 |
| Labor and health insurance fees | 193 | 251 | 444 | 279 | 741 | 1,020 |
| Pension costs | - | 574 | 574 | - | 722 | 722 |
| Other personnel expenses | 23,430 | 1,650 | 25,080 | 26,577 | 1,832 | 28,409 |
| Total | <u>\$ 144,321</u> | <u>\$ 24,234</u> | <u>\$ 168,555</u> | <u>\$ 123,134</u> | <u>\$ 29,538</u> | <u>\$ 152,672</u> |

| Function Nature | For the six-month periods ended June 30, | | | | | |
|---------------------------------|--|--------------------|------------|-----------------|--------------------|------------|
| | 2022 | | | 2021 | | |
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Wages and salaries | \$ 235,131 | \$ 45,008 | \$ 280,139 | \$ 193,140 | \$ 50,414 | \$ 243,554 |
| Labor and health insurance fees | 438 | 1,423 | 1,861 | 538 | 1,535 | 2,073 |
| Pension costs | - | 1,388 | 1,388 | - | 1,313 | 1,313 |
| Other personnel expenses | 51,355 | 3,368 | 54,723 | 46,717 | 3,771 | 50,488 |
| Total | \$ 286,924 | \$ 51,187 | \$ 338,111 | \$ 240,395 | \$ 57,033 | \$ 297,428 |

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' remuneration.
- B. For the six-month periods ended June 30, 2022 and 2021, employees' compensation was accrued at \$342 and \$3,185, respectively; while directors' remuneration was accrued at \$342 and \$3,185, respectively. The aforementioned amounts were recognised in salary expenses.

Employees' compensation and directors' remuneration for 2021 were both \$7,303 as resolved by the Board of Directors and were in agreement with those amounts recognised in the 2021 financial statements.

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

(21) Income tax

A. Income tax (benefit) expense

Components of income tax (benefit) expense:

| | For the three-month periods ended June 30, | |
|---|--|-------------|
| | 2022 | 2021 |
| Current tax: | | |
| Current tax on profits for the period | \$ 909 | \$ 85,936 |
| Prior year income tax under (over) estimation | 91 | (2) |
| Total current tax | 1,000 | 85,934 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | (\$ 12,911) | (\$ 37,664) |
| Total deferred tax | (12,911) | (37,664) |
| Income tax (benefit) expense | (\$ 11,911) | \$ 48,270 |

| | <u>For the six-month periods ended June 30,</u> | |
|---|---|------------------|
| | <u>2022</u> | <u>2021</u> |
| Current tax: | | |
| Current tax on profits for the period | \$ 1,084 | \$ 85,936 |
| Prior year income tax under (over) estimation | <u>655</u> | <u>(2)</u> |
| Total current tax | <u>1,739</u> | <u>85,934</u> |
| Deferred tax: | | |
| Origination and reversal of temporary differences | (\$ 21,387) | (\$ 38,185) |
| Income tax (benefit) expense | <u>(\$ 19,648)</u> | <u>\$ 47,749</u> |

B. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(22) Earnings per share

| | For the three-month period ended June 30, 2022 | | |
|--|--|---|--|
| | <u>Amount after tax</u> | <u>Weighted average number of ordinary shares outstanding (shares in thousands)</u> | <u>Earnings per share (in dollars)</u> |
| <u>Basic earnings per share</u> | | | |
| Profit from continuing operations attributable to ordinary shareholders of the parent | \$ 56,162 | 585,353 | \$ 0.10 |
| Profit from discontinued operations attributable to the parent | - | - | - |
| Profit attributable to ordinary shareholders | <u>\$ 56,162</u> | <u>585,353</u> | <u>\$ 0.10</u> |
| <u>Diluted earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 56,162 | 585,353 | \$ 0.10 |
| Profit from discontinued operations attributable to the parent | - | - | - |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| - employees' compensation | - | 18 | - |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | <u>\$ 56,162</u> | <u>585,371</u> | <u>\$ 0.10</u> |

For the three-month period ended June 30, 2021

| | <u>Amount after tax</u> | <u>Weighted average number of ordinary shares outstanding (shares in thousands)</u> | <u>Earnings per share (in dollars)</u> |
|--|-------------------------|---|--|
| <u>Basic earnings per share</u> | | | |
| Profit from continuing operations attributable to ordinary shareholders of the parent | \$ 132,427 | 585,353 | \$ 0.23 |
| Profit from discontinued operations attributable to the parent | 69,649 | - | 0.12 |
| Profit attributable to ordinary shareholders | <u>\$ 202,076</u> | <u>585,353</u> | <u>\$ 0.35</u> |
| <u>Diluted earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 132,427 | 585,353 | \$ 0.23 |
| Profit from discontinued operations attributable to the parent | 69,649 | - | 0.12 |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| - employees' compensation | - | 48 | - |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | <u>\$ 202,076</u> | <u>585,401</u> | <u>\$ 0.35</u> |

For the six-month period ended June 30, 2022

| | <u>Amount after tax</u> | <u>Weighted average number of ordinary shares outstanding (shares in thousands)</u> | <u>Earnings per share (in dollars)</u> |
|--|-------------------------|---|--|
| <u>Basic earnings per share</u> | | | |
| Profit from continuing operations attributable to ordinary shareholders of the parent | \$ 53,037 | 585,353 | \$ 0.09 |
| Profit from discontinued operations attributable to the parent | - | - | - |
| Profit attributable to ordinary shareholders | <u>\$ 53,037</u> | <u>585,353</u> | <u>\$ 0.09</u> |
| <u>Diluted earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 53,037 | 585,353 | \$ 0.09 |
| Profit from discontinued operations attributable to the parent | - | - | - |
| Assumed conversion of all dilutive potential ordinary shares - employees' compensation | - | 18 | - |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | <u>\$ 53,037</u> | <u>585,371</u> | <u>\$ 0.09</u> |

