Stock Code: 2605

Sincere Navigation Corporation Shareholders Meeting of 2023

Handbook

June 09, 2023

Handbook Website: https://mops.twse.com.tw
https://www.snc.com.tw

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

Contents

Meeting Procedures

Reports

Proposals

Appendices

Sincere Navigation Corporation Agenda of the 2023 Annual Shareholders Meeting

Time: 09:00 a.m., June 09, 2023 (Friday)

Means of Shareholders' Meeting: Physical

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

Agenda:

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

Chapter 2 Chairman's Address

Chapter 3 Reports

I. Annual Business and Financial Report of 2022.
II. Audit Committee's Review Report.
III. Report on the Distribution of Remuneration to Directors and Employees in 2022.
IV. Report on the Distribution of Cash Dividends from Earnings of 2022.
V. Report on the measure implementation status of an improvement plan for loan provided to the subsidiary Oak Maritime (Canada) Inc. by the second-tier subsidiary Elroy Maritime Service Inc.
VI. Other Reports.

Chapter 4 Proposals

I. Adoption of the Company's Annual Business Report and Financial Statement of 2022.
II. Adoption of the Company's Annual Earnings Distribution Table of 2022.

Chapter 5 Extempore Motions

Chapter 6 Adjournment of the meeting

Reports

I. Business and Financial Reports

Sincere Navigation Corporation

Business Report

I. Introduction

Since the emergence of COVID-19 and the outbreak at the beginning of 2020, there seems to be a silver lining to the protracted development of the pandemic. During the three years of chaos of anti-pandemic and quarantine measures, although the virus's rate of mutation has accelerated, the proportion of severe cases has decreased significantly. Meanwhile, as the coverage of vaccinations in various countries rapidly increased, coexistence with the pandemic and cancelation of the anti-pandemic and quarantine measures have become the norm by countries around the world during 2022. As all the world's major economies have gradually lifted their lockdown measures, the impact of the pandemic has been alleviated. The world is now back on its feet, as each country endeavors to increase its domestic consumption, and investment in its national infrastructure, such as railways, highways, and ports, and launches projects one after another to replace old facilities.

The outbreak of the Russo-Ukrainian War on February 24, 2022 has escalated from a short-term armed conflict to a long-term confrontation. Ukraine, known as the granary of Europe, has had its grain exports blocked. Meanwhile, as EU countries have banned the imports of energy, such as liquefied natural gas (LNG) and petroleum, from Russia, one of the major oil producers, demand for coal has increased. Due to the impact of the Russo-Ukrainian War, the prices of energy, grains, minerals, and other raw materials have soared, which has significantly reshaped the global logistics and supply chain landscape. For example, the sanctions against Russia's coal imposed by many countries triggered a global rush for coal. To diversify the sources of coal, countries shifted their imports from Russia to South Africa, Australia, and Indonesia. Meanwhile, Asia's imports of coal from the United States have increased, and South America's grain exports have also risen significantly. As the raw materials have been sourced from other regions due to the war, navigation days of cargo ships have risen, the supply of ships has become tighter, and freight rates have been pushed up. Furthermore, insurance premiums and fuel prices have also risen, thus resulting in an increase in ship operating costs and freight rates and benefiting bulk carriers. It is anticipated that the longer the Russo-Ukrainian War drags on, the greater the impact will be on the economy and cargo.

In the bulk shipping market of 2022, the overall dry bulk carrier fleet tonnage grew by about 2.8%, a decrease of 1.2% compared with the last year, while global dry bulk trade barely grew in ton-miles. There was a wave of rebounds in freight rates in May 2022 and a rare growing trend during the traditional off-season in December with the index temporarily returning to 1723 points. However, that was just a reflection of China's adjusted pandemic prevention and control measures on November 30, 2022 in the shipping market, which was expected to help stabilize economic development. With the end of the Christmas-New Year's holiday period, the short-lived market boom dropped to 1250 points on January 3, 2023, setting a record for the largest single-day drop. Overall, the demand for bulk shipping is still affected by many uncertain factors. In addition to the ongoing pandemic, the energy and food crisis caused by the conflict between Russia and Ukraine, the rise in commodity prices, global inflation, extreme weather, among many other factors, global economic activity is generally slowing down due to the increasingly complex and challenging international environment. Global gross domestic growth (GDP) for 2022 was 3.2%, far lower than the 5.9% seen in 2021. The volume of Worldwide maritime trade declined by 0.3%, and the global economy was sluggish.

China is the world's largest importer of bulk shipments, including raw materials such as iron ore, coal, and grains. In the second half of 2022, due to recurrent outbreaks of the pandemic and a surge in new confirmed cases, China's pandemic prevention and control measures and Zero-COVID policy have caused the steel and manufacturing industries to halt operations, resulting in a power rationing crisis, a downturn in the real estate market (in turn causing a crisis of many unfinished buildings), and a drop in the demand for steel, thereby affecting the imports of iron ore and coal. Furthermore, the economic stimulus policy and policy of relaxing pandemic prevention and control measures failed to be proposed at the 20th National Congress of the Communist Party of China as expected, the demand in the bulk shipment market declined, the Baltic Dry Index (BDI) continued to be revised downwards, and the freight rates of bulk carriers began to fall in the second half of 2022 after peaking. Generally speaking, the macro environment of the bulk shipping market in 2022 was highly uncertain in the post-pandemic era due to the Russo-Ukrainian War, global inflation rate hikes, a decrease in demand due to China’s Zero-COVID policy, the European energy crisis, and climate change, among other factors. As such, global economic growth was impacted.

As for the crude carrier market, the rapid spread of COVID-19 dealt a huge blow to the global economy in 2020, causing the demand for crude oil to plummet. The crude carrier market has been declining since the second half of 2020 and has remained at the bottom to this day. However, as the impact of the pandemic was mitigated and economies around the world gradually recovered in 2022, with some countries gradually lifting their travel restrictions. Moreover, the impact of the Russo-Ukrainian War on the energy market due to the sanctions imposed on Russia by European countries and the United States has struck a blow to the global energy supply, and the rising demand for oil in many countries has led to an increase in the demand for crude carriers in the spot market, and the crude carrier market might begin to bottom out. Due to the continuous downturn in the crude carrier market since 2020 and shipowners' reluctance to build vessels, the capacity of crude carriers will grow slowly between 2022 and 2024. The European Union's sanctions against Russia will curb oil production capacity and prompt countries to seek longer-distance maritime transport of crude oil, thereby indirectly consuming part of the carriers' capacity. It is expected that the demand for crude carriers will continue to grow in 2023. However, it is still necessary to observe the development of the Russo-Ukrainian War and the impact on the sanctions by European countries and the United States against Russia.

In response to the need to protect the global environment and to reduce carbon dioxide and greenhouse gas emissions, the International Maritime Organization (IMO) has enforced new Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII) regulations, which has come into force beginning January 1, 2023. To respond to such new regulations related to environmental protection, the preliminary calculation of energy efficiency index and assessment have been completed for all vessels owned by the fleet of the Company through technical support from various vessel’s Classification Societies. In addition to drafting plans to adopt measures in compliance with applicable rules, during

2022, when secondhand vessel prices fell, the Company purchased a secondhand vessel with excellent energy efficiency built by a Japanese shipyard, which will uphold our optimized energy efficiency policy for fleet operation.