For the six-month period ended June 30, 2021

| | <u>Amount after tax</u> | <u>Weighted average number of ordinary shares outstanding (shares in thousands)</u> | <u>Earnings per share (in dollars)</u> |
|--|-------------------------|---|--|
| <u>Basic earnings per share</u> | | | |
| Profit from continuing operations attributable to ordinary shareholders of the parent | \$ 180,582 | 585,353 | \$ 0.31 |
| Profit from discontinued operations attributable to the parent | 83,885 | - | 0.14 |
| Profit attributable to ordinary shareholders | <u>\$ 264,467</u> | <u>585,353</u> | <u>\$ 0.45</u> |
| <u>Diluted earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 180,582 | 585,353 | \$ 0.31 |
| Profit from discontinued operations attributable to the parent | 83,885 | - | 0.14 |
| Assumed conversion of all dilutive potential ordinary shares - employees' compensation | - | 155 | - |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | <u>\$ 264,467</u> | <u>585,508</u> | <u>\$ 0.45</u> |

(23) Supplemental cash flow information

A. Investing activities with partial cash payments:

| | For the six-month period ended June 30, | |
|---|---|-------------------|
| | 2022 | 2021 |
| Purchase of property, plant and equipment | \$ 195,105 | \$ 94,075 |
| Less: Beginning balance of prepayment on equipment (Note 1) | (25,164) | (1,040) |
| Add: Ending balance of prepayment on equipment (Note 1) | 4,195 | 9,221 |
| Add: Beginning balance of payable on equipment (Note 2) | - | 31,081 |
| Less: Ending balance of payable on equipment (Note 2) | (7,352) | (15,886) |
| Cash paid during the year | <u>\$ 166,784</u> | <u>\$ 117,451</u> |

Note 1: Shown as other non-current assets.

Note 2: Shown as other payables.

B. Financing activities with no cash flow effects

| | For the six-month periods ended June 30, | |
|-------------------------------|--|-------------------|
| | 2022 | 2021 |
| Cash dividends yet to be paid | <u>\$ 585,353</u> | <u>\$ 292,677</u> |

(24) Changes in liabilities from financing activities

| | Short-term borrowings | Long-term borrowings | Lease liabilities | Liabilities from financing activities-gross |
|--|-----------------------|----------------------|-------------------|---|
| At January 1, 2022 | \$ 850,000 | \$ 4,350,674 | \$ 12,364 | \$ 5,213,038 |
| Proceeds from borrowings | - | - | - | - |
| Repayment of borrowings | - | (1,806,704) | - | (1,806,704) |
| Payment of principal | - | - | (3,144) | (3,144) |
| Impact of changes in foreign exchange rate | - | 257,735 | 726 | 258,461 |
| At June 30, 2022 | <u>\$ 850,000</u> | <u>\$ 2,801,705</u> | <u>\$ 9,946</u> | <u>\$ 3,661,651</u> |

| | Short-term borrowings | Long-term borrowings | Lease liabilities | Liabilities from financing activities-gross |
|---|--------------------------|-------------------------|----------------------|---|
| At January 1, 2021 | \$ 840,000 | \$ 4,186,155 | \$ 16,377 | \$ 5,042,532 |
| Proceeds from borrowings | 629,740 | - | - | 629,740 |
| Repayment of borrowings | - | (650,303) | - | (650,303) |
| Payment of principal | - | - | (2,833) | (2,833) |
| Impact of changes in foreign exchange rate | (6,820) | (83,974) | 34 | (90,760) |
| At June 30, 2021 | <u>\$ 1,462,920</u> | <u>\$ 3,451,878</u> | <u>\$ 13,578</u> | <u>\$ 4,928,376</u> |

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

| Name of related parties | Relationship with the Group |
|---|-----------------------------|
| Jack Hsu | Chairman |
| Kairos Marine Limited (Formerly Oak Agencies Limited) | Other related party |
| Asia Century Navigation Co., Ltd. (Asia Century) | Other related party |
| Diamonds Ocean Limited (Diamonds Ocean) | Other related party |
| World Sea Navigation Limited (World Sea) | Other related party |

(2) Significant related party transactions and balances

A. Operating revenue

| | For the three-month periods ended June 30, | |
|---------------------|--|------------------|
| | 2022 | 2021 |
| Management revenue: | | |
| Other related party | <u>\$ 5,295</u> | <u>\$ 5,060</u> |
| | | |
| | For the six-month periods ended June 30, | |
| | 2022 | 2021 |
| Management revenue: | | |
| Other related party | <u>\$ 10,339</u> | <u>\$ 10,182</u> |

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

B. Operating costs

| | For the three-month periods ended June 30, | |
|---------------------|--|------------------|
| | 2022 | 2021 |
| Commission fee: | | |
| Other related party | <u>\$ 11,842</u> | <u>\$ 15,028</u> |

| | <u>For the six-month periods ended June 30,</u> | |
|---------------------|---|-------------|
| | <u>2022</u> | <u>2021</u> |
| Commission fee: | | |
| Other related party | \$ 21,727 | \$ 24,328 |

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

C. Other receivables

Amounts prepaid on behalf of related parties and agents:

| | <u>June 30, 2022</u> | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|---------------------|----------------------|--------------------------|----------------------|
| Other receivables: | | | |
| Other related party | \$ - | \$ 62 | \$ - |

D. Other payables

Advances from related parties and agency payable:

| | <u>June 30, 2022</u> | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|---------------------|----------------------|--------------------------|----------------------|
| Other payables: | | | |
| Other related party | \$ 23,249 | \$ 16,801 | \$ 20,197 |

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

(3) Key management compensation

| | <u>For the three-month periods ended June 30,</u> | |
|---|---|------------------|
| | <u>2022</u> | <u>2021</u> |
| Salaries and other short-term employee benefits | \$ 5,689 | \$ 7,487 |
| Post-employment benefits | 147 | 141 |
| | <u>\$ 5,836</u> | <u>\$ 7,628</u> |
| | | |
| | <u>For the six-month periods ended June 30,</u> | |
| | <u>2022</u> | <u>2021</u> |
| Salaries and other short-term employee benefits | \$ 12,704 | \$ 13,923 |
| Post-employment benefits | 312 | 238 |
| | <u>\$ 13,016</u> | <u>\$ 14,161</u> |