Looking ahead into 2023, as the world is preparing to coexist with COVID-19, the spread of the virus and economic recovery will take place at the same time. China is the world's largest importer of raw materials, and its increasingly certain policy to open borders will help facilitate economic recovery. It is expected that the market will slowly adjust and recover. This will have a positive effect on the bulk shipping market. At present, the number of new orders for bulk carriers is at a historic low, and the supply and demand of global vessels are unbalanced. After the IMO's new environmental protection and carbon reduction rules are launched in 2023, vessels that fail to meet the standards will have to lower their speed to reduce fuel consumption, meaning the turnover (days) of vessels is likely to increase, and it may still be difficult to make up for the gap in capacity caused by phasing out and scrapping old vessels. Therefore, the supply of global bulk shipping is still tight, which may boost the performance of bulk shipping. However, there are still great uncertainties over the development of the Russo-Ukrainian War and the degree of recovery of China's economy when it opens its borders. We should continue to observe how these two issues develop.

II. Operating Performance in 2022

In 2022, the Company had a fleet in the size of 15 vessels, including 3 very large crude carriers (VLCC) and 12 dry bulk carriers of various tonnages (including 1 very large ore carrier (VLOC), 8 Capesize carriers, and 3 Kamsarmax carriers). One of the Kamsarmax carriers in our fleet was purchased in October and delivered in late December which is a secondhand ECO bulk carrier built by a Japanese shipyard. Our dry bulk ownership days were fixed on time charter or trip time charter contracts, and we also carried cargoes on freight, for all of which we managed our fleet in a stable manner to maximize profitability.

Consolidated revenue (including discontinued operations) for 2022 was reported at NT$4,242,639 thousand, an 1.27% reduction from 2021. The net profit attributable to the parent company was NT$197,158 thousand, with the EPS reported at NT$0.34.

III. Summary of the 2023 Business Plan

Going into 2023, the Company will continue to maintain a prudent approach to asset management and cash flow generation while striving to achieve the following operation plans and objectives:

(I) Strict control of the quality and costs of our services, while using technology to effectively decrease the operating costs for vessels, dry docking budgets, procurement procedures, and other overhead, while also executing contracts with prudence.

(II) Monitor and analyze strictly data, dynamics, and trends in the international shipping market, and carefully select quality clients and pursue flexible strategies of spot and period contracts of short, medium, or long terms to optimize fleet utilization and profitability.

(III) Pay close attention to developments in marine technologies, including monitoring the quality of very low sulphur fuel oil (VLSFO), scrubbers, ballast water treatment systems (BWTS), new fuel and engine technologies, and others.

(IV) Continue to identify opportunities for trading of secondhand vessels, disposal of old vessels at suitable times, and planning to acquire vessels, expanding the fleet and continuing the replacement of old vessels with new ones.

(V) Improve work knowledge and efficiency through collaboration on research with relevant shipping organizations and internal training, and effectively improve onboard/onshore connectivity.

As a whole, the shipping market has had its prosperous, recession, and revival periods. The Company is able to transition through the low phases and develop better tools and insights to achieve more efficient operations by using our years of experience and resources, taking into account both "increasing profits" and "cutting costs" to turn crisis into opportunity and manage vessels more effectively, while at the same time making flexible plans for the markets in long- and short-term contracts and spots, as well as implementing strict controls over costs to embrace the revival of shipping industry so the shareholders may enjoy greater profits when the revival arrives. This is the most significant operational strategy of the Company this year.

IV. Market Variables and Their Impacts

(I) The new tonnage of vessels invested in the bulk shipping market in 2023 is expected to be 0.8%, a figure far lower than 2022's 2.8% growth. In addition, the IMO's requirements for energy conservation and carbon emission reduction in 2023 will accelerate the retirement of old vessels, and the global bulk shipping supply is expected to still be tight. Since the financial recession in 2008, the bulk shipping market has been sluggish. During this period, vessel owners have expanded and accelerated the scrapping of their aged vessels to improve their cost structures. Currently, the average age of vessels in the bulk shipping market has fallen to less than 20 years. The tonnage of aged bulk vessels scrapped during 2022 was still lower than that during 2021. Whether the decreased scrapping will affect the recovery momentum of the shipping market remains to be seen. In addition, whether or not the long-term trend toward net-zero emissions will reduce coal cargo volume remains to be seen.

(II) The maritime shipping industry is currently facing many challenges. Besides facing the usual rapid challenges in the maritime shipping market, the industry also needs to fulfill its responsibilities and obligations in reducing environmental pollution. Currently, the focus of the maritime shipping industry is on new energy efficiency regulations, namely the Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII) regulations from the International Maritime Organization (IMO), which has come into effect as of January 1, 2023. This will have critical impacts on the maritime shipping market over the next few years.

V. Future Development and Strategy

We have used a strategy of fixing medium- and long-term time charters with first-class charterers, which has enabled us to produce strong, stable profits over the years. However, as the industry dynamics change, we are no longer in a position to be able to fix those profitable long-term contracts. We expect that the Company will still face many challenges in the dry bulk shipping market in 2023. As opportunities for transformation often coexist alongside crises, the Company must continue to keep up with such changes. Diversification of the fleet to include VLCC and VLOCs is the first step to avoiding excessive concentration of market risks. In addition to diversifying the fleet in order to avoid excessive concentration of risk in the market and to pursue step-by-step development, the Company will continue exploring other types of vessels to maintain the steady development of business. With professional leadership from the management team, outstanding vessel management, and new technologies, we are confident that we can maintain a competitive advantage in a fluctuating shipping market and deliver long-term and optimal profits for the Company and its shareholders.

VI. Conclusion

Adhering to our corporate principles of credibility, decisiveness, diligence, prudence, and continuous improvement, Sincere Navigation Corporation will remain committed to our role as a first-class owner/operator of maritime assets and ship management services in these current times and shipping market conditions. With increased regulatory changes, our compliance and adherence to the highest standards of international shipping safety and marine environmental protection regulations are core to our value proposition. We actively maintain great relationships with major customers around the world and continue to improve the quality of our team's services through technological know-how and training, and we innovate the spirit of the corporate culture. In addition to the excellent reputation enjoyed by the Company, we also are trusted by our customers and strive to maximize profits for all shareholders. Although an unforeseen economic cycle awaits the maritime shipping market, we are profoundly confident of our readiness to tackle the challenges facing us.

Sincere Navigation Corporation

Chairman Hsu, Chi-Kao

Manager Hsu, Chi-Kao

Accounting Officer Fan, Hsiao-Ting

II. Audit Committee's Review Report

Audit Committee’s Review Report

The Board of Directors has prepared the Company’s 2022 financial statements including consolidated financial statements and individual financial statements which were audited by CPAs and Lin, Yi-Fan and Liao, Fu-Ming of PricewaterhouseCoopers, Taiwan. The statements, Business Report, and earnings distribution proposal were reviewed and determined to be accurate by the Audit Committee. The Review Report is therefore prepared in accordance with the Securities and Exchange Act and the Company Act and filed for your perusal.