8. PLEDGED ASSETS

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

| <u>Pledged assets</u> | <u>Book value</u> | | | <u>Pledge purpose</u> |
|--|--------------------------------|------------------------------------|--------------------------------|--|
| | <u>June 30,</u> <u>2022</u> | <u>December 31,</u> <u>2021</u> | <u>June 30,</u> <u>2021</u> | |
| Bank deposits (shown as "other current assets") | \$ 146,743 | \$ 258,300 | \$ 206,091 | Long-term loans |
| Guarantee deposits paid (shown as "other non-current assets") | 7,665 | 7,430 | 7,434 | Deposit of golf certificates and others |
| Property, plant and equipment | | | | |
| Vessels and equipment-net | 8,707,157 | 11,904,371 | 12,621,965 | Long-term loans and short-term borrowings |
| Land and building and structures-net | 98,830 | 99,114 | 99,398 | Credit lines of short- term borrowings |
| | <u>\$ 8,960,395</u> | <u>\$ 12,269,215</u> | <u>\$ 12,934,888</u> | |

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT

COMMITMENTS

(1) Contingent liabilities

Oil tanker Elbhoff, owned by Pacifica Maritime Limited which is a 100% owned subsidiary of the Company, joined the Tanker International's pool operation and was assigned to provide charter service to SeaRiver Maritime LLC. Due to its engine failure which caused the delay for loading time, SeaRiver terminated the contract and hired substitute vessels. Subsequently, SeaRiver filed arbitration against Tanker International claiming \$195,590 (US\$7,066 thousand) as substitute rental costs and related port charges. Pacifica, as vessel owner, has potential liability and the claim has been filed for arbitration in New York, USA and the documents were exchanged on January 25, 2022, New York Time. The arbitration case is still in the early stage of negotiation and no specific consensus has been reached. The result of the negotiation is difficult to assess and therefore the impact on the financial statements cannot be assessed.

(2) Commitments

- A. The Company has outstanding notes payable for bank financing amounting to \$574,000.
- B. As of June 30, 2022, the outstanding balance arising from the acquisition of vessel's equipment amounted to \$12,096 (US\$407 thousand).
- C. Following the arbitration case for the sub-sub-subsidiary of Norley Corporation Inc. (Norley), Pacifica Maritime Limited (Pacifica), since SeaRiver Maritime LLC, the claimant, requests a lumpsum of \$216,956 (US\$7,300 thousand) in security, Norley commissioned United States Fire Insurance Company (USFIC) to issue a Surety Bond and Norley as an indemnitor/guarantor also provided a Counter-Security Bond to USFIC. Subsequently, the United Kingdom Mutual Steam Ship Assurance Association Limited (the "UK club") issued a Letter of Undertaking (LOU) to

SeaRiver Maritime LLC. Oak Maritime (Canada) Inc, on behalf of the owner of M/T Elbhoff, agreed to pay UK Club a commission of 0.25% of the LOU amount in advance on an annual basis, amounting to \$542 (US\$18 thousand). Refer to Note 13(1) B for details of endorsements and guarantees that Norley Corporation Inc. and Oak Maritime (Canada) Inc. provided to Pacifica.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

| | <u>June 30, 2022</u> | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|---|----------------------|--------------------------|----------------------|
| <u>Financial assets</u> | | | |
| Financial assets at amortised cost | | | |
| Cash and cash equivalents | \$ 4,614,939 | \$ 5,423,323 | \$ 4,584,410 |
| Financial assets at amortised cost (including current portion) | 1,689,554 | 1,634,588 | 1,708,986 |
| Accounts receivable, net | 295,265 | 280,224 | 238,205 |
| Other receivables | 91,985 | 123,458 | 102,438 |
| Other receivables - related parties | - | 62 | - |
| Other financial assets | 146,743 | 258,300 | 206,091 |
| Guarantee deposits paid (shown as "other non-current assets") | 7,665 | 7,430 | 7,434 |
| | <u>\$ 6,846,151</u> | <u>\$ 7,727,385</u> | <u>\$ 6,847,564</u> |
| <u>Financial liabilities</u> | | | |
| Financial liabilities at amortised cost | | | |
| Short-term borrowings | \$ 850,000 | \$ 850,000 | \$ 1,462,920 |
| Other payables | 899,903 | 213,825 | 525,324 |
| Other payables - related parties | 23,249 | 16,801 | 20,197 |
| Long-term borrowings (including current portion) | 2,801,705 | 4,350,674 | 3,451,878 |
| | <u>\$ 4,574,857</u> | <u>\$ 5,431,300</u> | <u>\$ 5,460,319</u> |
| Lease liabilities | <u>\$ 9,946</u> | <u>\$ 12,364</u> | <u>\$ 13,578</u> |

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign

exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

| | June 30, 2022 | | |
|---|--|---------------|---------------------|
| | Foreign currency amount (In thousands) | Exchange rate | Book value (NTD) |
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | \$ 8,425 | 29.72 | \$ 250,036 |
| NTD : USD | 5,548 | 0.03 | 5,548 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | \$ 60,047 | 29.72 | \$ 1,784,583 |
| JPY : NTD | 6,251 | 0.22 | 1,364 |
| JPY : USD | 21,470 | 0.01 | 4,722 |

December 31, 2021

| | Foreign currency amount (In thousands) | Exchange rate | Book value (NTD) |
|---|--|---------------|---------------------|
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | \$ 15,780 | 27.68 | \$ 436,887 |
| NTD : USD | 4,708 | 0.04 | 4,708 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | \$ 60,226 | 27.68 | \$ 1,667,181 |

June 30, 2021

| | Foreign currency amount (In thousands) | Exchange rate | Book value (NTD) |
|---|--|---------------|---------------------|
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | \$ 26,644 | 27.86 | \$ 742,195 |
| NTD : USD | 7,349 | 0.04 | 7,393 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | \$ 55,211 | 27.86 | \$ 1,538,307 |

- iii. The unrealized exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group for 2022 and 2021 amounted to (\$115,170) and \$35,963, respectively.