Sincerely,

Shareholders Meeting of 2023

Sincere Navigation Corporation

Audit Committee Convener: Lee, Yen-Sung

March 09, 2023

III. Report on the Distribution of Remuneration to Directors and Employees in 2022：

The Company's proposal for the distribution of compensation for Directors and employees for 2022 was approved by the Board on March 09, 2023. In accordance with Article 30 of the Articles of Incorporation, 3% of the pre-tax profit was distributed to the Directors and employees respectively. The Directors received NT$5,066,347, while employees (including managers) received compensation of NT$5,066,347.

IV. Report on the Distribution of Cash Dividends from Earnings of 2022:

(I.) The earnings distribution is adopted by the Board in accordance with Article 240, Paragraph 5 of the Company Act and Article 30 of the Company’s Articles of Incorporation. A total of NT$292,676,649 in cash dividends is distributed and NT$0.5 is distributed for each share.

(II.) The cash dividends are calculated pursuant to the distribution ratio and rounded down to the whole dollar amounts; the fractional amounts less than NT$1 shall be aggregated and recorded as other income of the Company.

(III.) In the event that the number of shares outstanding is affected by changes in the Company's share capital, making it necessary to revise the shareholder's cash dividend rate as a result, the Chairman is authorized to handle such revision at his full discretion.

(IV.) The Board of Directors is authorized to set a dividend reference date and issuance date.

V. Report on the measure implementation status of an improvement plan for loans provided to the subsidiary Oak Maritime (Canada) Inc. by the second-tier subsidiary Elroy Maritime Service Inc.:

(I.) The Company's second-tier subsidiary Elroy Maritime Service Inc. granted a loan of USD180 thousand to its 100% subsidiary Oak Maritime (Canada) Inc. in August 2021, and this loan was compliant with the limit restrictions when granted. However, due to the exchange rate changes and the decrease in Elroy's net value, the loan amount exceeded the limit restriction in March 2022.

(II.) In response to the aforementioned matter, the Company's subsidiary Norley Corporation Inc. approved the capital injection to Elroy by resolution at the BOD Meeting held on April 2022 which completed the improvement. The Company's Finance and Accounting Department also announced the improvement status on Elroy's behalf.

(III.) Pursuant to the requirement stated in the official letter dated May 9, 2022 issued by the Financial Supervisory Commission R.O.C. (Taiwan) (FSC), we hereby report the measure implementation status of an improvement plan to the Shareholders' Meeting.

VI. Other Reports:

The acceptance period for shareholders' proposals was from March 27, 2023 to April 6, 2023. This is to certify that, by the deadline, shareholders had not put forward any proposals.

Proposals

I. Subject: Adoption of the Company's Annual Business Report and Financial Statements of 2022 (proposed by the Board).

Explanation:

(I.) The Company's Annual Business Report and Financial Statements of 2022 including consolidated financial statements and individual financial statements (including the balance sheets, comprehensive income statements, statements of changes in equity, and cash flow statements) have been audited by CPAs Lin, Yi-Fan and Liao, Fu-Ming of PricewaterhouseCoopers, Taiwan. They have also been reviewed by the Audit Committee which found them to be compliant with regulations and adopted by the Board. They are hereby filed for ratification in accordance with the laws.

(II.) Please refer to pages 2-6 and pages 13-36 of the Handbook for the aforementioned Business Report, Auditor's Report, and Financial Statements.

Resolution:

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the accompanying consolidated balance sheets of Sincere Navigation Corporation and subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are as follows:

Impairment of vessels and equipment

Description

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

The Group engages in bulk and crude oil shipping service. Vessels are the Group's significant operating assets. Bulk shipping service is closely related with the demand for bulk commodities, and significantly affected by global economy. Therefore, the impairment of vessels is the Group's material risk. The valuation of impairment is assessed by management by comparing the book value to the recoverable amount based on the analysis of industry dynamics and the Group's operating plan. As at December 31, 2022, vessel equipment amounted to NT$14,462,784 thousand, constituting 67% of total assets.

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

How our audit addressed the matter

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

1. Obtained the information that management used to assess whether there was an indication that the assets were impaired. Inspected the accuracy of the information which was obtained from internal and external sources, and assessed the reasonableness of the assessment result.

2. Obtained the valuation information used by management in determining the recoverable amount. Discussed the operating plan with management about the income and expenses that may occur in the future and reviewed performance conditions of previous operating plan to assess management's performance intention and ability. Obtained the subsequent information within a certain period to compare with the original plan.

3. Compared the discount rate used in the valuation model with the rate of return on assets of similar assets in the market, and checked the assumptions used in calculating the weighted average cost of capital (WACC) with actual proportion of equity capital, industrial risk coefficient and market risk premium.

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

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

Description

Refer to Notes 4(22) and 6(13) for the accounting policy on revenue recognition and related details of revenue.

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

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

How our audit addressed the matter

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

1. Obtained an understanding of the procedures of management in recognising V/C revenue, and confirmed the evidence of revenue recognition and the appropriateness of approval procedures.

2. Checked the contracts for V/C around the period of balance sheet date, and based on our understanding of the client's operating conditions, assessed the reasonableness of voyage planning developed by management.

3. Obtained the location information reported by the crew of each vessel on the balance sheet date, and compared it with management's voyage planning to verify whether revenue has been recognised properly in accordance with the completion of voyage.

4. Obtained the related settlement vouchers in subsequent period to evaluate the reasonableness of revenue recognition.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Sincere Navigation Corporation as at and for the years ended December 31, 2022 and 2021.

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

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

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

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

Auditors’ responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Lin, Yi-Fan	Liao, Fu-Ming

For and on behalf of PricewaterhouseCoopers, Taiwan

March 9, 2023

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			December 31, 2022		December 31, 2021	
	Assets	Notes	AMOUNT	%	AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 3,814,013	18	$ 5,423,323	25
1136	Current financial assets at amortised cost	6(2) and 8	642,938	3	114,326	1
1140	Current contract assets	6(13)	52,135	-	134,702	1
1170	Accounts receivable		638,737	3	280,224	1
1200	Other receivables		46,776	-	123,458	1
1210	Other receivables - related parties	7	-	-	62	-
1220	Current tax assets		1,238	-	-	-
130X	Bunker inventories		156,094	1	209,319	1
1410	Prepayments		43,256	-	32,231	-
1470	Other current assets	8	115,515	-	258,300	1
11XX	**Total current assets**		5,510,702	25	6,575,945	31
	Non-current assets					
1535	Non-current financial assets at amortised cost	6(2)	1,567,129	7	1,520,262	7
1600	Property, plant and equipment	6(3)(5)(6)(8) and 8	14,567,822	68	13,389,543	62
1755	Right-of-use assets	6(4)	4,815	-	11,298	-
1840	Deferred income tax assets	6(21)	7,840	-	5,028	-
1900	Other non-current assets	8	7,818	-	32,842	-
15XX	**Total non-current assets**		16,155,424	75	14,958,973	69
1XXX	**Total assets**		$ 21,666,126	100	$ 21,534,918	100

(Continued)