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

| For the six-month period ended June 30, 2022 | | | |
|--|---------------------|--------------------------|--------------------------------------|
| Sensitivity analysis | | | |
| | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | 1% | \$ 2,500 | \$ - |
| NTD : USD | 1% | 55 | - |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | 1% | \$ 17,846 | \$ - |
| JPY : NTD | 1% | 14 | - |
| JPY : USD | 1% | 47 | - |
| For the six-month period ended June 30, 2021 | | | |
| Sensitivity analysis | | | |
| | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | 1% | \$ 7,422 | \$ - |
| NTD : USD | 1% | 74 | - |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | 1% | \$ 15,383 | \$ - |

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the six-month periods ended June 30, 2022 and 2021, the Group's borrowings at variable rate were denominated in United States dollars.
- ii. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are

simulated taking into consideration refinancing renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

iii. At June 30, 2022 and 2021, if interest rates on USD-denominated borrowings had been 1% higher/lower with all other variables held constant, pre-tax profit (loss) for the six-month periods ended June 30, 2022 and 2021 would have been \$14,009 and \$17,551 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the contract cash flows of the accounts receivable based on the agreed terms.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control was used in the assessment of customers' credit quality through customers' past default records, current financial status and the economic situation and forecast of the industry. According to the Group's historical experience of credit loss, there were no significant differences in losses from different customers' groups, thus, the Group set expected credit loss rate based on the age of accounts receivable and did not distinguish customer groups. The Group used provision matrix method to calculate lifetime expected credit losses.
- iii. The Group adopts the following assumption under IFRS 15 and IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 180 days based on the terms and obligation completed, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumption under IFRS 15 and IFRS 9, that is, the default occurs when the contract payments are past due over 3 years.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group wrote-off the financial assets, which cannot reasonably be expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On June 30, 2022, December 31, 2021 and June 30, 2021, the Group's written-off financial assets that are still under recourse procedures amounted to \$0, \$477 and \$0, respectively.
- vii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable and lease payments receivable. On June 30, 2022, December 31, 2021 and June 30, 2021, the provision matrix is as follows:

| <u>June 30, 2022</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
|----------------------|---------------------------|-------------------------|-----------------------|
| 0 to 180 days | 0% | \$ 284,768 | \$ - |
| 181 days -3 years | 50%-100% | 29,850 | 19,353 |
| Over 3 years | 100% | - | - |
| Total | | <u>\$ 314,618</u> | <u>\$ 19,353</u> |

| <u>December 31, 2021</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
|--------------------------|---------------------------|-------------------------|-----------------------|
| 0 to 180 days | 0% | \$ 280,224 | \$ - |
| 181 days -3 years | 50%-100% | - | - |
| Over 3 years | 100% | - | - |
| Total | | <u>\$ 280,224</u> | <u>\$ -</u> |

| <u>June 30, 2021</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
|----------------------|---------------------------|-------------------------|-----------------------|
| 0 to 180 days | 0% | \$ 238,205 | \$ - |
| 181 days -3 years | 50%-100% | - | - |
| Over 3 years | 100% | - | - |
| Total | | <u>\$ 238,205</u> | <u>\$ -</u> |

viii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

| | <u>2022</u> | <u>2021</u> |
|---------------------------------|------------------|-------------|
| January 1 | \$ - | \$ - |
| Provision for impairment | 18,752 | - |
| Write-offs | (50) | - |
| Effect of exchange rate changes | 651 | - |
| June 30 | <u>\$ 19,353</u> | <u>\$ -</u> |

(c) Liquidity risk

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

| Non-derivative financial liabilities <u>June 30, 2022</u> | <u>Less than one year</u> | <u>Between one and five years</u> | <u>Over five years</u> |
|---|-------------------------------|---------------------------------------|------------------------|
| Short-term borrowings | \$ 850,000 | \$ - | \$ - |
| Other payables (including related parties) | 923,152 | - | - |
| Lease liability | 5,847 | 4,704 | - |
| Long-term borrowings (including current portion) | 836,504 | 1,585,538 | 188,390 |

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

| Non-derivative financial liabilities June 30, 2021 | Less than one year | Between one and five years | Over five years |
|--|-----------------------|-------------------------------|-----------------|
| Short-term borrowings | \$ 1,462,920 | \$ - | \$ - |
| Other payables (including related parties) | 545,521 | - | - |
| Lease liability | 6,210 | 8,256 | - |
| Long-term borrowings (including current portion) | 1,160,022 | 1,988,697 | 473,115 |

(3) Fair value information

- A. Financial instruments, which are not measured at fair value, includes cash and cash equivalents, accounts receivable, other receivables, other financial assets, short-term borrowings, and other payables. The carrying amounts of these instruments are approximate to their fair values.
- B. Finance department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of non-financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value. Investment property is evaluated regularly by the Group's financial department based on the valuation methods and assumptions announced by the Finance Supervisory Commission, Securities and Futures Bureau or through outsourced appraisal performed by the external valuer.

The Group has no financial assets and liabilities and non-financial assets and liabilities measured by fair value at June 30, 2022, December 31, 2021 and June 30, 2021.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Refer to table 1.

B. Provision of endorsements and guarantees to others: Refer to table 2.

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 6.

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

(4) Major shareholders information

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

14. SEGMENT INFORMATION

(1) General information

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

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

(2) Measurement of segment information

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

expenditures from the operating segments.