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(7)	$ 1,595,000	7	$ 850,000	4
2130	Current contract liabilities	6(13)	39,460	-	72,949	-
2200	Other payables		236,197	1	213,825	1
2220	Other payables - related parties	7	13,953	-	16,801	-
2230	Current income tax liabilities		7,174	-	92,040	-
2280	Current lease liabilities		4,473	-	5,562	-
2320	Long-term liabilities, current portion	6(8)	379,269	2	1,245,089	6
21XX	**Total current liabilities**		2,275,526	10	2,496,266	11
	Non-current liabilities					
2540	Long-term borrowings	6(8)	1,907,475	9	3,105,585	15
2570	Deferred income tax liabilities	6(21)	-	-	35,658	-
2580	Non-current lease liabilities		1,220	-	6,802	-
2600	Other non-current liabilities	6(9)	12,413	-	23,598	-
25XX	**Total non-current liabilities**		1,921,108	9	3,171,643	15
2XXX	**Total liabilities**		4,196,634	19	5,667,909	26
	Equity attributable to owners of parent					
	Share capital	6(10)				
3110	Share capital - common stock		5,853,533	27	5,853,533	27
	Capital surplus	6(11)				
3200	Capital surplus		243,785	1	243,203	1
	Retained earnings	6(12)				
3310	Legal reserve		3,256,327	15	3,185,897	15
3320	Special reserve		2,684,372	12	2,216,073	10
3350	Unappropriated retained earnings		4,685,867	22	5,610,398	26
	Other equity interest					
3400	Other equity interest		(898,413)	(4)	(2,684,372)	(12)
31XX	**Equity attributable to owners of the parent**		15,825,471	73	14,424,732	67
36XX	Non-controlling interest	4(3)	1,644,021	8	1,442,277	7
3XXX	**Total equity**		17,469,492	81	15,867,009	74
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 21,666,126	100	$ 21,534,918	100

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(13) and 7	$ 4,242,639	100	$ 4,297,446	100
5000	Operating costs	6(19)(20) and 7	(3,543,206)	(84)	(3,004,673)	(70)
5900	Net operating margin		699,433	16	1,292,773	30
	Operating expenses	6(19)(20)				
6200	General and administrative expenses		(213,577)	(5)	(219,513)	(5)
6450	Impairment loss determined in accordance with IFRS 9	12(2)	(5,533)	-	(477)	-
6000	Total operating expenses		(219,110)	(5)	(219,990)	(5)
6500	Other losses	6(14)	-	-	(8,403)	-
6900	Operating profit		480,323	11	1,064,380	25
	Non-operating income and expenses					
7100	Interest income	6(15)	175,390	4	61,366	1
7010	Other income	6(16)	25,194	1	23,453	-
7020	Other gains and losses	6(17)	(264,011)	(6)	(260,436)	(6)
7050	Finance costs	6(18)	(116,468)	(3)	(103,864)	(2)
7000	Total non-operating income and expenses		(179,895)	(4)	(279,481)	(7)
7900	**Profit before income tax**		300,428	7	784,899	18
7950	Income tax benefit (expense)	6(21)	31,526	1	(11,554)	-
8000	**Profit for the year from continuing operations**		331,954	8	773,345	18
8100	Profit for the year from discontinued operations	6(6)	-	-	84,453	2
8200	**Profit for the year**		$ 331,954	8	$ 857,798	20

(Continued)

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

	Items	Notes	Year ended December 31 2022 AMOUNT	2022 %	2021 AMOUNT	2021 %
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gain on defined benefit plans	6(9)	$ 2,991	-	$ 136	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	(598)	-	(27)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		1,944,264	46	(504,229)	(12)
8300	**Total other comprehensive income (loss) for the year**		$ 1,946,657	46	($ 504,120)	(12)
8500	**Total comprehensive income for the year**		$ 2,278,611	54	$ 353,678	8
	Profit attributable to:					
8610	Owners of the parent		$ 197,158	5	$ 704,189	16
8620	Non-controlling interest		134,796	3	153,609	4
			$ 331,954	8	$ 857,798	20
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 1,985,510	47	$ 235,999	5
8720	Non-controlling interest		293,101	7	117,679	3
			$ 2,278,611	54	$ 353,678	8
	Earnings per share (in dollars)	6(22)				
9710	Basic earnings per share from continuing operations		$	0.34	$	1.06
9720	Basic earnings per share from discontinued operations			-		0.14
9750	Total basic earnings per share		$	0.34	$	1.20
	Diluted earnings per share (in dollars)	6(22)				
9810	Diluted earnings per share from continuing operations		$	0.34	$	1.06
9820	Diluted earnings per share from discontinued operations			-		0.14
9850	Total diluted earnings per share		$	0.34	$	1.20

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent										
			Capital Reserves			Retained Earnings						
	Notes	Share capital - common stock	Treasury stock transactions	Difference between consideration and carrying amount of subsidiaries acquired	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total	Non-controlling interest	Total equity
For the year ended December 31, 2021												
Balance at January 1, 2021		$ 5,853,533	$ 39,243	$ 199,339	$ 4,029	$ 3,171,779	$ 1,349,931	$ 6,079,037	($ 2,216,073)	$ 14,480,818	$ 1,157,607	$ 15,638,425
Profit for the year		-	-	-	-	-	-	704,189	-	704,189	153,609	857,798
Other comprehensive income (loss) for the year		-	-	-	-	-	-	109	(468,299)	(468,190)	(35,930)	(504,120)
Total comprehensive income (loss)		-	-	-	-	-	-	704,298	(468,299)	235,999	117,679	353,678
Appropriations of 2020 earnings:	6(12)											
Legal reserve		-	-	-	-	14,118	-	(14,118)	-	-	-	-
Special reserve		-	-	-	-	-	866,142	(866,142)	-	-	-	-
Cash dividends		-	-	-	-	-	-	(292,677)	-	(292,677)	-	(292,677)
Change in non-controlling interest		-	-	-	-	-	-	-	-	-	166,991	166,991
Overdue unclaimed cash dividends		-	-	-	592	-	-	-	-	592	-	592
Balance at December 31, 2021		$ 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
For the year ended December 31, 2022												
Balance at January 1, 2022		$ 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
Profit for the year		-	-	-	-	-	-	197,158	-	197,158	134,796	331,954
Other comprehensive income for the year		-	-	-	-	-	-	2,393	1,785,959	1,788,352	158,305	1,946,657
Total comprehensive income		-	-	-	-	-	-	199,551	1,785,959	1,985,510	293,101	2,278,611
Appropriations of 2021 earnings:	6(12)											
Legal reserve		-	-	-	-	70,430	-	(70,430)	-	-	-	-
Special reserve		-	-	-	-	-	468,299	(468,299)	-	-	-	-
Cash dividends		-	-	-	-	-	-	(585,353)	-	(585,353)	-	(585,353)
Change in non-controlling interest		-	-	-	-	-	-	-	-	-	(91,357)	(91,357)
Overdue unclaimed cash dividends		-	-	-	582	-	-	-	-	582	-	582
Balance at December 31, 2022		$ 5,853,533	$ 39,243	$ 199,339	$ 5,203	$ 3,256,327	$ 2,684,372	$ 4,685,867	($ 898,413)	$ 15,825,471	$ 1,644,021	$ 17,469,492

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the year ended December 31, 2022	For the year ended December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from continuing operations before tax		$ 300,428	$ 784,899
Profit from discontinued operations before tax	6(6)	-	84,453
Profit before tax		300,428	869,352
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(19)	1,276,954	1,217,848
Amortisation	6(19)	103	59
Impairment loss determined in accordance with IFRS 9	12(2)	5,533	477
Interest income	6(15)	(175,390)	(61,383)
Interest expense	6(18)	116,468	103,869
Gain on disposal of non-current assets classified as held for sale	6(6)	-	(56,858)
Loss on lease modification	6(4)	55	-
Loss (gain) on disposal of property, plant and equipment	6(3)	9	(6,997)
Impairment loss recognised in profit or loss, property, plant and equipment	6(5)	92,380	304,882
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		82,567	(53,111)
Accounts receivable		(364,213)	(99,700)
Other receivables		80,984	43,136
Other receivables - related parties		62	171
Bunker inventories		53,225	(109,509)
Prepayments		(11,025)	5,508
Changes in operating liabilities			
Current contract liabilities		(33,489)	(19,195)
Other payables		12,323	42,474
Other payables - related parties		(2,848)	(5,445)
Accrued pension liabilities		(8,194)	(9,119)
Cash inflow generated from operations		1,425,932	2,166,459
Interest received		171,225	61,312
Income tax paid		(93,858)	(827)
Refund of income tax		-	251
Net cash flows from operating activities		1,503,299	2,227,195

(Continued)

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the year ended December 31, 2022	For the year ended December 31, 2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortised cost		($ 522,070)	($ 1,727,320)
Repayment of principal of financial assets at amortised cost		121,728	83,817
Decrease in other current assets		142,785	76,800
Proceeds from disposal of non-current assets classified as held for sale	6(6)	-	274,361
Acquisition of property, plant, and equipment	6(23)	(1,128,628)	(355,927)
Proceeds from disposal of property, plant and equipment		-	327,722
Acquisition of intangible assets		-	(206)
Increase in refundable deposits		(221)	-
Net cash flows used in investing activities		(1,386,406)	(1,320,753)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	6(24)	745,000	10,000
Repayment of principal of lease liability	6(24)	(5,631)	(5,777)
Proceeds from long-term borrowings	6(24)	-	1,293,630
Repayment of long-term borrowings	6(24)	(2,464,908)	(1,016,994)
Interest paid		(113,196)	(99,694)
Cash dividends paid	6(12)	(585,353)	(292,677)
Change in non-controlling interests		(91,357)	166,991
Overdue unclaimed cash dividends		582	592
Net cash flows (used in) from financing activities		(2,514,863)	56,071
Effect of changes in foreign exchange rate		788,660	(205,048)
Net (decrease) increase in cash and cash equivalents		(1,609,310)	757,465
Cash and cash equivalents at beginning of year		5,423,323	4,665,858
Cash and cash equivalents at end of year		$ 3,814,013	$ 5,423,323

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Sincere Navigation Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Sincere Navigation Corporation (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are as follows:

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

Description

As of December 31, 2022, the Company's subsidiaries recorded as investments accounted for using equity method amounted to NT$18,359,928 thousand, constituting 96% of the Company's total assets, while the share of profit of the investments constituted 210% of the Company's profit before tax for the year then ended. Given that the investments significantly affect the Company's financial performance, we considered the cut-off of V/C revenue recognition as a key audit matter.

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

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

How our audit addressed the matter

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

1. Obtained an understanding of the procedures of management in recognising V/C revenue, and confirmed the evidence of revenue recognition and the appropriateness of approval procedures.

2. Checked the contracts for V/C around the period of the balance sheet date, and based on our understanding of the client's operating conditions, assessed the reasonableness of voyage planning developed by management.

3. Obtained the location information reported by the crew of each vessel on the balance sheet date, and compared it with management's voyage planning to verify whether revenue has been recognised properly in accordance with the completion of voyage.

4. Obtained the related settlement vouchers in subsequent period to evaluate the reasonableness of revenue recognition.

Impairment of vessels and equipment

Description

For accounting policy, accounting estimates and assumptions applied on impairment of property, plant and equipment and related impairment explanation, refer to Notes 4(12) and 5(2) of parent company only financial statements and Notes 4(14), 5(2) and 6(5) of consolidated financial statements.

The Group engages in bulk shipping service. Vessels are the Company's significant operating assets. Bulk shipping service is closely related with the demand for bulk commodities, and is significantly affected by global economy. Therefore, the impairment of vessels is the Company's material risk. The valuation of impairment is evaluated by the management by comparing the book value to the recoverable amount based on the analysis of industry dynamics and the Company's operating plan. As at December 31, 2022, the Group's vessel equipment amounted to NT$14,462,784 thousand, constituting 67% of total assets.

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

How our audit addressed the matter

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

1. Obtained the information that management used to assess whether there was an indication that the assets were impaired. Inspected the accuracy of the information which was obtained from internal and external sources, and assessed the reasonableness of the assessment result.

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

3. Compared the discount rate used in the valuation model with the rate of return on assets of similar assets in the market, and checked the assumptions used in calculating the weighted average cost of capital (WACC) with actual proportion of equity capital, industrial risk coefficient and market risk

premium.

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

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

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

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

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

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

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Lin, Yi-Fan

Liao, Fu-Ming

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 9, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and 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.

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

SINCERE NAVIGATION CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 123,883	1	$ 217,931	1
1140	Current contract assets	6(11)	-	-	133,402	1
1170	Accounts receivable, net		10,212	-	63,021	1
1199	Finance lease receivable due from related parties, net	6(4) and 7	29,969	-	-	-
1200	Other receivables		425	-	25,201	-
1210	Other receivables - related parties	7	2,152	-	3,675	-
1220	Current income tax assets		1,238	-	-	-
1410	Prepayments	7	1,349	-	16,869	-
11XX	**Total current assets**		169,228	1	460,099	3
	Non-current assets					
1550	Investments accounted for under equity method	6(2)	18,359,928	96	16,224,007	93
1600	Property, plant and equipment	6(3)(5) and 8	102,484	-	659,873	4
1755	Right-of-use assets		-	-	508	-
1780	Intangible assets		146	-	249	-
1840	Deferred income tax assets	6(18)	7,840	-	5,028	-
1900	Other non-current assets	6(4), 7 and 8	512,530	3	6,922	-
15XX	**Total non-current assets**		18,982,928	99	16,896,587	97
1XXX	**Total assets**		$ 19,152,156	100	$ 17,356,686	100

(Continued)