(3) Information about segment profit or loss

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

| | For the six-month period ended June 30, 2022 | | | |
|--------------------------------------|--|--------------|----------------|--------------|
| | Bulk carrier | Oil tanker | Other segments | Total |
| Revenues from third parties | \$ 1,691,040 | \$ 165,430 | \$ 10,339 | \$ 1,866,809 |
| Segment income (loss) | \$ 396,453 | (\$ 204,100) | \$ 10,339 | \$ 202,692 |
| Depreciation and amortization charge | \$ 367,553 | \$ 237,597 | \$ - | \$ 605,150 |

| | For the six-month period ended June 30, 2021 | | | |
|--------------------------------------|--|-------------|----------------|--------------|
| | Bulk carrier | Oil tanker | Other segments | Total |
| Revenues from third parties | \$ 1,416,331 | \$ 334,951 | \$ 10,182 | \$ 1,761,464 |
| Segment income (loss) | \$ 302,232 | (\$ 38,380) | \$ 10,182 | \$ 274,034 |
| Depreciation and amortization charge | \$ 383,310 | \$ 231,653 | \$ - | \$ 614,963 |

(4) Reconciliation for segment income (loss)

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

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

| | For the six-month periods ended June 30, | |
|--|--|------------|
| | 2022 | 2021 |
| Reportable segment income | \$ 192,353 | \$ 263,852 |
| Other segment income | 10,339 | 10,182 |
| Total operating segment income | 202,692 | 274,034 |
| Others | (112,624) | 24,720 |
| Income from continuing operations before tax | \$ 90,068 | \$ 298,754 |

Sincere Navigation Corporation and Subsidiaries

Loans to others

For the six-month period ended June 30, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

| No. (Note 1) | Creditor | Borrower | General ledger account | Is a related party | Maximum outstanding balance during the six-month period ended June 30, 2022 | Balance at June 30, 2022 | Actual amount drawn down | Interest rate | Nature of loan (Note 3) | Amount of transactions with the borrower | Reason for short-term financing | Allowance for doubtful accounts | Collateral | | Limit on loans granted to a single party (Note 2) | Ceiling on total loans granted (Note 2) | Footnote |
|-----------------|--------------------------------|--------------------------------|----------------------------------|--------------------|---|--------------------------|--------------------------|---------------|-------------------------|--|---------------------------------|---------------------------------|------------|-------|---|---|--|
| | | | | | | | | | | | | | Item | Value | | | |
| 0 | Sincere Navigation Corporation | None | | | | | | | | | | | | | \$ 4,527,839 | \$ 6,037,118 | |
| 1 | Norley Corporation Inc. | Sincere Navigation Corporation | Receivables from related parties | Y | \$ 1,040,200 | \$ 1,040,200 | \$ 1,040,200 | - | 2 | - | Working capital | - | - | - | 11,840,320 | 11,840,320 | The maximum amount amounted to USD 35,000 thousand for the current period, and the actual amount was USD 35,000 thousand at the end of period. |
| 1 | Norley Corporation Inc. | Elroy Maritime Service Inc. | Receivables from related parties | Y | 5,153 | - | - | - | 2 | - | Working capital | - | - | - | 11,840,320 | 11,840,320 | The maximum amount amounted to USD 180 thousand for the current period, and the actual amount was USD 0 at the end of period. |
| 2 | Heywood Limited | Sincere Navigation Corporation | Receivables from related parties | Y | 1,634,600 | 1,634,600 | 743,000 | - | 2 | - | Working capital | - | - | - | 5,711,025 | 5,711,025 | The maximum amount amounted to USD 55,000 thousand for the current period, and the actual amount was USD 25,000 thousand at the end of period. |
| 2 | Heywood Limited | Norley Corporation Inc. | Receivables from related parties | Y | 445,800 | 445,800 | 445,800 | - | 2 | - | Working capital | - | - | - | 5,711,025 | 5,711,025 | The Maximum amount amounted to USD 15,000 thousand for the current period, and the actual amount was USD 15,000 thousand at the end of period. |
| 3 | Elroy Maritime Service Inc. | Oak Maritime (Canada) Inc. | Receivables from related parties | Y | 5,350 | 5,350 | 5,350 | - | 2 | - | Working capital | - | - | - | 11,194 | 11,194 | The maximum amount amounted to USD 180 thousand for the current period, and the actual amount was USD 180 thousand at the end of period. |

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

(1) The Company is '0'.

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

Note 2: In accordance with the finance procedures of the Company, for business transaction purposes, limit on total financial shall not exceed 40% of the Company's net value.

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

Note 3: Nature of loans is filled as follows:

(1) Fill in 1 for business transactions.

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

Sincere Navigation Corporation and Subsidiaries
Provision of endorsements and guarantees to others
For the six-month period ended June 30, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