SINCERE NAVIGATION CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(6) and 8	$ 1,595,000	8	$ 850,000	5
2130	Current contract liabilities	6(11)	-	-	49,455	-
2200	Other payables		19,600	-	29,863	-
2220	Other payables - related parties	7	10,622	-	190,070	1
2230	Current income tax liabilities		-	-	92,040	1
2280	Current lease liabilities		-	-	470	-
21XX	**Total current liabilities**		1,625,222	8	1,211,898	7
	Non-current liabilities					
2570	Deferred income tax liabilities	6(18)	-	-	35,658	-
2620	Long-term notes and accounts payable - related parties	7	1,689,050	9	1,660,800	10
2640	Net defined benefit liability, non-current	6(7)	12,413	-	23,598	-
25XX	**Total non-current liabilities**		1,701,463	9	1,720,056	10
2XXX	**Total liabilities**		3,326,685	17	2,931,954	17
	Equity					
	Share capital	6(8)				
3110	Common stock		5,853,533	31	5,853,533	34
	Capital surplus	6(9)				
3200	Capital surplus		243,785	1	243,203	1
	Retained earnings	6(10)				
3310	Legal reserve		3,256,327	17	3,185,897	18
3320	Special reserve		2,684,372	14	2,216,073	13
3350	Unappropriated retained earnings		4,685,867	25	5,610,398	32
	Other equity interest					
3400	Other equity interest		(898,413)	(5)	(2,684,372)	(15)
3XXX	**Total equity**		15,825,471	83	14,424,732	83
	Significant contingent liabilities and unrecognised contractual commitments	9				
	Significant events after balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 19,152,156	100	$ 17,356,686	100

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

SINCERE NAVIGATION CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(11) and 7	$ 127,635	100	$ 261,512	100
5000	Operating costs	6(16)(17) and 7	(44,614)	(35)	(123,731)	(47)
5900	Net operating profit		83,021	65	137,781	53
	Operating expenses	6(16)(17)				
6200	General and administrative expenses		(96,005)	(75)	(94,611)	(37)
6450	Impairment loss determined in accordance with IFRS 9		-	-	(477)	-
6000	Total operating expenses		(96,005)	(75)	(95,088)	(37)
6900	Operating (loss) profit		(12,984)	(10)	42,693	16
	Non-operating income and expenses					
7100	Interest income	6(12)	1,768	1	108	-
7010	Other income	6(13) and 7	10,262	8	5,453	2
7020	Other gains and losses	6(14)	(171,480)	(134)	25,868	10
7050	Finance costs	6(15)	(15,785)	(12)	(10,167)	(4)
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(2)	346,964	272	651,788	250
7000	Total non-operating income and expenses		171,729	135	673,050	258
7900	**Profit before income tax**		158,745	125	715,743	274
7950	Income tax benefit (expense)	6(18)	38,413	30	(11,554)	(5)
8200	**Profit for the year**		$ 197,158	155	$ 704,189	269
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gain on defined benefit plan	6(7)	$ 2,991	2	$ 136	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(18)	(598)	-	(27)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		1,785,959	1399	(468,299)	(179)
8500	**Total comprehensive income for the year**		$ 1,985,510	1556	$ 235,999	90
	Earnings per share					
9750	Basic earnings per share (in dollars)	6(19)	$	0.34	$	1.20
9850	Diluted earnings per share (in dollars)	6(19)	$	0.34	$	1.20

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

SINCERE NAVIGATION CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			Capital Reserves			Retained Earnings				
	Notes	Share capital - common stock	Treasury stock transactions	Difference between consideration and carrying amount of subsidiaries acquired	Capital surplus, others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total equity
For the year ended December 31, 2021										
Balance at January 1, 2021		$ 5,853,533	$ 39,243	$ 199,339	$ 4,029	$ 3,171,779	$ 1,349,931	$ 6,079,037	($ 2,216,073)	$ 14,480,818
Profit for the year		-	-	-	-	-	-	704,189	-	704,189
Other comprehensive income (loss) for the year		-	-	-	-	-	-	109	(468,299)	(468,190)
Total comprehensive income (loss)		-	-	-	-	-	-	704,298	(468,299)	235,999
Appropriations of 2020 earnings:	6(10)									
Legal reserve		-	-	-	-	14,118	-	(14,118)	-	-
Special reserve		-	-	-	-	-	866,142	(866,142)	-	-
Cash dividends		-	-	-	-	-	-	(292,677)	-	(292,677)
Overdue unclaimed cash dividends		-	-	-	592	-	-	-	-	592
Balance at December 31, 2021		$ 5,853,533	$ 39,243	$ 199,339	$ 4,621	$ 3,185,897	$ 2,216,073	$ 5,610,398	($ 2,684,372)	$ 14,424,732
For the year ended December 31, 2022										
Balance at January 1, 2022		$ 5,853,533	$ 39,243	$ 199,339	$ 4,621	$ 3,185,897	$ 2,216,073	$ 5,610,398	($ 2,684,372)	$ 14,424,732
Profit for the year		-	-	-	-	-	-	197,158	-	197,158
Other comprehensive income		-	-	-	-	-	-	2,393	1,785,959	1,788,352
Total comprehensive income		-	-	-	-	-	-	199,551	1,785,959	1,985,510
Appropriations of 2021 earnings:	6(10)									
Legal reserve		-	-	-	-	70,430	-	(70,430)	-	-
Special reserve		-	-	-	-	-	468,299	(468,299)	-	-
Cash dividends		-	-	-	-	-	-	(585,353)	-	(585,353)
Overdue unclaimed cash dividends		-	-	-	582	-	-	-	-	582
Balance at December 31, 2022		$ 5,853,533	$ 39,243	$ 199,339	$ 5,203	$ 3,256,327	$ 2,684,372	$ 4,685,867	($ 898,413)	$ 15,825,471

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

SINCERE NAVIGATION CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 158,745	$ 715,743
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(16)	34,486	58,424
Amortisation	6(16)	103	59
Impairment loss determined in accordance with IFRS 9	12(2)	-	477
Interest income	6(12)	(968)	(108)
Interest income of finance lease	6(4)(12)	(800)	-
Interest expense	6(15)	15,785	10,153
Investment income accounted for using the equity method	6(2)	(346,964)	(651,788)
Impairment loss recognised in profit or loss, property, plant and equipment	6(3)(14)	-	24,782
Gain on disposal of property, plant and equipment	6(14)	-	(6,997)
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		133,402	(107,331)
Accounts receivable		52,809	(62,295)
Other receivables		25,111	(12,170)
Other receivables - related partiy		1,523	(899)
Prepayments		15,520	(13,491)
Changes in operating liabilities			
Current contract liabilities		(49,455)	48,378
Other payables		(11,018)	2,801
Other payables - related party		(179,448)	162,617
Accrued pension liabilities		(8,194)	(9,119)
Cash (outflow) inflow generated from operations		(159,363)	159,236
Interest received		633	108
Income tax paid		(93,933)	(827)
Refund of income tax		-	106
Dividends received	7	-	445,200
Net cash flows (used in) from operating activities		(252,663)	603,823
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(3)	(17,856)	(578,990)
Proceeds from disposal of property, plant and equipment		-	327,722
Acquisition of intangible assets		-	(206)
Increase in investments	6(2)	(2,998)	-
Net cash flows used in investing activities		(20,854)	(251,474)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(20)	745,000	10,000
Finance lease received		3,336	-
Interest paid		(15,030)	(10,313)
Repayment of principal of lease liabilities		(473)	(362)
Cash dividends paid	6(10)	(585,353)	(292,677)
Overdue unclaimed cash dividends		582	592
(Decrease) increase in loan from related party		(168,650)	138,400
Net cash flows used in financing activities		(20,588)	(154,360)
Effect of changes in foreign exchange rate		200,057	(44,001)
Net (decrease) increase in cash and cash equivalents		(94,048)	153,988
Cash and cash equivalents at beginning of year		217,931	63,943
Cash and cash equivalents at end of year		$ 123,883	$ 217,931

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

II. Subject: Adoption of the Company's Annual Earnings Distribution Table of 2022 (proposed by the Board).

Explanation:

(I.) The Company's 2022 earnings distribution has been adopted by the Board in accordance with the Company Act and the Articles of Incorporation for review.