| Number (Note 1) | Endorser/ guarantor | Party being endorsed/guaranteed Company name | Relationship with the endorser/ guarantor (Note 2) | Limit on endorsements/ guarantees provided for a single party (Note 3) | Maximum outstanding endorsement/ guarantee amount as of June 30, 2022 (Note 4) | Outstanding endorsement/ guarantee amount at June 30, 2022 (Note 5) | Actual amount drawn down (Note 6) | Amount of endorsements/ guarantees secured with collateral | Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company | Ceiling on total amount of endorsements/ guarantees provided (Note 3) | Provision of endorsements/ guarantees by parent company to subsidiary (Note 7) | Provision of endorsements/ guarantees by subsidiary to parent company (Note 7) | Provision of endorsements/ guarantees to the party in Mainland China (Note 7) | Footnote |
|--------------------|--------------------------------|--|--|---|--|--|---|--|--|--|--|--|---|--|
| | | | | | | | | | | | | | | |
| 0 | Sincere Navigation Corporation | Helmsman Navigation Co. Ltd. | 2 | \$ 15,092,796 | \$ 238,935 | \$ - | \$ - | \$ - | 19.16% | \$ 37,731,990 | Y | N | N | Guarantee balance is US\$ 0 thousand |
| 0 | " | Everwin Maritime Limited | 2 | 15,092,796 | 448,534 | 448,534 | 280,334 | - | 19.16% | 37,731,990 | Y | N | N | Guarantee balance is US\$ 15,092 thousand |
| 0 | " | Pacifica Maritime Limited | 2 | 15,092,796 | 1,240,037 | - | - | - | 19.16% | 37,731,990 | Y | N | N | Guarantee balance is US\$ 0 thousand |
| 0 | " | Ocean Grace Limited | 2 | 15,092,796 | 1,061,004 | 1,061,004 | 748,944 | - | 19.16% | 37,731,990 | Y | N | N | Guarantee balance is US\$ 35,700 thousand |
| 0 | " | Brighton Shipping Inc. | 2 | 15,092,796 | 34,482 | - | - | - | 19.16% | 37,731,990 | Y | N | N | Guarantee balance is US\$ 0 thousand |
| 0 | " | Rockwell Shipping Limited | 2 | 15,092,796 | 23,288 | - | - | - | 19.16% | 37,731,990 | Y | N | N | Guarantee balance is US\$ 0 thousand |
| 0 | " | Bridge Poiema Limited | 2 | 15,092,796 | 1,381,980 | 1,381,980 | 1,278,331 | - | 19.16% | 37,731,990 | Y | N | N | Guarantee balance is US\$ 46,500 thousand |
| 1 | Norley Corporation Inc. | Kenmore Shipping Inc. | 2 | 11,840,320 | 508,620 | 494,095 | 494,095 | - | 6.01% | 29,600,800 | N | N | N | Guarantee balance is US\$ 16,625 thousand |
| 1 | " | Pacifica Maritime Limited | 2 | 11,840,320 | 216,956 | 216,956 | 216,956 | - | 6.01% | 29,600,800 | N | N | N | Guarantee balance is US\$ 7,300 thousand (Note 9) |
| 2 | Victory Navigation Inc. | Norley Corporation Inc. | 3 | 895,649 | 594,400 | 594,400 | - | - | 66.37% | 2,239,123 | N | N | N | Guarantee balance is US\$ 20,000 thousand (Note 8) |
| 3 | Everprime Shipping Limited | Norley Corporation Inc. | 3 | 892,370 | 594,400 | 594,400 | - | - | 66.61% | 2,230,925 | N | N | N | Guarantee balance is US\$ 20,000 thousand (Note 8) |

Sincere Navigation Corporation and Subsidiaries
Provision of endorsements and guarantees to others
For the six-month period ended June 30, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

| Number (Note 1) | Endorser/ guarantor | Party being endorsed/guaranteed Company name | Relationship with the endorser/ guarantor (Note 2) | Limit on endorsements/ guarantees provided for a single party (Note 3) | Maximum outstanding endorsement/ guarantee amount as of June 30, 2022 (Note 4) | Outstanding endorsement/ guarantee amount at June 30, 2022 (Note 5) | Actual amount drawn down (Note 6) | Amount of guarantees secured with collateral | Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company | Ceiling on total amount of endorsements/ guarantees provided (Note 3) | Provision of endorsements/ guarantees by parent company to subsidiary (Note 7) | Provision of endorsements/ guarantees by subsidiary to parent company (Note 7) | Provision of endorsements/ guarantees to the party in Mainland China (Note 7) | Footnote |
|--------------------|----------------------------|--|--|---|--|--|---|---|--|--|--|--|---|--|
| | | | | | | | | | | | | | | |
| 4 | Ocean Wise Limited | Norley Corporation Inc. | 3 | \$ 1,122,617 | \$ 891,600 | \$ 891,600 | \$ - | - | 79.42% | \$ 2,806,543 | N | N | N | Guarantee balance is US\$ 30,000 thousand (Note 8) |
| 5 | Poseidon Marine Ltd. | Norley Corporation Inc. | 3 | 1,524,484 | 891,600 | 891,600 | - | - | 58.49% | 3,811,210 | N | N | N | Guarantee balance is US\$ 30,000 thousand (Note 8) |
| 6 | Maxson Shipping Inc. | Norley Corporation Inc. | 3 | 1,168,607 | 891,600 | 891,600 | - | - | 76.30% | 2,921,518 | N | N | N | Guarantee balance is US\$ 30,000 thousand (Note 8) |
| 7 | Oak Maritime (Canada) Inc. | Pacifica Maritime Limited | 4 | 2,582 | 542 | 542 | 542 | - | 20.99% | 6,455 | N | N | N | Guarantee balance is US\$ 18 thousand (Note 9) |

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

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

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

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

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

[The Company]

- (1) The limit on endorsements and guarantees provided for an individual party shall not exceed the Company's equity.
Those which are provided for an individual party due to business relationship, shall not exceed the total amount of transactions with the Company in the most recent year.

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

[The Company and subsidiaries]

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

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

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

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

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

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

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

Note 9: Please refer to Note 9(2)B.

Sincere Navigation Corporation and Subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
For the six-month period ended June 30, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

| Creditor | Counterparty | Relationship with the counterparty | Balance as at June 30, 2022 | Turnover rate | Overdue receivables | | Amount collected subsequent to the balance sheet date | Allowance for doubtful accounts |
|----------------------------------|----------------------------------|---------------------------------------|---------------------------------------|---------------|---------------------|--------------|---|------------------------------------|
| | | | | | Amount | Action taken | | |
| Sincere Navigation Corporation | None | | - | - | \$ - | - | \$ - | - |
| Norley Corporation Inc. (Norley) | Sincere Navigation Corporation | Norley's parent company | \$ 1,040,200 (USD 35,000 thousand) | - | - | - | - | - |
| Heywood Limited (Heywood) | Sincere Navigation Corporation | Heywood's parent company | \$ 743,000 (USD 25,000 thousand) | - | - | - | - | - |
| Heywood Limited (Heywood) | Norley Corporation Inc. (Norley) | Associates | \$ 445,800 (USD 15,000 thousand) | - | - | - | - | - |

Sincere Navigation Corporation and Subsidiaries
Significant inter-company transactions during the reporting period
For the six-month period ended June 30, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | Transaction | | | Percentage of consolidated total operating revenues or total assets (Note 3) |
|--------------------|--------------------------------|--------------------------------|--------------------------|------------------------|------------|-----------------------------|---|
| | | | | General ledger account | Amount | Transaction terms | |
| 0 | Sincere Navigation Corporation | Everwin Maritime Limited | 1 | Guarantees | \$ 448,534 | As per the Company's policy | 2.10% |
| 0 | " | Ocean Grace Limited | 1 | " | 1,061,004 | " | 4.97% |
| 0 | " | Bridge Poiema Limited | 1 | " | 1,381,980 | " | 6.48% |
| 1 | Norley Corporation Inc. | Kenmore Shipping Inc. | 1 | " | 494,095 | " | 2.32% |
| 1 | " | Pacifica Maritime Limited | 1 | " | 216,956 | " | 1.02% |
| 1 | " | Sincere Navigation Corporation | 2 | Other receivables | 1,040,200 | " | 4.88% |
| 2 | Heywood Limited | Sincere Navigation Corporation | 2 | " | 743,000 | " | 3.48% |
| 2 | " | Norley Corporation Inc. | 3 | " | 445,800 | " | 2.09% |
| 3 | Victory Navigation Inc. | Norley Corporation Inc. | 2 | Guarantees (Note 5) | 594,400 | " | 2.79% |
| 4 | Everprime Shipping Limited | Norley Corporation Inc. | 2 | " | 594,400 | " | 2.79% |
| 5 | Ocean Wise Limited | Norley Corporation Inc. | 2 | " | 891,600 | " | 4.18% |
| 6 | Poseidon Marine Ltd. | Norley Corporation Inc. | 2 | " | 891,600 | " | 4.18% |
| 7 | Maxson Shipping Inc. | Norley Corporation Inc. | 2 | " | 891,600 | " | 4.18% |

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

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

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

- (1) Parent company to subsidiary is numbered '1'.
- (2) Subsidiary to parent company is numbered '2'.
- (3) Subsidiary to subsidiary is numbered '3'.

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

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

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

Sincere Navigation Corporation and Subsidiaries
Information on investees
For the six-month period ended June 30, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investor | Investee | Location | Main business activities | Initial investment amount (Note 1) | | Shares held as at June 30, 2022 (Note 2) | | | Net profit (loss) of the investee for the six- month period ended June 30, 2022 (Note 2) | Investment income (loss) recognised by the Company for the six-month period ended June 30, 2022 | Footnote |
|--------------------------------|--|---------------------|--------------------------|---------------------------------------|------------------------------------|--|---------------|---------------|---|--|------------------------|
| | | | | Balance as at June 30, 2022 | Balance as at December 31, 2021 | Number of shares | Ownership (%) | Book value | | | |
| Sincere Navigation Corporation | Norley Corporation Inc. | Republic of Liberia | Investment holdings | \$ 29,720 (USD 1,000 thousand) | \$ 27,680 (USD 1,000 thousand) | 500 | 100% | \$ 11,840,320 | (\$ 117,687) | (\$ 117,687) | Subsidiary |
| " | Heywood Limited | Marshall Islands | " | 29,720 (USD 1,000 thousand) | 27,680 (USD 1,000 thousand) | 500 | 100% | 5,711,025 | 245,221 | 245,221 | Subsidiary |
| " | Sincere Navigation Corporation (Singapore) Pte. Ltd. | " | " | - (USD -) | - (USD -) | - | 100% | (163) | (157) | (157) | Subsidiary |
| Norley Corporation Inc. | Kenmore Shipping Inc. | Marshall Islands | Oil tanker | 1,370,389 (USD 46,110 thousand) | 1,276,325 (USD 46,110 thousand) | 500 | 100% | 1,622,835 | (92,875) | - | Second-tier subsidiary |
| " | Jetwall Co. Ltd. | " | Investment holdings | 801,727 (USD 26,976 thousand) | 746,696 (USD 26,976 thousand) | 400 | 80% | 1,197,388 | (83,101) | - | Second-tier subsidiary |
| " | Victory Navigation Inc. | " | " | 163 (USD 6 thousand) | 152 (USD 6 thousand) | 275 | 55% | 492,607 | 44,839 | - | Second-tier subsidiary |
| " | Poseidon Marine Ltd | " | Shipping | 238,057 (USD 8,010 thousand) | 221,717 (USD 8,010 thousand) | 500 | 100% | 1,524,484 | (25,431) | - | Second-tier subsidiary |
| " | Maxson Shipping Inc. | " | " | 312,060 (USD 10,500 thousand) | 290,640 (USD 10,500 thousand) | 500 | 100% | 1,168,607 | 67,304 | - | Second-tier subsidiary |
| " | Ocean Wise Limited | Republic of Liberia | " | 664,836 (USD 22,370 thousand) | 619,201 (USD 22,370 thousand) | 500 | 100% | 1,122,617 | (14,398) | - | Second-tier subsidiary |