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

Resolution:

Sincere Navigation Corporation

Annual Earnings Distribution Table of 2022

Unit: NT$

Summary	Amount	
	Subtotal	Total
Distributable Earnings:		
Unappropriated Retained Earnings at the beginning of the period		
Unappropriated Retained Earnings prior to 1997	359,266,989	
Unappropriated Retained Earnings after 1998	4,127,049,120	4,486,316,109
Plus: Net profit after tax this year		197,158,780
Puls: Retained earnings adjustment this year		2,393,310
Minus: Legal reserve		(19,955,209)
Plus: Special reserve		1,785,958,707
Total distributable earnings		6,451,871,697
Distribution:		
Cash dividends of NT$0.5 per share		(292,676,649)
Retained earnings after distribution:		6,159,195,048

Chairman: Hsu, Chi-Kao

Manager: Hsu, Chi-Kao

Principal Accounting Officer: Fan, Hsiao-Ting

Extempore Motions

Adjournment of the meeting

【Appendix I.】

Rules of Procedure for Shareholders Meeting

August 24, 2021
Amended by the Shareholders Meeting

I. The Shareholders Meeting of the Company must be proceeded in accordance with the Rules of Procedure for Shareholders Meeting, unless otherwise provided in laws or regulations.

II. The Company shall provide an attendance log to record attendance of shareholders in attendance; alternatively, attendance cards may be presented to signify their presence at the meeting. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

III. The attendance and voting of the Shareholders Meeting are based on the shares represented.

IV. The venue where the Shareholders Meeting is convened must be at the place where the Company is located or another location which is convenient for the shareholders and suitable for a Shareholders Meeting. The meeting must start no earlier than 09:00 hours and no later than 15:00 hours.

V. If a Shareholders Meeting is convened by the Board, the Chairman chairs the Shareholders Meeting. If the Chairman is on leave or unable to exercise his/her powers, the Deputy Chairman replaces him/her. Alternatively, if the Deputy is on leave or unable to exercise his/her powers, a person designated by the Chairman replaces him/her. If the Chairman has not designated a person to replace himself/herself, the Directors will designate a replacement from their midst. If a Shareholders Meeting is convened by a qualified convener other than the Board, the Shareholders Meeting is chaired by the person convening the Shareholders Meeting.

VI. The Company may designate lawyers, accountants, or related personnel to attend the Shareholders Meeting. The staff organizing the Shareholders Meeting must wear an identifying card or armband.

VII. The Company must make sound or audio recordings of the entire proceedings of the Shareholders Meeting and keep it for at least one year.

VIII. To commence the meeting, the Chairman announces the meeting opened, and the same time announced the relevant information such as the number of non-voting rights and the number of shares present. However, if the shareholders present represent less than half of the shares (the quorum), the Chairman may announce a postponement of the meeting. The meeting may be postponed no more than twice, each postponement no more than one hour. If after the second postponement, the number of shares represented at the meeting still falls short of the quorum but amounts to more than one-third of the shares, a tentative resolution may be passed pursuant to Article 175 of the Company Act. If before adjournment of the meeting, the number of shares represented reaches the quorum after all, the Chairman may propose a tentative resolution to reconvene the meeting at a later date to be voted on by the shareholders present in accordance with Article 174 of the Company Act.

IX. If the Shareholders Meeting is convened by the Board, its Agenda is determined by the Board. The meeting must be conducted in accordance with the scheduled Agenda, which cannot be changed without a resolution of the Shareholders Meeting. If the Shareholders Meeting is convened by a qualified convener other than the Board, the provisions of the preceding paragraph apply. The Chairman cannot adjourn the meeting until the entire Agenda referred to in the preceding two paragraphs (including extempore motions) has been dealt with completely. After the adjournment of the meeting, the shareholders cannot elect a new meeting chairman or continue the meeting at the original venue or elsewhere. However, if the Chairman has declared adjournment in violation of the Rules, a majority of the shareholders present may elect a new chairman for the meeting and continue the meeting.

X. To speak in the meeting, shareholders must complete speaking request form stating their key point, shareholder name, and shareholder number, and the meeting chairman will determine the speaking order.

Shareholders present that have completed a speaking request form but have not spoken are deemed to have not spoken. If the content of the shareholder's remarks is different from the speaking request form, the content of the remarks prevails. When shareholder is speaking, other shareholders must not interfere with the speech except with the consent of the meeting chairman and the speaking shareholder. The meeting chairman must stop violators.

XI. Each shareholder cannot not speak more than twice and for no more than five minutes per agenda item, unless the meeting chairman gives consent.

If a shareholder speaks in violation of the preceding paragraph or strays from the scope of the agenda item, the meeting chairman may order or prevent him/her from speaking.

XII. A legal person may only dispatch one representative to the Shareholders Meeting.

When a shareholding legal person dispatches two or more representatives to attend the Shareholders Meeting, the same motion may only be proposed by one person.

XIII. After a shareholder has spoken, the meeting chairman must reply in person or designate a relevant person to reply.

XIV. When during the discussion of a motion, the meeting chairman deems the motion is ready to be put to a vote, he/she may order the discussion to be ceased and proceed to voting.

XV. The meeting chairman designates personnel to observe the voting process and to count the votes. The voting observer must be a shareholder. The voting results must be announced on the spot and recorded in the minutes.

XVI. During the meeting, the meeting chairman may announce a break at his/her discretion.

XVII. Motions are voted on and are considered adopted when a majority shareholders present vote in favor, unless the Company Act or the Company's Articles of Incorporation provide otherwise.

XVIII. When there is an amendment or an alternative to the same motion, the meeting chairman places them together with the original motion on the voting list and determines their voting sequence. As soon as one of the motions has been adopted, the other motions are deemed to have been rejected and no further votes will be required.

XIX. The meeting chairman may direct the proctors (or security staff) to help maintain the order of the venue. While maintaining order in the meeting, all proctors or security staff must wear arm bands with the word "Proctor".

XX. These Rules take effect after adoption by the Shareholders Meeting. The same applies to amendments.

【Appendix II.】

Articles of Incorporation of Sincere Navigation Corporation

Chapter 1. General Principles

Article 1. The Company is organized in accordance with the provisions of the Company Act. The Company's Chinese name is "新興航運股份有限公司" and its English name is "Sincere Navigation Corporation".

Article 2. The Company's business scope:

I. Deleted.

II. G406041 Harbor barging.

III. G401011 Shipping agency services.

IV. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3. The Company locate its head office in Taipei City. If necessary, the Board of Directors ("Board") may resolve to establish branch offices or other branch organizations at home or abroad, and may also resolve to terminate or relocate those entities.

Article 4. The Company's reinvestments external investment in other businesses is not subject to the 40% restriction on the transfer of investment in Article 13 of the Company Act, and must be handled after the resolution of the Board.