| Investor | Investee | Location | Main business activities | Initial investment amount (Note 1) | | Shares held as at June 30, 2022 (Note 2) | | | Net profit (loss) of the investee for the six- month period ended June 30, 2022 (Note 2) | Investment income (loss) recognised by the Company for the six-month period ended June 30, 2022 | Footnote |
|-----------------------------|---------------------------------|------------------|--------------------------|---------------------------------------|---------------------------------------|--|---------------|--------------|---|--|------------------------|
| | | | | Balance as at June 30, 2022 | Balance as at December 31, 2021 | Number of shares | Ownership (%) | Book value | | | |
| Norley Corporation Inc. | Pacifica Maritime Limited | Marshall Islands | Oil tanker | \$ 2,460,519 (USD 82,790 thousand) | \$ 1,461,227 (USD 52,790 thousand) | 500 | 100% | \$ 2,645,549 | (\$ 71,418) | - | Second-tier subsidiary |
| " | Sky Sea Maritime Limited | " | Investment holdings | 475,832 (USD 16,011 thousand) | 443,171 (USD 16,011 thousand) | 275 | 55% | 804,794 | 74,758 | - | Second-tier subsidiary |
| " | Elroy Maritime Service Inc. | " | Maritime service | 11,294 (USD 380 thousand) | 5,536 (USD 200 thousand) | 500 | 100% | 11,194 | 2,466 | - | Second-tier subsidiary |
| " | Glory Selah Limited | " | Investment holdings | 253,363 (USD 8,525 thousand) | 235,972 (USD 8,525 thousand) | 500 | 55% | 301,116 | 43,290 | - | Second-tier subsidiary |
| " | Steady Way Limited | " | Shipping | 297 (USD 10 thousand) | - (USD -) | 500 | 100% | 279 | (17) | - | Second-tier subsidiary |
| Jetwall Co. Ltd. | Everwin Maritime Limited | " | Oil tanker | 1,002,158 (USD 33,720 thousand) | 933,370 (USD 33,720 thousand) | 500 | 100% | 1,479,617 | (83,066) | - | Third-tier subsidiary |
| Victory Navigation Inc. | Everprime Shipping Limited | " | Shipping | 297 (USD 10 thousand) | 277 (USD 10 thousand) | 500 | 100% | 892,370 | 44,874 | - | Third-tier subsidiary |
| Sky Sea Maritime Limited | Ocean Grace Limited | " | " | 865,149 (USD 29,110 thousand) | 805,765 (USD 29,110 thousand) | 500 | 100% | 1,463,651 | 74,792 | - | Third-tier subsidiary |
| Elroy Maritime Service Inc. | Oak Maritime (Canada) Inc. | Canada | Maritime service | 3,820 (USD 128 thousand) | 3,558 (USD 128 thousand) | 1,000 | 100% | 2,582 | 2,189 | - | Third-tier subsidiary |
| Glory Selah Limited | Bridge Poiema Limited | Marshall Islands | Shipping | 460,660 (USD 15,500 thousand) | 429,040 (USD 15,500 thousand) | 500 | 100% | 547,644 | 43,343 | - | Second-tier subsidiary |
| Heywood Limited | Clifford Navigation Corporation | " | " | 297 (USD 10 thousand) | 277 (USD 10 thousand) | 500 | 100% | 365,720 | 40,237 | - | Second-tier subsidiary |
| " | Brighton Shipping Inc. | " | " | 297 (USD 10 thousand) | 277 (USD 10 thousand) | 500 | 100% | 588,398 | 50,567 | - | Second-tier subsidiary |

| Investor | Investee | Location | Main business activities | Initial investment amount (Note 1) | | Shares held as at June 30, 2022 (Note 2) | | | Net profit (loss) of the investee for the six-month period ended June 30, 2022 (Note 2) | Investment income (loss) recognised by the Company for the six-month period ended June 30, 2022 | Footnote |
|-----------------|------------------------------|------------------|--------------------------|---------------------------------------|------------------------------------|--|---------------|------------|--|--|------------------------|
| | | | | Balance as at June 30, 2022 | Balance as at December 31, 2021 | Number of shares | Ownership (%) | Book value | | | |
| Heywood Limited | Rockwell Shipping Limited | Marshall Islands | Shipping | \$ 297 (USD 10 thousand) | \$ 277 (USD 10 thousand) | 500 | 100% | \$ 528,370 | \$ 31,020 | - | Second-tier subsidiary |
| " | Howells Shipping Inc. | " | " | 356,937 (USD 12,010 thousand) | 332,437 (USD 12,010 thousand) | 500 | 100% | 678,164 | 40,826 | - | Second-tier subsidiary |
| " | Century Shipping Limited | HongKong | Investment holdings | 14,860 (USD 500 thousand) | 13,840 (USD 500 thousand) | 50,000 | 100% | 5,732 | 147 | - | Second-tier subsidiary |
| " | Helmsman Navigation Co. Ltd. | Marshall Islands | Shipping | 627,389 (USD 21,110 thousand) | 584,325 (USD 21,110 thousand) | 500 | 100% | 737,558 | 63,425 | - | Second-tier subsidiary |
| " | Keystone Shipping Co. Ltd. | " | " | 89,457 (USD 3,010 thousand) | 83,317 (USD 3,010 thousand) | 500 | 100% | 66,574 | 25,626 | - | Second-tier subsidiary |

Note 1: The above balances of initial investments as at June 30, 2022 and December 31, 2021 were translated at the closing exchange rates at the balance sheet date.

Note 2: The above carrying amounts of shares held as at June 30, 2022 and net profit (loss) of the investee for the six-month period ended June 30, 2022 were translated at the closing exchange rates at the balance sheet and the average exchange rates for the period ended June 30, 2022, respectively.

Sincere Navigation Corporation and Subsidiaries
Information on investments in Mainland China
For the six-month period ended June 30, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investee in Mainland China | Main business activities | Paid-in capital | Investment method (Note 1) | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022 | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six-month period ended June 30, 2022 | | Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2022 | Net income of investee for the six- month period ended June 30, 2022 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognised by the Company for the six-month ended June 30, 2022 (Note 2) | Book value of investments in Mainland China as of June 30, 2022 | Accumulated amount of investment income remitted back to Taiwan as of June 30, 2022 | Footnote |
|--|-----------------------------|--------------------------------|-------------------------------|--|--|----------------------------|--|--|---|--|---|---|----------|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | |
| Haihu Maritime Service (Shanghai) Co., Ltd. | Maritime service | \$15,855 (USD 500 thousand) | 2 | \$15,855 (USD 500 thousand) | \$ - | \$ - | \$15,855 (USD500 thousand) | \$147 (RMB 33 thousand) | 100% | \$147 (RMB 33 thousand) | \$5,732 (RMB 1,294 thousand) | \$ - | |

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

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

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

(3) Others.

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

| Company name | Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2022 | Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) | Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA |
|--|--|--|---|
| Haihu Maritime Service (Shanghai) Co., Ltd. | \$ 15,855 | \$ 95,130 | \$ 9,055,678 |

Sincere Navigation Corporation and Subsidiaries
Major shareholders information
For the six-month period ended June 30, 2022

Table 7

| Number of major shareholders | Shares | |
|--|---------------------|---------------|
| | Name of shares held | Ownership (%) |
| CTBC BANK CO., LTD. IN CUSTODY FOR HO MAO INVESTMENT CORPORATION | 58,060,800 | 9.91% |

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

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