Chapter 2. Shares

Article 5. The Company's total capital is NT$7 billion, divided into 700 million shares of NT$10 each, which may be issued in separate installments.

Article 6. The shares issued by the Company are registered and numbered, and the Director represents the Company must affix his/her signature or seal on them. The shares are issued after registration and approval by the competent authority or an institution authorized by it to register and approve share issuances. The shares need not be printed, as long as they are registered with the Taiwan Depository and Clearing Corporation.

Article 7. The Company's share-related matters are governed by the Company Act and the Regulations Governing the Administration of Shareholder Services of Public Companies, unless other laws and decrees or regulations of the competent authority take precedence.

Article 8. (Deleted).

Article 9. (Deleted).

Article 10. Shares cannot be transferred from sixty (60) days before a General Shareholders Meeting, thirty (30) days before an Extraordinary Shareholders Meeting, or five (5) days before the day when the Company determine the distribution of dividends, bonuses, and other benefits.

Article 10-1 (Deleted).

Chapter 3. Shareholders Meeting

Article 11. The Shareholders Meetings of the Company is divided into the following two types:

I. General Shareholders Meetings are convened once a year within six months after the end of the fiscal year, and the shareholders are notified thirty (30) days beforehand.

II. Extraordinary Shareholders Meetings are convened as necessary, and the shareholders are notified fifteen (15) days in advance.

The Shareholders Meeting must be convened by the Board, unless the Company Act provides otherwise.

The Company allows voting by electronic methods, as long as the methods comply with the regulations set by the competent authority.

Article 11-1. The shareholders' meeting can be held by means of visual communication or other methods promulgated by the Ministry of Economic Affairs.

Article 12. When a shareholder is unable to attend a Shareholders Meeting for any reason, he/she may issue a power of attorney bearing the company seal and stating the scope of the proxy's authority. However, the voting rights of a person authorized by more than two shareholders at the same time must not exceed three percent (3%) of the total voting rights of issued shares. Voting rights in excess of this limit are not counted.

Shareholders' attendance by proxy is regulated by the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the competent authority in charge of the securities industry, unless the Company Act provides otherwise.

Article 13. When a Shareholders Meeting is held, the Chairman of the Board will chair the meeting. If the Chairman is on leave or unable to exercise his/her powers, the Deputy Chairman replaces him/her. Alternatively, if the Deputy is on leave or unable to exercise his/her powers, a person designated by the Chairman replaces him/her. If the Chairman has not designated a person to replace himself/herself, the Directors will designate a replacement from their midst.

Article 14. Each shareholder of the Company has one vote per share. Shares with restricted voting rights or without voting rights do not fall under this restriction pursuant to the Company Act.

Article 15. Resolutions of the Shareholders Meeting are passed when a majority of shares issued are represented at the meeting and a majority of shares at the meeting vote in favor. For each Shareholders Meeting, minutes must be drawn up that include the year, month, day, venue of the meeting, agenda items discussed and their results, the meeting chairman's name, and the decision-making methods used. The meeting chairman must affix his/her signature or seal to the minutes, which must be sent to all shareholders within twenty (20) days from the meeting.

The distribution of the minutes referred to in the previous paragraph must be handled in accordance with the Company Act.

Meeting minutes must be kept for as long as the Company exists. The sign-in sheets and the powers of attorney must be kept for at least one year. However, if a shareholder files a lawsuit under Article 189 of the Company Act, they must be kept until the end of the lawsuit.

Chapter 4. Directors and Supervisors

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 24. (Deleted).

Article 25. (Deleted).

Chapter 5. The President and Vice Presidents Articles

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

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

Chapter 6. Accounting

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

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

I. Business report.

II. Financial statements.

III. Proposal for profit distribution or loss appropriation.

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

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

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

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

Chapter 7. Supplemental Provisions

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

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

Article 33. These Articles of Incorporation were adopted on October 24, 1967, (omitted). The 34th amendment was adopted on June 29, 2016. The 35th amendment was adopted on June 28, 2019. The 36th amendment was adopted on June 10, 2022.

Sincere Navigation Corporation

Chairman Hsu, Chi-Kao

[Appendix III]

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

Item \ Year			2023 (Estimate)
Beginning paid-in capital			NT$5,853,533 thousand
Dividends distribution of the current year	Cash dividend per share		NT$0.50
	Dividend per share with capital increase by retained earnings		-
	Dividend per share with capital increase by capital surplus		-
Changes in operating performance	Operating profit		Note
	Operating profit increase (decrease) ratio over the same period last year		Note
	Net income after tax		Note
	Ratio of increase (decrease) in net income after tax over the same period last year		Note
	Earnings per share (before retrospectively adjusted)		Note
	Earnings per share increase (decrease) ratio over the same period last year		Note
	Annual average return on investment (reciprocal of the annual average P/E ratio)		Note
Pro forma earnings per share and P/E ratio	If capital increase by retained earnings are redistributed as cash dividend	Pro forma earnings per share	Note
		Pro forma annual average return on investment	Note
	If capital increase by capital surplus is not processed	Pro forma earnings per share	Note
		Pro forma annual average return on investment	Note
	If capital surplus is not processed and capital increase by retained earnings are redistributed as cash dividend	Pro forma earnings per share	Note
		Pro forma annual average return on investment	Note

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

Chairman: Hsu, Chi-Kao Manager: Hsu, Chi-Kao Principal Accounting Officer: Fan, Hsiao-Ting

Sincere Navigation Corporation

[Appendix IV]

List of Directors: Reporting date: April 11, 2023

Position	Name	Date of election	Number of shares held at the time of election			Current number of shares			Remarks
			Type	Number of shares	Percentage of shares issued at the time	Type	Number of shares	Percentage of shares issued at the time	
Chairman	HSU, CHI-KAO	2022.06.10	Common shares	515,000	0.09%	Common shares	515,000	0.09%	
Director	CTBC BANK CO., LTD IN CUSTODY FOR SOLAR SHIPPING AGENCY LTD	2022.06.10	Common shares	18,363,398	2.82%	Common shares	18,363,398	3.14%	
Director	CTBC BANK CO., LTD IN CUSTODY FOR ORIENT DYNASTY LTD	2022.06.10	Common shares	9,539,761	1.63%	Common shares	9,539,761	1.63%	
Independent Director	LEE, YEN-SUNG	2022.06.10	Common shares	-	0.00%	Common shares	-	0.00%	
Independent Director	CHENG, FU-KUO	2022.06.10	Common shares	-	0.00%	Common shares	-	0.00%	
Independent Director	TSENG, KUO-CHENG	2022.06.10	Common shares	-	0.00%	Common shares	-	0.00%	
Independent Director	KOO, TSE-HAU	2022.06.10	Common shares	-	0.00%	Common shares	-	0.00%	
Total			Common shares	28,418,159		Common shares	28,418,159		

Total shares issued as of June 10, 2022: 585,353,297 shares
Total shares issued as of April 11, 2023: 585,353,297 shares

Remarks:
Shares held by the Directors of the Company in accordance with the law: 18,731,305 shares. As of April 11, 2023, all Directors held: 28,418,159 shares
The company has Audit Committee, so shares held by the Supervisors of the Company in accordance with the law is not applied.

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